Azadi Ka Amrit Mahotsav

mudra

ANNUAL REPORT 2020-21

Contents

MUDRA Vision

To be an integrated financial and support services provider par excellence, benchmarked with global best practices and standards, for the bottom of the pyramid universe for their comprehensive economic and social development.

MUDRA Mission

To create an inclusive, sustainable and value based entrepreneurial culture, in collaboration with our partner institutions in achieving economic success and financial security.

MUDRA Purpose

Our basic purpose is to attain development in an inclusive and sustainable manner by supporting and promoting partner institutions and creating an ecosystem of growth for micro enterprises sector.

Chairman's Message

Pradhan Mantri Mudra Yojana (PMMY) and Micro Units Development & Refinance Agency Limited (MUDRA) have completed 6 years of operations. The story of PMMY has been a story of success, achievements, hand-holding and capacity building of the Micro-Enterprises and Small Business segment in the country.

It is a matter of immense pleasure for me to present before you, the highlights of the performance of MUDRA Ltd. during the financial year 2020-2021 (FY 2021).

THE YEAR GONE BY

Last year has been a testing time for the world economy, with wide disruptions across various segments of the economy of our country also, due to the COVID-19 pandemic. The impact has been more pronounced and hard-hitting on the micro enterprise & small business segments which have been traditionally the most financially vulnerable segments.

It gives me some satisfaction that both PMMY, the flagship scheme of the Government of India, and MUDRA Ltd. rose to the challenge of mitigating the hardships of the micro-enterprises & small business segment, and have strived to ensure that financing channels to the financially starved segments continue to be functional even in the lockdown conditions.

During FY 2020-2021, under PMMY, total amount of ₹ 3.22 lakh crore was sanctioned in 5.07 crore loan accounts, which has helped in extending the much needed financial support to the poor entrepreneurs who are mostly from the weaker sections of the society, viz., SC/ST/OBC/Women entrepreneurs in large numbers. The Banks, NBFCs and MFIs which have catered to the needy micro-enterprise & small business segment under PMMY have proven themselves as champions in sustaining the livelihoods and enterprise at the lower rung of the economy.

MUDRA continues to provide refinance support to such Banks, NBFCs and MFIs against their loans under the PMMY, thereby extending funding support to this sector at affordable cost. During FY 2020-21, MUDRA sanctioned ₹ 12,313 crores and disbursed ₹ 12,303 crores.

In FY 2020-21, considering that it was not possible for the MFIs to continue their operations under the microfinance model due to the pandemic, MUDRA focused on Banks, Small Finance Banks (SFBs) and Regional Rural Banks (RRBs) to reach out to the target segments, and increased its total sanctions to Banks, SFBs and RRBs from ₹2,423 crore (9 entities) in FY 2019-2020 to ₹11,557 crore (16 entities) in FY 2020-2021.

Taking Banks, SFBs and RRBs alone into account, there is an increase of about 82% in outstanding as on March 31, 2021 vis-à-vis the previous year. The number of MFIs assisted by MUDRA has increased during the year, taking the number of assisted MFIs to 38 as on March 31, 2021 from 35 as at the end of previous financial year. Similarly, the coverage in NBFC segment also increased to 14 as on March 31, 2021 from 12 as of previous financial year.

During the year, the revenue from operations of MUDRA recorded a decrease of 9% on account of southward movement in the rates of interest, resulting in the revenue coming down from ₹1,111.90 crore in FY 2019-20 to ₹ 1,006.67 crore in FY 2020-21. The Net Profit, however, recorded an increase from ₹ 219.82 crore in FY 2019-20 to ₹256.32 crore in FY 2020-21.

In order to provide relief to the borrowers who had borrowed under the Shishu category of PMMY, the Govt. of India, under Aatamanirbhar Bharat Package aimed to mitigate the impact of COVID-19, launched the "2% Interest Subvention Scheme for MUDRA–Shishu loans" wherein an interest subvention of 2% is provided to all the MUDRA-Shishu loan borrowers. An aggregate amount of ₹ 379.40 crore has been sanctioned to the Shishu loan beneficiaries of 92 lending institutions.

LOOKING AHEAD

The FY 2021-22 still continues to have challenges with a lingering shadow of COVID-19 pandemic and possible third and fourth wave warnings. The accelerated pace of on-going vaccination is a step towards preparing ourselves to face any such eventuality effectively, especially in respect of the small businesses from the micro segment, who have been the most impacted section of the economy. Furthermore, the real GDP growth of 20.1% in Q1 of FY22 on-year to year basis also reaffirms the resilience of the economy which is again picking up the trajectory towards achieving the milestone of the USD 5 trillion economy.

During the year ahead, MUDRA also plans to initiate new measures with a focus on digitalisation of its operations with the ultimate objective of extending its outreach in catering to the target segment especially in the credit deficient districts. This would inter-alia involve designing of new products to enhance the portfolio and going forward, enable MUDRA to take a leadership and responsive role in financing of the micro-segment.

CONCLUSION

MUDRA in the last 6 years of its existence has become synonymous with small loans to the underserved segments who have remained unfunded so far. From a small beginning, it has now established itself as a key player in ensuring adequate focus on micro-enterprises and continues to encourage a culture of entrepreneurship with a portfolio of ₹ 13,537crore.

I would like to thank all stakeholders and partners, including SIDBI, Ministry of Finance and Reserve Bank of India for their continuous support as also the Team MUDRA for their dedicated work.

(Sivasubramanian Ramann)
Chairman

Board of Directors

Shri Sivasubramanian Ramann - IA&AS
Chairman
Appointment w.e.f. April 28, 2021

Shri Suchindra Misra
Govt. Nominee Director

Shri Vasantharao Satya Venkatarao
SIDBI Nominee Director

Shri Sudatta Mandal
SIDBI Nominee Director
Appointment w.e.f. May 28, 2021

Shri Arvind Kumar Jain
Independent Director

Smt Smita Affinwalla
Independent Director

Shri Vinay Hedaoo
MD & CEO
Appointment w.e.f. August 02, 2021

Shri Pillarisetti Satish
Independent Director
Cessation w.e.f. November 09, 2020

Shri Manoj Mittal
SIDBI Nominee Director
Cessation w.e.f. January 21, 2021

Shri Aalok Gupta
MD & CEO
Cessation w.e.f. August 01, 2021

Six Years of Pradhan Mantri Mudra Yojana
- Continuing the Support in tougher - times

Cumulative Outreach to **29.55** crore MSE Borrower Accounts with Credit Support of ₹ **15.52** lakh crore

Empowering Women with **68**% Loan Accounts belonging to Women Beneficiaries

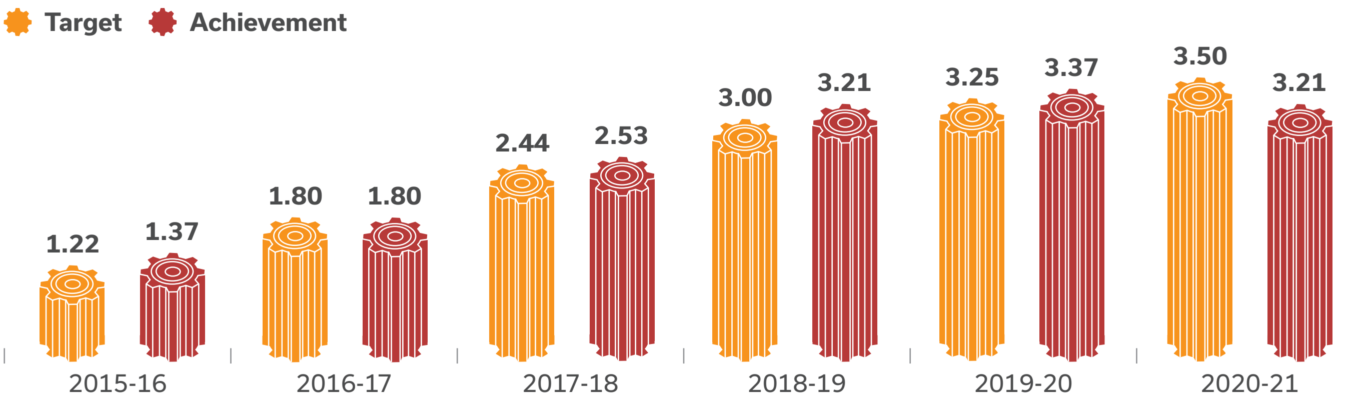
Addressing the Credit Needs of Weaker Sections with **51**% of the Loan Accounts belonging to SC/ST/OBC

Pradhan Mantri Mudra Yojana (PMMY), the Flagship Programme of the Prime Minister aimed at Funding the Unfunded micro enterprises and small businesses, completed 6 years of its operations, extending a cumulative amount of ₹ 15.52 lakh crore under the programme to 29.55 crore loan accounts, primarily benefitting the borrowers of weaker sections of the society.

The Lending Institutions, which include all the Public Sector Banks, Private Sector Banks, Regional Rural Banks, Small Finance Banks, Micro-Finance Institutions (MFIs) and Non-Banking Financial Companies (NBFCs), together have exceeded the annual targets set out by the Government of India under PMMY every year.

PMMY: Target vs Achievement

(Amt. in ₹ lakh crore)



During these six years, Micro Units Development & Refinancing Agency Ltd. (MUDRA), as a support institution, has played a dual role by extending refinance support to various lending institutions and monitoring the progress of implementation of PMMY closely through a dedicated portal which captures various aggregated data pertaining to the scheme PMMY as per the requirements of the Govt. of India.

PMMY during 2020-21

Agency wise Achievement

The target set by the Government of India under PMMY for the year 2020-2021 was ₹ 3.50 lakh crore which was distributed across various lending institutions banks, MFIs and NBFCs based on their outreach and presence in various parts of the country. The category-wise performance against their overall targets for the year 2020-21 is as under:

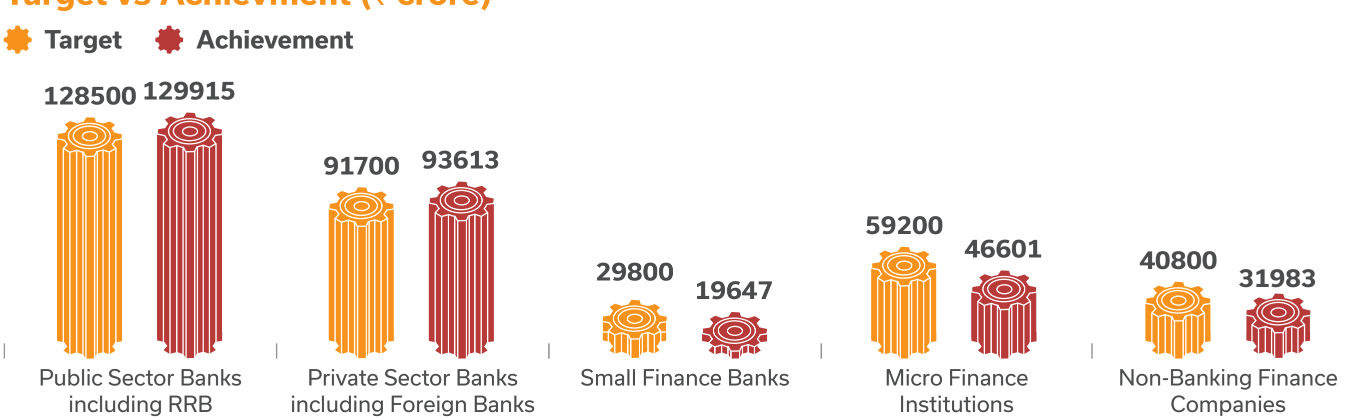
Table 1: Institution wise performance

(Amt. in ₹ crore)

Category	Target (2020-2021)	Sanction Amt. (2020-2021)	Sanction Amt. (2019-20)	Growth
Public Sector Banks (incl. Regional Rural Banks)	1,28,500	1,29,915 (101%)	1,17,729	10%
Private Sector Banks (incl. Foreign Banks)	91,700	93,613.20 (102%)	91,780	2%
Small Finance Banks	29,800	19,646.68 (66%)	29,501	(33%)
Micro Finance Institutions	59,200	46,601.40 (79%)	57,967	(20%)
Non-Banking Finance Companies	40,800	31,983.17 (78%)	40,518	(21%)
Total	**3,50,000**	**3,21,759 (92%)**	**3,37,495**	**(5%)**

Note: The figures in the parenthesis indicates the percentage achievement over targets.

Target vs Achievevment (₹ crore)



The achievement data indicates 5% decrease over the previous year in the overall performance of the programme implemented by all the lending institutions. This is mainly due to the low volume of disbursements done in FY 2020-2021 by the NBFCs & SFBs pertaining to COVID situation in the country.

However, there is a growth in respect of disbursements of Public Sector Banks and Private Sector Banks.

Among the Public Sector Banks, State Bank of India (SBI), with sanction of ₹ 37,973.30 crore to 14.85 lakh accounts topped the table. SBI was followed by Canara Bank and Punjab National Bank with a sanction figures of ₹ 13,210 crore and ₹ 11,187 crore respectively.

The Private Sector Banks recorded slight improvement in performance with a sanction of ₹ 93,613 crore during the year, registering 2% growth over the previous year. The major contributors in the private sector banks category were Bandhan Bank and IndusInd Bank with ₹ 32,559 crore and ₹ 32,335 crore of sanctions respectively.

MFIs sanctioned a total Loan amount of ₹ 46,601.40 crore to 1.40 crore Borrowers. Credit Access Grameen Limited was the leading MFI with a sanction amount of ₹ 7,906.48 crore in more than 18 lakh loan accounts.

NBFCs have also emerged as a major contributor to the PMMY with a total sanction of ₹ 31,983.17 crore In this category, Shri Ram Transport Finance Company Limited has been the highest contributor with a total sanction amount of ₹ 12,000.01 crore.

Small Finance Banks achieved 66% of their target. During the year, the 9 SFBs sanctioned a total amount of ₹ 19,646.68 crore to 43.89 lakh loan accounts. Ujjivan Small Finance Bank was on top of the table among SFBs, with a sanction amount of ₹6,442.73 crore to 14.89 lakh loan accounts.

State wise Performance

While the Institution wise targets were assigned by the Govt. of India, the same were further sub-allocated state-wise by the respective lending institutions based on their network and potential to lend. The state level performance is being monitored by the respective SLBCs of the states. Of all the states, Karnataka topped with sanction of ₹ 30,199.18 crore, followed by West Bengal with ₹ 29,335.98 crore and Uttar Pradesh stood at third position with ₹ 29,231.25 crore.

Table 2: Performance of top 10 states

(₹ In crore)

Name of the state	Sanction Amt. (2020-21)	Sanction Amt. (2019-20)
Karnataka	30,199.18	30,188
West Bengal	29,335.98	26,790
Uttar Pradesh	29,231.35	30,949
Tamil Nadu	28,967.97	35,017
Bihar	25,589.31	27,442
Maharashtra	25,208.63	27,903
Rajasthan	18,571.38	19,662
Madhya Pradesh	18,474.24	19,060
Odisha	15,328.63	15,419
Andhra Pradesh	12,028.33	10,439.93
Total	**2,32,935**	**2,42,869.93**

District wise performance:

District wise performance under the scheme was also captured on the PMMY Portal. Except a few lending institutions, almost all have reported their data of district-wise performance.

A few agencies which could not provide-district wise break up have entered their data in the "Other" districts under the respective states. The top 10 districts under PMMY performance are given in the table below:

Table 3: District wise performance

S. No.	District Name	FY 2020-2021		
		No of A/Cs	Sanction Amt (₹ in crore)	Share of the Total account sanctioned
1	Bangalore urban	3,64,506	4,221	0.72%
2	North 24 Parganas	6,12,906	3,227	1.21%
3	Murshidabad	5,55,223	2,517	1.09%
4	Pune	2,23,507	2,471	0.44%
5	Kolkata	2,96,508	2,225	0.58%
6	Belgaum	3,35,337	2,200	0.66%
7	South 24 Parganas	5,06,278	2,189	1.00%
8	Howrah	3,56,799	2,018	0.70%
9	Chennai	2,28,071	1,972	0.45%
10	Mysore	3,75,101	1,857	0.74%
	Total	**38,54,236**	**24,895**	**7.60%**

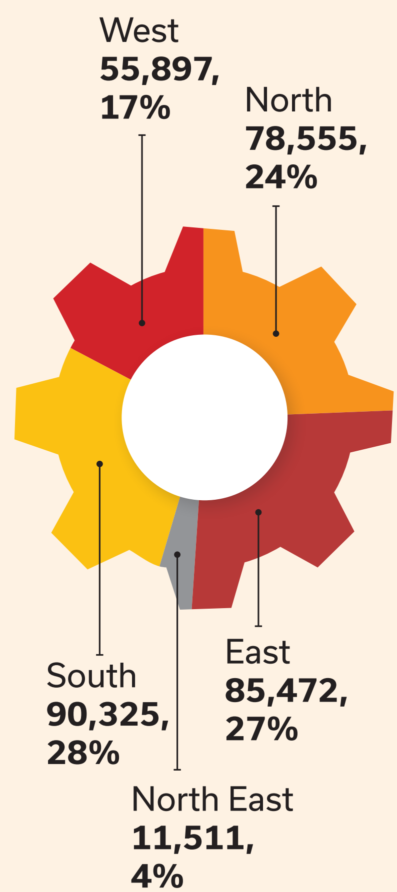
These 10 districts formed 7.60% share in the total sanctions during FY 2020-2021. Better performance of these districts was due to them being mostly urban centres with large potential of small business activities and presence of large number of financial outlets to serve them.

Regional analysis

The region wise performance of Targets vs. Achievements divided into five regions based on their geography and the distribution of PMMY loans sanctioned during the year has been analysed and given below:

Region \ FY	2020-2021		2019-2020		Growth in Sanction Amt (%)
	No of A/Cs	Sanction Amt (₹ crore)	No of A/Cs	Sanction Amt (₹ crore)	
North	1,04,05,478 (21%)	78,555 (24%)	1,24,56,705 (20%)	82,045 (25%)	(4%)
East	1,70,88,159 (34%)	85,472 (27%)	1,95,89,404 (31%)	84,574 (25%)	1%
North East	16,81,086 (3%)	11,511 (4%)	22,78,699 (4%)	10,824 (3%)	6%
South	1,30,83,599 (26%)	90,325 (28%)	1,74,54,720 (28%)	98,767 (29%)	(9%)
West	84,76,724 (17%)	55,897 (17%)	1,04,68,078 (17%)	61,285 (18%)	(9%)
Total	**5,07,35,046**	**3,21,722**	**6,22,47,606**	**3,37,495**	**(5%)**

Region-wise distribution under PMMY



Loan Category Analysis

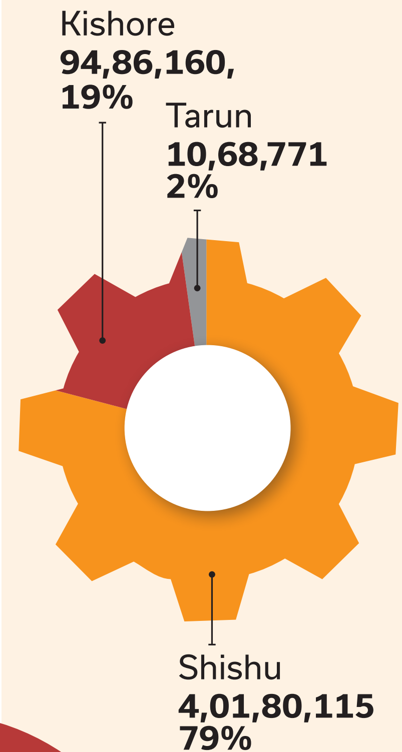
Mudra loans are extended in three categories based on the size of the loans. They are Shishu (upto ₹ 50,000), Kishore (above ₹ 50,000 and upto ₹ 5 lakh) and Tarun (Above ₹ 5 lakh and upto ₹ 10 lakh). The share of the three categories of PMMY has been analysed and is given below in the table:

Table 4: Category wise analysis of PMMY scheme

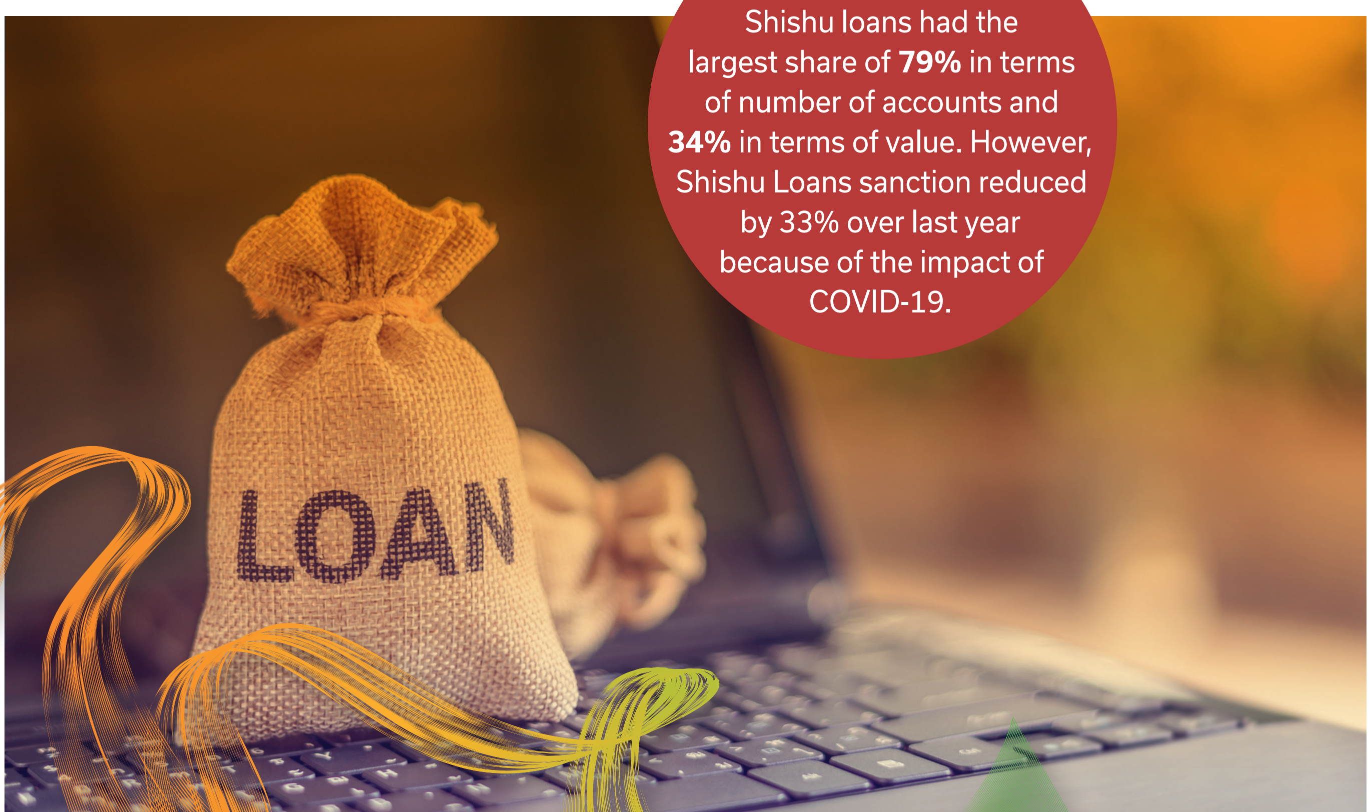
Category	2020-2021		2019-2020		% change (Sanction amount)
	No. of loan accounts	Sanction Amt.	No. of loan accounts	Sanction Amt.	
Shishu	4,01,80,115 (79%)	1,09,953 (34%)	5,44,90,617 (88%)	1,63,528 (48%)	(33%)
Kishor	94,86,160 (19%)	1,32,516 (41%)	64,71,873 (10%)	95,578 (28%)	39%
Tarun	10,68,771 (2%)	79,290 (25%)	12,85,116 (2%)	78,358 (24%)	1%
Total	**5,07,35,046**	**3,21,759**	**6,22,47,606**	**3,37,495**	**(5%)**

Note: Figures in parenthesis indicate the share in percentage.

Distribution by number of accounts



Among the three categories, Shishu loans had the largest share of **79%** in terms of number of accounts and **34%** in terms of value. However, Shishu Loans sanction reduced by 33% over last year because of the impact of COVID-19.



Assistance to less privileged sections

PMMY, since its implementation, has focussed on providing incremental funding support to the weaker sections of the society. The share of subcategories of borrowers like SC, ST, OBC, Women and Minorities under different categories of PMMY loans was analysed and details of the same are given below.

Table 5: Sub - categories of borrowers: Sanctions (FY 2020-21)

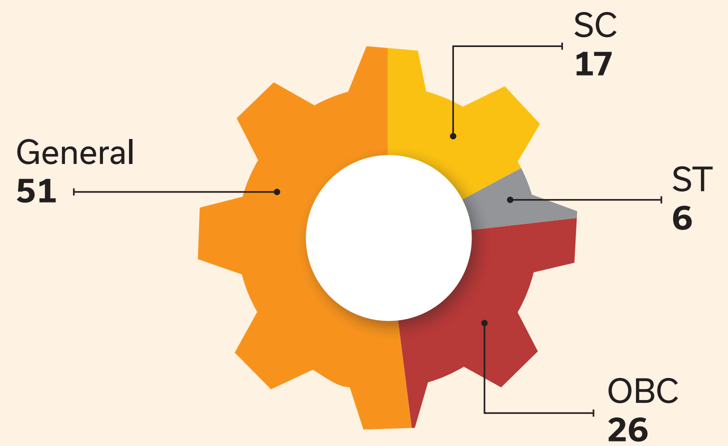
Category	SHISHU		KISHOR		TARUN		TOTAL	
	No. of A/c	Amount	No. of A/c	Amount	No. Of A/c	Amount	No. of A/c	Amount
General	1,91,09,271	52,164	58,33,669	94,426	9,21,759	69,353	2,58,64,699 (51%)	2,15,942 (67%)
SC	73,34,828	19,714	10,38,947	9,430	24,642	1,680	83,98,417 (17%)	30,824 (10%)
ST	26,62,727	7,218	4,43,598	4,344	16,957	1,168	31,23,282 (6%)	12,730 (4%)
OBC	1,10,73,289	30,857	21,69,946	24,317	1,05,413	7,089	1,33,48,648 (26%)	62,263 (19%)
Total	**4,01,80,115**	**1,09,953**	**94,86,160**	**1,32,516**	**10,68,771**	**79,290**	**5,07,35,046**	**3,21,759**
Out of the above:								
Women	2,77,53,288	74,490	54,68,211	50,731	82,105	6,082	3,33,03,604 (66%)	1,31,303 (41%)
New Entrepreneur Accounts	56,18,675	13,439	16,54,007	34,562	4,67,899	35,336	77,40,581 (15%)	83,337 (26%)
Minorities	28,83,587	8,004	12,38,860	15,260	49,614	3,653	41,72,061 (8%)	26,917 (8%)

Note: Figure in parenthesis indicate the share in percentage

Out of the total amount sanctioned, 41% went to the women borrowers. 66% of the accounts in Shishu category belonged to women who were sanctioned 69% of the amount in the Shishu category. The reason for high share of women in Shishu category is lending of micro-loans by the MFIs primarily to women.

The share of the weaker section (SC/ST/OBCs) borrowers of the society in the PMMY programme was 49% in terms of loan accounts, and 33% in terms of loan amount sanctioned. The shares of SC, ST and OBC category borrowers were 17%, 6% and 26%, respectively, in terms of the number of loans sanctioned.

Percentage share of Total number of accounts in General, SC, ST & OBC



The borrowers from Minorities category accounted for 8% in terms of both number of accounts and amount respectively in FY 2020-2021 under PMMY.

Average loan size

The average size of loans extended under PMMY in different categories of loan is analysed and given below:

	Amount sanctioned (₹ in crore)		No. of loan accounts		Average loan size (₹ in crore)	
	2019-20	2020-2021	2019-20	2020-2021	2019-20	2020-2021
Total	3,37,496	3,21,722	6,22,47,606	5,07,35,046	54,218.31	63,412.18

The average loan size under PMMY during FY 2020-2021 increased to ₹ 63,412 as against ₹ 54,218 in the previous year.

This shows the increasing share of Kishore and the Tarun Borrowers in PMMY.

Mudra Card

To enable the MSE borrower to effectively avail the working capital funds at reasonable and affordable cost, a debit card on RuPay platform named Mudra Card has been issued to PMMY borrowers by various lending institutions. During FY 2020-2021, 2.44 lakh Mudra cards have been issued for an amount of ₹ 6,834 crore.

Since the cards issued during one year are usable in the next years also, the number of cards reported relate to only the new cards issued during the FY 2020-2021. However, the cumulative number of Mudra Cards including the existing cards in use is more than 10 lakh.

Interest Subvention Scheme for Shishu Loans under Pradhan Mantri Mudra Yojana

Under the Aatamanirbhar Bharat Package to mitigate the impact of COVID-19, GOI had launched an "Interest Subvention Scheme for MUDRA – Shishu loans" wherein an interest subvention of 2% would be provided to all MUDRA - Shishu loan payees and that SIDBI would be the implementing agency for the same.

This has resulted in the sanction of an aggregate amount of ₹ 495.29 crores of claims as of August 10, 2021, across 98 MLIs.

Conclusion

Pradhan Mantri Mudra Yojana (PMMY) continues to serve millions of unfunded micro-borrowers in the country with loans much needed for their business activities resulting in upliftment of their lives.

The PMMY programme, during the last six years, has benefitted 29.55 crore loan accounts with a sanction of ₹ 15.52 lakh crore, thus enabling the grass-root economy of the country to contribute in a bigger way to the overall economic growth of the nation.

STATUTORY REPORTS

&

FINANCIAL STATEMENTS

Directors' Report

Dear Members,

Your Directors take pleasure in presenting the 6th Annual Report on the business and operations of **Micro Units Development & Refinance Agency Ltd (MUDRA)** for the Financial Year (FY) ended 31st March, 2021. The Audited Financial Statements, the Auditors' Report and the Report of the Comptroller & Auditor General of India on the Accounts for FY 2020-21 are also attached.

Financial Results

Your Company's revenue from operations decreased from ₹ 617.11 crore to ₹ 508.69 crore in FY 2020-21. Total income decreased from ₹ 1,111.90 crore to ₹ 1,006.67 crore, while profit after tax has increased from ₹ 219.82 crore to ₹ 256.32 crore in FY 2020-21. The highlights of the financial results are presented in Table 1.

Table 1: Financial Results Highlights, FY 2020–2021

(₹ crore)

Particulars	2019–20	2020-21
Revenue from operations #	617.11	508.69
Other income #	494.79	497.99
(A) Total income	**1,111.90**	**1,006.67**
Employee benefit expenses	7.13	7.10
Finance costs	658.72	650.72
Depreciation expense	0.05	0.03
Provisions & write-off	68.26	-0.10
Other expenses	40.35	7.22
(B) Total expenses	**774.51**	**664.96**
Profit before tax (A-B)	337.39	341.71
(C) Total tax expenses	**117.57**	**85.38**
Profit for the year	**219.82**	**256.32**
Dividend @	25.14	26.81
Amount transferred to general reserves	150.00	175.00
Amount transferred to statutory reserves	43.96	51.26
Amount transferred to CSR Fund	0.00	0.00
Surplus*	28.43	38.39
Earnings per share(₹)	1.31	1.53

@ Subject to approval of Members at the Annual General Meeting (AGM)

* Includes P & L carry forward balance of ₹ 27.71 crore in FY 2019-20 and ₹35.14 crore in FY 2020-21

Figures of F.Y.2019-20 are regrouped.

Appropriations

Transfer to Statutory Reserves

Your Company is registered as a systemically important non-deposit taking, non-banking financial institution (NDSI-NBFC) under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934. An amount of ₹ 51.26 crore (20% of the net profit), has been transferred to Statutory Reserves as stipulated under Section 45-IC of the Act.

Transfer to General Reserves

An amount of ₹ 175 crore has been transferred to General Reserves as proposed by the Board of Directors at its meeting held on June 09, 2021, in accordance with requirement under Section 123 (1) of the Companies Act, 2013.

Dividend

Your Directors have recommended first and final dividend of ₹ 0.16 per equity share (of ₹ 10 face value) (compared with ₹ 0.15 per share in FY 2019-20) on a pro rata basis, FY 2020-21. The proposal is subject to the approval of shareholders at the ensuing sixth Annual General Meeting of your Company. The dividend shall be paid to members whose names appear in the Register of Members of your Company, as on 31st March 2021.

Share Capital

Your Company's paid-up equity share capital stood at ₹1,675.93 crore as on 31st March 2021, comprising 167.59 crore equity shares of ₹10 each, fully subscribed by SIDBI.

Financial Highlights

The Progress so far

(₹ crore)

As on March 31	2020	2021
Total Assets	19,620	22,925
Outstanding Portfolio	9,004	13,537
Capital-Authorised	5,000	5,000
- Paid-up	1,676	1,676
Networth	2,309	2,541

Capital Adequacy

Your Company's capital adequacy ratio was 117.74 % as on 31st March 2021, which is significantly higher than the minimum threshold limit of 15% prescribed by the RBI for large-sized, non-deposit taking, systemically important non-banking financial companies (NDSI-NBFCs).

Deposits

Your Company has not accepted any deposits from the public during FY 2020-21 and shall not do so without prior approval of the RBI.

Particulars of Loans, Guarantees or Investments

Pursuant to section 186 (4) of The Companies Act, 2013 every Company shall disclose to the members in the financial statement the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security. However, pursuant to Section 186(11) of the Companies Act, 2013, read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loans made, guarantees given, or securities provided in the ordinary course of business by an NBFC registered with the RBI is exempt from the applicability of provisions of Section 186 of the Act. As such, particulars of refinance provided by your Company have not been disclosed in this report.

The details of your Company's investments are furnished under Note 7 forming part of the financial statements for FY 2020-21.

Related-Party Transactions

Related-party transactions as disclosed in Note 39 of the audited financial statements, entered into during FY 2020-21, were conducted on an arm's-length basis and in the ordinary course of business. The approval of the Board of Directors was obtained wherever required.

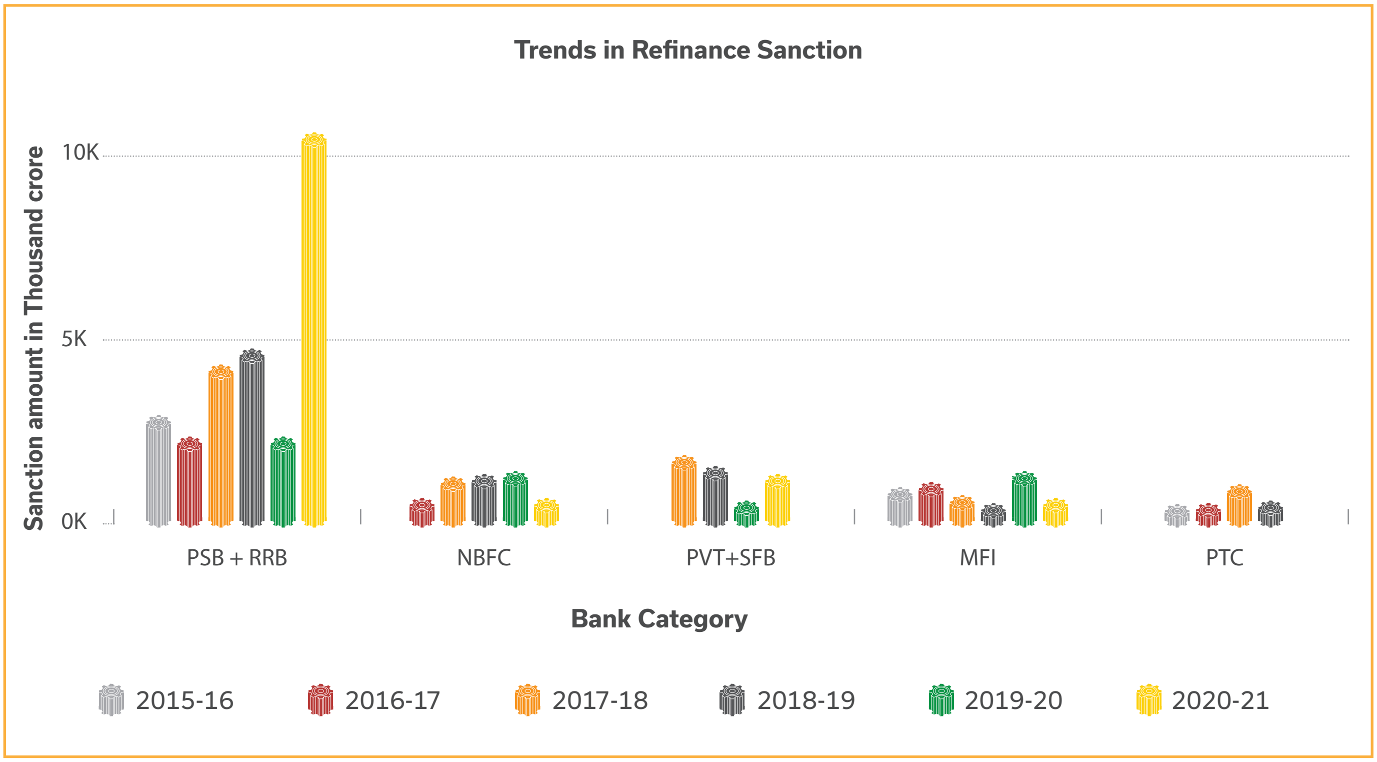
Further, there are no materially significant related-party transactions made by your Company. Accordingly, the particulars of the transactions as prescribed in Form AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013, are not required to be disclosed as they are not applicable.

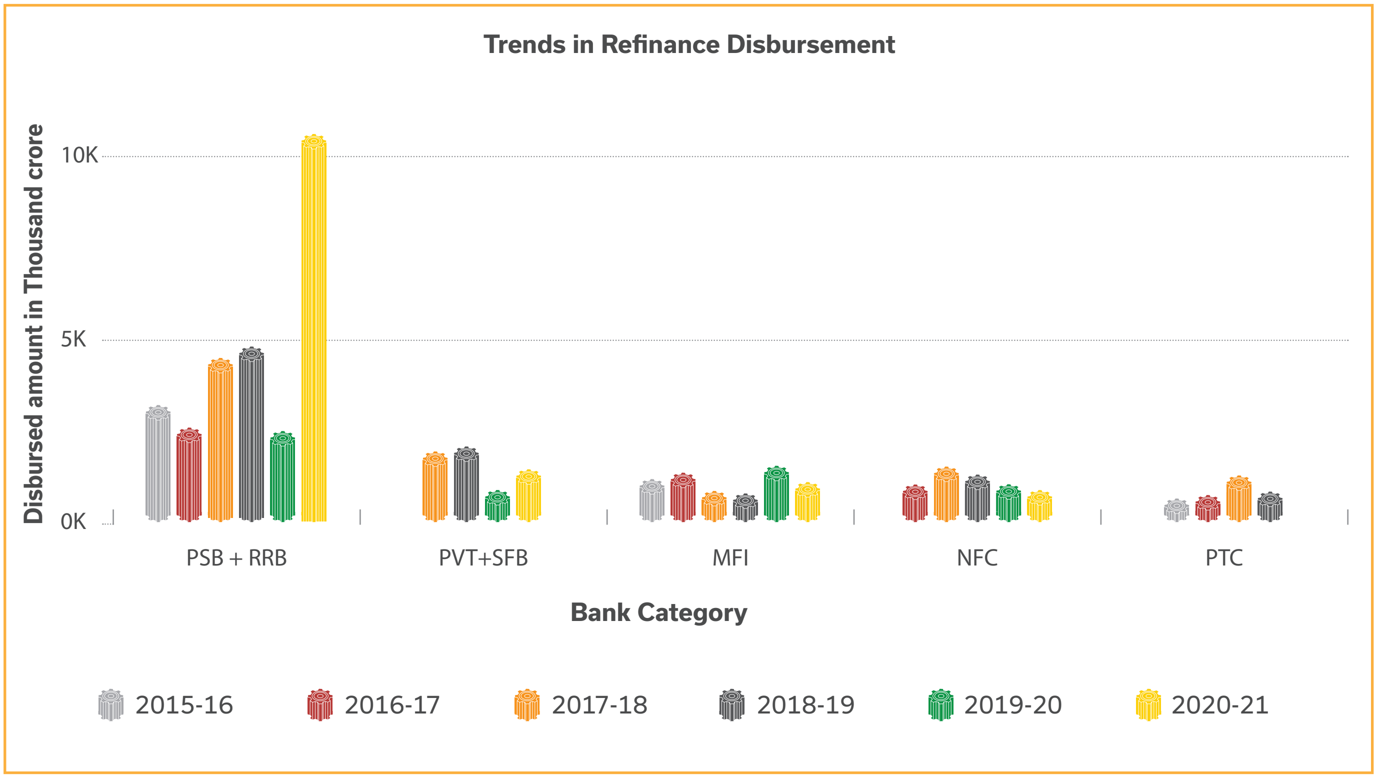
Operations

During FY 2020-21, your Company sanctioned

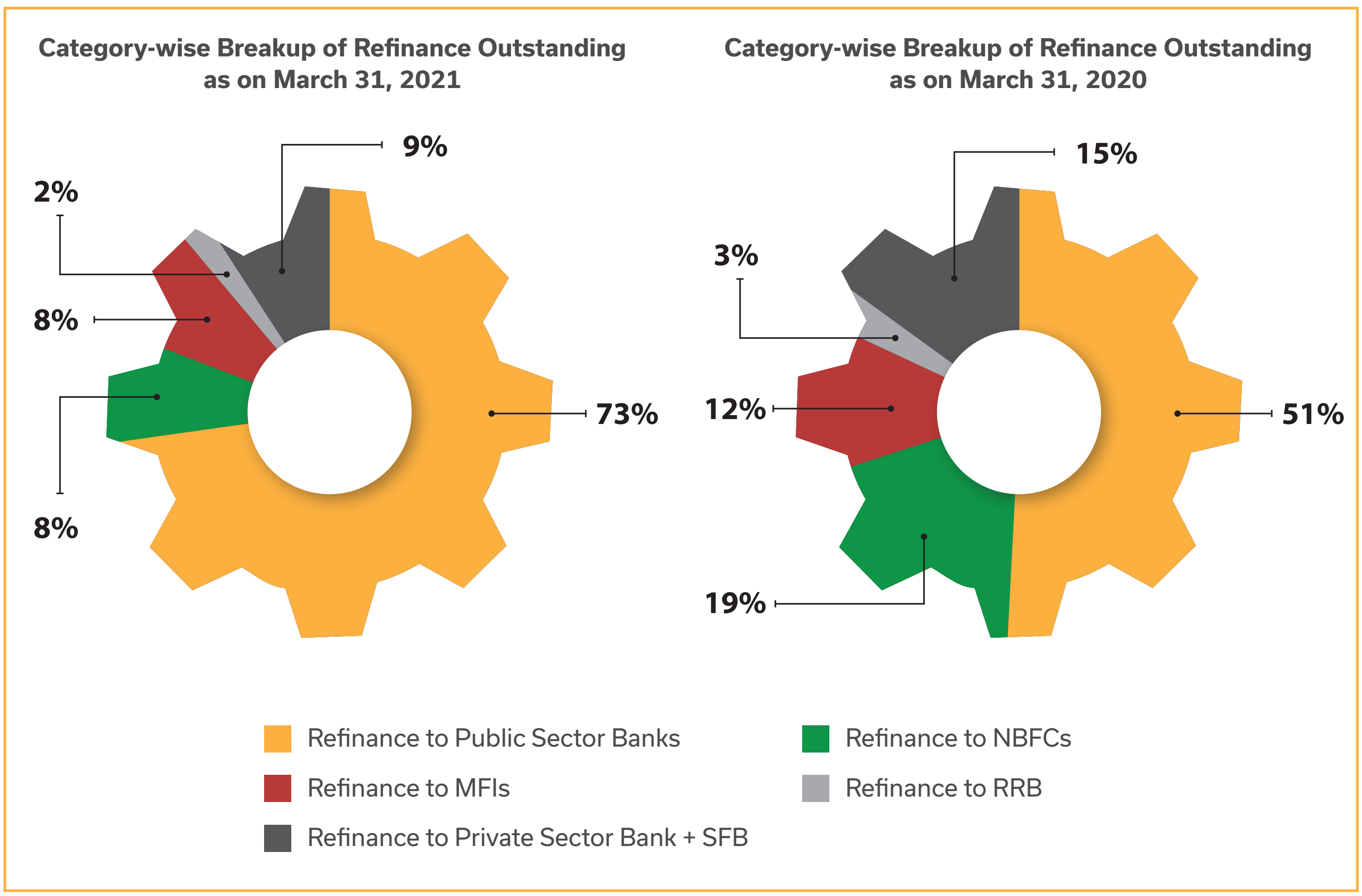
₹ 12,312.65 crore
to **16 Banks, 6 MFIs and 2 NBFCs** &

₹ 12,302.65 crore
was disbursed





MUDRA Overall Operations - Outstanding Year-wise



Pradhan Mantri Mudra Yojana (PMMY)

The Pradhan Mantri Mudra Yojana (PMMY) envisages providing MUDRA loans up to ₹10 lakh by Banks, NBFCs, and MFIs for income-generating micro/small enterprises engaged in the manufacturing, trading, and services sectors.

An overdraft amount of ₹ 10,000 sanctioned under Pradhan Mantri Jan Dhan Yojana (PMJDY) is also classified as a MUDRA loan under PMMY.

MUDRA loans are classified into three categories:

- Shishu for loan up to ₹ 50,000
- Kishor for the loan above ₹ 50,000 up to ₹ 5 lakh, and
- Tarun for the loan above ₹ 5 lakh up to ₹ 10 lakh

The names signify the stage of growth/development of the micro-enterprises and their funding needs.

Monitoring of PMMY

MUDRA has developed a MUDRA PMMY portal to capture data on lending by various agencies and submitting its report to the GoI with granular information such as type of loan, type of borrowers, and their details agency-wise, state-wise, and district-wise formats. The Department of Financial Services (DFS), GoI, and MUDRA review progress on this regularly.

Pradhan Mantri Mudra Yojana (Pmmy) During FY 2020-2021

More than 5.07 crore MSME Loan accounts were benefitted through PMMY during the year. A snapshot of various categories of beneficiaries is presented in Table 2.

Table 2: Categories of MUDRA loans and beneficiaries FY 2020-2021 and cumulative for 6 years under Pradhan Mantri Mudra Yojana

Particulars	2020-2021			Cumulative for 6 years since inception		
	No. of Accounts	Amount sanctioned (₹ crore)	Amount disbursed (₹ crore)	No. of Accounts	Amount sanctioned (₹ crore)	Amount disbursed (₹ crore)
Shishu	4,01,80,115 (79%)	1,09,953 (34%)	1,08,637 (35%)	25,77,46,824 (87%)	6,69,855 (43%)	6,61,250 (44%)
Kishore	94,86,160 (19%)	1,32,516 (41%)	1,27,240 (41%)	3,19,50,879 (11%)	5,15,811 (33%)	4,93,868 (33%)
Tarun	10,68,771 (2%)	79,290 (25%)	75,877 (24%)	58,67,831 (2%)	3,66,967 (24%)	3,52,867 (23%)
Total	**5,07,35,046**	**3,21,759**	**3,11,754**	**29,55,65,534**	**15,52,632**	**15,07,985**
Out of the above						
Women	3,33,03,604 (66%)	1,31,303 (41%)	1,28,370 (41%)	19,98,02,912 (68%)	6,75,246 (43%)	6,41,980 (43%)
New entrepreneur Accounts	77,40,581 (15%)	83,336.79 (26%)	79,504 (26%)	6,80,71,751 (23%)	5,20,692 (34%)	4,97,865 (33%)
SC/ST/OBC	2,48,70,347 (49%)	1,05,817 (33%)	1,03,448 (33%)	14,98,81,349 (51%)	5,25,528 (34%)	5,12,665 (34%)

(Figures in parenthesis indicate their share in the total)

The high percentage of women in terms of the number of accounts is mainly due to the high share of Micro Finance Institutions in Shishu loans, where women Borrowers mostly make up the clientele.

The share of special categories of borrowers – SC, ST, OBC, women, and minority – under different schemes of PMMY continues to be significant in FY 2020-21.

The share of women borrowers stands at 66% by the number of accounts and 41% by sanction amount.

The participation of the under-privileged sections (SC, ST & OBCs) of the society in the PMMY program was 49% in terms of the number of loan accounts, and 33% in terms of the loan amount sanctioned. The share of SC, ST, and OBC categories were 17%, 6%, and 26%, respectively, in terms of the number of loan accounts sanctioned.

The Minority category of borrowers accounted for 8%, in terms of the number of accounts and amount in FY 2020-2021.

New loan accounts stood at 15% of total loan accounts in FY 2020-2021, and 26% of the total sanctioned amount. Nearly 77 lakh new loan accounts were sanctioned under PMMY during the year, compared with 1.19 crore in FY 2019-2020

The MUDRA Yojana has thus continued helping fulfil the aspirations of many MSE entrepreneurs who were otherwise outside the ambit of the formal banking system and is addressing the issue in 'funding the unfunded' to a large extent.

Participation in Sectoral Events

There were no sectoral events organized in the year because of COVID-19.

Corporate Governance

Meetings of the Board Of Directors

During FY 2020-21, the Board of MUDRA met 4 times on various dates in accordance with Section 173 of Companies Act, 2013. Details of these meetings are given in Annexure I.

The provisions of Companies Act, 2013, and rules made thereunder, and the Secretarial Standards were adhered to while considering the time gap between meetings and holding the meetings according to prescribed procedures.

Policy on Directors' Appointment & Remuneration

Remuneration to Executive Directors

Your Company has one full-time executive director, who is on rolls of MUDRA. His remuneration is paid by your Company.

NRC Charter

The Nomination and Remuneration Charter of the Company can be accessed on the Company's website at www.mudra.org.in

Remuneration to Non-Executive Directors

Non-executive Directors and Independent Directors (other than Nominee Directors and Directors from the GoI) are paid remuneration by way of sitting fees for each meeting of the Board and Committee of Directors attended by them.

Declaration by Independent Directors

The Board of Directors of MUDRA has received a declaration from all Independent Directors as per Section 149(7) of the Companies Act, 2013, and the Board is satisfied that all of them meet the criteria of independence stipulated under Section 149(6) of the Companies Act, 2013.

Board Evaluation

The evaluation of Directors, Committees, Chairman of the Board, and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The outcome of the evaluation for FY 2020-21 was discussed by the Nomination & Remuneration Committee and the Board.

Particulars of Employees

Your Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under Section 197 of the Companies Act, 2013, read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Training & Career Development

Your Company has been focusing on continuous grooming of its staff. During the year staff members attended training programme on KYC and PML Guidelines.

Directors and Key Managerial Personnel

Inductions

The following appointments were made during the year:

- Smt Smita Affinwalla as Independent Director of MUDRA effective June 04, 2020
- Shri Vasantharao Satya Venkatarao as Nominee Director of MUDRA effective June 26, 2020

Reappointments

- As per the provisions of the Companies Act, 2013 and relevant rules made thereunder, Shri Vasantharao Satya Venkatarao, Nominee Director, and Shri Sudatta Mandal, Nominee Director, retire by rotation at the ensuing AGM and, being eligible for reappointment. The Board has recommended their re-appointment.
- The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment. Shri Sudatta Mandal, Nominee Director was appointed with effect from May 28, 2021 and hence been longest in office, retires by rotation in the ensuing AGM.

Retirements & Resignations

- Shri Harsh Shrivastava, Independent Director resigned effective from July 31, 2020. The Board of Directors placed on record their appreciation for the valuable contributions made by him during his tenure as an Independent Director of the Company

- Shri Mohammad Mustafa, Chairman and Nominee Director ceased to be Chairman and Nominee Director on account of withdrawal of his nomination by SIDBI effective August 27, 2020. The Board of Directors placed on record their appreciation for the valuable contributions made by him during his tenure as a Chairman & Nominee Director of the Company.

- Shri Pillarisetti Satish, Independent Director ceased to an Independent Director on account of completion of his term of appointment effective November 09, 2020. The Board of Directors placed on record their appreciation for the valuable contributions made by him during his tenure as an Independent Director of the Company

- Shri Manoj Mittal, Nominee Director ceased to be Nominee Director on account of withdrawal of his nomination by SIDBI effective January 21, 2021. The Board of Directors placed on record their appreciation for the valuable contributions made by him during his tenure as a Nominee Director of the Company

Change in Designation

The details of the Board of Directors of your Company, and changes in directorship during FY 2020-21 are given in Annexure I.

Committees of the Board

As on March 31, 2021, the Board had six committees – Audit Committee, Nomination & Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee, Executive Committee and IT Strategy Committee – in compliance with the applicable provisions of the Companies Act, 2013, and the RBI regulations. The composition of the Board and the committees is provided in the Annexure I.

Board and Committees Meetings Conducted During the Period under Review

During the FY 2020-21, 4 (four) meetings of the Board of Directors, 4 (four)Meetings of the Audit Committee, 4 (four) meetings of the Nomination and Remuneration Committee, 1 (one) meeting of the Corporate Social Responsibility Committee, 4 (four) meetings of the Risk Management Committee, 2 (two) meeting of the IT Strategy Committee and 1 (one) meeting of the Executive Committee were held.

Internal Financial Control & its Adequacy

Your Company has adopted policies and procedures for ensuring orderly and efficient conduct of business and has put in place standard operating procedures (SOPs) and internal financial control for various schemes and processes. Such internal financial controls were confirmed by the Statutory Auditors after testing, as adequate and operating effectively.

Material Changes and Commitments

There have been no material changes and commitments affecting the financial position of your Company after signing of the financial statements in this report.

Significant and Material Orders Passed by Regulators, Courts, or Tribunals

There are no significant and material orders passed by the regulators, courts, or tribunals impacting the going-concern status and the Company's operations in future.

Annual Return

In accordance with Section 134 (3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is enclosed as Annexure III to the Board's Report. The same also be accessed at www.mudra.org.in.

SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards.

DIRECTORS RESPONSIBILITY: STATEMENTS

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the directors confirm that, to the best of their knowledge and belief,

(a) Applicable accounting standards had been followed in the preparation of the annual accounts, along with proper explanation relating to material departures

(b) They have selected such accounting policies, applied them consistently, and made such reasonable and prudent judgments and estimates, so as to give a true and fair view of the state of affairs of the Company at the end of FY 2020-21 and of the profit and loss of the Company for that period

(c) They have 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

(d) They have prepared the annual accounts on an ongoing-concern basis

(e) They have laid down internal financial controls to be followed by the Company, and these internal financial controls were adequate and operating effectively and,

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws, and that these systems were adequate and operating effectively

DISCLOSURES REGARDING SEXUAL HARASSMENT AT WORKPLACE

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder ("the Act") for prevention, prohibition and redressal of complaints of sexual harassment at workplace. The Anti Sexual Harassment Policy of the Company is available on MUDRA's bulletin board.

The Company has also constituted an Internal Complaints Committee (ICC) in compliance with Section 4 of the Act. The details of the ICC are provided on the bulletin board.

The Company has not received any complaint on sexual harassment during the Financial Year 2020-21.

AUDIT REPORTS AND AUDITORS

Audit Reports

- The Auditors' Report for FY 2020-21 does not contain any qualification, reservation or adverse remark. Further, there had been no instance of fraud committed against your Company by any officer or employee that was required to be reported to the central government by the auditors. The Auditors' Report is enclosed with the Financial Statements in this Annual Report.

- The Secretarial Audit Report for FY 2020-21 does not contain any qualifications or adverse remarks, which require any clarification/explanation. The Secretarial Audit Report is enclosed as Annexure II to the Board's Report.

AUDITORS

Statutory Auditors

Your Company is owned or controlled by SIDBI, which was set up under an Act of Parliament. Accordingly, as per Section 139(5) of the Companies Act, 2013, M/s V C Shah (chartered accountancy firm bearing registration number 109818W), was appointed by the Comptroller and Auditor General (CAG) of India as the Statutory Auditors of MUDRA, to conduct the audit of the FY 2020-21.

Secretarial Auditors

As required under Section 204 of the Companies Act, 2013, the Board has appointed Shri Deependra Omprakash Shukla, Practicing Company Secretary to undertake secretarial audit of your Company for FY 2020-21.

Supplementary Audit by CAG

Supplementary audit of your Company was undertaken by the Indian Audit and Accounts Department (IAAD), Office of the Principal Director of Commercial Audit, from July 26, 2021, to August 06, 2021. The information sought by IAAD, along with audited financial statements for FY 2020-21, was duly furnished to their office.

Based on the CAG observation, MUDRA has carried out following changes in the financial statements:

1. Provision of ₹ 64.99 lakh (Note no.16) is now classified under Non-Financial Liabilities (Note no.16).
2. Cash and cash equivalent mentioned in Cash Flow statement is corrected from ₹13,513.07 lakh to 13,359.46 lakh in Cash Flow Statement.

Based on the audit, the Office of the Principal Director of Commercial Audit, vide letter dated October 06, 2021, has issued an Audit Certificate with NIL observation. A copy of the letter is enclosed with the Audited Financial Statements.

Internal Auditors

In terms of requirements under Section 139 of the Companies Act, 2013, M/s Kochar & Associates, Chartered Accountants, were appointed as internal auditors of your Company for FY 2020-21.

They submitted monthly internal audit reports, which have been duly taken into account, and corrective actions have been carried out and reported to the Audit Committee.

Corporate Social Responsibility (CSR)

According to the audited financial position, the net worth, turnover and paid-up share capital of your Company has, in FY 2020-21, crossed the threshold that requires the constitution of a Corporate Social Responsibility (CSR) Committee as laid down under Section 135(1) of the Companies Act, 2013.

Your Company has made a contribution of ₹ 4,27,57,534 towards the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund).

The details of the CSR Policy are available on the website at www.mudra.org.in

Annual Report on CSR as required under the Companies Act, 2013 is given in Annexure IV

Vigil Mechanism

In view of compliance with Section 177(9) & (10) of the Companies Act, 2013, read with Rule 7 of Companies (Meetings of Board and its Powers) Rules 2014, your Company follows SIDBI's Central Vigilance Commissioner's guidelines under the overall supervision of the Central Vigilance Officer (CVO) of SIDBI.

The Vigilance Officer in-charge is submitting a monthly report to the CVO, SIDBI.

RBI Guidelines

As a Systemically Important Non-Deposit taking Non-Banking Finance Institution (NDSI), your Company always aims to operate in compliance with applicable RBI laws and regulations and employs its best efforts towards achieving the same.

Right to Information Act, 2005

During the year under review, your Company has received 40 Right to Information (RTI) applications through DFS, RBI, SIDBI and directly under the RTI Act, 2005, inquiring about PMMY and the MUDRA schemes. All applications were disposed of by your Company within the prescribed timeframe.

Transparency/ Disclosures

40 RTI applications received, all such applications were disposed off within the stipulated time.

Conservation of Energy; Foreign Exchange Earnings and Outgo

The particulars required under Section 134(3) (m) of the Companies Act, 2013, in respect of conservation of energy do not apply to your Company and hence are not included in this report, considering the nature of activities undertaken during the year under review.

Your company only consumes electricity in the course of operational and administrative activities.

There had been no earnings and outgo of foreign exchange, during the year.

Technology Absorption

MUDRA is working in a computerised environment. It has acquired software for general ledger accounts and loan management for meeting its comprehensive needs and major components of both have already been implemented. A Portal is in place for collecting and collating data from all banks/MFIs/ NBFCs pertaining to loans being given by them under PMMY. The portal is quite robust and captures a variety of data and generates various kind of reports.

The portal is being used by the GoI for strategizing, follow-up and monitoring of PMMY performance.

Acknowledgements

The Board takes this opportunity to express its sincere appreciation for the excellent patronage received from all its stakeholders, especially the Department of Financial Services, Ministry of Finance, Government of India; the Reserve Bank of India; the Ministry of Corporate Affairs; and, Small Industries Development Bank of India, and thank them for their continued support.

The Board also expresses its gratitude for the continued confidence and faith reposed on it by the shareholders. The Board also acknowledges the zeal, commitment and dedication of the executives and employees of the Company at all levels.

Your Board is also thankful to the Auditors of the Company and CAG India for their advice and guidance.

For and on behalf of the Board of
Micro Units Development & Refinance Agency Ltd

Sivasubramanian Ramann
Chairman
DIN: 07685657

Date: October 13, 2021
Place: Mumbai

Annexures to the Director's Report

Annexure I

Board of Directors as on 31 March 2021

S.No.	Name (Smt./Shri/Ms.)		Date of appointment
Government and SIDBI Nominee			
1	Suchindra Misra	Joint Secretary, DFS, GoI, GoI Nominee	February 19, 2020
2	Vasantharao Satya Venkatarao	DMD, SIDBI, SIDBI Nominee Director	June 26, 2020
Executive Director			
3	Aalok Gupta	MD & CEO, MUDRA	August 07, 2018
Independent Directors			
4	Arvind Kumar Jain		February 08, 2018
5	Smita Affinwalla		June 04, 2020

Cessation during the year 2020-21

S.No.	Name (Smt./Shri/Ms.)	Designation	Date of appointment	Date of cessation
1.	Harsh Shrivastava	Independent Director	September 27, 2019	July 31, 2020
2.	Mohammad Mustafa, IAS	Chairman and Nominee Director, MUDRA	August 28, 2017	August 27, 2020
3.	Pillarisetti Satish	Independent Director	November 10, 2015	November 09, 2020
4.	Manoj Mittal	Nominee Director	February 22, 2017	January 21, 2021

Board Meetings held during the year

S.No.	Date of meeting	Board strength	No. of directors' present
1.	June 04, 2020	7	6
2.	August 21, 2020	8	7
3.	November 18, 2020	6	5
4.	February 24, 2021	5	5

Board Committees of MUDRA under Companies Act, 2013

Audit Committee		
Name	**Position**	**Date of appointment**
Shri Pillarisetti Satish*	Chairman	December 01, 2015
Shri Arvind Kumar Jain#	Member	July 18, 2018
Shri Manoj Mittal*	Member	November 22, 2019
Smt Smita Affinwalla	Member	July 20, 2020

Shri Arvind Kumar Jain chaired the Audit Committee meetings subsequent to completion of tenure of Shri P. Satish.

* Shri Pillarisetti Satish and Shri Manoj Mittal ceased to be Directors w.e.f. November 09, 2020 and January 21, 2021 respectively.

Nomination & Remuneration Committee		
Name	**Position**	**Date of appointment**
Shri Suchindra Misra	Chairman	February 19, 2020
Shri Pillarisetti Satish*	Member	December 01, 2015
Shri Arvind Kumar Jain	Member	July 18, 2018
Smt Smita Affinwalla	Member	July 20, 2020

*Shri Pillarisetti Satish ceased to be Director w.e.f. November 09, 2020

Corporate Social Responsibility Committee		
Name	**Position**	**Date of appointment**
Shri Aalok Gupta	Chairman	August 07, 2018
Shri Pillarisetti Satish*	Member	January 28, 2016
Shri Harsh Shrivastava*	Member	October 15, 2018
Shri Vasantharao Satya Venkatarao	Member	July 20, 2020
Smt Smita Affinwalla	Member	June 03, 2021

* Shri Harsh Shrivastava and Pillarisetti Satish ceased to be Directors w.e.f. July 31, 2020 and November 09, 2020 respectively

Risk Management Committee		
Name	**Position**	**Date of appointment**
Shri Aalok Gupta	Chairman	August 07, 2018
Shri Arvind Kumar Jain	Member	April 23, 2018
Shri Pillarisetti Satish*	Member	January 01, 2019
Shri Vasantharao Satya Venkatarao	Member	July 20, 2020

* Shri Pillarisetti Satish ceased to be Director w.e.f. November 09, 2020

Annexure II

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Micro Units Development & Refinance Agency Ltd
[MUDRA Ltd.]
SWAVALAMBAN BHAVAN, C-11, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai: 400 051, Maharashtra, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Micro Units Development & Refinance Agency Limited** (hereinafter called 'the Company'). In light of ongoing COVID-19 pandemic situation, due to limitations of physical verifications of various records, the Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company in soft copy version, duly authenticated, and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021 ('Audit Period') complied with the statutory provisions listed hereunder, subject to specified observation mentioned below, however, the Company has proper adequate Board-process and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not Applicable to the Company)

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (Not Applicable to the Company)

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable to the Company)

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable to the Company)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (Not Applicable to the Company)

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company);

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable to the Company)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company);and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company);

(v) Other laws applicable specifically to the Company, namely:

(a) Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 read with Master Circular as issued by Reserve Bank of India with respect to Returns to be submitted by NBFCs, as may be applicable.

I have also examined compliance with the applicable clauses of the following:

(a) Secretarial Standards issued by The Institute of Company Secretaries of India

(b) The Listing Agreements entered into by the Company with the Stock Exchanges. (Not Applicable to the Company)

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the resolutions were passed with consent of majority Directors and minutes were prepared accordingly.

I further report that:

- there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, guidelines and standards.

For: Deep Shukla & Associates
Company Secretaries

Deep Shukla
{Proprietor}
FCS: 5652
CP NO.5364
UDIN: F005652C000798840

Place: Mumbai
Date: 18.08.2021

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To
The Members
Micro Units Development & Refinance Agency Ltd
[MUDRA Ltd.]

I further state that my said report of the even date has to be read along with this letter.

1. Maintenance of Secretarial/ Statutory Records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these records based on the audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination is limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For: Deep Shukla & Associates
Company Secretaries

Deep Shukla
{Proprietor}
FCS: 5652
CP NO.5364
UDIN: F005652C000798840

Place: Mumbai
Date: 18.08.2021

Annexure III

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on period ended on 31 March 2021

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management and Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS

1.	CIN	U65100MH2015PLC274695
2.	Registration Date	18 March 2015
3.	Name of the Company	Micro Units Development & Refinance Agency Limited
4.	Category/Sub-category of the Company	Public Limited by Shares / Indian Non-Government Company
5.	Address of the Registered Office & contact details	SWAVALAMBAN BHAVAN, C-11, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051
6.	Whether listed company	No.
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt Ltd C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 per cent or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the Company
1.	Lending & Refinancing to Banks, NBFCs, MFIs (Including NBFC-MFIs)	649	100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

(All the business activities contributing 10 per cent or more of the total turnover of the company shall be stated)

S. No.	Name and Address of the Company	CIN/GLN	% of shares held	Applicable Section
1.	*Small Industries Development Bank of India SIDBI Tower, 15, Ashok Marg, Lucknow - 226001, Uttar Pradesh	649	100%	Sec. 2 (87)(II)

*SIDBI is a Development Financial Institution, incorporated under the Act of Small Industries Development Bank of India Act, 1989.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year [As on April 1, 2020]				No. of shares held at the end of the year [As on 31March2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks/FIs	1675925920	0	1675925920	100.00	1675925920	0	1675925920	100.00	0.00
f) Any other	0	0	0	0	0	0	0	0	0
2) Foreign Holdings									
a) Individual	0	0	0	0	0	0	0	0	0
b) Body corporate	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	1675925920	0	1675925920	100.00	1675925920	0	1675925920	100.00	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FIs	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	6	0	6	0.01	6	0	6	0.01	0
i) Individual shareholders holding nominal share capital up to ₹1 lakh	6	0	6	0.01	6	0	6	0.01	0
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Non-resident Indians	0	0	0	0	0	0	0	0	0
Overseas corporate bodies	0	0	0	0	0	0	0	0	0
Foreign nationals	0	0	0	0	0	0	0	0	0
Clearing members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign bodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand total (A+B+C)	**1675925926**	**0**	**1675925926**	**100**	**1675925926**	**0**	**1675925926**	**100**	**0**

(ii) Shareholding of Promoter

SN	Category of shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total Shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total Shares of the company	% of shares pledged/ encumbered to total shares	
1.	Small Industries Development Bank of India	1675925920	100	0	1675925920	100	0	0.00
	Total :	**1675925920**	**100**	**0**	**1675925920**	**100**	**0**	**0.00**

(iii) Change in Promoters Shareholding

SN	Category of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Small Industries Development Bank of India**				
	At the beginning of the year	1,675,925,920	100	1,675,925,920	100
	At the end of the year	**1,675,925,920**	**100**	**1,675,925,920**	**100**

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

SN	Category of shareholders	Shareholding at the beginning of the year		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year & at the end of the year	
		No. of shares	% of total Shares of the company				No. of shares	% of total shares of the company
1.	Shri S. N. Singh (Representative of SIDBI)	1	0	31 July 2017	0	-	1	0
2.	Shri Kailash Chander Bhanoo (Representative of SIDBI)	1	0	31 July 2017	0	-	1	0
3.	Shri Vinay S Hedaoo (Representative of SIDBI)	1	0	27 July 2018	0	-	1	0
4.	Shri Anil Kulkarni (Representative of SIDBI)	1	0	27 July 2018	-1	Transfer of Shares	0	0
5.	Smt Y. Munni Kumari (Representative of SIDBI)	1	0	27 July 2018	0	-	1	0
6.	Ravi Tyagi (Representative of SIDBI)	1	0	27 July 2018	0	-	1	0
7.	Sanjay Goyal (Representative of SIDBI)	0	0	21 August 2020	1	Transfer of Shares	1	0

(v) Shareholding of Directors and Key Managerial Personnel

SN	Shareholding of each Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	0.00	-	0.00

V) INDEBTEDNESS: of the Company including interest outstanding/accrued but not due for payment.

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	-	-	1,68,75,00,00,000	1,68,75,00,00,000
ii) Interest due but not paid	-	-	1,50,62,02,730	1,50,62,02,730
iii) Interest accrued but not due	-	-	0.00	0.00
Total (i+ii+iii)			**1,70,25,62,02,730**	**1,70,25,62,02,730**
Change in indebtedness during the financial year				
* Addition	-	-	99,52,65,00,000	99,52,65,00,000
Reduction	-	-	68,75,00,00,000	68,75,00,00,000
Net change	**-**	**-**	**30,77,65,00,000**	**30,77,65,00,000**
Indebtedness at the end of the financial year			**1,99,52,65,00,000**	**1,99,52,65,00,000**
i) Principal amount	-	-	1,31,52,36,515	1,31,52,36,515
ii) Interest due but not paid	-	-	0	0
iii) Interest accrued but not due	-	-	2,00,84,17,36,515	2,00,84,17,36,515
Total (i+ii+iii)	**-**	**-**	**1,99,52,65,00,000**	**1,99,52,65,00,000**

* Deposits under priority sector shortfall from Banks.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

SN.	Particulars of remuneration	Name of MD/WTD (CEO)/ Manager (2019-20)	Total amount
1.	Gross salary	Shri Aalok Gupta (MD & CEO)	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	₹ 70,00,000	₹ 70,00,000
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961		
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock option	-	-
3.	Sweat equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify	-	-
	Total (A)	**₹ 70,00,000**	**₹ 70,00,000**
	Ceiling as per the Act		

B. Remuneration to other directors

SN	Particulars of remuneration	Name of Directors				Total amount
1.	**Independent Directors**	**Shri Pillarisetti Satish**	**Shri Arvind Kumar Jain**	**Shri Harsh Shrivastava**	**Smt Smita Affinwalla**	
	Fee for attending Board/ Committee meetings	₹ 2,75,000	₹ 5,40,000	₹ 60,000	₹ 3,70,000	₹ 12,45,000
	Commission	-	-	-		-
	Others, please specify	-	-	-		-
	Total (1)	**₹ 2,75,000**	**₹ 5,40,000**	**₹ 60,000**	**₹ 3,70,000**	**₹ 12,45,000**
2.	Other Non-Executive Directors	-	-	-		-
	Fee for attending board committee meetings	-	-	-		-
	Commission	-	-	-		-
	Others, please specify	-	-	-		-
	Total (2)	-	-	-		-
	Total (B)=(1+2)	-	-	-		
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	Lower than 3% of the net profit of the Company calculated as per Section 198 of Companies Act, 2013				

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

SN	Particulars of remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	**Company Secretary**	
		Shri Anjani Kumar Srivastava	**Ms Pooja Kukreti**	
1.	**Gross salary**	₹ 54,06,033	₹ 8,00,000	₹ 62,06,033
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock option	-	-	-
3.	Sweat equity			
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	
5.	Others, please specify			
	- Perk Accommodation and Encashment of OL			
	Total	**₹ 54,06,033**	**₹ 8,00,000**	**₹ 62,06,033**

Note: - The details of CEO's remuneration are given under item No. VI. A above.

VII. Penalties/Punishment/Compounding of Offences

Type	Section of the Companies Act	Brief description	Details of penalty / punishment/ compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment			NIL		
Compounding					
C. Other officers in default					
Penalty					
Punishment					
Compounding					

FOR & ON BEHALF OF THE BOARD OF DIRECTORS
Micro Units Development & Refinance Agency Limited

Sivasubramanian Ramann
Chairman
DIN: 07685657

Place: Mumbai
Date: October 13, 2021

Annexure IV

Annual Report on CSR Activities

1. A brief outline of the company's CSR policy

To realize MUDRA'S vision, MUDRA recognizes the importance of contributing to sustainable social transformation through funding and development interventions. As a responsible corporate entity, MUDRA also believes in contributing to the causes of society by extending support to under privileged sections of the society through funding and promotional assistance. MUDRA's CSR (Corporate Social Responsibility) policy thus consists of both business and developmental initiatives, aimed at sustainable growth with social orientation. The efforts would be to cover frontiers which are beyond the basic regulatory and stakeholder requirements. The CSR Policy of MUDRA has been framed in accordance with Section 135 of Companies Act, 2013 and the Rules framed there under to achieve this objective.

The CSR Policy is available on MUDRA's website at www.mudra.org.in

2. The Composition of the CSR Committee:

Corporate Social Responsibility Committee		
Name	**Position**	**Date of appointment**
Shri Aalok Gupta*	Chairman	August 07, 2018
Shri Vinay Hedaoo*	Chairman	August 05, 2021
Shri Pillarisetti Satish*	Member	January 28, 2016
Shri Harsh Shrivastava*	Member	October 15, 2018
Shri Vasantharao Satya Venkatarao	Member	July 20, 2020
Smt Smita Affinwalla	Member	June 03, 2021

*During the FY 2020-21 Shri Harsh Shrivastava and Pillarisetti Satish ceased to be Directors w.e.f. July 31, 2020 and November 09, 2020 respectively. During FY 2021-22 Shri Aalok Gupta ceased to be the Managing Director and CEO w.e.f. August 01, 2021 and Shri Vinay Hedaoo was appointed as Managing Director and CEO w.e.f. August 02, 2021.

3. Average net profit and prescribed CSR Expenditure of the company for 2020-21:

Sr. No	Particular	Amount (₹)
1	Net Profit as per Section 198 of the Companies Act 2013 (3 years)	6,41,36,30,149.76
2	Average Profit of 3 years	2,13,78,76,716.59
3	2% of the Average Net Profit to be spent on CSR for FY 2020-21	4,27,57,534

4. Details of CSR spent during the financial year.

a. **Total amount to be spent for the financial year 2020-21 -** ₹ 4,27,57,534

b. **Amount unspent, if any; -** Nil

c. **Manner in which the amount spent during the financial year is detailed below.**

Your Company has made a contribution of ₹ 4,27,57,534 towards the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund).

5. Reason if the Company has failed to spend 2% of the average net profits as per section 135(5)

The Company has spent the required amount on CSR activities as per section 135(5) and hence reporting under this clause does not arise.

Vinay Hedaoo
Managing Director & Chairman of CSR Committee
DIN: 07916221

Date: October 14, 2021
Place: Mumbai

Revised Auditor's Report Under "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016"

To,
The Board of Directors of
Micro Units Development & Refinance Agency Limited

1. We have audited the financial statements of **Micro Units Development & Refinance Agency Limited**, which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity, for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and issued our audit opinion vide our Independent Auditors' Report dated June 9, 2021 thereon. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of these financial statements based on our audit. Our audit was conducted in the manner specified in paragraph 6 – 'Auditors' Responsibility'-of the said report.

2. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ('the Directions') issued by Reserve Bank of India('RBI'), based on our audit referred to in paragraph 1 above and information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we furnish hereunder our report on the matters specified in paragraphs 3 and 4 of the said Directions, to the extent applicable to the company:

A. Item 3(A) of the Directions:

3. The Company is engaged in the business of a non-banking financial institution ('NBFI'), as defined in section 45-I(a) of the Reserve Bank of India Act,1934 ('the Act') and most of the time during the year meeting the Principal Business Criteria (Financial asset/income pattern) as laid down vide RBI's press release dated April 08,1999, and as per the Master Direction-Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, requiring it to obtain a Certificate of Registration ('CoR') under section 45-IA of the Act. The Company is registered with the RBI as an NBFI without accepting public deposits vide CoR No.N-13.02124 dated 28th July, 2016.

   i. Based on the Principal Business Criteria (Financial asset/income pattern) as determined in accordance with the audited financial statements for the year ended March 31, 2021,the Company is entitled to continue to hold the CoR.

   ii. As determined in accordance with the audited financial statements for the year ended March 31, 2021, the non-banking financial company is meeting the required net owned fund requirement as laid down in accordance with Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

B. Item 3(C) of the Directions:

   i. The Board of Directors has passed a resolution dated June 4, 2020 for the non-acceptance of public deposits.

   ii. The Company has not accepted any public deposits during the year under report.

   iii. The Company has complied with the Prudential Norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts, as applicable to it during the financial year ended March 31,2021 in terms of Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

iv. In respect of Systemically Important Non-deposit taking NBFCs as defined in Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016:

(a) The capital adequacy ratio as disclosed in the return submitted to the Bank inform DNBS-3, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank;

(b) The company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (DNBS-3).

4. This report is issued solely for reporting on the matters specified in paragraphs 3 and 4 of the Directions, and is not intended to be used or distributed for any other purpose.

For **V.C.Shah & Co.**
Chartered Accountants
Firm Registration No.109818W

Sd/-
Viral J. Shah
Partner
Membership No.: 110120
Mumbai, September 09, 2021.
UDIN: 21110120AAAAEF6345

Revised Independent Auditor's Report

To the members of Micro Units Development & Refinance Agency Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Micro Units Development & Refinance Agency Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021,the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity, for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS"), of the state of affairs of the Company as at March 31, 2021, and Profit and other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Key Audit Matter

Key audit matter are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1.	Recognition and measurement of impairment on loans and advances involve significant management judgement. With the applicability of IND AS 109, credit loss assessment is now based on expected credit loss (ECL) model. The impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: • Segmentation of loan book; • Loan staging criteria; • Calculation of probability of default / Loss given default; • Consideration of probability weighted scenarios and forward looking macro-economic factors. • Compliance of disclosures with the applicable accounting standards"	In view of the significance of the matter, the following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence: Design / controls • Evaluated the appropriateness of the impairment principles based on the requirements of IND AS 109 • Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Tested management review controls over measurement of impairment allowances and disclosures in financial statements. Substantives tests • Focused was placed on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data

Information other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and those charged with governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act.

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 controls, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

Our Audit Report dated June 09, 2021 having UDIN 21110120AAAACF2055 is revised in response to the CAG POM No. 2 & 3 dated July 28,2021 and August 02, 2021. Based on the CAG observation the Company has carried out following changes in the financial statements:

1) Provision of ₹ 64.99 lakh (Note no.16) is now classified under Non-Financial Liabilities (Note no.16).

2) Cash and cash equivalent mentioned in Cash Flow statement is corrected from ₹ 13513.07 lakh to 13359.46lakh (Cash Flow Statement).

We hereby attach our revised Independent Auditor's Report for the revision carried out in financial statements by the Management to give effect to the observations raised by CAG on completion of supplementary audit carried out u/s 143 (6)(a) of the companies Act,2013.

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 A" a statement on the matters specified in paragraphs 3 and 4 of the order.

2. As required by Section 143(3) of the Act, based on our audit of the financial statements, 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 purposes 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, the Statement of Profit and Loss including the Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

(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 as at March 31, 2021 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.

3. As required by the revised directions under Section 143(5) and of the Act, we report that:

   i) The Company has system in place to process all the accounting transaction trough IT System. There are no accounting transactions processed outside IT system during the year.

   ii) There are no cases restructuring of any existing loans or cases of waiver/ write off of debts/ Loans/interest etc. made by lender to the Company during the year due to their inability to repay the Loan.

   iii) The entity has received funds i.e. reimbursement of publicity expenditure incurred on Pradhan Mantri Mudra Yojna (PMMY) from Central Agencies (department of finance India) during the year. The funds received from the agency have been properly accounted for and utilized as per the terms of the arrangement.

Further Mudra has not received any fund from State Government.

For **V.C.Shah & Co.**
Chartered Accountants
Firm Registration No.109818W

Sd/-
Viral J. Shah
Partner
Membership No.: 110120
Mumbai, September 09, 2021.
UDIN: 21110120AAAAEF6345

Annexure A to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of **Micro Units Development & Refinance Agency Limited** for the year ended March 31, 2021)

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the item of fixed assets in a phased manner which, in our opinion, is reasonable having regards to the size of the company and the nature of its assets. Pursuant to program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company does not have any immovable property as at March 31, 2021included under the head Property, Plant and Equipment.

ii. The Company is a Non-banking Finance Company and has not dealt with any goods and the company does not hold any inventory during the period under audit. Accordingly, the provisions of clause 3 (ii) of the companies (Auditor's Report) Order 2016 is not applicable to the Company.

iii. The company has not granted any loans, secured or unsecured, to parties covered in the register maintained u/s 189 of the companies Act, 2013

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, the provisions of Clause (iv) of paragraph 3 of the said Order is not applicable to the Company.

v. The Company has not accepted any deposits from the public 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 the clause 3(v) of the companies (Auditors' Report) Order, 2016 are not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under section148 (1) of the Act, for any of the services rendered by the Company. Accordingly, reporting under clause 3(vi) of the Order is not applicable to the Company.

vii. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods and services tax, value added tax, custom duty, excise duty, cess and other material statutory dues where applicable to it.

There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods and services tax, customs or excise duty or value added tax which have not been deposited on account of any dispute.

viii. To the best of our knowledge and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks, financial institutions and government. Accordingly, clause (viii) of paragraph 3 of the Order is not applicable.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, clause (ix) of paragraph 3 of the Order is not applicable.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no instance of material fraud by the Company or on the Company by its officers or employees, has been noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company, being a Public Limited Company as per the Act, the requirement of payment of managerial remuneration as per the provisions of section 197 read with Schedule V of the Act is not applicable to the company. Accordingly, clause (xi) of paragraph 3 of the Order is not applicable.

xii. The Company is not a Nidhi Company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable.

xiii. According to the information and explanations given to us, transactions with the related parties are in compliance with section 188 of the Act, where applicable and the details of related party transactions have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause (xiii) in so far as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. The company is registered with the RBI as a "NBFI without accepting Public Deposits "and holding the certificate of registration (CoR) under Section 45-IA of the Reserve Bank of India Act, 1934vide CoR No. N-13.02124 dated 28th July, 2016.

For **V.C.Shah & Co.**
Chartered Accountants
Firm Registration No.109818W

Sd/-
Viral J. Shah
Partner
Membership No.: 110120
Mumbai, September 09, 2021.
UDIN: 21110120AAAAEF6345

Annexure B to the Independent Auditors' Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Micro Units Development & Refinance Agency Limited for the year ended March 31, 2021)

Report on the Internal Financial Controls Over Financial Reporting 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 **Micro Units Development & Refinance Agency Limited** ("the Company") as of March 31, 2021in 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 ('ICAI'). 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements 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 deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 with reference to these financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of our information and according to the explanations given to us, 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, 2021, 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 **V.C.Shah & Co.**
Chartered Accountants
Firm Registration No.109818W

Viral J. Shah
Partner
Membership No.: 110120
Mumbai, September 09, 2021.
UDIN: 21110120AAAAEF6345

Balance Sheet

as at March 31, 2021

(₹ in lakhs)

Particulars		Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS				
Financial Assets				
(a)	Cash and cash equivalents	4	13,318.63	4,21,125.99
(b)	Bank balances other than cash and cash equivalents	5	9,19,642.86	6,09,957.15
(c)	Loans	6	13,53,701.82	9,00,400.11
(d)	Investments	7	-	18,727.22
(e)	Other Financial Assets	8	85.42	-
Non Financial Assets				
(a)	Current Tax Assets (Net)	9	3,156.83	2,028.10
(b)	Deferred Tax Assets (Net)	10	2,534.26	9,739.04
(c)	Property, Plant and Equipment	11	3.40	4.09
(d)	Intangible assets under development		72.75	47.50
(e)	Other Intangible assets	12	0.00	0.55
	Total Assets		**22,92,515.97**	**19,62,029.75**
LIABILITIES AND EQUITY				
Liabilities				
Financial Liabilities				
(a)	Payables	13		
	I) Trade payables		-	-
	II) Other payables		65.52	118.13
(b)	Deposits	14	20,08,417.37	17,02,562.03
(c)	Other financial liabilities	15	8.93	13.12
Non-Financial Liabilities				
(a)	Other non-financial liabilities	16	29,971.42	28,402.31
	Total Liabilities		**20,38,463.23**	**17,31,095.59**
Equity				
(a)	Equity Share capital	17	1,67,592.59	1,67,592.59
(b)	Other Equity	18	86,460.15	63,341.56
	Total Equity		**2,54,052.74**	**2,30,934.15**
	Total Liabilities and Equity		**22,92,515.97**	**19,62,029.75**
	See accompanying Notes forming part of the Financial Statements	1 to 66		

In terms of our report attached of even date

For **V. C. Shah & Co**

Chartered Accountants

Firm No.: 109818W

For and on behalf of the Board of Directors

Sd/-
Viral J. Shah
Partner
Membership No.: 110120

Sd/-
Vinay Hedaoo
MD & CEO
DIN : 07916221

Sd/-
Vasantharao Satya Venkatarao
Director
DIN :00334394

Sd/-
Amitabh Misra
Chief Financial Officer

Sd/-
Pooja Kukreti
Company Secretary

Place: Mumbai

Date: September 09, 2021

Statement of Profit and Loss
for the year ended March 31, 2021

(₹ in lakhs)

	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I.	**Revenue from operations**			
	Interest Income	19	99,664.99	1,10,334.29
	Fees and commission Income	20	838.92	476.25
	Net gain on fair value changes	21	155.29	299.02
	Total Revenue from operations		**1,00,659.19**	**1,11,109.56**
II.	Other Income	22	8.15	80.61
III.	**Total Income (I+II)**		**1,00,667.34**	**1,11,190.17**
IV.	**Expenses**			
	Finance costs	23	65,071.97	65,872.35
	Impairment on financial instruments	24	-10.47	6,826.15
	Employee Benefits Expenses	25	668.33	685.22
	Depreciation, amortization and impairment	26	3.09	4.99
	Others expenses	27	763.50	4,062.05
	Total Expenses (IV)		**66,496.42**	**77,450.75**
V.	**Profit/(loss) before tax (III-IV)**		34,170.93	33,739.42
VI.	**Tax expense:**	28		
	Current tax		1,333.68	10,546.33
	Deferred tax		7,204.78	1,211.57
VII.	**Profit/(loss) for the year (VI-VII)**		**25,632.47**	**21,981.52**
	Other Comprehensive Income			
A.	**Items that will not be reclassified to profit or loss**		-	-
B.	**Items that will reclassified to profit or loss**		-	-
	Other comprehensive income (A+B)		-	-
	Total comprehensive income		**25,632.47**	**21,981.52**
VIII.	**Earnings per equity share**	29		
	Basic (₹)		1.53	1.31
	Diluted (₹)		1.53	1.31

In terms of our report attached of even date

For **V. C. Shah & Co**
Chartered Accountants
Firm No.: 109818W

Sd/-
Viral J. Shah
Partner
Membership No.: 110120

For and on behalf of the Board of Directors

Sd/-
Vinay Hedaoo
MD & CEO
DIN : 07916221

Sd/-
Vasantharao Satya Venkatarao
Director
DIN :00334394

Sd/-
Amitabh Misra
Chief Financial Officer

Sd/-
Pooja Kukreti
Company Secretary

Place: Mumbai
Date: September 09, 2021

Statement of Cash Flows

for the year ended March 31, 2021

(₹ in lakhs)

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax	34,170.93	33,739.42
	Net Profit Before Taxes		
	Adjustment for:		
	Interest Income from Fixed Deposits & CDs	(49,635.07)	(49,099.29)
	Profit on sale Mutual Funds	(155.29)	(299.02)
	Depreciation and amortisation	3.09	4.99
	Impairment on financial instruments	(10.47)	6,826.15
	Interest on Tax Refund	-	(78.97)
	Amotisation of upfront fees	13.10	474.78
	Corporate Social Responsibility (CSR) Expenses	-	671.58
	Operating (loss)/ profit before working capital changes	**(15,613.71)**	**(7,760.36)**
	Movement in working capital		
	(Increase)/Decrease in Loans	(4,53,234.91)	2,75,960.78
	(Increase)/Decrease in other financial assets	(85.42)	-
	(Increase)/Decrease in other assets	-	1,358.95
	Increase/(Decrease) in Other payables	(52.62)	2.84
	Increase/(Decrease) in Other financial liabilities	(4.19)	8.50
	Increase/(Decrease) in Other liabilities	1,569.11	28,269.13
	Cash generated from Operations	**(4,67,421.74)**	**2,97,839.84**
	Income taxes paid	(2,462.40)	(11,996.69)
	Paid for Corporate Social Responsibility (CSR)	-	(671.58)
	Net cash from/(utilised in) operating activities	**(4,69,884.14)**	**2,85,171.58**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets and intangible assets	(27.10)	(0.43)
	(Increase)/Decrease in Investments- Certificate of Deposits	18,729.09	(17,712.33)
	(Increase)/Decrease in Investments- Corporate Deposits	-	-
	(Increase)/Decrease in Fixed Deposits (with a maturity of more than 3 months)	(3,09,877.12)	(2,96,749.84)
	Interest Income from Fixed Deposits & CDs	49,635.07	48,082.53
	Gain on sale of Mutual Fund	155.29	299.02
	Decrease in Investment in Mutual Fund	-	40,040.37
	Net cash from/(utilised in) investing activities	**(2,41,384.77)**	**(2,26,040.68)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Increase/(Decrease) in Deposits	3,05,855.34	1,89,098.94
	Dividend paid	(2,513.89)	(335.19)
	Dividend Distribution Tax (DDT) paid	-	(68.91)
	Net Cash from financing activities	**3,03,341.45**	**1,88,694.85**
	NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	**(4,07,927.46)**	**2,47,825.75**
	Cash and cash equivalents at the beginning of the financial year	**4,21,286.92**	**1,73,461.18**
	Cash and cash equivalents at end of the year	**13,359.46**	**4,21,286.92**

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balances with banks in Current accounts	112.63	48.55
Cash on hand	0.02	0.04
Bank deposits with maturity of less than 3 months	13,246.80	4,21,238.33
Total	**13,359.46**	**4,21,286.92**
For disclosures relating to changes in liabilities arising from financing activities, refer note 37		
Significant accounting policies on Note No. 1 to 3		
The accompanying notes form an integral part of these Financial Statements.		

In terms of our report attached of even date

For **V. C. Shah & Co**

Chartered Accountants

Firm No.: 109818W

Sd/-

Viral J. Shah

Partner

Membership No.: 110120

For and on behalf of the Board of Directors

Sd/-

Vinay Hedaoo

MD & CEO

DIN : 07916221

Sd/-

Vasantharao Satya Venkatarao

Director

DIN :00334394

Sd/-

Amitabh Misra

Chief Financial Officer

Sd/-

Pooja Kukreti

Company Secretary

Place: Mumbai

Date: September 09, 2021

Statement of Changes in Equity
as at March 31, 2021

A. Equity share capital

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	1,67,592.59	1,67,592.59
Changes in Equity Share capital during the year	-	-
Balance at the end of the year	1,67,592.59	1,67,592.59

B. Other Equity

Category of shareholders	Reserve and Surplus						Other comprehensive income	Total
	Securities Premium	Development Fund	General Reserve	Retained Earnings	Corporate Social Responsibility Fund (CSR)	Statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934		
Balance at April 01, 2019	**7,407.41**	**200.00**	**23,000.00**	**3,175.71**	**671.58**	**7,309.44**	**-**	**41,764.14**
Profit for the period				21,981.52			-	21,981.52
Transfer to statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	(4,396.30)		4,396.30	-	-
Transfer to general reserve	-	-	15,000.00	(15,000.00)		-	-	-
Transfer to development fund	-	-	-	-		-	-	-
Transfer to CSR Fund				671.58	(671.58)			-
Total	**7,407.41**	**200.00**	**38,000.00**	**6,432.51**	**-**	**11,705.74**	**-**	**63,745.66**
Dividends paid	-	-	-	(335.19)		-	-	(335.19)
Dividend distribution tax	-	-	-	(68.91)		-	-	(68.91)
At March 31, 2020	**7,407.41**	**200.00**	**38,000.00**	**6,028.41**	**-**	**11,705.74**	**-**	**63,341.56**
Profit for the period				25,632.47			-	25,632.47
Transfer to statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	(5,126.49)		5,126.49	-	-
Transfer to general reserve	-	-	17,500.00	(17,500.00)			-	-
Transfer to CSR Fund	-	-	-	-	-		-	-
Transfer from CSR Fund				-	-			-
Total	**7,407.41**	**200.00**	**55,500.00**	**9,034.39**	**-**	**16,832.23**	**-**	**88,974.04**
Dividends paid	-	-	-	(2,513.89)		-	-	(2,513.89)
Dividend distribution tax	-	-	-	-		-	-	-
At March 31, 2021	**7,407.41**	**200.00**	**55,500.00**	**6,520.50**	**-**	**16,832.23**	**-**	**86,460.15**

In terms of our report attached of even date

For **V. C. Shah & Co**
Chartered Accountants
Firm No.: 109818W

For and on behalf of the Board of Directors

Sd/-
Viral J. Shah
Partner
Membership No.: 110120

Sd/-
Vinay Hedaoo
MD & CEO
DIN : 07916221

Sd/-
Vasantharao Satya Venkatarao
Director
DIN :00334394

Sd/-
Amitabh Misra
Chief Financial Officer

Sd/-
Pooja Kukreti
Company Secretary

Place: Mumbai
Date: September 09, 2021

Significant Accounting Policies

1. Corporate Information

Micro Units Development & Refinance Agency Limited (MUDRA), is a public limited company domiciled in India and incorporated under the provisions of The Companies Act 2013 and registered as Non-Banking Financial Institutions (NBFI) with RBI U/s 45-IA of RBI Act 1934 with the registered office located in Swavalamban Bhavan, C 11, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051.

The MUDRA provides refinance to Banks (including Regional Rural Banks and Small Finance Banks), Non-Banking Financial Companies (NBFCs) and also Micro Finance Institutions (MFIs).

2. Basis of Preparation

These financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

MUDRA is registered as a Non-Banking Financial Institution (NBFI) and has to adhere to the regulatory and disclosure standards as applicable to NBFC-ND-SIs.

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements for the year ended March 31, 2019onwards, the financial statements, which have been prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 including Ind AS 101 First time Adoption of Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

i) Certain financial assets and liabilities that are measured at fair value

ii) Defined benefit plans-plan assets measured at fair value

The financial statements are presented in Indian Rupees ('INR') which is Company's functional and presentation currency and all values are rounded to nearest lakhs, except when otherwise indicated.

Presentation of Financial Statements

The Company presents its financial statements to comply with Division III of Schedule III to the Companies Act, 2013 (which provides general instructions for the preparation of financial statements of a non-banking financial company (NBFC to comply with Ind AS). An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note no. 34.

3. Significant Accounting Policies

3.1 Revenue Recognition

Recognition & Measurement:

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity. Revenue shall be measured at the fair value of the consideration received or receivable.

3.1.1 Interest Income:

Interest income for all financial instruments except for those measured or designated as at FVTPL are recognised in the profit or loss account using the effective interest method (EIR). Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the expected cash flows are estimated by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Administrative fee income on Interest Subvention Scheme is accounted for on accrual basis as percentage of work completed. Administrative fee income on IMEF is recognised as per the contact.

3.2 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the entity has a legally enforceable right for such setoff.

MAT Credits are in the form of unused tax credits that are carried forward by the entity for a specified period of time; hence it is grouped with Deferred Tax Asset.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.3 Employee Benefits:

Recognition & Measurement:

The liabilities for compensated absences are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

Post-employment obligations:

The Company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity and pension obligations

(b) Defined contribution plans such as superannuation scheme, provident fund.

Gratuity:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

Defined Contribution plans

Defined Contribution Plans such as superannuation scheme, provident fund are charged to the statement of profit and loss as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset.

Currently, there are no employee which are on payroll of the Company except four employee which are on contract basis for which post-employment benefits are not applicable.

3.4 Property, Plant and Equipment

Recognition and Measurement:

Property, plant and equipment shall be recognised as an asset if it is probable that future economic benefits flow to the entity and cost can be reliably measured. Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at historical cost less depreciation and impairment loss. Historical cost includes expenditure directly attributable to the acquisition of the items. Cost includes its purchase price including non-refundable taxes and duties after deducting trade discounts/ rebates, directly attributable costs of bringing the asset to its present location and condition and initial estimate of costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful life and residual value

Depreciation on property, plant & equipment has been provided on straight line method based on the useful life specified in Schedule II of the Companies Act, 2013 except where management estimate of useful life is different. Depreciation commences when the assets are ready for their intended use.

Assets costing ₹5,000/- or less have been depreciated over period of one year.

Useful life considered for calculation of depreciation for various classes of assets are as follows-

Asset Class	Useful Life
Office Equipment	5 years
Computer-hardware	3 years
Electrical Installations	10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income or other expenses, as applicable.

3.5 Intangible Assets

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the intangible asset.

Amortisation:

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life is reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Useful life considered for amortisation of intangible assets for various classes of assets are as follows-

Asset Class	Useful Life
Computer software	3 years

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

3.6 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use. Other borrowing costs are expensed in the period in which they are incurred. Transaction costs relating to borrowings are considered under effective interest rate method.

3.7 Impairment of non-financial assets:

The Entity need to assess at the end of each reporting period whether there is any impairment indication for all the assets. If the asset is impaired then the entity need to estimate the recoverable amount of the asset. Impairment loss is recognised when the recoverable amount of an asset is less than its carrying amount. The difference between the recoverable amount and the carrying amount is recognised as impairment loss in Statement of Profit & Loss A/c.

If there is indication of impairment then recoverable amount shall be estimated for each individual asset and if it is not possible to estimate the recoverable amount for each individual asset an entity shall determine the recoverable amount of the cash-generating unit to which the asset belongs.

3.8 Provisions and Contingencies

Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Contingent Liabilities & Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Contingent assets are not recognized in the financial statements. If the inflow of economic benefits is probable, then it is disclosed in the financial statements.

Provisions, Contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

3.9 Cash & cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits with entities, corporate deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.10.1 Financial assets

(i) Classification, recognition and measurement:

Financial assets are recognized when the entity becomes a party to the contractual provisions of the instrument.

The entity classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Initial Recognition:

All financial assets are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction costs that are attributable to the acquisition of the financial assets.

Subsequent measurement:

Type of instruments	Classification	Rationale for classification	Subsequent measurement
Debt instruments	Amortized cost	Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on principal amount outstanding are measured at amortised cost.	Amortized cost is calculated using Effective Interest Rate (EIR) method, taking into account interest income, transaction cost and discount or premium on acquisition. EIR amortization is included in finance Income. Any gain and loss on derecognition of the financial instrument measured at amortised cost recognised in profit and loss account.
	Fair value through other comprehensive income (FVOCI)	Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest on principal amount outstanding, are measured at FVOCI.	Changes in carrying value of such instruments are recorded in OCI except for impairment losses, interest income (including transaction cost and discounts or premium on amortization) and foreign exchange gain/loss which is recognized in income statement. Interest income, transaction cost and discount or premium on acquisition are recognized in to income statement (finance income) using effective interest rate method. On derecognition of the financial assets measured at FVOCI, the cumulative gain or loss previously recognized in OCI is classified from Equity to Profit and Loss account in other gain and loss head.

Type of instruments	Classification	Rationale for classification	Subsequent measurement
	Fair value through profit or loss (FVTPL)	Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain and loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss in the period in which arise.	Change in fair value of such assets are recorded in income statement as other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in the finance income.
Equity instruments	FVOCI	The Entity's management has made an irrevocable election at the time of initial recognition to account for the equity investment (On an instrument by instrument basis) at fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading. The classification is made on initial recognition and is irrevocable.	Change in fair value of such instrument are recorded in OCI. On disposal of such instruments, no amount is reclassified to income statement. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividend income from such instruments are however recorded in income statement.
	FVTPL	When no such election is made, the equity instruments are measured at FVTPL	Change in fair value of such assets are recorded in income statement.

(ii) De-recognition of financial assets:

A financial asset is derecognised only when

(a) the Entity has transferred the rights to receive cash flows from the financial asset or

(b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Entity has transferred an asset, the Entity evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Entity has not retained control of the financial asset. Where the Entity retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(iii) Foreign exchange gain or losses:

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange difference are recognised in profit or loss except for those which are designated as hedging instruments in the hedging relationship.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purpose of recognising foreign exchange gain and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

3.10.2 Financial liabilities and equity instruments:

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Classification, recognition and measurement:

(a) Equity Instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Entity are recognised at the proceeds received, net of direct issue costs.

(b) Financial liabilities:

Initial recognition and measurement:

Financial liabilities are initially recognised at fair value plus any transaction that are attributable to the acquisition of the financial liabilities except financial liabilities at FVTPL which are initially measured at fair value.

Subsequent measurement:

The financial liabilities are classified for subsequent measurement into following categories:

- at amortised cost
- at fair value through profit or loss (FVTPL)

(i) Financial liabilities at amortised cost:

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

(ii) Financial liabilities at fair value through profit or loss:

Financial liabilities held for trading are measured at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on remeasurement, recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Derecognition:

A financial liability is removed from the balance sheet when the obligation is discharged, or is cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(c) Financial guarantees contracts :

Financial guarantee contracts issued by the Entity are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

3.10.3 Impairment of financial assets:

In accordance with Ind AS 109, Entity applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets carried at amortised cost e.g., advances, debt securities, deposits and entity balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Loan commitments which are not measured as at FVTPL, financial guarantee contracts which are not measured as at FVTPL

ECL is the difference between all contractual cash flows that are due to the entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

The impairment methodology applied depends on whether there has been a significant increase in credit risk. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. Entity considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the entity compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

A loss allowance at an amount equal to 12-month expected credit losses is recognised, if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1). This amount represents the expected credit losses resulting from default events that are possible within the next 12 months. The interest revenue is calculated on the gross carrying amount for financial assets in Stage 1.

Credit losses over the remaining life of the financial assets ('lifetime expected losses') are recognised which are considered to have experienced a significant increase in credit risk (Stage 2) and for financial assets that are credit impaired at the reporting date (Stage 3). The lifetime expected credit losses represent all possible default events over the expected life of a financial instrument. Financial assets will be transferred to Stage 2 if 30 days past due. The interest revenue is calculated on the gross carrying amount for financial assets in Stage 2.

As the primary definition for credit impaired financial assets moving to Stage 3, the entity considers the following definition of default.

- the borrower is past due more than 90 days on any material credit obligation to the entity
- the borrower is unlikely to pay its credit obligations to the Group in full.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- the disappearance of an active market for a security because of financial difficulties
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

Credit impaired assets will include defaulted assets as well as other non-defaulted assets given the definition of credit impaired is broader than the definition of default.

Interest revenues are calculated on the net carrying amount for credit-impaired financial assets only.

Forward-looking information, including macro-economic factors must be taken into account to measure the expected credit losses.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

Key concepts and management judgements:

- Determining a significant increase in credit risk since initial recognition
- Forward-looking information
- Definition of default and credit impaired assets
- Expected life
- Modelling techniques

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are credit-impaired since initial recognition. For such assets, the entity recognises a loss allowance equal to lifetime ECL since initial recognition with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

3.11 Fair value measurement:

The Entity measures financial instruments, such as, certain investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3.12 Derivative financial instruments

Derivative financial instruments such as forward contracts are taken by the Company to hedge its foreign currency risks, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise (other than in case of hedge accounting).

3.13 Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Entity or the counterparty.

3.14 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operational decision maker monitors the operating results of its business Segments separately for the purpose of making decision about the resources allocation and performance assessment. Segment performance is evaluated based on the profit or loss and is measured consistently with profit or loss in the financial statements. The operating segments have been identified on the basis of the nature of products/ services.

3.15 Dividend

Final dividend is recognised in the Statement of Profit & Loss A/c on approval of shareholders. Interim dividend is recorded as a liability on the date of declaration of the Entity's Board of Directors

3.16 Earnings per share:

Basic earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

3.17 Significant accounting estimates, judgements and assumptions:

The preparation of the Entity's financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

In the process of applying the Entity's accounting policies, management has made the following judgements which have significant effect on the amounts recognised in the financial statements:

a. Useful lives of property, plant and equipment: Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalised. Useful life of tangible assets is based on the life specified in Schedule II of the Companies Act, 2013 and also as per management estimate for certain category of assets. Assumption also needs to be made, when Entity assesses, whether as asset may be capitalised and which components of the cost of the assets may be capitalised.

b. Defined benefit plan: The cost of the defined benefit gratuity obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c. Allowances for uncollected accounts receivable and advances: Impairment is made on the expected credit loss model, which are the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about the risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

d. Contingencies: Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/ litigation against Entity as it is not possible to predict the outcome of pending matters with accuracy.

3.18 Prudential Norms:

The Company continues to be registered as a Non-Banking Financial Institution (NBFI) classified as a Loan Company and is therefore required to follow the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 for its NBFC activities for Systemically Important Non-Deposit Taking Companies.

Non-performing assets are provided for as per management estimates, subject to the minimum provision as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Notes to Financial Statements

4. Cash and Cash Equivalents

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.02	0.04
Balance with Banks:		
- in Current account	112.63	48.55
- In Fixed Deposits with Bank having original maturity less than 3 months	13,246.80	4,21,238.33
Less: Impairment loss allowance	(40.83)	(160.93)
Total	**13,318.63**	**4,21,125.99**

5. Bank balances other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed Deposits with Banks- Maturity more than 3 months	9,19,928.94	6,10,051.82
Less: Impairment loss allowance	(286.08)	(94.67)
Total	**9,19,642.86**	**6,09,957.15**

Note: Fixed deposit earns interest at a fixed interest rate.

6. Loans

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carried at amortised cost		
Term Loans		
(A) Banks-Secured against bookdebts held in trust, by the financing Banks	11,46,395.93	6,29,095.52
(B) Micro Finance Institutions (MFIs)- Secured against hypothecation \ of bookdebts of MFIs	1,02,137.27	1,10,810.97
(C) Non-Banking Financial Campany (NBFCs)- Secured against hypothecation of bookdebts of NBFCs	1,13,885.99	1,69,290.88
Subscription to Pass Through Certificate (PTC)	-	-
Total Gross (A)	**13,62,419.18**	**9,09,197.37**
Less: Impairment loss allowance	(8,717.37)	(8,797.26)
Total Net (A)	**13,53,701.82**	**9,00,400.11**
(i) Secured by tangible assets	13,62,419.18	9,09,197.37
(ii) Secured by intangible assets	-	-
(iii) Covered by Bank/Government Guarantees	-	-
(iv) Unsecured	-	-
Total Gross (B)	**13,62,419.18**	**9,09,197.37**
Less: Impairment loss allowance	(8,717.37)	(8,797.26)
Total Net (B)	**13,53,701.82**	**9,00,400.11**
Loans in India		
(i) Public Sector	10,76,064.00	5,05,317.52
(ii) Others	2,86,354.93	4,03,879.85
Loans outside India	-	-
Total Gross (C)	**13,62,418.93**	**9,09,197.37**
Less:Impairment loss allowance	(8,717.37)	(8,797.26)
Total Net (C)	**13,53,701.57**	**9,00,400.11**

* The banks availing refinance have executed General Refinance Agreement with MUDRA, wherein they are obligated to hold securities in Trust for the refinance availed.

7. Investments

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carried at Amortised Cost		
Certificate of Deposits-SIDBI	-	18,729.09
Corporate Deposits	-	28,500.00
Total Gross (A)	**-**	**47,229.09**
Less: Impairment loss allowance (Refer Note 24)	-	(28,501.87)
Total Net (A)	-	18,727.22
Carried at Fair Value through profit and loss (FVTPL)		
Mutual Funds (Liquid Schemes) -Unquoted (B)	-	-
Total (A+B)	**-**	**18,727.22**
(i) Investments in India	-	47,229.09
(ii) Investments outside India	-	-
Total Gross (C)	-	47,229.09
Less: Impairment loss allowance	-	(28,501.87)
Total Net (C)	**-**	**18,727.22**

8. Other Financials Assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Administrative fees receivable on subvention Scheme of MUDRA Sishu Loan	85.42	-
Total	**85.42**	**-**

Note: Fixed deposit earns interest at a fixed interest rate.

9. Current Tax Assets (Net)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Tax Assets		
Advance income tax	4,659.53	12,569.70
Tax Liabilities		
Provision for current tax	(1,502.70)	(10,541.59)
Total Net (C)	**3,156.83**	**2,028.10**

10. Deferred tax assets/(liabilities) (net)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax asset on account of:		
Preliminary Expenses	-	-
Loan upfront fees recognition as per EIR model	257.23	286.90
Expected Credit Loss on Loans and advances	2,276.26	2,278.43
Impairment Allowance on Investments	-	7,173.35
Deferred tax liability on account of:		
Timing difference between tax depreciation and depreciation charged in the books	0.77	0.36
Fair Valuation of Mutual Fund	-	-
Net deferred tax assets	**2,534.26**	**9,739.04**

10(a): Summary of deferred tax assets/(liabilities)

(₹ in lakhs)

Particulars	As at March 31, 2019	(Charged)/ Credited to P & L	As at March 31, 2020	(Charged)/ Credited to P & L	As at March 31, 2021
Timing difference between tax depreciation and depreciation charged in the books	(0.06)	0.42	0.36	0.41	0.77
Expected Credit Loss on Loans and advances	778.76	1,499.67	2,278.43	(2.17)	2,276.26
Impairment Allowance on Investments	9,959.04	(2,785.69)	7,173.35	(7,173.35)	-
Fair Valuation of Mutual Fund	(14.11)	14.11	-	-	-
Preliminary Expenses	40.32	(40.32)	-	-	-
Loan upfront fees recognition as per EIR model	186.66	100.24	286.90	(29.67)	257.23
Net deferred tax assets/(liability)	**10,950.61**	**(1,211.57)**	**9,739.04**	**(7,204.78)**	**2,534.26**

11. Property, Plant and Equipment

(₹ in lakhs)

Particulars	Office Equipments	Computers	Electrical Installtions and Equipment	Total
For the year ended March 31, 2021				
Gross Carrying Amount				
Cost as at April 01, 2020	1.18	19.56	0.46	21.19
Additions during the year	-	1.85	-	1.85
Disposals during the year				
Gross carrying value as at March 31, 2021	1.18	21.41	0.46	23.04
Accumulated Depreciation and impairment				
Accumulated Depreciation and impairment as at April 01, 2020	0.88	16.07	0.14	17.10
Depreciation Expenses for the year	0.11	2.37	0.05	2.53
Disposals during the year				
Accumulated depreciation and impairment as of March 31, 2021	1.00	18.44	0.19	19.63
Net carrying amount as at March 31, 2021	**0.18**	**2.97**	**0.27**	**3.40**
For the period ended March 31, 2020				
Gross Carrying Amount				
Cost as at April 01, 2019	1.18	19.13	0.46	20.77
Additions during the year	-	0.43	-	0.43
Disposals during the year				-
Gross carrying value as at March 31, 2020	1.18	19.56	0.46	21.19
Accumulated Depreciation and impairment				
Accumulated Depreciation as at April 01, 2019	0.57	12.31	0.09	12.98
Depreciation Expenses for the year	0.31	3.76	0.05	4.12
Disposals during the year				
Accumulated depreciation as of March 31, 2020	0.88	16.07	0.14	17.10
Net carrying amount as at March 31, 2020	**0.30**	**3.49**	**0.32**	**4.09**

12. Other Intangible assets

(₹ in lakhs)

Particulars	Office Equipments	Total
For the year ended March 31, 2021		
Gross Carrying Amount		
Cost as at April 01, 2020	4.91	4.91
Additions during the year	-	
Disposals during the year		
Gross carrying value as at March 31, 2021	4.91	4.91
Accumulated Amortization and impairment		
Accumulated Amortization and impairment as at April 01, 2020	4.36	4.36
Amortization for the year	0.55	0.55
Disposals during the year		
Accumulated Amortization and impairment as of March 31, 2021	4.91	4.91
Net carrying amount as at March 31, 2021	**0.00**	**0.00**
For the period ended March 31, 2020		
Gross Carrying Amount		
Deemed cost as at April 01, 2019	**4.91**	**4.91**
Additions during the year	-	-
Disposals during the year		
Gross carrying value as of March 31, 2020	4.91	4.91
Accumulated Amortization and impairment		
Accumulated Amortization and impairment as at April 01, 2019	3.49	3.49
Depreciation Expenses for the year	0.87	0.87
Disposals during the year		
Accumulated Amortization and impairment as at March 31, 2020	4.36	4.36
Net carrying value as at March 31, 2020	**0.55**	**0.55**

13. Payables

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	**-**	**-**
Other Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	65.52	118.13
Total	**65.52**	**118.13**

Note (a): For amount payable to related parties, refer Note 38.

Note (b): There are no Micro,Small and Medium Enterprises, to whom the company owe amount which are outstanding for more than 45 days during the year. The information, as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the company regarding the status of the supplier. Further, no interest is outstanding to be paid to any such parties.

14. Deposits

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carried at amortised cost,		
From Banks	20,08,417.37	17,02,562
Total	**20,08,417**	**17,02,562**

The company has not accepted any deposit from directors / key management personnel's. The company have not been guaranteed by directors or others. Also, the company has not defaulted in repayment of deposits and interest thereon.

15. Other financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits	8.93	13.12
Interest accrued	-	-
Total	**8.93**	**13.12**

16. Other non-financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Short Term Provisions	64.99	133.18
Statutory dues payable	40.33	16.20
Revenue received in advance	0.21	131.00
Advance Received From Govt. of India	616.50	1,000.00
Indian Microfinance Equity Fund (IMEF)	29,249.39	27,121.93
Total	**29,971.42**	**28,402.31**

17. Equity Share capital

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a. Authorised Share Capital		
5,00,00,00,000 Equity Shares (March 31, 2020: 5,00,00,00,000) of ₹10 each	5,00,000.00	5,00,000.00
Total	**5,00,000.00**	**5,00,000.00**
b. Issued, Subscribed and Paid-up:		
1,67,59,25,926 Equity Shares (March 31, 2020: 1,67,59,25,926) of ₹10 each	1,67,592.59	1,67,592.59
Total	**1,67,592.59**	**1,67,592.59**

c. Reconciliation of number of shares outstanding at the beginning and at the end of the year :

(₹ in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	1,67,59,25,926	1,67,592.59	1,67,59,25,926	1,67,592.59
Add/(less) : Movement during the year	-	-	-	-
Balance at the end of the year	**1,67,59,25,926**	**1,67,592.59**	**1,67,59,25,926**	**1,67,592.59**

d. Equity Shares in the Company held by each shareholder holding more than 5 per cent shares and the number of equity shares held are as under

(₹ in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% of Total Paid-up Equity Share Capital	No. of Shares	% of Total Paid-up Equity Share Capital
Small Industries Development Bank of India (SIDBI)	1,67,59,25,920	99.9999996%	1,67,59,25,920	99.9999996%
Total	**1,67,59,25,920**	**99.9999996%**	**1,67,59,25,920**	**99.9999996%**

e. Details of shares held by holding company

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Small Industries Development Bank of India (SIDBI)	1,67,59,25,920	1,67,59,25,920
Total	**1,67,59,25,920**	**1,67,59,25,920**

f. Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting (AGM).

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

g. Bonus Shares

There are no bonus shares issued since inception (Incorporation year 2015-2016).

18. Other Equity

(₹ in lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020
Securities Premium Reserve	(i)	7,407.41	7,407.41
General Reserve	(ii)	55,500.00	38,000.00
Retained Earnings	(iii)	6,520.50	6,028.41
Statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934	(iv)	16,832.23	11,705.74
Development Fund	(v)	200.00	200.00
Corporate Social Responsibility fund (CSR)	(vi)	-	-
Total		**86,460.15**	**63,341.56**

(i) Securities Premium Reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act,2013.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	7,407.41	7,407.41
Movement during the year	-	-
Closing Balance	**7,407.41**	**7,407.41**

(ii) General Reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then compulsory transfer to General reserve at a specified rate was obligatory. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	38,000.00	23,000.00
Movement during the year*	17,500.00	15,000.00
Balance at the end of the year	**55,500.00**	**38,000.00**

(iii) Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	6,028.41	3,175.71
Profit for the year	25,632.47	21,981.52
Transfer to statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934	(5,126.49)	(4,396.30)
Transfer to General Reserve	(17,500.00)	(15,000.00)
Transfer to Development Fund	-	-
Transfer to Corporate Social Responsibility (CSR) fund	-	-
Transfer from Corporate Social Responsibility (CSR) fund	-	671.58
Dividends paid	(2,513.89)	(335.19)
Dividend distribution tax	-	(68.91)
Closing Balance	**6,520.50**	**6,028.41**

(iv) Statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934

Statutory Reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 (the "RBI Act"). In terms of Section 45-IC of the RBI Act, a Non-Banking Finance Company is required to transfer an amount not less than 20 per cent of its net profit to a Reserve Fund before declaring any dividend. Appropriation from this Reserve Fund is permitted only for the purposes specified by RBI.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	11,705.74	7,309.44
Movement during the year	5,126.49	4,396.30
Closing Balance	**16,832.23**	**11,705.74**

(V) Development Fund

The Company has created Development Fund for the developmental activities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	200.00	200.00
Movement during the year	-	-
Closing Balance	**200.00**	**200.00**

(vi) Corporate Social Responsibility Fund (CSR)

The entity appropriates amount towards its Corporate Social Responsibility (CSR) fund

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	-	671.58
Transferred from Retained Earnings	-	-
Transferred to Retained Earnings	-	-671.58
Closing Balance	**-**	**-**

19. Interest Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on Loans		
(A) Interest on Refinance to Banks	34,503.92	43,243.44
(B) Interest on Refinance to MFIs /NBFC's	15,516.12	17,778.36
Interest on FDRs & CDs	49,635.07	49,099.29
Interest Income on Pass Through Certificates	-	212.51
Other interest Income	9.88	0.70
Total	**99,664.99**	**1,10,334.29**

20. Fees and commission Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Fee income that are recognised over a period	608.60	415.72
Administrative Fee Income on IMEF	144.95	60.53
Administrative Fee Income on interest subvention scheme	85.36	-
Total	**838.92**	**476.25**

21. Net gain on fair value changes

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Net gain on financial instruments at fair value through profit or loss		
Mutual Funds at FVTPL	155.29	299.02
Fair Value changes:		
Realised	155.29	299.02
Unrealised	-	-

22. Other Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Others	8.15	80.61
Total	**8.15**	**80.61**

23. Finance costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on deposits	65,071.97	65,872.35
Total	**65,071.97**	65,872.35

24. Impairment on financial instruments

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On Loans Held at Amortised Cost	(79.90)	6,568.67
Investments	(1.87)	1.87
Fixed Deposits including Bank Balance	71.31	255.61
Total	**(10.47)**	6,826.15

The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage:

(₹ in lakhs)

Particulars	For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Debt instruments measured at Amortised Cost (Loans)	(610.04)	-	530.14	(79.90)
Debt instruments measured at Amortised Cost (Investment)	(1.87)	-	-	(1.87)
Debt instruments measured at Amortised Cost (Fixed Deposit including Bank Balances)	71.31	-	-	71.31
Total impairment loss	**(540.60)**	**-**	**530.14**	**(10.47)**

(₹ in lakhs)

Particulars	For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Debt instruments measured at Amortised Cost (Loans)	(538.25)	-	7,106.92	6,568.67
Debt instruments measured at Amortised Cost (Investment)	1.87	-	-	1.87
Debt instruments measured at Amortised Cost (Fixed Deposit including Bank Balances)	255.61	-	-	-
Total impairment loss	**(280.77)**	**-**	**7,106.92**	**6,570.55**

Note: Refer Note 40 (A) for ECL methodology and assumptions.

25. Employee Benefits Expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	668.33	685.22
Total	**668.33**	685.22

26. Depreciation, amortization and impairment

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (Refer Note No. 11)	2.53	4.12
Amortization of intangible assets (Refer Note No. 12)	0.55	0.87
Total	**3.09**	4.99

27. Others expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
PMMY publicity expenditure	-	2,842.28
Rent,rates and taxes	84.03	85.72
Travelling and conveyance	0.97	7.03
Advertisement and publicity	7.00	4.47
Director's sitting fees	12.45	10.42
Auditor's fees and expenses	6.40	2.85
Legal and Professional charges	23.03	31.63
Administrative Expenses	50.06	47.91
Website and Webportal expenses	10.56	10.49
Processing and monitoring expenses	19.92	203.88
Salary / Wages Paid to Contact Employees	41.69	27.48
Software Maintenance & Hosting Charges	79.82	116.32
Corporate Social Responsibility Expenses (Refer Note 27.2)	427.58	671.58
Total	**763.50**	4,062.05

27.1 Payment to auditor's

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Statutory audit of Company	2.75	2.00
(b) For company law matters,	-	-
(c) For other services, (TAX & GST Audit)	3.65	0.85
Total	**6.40**	2.85

27.2 Details of corporate social responsibility expenditure:

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contribution to :		
PM National care fund	427.58	
Accural towards unspent obligations in relation to:		
Ongoing project		
Other than ongoing project		
Total		
a) Amount required to be spent during the year	427.58	317.53
b) Amount spent during the year ending on :		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	427.58	671.58

(₹ in lakhs)

Details of ongoing CSR projects under Section 135(6) of the Act	
Balance as at April 01, 2020 with Company	-
Balance as at April 01, 2020 in separate CSR Unspent account	-
Amount required to be spent during the year	427.58
Amount spent during the year From the Company's Bank account	427.58
Amount spent during the year From Separate CSR Unspent account	-
Balance as at 31 March 2021 With Company	-
Balance as at 31 March 2021 In Separate CSR Unspent account	-

Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance unspent as at 1st April	-	354.05
Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	-	-
Amount required to be spent during the year	427.58	317.53
Amount spent during the year	427.58	671.58
Balance unspent as at 31st March	-	-

28. Income tax expense

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax		
Current tax on profits for the period	1,502.70	10,541.59
Adjustment In respect of prior years	(169.02)	4.73
Total Current Tax	**1,333.68**	**10,546.33**
Deferred tax expense		
Origination and reversal of temporary differences (Refer Note 9)	7,204.78	1,211.57
Total deferred tax expense	7,204.78	1,211.57
Total tax expense	**8,538.46**	**11,757.90**

28.1 The Income Tax expense comprises of Current Tax and Deferred Tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with Income Tax Act, 1961. The new section – Section 115BAA has been inserted in the Income Tax Act, 1961 to give the benefit of a reduced corporate tax rate for the domestic companies. Section 115BAA states that domestic companies have the option to pay tax at a rate of 22% from the FY 2019-20 (AY 2020-21) onwards if such domestic companies adhere to certain conditions specified. The Company has availed the benefit of the same from FY 19-20 and Tax Provision has been made accordingly in the books of accounts.

28.2 Reconciliation of effective tax rate:

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	%	For the year ended March 31, 2020	%
Profit/(Loss) before tax as per Statement of profit and loss	34,170.93		33,739.42	
Enacted income tax rate in India applicable to the Company 25.168% (2019-2020: 25.168%)	8,600.14	25.17%	8,491.54	25.17%
Tax effect of:	-		-	
Difference due to differential Tax rates	-	0.00%	3,063.56	9.08%
Prior Period Items	(169.02)	-0.49%	4.73	0.01%
Others (including provisions)	107.34	0.31%	198.07	0.59%
Total tax expense	**8,538.46**		**11,757.90**	
Effective tax rate	**24.99%**	**24.99%**	**34.85%**	**34.85%**

28.3 Amounts recognised directly in equity

No aggregate amounts of current and deferred tax have arisen in the reporting period which have been recognised in equity.

29. Earnings per share

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit attributable to the equity holders of the company (A)	25,632.47	21,981.52
Weighted Average number of shares issued for Basic EPS (B)	1,67,59,25,926	1,67,59,25,926
Adjustment for calculation of Diluted EPS (C)	-	-
Weighted Average number of shares issued for Diluted EPS (D= B+C)	1,67,59,25,926	1,67,59,25,926
Basic EPS in ₹ (A/B)	1.53	1.31
Diluted EPS in ₹ (A/D)	1.53	1.31

30. Segment Reporting

The Company is engagened in financing activities. It operates in a single business and geographical segment.

31. Contingent liabilities & commitments

(a) The company does not have any Contingent liability as on March 31, 2021 and March 31, 2020

(b) The company has a capital commitment towards development of intangible capital assets of ₹ 0.14 crore.

(c) The company has off-balance sheet exposure of Undisbursed-Sanctioned loans amounting to ₹ 280.00 crore as on March 31, 2021 and ₹ 854.50 crore as on March 31, 2020.

32. Employee Benefits

Most of the employees are on deputation from Small Industrial Development Bank of India (SIDBI). Gratuity, Leave Encashment and Arrears of Salary in respect of SIDBI employees deputed to MUDRA are taken care by SIDBI, who has deputed the employees to this company. MUDRA has provided an amount of ₹ 19.61 lakhs (March 2020: ₹ 20.54 lakhs) to P&L A/c during the current Year. The same would be paid to SIDBI, when such costs are demanded by the said company. The balance employees which are appointed on the rolls of MUDRA on contract basis to whom no post-contractual employee benefits are applicable.

33. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the Effective Interest Rate (EIR).

(₹ in lakhs)

Assets	March 31, 2021			March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	13,318.63	-	13,318.63	4,21,125.99	-	4,21,125.99
Bank balances other than cash and cash equivalents	9,19,642.86	-	9,19,642.86	6,09,957.15	-	6,09,957.15
Loans	7,11,531.25	6,42,170.57	13,53,701.82	5,31,243.88	3,69,156.23	9,00,400.10
Investments	-	-	-	18,727.22	-	18,727.22
Other Financial Assets	85.42	-	85.42	-	-	-
Non Financial Assets						
Tax Assets (Net)	3,156.83	-	3,156.83	2,028.10	-	2,028.10
Deferred Tax Assets (Net)	-	2,534.26	2,534.26	-	9,739.04	9,739.04
Property, Plant and Equipment	-	3.40	3.40	-	4.09	4.09
Intangible assets under development	-	72.75	72.75	-	47.50	47.50
Other Intangible assets	-	0.00	0.00	-	0.55	0.55
Other non-financial assets	-	-	-	-	-	-
Total Assets	**16,47,734.99**	**6,44,780.98**	**22,92,515.97**	**15,83,082.33**	**3,78,947.41**	**19,62,029.74**

(₹ in lakhs)

Liabilities	March 31, 2021			March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Liabilities						
Payables						
I) Trade payables	-	-	-	-	-	-
II) Other payables	65.52	-	65.52	118.13	-	118.13
Deposits	5,13,152.37	14,95,265.00	20,08,417.37	7,02,562.03	10,00,000.00	17,02,562.03
Other financial liabilities	8.93	-	8.93	13.12	-	13.12
Non-Financial Liabilities			-			-
Other non-financial liabilities	722.03	29,249.39	29,971.42	28,402.31	-	28,402.31
Total Liabilities	**5,13,948.84**	**15,24,514.39**	**20,38,463.23**	**7,31,095.59**	**10,00,000.00**	**17,31,095.59**
Net	**11,33,786.14**	**(8,79,733.41)**	**2,54,052.74**	**8,51,986.74**	**(6,21,052.59)**	**2,30,934.15**

34. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020.The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The Company's adjusted net debt to equity ratio is as follows.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits	20,08,417.37	17,02,562.03
Less: Cash and cash equivalents including Bank Balances	(9,32,961.49)	(10,31,083.13)
Adjusted net debt	**10,75,455.88**	**6,71,478.89**
Total Equity	2,54,052.74	2,30,934.15
Adjusted net debt to adjusted equity ratio	**4.23**	**2.91**

34.1 Regulatory capital

As per RBI, NBFCs are required to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of its aggregate risk weighted assets. Further, the total of Tier II capital cannot exceed 100% of Tier I capital at any point of time. The capital management process of the Company ensures to maintain the minimum CRAR at all the times.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with capital requirements required by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Tier 1 capital	2,51,245.73	2,20,947.07
Tier 2 capital	1,407.22	1,690.34
Total Capital funds	**2,52,652.95**	**2,22,637.41**
Risk weighted assets	2,14,591.84	3,63,618.02
Tier 1 Capital ratio (%)	117.08	60.76
Tier 2 Capital ratio (%)	0.66	0.46
Total capital ratio (%)	**117.74**	**61.23**

35. Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

36. Net Profit or Loss for the period, prior period items and changes in accounting policies

Since the format of the profit and loss account of applicable NBFCs does not specifically provide for disclosure of the impact of prior period items on the current year's profit and loss, such disclosures, wherever warranted, shall be made in the NTA.

37. Change in liabilities arising from financing activities

(₹ in lakhs)

Particulars	April 1,2020	Cash Flows	Changes in fair values	Exchange difference	Other	March 31,2021
Deposits	17,02,562.03	3,05,855.34				20,08,417.37
Total liabilities from financing activities	**17,02,562.03**	**3,05,855.34**	**-**	**-**	**-**	**20,08,417.37**

(₹ in lakhs)

Particulars	April 1,2019	Cash Flows	Changes in fair values	Exchange difference	Other	March 31,2020
Deposits	17,02,562.03	-				17,02,562.03
Total liabilities from financing activities	**17,02,562.03**	**-**	**-**	**-**	**-**	**17,02,562.03**

38. Related Party Disclosures

A. Names of related parties and nature of relationship:

Description of relationship	Name of the related party
Holding Company	Small Industries Development Bank of India (SIDBI)
Key Management Personnel (KMP)	Shri Aalok Gupta - Managing Director & CEO (wef August, 2018)
	Shri Yogesh Panchal - Chief Risk Officer (CRO) (Since October 2020)
	Smt. Rajni Sood - Chief Financial Officer (CFO) (wef February 2019 Upto December 2019)
	Km. Pooja Kukreti - Company Secretary (CS) (wef February 2019)
	Anjani Kumar Srivastava, CFO (Since December 2019)
Related Party	Shri Suchindra Misra - Director of Holding Company (wef February 2020)
	Shri Mohammad Mustafa - Chairman SIDBI (upto August 2020)
	Shri Manoj Mittal - Deputy Managing Director of Holding Company (upto January 2021)
	Shri Vasantharao Satya Venkatarao (wef June 2020)
	Arvind kumar Jain, Non-Executive Director (wef February 2018)
	Harsh Shrivastava, Non-Executive Director (upto August 2020)
	Pilarisetti Satish , Non-Executive Director (upto November 2020)
	Smita Affinwala, Non-Executive Director (wef June 2020)

B. Details of related party transactions:

(₹ in lakhs)

Name of the related party	Nature of Transaction	For the year ended March 31, 2021	For the year ended March 31, 2020
Holding Company	Interest income on CDs	270.91	1,016.76
	Investment in Certificate of Deposits	-	17,712.33
	Reimbursement made for Salary	543.85	585.09
	Rent paid for Office - Expense	91.85	85.72
	Dividend Paid	2,513.89	335.19
	Charges paid towards Appraisal and monitoring & Follow up	-	242.54
	Receipt of India Microfinance Equity Fund (IMEF) *	-	25,524.80
	Reimbursement of Other Expenses	21.63	100.81
	Administrative fees on Interest Subvention Scheme on MUDRA Sishu Loan	85.36	-
	Total	3,527.49	45,603.23
Key Management Personnel (KMP)	Salary / Remineration paid to		
	Aalok Gupta, MD & CEO (Since August 2018)	70.00	70.00
	Yogesh Panchal, CRO (Since October 2020)	13.58	-
	Rajni Sood, CFO (Upto December 2019)	-	29.38
	Anjani Kumar Srivastava, CFO (Since December 2019)	54.06	13.58
	Pooja Kukreti, Company Secretary (Since February 2019)	8.00	8.00
Related Party Transactions	Sitting Fees paid to		
	Arvind kumar Jain, Non-Executive Director	5.40	5.40
	Harsh Shrivastava, Non-Executive Director	0.60	2.20
	Pilarisetti Satish , Non-Executive Director	2.75	2.00
	Smita Affinwala, Non-Executive Director	3.70	-

C. Details of balances outstanding for related party transactions:

(₹ in lakhs)

Name of the related party	Nature of Transaction	As at March 31, 2021	As at March 31, 2020
Holding Company	Investment in corporate Deposits	-	18,729.09
	Expense Payable	47.87	44.03

* Note: Government of India (GOI) has created "India Microfinance Equity Fund(IMEF)" with SIDBI with a corpus of ₹ 300 crore. The fund shall be utilised for extending equity or any other form of capital to Tier-II and Tier-III NBFC MFIs and all Non-NBFC MFIs, with a focus on smaller socially oriented MFIs with the objective of poverty alleviation and achieving long term sustainability of operations in unserved and underserved parts of the country. During the current financial year the corpus fund of IMEF has been transferred from SIDBI to MUDRA during the January 2020. The fund is operated / managed by MUDRA for which 1% per annum administrative fee on the drawn amount has been charged to the fund and is received by MUDRA. Further, the inflows and outflows are credited / debited to the fund. Hence, fund balance of IMEF, net of investment is grouped under "Other Current Liabilities" in the Balance Sheet. The balance in the fund is ₹ 292,49,38,965/- as on March 31, 2021 (previous year ₹ 271,21,93,059).

D. The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

39. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Classification of financial assets and financial liabilities:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in lakhs)

Financial Assets and Liabilities as at March 31, 2021	Carrying Amount				Fair Value			
	Fair value through profit and loss account	Fair value through other comprehensive Income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								-
Cash and cash equivalents	-	-	13,318.63	13,318.63	-	-	13,318.63	13,318.63
Bank balances other than cash and cash equivalents	-	-	9,19,642.86	9,19,642.86	-	-	9,19,642.86	9,19,642.86
Loans	-	-	13,53,701.82	13,53,701.82	-	-	13,53,701.82	13,53,701.82
Investments	-	-	-	-	-	-	-	-
Other Financial Assets	-	-	85.42	85.42	-	-	85.42	85.42
	-	**-**	**22,86,748.73**	**22,86,748.73**	**-**	**-**	**22,86,748.73**	**22,86,748.73**
Financial Liabilities								
Payables				-				-
Trade payables	-	-	-	-	-	-	-	-
Other payables	-	-	65.52	65.52	-	-	65.52	65.52
Deposits	-	-	20,08,417.37	20,08,417.37	-	-	20,08,417.37	20,08,417.37
Other financial liabilities	-	-	8.93	8.93	-	-	8.93	8.93
	-	-	20,08,491.81	20,08,491.81	-	-	20,08,491.81	20,08,491.81

During the reporting period ending 31st March, 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

(₹ in lakhs)

Financial Assets and Liabilities as at March 31, 2020	Carrying Amount				Fair Value			
	Fair value through profit and loss account	Fair value through other comprehensive Income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								-
Cash and cash equivalents	-	-	4,21,125.99	4,21,125.99	-	-	4,21,125.99	4,21,125.99
Bank balances other than cash and cash equivalents	-	-	6,09,957.15	6,09,957.15	-	-	6,09,957.15	6,09,957.15
Loans	-	-	9,00,400.11	9,00,400.11	-	-	9,00,400.11	9,00,400.11
Investments	-	-	18,727.22	18,727.22	-	-	18,727.22	18,727.22
Other Financial Assets	-	-	-	-	-	-	-	-
	-	-	19,50,210.46	19,50,210.46	-	-	19,50,210.46	19,50,210.46
Financial Liabilities								
Payables				-				-
Trade payables	-	-	-	-	-	-	-	-
Other payables	-	-	118.13	118.13	-	-	118.13	118.13
Deposits	-	-	17,02,562.03	17,02,562.03	-	-	17,02,562.03	17,02,562.03
Other financial liabilities	-	-	13.12	13.12	-	-	13.12	13.12
	-	-	17,02,693.28	17,02,693.28	-	-	17,02,693.28	17,02,693.28

During the reporting period ending 31st March, 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

B. Measurement of fair value

The following methods and assumptions were used to estimate the fair values:

a. The carrying amounts of cash equivalent including other current bank balances,other receivables and other financial liabilities including trade and other payables , etc. are considered to be the same as their fair values, due to current and short term nature of such balances.

b. Financial instruments with fixed interest rates are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances if required, are taken to account for expected losses of these instruments. Thus, Amortised cost shown in A, above, is after adjusting ECL amount.

c. These are classified as Level 3 fair value hierarchy due to inclusion of unobservable inputs including counter party credit risk.

C. Fair Value Hierarchy

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued at the closing NAV. Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

40. Financial Risk Management

The company has in place comprehensive risk management policy in order to identify measure, monitor and mitigate various risks pertaining to its business. Along with the risk management policy, an adequate internal control system, commensurate to the size and complexity of its business, is maintained to align with the philosophy of the company. Together they help in achieving the business goals and objectives consistent with the company's strategies to prevent inconsistencies and gaps between its policies and practices. The Board of Directors/ committees reviews the adequacy and effectiveness of the risk management policy and internal control system. The company's financial risk management is an integral part of how to plan and execute its business strategies. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee. The Company's activities expose it to a variety of risks namely:

- Credit risk
- Liquidity risk and
- Market risk

(A) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loan, investment and other financial assets. The carrying amounts of financial assets represent the maximum credit risk exposure.

i. Loans and financial assets measured at amortized cost

An impairment analysis is performed at each reporting date.

Impairment loss has been calculated based on Exposure at Default (EAD)* Probability of Default (PDs)* Loss given Default (LGDs).

Internal rating model incorporates both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour.

Probability of Default (PDs): As there is no past trend available with the company for its own portfolio for calculation of probability of default, the Company has taken rating based PD's from its holding company's risk assessment model for Stage 1 and Stage 2 based on ratings. In cases where ratings are not available, PDs are taken same as parent company/sponsoring company. PDs are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure. For the purpose of Stage 3, PDs are taken as 100%.

Loss given Default (LGDs): For the purpose of LGD calculation, the Company does not have its own default and recovery history. Hence, In case of Secured loan portfolio, LGD has been considered based on Minimum LGD prescribed in risk assessment model of holding Company based on security type of loan portfolio. Currently, all loan portfolio are secured by receivables and LGD has been taken as 50% for the same. While considering LGD 50%, collateral security held by MUDRA (lien Marked in favour of MUDRA on the FDR) is factored for. For the purpose of Stage 3, LGD is considered at 100%. In case of unsecured investments, LGD is considered at 100%, since there is no past history of recovery available and forward looking information of no circumstances of recovery in future based on current position of such investee companies.

The expected credit losses for 12 months ECL is measured where there is no significant increase in credit risk while lifetime ECL is measured where significant increase in credit risk is evident. The company's independent Credit Risk Department operates its internal rating models. The company runs separate models for its customers internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour.

As there is no past trend available with the company for its own portfolio for calculation of probability of default, the Company has taken rating based PD's from its holding company's risk assessment model for Stage 1 and Stage 2 based on ratings. In cases where ratings are not available, PDs are taken as average of loan portfolio. PDs are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure. For the purpose of Stage 3, PDs are taken as 100%.

For the purpose of LGD calculation, the Company does not have its own default and recovery history. Hence, In case of Secured loan portfolio, LGD has been considered based on Minimum LGD prescribed in risk assessment model of holding Company based on security type of loan portfolio. Currently, all loan portfolio are secured by receivables and LGD has been taken as 50% for the same.

In case of unsecured investments, the Company has considered LGD as 100% considering there is no past history of recovery available and forward looking information of no circumstances of recovery in future based on current position of such investee companies.

Loans (including undrawn committed line of credit)

The ageing analysis of loans (gross of provision) has been considered from the date the contractual payment falls due -

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
0-30 Days Past Due	13,82,782.12	9,87,540.45
30-90 Days Past due	-	-
More than 90 Days Past Due	7,637.06	7,106.92
Total	**13,90,419.18**	**9,94,647.37**

The following table summarizes the changes in loss allowances measured using expected credit loss model -

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Provision	8,797.26	2,228.59
Provision/(Reversal) during the year	(79.90)	6,568.67
Total	**8,717.37**	**8,797.26**

Investment measured at amortised Cost

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
No significant increase in credit risk	-	18,729.09
significant increase in credit risk	-	-
Defaulted Portfolio	-	28,500.00
Total	**-**	**47,229.09**

The following table summarizes the changes in loss allowances measured using life time expected credit loss model -

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Provision	28,501.87	28,500.00
Provision during the year	-28,501.87	1.87
Reversal of provision	-	-
Total	**-**	**28,501.87**

ii. Cash and bank balances

The Company held cash and cash equivalent and other bank balance of ₹ 9,32,961.49 lakhs at March 31, 2021 (March 31, 2020: ₹10,31,083.13 lakhs). The same are held with bank and financial institution counterparties with good credit rating.

Fixed Deposits measured at amortised Cost

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
No significant increase in credit risk	9,33,175.75	10,31,290.15
significant increase in credit risk	-	-
Defaulted Portfolio	-	-
Total	**9,33,175.75**	**10,31,290.15**

The following table summarizes the changes in loss allowances measured using life time expected credit loss model -

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Provision	-	-
Provision during the year	326.91	255.61
Reversal of provision	-	-
Total	**326.91**	**255.61**

iii. Others

Apart from loans, Investment and fixed deposits measured at amortised cost the company has no other financial assets which carries any significant credit risk.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances.

(i) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

(₹ in lakhs)

Contractual maturities of financial liabilities March 31, 2021	1 year or less	1-3 years	More than 3 years	Total
Deposits	5,13,152.37	14,95,265.00	-	20,08,417.37
Other Payables	65.52	-	-	65.52
Other financial liabilities	8.93	-	-	8.93
Total	**5,13,226.81**	**14,95,265.00**	**-**	**20,08,491.81**

(₹ in lakhs)

Contractual maturities of financial liabilities March 31, 2020	1 year or less	1-3 years	More than 3 years	Total
Deposits	7,02,562.03	10,00,000.00	-	17,02,562.03
Other Payables	251.32	-	-	251.32
Other financial liabilities	13.12	-	-	13.12
Total	**7,02,826.47**	**10,00,000.00**	**-**	**17,02,826.47**

(C) Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company's exposure to, and management of, these risks is explained below.

(i) Foreign currency risk

The Company caters mainly to the Indian Market . Most of the transactions are denominated in the company's functional currency i.e. Rupees. Hence the Company is not exposed to Foreign Currency Risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation at floating interest rates. The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Exposure to Interest rate risk

The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed-rate instruments		
Financial Liabilities		
Borrowings	20,08,417.37	17,02,562.03
Financial Assets		
Certificate of Deposits-SIDBI	-	18,727.22
Fixed Deposits	9,32,848.83	10,31,034.55
Total net	**(10,75,568.53)**	**(6,52,800.26)**

Fair value sensitivity analysis for fixed-rate instruments

The Company's fixed rate instruments are carried at amortised cost and are not measured for interest rate risk, as neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

(iii) Price Risk

The company's exposure to mutual fund price risk arises from investments held by the company and classified in the balance sheet at fair value through profit or loss. Since the mutual fund are highly liquid debt oriented funds company does not have a material price risk exposure.

41. Previous Year Regrouping

Figures for the previous year have been regrouped/reclassified/rearranged wherever necessary to make them comparable to those for the current year.

Additional disclosures required by the Reserve Bank of India

42. Capital to Risk-Assets Ratio (CRAR)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%)*	117.74	61.23
CRAR - Tier I capital (%)	117.08	60.76
CRAR - Tier II capital (%)	0.66	0.46
Amount of subordinate debt raised as Tier II Capital (₹)	-	-
Amount received on issue of Perpetual Debt Instrument (₹)	-	-

RBI vide its letter No. DNBR(PD)No. 0026/03.10.001/2015-16 dated July 03, 2015, has approved assigning zero risk weight to all refinance provided to Scheduled Commercial Banks including RRBs. The above ratios are based on the same.

* Undisbursed santion amount as at March 31, 2021 is ₹ 280 crore. (March 31, 2020 ₹ 854.50 crore) included while calculating CRAR

43. Exposure to Real Estate Sector and Capital Market

(a) The company has no exposure to Real Estate Sector for the current year and previous year

(b) The company has no exposure to the Capital Market for the current year and previous year

44. Asset Liability Management

(₹ in lakhs)

Particulars As at March 31, 2021	1 to 7 days	8 to 14 days	15 days to 30 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month upto 6 month	Over 6 month to 1 year	Over 1 yr upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits*	**231.02**	**0.95**	**-**	**-**	**-**	**827.36**	**6,552.54**	**1,716.62**	**-**	**-**	**9,328.49**
Advances#	-	117.60	110.00	276.17	1,381.33	1,935.67	3,375.24	6,341.01			13,537.02
Investments**	-	-	-	-	-	-	-	-	-	-	-
Borrowings ***	131.52	-	-	-	-	-	5,000.00	14,952.65	-	-	20,084.17
Foreign Currency Assets											-
Foreign Currency Liabilities			-	-	-	-	-	-	-		-

* Deposits include Fixed deposits placed with Banks

** Investments includes deposits kept with Corporates (Net off Provision) and Mutual Fund.

\# Advances shown here is netted off of those assets, which 100% provision has been made

*** Borrowings include amount received from banks under Priority Sector Shortfalls Fund as allocated by Reserve Bank of India

45. Details of Registration with Financial Regulators

Regulator	Registration No.
Ministry of Company Affairs	CIN U65100MH2015PLC274695
Reserve Bank of India	N-13.02124

Note: There are no penalties imposed by RBI or any other regulators during the current and previous year

46. Investments

(₹ in lakhs)

S. No.	Particulars	March 31, 2021	March 31, 2020
1	**Value of Investments**		
	Gross Value of Investments		
	In India	-	472.29
	Outside India	-	-
	Provision for depreciation		
	In India	-	285.02
	Outside India	-	-
	Net Value of Investments		
	In India	-	187.27
	Outside India	-	-
2	**Movement of provision held towards depreciation on investments**		
	Opening Balance	285.02	285.02
	Add: Provision made during the year	(0.02)	-
	Less: Write off / write back of excess provision during the year	285.00	-
	Closing Balance	**-**	**285.02**

47. Provisions & Contigencies made during the year

(₹ in lakhs)

S. No.	Particulars	March 31, 2021	March 31, 2020
1	Impairment loss on Investments and Deposits	0.69	2.57
2	Impairment loss on loans and other receivables	(0.80)	65.69
3	Provision towards Current Income tax	13.34	105.46
4	Other Provision and Contingencies (with details)	-	-
5	Provision towards Deferred Tax Assets	72.05	12.12

48. Derivatives

The company has no transaction / exposure in Forward Rate Agreement / Interest Rate Swap and Exchange Traded Interest Rate (IR) Derivatives during the current and previous year.

The company has no unhedged foreign currency exposure during the current and previous year.

The company has no repo transactions during the current and previous year.

49. Disclosures relating to securitisation

S. No.	Particulars
1	There are no SPVs sponsored by the NBFC for securitisation transactions for the current and previous year; and Hence, (a) there is no amount of securitised assets as per books of the SPVs sponsored. (b) there is no amount of exposure retained by the NBFC to comply with MRR as on the date of balance sheet
2	The company has no exposure to securitization transactions other than MRR in the current year and previous year
3	The company has not sold any Financial Assets to Securitization / Reconstruction Company for Asset Reconstruction during the current and previous year.
4	The company has not undertaken any assignment transaction during the current and previous year.
5	The company has not purchased/sold any non-performing financial assets during the current and previous year.

50. Details of financial assets sold to securitisation / reconstruction company for asset reconstruction

The Company has not sold financial assets to securitisation / reconstruction company for asset reconstruction in the current and previous year.

51. Details of non performing financial assets purchased / sold

The Company has not purchased / sold non performing financial assets in the current and previous year.

52. Details of financing of parent Company products

The Company has not financed any products of its Parent Company in the current and previous year, except Investment of Nil in purchase of Certificate of Deposit of SIDBI in current year and ₹ 177,12,33,300 /- in previous year

53. Unsecured Advances

The Company does not have any unsecured advances in the current and previous year.

54. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL)

RBI vide its letter No. DNBR(PD).CO.No. 244/03.10.001/2015-16 dated August 03, 2015, has exempted MUDRA from the applicability of credit concentration norm (single borrower) in respect of its exposure to Scheduled Commercial Banks including Regional Rural Banks(RRB). However, in respect of other exposures, MUDRA complies with single / group Borrower exposure norms as prescribed by RBI and during the year, the company did not exceed Prudential Exposure Limits - Single Borrower Limit (SGL) / Group Borrower Limit (GBL).

55. Draw down from Reserves

There has been no draw down from reserves during the current and previous year.

56. Information on Net Interest Margin

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Average interest (a)	3.71%	5.46%
Average effective cost of borrowing (b)	2.82%	3.76%
Net Interest Margin (a-b)	0.89%	1.70%

57. Customer Complaints *

The Company has not received any complaint from its direct customers and it doesn't include general enquiries/ complaints from Individuals on Prime Minister MUDRA Yojana (PMMY) or complaints by Individuals against Banks.

58. Sector wise NPAs & Movemement of NPAs

A) Sector wise NPAs

(₹ in lakhs)

Particulars	Year Ended 31 March 2021 % of NPA to Total advance in that sector.	Year Ended 31 March 2020 % of NPA to Total advance in that sector.
Agriculture & allied activities	-	-
MSME	-	-
Corporate Borrowers *	0.56%	3.73%
Services	-	-
Unsecured Personal Loans	-	-
Auto Loans	-	-
Other Personal Loans	-	-

* Corporate borrower includes advances to Banks, NBFCs, MFIs as well as Investments made with Corporates.

B) Movement of NPAs

(₹ in lakhs)

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
i) Net NPAs to Net Advances (%)	0.00%	0.00%
ii) Movement of NPAs (Gross)*		
a) Opening balance	356.07	285.00
b) Additions during the year	12.00	71.07
c) Reductions during the year	291.70	-
d) Closing balance	76.37	356.07
iii) Movement of NPAs (Net)*		
a) Opening balance		
b) Additions during the year		
c) Reductions during the year		
d) Closing balance		
iv) Movement of provisions for NPAs (excluding provisions on standard assets)*		
a) Opening balance	356.07	285.00
b) Provisions made during the year	12.00	71.07
c) Write off/ write back of excess provisions	291.70	-
d) Closing balance	76.37	356.07

* includes non performing (Stage 3) investments

59. Ratings assigned by Credit Rating Agencies

The Company has been assigned the rating of "IND AAA/Stable" by India Ratings and Research Pvt Ltd during November 2020 for Long Term Loan of ₹ 2000 crore. Company was not having any rating in previous year.

60. Concentration of Advances, Exposures and NPA's

(₹ in lakhs)

S. No.	Particulars	March 31, 2021	March 31, 2020
1	Total Advances of twenty largest borrowers *	12,375.09	7,977.84
2	Total Advances of top four NPA accounts (Gross)	76.37	71.07
3	Percentage of Advances of twenty largest borrowers to all Advances of banks and MFIs.	91.42%	87.65%

*The amount of borrowers do not include Undisbursed Sanction loan amount.

(₹ in lakhs)

S. No.	Particulars	March 31, 2021	March 31, 2020
1	Total Advances and Exposures of twenty largest borrowers *	21,715.06	17,884.96
2	Total Exposure of top four NPA accounts	76.37	71.07
3	Percentage of Advances and Exposures of twenty largest borrowers to all Advances of banks and MFIs.	93.82%	92.12%

*The amount of borrowers includes Undisbursed Sanction loan amount.

61. Remuneration of Directors

All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company shall be disclosed in the Annual Report.

62. Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The Company does not have Overseas assets during the current year and previous year.

63. Disclosure related to Schedule to the balance sheet of company, as required by Annex IV of the Master Direction-Non-Banking Finance Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 updated on February 17, 2020 (the "Notification)

Particulars			Amount Outstanding (₹ In crore)		Amount Overdue (₹ In crore)	
			March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Liabilities Side :				
63.1		**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**				
	a)	Debentures :				
		i) Secured	-	-	-	-
		ii) Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
	b)	Deferred Credits	-	-	-	-
	c)	Term Loans (Priority Sector Shortfall Fund deposited by Banks)	20,084	17,026	-	-
	d)	Inter-corporate loans and borrowing	-	-	-	-
	e)	Commercial Paper	-	-	-	-
	f)	Public Deposits	-	-	-	-
	g)	Other Loan	-	-	-	-
63.2		**Break-up of 1(f) above (Outstanding public depositsinclusive of interest accrued thereon but not paid):**				
	a)	In the form of Unsecured debentures	-	-	-	-
	b)	In the form of partly secured debentures i.e. debentures where there is no shortfall in the value of security	-	-	-	-
	c)	Other public deposits	-	-	-	-

		Particulars	Amount Outstanding (₹ In crore)		Amount Overdue (₹ In crore)	
			March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Assets Side :				
63.3		**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**				
	a)	Secured	13,537.02	9,004.00	-	-
	b)	Unsecured	-	-	-	-
63.4		**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities**				
a)		Lease assets including lease rentals under sundry debtors				
	i)	Financial lease	-	-	-	-
	ii)	Operating lease	-	-	-	-
b)		Stock on hire including hire charges under sundry debtors				
	i)	Assets on hire	-	-		-
	ii)	Repossessed Assets	-	-		-
c)		Other loans counting towards AFC activities	-	-		-
	i)	Loans where assets have been repossessed	-	-	-	-
	ii)	Loans other than (i) above	-	-	-	-
63.5		**Break-up of Investments :**				
		Current Investments :				
a)		**Quoted :**				
	i)	Shares : A. Equity	-	-	-	-
		B. Preference	-	-	-	-
	ii)	Debentures and Bonds	-	-	-	-
	iii)	Units of mutual funds	-	-	-	-
	iv)	Government Securities	-	-	-	-
	v)	Others (Please Specify)	-	-	-	-
b)		**Unquoted :**				
	i)	Shares : A. Equity	-	-	-	-
		B. Preference	-	-	-	-
	ii)	Debentures and Bonds	-	-	-	-
	iii)	Units of mutual funds	-	187.27	-	-
	iv)	Government Securities	-	-	-	-
	v)	Others- Certificate of deposit & Corporate Deposits	-	472.29	-	-
		Long Term investments :				
a)		**Quoted :**				
	i)	Shares : A. Equity	-	-	-	-
		B. Preference	-	-	-	-
	ii)	Debentures and Bonds	-	-	-	-
	iii)	Units of mutual funds	-	-	-	-
	iv)	Government Securities	-	-	-	-
	v)	Others-(Please specify)	-	-	-	-
b)		**Unquoted :**				
	i)	Shares : A. Equity	-	-	-	-
		B. Preference	-	-	-	-
	ii)	Debentures and Bonds	-	-	-	-
	iii)	Units of mutual funds	-	-	-	-
	iv)	Government Securities	-	-	-	-
	v)	Others	-	-	-	-

63.6 . Borrower group-wise classification of assets financed as in (63.3) and (63.4) above :

		Category (Amount net of provisions)	Secured		Unsecured		Total	
			March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
a)		Related Parties	-	-	-	-	-	-
	i)	Subsidiaries	-	-	-	-	-	-
	ii)	Companies in the same group	-	-	-	-	-	-
	iii)	Other related parties	-	-	-	-	-	-
b)		Other than related parties	13,537.02	9,004.00	-	-	13,537.02	9,004.00
		Total	**13,537.02**	**9,004.00**	**-**	**-**	**13,537.02**	**9,004.00**

63.7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

		Category	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	
			March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
a)		Related Parties				
	i)	Subsidiaries	-	-	-	-
	ii)	Companies in the same group	-	187.29	-	187.29
	iii)	Other related parties	-	-	-	-
b)		Other than related parties	-	-	-	-
		Total	**-**	**187.29**	**-**	**187.29**

63.8 Other information

	Category	Amount March 31, 2021	Amount March 31, 2020
a)	**Gross Non-Performing Assets**		
	i) Related parties	-	-
	ii) Other than related parties	76.37	356.07
b)	**Net Non-Performing Assets**		
	i) Related parties	-	-
	ii) Other than related parties	-	-
c)	**Assets acquired in satisfaction of debt**	-	-

64. Disclosure related to Schedule to the balance sheet of company, as required by Annex of the Notification No. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 issued by the Reserve Bank of India ("RBI") dated March 13, 2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	13,547.82	10.80	13,537.02	58.51	(47.71)
	Stage 2	-	-	-	-	-
Subtotal		**13,547.82**	**10.80**	**13,537.02**	**58.51**	**(47.71)**
Non -Performing Assets						
Substandard	Stage 3					-
Doubtful - up to 1 year	Stage 3	64.37	64.37	-	16.09	48.27
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**64.37**	**64.37**	**-**	**16.09**	**48.27**
Loss	Stage 3	12.00	12.00	-	12.00	-
Subtotal for NPA		**76.37**	**76.37**	**-**	**28.10**	**48.27**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	Stage 1	13,547.82	10.80	13,537.02	58.51	(47.71)
	Stage 2	-	-	-	-	-
	Stage 3	76.37	76.37	-	28.10	48.27
	Total	**13,624.19**	**87.17**	**13,537.02**	**86.61**	**0.57**

Note: Performing Assets and Non-performing Assets include Investments and advances.

65. COVID-19 Regulatory Package - Disclosure in terms of RBI circular dated April 17, 2020:

(₹ in crore)

Particulars	As at 31-03-2021	As at 31-03-2020
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	NIL	NIL
(ii) Respective amount where asset classification benefits is extended	NIL	NIL
(iii) Provisions made during the year	NIL	NIL
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	NIL	NIL

66. Public disclosure on liquidity risk as on March 31, 2021 in accordance with RBI circular no. RBI/2019-20 /88 DOR. NBFC (PD) CC. No.102/03.10.001/2019- 20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

A: Liquidity Coverage Ratio (LCR) Disclosure

RBI vide its letter No.DoR (NBFC).PD.CO. No. 29 /03.10.111/2020-21 dated August 26, 2020, has exempted MUDRA from applicability of Liquidity Coverage Ratio (LCR) vide RBI circular No. DoR. NBFC (PD) CC. No. 102/03.10.001/2019-20 dated November 04, 2019.

B: Public Disclosure on Liquidity Risk

(i) Funding Concentration based on significant counterparty (both Deposits and Borrowings)

Number of Significant Counterparties	Amount (₹ crore)	% of Total deposits	% of Total Liabilities
18	19332.94	Not Applicable	94.84%

(ii) Top 20 large deposits (amount in ₹ crore and % of total deposits)

Not Applicable. The Company being a Systematically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept any public deposits.

(iii) Top 10 Borrowings (amount in ₹ crore and % of total borrowings)

Amount (₹ crore)	% of Total Borrowings
17350.90	86.39%

(iv) Funding Concentration based on significant instrument/product

Sr No.	Name of the instrument/ product	Amount (₹ crore)	% of Total Liabilities
1	Borrowings (Refinance corpus allocated by RBI)	20,084.17	98.53%

(v) Stock Ratios

Sr No.		Particulars	Ratio
1	a)	Commercial Papers to Public Funds	Not Applicable
	b)	Commercial Papers to Total Liabilities	Not Applicable
	c)	Commercial Papers to Total Assets	Not Applicable
2	a)	Non-convertible debentures (original maturity of less than one year) to Total Public Funds	Not Applicable
	b)	Non-convertible debentures (original maturity of less than one year) to Total Liabilities	Not Applicable
	c)	Non-convertible debentures (original maturity of less than one year) to Total Assets	Not Applicable
3	a)	Other short-term liabilities to Total Public Funds	Not Applicable
	b)	Other short-term liabilities to Total Liabilities	25.21%
	c)	Other short-term liabilities to Total Assets	22.42%

Notes:

1) Total Liabilities refer to Total outside liabilities i.e. Balance sheet total excluding Equity Share Capital and Reserves
2) Other Short-term liabilities include Financial Liabilities and non-financial liabilities payable within an year
3) Other Short-term liabilities are other than Commercial Paper and Non-Convertible Debentures

vi) Institutional set-up for liquidity risk management

The Company has an Asset Liability Management Committee (ALCO). The ALCO meetings are held at periodic intervals. At the Apex level, the Risk Management Committee (RiMC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RiMC subsequently updates the Board of Directors on the same.

In terms of our report attached of even date

For **V. C. Shah & Co**
Chartered Accountants
Firm No.: 109818W

Sd/-
Viral J. Shah
Partner
Membership No.: 110120

Place: Mumbai
Date: September 09, 2021

For and on behalf of the Board of Directors

Sd/-
Vinay Hedaoo
MD & CEO
DIN : 07916221

Sd/-
Vasantha Rao Satya Venkatrao
Director
DIN :00334394

Sd/-
Amitabh Misra
Chief Financial Officer

Sd/-
Pooja Kukreti
Company Secretary

भारतीय लेखापरीक्षा और लेखा विभाग
कार्यालय प्रधान निदेशक लेखापरीक्षा
(नौवहन), मुंबई

सत्यमेव जयते

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
(SHIPPING), MUMBAI.

गोपनीय/शीघ्रडाक

संख्या: जीए/सीए-I/लेखा/MUDRA/2020-21/ 181

06 OCT 2021

सेवा में,
मैनेजिंग डायरेक्टर & सीईओ
माइक्रो यूनिट्स डेवलपमेंट एंड रिफाइनांस एजेंसी लिमिटेड
स्वावलमबन भवन, सी-11,
जी. ब्लोक, बांद्रा कुर्ला काम्पलेक्स,
बांद्रा (पूर्व),
मंबई- 400 051.

विषय: 31 मार्च 2021 को समाप्त वर्ष हेतु माइक्रो यूनिट्स डेवलपमेंट एंड रिफाइनांस एजेंसी लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143(6)(बी) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियां।

महोदय,

31 मार्च 2021 को समाप्त वर्ष हेतु माइक्रो यूनिट्स डेवलपमेंट एंड रिफाइनांस एजेंसी लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143(6)(बी) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक के द्वारा दी गई टिप्पणियां इस पत्र के साथ संलग्न हैं। टिप्पणियों को मुद्रित वार्षिक प्रतिवेदन के विषयसूची में उचित संकेत सहित सांविधिक लेखापरीक्षक के प्रतिवेदन के आगे रखा जाये।

वार्षिक सामान्य बैठक के समापन के पश्चात्, वित्तीय विवरणों, सांविधिक लेखापरीक्षक का प्रतिवेदन तथा भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों को अपनाते हुए सामान्य वार्षिक बैठक की कार्यवाही की एक प्रतिलिपि इस कार्यालय को अविलम्ब अग्रेषित की जाये। मुद्रित वार्षिक रिपोर्ट की दस प्रतियाँ भी इस कार्यालय को भेजी जाएँ।

कृपया इस पत्र एवं संलग्नकों की प्राप्ति की सुचना दें।

भवदीय,

हस्ता/-
सी. एम. साने
महानिदेशक लेखापरीक्षा (शिपिंग), मुंबई

संलग्न : यथोपरि ।

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MICRO UNITS DEVELOPMENT & REFINANCE AGENCY LIMITED (MUDRA) FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of MICRO UNITS DEVELOPMENT & REFINANCE AGENCY LIMITED (MUDRA) for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 09 September 2021 which supersedes their earlier Audit Report dated 09 June 2021

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of MICRO UNITS DEVELOPMENT & REFINANCE AGENCY LIMITED (MUDRA) for the year ended 31 March 2021 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the financial statements by the management, as indicated in Statement of Cash Flows of the financial statements, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-

C. M. Sane
Director General of Audit (Shipping), Mumbai

Place : Mumbai
Date : 06.10.2021

Notice to Members

Notice is hereby given that 6th Annual General Meeting of Micro Units Development & Refinance Agency Limited ("MUDRA") will be held on October 25, 2021 at 3.00 pm at short notice through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

Ordinary Businesses:

To consider and if thought fit, to pass with or without modification(s), if any, the following Ordinary resolutions:

1) **To consider and adopt the Audited Financial Statements of MUDRA for the 6th financial year ended on March 31, 2021, the Directors Report and Auditor's Report and Comments and Certificate of the Comptroller & Auditor General of India, in term of section 143(6) of the companies Act, 2013.**
"**RESOLVED THAT** the Audited Financial Statement of the Company for the financial year ended on March 31, 2021, together with the Directors' Report, Auditors' Report along with Notes which forms an integral part of the Audited Annual Accounts for the period and Comments of the Comptroller & Auditor General of India, as already circulated amongst the Members of the Company, be and are hereby received, considered, approved and adopted."

2) **To declare final dividend of INR 0.16 per equity share, aggregating to ₹ 26.81 crore, on the equity shares, as on March 31, 2021.**
"**RESOLVED THAT**, a dividend of INR 0.16 per equity share, for the period from April 01, 2020 to March 31, 2021, on the Company's Share Capital of ₹ 1675.93 crore, as at March 31, 2021, aggregating to ₹ 26.81 crore, excluding dividend distribution tax be, and is hereby, declared for payment to those holders of equity shares, on pro rata basis, whose names appears on the Register of Members of the company, as on March 31, 2021."

3) **To appoint Shri Vasantharao Satya Venkatarao (DIN 00334394) who retires by rotation at this meeting and being eligible to be re-appointed as Nominee Director, liable for retirement by rotation.**
"**RESOLVED THAT** Shri Vasantharao Satya Venkatarao (DIN 00334394), Nominee Director (SIDBI) of the Company, who retires by rotation at this meeting and being eligible to be re-appointed as Nominee Director be, and is hereby, re-appointed as a Nominee Director and shall be liable for retirement by rotation."

4) **To appoint Shri Sudatta Mandal (DIN 00942070) who retires by rotation at this meeting and being eligible to be re-appointed as Nominee Director, liable for retirement by rotation**
"**RESOLVED THAT** Shri Sudatta Mandal (DIN 00942070), Nominee Director (SIDBI) of the Company, who retires by rotation at this meeting and being eligible to be re-appointed as Nominee Director be, and is hereby, re-appointed as a Nominee Director and shall be liable for retirement by rotation."

5) **To take note of the appointment of Statutory Auditors of MUDRA for FY 2021-22 and their remuneration.**
"**RESOLVED THAT** pursuant to the provisions of section 139(5), 142 (1) and other applicable provisions of The Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s V.C. Shah & Co, Chartered Accountants (ICAI Firm Registration No.109818W) appointed by Comptroller & Auditor General of India (CAG) to conduct the statutory audit of MUDRA, be, and are hereby, appointed as the Statutory Auditors of MUDRA for the FY 2021-22, at an aggregate remuneration of ₹ 3.75 lakh, plus applicable taxes, and out of pocket expenses payable, if any, up to ₹ 0.50 lakh."

Special Business:

To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:

6) **To appoint Shri Vinay Sudhakarrao Hedaoo (DIN 07916221) as a Director of the Company.**
"**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time, Shri Vinay Sudhakarrao Hedaoo (DIN 07916221), who was appointed as an additional director on the Board of MUDRA, with effect from August 02, 2021, in terms of section 161 of The Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) read with Articles of Association of MUDRA and who holds office up to the date of this annual general meeting, be, and is hereby, appointed as a Director of MUDRA, liable to retire by rotation."

7) **To appoint Shri Vinay Sudhakarrao Hedaoo (DIN 07916221) as a Managing Director of the company, liable to retire by rotation.**

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to The Companies Act, 2013, the approval of the members of the Company, be, and is hereby, accorded for the appointment of Shri Vinay Sudhakarrao Hedaoo (DIN 07916221) as a Managing Director of the Company for a period of one year w.e.f. August 02, 2021, as per the terms and condition of his deputation letter, including remuneration, and who shall be liable to retire by rotation.

RESOLVED FURTHER THAT Chairman, MUDRA, be, and is hereby, authorized to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to The Companies Act, 2013, as may be agreed to by the Board of Directors and Shri Vinay Sudhakarrao Hedaoo.

RESOLVED FURTHER THAT Chairman, MUDRA, be, and is hereby, authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution".

By order of the Board of Directors
For **Micro Units Development & Refinance Agency Limited**

Vinay Hedaoo
MD & CEO
DIN 07916221

Date: October 14, 2021
Place: Mumbai

Address: SWAVALAMBAN BHAVAN, C-11, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-400051.

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1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide it's General Circular no. 14/2020 dated April 8, 2020 General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020 and Circular no. 02/2021 dated January 13, 2021 (collectively "MCA Circulars") permitted the holding of the AGM through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy/ proxies need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

3. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

4. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of its Board or governing body Resolution/Authorization etc., authorizing their representative to attend the AGM through VC / OAVM and vote on their behalf at the Meeting.

5. Pursuant to Section 139 of the Companies Act, 2013, the Auditors of the Company is to be appointed or re-appointed by the Comptroller and Auditor General of India (C & AG) and in terms of sub-section (1) of Section 142 of the Companies Act, 2013, their remuneration has to be fixed by the Company in the Annual general meeting or in such manner as the Company in General Meeting may determine.

6. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to all the Members at their email ID registered with the Company/RTA. Members are requested to promptly notify any changes in their email ID to the Company at poojak@mudra.org.in.

7. Members may note that the Notice and Annual Report 2020-21 will also be made available on the Company's website www.mudra.org.in.

8. Members are requested to send their queries, if any, on Annual Report, to the Company Secretary, not less than 2 days before the date of Meeting, so that the requisite information/ explanations can be provided in time.

9. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

10. Details for attending the AGM through VC / OAVM will be shared with the members

11. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 for all Items annexed to this Notice.

Explanatory Statement

(pursuant to Section 102 of the Companies Act, 2013)

Item No. 6

Shri Vinay Sudhakarrao Hedaoo (DIN 07916221), aged 56 years, was appointed by the Board of Directors as Additional Director of MUDRA w.e.f. August 02, 2021. In terms of section 161, other applicable provisions of The Companies Act, 2013 and the Articles of Association of MUDRA, he joined MUDRA on August 02, 2021.

According to section 161(1) of The Companies Act, 2013, an additional director holds office till the ensuing annual general meeting. Nomination and Remuneration Committee (NRC) has recommended his appointment as Director on the Board of MUDRA. Shri Vinay Sudhakarrao Hedaoo, if appointed, will be liable to retire by rotation under Section 152 of the Companies Act, 2013, subject to the amendment of the Articles of Association of the Company.

He holds one equity share in MUDRA as representative of SIDBI. Except Shri Vinay Sudhakarrao Hedaoo, none of the directors and key managerial personnel of the company or their relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

Your directors recommend said resolution for approval by the shareholders as an ordinary resolution.

Item No. 7

Shri Vinay Sudhakarrao Hedaoo (DIN 07916221), aged 56 years, was appointed by the Board of Directors as Managing Director (subject to approval of members) & Chief Executive Officer of MUDRA w.e.f. August 02,2021, for a period of one year, as per the terms and condition of his deputation letter, including remuneration.

The Board of Directors of MUDRA at the recommendation of NRC of MUDRA has appointed Shri Vinay Sudhakarrao Hedaoo, as a Managing Director of MUDRA (subject to approval of members), W.e.f. August 02, 2021, as per the terms and conditions of his deputation letter, including remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013, as he is in whole time service of MUDRA, and shall liable to retire by rotation.

Further, such appointment is subject to the approval of the Shareholders, in terms of section 196 of the Companies Act, 2013 and the rules thereof.

He holds one equity share in MUDRA as representative of SIDBI. Except Shri Vinay Sudhakarrao Hedaoo, none of the directors and key managerial personnel of the company or their relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

Your directors recommend said resolution for approval by the shareholders as an ordinary resolution.

By order of the Board of Directors
For **Micro Units Development & Refinance Agency Limited**

Vinay Hedaoo
MD & CEO
DIN 07916221

Date: October 14, 2021
Place: Mumbai

Address: SWAVALAMBAN BHAVAN, C-11, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-400051.

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Corporate & Registered Office:
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Bandra (E), Mumbai-400 051.
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