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Beneficiaries of Pradhan Mantri Mudra Yojana share their success stories during interaction with Hon'ble Prime Minister on April 11, 2018.



Mudra Yojana is a unique initiative, which pins hopes on the skills and strengths of the poor, neo-middle class and middle class. It brings out the entrepreneurial energy in our people and furthers a spirit of self-reliance among them.

- Hon'ble Prime Minister
Shri Narendra Modi



Vision of MUDRA

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.



Mission of MUDRA

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



Board of Directors



Shri Mohammad Mustafa - IAS
Chairman



Shri Pankaj Jain - IAS
Govt. Nominee Director



Ms. Jyotsna Sitling - IFS
Non-Executive Director



Shri Ajay Kumar Kapur
SIDBI Nominee Director



Shri Manoj Mittal
SIDBI Nominee Director



Shri Pillarisetti Satish
Independent Director



Shri Arvind Kumar Jain
Independent Director



Shri Surendra Srivastava
Additional Director



Shri Aalok Gupta
Managing Director & CEO

Chairman's Message



It is my pleasure to share performance of the Micro Units Development & Refinance Agency Ltd (MUDRA), which underscores how FY 2017-18 was another successful year for both, MUDRA and the Pradhan Mantri Mudra Yojana (PMMY).

The Year Gone By

We have made significant strides during FY 2017-18 and have exhibited superior performance on financial as well as social impact parameters:

- Revenue from operations increased 70% from ₹ 286.08 crore to ₹ 484.95 crore in FY 2017-18
- Total income rose 50% from ₹ 535.08 crore to ₹ 803.46 crore
- Profit after tax was up 47% to ₹ 158.22 crore against ₹ 107.84 crore in FY 2016-17

MUDRA saw a significant increase in refinance to banks and non-banking finance companies (NBFCs), and achieved the target set for FY 2017-18. Under PMMY, too, the targets for disbursement were achieved.

We, so far, enrolled 200 institutions, including 93 banks, 72 MFIs, 32 NBFCs and 6 small finance banks (SFBs) for

refinancing against their lending to micro enterprises. Total disbursements under PMMY during FY 2017-18 stood at ₹ 2,46,437 crore. Out of this, ~40% has been disbursed to women entrepreneurs and ~33% has been disbursed to social categories (SC/ST/OBC). More than 4.81 crore micro borrowers have benefitted through PMMY during the year FY 2017-18.

Our MUDRA cards scheme, facilitating hassle free working capital financing to micro enterprises, has issued cards to over 8.53 lakh borrowers since its inception in FY 2015-16 with more than 1.52 lakh of these cards, worth ₹ 1425.48 crore, being issued in FY 2017-18 alone.

Our aspiration going forward

During a short span of three years, MUDRA has created a visible impact in terms of financing access for the micro enterprises sector in India. Through a country-wide network of last-mile financiers such as banks, regional rural banks, microfinance institutions and NBFCs, MUDRA has been able to reach out to millions of micro entrepreneurs that have traditionally faced difficulty in accessing credit. Under the guidance of the Government of India, MUDRA has created an enabling environment where formal financial institutions have focused on financing the micro enterprises sector.

However, we are yet to reach out to a large section of small business entities and there still exists a vast number of budding entrepreneurs who have the opportunity and intent to contribute to the economy but face challenges in obtaining the financial support they require.

Millions of micro entrepreneurs are generating income by associating themselves with online platforms, food chains and large corporates as vendors, sellers, delivery bots, etc. We intend to reach each one of these entrepreneurs through the remote franchises of these aggregators, service providers and corporate entities and connect them to PMMY. Connecting with these micro entrepreneurs and small businesses will help generate employment and provide opportunities to the youth to initiate income-generating activities at a local level.

In the coming years, I envision MUDRA and PMMY being the most successful initiatives furthering a spirit of enterprise and self-reliance and bring prosperity to all the micro entrepreneurs in this country with special focus on youth, women and weaker sections of the society.

Concluding Remarks

I believe that with the right spirit, hard work, energy, commitment and honesty, everything is achievable. An immense opportunity has presented itself to change the lives of people all over the country and I sincerely believe that the efforts of every employee at MUDRA will result in creating the platform that will truly transform the financial inclusion paradigm for our nation.

I would like to thank all stakeholders including SIDBI, the Department of Financial Services, Ministry of Finance, the Ministry of Corporate Affairs and Ministry of MSME for their constant encouragement and support.

And thank you team MUDRA, for your hard work and dedication.

Mohammad Mustafa
Chairman

Economic Scenario -

The Growth Prospects of micro enterprises in the Emerging Financial Backdrop



The growth during FY 2017-18 suggests that the impact of demonetisation and glitches in implementation of the goods and services tax (GST) is fading.

After registering GDP growth of over 7% for the third year in succession in FY 2016-17, the Indian economy registered somewhat slower growth, at 6.6% in FY 2017-18. The growth of 7.7% in the fourth quarter of FY 2017-18 suggests that the impact of demonetisation and glitches in implementation of the Goods and Services Tax (GST) is fading. Even with this lower growth for FY 2017-18, GDP growth has averaged 7.3% for the period from FY 2014-15 to FY 2017-18, which is the highest among the major economies of the world. That this growth has been achieved in a

milieu of lower inflation, improved current account balance and notable reduction in the fiscal deficit to GDP ratio makes it all the more creditable.

Agriculture, Industry, and Services sector constituted 17.32%, 29.02% and 53.66% respectively of the GDP in FY 2017-18.

According to Central Statistical Organisation (CSO), the growth rates achieved by agriculture sector, industry sector and services sector during FY 2017-18 stood at 2.1%, 4.4% and 8.3% respectively as opposed to 4.9%, 5.6% and 7.7%, respectively in FY 2016-17.

The momentum is expected to continue and lift growth further in FY 2018-19, keeping India the fastest-growing major economy in the world. There is a strong possibility of growth in FY 2018-19 to be higher than 6.6 registered in FY 2017-18. As per Monetary Policy Report – April 2018 by RBI, growth of GDP in FY 2018-19 is estimated at 7.4% in FY 2019 and 7.7% in FY 2020.

In addition to the introduction of GST, the year also witnessed significant steps being undertaken towards resolution of problems associated with non-performing assets of the banks, further liberalisation of FDI, etc., thus strengthening the momentum of reforms. The transformational Goods and Services Tax (GST) was launched in July 2017. With a policy change of such scale, scope,

and complexity, the transition unsurprisingly encountered challenges of policy, law, and information technology systems, which especially affected the informal sector.

The new Indian Bankruptcy Code (IBC) has provided a resolution framework that will help corporates clean up their balance sheets and reduce their debts. And in another critical move, the Government announced a large recapitalisation package (about 1.2% of GDP) to strengthen the balance sheets of the public sector banks (PSBs).

Reflecting the cumulative actions to improve the business climate, India jumped 30 spots over its 2017 ranking on the World Bank's Ease of Doing Business rankings and is ranked 100 among 190 countries in 2018 edition of the report.

The latest World Economic Outlook (WEO) of the IMF shows global GDP growth accelerated to around 3.6% in 2017 from 3.2% in 2016, and the forecast for 2018 has been upgraded by 0.2 percentage points to 3.9%.

Moody's upgraded India's sovereign rating after 14 years to Baa2 with a stable economic outlook.

MSME sector is the most vibrant and dynamic sector, promising high growth potential for the Indian economy. There are close to 51 million MSME units in the country which employ about 117 million people across various sectors, constituting 40% of the workforce. The MSME share to the total non-agricultural Gross Domestic Product (GDP) is about 37% and they also contribute to 43% of exports.

The MSME sector remains significantly under-penetrated on the organised lending front. As per MSME Pulse report published by Transunion CIBIL and SIDBI (March 2018), out of the 51 million MSME units, only 5 million units have access to formal credit. Digital push coupled with GST implementation will push the MSMEs towards higher formalisation and hence credit coverage.



Micro enterprises constitute an important pillar of Indian economy as it accounts for more than 90% of the total number of enterprises, as also 90% of non-agriculture employment. The sector continues to grow despite issues like non-availability of credit, limited market linkages, technology obsolescence, etc.

As per MSME Pulse Report brought out by CIBIL Trans Union and SIDBI, Micro (credit exposure less than ₹ 1 crore) and SME (credit exposure in the range of ₹ 1 crore - 25 crore) segments constitute ₹ 12.6 lakh crore credit exposure (23% of commercial credit outstanding) with Y-O-Y growth of 22.2% and 12.8% respectively. In comparison, between March 2017 and March 2018, MID (credit exposure in the range of ₹ 25 crore - 100 crore) segment exposure has grown by 7.2% and Large (credit exposure greater than ₹ 100 crore exposure) segment by 5.9%.

Private Banks and NBFCs have successfully competed with public sector banks in getting a larger share of the lucrative MSME pie. Micro and SME exposure (less than ₹ 25 crore) accounts for around 20% of PSBs total commercial outstanding credit as of March 2018, compared to 28% in Private Banks and 30% in NBFCs as of March 2018.

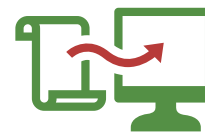
Private Banks and NBFCs have increased their market share in Micro and SME lending from 27.5% and 9.1% in March 2017 to 30.3% and 10.9% respectively in March 2018. Share of Public Sector Bank (PSBs) has fallen from 57% to 50.4% in the same period.

The bank recapitalisation plan by Government of India is expected to push credit growth in the country to 15%, according to a report by Ambit Capital.

To encourage formalisation of the MSME Sector, banks and NBFCs would be temporarily allowed to classify their exposure, as per the 180-day past due criterion, to all MSMEs with aggregate credit facilities up to ₹ 250 million limit, including those not registered under GST.

The stress in the banking sector continues as gross non-performing advances (GNPA) ratio rises further. Profitability of scheduled commercial banks (SCBs) declined, partly reflecting increased provisioning. While this has added pressure on SCBs' regulatory capital ratios, the provisioning coverage ratio has increased. Credit growth of SCBs picked up during FY 2017-18 notwithstanding sluggish deposit growth.

As per Financial Stability Report June 2018 of RBI (Chapter II : Financial Institutions: Soundness and Resilience), macro-stress tests indicate that under the baseline scenario, SCBs' GNPA ratio may rise from 11.6% in March 2018 to 12.2% by March 2019. The system level capital to risk-weighted assets ratio (CRAR) may come down from 13.5% to 12.8% during the period. Sensitivity analysis indicates that a severe shock to the GNPA ratio could bring down the CRAR of as many as 20 banks, mostly public sector banks (PSBs), below 9%.



It is commendable that the Government has focussed on improving the growth potential/ trend growth rate through reforms instead of settling for a short-term cyclical push using monetary and fiscal policies. Among others, it has initiated reforms such as the Ujjwal Discom Assurance Yojana or UDAY in the power sector, fast-tracked recapitalisation of banks, implemented the Insolvency and Bankruptcy Code and GST, and focussed on improving formalisation and inclusiveness through its digitalisation drive.

Macro-stress tests on public sector banks under prompt corrective action framework (PCA PSBs) suggest worsening of their GNPA ratio from 21.0% in March 2018 to 22.3% by March 2019 with 6 PCA PSBs likely experiencing capital shortfall under the baseline scenario. The PCA framework could help to mitigate financial stability risks by arresting the deterioration in the banking sector, so that further capital erosion is restricted and banks are strengthened to resume their normal operations.



SCBs' gross non-performing advances (GNPA) ratio was 11.6% in March 2018. However, their net non-performing advances (NNPA) ratio registered a smaller increase due to increase in provisioning. The GNPA ratio in the industry sector was 22.8% whereas stressed advances ratio increased was 24.8 %.

Private Banks and NBFCs exhibit NPA levels in the range of 3 - 5% in the MSME segment. Within this, New Private Sector Banks having on an average exhibit the lowest delinquency rates while NBFCs tend to have NPA rates at the higher end of the range.

The MUDRA segment with exposure of less than ₹ 10 Lakhs have now recovered to pre demonetisation levels by March 2018.

It is commendable that the Government has focussed on improving the growth potential/ trend growth rate through reforms instead of settling for a short-term cyclical push using monetary and fiscal policies. Among others, it has initiated reforms such as the Ujjwal Discom Assurance Yojana or UDAY in the power sector, fast-tracked recapitalisation of banks, implemented the Insolvency and Bankruptcy Code and GST, and focussed on improving

formalisation and inclusiveness through its digitalisation drive.

These reforms will help take growth higher sustainably, though many of these are work-in-progress and will bear fruit in the medium-to-long term.

MUDRA Operations - Funding the unfunded



The Government of India and the Reserve Bank of India have created conducive policy and regulatory framework for Microfinance Institutions (MFIs) to operate in the country. MFIs have to comply with the regulations, take care of client protection issues and adhere to the Industry Code of Conduct. These factors go a long way in infusing confidence among all the stakeholders.

MUDRA has completed 3 years of extending refinance to a wide spectrum of Lending Institutions such as Banks (Commercial Banks, Regional Rural Banks, Small Finance Banks), NBFCs, MFIs etc. engaged in providing financial assistance to borrowers from micro enterprises. MUDRA's support is also extended in the form of securitisation of loan assets. MUDRA supports income generating micro enterprises engaged in manufacturing, processing, services, trading and activities allied to agriculture for loans up to ₹ 10 lakh.

Micro Finance Institutions - Expanding the Outreach

The Indian Microfinance Sector has witnessed a phenomenal

growth over the past 18 years. The number of institutions providing microfinance services has gone up from a few to several hundreds. The aggregate gross loan portfolio (GLP) of MFIs stood at ₹ 48,094 crore (excluding Small Finance Banks) as on March 31, 2018. This represents a YoY growth of 50% as compared to March 31, 2017. The SHG bank linkage programme has equally grown to touch the lives of individuals through SHGs with an outstanding loan portfolio of ₹ 61,581 crore.

The Government of India and the Reserve Bank of India have created conducive policy and regulatory framework for Microfinance Institutions (MFIs) to operate in the country. This has provided

necessary legitimacy and impetus to the sector. MFIs have to comply with the regulations, take care of client protection issues and adhere to the Industry Code of Conduct. These factors go a long way in infusing confidence among all the stakeholders. This year the sector had to face certain issues when two denominations of currency notes were demonetised. This was coupled with efforts in certain regions to put spokes in the recovery efforts of the institutions. Though in the short term these developments have indeed affected the sector, the MFIs have displayed enough resilience to carry on with their activities to achieve the goal of financial inclusion.

Impact of demonetisation on MFI Sector

Demonetisation was an unanticipated event for the microfinance sector. However, it also had a few silver linings. Firstly, MFIs have increased the rate at which they have been adopting technological solutions so that they can promote cashless transactions among their clients. This will have a positive impact on the operating efficiency as well as the operational risk profile of MFIs as losses due to theft and frauds, two of the major operational risks of MFIs, will reduce. Secondly, although MFIs faced severe disruption in their cash flows after demonetisation, this has not had a catastrophic impact on them. This was in large part due to better risk management

practices that MFIs have adopted. Portfolio at Risk (PAR) >30 as on March 31, 2018 is 4.44%. This does not include BFIL data. This is a significant improvement from 11.05% as on March 31, 2017.

Growth and Outreach

MFIs currently operate in 29 States, 4 Union Territories and 563 districts in India with a branch network of 10,233 and 89,785 employees. The average loan outstanding per borrower stood at ₹ 12,751. Outreach fell by 26% and loan outstanding grew by 27% over the previous year. The Southern region continues to have the highest share of both outreach and loans outstanding at 38%, followed by East at 25%. However, growth rates are higher in the North-eastern expanding from 20% to 25%. Outreach proportion of urban clientele has decreased significantly as against the rural population. The proportion of urban clientele which was 62% in FY 2015-16 decreased to 39% in FY 2016-17. Women borrowers constitute 96% of the total clientele of MFIs, SC/ST borrowers constitute 20% and minorities 10%. Of the total, For Profit MFIs (NBFC/NBFC-MFIs) contribute to 79% of clients' outreach and 79% of outstanding portfolio, while NGO MFIs contribute to the remaining. MFIs with portfolio size of more than ₹ 500 crore contribute significantly to the total outreach (80%) and loan outstanding (82%) of the sector.

Significance of NBFCs for Indian economy

The NBFC sector in India has witnessed significant developments over the past few years and has come to be recognised as a key element of the financial system. It is evident that with the development of NBFCs segment within the overall financial system, it has influenced the working of the other players, i.e. banks were pressed to innovate in order to improve their quality and competence so that they can deliver in time and also at competitive prices. NBFCs supplement the role of the banking sector in meeting the increasing financial needs of the corporate sector, delivering credit to the unorganised sector and to small local borrowers.

NBFCs have emerged as the most effective and powerful vehicle for delivering financial assistance to the Micro and Small Enterprises which are otherwise not being catered by the conventional banking system due to reasons of weak documentation, lack of collateral security, shortage of capital, etc. Share of NBFCs in credit to MSME sector has rose to 18% in FY 2017-18 from 8% five years ago. The NBFC's share should expand to 22-23% by March 2022. Further with the deteriorating asset quality of Public Sector Banks and invocation of PCA by RBI against 11 Public Sector Banks, MSMEs will become more reliant on NBFCs for their credit needs.

Realising the importance of NBFCs in extending funding to the unfunded segments of the MSE sector, the Union Finance Minister while presenting the budget for FY 2018-19 made a special mention on the role of Non-Bank Finance Companies (NBFCs) as a powerful medium in delivering finances. He observed that NBFCs can be very powerful vehicle for delivering loans under MUDRA. Hence, the refinancing policy and eligibility criteria set by Micro Units Development and Refinance Agency Ltd. (MUDRA) will be reviewed for better refinancing of NBFCs, the budget stated.

Securitisation

Securitisation is a way in which institutions can bundle assets and sell securities representing the underlying assets to investors. It is often used as a way to unlock capital. One of the forms of Securitisation is subscription through 'Pass

through Certificates' (PTCs) route. PTCs are debt instruments that enable investors to draw interest from the securitised assets. Another form is 'Direct Assignment', in which direct sale of loans is carried out.

During the FY 2016-17, the market volume of PTCs was ₹ 42,800 crore, which reduced to ₹ 36,300 crore in FY 2017-18 and the market volume of Direct Assignment (DA) was ₹ 48,000 crore in FY 2016-17, which marginally grew to ₹ 48,100 crore in FY 2017-18. Total transactions (PTC & DA) market volume has shrunk 20% in the first half of fiscal 2018 due to uncertainty over the applicability of GST on securitisation transactions. However, the market reversed the slide once the concerns on tax incident abated. Demand from Public Sector Banks to boost their loan books remained the driver for DAs.

In FY 2017-18, Commercial Vehicle (CV) loan portfolio contributed to 69% of overall PTC market volumes, Housing loans and Loan Against Property (LAP) contributed to 8% of the total PTC issuances volume. The other asset-class that accounted for nearly 19% of issuance volume was Microfinance/Small Finance Bank (SFB) loans.

Business Operations

Your Company has so far enrolled 200 institutions, including 93 banks (21 public sector banks, 18 private sector banks, 36 regional rural banks, and 15 state/urban cooperatives banks), 72 MFIs, 32 NBFCs and 6 small finance banks (SFBs) for refinancing against their lending to micro enterprises.

FY 2017-18 has been a significant year in the operations of MUDRA. The overall sanctions and disbursements registered sharp increase over previous financial year.

The sanctions and disbursements made during 2018 stood at ₹ 7,977.90 crore and ₹ 7,501.05 crore respectively as against ₹ 3,708.94 crore and ₹ 3,525.94 crore respectively during previous financial year. The comparative position of sanction and disbursement in the last 2 financial years is as under:

(₹ crore)

Category	FY 2016-17		FY 2017-18	
	Amount sanctioned	Amount disbursed	Amount sanctioned	Amount disbursed
Banks	1,886.73	1,886.73	4,655.73	4,405.73
MFIs	820	787	446.50	369.50
NBFCs	399	399	1,137.00	1,005.00
RRBs	181.79	181.79	516.75	516.75
SFBs	-	-	500	500
PTCs	271.42	271.42	721.92	704.07
Grand Total	3,558.94	3,525.94	7,977.90	7,501.05



The Union Finance Minister while presenting the budget for the year 2018-19 made a special mention on the role of Non-Bank Finance Companies (NBFCs) as a powerful medium in delivering finances. He observed that NBFCs can be very powerful vehicle for delivering loans under MUDRA. Hence, the refinancing policy and eligibility criteria set by Micro Units Development and Refinance Agency Ltd. (MUDRA) will be reviewed for better refinancing of NBFCs, the budget stated.

REFINANCE

MUDRA extends refinance to eligible Commercial Banks, Regional Rural Banks, Small Finance Banks, Cooperative Banks, Non Banking Finance Companies and Micro Finance Institutions engaged in financing micro enterprises requiring loans up to ₹ 10 lakh.

a) Refinance to Commercial Banks

Refinance to Commercial Banks registered significant increase from ₹ 1,886.73 crore in FY 2017 to ₹ 4,405.73 crore in FY 2018. Even large Private Sector bank availed refinance from Mudra.

The FY 2018 witnessed advent of new category of banks viz. Small Finance Banks and payment Banks becoming operational. MUDRA launched a new scheme of extending refinance assistance to Small Finance Banks. Refinance of ₹ 500 crore has been extended to them.

RRBs has nationwide presence and outreach among MUDRA entrepreneurs. MUDRA has been making continuous efforts in

extending refinance to RRBs. The disbursements to RRBs registered significant increase from ₹ 181.79 crore in FY 2017 to ₹ 516.75 crore in FY 2018.

b) Refinance to MFIs

MUDRA continued its special programme in extending the refinance assistance to MFIs. Earlier, as per directions of RBI, MUDRA was charging a minimum interest of 9.45% (floor rate equivalent to average base rate of five largest banks) for its refinance to MFIs based on the rating of the

MFIs. The floor rate has since been removed. Accordingly, MUDRA has reduced its interest rate on refinance to MFIs to 6.85% (from 9.45%) irrespective of rating of MFIs. This will in turn reduce the interest rate charged by MFIs from their clients.

Refinance assistance aggregating to ₹ 446.50 crore was sanctioned to 18 MFIs, of which ₹ 369.50 crore was disbursed during this year. The corresponding figures for the previous years were ₹ 820 crore and ₹ 787 crore respectively.

Sanctions and Disbursements

S. No.	Particulars	FY 2015-16	FY 2016-17	FY 2017-18
1	Sanctions	812.00	820.00	446.50
2	Disbursements	616.00	787.00	369.50
3	No. of MFIs	22	20	18

Cumulative

S. No.	Particulars	
1	Sanctions	2,078.50
2	Disbursements	1,772.50
3	No. of MFIs	35



MUDRA has reduced its interest rate on refinance to MFIs to 6.85% (from 9.45%) irrespective of rating of MFIs. This will in turn reduce the interest rate charged by MFIs from their clients.

It is worth mentioning that shrinkage in the portfolio is mainly on account of transfer of micro-credit portfolio of NBFC-MFIs converted/converting into SFBs.

NBFCs extending loan / resource support to MFIs (both NBFC-MFIs and non-NBFC MFIs) for on-lending to ultimate borrowers were earlier considered as eligible institutions for refinance support from MUDRA. Under this, several smaller MFIs, who are generally not eligible to draw refinance support from financial institutions on account of their small scale of operations, could avail

of assistance from MUDRA through such NBFCs. Under this mechanism, further assistance of ₹ 40 crore was sanctioned to 2 such NBFCs which are funding to small MFIs. Of which ₹ 7 crore was disbursed to Ananya Finance for Inclusive Growth Private Limited, Ahmedabad. Four small MFIs were covered out of this assistance by Ananya.

a) Refinance to NBFCs

MUDRA provides financial assistance to Asset Finance Companies (FCs) and Loan Companies (LCs) where the principal business is for financing the physical assets, providing loan and advances for income generating activity and 60% of the income should come from the productive assets. MUDRA has identified this important channel to provide greater support.

Two schemes are in operation for providing assistance to NBFCs (with asset base of > ₹ 500 crore and < ₹ 500 crore) at concessional rate of interest.

Further, MUDRA adopted a unique feature of financial intermediation while extending assistance to NBFCs. NBFCs extending loan / resource support to MFIs (both NBFC-MFIs and non-NBFC MFIs) for on lending to ultimate borrowers have been considered as eligible institutions for refinance support from MUDRA. Under this, several smaller MFIs, who are generally not eligible to draw refinance support from financial institutions

on account of their small scale of operations, can avail assistance from MUDRA through NBFCs.

During the year, Refinance assistance aggregating to ₹ 1,005 crore was disbursed to NBFCs as against ₹ 399 crore disbursed in FY 2016-17.

b) Securitisation - MUDRA's operations

MUDRA is also engaged in purchasing Pass Through Certificates in respect of deals originated by MFIs and NBFCs with a view to augment their flow of funds as also reduce capital requirement for building their portfolios.

MUDRA, like other private sector banks (including foreign banks), prefers PTCs over the direct sale route because of higher regulatory diligence and credit enhancement. The removal of dividend distribution tax on PTCs, announced in Union Budget 2016-17, made yields more attractive. Besides, PTCs are the only securitisation route available to mutual funds, bank treasuries, and non-banking financial companies which wants to sell securities.

Most of the NBFCs/MFIs having eligible loan up to ₹ 10 lakh do not enjoy very high credit rating. MUDRA supports these primary institutions by subscribing to the 'Pass Through Certificates' (PTCs), supported by sufficient cash collateral which substantially enhances the credit rating of these PTCs,

which is often higher than the standalone credit rating of the originator. While this helps MUDRA in subscribing to these PTCs having higher than the investment grade rating, it also helps the originator to raise resources at lower cost. PTC route not only enables the originators to unlock their capital, but also on-lend to ultimate borrowers at much lower price and hence ultimate beneficiary gets cheaper funds.

Since FY 2015-16 till FY 2017-2018, MUDRA has subscribed to 23 PTC deals, out of the same, during FY 2017-18, MUDRA subscribed to 17 such PTC deals. During FY 2017-18, these PTCs were originated by 14 institutions, mostly MFIs. The total underlying borrowers aggregating in the 17 PTC deals in FY 2018 were 3.65 lakh. MUDRA's subscription in FY 2017-2018 aggregates to ₹ 704.07 crore. The outstanding amount of PTCs went up from ₹ 15.58 crore as on March 31, 2017 to ₹ 482.88 crore as on March 31, 2018.

At the industry level, Securitisation of micro loans was temporarily impacted by the demonetisation event that occurred in November 2016. However, it witnessed a growth of 135% in FY 2017-18 (Volume: ₹ 8120 crore) as compared to FY 2016-17 (Volume: ₹ 3,456 crore) mainly because of improvement in collection efficiency.



Most of the NBFCs/MFIs having eligible loan upto ₹ 10 lakh do not enjoy very high credit rating. MUDRA support these primary institutions by subscribing to the 'Pass Through Certificates' (PTCs), supported by sufficient cash collateral which substantially enhances the credit rating of these PTCs.

Resources

MUDRA Refinance Corpus Fund of ₹ 20,000 crore allocated by RBI now stands increased to ₹ 30,000 crore on account of additional allocation of ₹ 10,000 crore during the financial year. Out of the said Fund, MUDRA has drawn ₹ 15,000 crore in 6 tranches. The share capital contributed by SIDBI stands at ₹ 1,675.93 crore.

Monitoring of PMMY

For effective monitoring of PMMY, a dedicated portal is being maintained by MUDRA for capturing weekly data on the performance of various institutions under PMMY. The Portal also captures district level disaggregated data giving number of loan accounts and category-wise borrowers; NPA

position and a module for online boarding of success stories of PMMY. The data is used for analysis and monitoring the progress under PMMY, both at State and Central Government level.

Credit Guarantee Fund for Micro Units

Credit Guarantee Fund for Micro Units (CGFMU), is being operated by National Credit Guarantee Trust Corporation (NCGTC). So far, ₹ 2,800 crore have been received by NCGTC out of the ₹ 3,000 crore CGFMU Corpus allocated by Gol. 55-Member Lending Institutions (MLIs) are registered with the Trust. So far, the guarantee has been issued in respect of 29,38,116 loan accounts, covering an amount of ₹ 39,882.94 crore.





MUDRA Loan accessibility through "udyamimitra .in"

A universal enterprise loan portal www.udyamimitra.in has been designed by SIDBI with thrust on SUI, MUDRA & MSME enterprise loans. The portal is helping entrepreneurs to access credit and handholding services through a variety of agencies.

As on August 01, 2018, the portal witnessed registration of 1,72,814



The guarantee has been issued in respect of 29,38,116 loan accounts, covering an amount of ₹39,882.94 crore.

aspirants followed by 34,327 online loan applications. (Out of these, MUDRA aspirants lodging online application from almost all parts of the country are 18,487).

Human Resources Development

As on March 31, 2018, MUDRA had on its rolls 14 officers on deputation from SIDBI/NABARD, one Company Secretary (off roll) and 5 Associates (off roll).

MUDRA has been focussing on continuous grooming of its staff. During the year, 4 senior officials were deputed for overseas training in Germany, Italy and UK, in the areas of microfinance, microenterprise development and risk management. One official was also sent on an exposure

trip to Thailand, organised by BIRD, Lucknow. In addition, staff members were nominated for various inland trainings/workshops conducted/organised by reputed national institutions within the country.

Other Initiatives

Interactive meet with NBFCs

An interactive meet with NBFCs was organised on April 7, 2017 at MCA, Mumbai to discuss about the ways for making NBFCs to become an integral part of the larger financial inclusion with an objective to make NBFC as alternate sources of finance and also to identify the gaps in financial products and services available to the NBFCs.

Three Years of Pradhan Mantri Mudra Yojana - Funding the unfunded



Of small businesses / micro units, only less than 5% have access to formal credit institutions and the rest have to rely upon informal sources for funding their business (friends, relatives or money lenders).

The creation of the Micro Units Development & Refinance Agency Ltd. (MUDRA) is an outcome of the launch of Pradhan Mantri Mudra Yojana (PMMY) on April 08, 2015 by the Hon'ble Prime Minister Mr. Narendra Modi. PMMY has since completed 3 years. An amount of ₹ 5.71 lakh crore has been sanctioned under the programme, benefiting nearly 12.27 crore loan accounts, in the first three years of the programme.

In India, despite having a vast banking network, there are many micro units which are outside the formal banking sector. According

to NSSO Survey (2013), there are 5.77 crore small business/micro units, mostly individual proprietorship or 'Own Account Enterprises'(OAE), and majority of them owned by people belonging to Scheduled Caste, Scheduled Tribe or Other Backward Classes (OBCs). Of these, only less than 5% have access to formal credit institutions and the rest have to rely upon informal sources for funding their business (friends, relatives or money lenders). The purpose of the launch of PMMY was to bring them under the formal credit channel, as part of the financial inclusion process.

During the first year, an amount of ₹ 1.22 lakh crore was set as the target under PMMY, against which an amount of ₹ 1.37 lakh crore was sanctioned by Banks and MFIs, thereby achieving the target comfortably. During second year i.e. FY 2016-17, the target set was at ₹ 1.80 lakh crore and the same was achieved by sanctioning more than ₹ 1.80 lakh crore loan by banks, MFIs, SFBs and NBFCs. More than ₹ 2.53 lakh crore has been sanctioned in FY 2017-18 – the 3rd year of operations, as against target of ₹ 2.44 lakh crore. MUDRA as a support institution extended refinance to the lending institutions and monitored the programme closely with the help of a dedicated portal developed for the purpose.

GOI also notified the constitution of Credit Guarantee Fund for Micro Units (CGFMU) on April 18, 2016 with ₹ 3,000 crore which is operational through NCGTC (a wholly-owned company of Government of India, constituted under the Companies Act, 1956 (2013)) 55 MLIs registered and MLIs have transacted on SURGE for CGFMU Guarantee. The guarantee has been issued in respect of 29,38,116 loan accounts, covering an amount of ₹ 39,882.94 crore.

Analysis of the performance of PMMY during FY 2017-18

Agency-wise Achievement

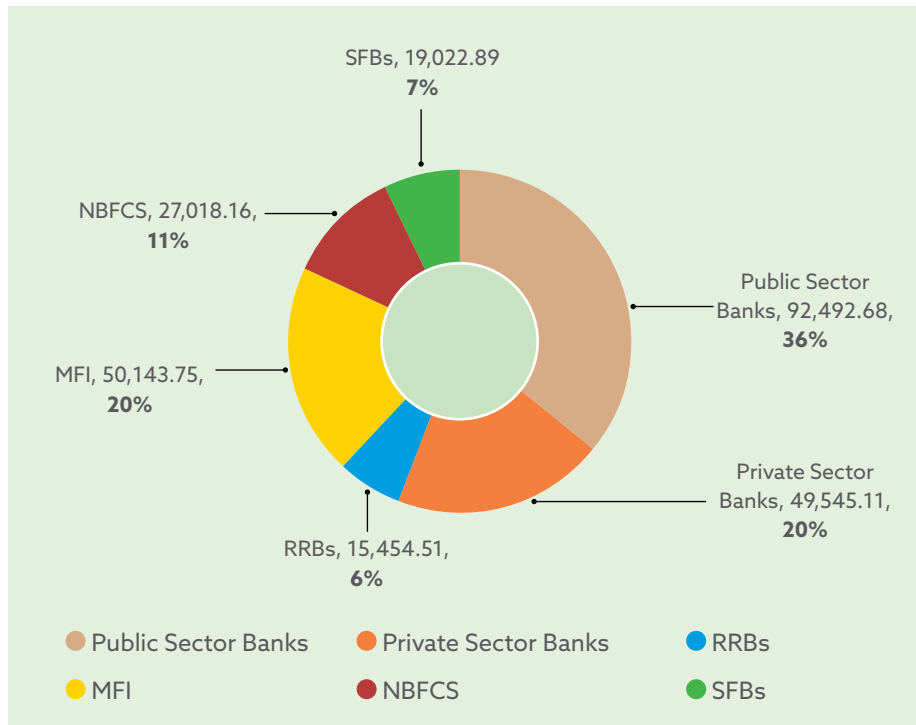
The target set for FY 2017-18, under PMMY was at ₹ 2.44 lakh crore, which was distributed among the banks and MFIs, which in turn distributed it further into State-wise and branch-wise targets. The agency-wise performance against their overall target for the year is as under:

Table 1: Agency-wise performance

Agency	Target	Sanction Amt.	Sanction Amt.	Growth
	2017-18	2017-18	2016-17	%
Public Sector Banks[#]	94,495	92,492.68 (98%)	71,953.67	29%
Private Sector Banks^{\$}	47,150	49,545.11 (105%)	39,042.60	27%
RRBs	18,255	15,454.51 (85%)	12,009.52	29%
SFBs	17,250	19,022.89 (110%)	6,729.01	183%
MFIs[@]	57,800	50,143.75 (87%)	45,338.22	11%
NBFCs	9,050	27,018.16 (299%)	5,455.53	396%
Total	2,44,000	2,53,677.10 (104%)	1,80,528.55	41 %

Note: The figures in the parenthesis indicates the percentage achievement over targets.
[#] - including SBI and its associates; ^{\$} - including Foreign Banks; [@] - includes NBFC-MFIs, Non-NBFC-MFIs

Percentage Share of Sanction amount by different Lending institutions under PMMY



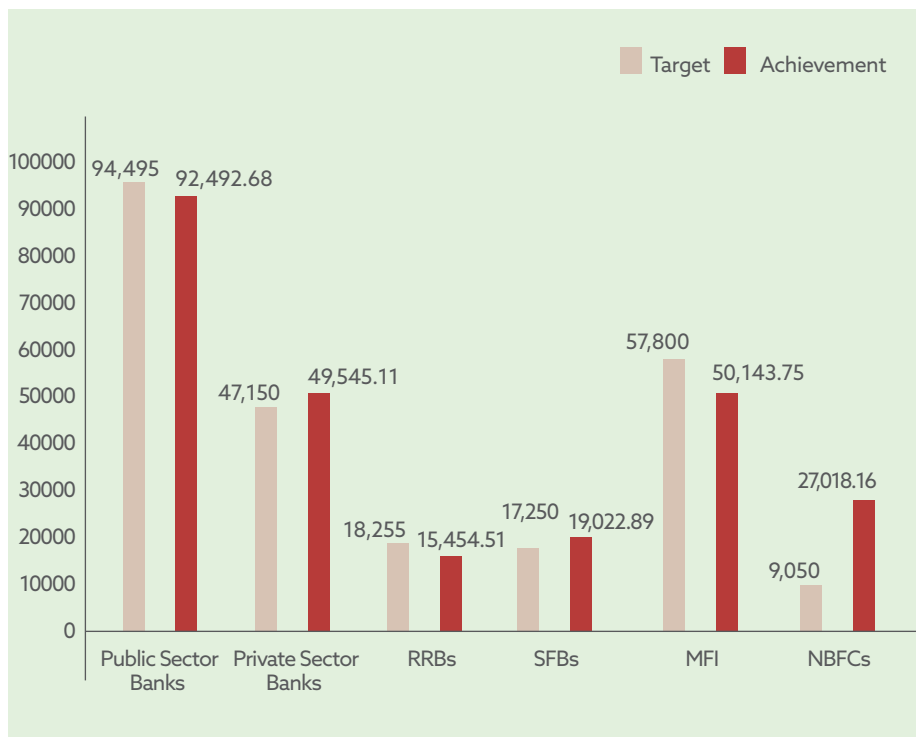
The achievement data indicate a 41% growth over previous year in the overall performance of the programme by all the institutions. While the growth in respect of Public Sector Banks is at 29%, the same increased significantly by 27% for Private sector Banks. The growth of RRBs was at a 29%.

The achievement data indicate a 41% growth over previous year in the overall performance of the programme by all the institutions. While the growth in respect of Public Sector Banks is at 29%, the same increased significantly by 27% for Private sector Banks. The growth of RRBs was at 29%.

Among the Public Sector Banks, State Bank of India with ₹ 28,791 crore sanction for 14.10 lakh accounts topped the table. SBI was followed by Canara Bank and Punjab National Bank with ₹ 7,665 crore sanction and ₹ 6,838 crore sanction respectively.

The private sector banks also performed very well with a sanction of ₹ 49,545.11 crore during the year, recording 27% growth. The Bandhan Bank, which topped the list with ₹ 17,657.36 crore sanction,

Target vs Achievement in FY 2017-18



which is more than one-third of the share of the private sector banks. The other major contributors in the private sector banks category are HDFC Bank with ₹ 6,621.41 crore, IndusInd Bank with ₹ 5,997.20 crore and ICICI Bank with ₹ 5,518.85 crore.

Performance of the Micro Finance Institutions also improved by 11% during FY 2017-18. MFIs sanctioned a total Loan amount of ₹ 50,143.75 crore to 2.19 crore Borrowers. Bharat Financial Inclusion Limited is the leading Microfinance Institution with a sanction amount of ₹ 13,682.24 crore to more than 65 lakh loan accounts.

The Regional Rural Banks sanctioned ₹ 15,454.51 crore under PMMY during the year and their share was only about 6%. Among these banks, two banks viz. Pragathi Krishna Gramin Bank

with ₹ 2,426 crore and Kerala Gramin Bank with ₹ 2,270 crore were the major contributors. Karnataka Vikas Grameen Bank sanctioned ₹ 806 crore, which was followed by Andhra Pragathi Grameen Bank with sanction of ₹ 750 crore.

Non-Banking Financial Companies also emerged as the major contributor to Pradhan Mantri MUDRA Yojana with a total sanction of ₹ 27,018.16 crore (11% of the total sanction amount).

Small Finance Banks achieved 110% of its Target. During the year SFBs sanctioned a total amount of ₹ 19,023 crore to 64.30 lakh Loan accounts. AU Small Finance Bank is the top Institution among SFBs with a sanction amount of ₹ 4,614.40 crore to 1.17 lakh Borrowers.



Non Banking Financial Companies also emerged as the major contributor to Pradhan Mantri MUDRA Yojana with a total sanction of ₹ 27,018.16 crore (11% of the Total sanction amount).



 **Top ten States**



*Map not to scale. For illustrative purposes only.



Growth in Rajasthan is mainly coming from improved performance of Public Sector Banks while in Gujarat Private Sector Banks and NBFCs contributed significantly to growth.

State-wise Performance

The bank-wise/agency-wise targets were further distributed state-wise by the respective banks based on their network and potential to lend. The state level performance was monitored by SLBC. Of all the States, Tamilnadu topped with ₹ 25,331.68 crore sanction, closely followed by Karnataka with ₹ 23,009.73 crore and Maharashtra stood at third with ₹ 22,751.40 crore. Following Top ten states, have contributed 71% of total sanctions in in FY 2017-18 and performance along with their comparative position in sanctions during the previous year is as under:

Table 7: Performance of top 10 states

(₹ in crore)				
Name of the State	Target (2017-18)	Sanction Amt. (2017-18)	Sanction Amt. (2016-17)	Growth (%)
Tamil Nadu	23,083.75	25,331.68	18,052.68	40%
Karnataka	22,049.76	23,009.73	18,002.55	28%
Maharashtra	22,242.92	22,751.40	17,286.66	32%
Uttar Pradesh	21,592.85	22,077.89	15,282.61	44%
West Bengal	18,871.92	20,552.19	15,695.01	31%
Bihar	17,190.56	15,919.40	12,190.60	31%
Madhya Pradesh	14,672.07	14,886.15	10,506.45	42%
Rajasthan	11,815.11	13,862.55	9,024.71	54%
Gujarat	11,505.73	11,386.52	7,781.94	46%
Odisha	11,290.08	11,558.91	7,891.34	46%



Among the states, Rajasthan, Gujarat and Odisha have shown significant growth of more than 45% in FY 2017-18.

District-wise Performance

Portal also captured District-wise performance of PMMY. Almost all the agencies reported the district-wise performance. A few agencies which could not provide district-wise break-up were grouped together as others under the respective states. The top 10 districts under PMMY performance are as under:

Table 8: District-wise performance

District Name	FY 2017-18		
	No. of A/Cs	Sanction Amt. (₹ in crore)	Share of the Total account sanctioned
Bangalore urban	3,49,316	2,364.97	0.73%
Pune	2,60,677	2,347.64	0.54%
Hyderabad	5,56,560	2,247.66	1.16%
North 24 Parganas	5,17,221	2,025.33	1.07%
Jaipur	1,69,936	1,739.44	0.35%
Ahmedabad	2,34,055	1,710.09	0.49%
Bardhaman	4,11,638	1,681.84	0.86%
Belgaum	2,96,321	1,654.75	0.62%
Kolkata	3,01,494	1,599.94	0.63%
Patna	3,11,119	1,541.26	0.65%
Total	34,08,337	18,912.92	7.08%



These 10 districts formed 7.08% share in the total sanction during the year. Better performance of these districts were due to they being urban centres with large potentials of small business activities and also there being large number of financial outlets to serve them.

Regional analysis

The targets were divided into five regions based on their geography and the distribution of PMMY loan sanctioned during the year is compared and given below:

Table 9: Region-wise distribution of PMMY

State Name	No. of A/Cs 2017-18	Sanction Amt. 2017-18	No of A/Cs 2016-17	Sanction Amt 2016-17	Growth(%) Sanction Amt.
North	84,64,083 (18%)	60,535.36 (24)	66,67,731 (17)	41,884.86 (23)	45%
East	1,27,64,868 (27)	48,744.33 (19)	1,28,38,524 (32)	43,115.35 (24)	13%
North East	43,95,809 (8%)	18,553.8 (7)	15,99,339 (4)	6,650.34 (4)	179%
South	1,44,64,973 (30)	76,259.92 (30)	1,14,30,144 (29)	52,876.65 (29)	44%
West	80,40,860 (17)	49,583.68 (20)	71,65,309 (18)	36,001.35 (20)	38%
	4,81,30,593	2,53,677.1	3,97,01,047	1,80,528.54	

Note: Figures in parenthesis indicate the share in percentage.

For the purpose of dividing the states, the following pattern was prepared.

North East:

Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura

East :

Odisha, West Bengal, Bihar, Jharkhand, Chhattisgarh

West: Dadra & Nagar Haveli, Daman & Diu, Gujarat, Goa, Madhya Pradesh, Maharashtra

South:

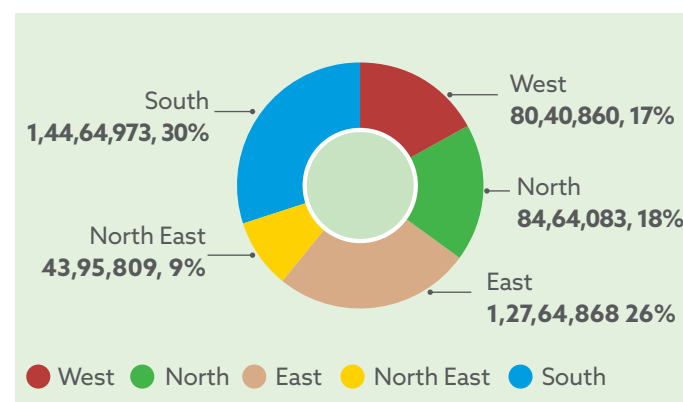
Karnataka, Kerala, Puducherry, Tamil Nadu, Telangana, Andhra Pradesh, Andaman & Nicobar, Lakshadweep

North:

Chandigarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Delhi, Uttar Pradesh, Uttarakhand, Punjab and Rajasthan

From the analysis, it can be seen that while in terms of number of accounts, East & NE region topped, with almost 35% of the total number of loan accounts sanctioned, but their share in terms of loan amount was around 27%, lower than 30% of southern region. The share of number of accounts and sanction amount is lowest in the western region.

Number of accounts region-wise for FY 2017-18





Loan Category Analysis

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

Table 10: Category-wise analysis of PMMY scheme

(₹ in crore)

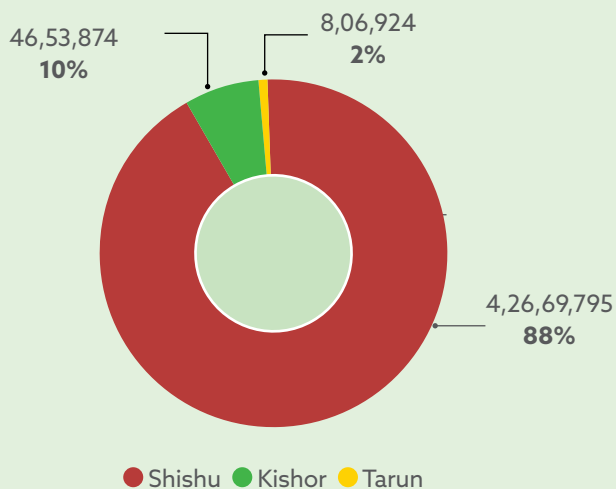
Category	No. of loan accounts (2017-18)	Sanction Amt. (2017-18)	Sanction Amt. (2016-17)	% change
Shishu	4,26,69,795 (88.65%)	1,06,001.6 (41.78%)	85,100.74 (47.13%)	24.56%
Kishor	46,53,874 (9.67%)	86,732.15 (34.19)	53,545.14 (29.66%)	61.97%
Tarun	8,06,924 (1.68%)	60,943.36 (24.02)	41,882.66 (23.20%)	45.50%
Total	4,81,30,593	2,53,677.11	1,80,528.54	



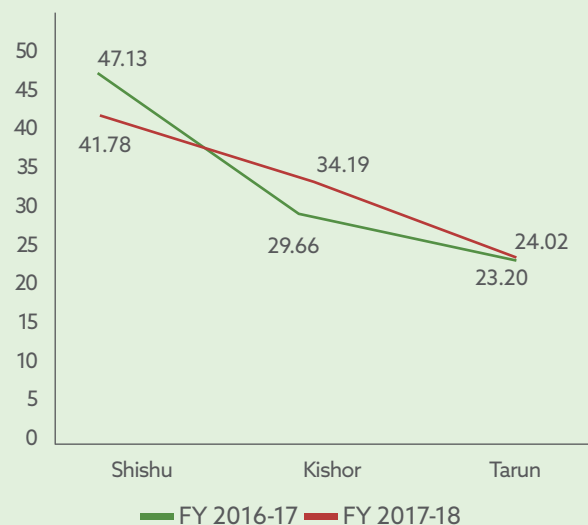
Among the three categories, Shishu loan had the highest share of 88.65% in terms of number of accounts. In terms of sanction amount, Shishu was 41.78 %, followed by Kishore at 34.19% and Tarun at 24.02 %.

Among the three categories, Shishu loan had the highest share of 88.65% in terms of number of accounts and which was followed by Kishor and Tarun. The share of Kishor loan accounts increased to 9.67% in FY 2017-18 compared to 6.71% in FY 2016-17. Share of Tarun loan also increased slightly.

Number of accounts Scheme Wise Distribution



Comparison of Share Percentage of Different Schemes for FY 2016-17 and FY 2017-18 in terms of Sanction amount.



Assistance to less privileged sections

The share of sub categories of borrowers like SC, ST, OBC, Women and minority under different schemes of PMMY was analysed and is given below. Further, the share of new loan accounts sanctioned under programme during FY 2016-17 is also given in the following table:

Table 11: Sub categories of borrowers (FY 2017-18)

(₹ in crore)

Category	SHISHU		KISHOR		TARUN		TOTAL	
	No Of A/Cs	Amount sanctioned	No Of A/Cs	Amount sanctioned	No Of A/Cs	Amount sanctioned	No Of A/Cs	Amount sanctioned
General	1,79,11,238	47,171.25	32,83,034	66,477.31	7,12,207	53,976.53	2,19,06,479 (45.51%)	167,625.09
SC	81,86,001	19,462.62	3,07,214	3,976.79	12,946	939	85,06,161 (17.67%)	24,378.41
ST	24,18,131	5,616.06	1,12,795	1,794.64	8,381	589.71	25,39,307 (5.28%)	8,000.41
OBC	1,41,54,425	33,751.67	9,50,831	14,483.42	73,390	5,438.1	1,51,78,646 (31.54%)	53,673.18
Total of the above	4,26,69,795	1,06,001.6	46,53,874	86,732.16	8,06,924	60,943.34	4,81,30,593	2,53,677.1
Woman	3,21,44,132	8,03,71.59	13,35,192	16,586.84	78,914	6,295.7	3,35,58,238 (69.72%)	1,03,254.12
New Loan Accounts	1,00,47,673	22,622.86	21,05,072	44,042.84	4,06,582	30,783.01	1,25,59,327 (26.09%)	97,448.7
Minority	46,97,008	12,319.63	5,20,750	7,826.62	52,337	3,945.53	52,70,095 (10.95%)	24,091.77

Note: Figures in parenthesis indicate the share in percentage.

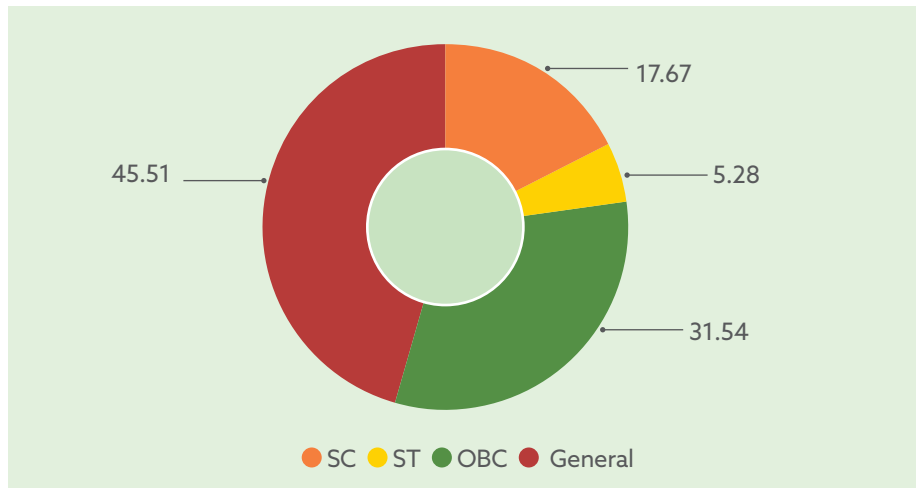


In terms of number of accounts, the share of women borrowers was about 70% whereas SC/ST/OBC constituted about 55%.

40% of loan amount sanctioned was the share of women borrowers in total loan amount sanctioned. The share of women in the Shishu category is at 75%, in terms of number of accounts under Shishu, and it formed 95.78% of the loan accounts of women borrowers. This is mainly due to the high share of MFIs in Shishu loans, where women are the major beneficiaries of micro finance loan.

The participation of the weaker sections (SC/ST/OBCs) of the society in the PMMY programme was at 55%, in terms of loan accounts, and 34% in terms of loan amount sanctioned. The share of SC, ST and OBC categories were 18%, 5% and 32%, respectively, in terms of the loan accounts sanctioned. Here again, the major portion of their share belongs to Shishu category.

Categorywise distribution of Loan accounts for FY 2017-18



The number of new loan accounts during the FY 2017-18 was at 26% of the total loan accounts and 38% in terms of the sanctioned amount.



The number of new loan accounts during FY 2017-18 was at 26% of the total loan accounts and 38% in terms of the sanctioned amount. There were nearly 1.25 crore new loan accounts sanctioned under PMMY during the year, which was more than 1 crore accounts sanctioned during the previous year.



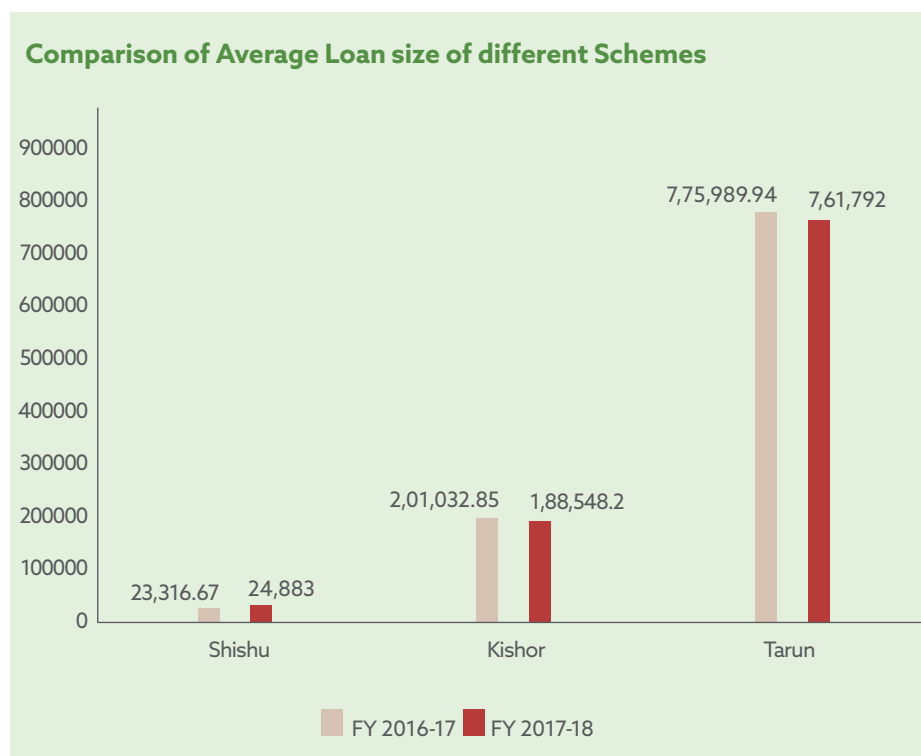
Average loan size

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

Table 11: Sub categories of borrowers (FY 2017-18)

Scheme	Amount sanctioned (₹ in crore)		No. of loan accounts		Average loan size (Amount in ₹)	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
Shishu	85,100.74	1,06,001.60	3,64,97,813	4,26,69,795	23,316.67	24,883
Kishor	53,545.14	86,732.16	26,63,502	46,53,874	2,01,032.85	1,88,548.20
Tarun	41,882.66	60,943.34	5,39,732	8,06,924	7,75,989.94	7,61,792
Total	1,80,528.54	2,53,677.1	3,97,01,047	4,81,30,593	> 45,472	52,739

The average loan size under PMMY during FY 2017-18 increased to ₹ 52,739 crore as against ₹ 45,472 crore in the previous year. Similarly, the average loan size under shishu category at ₹ 24,883 crore has been marginally higher than that of ₹ 23,316.67 crore in the previous year. There is a decrease in average loan size under Kishor and Tarun Category. Change in the average loan size under Shishu, Kishor and Tarun in FY 2017-18 with respect to FY 2016-17 is shown in the chart below:





MUDRA card

MUDRA card, is a Rupay debit card issued against working capital limits under PMMY. About 5.17 lakh cards for ₹ 1,477 crore issued during the first year. Further, 1.84 lakh cards for ₹ 1,564.61 crore issued during FY 2017. During FY 2017-18, 1.52 lakh cards were issued for an amount of ₹ 1,481.43 crore.

Since the cards issued during a year are applicable in the next year also, the number of cards reported seems to relate to only new cards issued during the year, which is in addition to the existing cards, thereby taking the total number of MUDRA Card in use to over 8 Lakh cards.

NPA under PMMY

MUDRA Loans remain mostly unaffected by increasing number of bad loans in PMMY. While Gross NPA in India across all sectors crossed 10% in FY 2017-18, NPA level under PMMY is only 5.38% as on March 31, 2018.

Conclusion

Thus, Pradhan Mantri Mudra Yojana (PMMY) continues to be a major initiative of the Government of India providing credit to millions of unfunded micro units in the country. The programme has benefited 12.27 crore loan accounts with a sanction of nearly ₹ 5.71 lakh crore in the last three years. It has also resulted in benefiting about 3.50 crore new loan accounts/entrepreneurs, thereby providing employment to a large number of people across the country.

MUDRA loans registered an NPA of 5.38% as on March 31, 2018.



Interaction of PMMY Borrowers - with Hon'ble Prime Minister on April 11, 2018

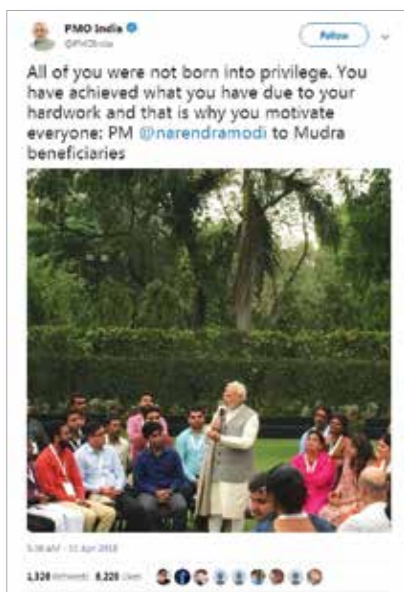
The Prime Minister appreciated the efforts of the entrepreneurs who have made good use of the Mudra Loans. He said that 11 crore people have so far benefited from the Pradhan Mantri Mudra Yojana.





Interaction of PMMY Borrowers - with Hon'ble Prime Minister on April 11, 2018

During the informal interaction with Shri Narendra Modi, many of the beneficiaries explained how their lives had improved through the use of the Mudra loans sanctioned to them.





Interaction of PMMY Borrowers - with Hon'ble Vice President on April 10, 2018



Interaction of PMMY Borrowers - with Hon'ble Minister MSME on April 11, 2018



MUDRA Activities



Unleashing the power of Pradhan Mantri Mudra Yojana, creating jobs & entrepreneurship on May 23, 2018



Directors' Report

Dear Members,

Your directors take pleasure in presenting the 3rd Annual Report on the business and operations of **Micro Units Development & Refinance Agency Ltd (MUDRA)** for the financial year (FY) ended 31st March, 2018. The Audited Financial Statements, the Auditors' Report and the Report of the Comptroller & Auditor General of India on the Accounts for FY 2017-18 are also attached.

Impact of your Company

Your Company continued its special programme in extending the refinance assistance to MFIs. Earlier, as per the directions of the Reserve Bank of India (RBI), your Company was charging a minimum interest of 9.45% (floor rate equivalent to the average base rate of the five largest public sector banks) as its refinance rate for microfinance institutions (MFIs) based on their credit rating. The floor rate has since been removed, and your Company has reduced its refinance rate for MFIs to 6.85% (from 9.45%) irrespective of the credit rating. This will, in turn, reduce the interest rate charged by MFIs from their clients.

Realising the importance of non-banking finance companies (NBFCs) in extending funding to the unfunded segments of the micro and small enterprises (MSE) sector, the Union Finance Minister, while presenting the Union Budget for FY 2018-19, made a special mention of NBFCs and said they can be very powerful vehicles for delivering loans under the MUDRA scheme. Hence, the Budget said the refinancing policy and eligibility criteria set by the scheme will be reviewed to improve refinancing of NBFCs.

NBFCs extending loan / resource support to microfinance institutions (MFIs; both NBFC-MFIs and non-NBFC MFIs) for on-lending to ultimate borrowers were earlier considered as eligible institutions for refinance support from your Company. Under this, several smaller MFIs, which are generally not eligible to draw refinance support from financial institutions

on account of their small scale of operations, could avail of assistance from your Company through such NBFCs. Under this mechanism, further assistance of ₹ 40 crore was sanctioned to two such NBFCs funding small MFIs.

Impact of Pradhan Mantri MUDRA Yojana (PMMY)

The share of special category of borrowers – SC, ST, OBC, women and minority – under different schemes of PMMY continues to be significant in FY 2017-18. The share of women borrowers in the total loan amount sanctioned currently stands at 40%.

The participation of the under-privileged sections (SC/ST/OBCs) of the society in the PMMY programme was 55% in terms of number of loan accounts, and 34% in terms of loan amount sanctioned. The share of SC, ST and OBC categories were 18%, 5% and 32%, respectively, in terms of number of loan accounts sanctioned.

The Minority category of borrowers accounted for 11% and 10%, respectively, in terms of number of accounts and amount share in FY 2017-18.

The number of new loan accounts during the FY 2017-18 was 26% of the total loan accounts and 38% of the sanctioned amount. There were nearly 1.25 crore new loan accounts sanctioned under PMMY during FY 2017-18.

Further, with a view to assess the impact of PMMY since inception, your Company will undertake a Longitudinal Impact Study of PMMY through a specialised agency in FY 2018-19.

FINANCIAL RESULTS

Your Company's revenue from operations increased 70% from ₹ 286.08 crore to ₹ 484.95 crore in FY 2017-18. Total income rose 50% from ₹ 535.08 crore to ₹ 803.46 crore, while profit after tax was up 47% to ₹ 158.22 crore against ₹ 107.84 crore in FY 2016-17. The highlights of the financial results are presented in Table 1.

Table 1: Financial Results Highlights, FY 2017–2018

	(₹ crore)	
Particulars	2016–17	2017–18
Revenue from operations	286.08	484.95
Other income	249.00	319.01
(A) Total income	535.08	803.46
Employee benefit expenses	3.98	7.13
Finance costs	343.65	514.84
Depreciation expense	0.05	0.07
Provisions & write-off	11.67	20.82
Other expenses	3.40	7.81
(B) Total expenses	362.75	550.68
Profit before tax (A-B)	172.33	252.77
(C) Total tax expenses	64.49	94.55
Profit for the year	107.84	158.22
Dividend @	13.41	20.95
Dividend tax*	2.73	4.27
Amount transferred to general reserves	70.00	100.00
Amount transferred to statutory reserves	21.57	31.64
Surplus	21.26	29.70
Earnings per share(₹)	0.80	0.94

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

* To be paid after the AGM

APPROPRIATIONS

Transfer to Statutory Reserves

Your Company is registered as a non-deposit taking, non-banking financial institution (NDSI-NBFC) under the provisions of Section 45IA of the Reserve Bank of India Act, 1934. An amount of ₹ 31.64 crore, or 20% of the net profit, has been transferred to Statutory Reserves as stipulated under Section 45IC of the Act.

Transfer to General Reserves

An amount of ₹ 100 crore has been transferred to General Reserves as proposed by the Board of Directors at its meeting held on May 11, 2018, in accordance with requirement under Section 123 (1) of the Companies Act, 2013.

Dividend

Your Directors have recommended first and final dividend of ₹ 0.125 per equity share (of ₹ 10 face value) (compared with ₹ 0.10 per share in FY 2016-17) on a pro rata basis, for FY 2017-18. The proposal is

subject to the approval of shareholders at the ensuing third 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, 2018.

SHARE CAPITAL

Your Company's paid-up equity share capital stood at ₹ 1675.93 crore as on 31st March, 2018, comprising 167.59 crore equity shares of ₹ 10 each, fully subscribed by SIDBI.

CAPITAL ADEQUACY

Your Company's capital adequacy ratio was 45.18 % as on 31st March, 2018, 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 2017-18, and shall not do so without prior approval of the RBI.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186(11) (a) 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 current and non-current investments are furnished under Note 10 forming part of the financial statements for FY 2017-18.

RELATED-PARTY TRANSACTIONS

Related-party transactions as disclosed in Note 24 of the audited financial statements, entered into during FY 2017-18, 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.

HIGHLIGHTS OF ACTIVITIES

OPERATIONS - REFINANCE

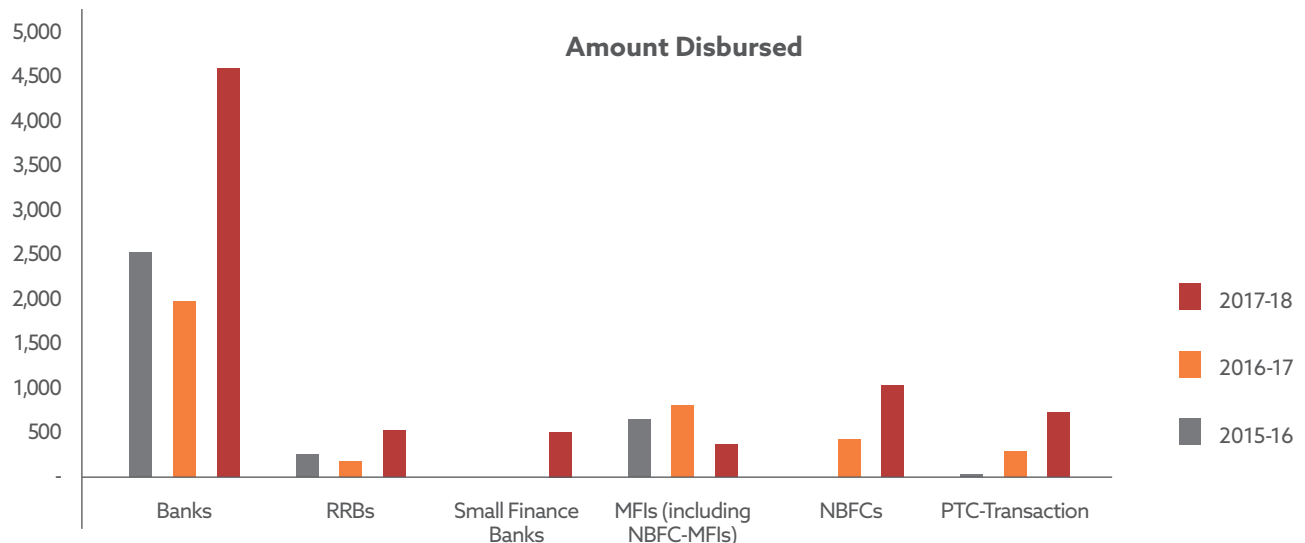
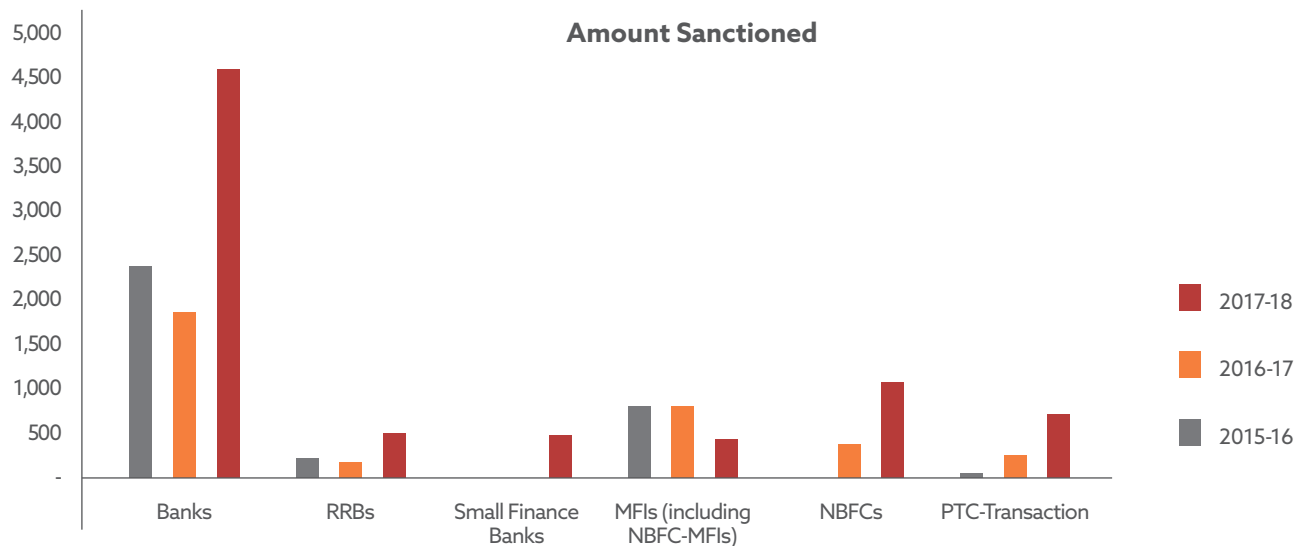
Your Company has seen significant growth in terms of refinance operations in FY 2017-18. Your Company has so far enrolled 200 institutions, including 93 banks (21 public sector banks, 18 private sector banks, 36

regional rural banks, and 15 state/urban cooperatives banks), 72 MFIs, 32 NBFCs and 6 small finance banks (SFBs) for refinancing against their lending to micro enterprises.

In FY 2017-18, your Company sanctioned ₹ 7,977.90 crore to 17 banks, 1 SFB, 18 MFIs and 7 NBFCs. Of this, ₹ 7,501.05 crore was disbursed, marking a growth of 213% over the ₹ 3,525.94 crore disbursed in FY 2016-17 and a target of ₹ 6,050 crore for FY 2017-18.

Disbursements under the MFI category declined because many of them had transformed into SFBs, and accordingly, there was growth in disbursements to SFBs.

Sanction & Disbursements (₹ crore)



Securitisation

Your Company participated in securitisation transactions originated by NBFCs/ NBFC-MFIs – as a way to extend funds to them – by subscribing to pass-through certificates (PTCs) issued on loan receivables by their special purpose vehicles.

Starting off with one deal in FY 2015-16, your Company has subscribed to 23 PTCs till FY 2017-18. The year also saw your Company starting to structure individual PTC deals directly. Your Company also subscribed to PTCs whereby small originating MFIs leveraged this form of funding for the first time. During FY 2017-18, 18 PTCs worth ₹ 704.07 crore were subscribed to by your Company compared with ₹ 271.42 crore in FY 2017, marking a growth of 160% and taking the cumulative subscription to ₹ 1,025.44 crore.

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 enterprises engaged in the manufacturing, trading and services sectors. The Department of Financial Services, Government of India (GoI), vide letter dated June 23, 2016, had earlier advised to include loans extended for agri-allied activities under PMMY. Further, purchase of tractors & power tillers have been included in the loans extended for agri-allied activities under PMMY.

An overdraft amount of ₹ 5,000 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 loan from ₹ 50,000 to ₹ 5 lakh, and
- Tarun for loan from ₹ 5 lakh 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 in agency-wise, state-wise and district-wise formats. The Department of Financial Services (DFS), GoI, and MUDRA review progress on this regularly. The portal was updated in FY 2017-18 to capture the following types of data:

- Industry/ Sector-wise data
- Urban-rural classification of data
- Employment generation under PMMY, and
- NPA position under PMMY

PRADHAN MANTRI MUDRA YOJANA (PMMY) DURING 2017-18

Total sanctions and disbursements under PMMY by banks, NBFCs and MFIs during FY 2017-18 stood at ₹ 2,53,677.10 crore and ₹ 2,46,437.39 crore, respectively, well above the target of ₹ 2,44,000 crore set by the GoI. More than 4.81 crore micro borrowers 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 2017-18 and cumulative for 3 years.

Category	2017-18			Cumulative for 3 years		
	No. of Accounts	Amount sanctioned	Amount disbursed	No. of Accounts	Amount sanctioned	Amount disbursed
Shishu	4,266,9795	106,001.6	104,228.05	1,115,68,654	253,997.3	250,147.6
Kishore	4,653,874	86,732.16	83,197.09	938,6837	1,833,29.85	175,333.5
Tarun	806,924	60,943.34	59,012.25	1,757,073	1,34,327.76	129,223.1
TOTAL	48,130,593	253,677.1	246,437.39	1,22,712,564	5,71,654.91	554,704.3

(₹ crore)

(₹ crore)

Category	2017-18			Cumulative for 3 years		
	No. of Accounts	Amount sanctioned	Amount disbursed	No. of Accounts	Amount sanctioned	Amount disbursed
Out of the above						
Women	3,35,58,238	103,254.12	100,170.55	9,03,33,397	265,727.35	241,610.8
New entrepreneurs	1,25,59,327	97,448.7	93,656.61	35,02,3465	232,058.79	222,538.7
SC/ST/OBC	2,62,24,114	86,052	83,686.97	6,71,25,807	204,232.91	199,163.1

(Figures in parenthesis indicate their share in the total)

Participation of women in PMMY was 69.72% in terms of loan accounts, and 40% in terms of amount sanctioned during FY 2017-18. The number of women borrowers in the Shishu category was 75%. This is mainly due to the high share of MFIs in Shishu loans, where women mostly make up the clientele.

The weaker sections of the society accounted for 55% of loan accounts, and 34% of the loan amount sanctioned. The share of SC, ST and OBC categories were 18%, 5% and 32%, respectively, in terms of loan accounts sanctioned. Here, again, the major portion of their share belongs to the Shishu category.

The minority category of borrowers accounted for 11% and 10%, respectively, of loan accounts and loan amounts, respectively.

New loan accounts stood at 26% of total loan accounts in FY 2017-18, and 38% of the total sanctioned amount. Nearly 1.25 crore new loan accounts were sanctioned under PMMY during the year, compared with 1 crore in FY 2016-17.

The MUDRA Yojana has thus helped the aspirations of many micro entrepreneurs who were otherwise outside the ambit of the formal banking system, and has addressed the problem of 'funding the unfunded' to a large extent.

MUDRA cards

The MUDRA cards scheme was launched in 2015-16 to help hassle-free financing of working capital limit of micro enterprises. MUDRA cards were issued to more than 1.52 lakh micro enterprises worth ₹ 1425.48 crore during the fiscal year 2017-18, thereby taking the cumulative number of MUDRA cards issued to over 8.53 lakh borrowers.

SECTORAL EVENTS ORGANISED BY MUDRA

Your Company organised various events for the development of micro enterprises in FY 2017-18, including:

1. An interactive meet with NBFCs in Mumbai on April 7, 2017, chaired by Secretary, MSME, Shri K K Jalan, IAS, and attended by Additional Secretary and Divisional Commissioner, MSME, Shri S N Tripathi, IAS. The Financial Inclusion Development Council (FIDC), the industry association of NBFCs, participated along with its member-NBFCs.
2. A 3-day event was organised at New Delhi on April 10-11, 2018 to commemorate the third anniversary celebrations of MUDRA/ PMMY, wherein 110 PMMY borrowers from across India were shortlisted to interact with the Hon'ble Prime Minister Shri Narendra Modi at his residence in New Delhi. He heard from them their experiences and journeys as entrepreneurs, and the impact that MUDRA loans made in their lives. Many borrowers presented Shri Modi with the products manufactured by their enterprises. Addressing the borrowers, Shri Modi said, "Mudra Yojana is a unique initiative, which pins hopes on the skills and strengths of the poor, neo-middle class and middle class. It brings out the entrepreneurial energy in our people and furthers a spirit of self-reliance among them."

The shortlisted borrowers were also invited by the Hon'ble Vice-President of India, Shri Venkaiah Naidu, at his residence in New Delhi. Shri Naidu also interacted and wished them well in their journeys of entrepreneurship.

The borrowers were also given training about Udyog Aadhar, GEM Registration, Udyami Mitra Portal, etc.

Further, MSME Minister Shri Giriraj Singh hosted a dinner where some entrepreneurs gifted their products to him.

The borrowers were also taken for sightseeing at Akshardham Temple, Delhi Haat, and other tourist attractions.

They were also given a tour of select SME Industries in New Delhi in order to understand the peculiarities in relation with the MSE business segment.

3. An event was organised at the MCA in Mumbai to explore business prospects in collaboration with leading 40 corporates titled, "Unleashing the Power of Pradhan Mantri Mudra Yojana, Creating Jobs & Entrepreneurship". The event was chaired by Shri Rajeev Kumar, Secretary, DFS, Ministry of Finance, Additional Secretary Shri Debashish Panda, IAS, Joint Secretary Shri Pankaj Jain, IAS, and top bankers like Shri Rajnish Kumar, Chairman, State Bank of India, Shri Shiv Kumar, MD, Bank of Baroda.

PARTICIPATION IN SECTORAL EVENTS

MUDRA has attended various events during FY 2017-18, such as:

- 1) Round-table discussion by Bharatiya Yuva Shakti Trust at the Rashtrapati Bhavan in New Delhi
- 2) Panel discussion on "Re-engineering Indian banking for a sustainable future" at the 9th Indian Chamber of Commerce (ICC) Banking Summit 2017 in Kolkata
- 3) Global Skill & Employment Partnership Summit 2017 in Bhopal
- 4) 3rd Bankers and SME Borrowers Meet in New Delhi
- 5) 4th SBI Banking and Economic Conclave in Mumbai

- 6) Sa-Dhan National Conference - 2017, on "Reinventing Inclusive Finance in Digital Era", in New Delhi
- 7) A Bombay Chambers of Commerce & Industry event on "Funding Opportunities for Micro Enterprises - the MUDRA Initiative" in Mumbai
- 8) The Women Leadership Summit at the Indian Chamber of Commerce in Mumbai, where banker Ms Naina Lal Kidwai and actor Yami Gautam were felicitated
- 9) Centrum Corporate Connect, an event by Centrum Wealth Management in Mumbai

CORPORATE GOVERNANCE

MEETINGS OF THE BOARD OF DIRECTORS

During FY 2017-18, 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 deputation. His remuneration is paid by his parent organisation and reimbursed by your Company.

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 2017-18 was discussed by the Nomination & Remuneration Committee and the Board at the meeting held on May 11, 2018.

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 5 senior officials were deputed for overseas training in Germany, Italy and UK, in the areas of microfinance, microenterprise development and risk management. One official was also sent on an exposure trip to Thailand, organized by BIRD, Lucknow. In addition, staff members were nominated for various inland trainings/ workshops conducted/ organised by reputed national institutions within the country.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

INDUCTIONS

The following appointments were made during the year:

- Shri Mohammad Mustafa, IAS, as Non-Executive Chairman effective August 28, 2017
- Shri Arvind Kumar Jain as Independent Director, effective February 8, 2018
- Shri Surendra Srivastava as Additional Director, effective June 22, 2018

REAPPOINTMENTS

- As per the provisions of the Companies Act, 2013, Shri Manoj Mittal, Nominee Director, and Ms Jyotsana Sitling, Non-Executive Director, retires by rotation at the ensuing AGM and, being eligible, seek reappointment. The Board has recommended their re-appointment

RETIREMENTS & RESIGNATIONS

- Ms Shalini Baghel resigned as Company Secretary effective December 11, 2017. The Company has already appointed another Company Secretary and also a Compliance Officer on a temporary basis and is in the process of appointing a regular Company Secretary
- Shri N K Maini resigned as Non-Executive Director of the Board effective February 7, 2018.
- Shri Jiji Mammen, MD & CEO, completed his tenure of three years on April 12, 2018. He has since been repatriated to NABARD
- Ms Ratna Vishwanathan has resigned as Non-Executive Director effective May 11, 2018

CHANGE IN DESIGNATION

- The Board, upon repatriation of Shri Jiji Mammen, appointed Shri Surendra Srivastava, Chief Financial Officer (CFO), as the acting MD & CEO of MUDRA effective April 13, 2018
- Your Company is in process of appointing a regular MD & CEO.

The details of the Board of Directors of your Company, and changes in directorship during FY 2017-18 are given in **Annexure I**.

COMMITTEES OF THE BOARD

As on March 31, 2018, the Board had five committees and sub-committees - Audit Committee, Nomination & Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee, and Executive 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 1**.

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.

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 2017-18 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

AUDIT REPORTS AND AUDITORS

AUDIT REPORTS

- The Auditors' Report for FY 2017-18 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 2017-18 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, P C Ghadiali & Co (chartered accountancy firm bearing registration number 103132W/W-100037), was appointed by the Comptroller and Auditor General

(CAG) of India as the Statutory Auditors of MUDRA, to conduct the audit of the FY 2017-18 also.

SECRETARIAL AUDITORS

As required under Section 204 of the Companies Act, 2013, the Board has appointed Deependra Omprakash Shukla, Practising Company Secretary to undertake secretarial audit of your Company for FY 2017-18.

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 9, 2018, to July 13, 2018. The information sought by IAAD, along with audited financial statements for FY 2017-18, was duly furnished to their office.

Based on the audit, the Office of the Principal Director of Commercial Audit, vide letter dated August 06, 2018, has issued an Audit Certificate with NIL observation. A copy of the letter is enclosed with the Audited Financial Statements.

INSPECTION BY RBI

An annual inspection of your Company's books of accounts, and other records of its financial position as on March 31, 2017, was undertaken by the Department of Non-Banking Supervision (DNBS) of the RBI from January 17, 2018, to January 31, 2018. The RBI team inspected books of accounts for FYs 2015-16 and 2016-17. Based on the Audit, the Office of the RBI, has given their report. A compliance report on the inspection duly approved by the Board has been submitted to the RBI.

INTERNAL AUDITORS

In terms of requirements under Section 139 of the Companies Act, 2013, M/s Borkar & Mazumdar, Chartered Accountants, were appointed as internal auditors of your Company for FY 2017-18.

They submitted monthly internal audits 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 2017-18, 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 did not come under the ambit of CSR norms in the first three FYs of its existence as per Para 61(g) of the ICAI's statement on Companies (Auditors' Report) Order, 2016. Now that your Company has completed 3 years of operations, it will start spending on CSR from FY 2018-19.

Hence, the disclosures as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, are not required to be made and there was no expenditure on CSR activities in FY 2017-18.

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

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 has set up a vigilance cell and follows the Central Vigilance Commissioner's guidelines under the overall supervision of the Central Vigilance Officer (CVO) of SIDBI.

The CVO 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 88 Right to Information (RTI) applications through SIDBI, under the RTI Act, 2005, inquiring

about PMMY and the MUDRA schemes. All applications were disposed of by your Company within the prescribed timeframe.

CONSERVATION OF ENERGY; FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars required under Section 134(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. However, ₹ 69.88 lakh spent towards the foreign training of MUDRA officials. The same has been covered under the TA component of KfW assistance.

TECHNOLOGY ABSORPTION

Your Company is working in a computerised environment. Although it has not developed any core technology platform, some of the existing programmes are being used for its accounts, loan management and MIS purposes. Your Company has acquired dedicated software for general ledger accounts and loan management for meeting its comprehensive needs. The software is in an advance stage of implementation. Your Company has put in place a portal 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 kinds of reports.

The district-wise data collection module was put in place during the year under review. Further, a new module for capturing NPA position has also been operationalised.

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

Further, your Company has launched its mobile applications in both Android and IOS platforms and also launched MUDRA ONLINE, a dedicated channel on YouTube.

In addition, as a part of SIDBI's Udyamimitra portal (www.udyamimitra.in), a facility has been made available to prospective borrowers for applying online to access credit from banks for MUDRA loans. The portal provides a vast marketplace for loan seekers and banks. Handholding facility has also been extended for help/support to the applicant for building capacity and other support services.

For Administration and Human Resources (HR), your Company has adopted SIDBI's applications such as HRMS, CITRIX, etc.

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 RBI; the Ministry of Corporate Affairs; and, SIDBI, 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

Chairman

Date: July 27, 2018
Place: New Delhi

Annexures to the Director's Report

Annexure I

Board of Directors as on 31 March 2018

S. No.	Name (Smt./Shri/Ms.)		Date of appointment
1.	Mohammad Mustafa, IAS	Chairman and Director, MUDRA	August 28, 2017
SIDBI Nominee			
2.	Pankaj Jain, IAS	Joint Secretary, DFS, Gol, Gol Nominee	January 28, 2016
3.	Ajay Kumar Kapur	DMD, SIDBI, SIDBI Nominee Director	March 18, 2015
4.	Manoj Mittal	DMD, SIDBI, SIDBI Nominee Director	February 22, 2017
5.	Jiji Mammen	MD & CEO, MUDRA	April 13, 2015
6.	Jyotsna Sitling, IFS	Joint Secretary, Ministry of Skill Development and Entrepreneur, Gol	June 20, 2015
Independent Directors			
7.	Pillariseti Satish	Executive Director, Sa-Dhan	November 10, 2015
8.	Ratna Viswanathan		November 10, 2015
9.	Arvind Kumar Jain		February 8, 2018

Cessation during the year 2017-18

S. No.	Name	Designation	Date of appointment	Date of cessation
1.	Pradeep Achyut Malgaonkar	CEO, NCGTC, SIDBI Nominee	May 18, 2015	August 10, 2017
2.	Dr Nachiket Madhusudan Mor	Director, Central Board of RBI	August 01, 2015	June 1, 2017
3.	Navin Kumar Maini	Non-Executive Director	August 1, 2015	February 7, 2018

Board Meetings held during the year

S. No.	Date of meeting	Board strength	No. of directors present
1	May 9, 2017	10	7
2	July 31, 2017	9	8
3	October 28, 2017	9	8
4	January 15, 2018	9	7

Board Committees of MUDRA

Audit Committee		
Name	Position	Date of appointment
Shri Pillarisetti Satish	Chairman	December 01, 2015
Shri Ajay Kumar Kapur	Member	December 01, 2015
Ms. Ratna Vishwanathan	Member	December 01, 2015

* Ms Ratna Vishwanathan has tendered her resignation w.e.f May 11, 2018

Nomination & Remuneration Committee		
Name	Position	Date of appointment
Shri Ajay Kumar Kapur	Chairman	April 07, 2015
Shri Manoj Mittal	Member	September 14, 2017
Shri Pillarisetti Satish	Member	December 01, 2015
Ms. Ratna Vishwanathan	Member	December 01, 2015

* - Nomination & Remuneration Committee was reconstituted on April 23, 2018 with Shri Pankaj Jain being appointed as the Chairman, other members remaining same except Shri Manoj Mittal.

- Ms Ratna Vishwanathan has tendered her resignation w.e.f May 11, 2018

Corporate Social Responsibility Committee		
Name	Position	Date of appointment
Shri Pillarisetti Satish	Member	January 28, 2016
Shri Jiji Mammen	Member	January 28, 2016

* Ms Jyotsna Sitling was appointed as a Member of Corporate Social Responsibility Committee as on April 23, 2018

- MD & CEO, MUDRA is designated as a member of CSR Committee, Shri Jiji Mammen, ex MD & CEO, MUDRA has been repatriated to his parent organization NABARD. The new MD & CEO whenever appointed shall be a member of the CSR Committee

Risk Management Committee		
Name	Position	Date of appointment
Shri Mohammad Mustafa	Chairman	
Shri Jiji Mammen	Member	
Shri Arvind Kumar Jain	Member	April 23, 2018
Ms Ratna Vishwanathan	Member	April 23, 2018

* Ms Ratna Vishwanathan has tendered her resignation w.e.f May 11, 2018.

- MD & CEO, MUDRA is designated as a member of Risk Management Committee, Shri Jiji Mammen, ex MD & CEO, MUDRA has been repatriated to his parent organization NABARD. The new MD & CEO whenever appointed shall be a member of the CSR Committee

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2018

[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.]
MSME Development Centre, 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'). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018 ('Audit Period') complied with the statutory provisions listed hereunder. Also the Company has proper Board-processes 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 2018 according to the provisions of:

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

*(Superseded the erstwhile Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 vide notification No.DNBR.009/ CGM (CDS)-2015 dated March 27, 2015.)

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)

During the period under review, the Company has complied with the provisions of the Act,

Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

Place: Mumbai
Date: June 20, 2018

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

Place: Mumbai
Date: June 20, 2018

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

Annexure III

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on period ended on 31 March 2018

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	MSME Development Center, 1st Floor, 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/NBFC-MFIs	6499	100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	% of shares held	Applicable Section
1	*Small Industries Development Bank of India Videocon Tower, 12th Floor, E-1, Rani Jhansi Road, Jhandewalan Extension, New Delhi 110055	N.A	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 31 March 2017]				No. of shares held at the end of the year [As on 31 March 2018]				% 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
b) Central Govt.		0	0	0	0	0	0	0	0
c) State Govt.(s)		0	0	0	0	0	0	0	0
d) Bodies Corp.		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
2) Foreign Holdings									
a) Individual		0	0	0	0	0	0	0	0
b) Body corporate		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
b) Banks/FIs		0	0	0	0	0	0	0	0
c) Central Govt.		0	0	0	0	0	0	0	0
d) State Govt.(s)		0	0	0	0	0	0	0	0
e) Venture Capital Funds		0	0	0	0	0	0	0	0
f) Insurance companies		0	0	0	0	0	0	0	0
g) FIs		0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds		0	0	0	0	0	0	0	0
i) Others (specify)		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
ii) Overseas		0	0	0	0	0	0	0	0
b) Individuals		0	6	6	0.01	0	6	6	0.01
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh		0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh		0	0	0	0	0	0	0	0

Category of shareholders	No. of shares held at the beginning of the year [As on 31 March 2017]				No. of shares held at the end of the year [As on 31 March 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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)	1675925920	6	1675925926	100	1675925920	6	1675925926	100	0

(ii) Shareholding of Promoter

S. No.	Shareholder's Name	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

S. No.	Particulars	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
	Increase (Private Placement on 11/08/2016)	-		-	
	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)

Sl. No.	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		
1	Shri S. N. Singh	1	0	31July2017	-1	0	0	
2	Shri Kailash Chander Bhanoo	1	0	31July2017	-1	0	0	
3	Shri Rabindra Kumar Das	1	0	31July2017	-1	0	0	
4	Shri Debashis Ghosh	1	0	31July2017	-1	0	0	
5	Shri Roop Kumar Sharma	1	0	31July2017	-1	0	0	
6	Shri Mukesh Kumar Pandey	1	0	31July2017	-1	0	0	
7	Shri S. N. Singh (Representative of SIDBI)	0	0	31July2017	1	0	0	
8	Shri Kailash Chander Bhanoo (Representative of SIDBI)	0	0	31July2017	1	Transfer of Shares	1	0
9	Shri Rabindra Kumar Das (Representative of SIDBI)	0	0	31July2017	1		1	0
10	Shri Debashis Ghosh (Representative of SIDBI)	0	0	31July2017	1		1	0
11	Shri Roop Kumar Sharma (Representative of SIDBI)	0	0	31July2017	1		1	0
12	Shri Mukesh Kumar Pandey (Representative of SIDBI)	0	0	31July2017	1		1	0

(v) Shareholding of Directors and Key Managerial Personnel

S. No.	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	-	-	₹ 8125,00,00,000	₹ 8125,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	₹ 906,491,543	₹ 906,491,543
Total (i+ii+iii)	-	-	₹ 8215,64,91,543	₹ 8215,64,91,543
Change in indebtedness during the financial year				
* Addition	-	-	₹ 68,75,00,00,000	₹ 68,75,00,00,000
Reduction	-	-	-	-
Net change	-	-	₹ 68,75,00,00,000	₹ 68,75,00,00,000
Indebtedness at the end of the financial year				
i) Principal amount	-	-	₹ 150,00,00,00,000	₹ 150,00,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	₹ 164,12,90,036	₹ 164,12,90,036
Total (i+ii+iii)	-	-	₹ 151,64,12,90,036	₹ 151,64,12,90,036

* 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

Sl. No.	Particulars of remuneration	Name of MD/WTD (CEO)/ Manager (2017-18)	Total amount
1	Gross salary	*Shri Jiji Mammen (MD & CEO)	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	₹ 55,05,951.00	₹ 55,05,951.00
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	₹ 7,70,785.00	₹ 7,70,785.00
	(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)	₹ 62,96,736.00	₹ 62,96,736.00
	Ceiling as per the Act		

*MD & CEO was on deputation from NABARD to MUDRA. He has been repatriated to NABARD as on April 12, 2018.

B. Remuneration to other directors

Sl. No.	Particulars of remuneration	Name of Directors			Total amount
		Shri Pillarisetti Satish	Ms. Ratna Vishwanathan	Shri Arvind Kumar Jain	
1	Fee for attending Board/ Committee meetings	₹ 160,000	₹ 60,000	₹ 10,000	₹ 2,30,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	₹ 160,000	₹ 60,000	₹ 10,000	₹ 2,30,000
2	Other Non-Executive Directors	Shri Navin Kumar Maini			
	Fee for attending board committee meetings	₹ 90,000			₹ 90,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)				₹ 90,000
	Total (B)=(1+2)				
	Total Managerial Remuneration				₹ 3,20,000
	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

Sl. No.	Particulars of remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
		Smt Shalini Baghel	Shri Surendra Srivastava	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	₹ 6,01,394	₹ 24,62,856	₹ 30,62,450
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		₹ 10,12,397	₹ 10,12,397
	(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	₹ 6,01,394	₹ 34,75,253	₹ 40,76,647

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

Chairman

Place: Mumbai
Date: July 27, 2018

Independent Auditors' Report

To the Members of Micro Units Development & Refinance Agency Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Micro Units Development & Refinance Agency Limited, Registered and Corporate Office: MSME Development Centre, C 11 G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051 ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards notified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the

accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the order under section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31,

2018, and its profit and its cash flows for the year ended on that date.

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 section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by section 143(3) and of the Act, we report that: -
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". 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, in our opinion and to the best of our information and according to the explanations given to us;
 - i) The Company does not have any pending litigations which would impact its financial position;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - 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 does not own any freehold or leasehold land and hence the revised direction regarding the availability of clear title/ lease deeds is not applicable.
 - ii) There are no cases of waiver/write off of debts/loans/interest.
 - iii) The Company is a Non-Banking Finance Company and has not dealt with any goods during the year. Therefore, there are no inventories lying with third parties. Also, no assets have been received as gift/grant(s) from the Govt. or other authorities.
 - iv) There are no cases of waiver of fees/reversal of accounted fees which was due but not received/written off.

RT Doshi

Senior Partner

Membership Number: 013458

For and on behalf of

P C Ghadiali and Co LLP

Chartered Accountants

Firm No. 103132W / W-100037

Place: New Delhi

Dated:11/05/2018

Annexure "A" to the Independent Auditor's Report

[Referred to in paragraph 1 under "Report on other Legal and Regulatory Requirements" section of our Independent Auditors Report to the Members of Micro Units Development & Refinance Agency Limited for the year ended March 31, 2018]

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- i. In respect of fixed assets:
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) No immovable properties are owned by the company. Accordingly, the provisions of clause 3 (i) (c) of Companies (Auditor's Report) Order 2016 is not applicable to the Company.
- 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. The provisions of Sec. 185 and 186 have been complied with in respect of loans, investments, guarantees and securities.
- v. The Company has not accepted any deposits from the public attracting the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under. Therefore, the provisions of Clause 3(v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- vi. The Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 to the company.
- vii. (a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues in respect of Professional Tax, Service Tax, Goods and Service Tax, Tax Deducted on Source, Income Tax and other statutory dues applicable to it.

No undisputed statutory dues payable in respect of Professional Tax, Goods and Service Tax, Tax Deducted on Source, Income Tax and other material statutory dues were outstanding as at March 31, 2018, for a period of more than six months from the date they became payable.

(b) Based on the records of the company examined by us, there are no dues of Income Tax, Goods and Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited with appropriate authorities, on account of any disputes.
- viii. According to the records of the company examined by us and the information and

- explanation given to us, the company has not defaulted in repayment of loans and borrowings to a bank or government. Company has not borrowed from a financial institution nor have they issued any debentures.
- ix. No moneys have been raised by public offer and hence point (ix) of Companies (Auditor's Report) Order, 2016 is not applicable.
- x. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year nor have we been informed of any such instance by the Management.
- xi. The Managerial Remuneration has been paid in accordance with requisite approvals mandated by the provisions of the section 197 read with Schedule V to the Companies Act, 2013.
- xii. This company is not a Nidhi Company and hence point (xii) of Companies (Auditor's Report) Order, 2016 is not applicable.
- xiii. The transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and the details have been disclosed suitably.
- xiv. As per the information and records provided to us, the requirement of section 42 of the Companies Act, 2013 have been complied with for the private placement of shares and the amount raised have been used for the purposes for which the funds were raised. The company has not made any preferential allotment or fully or partly convertible debentures during the year under review.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of section 192 of Companies Act, 2013 are not applicable.
- xvi. The company is registered and holding a Certificate of Registration (CoR) under Section 45-IA of the Reserve Bank of India Act, 1934. The company is registered with the RBI as an "NBFI without accepting Public Deposits" vide CoR No. N-14.03313 dated 6th April, 2015.

RT Doshi

Senior Partner

Membership Number: 013458

For and on behalf of

P C Ghadiali and Co LLP

Chartered Accountants

Firm No. 103132W / W-100037

Place: New Delhi

Dated: 11/05/2018

Annexure "B" to the Independent Auditors' Report

[The Annexure referred to in paragraph 2(f) under "Report on other Legal and Regulatory Requirements" section of our Independent Auditors Report to the Members of Micro Units Development & Refinance Agency Limited for the year ended March 31, 2018]

[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, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the designing, 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit

in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's 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, 2018, 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.

RT Doshi

Senior Partner

Membership Number: 013458

For and on behalf of

P C Ghadiali and Co LLP

Chartered Accountants

Firm No. 103132W / W-100037

Place: New Delhi

Dated:11/05/2018

Auditors' Report

To
Board of Directors
Micro Units Development & Refinance Agency
Limited (MUDRA)

Auditors Report pursuant to RBI Directions "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008."

1. We have audited the attached Balance Sheet of Micro Units Development & Refinance Agency Limited (MUDRA) ('the Company') as at March 31, 2018 and also the Statements of Profit and Loss and the Cash Flow Statement for the year ended as on that date annexed thereto and issued our audit opinion dated May 11, 2018 thereon. These financial statements are the responsibility of the Company's management. Our responsibility was to express an opinion on the financial statements based on our audit. Our audit was concluded in the manner specified in the audit report.
2. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, issued by the Reserve Bank of India ('RBI') and amended from time to time ('the Directions') and based on our audit referred to in paragraph 1 above and based on the information and explanations given to us which to the best of our knowledge and belief were necessary for this purpose, we report hereby under on the matters specified in paragraphs 3 and 4 of the Directions in respect of the year ended March 31, 2018.
 - (I) Management has represented to us that the company is engaged in the business of Non-Banking Financial Institution (NBFI) as defined in Section 45-IA of the Reserve Bank of India Act, 1934 ("the Act") as amended from time to time, requiring it to hold 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 CoRNo.N-14.03313 dated 6th April, 2015.
 - (II) Based on the asset and income pattern as on March 31st, 2018 determined by the management in accordance with the Audited Financial Statements and other records of the company for the year ended on that date and with reference to para 15 of the Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, as amended from time to time ("the Prudential Norms"), the company is eligible to continue to hold such CoR.
 - (III) According to the representations made by the management of the Company and based on the criteria set forth by the RBI vide Circular No.DNBS.PD,CC No. 85/03.02.089/2006-07 dated December 6, 2006 for classification of NBFC's, the Company is not an Asset Finance Company as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 as amended from time to time with reference to the business carried on by it during the financial year ended March 31, 2018.
 - (IV) The Board of Directors of MUDRA have passed a resolution in their First Meeting held that the company does not hold any Public Deposit as on the date and will not accept the same in future without the prior approval of Bank in writing.
 - (V) The company has not accepted any public deposits during the year ended March 31, 2018.

(VI) The Company has complied with, in all material respects, the prudential norms relating to income recognition, accounting standards, asset classification and provisioning on assets as applicable to it in terms of Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 as amended from time to time during the year ended March 31, 2018.

(VII) The capital adequacy ratio as disclosed in the return submitted to the RBI in Form NBS-7 for the year ended March 31, 2018 has been correctly arrived at and is in compliance with the minimum CRAR as prescribed by RBI.

We have no responsibility to update this report for events and circumstances occurring after the date of our audit report mentioned in paragraph 1 above.

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

For **P C Ghadiali and Co LLP**

Firm registration number: 103132W / W-100037

Chartered Accountants

RT Doshi

Senior Partner

Membership No. 013458

Place: New Delhi

Dated: 11/05/2018

Balance Sheet

as at March 31, 2018

Amount in ₹

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	16,759,259,260	16,759,259,260
(b) Reserves and surplus	4	3,871,676,137	2,450,898,175
		20,630,935,397	19,210,157,435
2 Non-current liabilities			
(a) Deferred tax liabilities	5	134,147	195,379
(b) Other long-term liabilities	6	150,000,000,000	81,250,000,000
		150,000,134,147	81,250,195,379
3 Current liabilities			
(a) Short term provisions	7	422,180,862	213,985,617
(b) Other current liabilities	8	1,682,466,696	912,993,267
		2,104,647,558	1,126,978,884
TOTAL		172,735,717,102	101,587,331,698
B ASSETS			
1 Non-current assets			
(a) Fixed assets	9		
i) Tangible Assets		1,478,528	1,228,018
ii) Intangible assets		331,943	305,686
(b) Non-current Investments	10	-	-
(c) Long-term loans and advances	11	61,655,151,104	35,068,828,023
		61,656,961,576	35,070,361,727
2 Current assets			
(a) Current Investments	10	8,728,941,100	17,924,398,649
(b) Cash and Bank Balances	12	56,814,092,562	21,453,449,076
(c) Short Term Loans & Advances	11	43,890,064,264	26,069,919,706
(d) Other current assets	13	1,645,657,601	1,069,202,540
		111,078,755,526	66,516,969,971
Total		172,735,717,102	101,587,331,698
See accompanying Notes forming part of the Financial Statements	1 to 44		

In terms of our report attached of even date

For P C Ghadiali and Co LLP

Chartered Accountants

Firm No.: 103132W/ W-100037

RT Doshi

Senior Partner

M. No.: 013458

For and on behalf of the Board of Directors

Ajay Kumar Kapur

Director

DIN :00108420

Manoj Mittal

Director

DIN: 02781399

Surendra Srivastava

Chief Financial Officer

Place : New Delhi

Date: 11/05/2018

Statement of Profit and Loss

for the period April 01, 2017 to March 31, 2018

Amount in ₹

Particulars	Note No.	For the period ended March 31, 2018	For the period ended March 31, 2017
1 Revenue from operations	14	4,844,458,292	2,912,946,589
2 Other income	15	3,190,105,696	2,437,873,290
3 Total revenue		8,034,563,988	5,350,819,879
4 Expenses			
(a) Employee benefit expenses	16	71,325,366	42,259,854
(b) Finance cost	17	5,148,449,597	3,436,505,569
(c) Depreciation and amortization expenses	9	737,085	521,733
(d) Other expenses	18	78,132,606	31,502,215
(e) Provisions and Write offs	19	208,195,245	116,734,720
Total expenses		5,506,839,899	3,627,524,092
5 Profit before tax		2,527,724,090	1,723,295,788
6 Tax expenses:			
(1) Current tax expense		946,908,195	642,500,000
(2) Prior Period Tax		(1,313,480)	2,299,462
(3) Deferred tax		(61,232)	126,734
Net current tax expense		945,533,483	644,926,196
7 Profit after tax for the year		1,582,190,607	1,078,369,592
8 Earnings per share (of ₹ 10/- each):	20		
(a) Basic		0.94	0.80
(b) Diluted		0.94	0.80
See accompanying Notes forming part of the Financial Statements	1 to 44		

In terms of our report attached of even date

For P C Ghadiali and Co LLP

Chartered Accountants

Firm No.: 103132W/ W-100037

RT Doshi

Senior Partner

M. No.: 013458

For and on behalf of the Board of Directors

Ajay Kumar Kapur

Director

DIN :00108420

Manoj Mittal

Director

DIN: 02781399

Surendra Srivastava

Chief Financial Officer

Place : New Delhi

Date: 11/05/2018

Cash Flow Statement

for the year ended 31st March, 2018

Amount in ₹

Particulars	For the period ended 31 March, 2018	For the period ended 31 March, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & extraordinary items	2,527,724,090	1723295788
Adjusted for :		
Interest Income from Fixed Deposits & CDs	(1,843,796,878)	(1,531,979,855)
Profit out of Mutual Funds	(1,346,201,865)	(905,892,900)
Depreciation	737,085	521,733
Provision for Standard Assets, Dividend & DDT	208,195,245	116,734,720
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(453,342,323)	(597,320,515)
Changes in Working Capital :		
Increase in Fixed Deposits (with a maturity of more than 3 months)	6,387,013,351	(17,374,018,816)
Increase in Loans & Advances	(44,406,467,639)	(28,222,227,651)
Increase in Other current assets	(554,966,130)	9,935,073
Increase in other long term liability	68,750,000,000	31,250,000,000
Increase in other current liabilities	769,473,429	889,291,715
CASH GENERATED FROM OPERATIONS	30,491,710,687	(14,044,340,195)
Taxes Paid	(967,083,646)	(717,024,418)
NET CASH FROM OPERATING ACTIVITIES	29,524,627,041	(14,761,364,612)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(1,013,853)	(1,137,635)
Increase in Investments- CDs	(614,289,650)	(604,651,450)
Increase in Investments- Corporate Deposits	(8,536,260,000)	
Interest Income from Fixed Deposits & CDs	1,843,796,878	1,531,979,855
Profit out of Mutual Funds	1,346,201,865	905,892,900
NET CASH FLOW FROM INVESTING ACTIVITIES	(5,961,564,760)	1,832,083,671

Amount in ₹

Particulars	For the period ended 31 March, 2018	For the period ended 31 March, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share capital	-	9,999,999,999
Dividend paid	(134,107,053)	(22,896,824)
Dividend Distribution Tax (DDT) paid	(27,305,591)	(4,662,032)
NET CASH FLOW FROM FINANCIAL ACTIVITIES	(161,412,644)	9,972,441,143
Net increase in Cash and Cash Equivalents	23,401,649,637	(2,956,839,798)
Cash and Cash Equivalents as on 01.04.2017	21,347,152,115	24,303,991,914
Cash and Cash Equivalents as on 31.03.2018	44,748,801,753	21,347,152,115

Note:-

Cash and cash Equivalents at the end of the year consists of Cash in hand, Current Account Balance with banks, Fixed Deposits with maturity of 3 months or less and investment in Liquid Schemes of Mutual Fund:-

Particulars	As at 31.03.2018	As at 31.03.2017
Cash in Hand	3,253	2,670
Current Account Balance with Bank	2,654,115	43,602
Mutual Funds	7,510,000,000	17,319,747,199
Fixed Deposits with Maturity of 3 months or lesser period	37,236,144,385	4,027,358,644
	44,748,801,753	21,347,152,115

In terms of our report attached of even date

For P C Ghadiali and Co LLP

Chartered Accountants

Firm No.: 103132W/ W-100037

For and on behalf of the Board of Directors

RT Doshi

Senior Partner

M. No.: 013458

Ajay Kumar Kapur

Director

DIN :00108420

Manoj Mittal

Director

DIN: 02781399

Surendra Srivastava

Chief Financial Officer

Place : New Delhi

Date: 11/05/2018

Significant Accounting Policies

1. CORPORATE INFORMATION

Existing

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.

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

Significant Accounting Policies of MUDRA

2. SIGNIFICANT ACCOUNTING POLICIES

A Basis of Preparation:

These financial statements are prepared under the historical cost convention on an accrual basis, to comply, in all material aspects, with all the applicable accounting principles in India, the applicable accounting standards notified u/s 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013. 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.

B Use of Estimates :

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized

in accordance with the requirements of the respective accounting standard.

C Revenue Recognition:

(i) Income :

- a) Interest income is accounted for on accrual basis, except where interest and / or installment of principal repayment due on Non-Performing Assets (NPA)*. Interest in respect of such loan accounts and receivable is taken credit on actual receipt basis. Interest income from Investments is accounted for on accrual basis, except income on non performing investments.

(*) An asset is classified as NPA as and when it falls under the definition given in para No.2 (XIX) vide RBI Circular No., DNBR (PD) CC. No.043 / 03.10.119 / 2015-16 dated July 01, 2015.

For the current financial year an account is classified as NPA if the period of overdue is "three months or more"

- b) Income in the Profit and Loss Account is shown Gross i.e. before provisions as per RBI guidelines.
- c) Profit or loss on sale of investment: Profit or loss on sale of investments in any category is taken to profit and loss account as Other than Operational Income.

(ii) **Expenditure:** All expenditure is accounted for on accrual basis.

D Fixed Assets, Depreciation And Amortization:

- i) Fixed assets are stated at cost of acquisition including incidental expenses. All costs

directly attributable to bringing the asset to the working condition for its intended use including financing costs are also capitalized

ii) Depreciation is provided on Straight Line Method on the basis of useful life under Schedule II to the Companies Act, 2013 are as under:

- a. Office Equipment's - 5 years
- b. Computer and hardware - 3 years
- c. Electrical installation - 10 years

iii) In respect of Computer Software and Software, the cost is amortized based on accounting standard 26 issued by ICAI are as under:

d. Computer software -3 years.

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

E Investments:

In terms of extant guidelines of the Reserve Bank of India, the entire investment portfolio is categorized as "Held to Maturity", and "Available for Sale". Investments are valued in accordance with RBI guidelines. The investments under each category are further classified as:

- i) Government Securities,
- ii) Other approved securities,
- iii) Mutual Funds,
- iv) Debentures & Bonds,
- v) Subsidiaries/ joint ventures and
- vi) Others (Commercial Paper, Certificate of Deposits etc.)

a) Held to Maturity:

Investments acquired with the intention to hold till maturity are categorized under Held to Maturity. Such investments are carried

at acquisition cost unless it is more than the face value, in which case the premium is amortized over the period remaining to maturity. Diminution, in the value of investments, in any is provided for each investment individually.

b) Available for Sale :

Investments which do not fall within the above category are categorized under Available for Sale. The individual scrip under this category is revalued and net depreciation under any of the classification mentioned above is recognized in the profit & loss account. Net appreciation under any classification is ignored.

F Cash and Bank balances

Cash and Bank balances include Cash in hand, Bank Balances, Bank Deposits and corporate deposits.

Cash and cash equivalents in the Cash Flow Statements comprise of Cash at bank and in hand, and short term investments (Mutual Funds in liquid schemes and Fixed Deposit) with maturity of three months or less as on March 31, 2016.

G Taxes on Income

- (i) Tax expenses comprises both current tax, deferred taxes and prior period taxes. Current income tax at the amount expected to be paid to the tax authorities in accordance with Income Tax Act.
- (ii) Deferred income taxes reflect the impact of the current year timing differences between taxable income and accounting income for the year. Deferred tax is measured based on current tax rates.

H Provision And Contingencies:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent

Assets are neither recognized nor disclosed in the financial statements. The company does not provide for a contingent liability but discloses its existence in the financial statement.

I 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 Systematically 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.

J Loans And Advances:

Assets representing loans and advances are classified based on record of recovery as Standard, Sub-standard, Doubtful and Loss Assets. Provisions are made for assets, as per the prudential norms prescribed by Reserve Bank of India applicable to NBFI.

MUDRA has been subscribing to Pass Through Certificates backed by loans receivables originated by various MFIs / Banks / Non-Banking Finance Companies. Such securitization transactions are classified as Loans and Advances and are shown in the Balance Sheet on gross basis, which at are Book value and provisions are shown separately. However, provision on Standard Assets are made as per RBI guidelines.

Notes forming part of the financial statements

as at and for the year ended 31st March, 2018

Note 3 Share capital

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
(a) Authorised	5,000,000,000	50,000,000,000	5,000,000,000	50,000,000,000
Equity shares of ₹ 10 each with voting rights	5,000,000,000	50,000,000,000	5,000,000,000	50,000,000,000
(b) Issued	1,675,925,926	16,759,259,260	1,675,925,926	16,759,259,260
Equity shares of ₹ 10 each with voting rights	1,675,925,926	16,759,259,260	1,675,925,926	16,759,259,260
(c) Subscribed and fully paid up	1,675,925,926	16,759,259,260	1,675,925,926	16,759,259,260
Equity shares of ₹ 10 each with voting rights	1,675,925,926	16,759,259,260	1,675,925,926	16,759,259,260
(d) Subscribed but not fully paid up	-	-	-	-
Total Share Capital	1,675,925,926	16,759,259,260	1,675,925,926	16,759,259,260

Notes:

Particulars	Opening Balance	Fresh issue	Bonus	Conversion	Buy back	Other changes	Closing Balance
Equity shares with voting rights							
Year ended 31 March, 2018							
- Number of shares	1,675,925,926	-	-	-	-	-	1,675,925,926
- Amount (₹)	16,759,259,260	-	-	-	-	-	16,759,259,260
Previous year							
- Number of shares	750,000,000	925,925,926	-	-	-	-	1,675,925,926
- Amount (₹)	7,500,000,000	9,259,259,260	-	-	-	-	16,759,259,260

Notes:

- (i) No rights, preferences and restrictions are attached to the shares including restrictions on the distribution of dividends and the repayment of capital.
- (ii) Details of shares held by the holding company:

Particulars	Equity shares with voting rights	Equity shares with differential voting rights	Compulsorily convertible preference shares	Optionally convertible preference shares	Redeemable preference shares
	Number of shares				
As at 31 March, 2018	1,675,925,920	0	0	0	0
As at 31 March, 2017	1,675,925,920	0	0	0	0

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	Holding in that class of shares	Number of shares held	Holding in that class of shares
Equity shares of ₹ 10 each with voting rights	1,675,925,920	99.9999996%	1,675,925,920	99.9999996%

Note 4 Reserves and surplus

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
(A) Statutory Reserve (*)		
Opening balance	347,543,259	131,869,340
Add: Amount transferred from surplus of Profit and Loss account	316,438,121	215,673,919
Closing Balance	663,981,380	347,543,259
(*) Statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934		
(B) General Reserve		
Opening balance	1,150,000,000	450,000,000
Add: Amount transferred from surplus of Profit and Loss account	1,000,000,000	700,000,000
Closing Balance	2,150,000,000	1,150,000,000
(C) Surplus in the Statement of Profit and Loss		
Opening balance	212,614,177	49,918,504
Add: Profit for the year	1,582,190,607	1,078,369,592
Less: Appropriations:		
i. Transferred to Statutory Reserve FY 2017-18	316,438,121	215,673,919
ii. Dividend Paid FY 2016-17	134,107,053	-
iii. Transferred General Reserve FY 2017-18	1,000,000,000	700,000,000
iii. Corporate Dividend Tax FY 2016-17	27,305,591	-
iv. Developmental fund	20,000,000	-
Closing balance	296,954,018	212,614,177
(D) Securities Premium A/c		
Opening balance	740,740,739	-
Add: Received during the year	-	740,740,739
Closing balance	740,740,739	740,740,739
(E) Development Fund		
Opening balance	-	-
Add: Amount transferred from surplus of Profit and Loss account	20,000,000	-
Closing balance	20,000,000	-
Total	3,871,676,137	2,450,898,175

Note 5 Deferred Tax Liability

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Deferred tax Liability		
Timing difference between tax depreciation and depreciation charged in the books	134,147	195,379
Total	134,147.00	195,379.00

Note 6 Other Long-term liabilities

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
(a) Deposits under Priority Sector Shortfall from Banks	150,000,000,000	81,250,000,000
Total	150,000,000,000	81,250,000,000

Note 7 Short Term Provisions

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Contingent provisions against standard assets	422,180,862	213,985,617
Total	422,180,862	213,985,617

Note 8 Other current liabilities

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
(a) Interest accrued on Deposits	1,641,290,036.00	906,491,543
(b) Security Deposits	-	18,000
(c) Statutory liabilities (TDS)	333,906	12,838
(d) Differential Interest Margin Payable	14,537,310	-
(e) Creditors for Expenses	26,305,444	6,470,886
Total	1,682,466,696	912,993,267

Note 9 Fixed Assets

Amount in ₹

Description of Assets	Gross Block (Cost)		Accumulated Depreciation		Net Block	
	As on 1-Apr-2017	Additions / Deductions / Adjustments during the year	As on 1-Apr-2017	Additions / Deductions / Adjustments during the year	As at 31-Mar-2018	As at 31-Mar-2017
TANGIBLE ASSETS						
Office Equipments	145,771	-	47,769	27,696	70,306	98,002
Computer - Hardware	1,495,061	828,658	410,761	545,521	1,367,437	1,084,300
Electrical Installtions and Equipment	51,900	-	6,184	4,931	40,786	45,717
INTANGIBLE ASSETS						
Computer - Software	459,256	185,195	153,571	158,937	331,943	305,685
TOTAL	2,151,988	1,013,853	618,285	737,085	1,810,471	1,533,704
Previous Year	1,014,353	1,137,635	96,552	521,733	1,533,704	917,801

Note 10 Investments

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Current		
(a) Certificate of Deposits	1,218,941,100	604,651,450
(b) Mutual Funds (Liquid Schemes) -Unquoted (The market value of the Mutual Fund as on March 31, 2018 is ₹ 752,09,54456/-)	7,510,000,000	17,319,747,199
Total	8,728,941,100	17,924,398,649
# Classification of Investments as per RBI Guidelines		
i) Held for trading	nil	nil
ii) Held to Maturity	nil	nil
iii) Available for sale	8,728,941,100	17,924,398,649
Total	8,728,941,100	17,924,398,649

Note 11 Loans & Advances

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Refinance		
Current		
(a) Banks-Secured against bookdebts held in trust, by the financing Banks *	35,658,528,230	18,814,489,901
(b) Micro Finance Institutions (MFIs)- Secured against hypothecation of bookdebts of MFIs	2,089,500,000	5,374,548,400
(c) Non-Banking Financial Company (NBFCs)- Secured against hypothecation of bookdebts of NBFCs	1,895,090,917	438,000,000
(d) Subscription to Pass Through Certificate (PTC)	4,246,945,117	1,442,881,405
Sub-Total (A)	43,890,064,264	26,069,919,706
Non-Current		
(a) * Banks-Secured against bookdebts held in trust, by the financing Banks	45,530,831,725	25,857,856,955
(b) Micro Finance Institutions (MFIs)- Secured against hypothecation of bookdebts of MFIs	3,804,782,500	5,484,728,700
(c) Non-Banking Financial Company (NBFCs)- Secured against hypothecation of bookdebts of NBFCs	11,581,909,083	3,552,000,000
(d) Subscription to Pass Through Certificate (PTC)	737,627,796	174,242,368
Sub-Total (B)	61,655,151,104	35,068,828,023
Total (A+B)	105,545,215,368	61,138,747,729

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

Note 12 Cash and Bank Balances

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Cash and Cash Equivalents		
(a) Cash on hand	3,253	2,670
(b) Balances with banks		
(i) In current accounts	2,654,115	43,602
(ii) Fixed Deposits with Maturity of 3 months or lesser period	37,236,144,385	4,027,358,644
Other Bank Balances		
(i) Fixed Deposits with Maturity more than 3 months but not exceeding 12 months	11,039,030,809	17,426,044,160
Corporate Deposits		
(i) Corporate Deposits with Maturity of 3 months or lesser period	1,058,742,809	-
(ii) Corporate Deposits with Maturity more than 3 months but not exceeding 12 months	7,477,517,191	-
Total	56,814,092,562	21,453,449,076

Note 13 Other Current Assets

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
(a) Balances with Government Authorities		
(i) Advance Tax (Net of Provision for Tax)	24,730,705	74,971,094
(ii) Tax Refundable (FY 2016-17)	71,729,320	
(b) Interest Accrued but not due on		
(i) Fixed Deposits/CD's	1,281,009,790	846,254,358
(ii) Refinance to Banks, MFIs & NBFC's	133,904,317	54,875,645
(iii) Pass Through Certificate	14,636,460	6,091,502
(c) Amount recoverable from Government	104,568,515	59,883,234
(d) Amount recoverable from Others	-	4,508,968
(e) Preliminary expenses not yet written off	15,078,494	22,617,740
Total	1,645,657,601	1,069,202,540

Note 14 Revenue from operations

Particulars	Amount in ₹	
	For the period ended March 31, 2018	For the period ended March 31, 2017
(i) Interest on Refinance to Banks	3,273,571,516	2,117,618,059
(ii) Interest on Refinance to MFIs /NBFC's	1,346,254,169	596,781,675
(iii) Income on Pass Through Certificate	200,782,608	146,446,855
(iii) Upfront Fee	23,850,000	52,100,000
Total	4,844,458,292	2,912,946,589

Note 15 Other Income

Particulars	Amount in ₹	
	For the period ended March 31, 2018	For the period ended March 31, 2017
(i) Interest on FDRs & CDs	1,843,796,878	1,531,979,855
(ii) Profit on sale of Mutual Funds	1,346,201,865	905,892,900
(iv) Miscellaneous income	106,953	534
Total	3,190,105,696	2,437,873,290

Note 16 Employee Benefit Expenses

Particulars	Amount in ₹	
	For the period ended March 31, 2018	For the period ended March 31, 2017
Salary and Wages #	71,325,366	42,259,854
Total	71,325,366	42,259,854

Including reimbursement to SIDBI and NABARD, towards salary & perq and Amount of ₹ 75,10,214/- pertaining to prior period)

Note 17 Finance cost

Particulars	Amount in ₹	
	For the period ended March 31, 2018	For the period ended March 31, 2017
Interest on Deposits under Priority Sector Shortfall Funds (PSS)	5,148,449,597	3,436,505,569
Total	5,148,449,597	3,436,505,569

Note 18 Other expenses

Particulars	Amount in ₹	
	For the period ended March 31, 2018	For the period ended March 31, 2017
Administrative Expenses #	54,115,616	10,231,407
Advertisement expenses	628,910	127,683
Books and periodicals	-	2,900
Bank Charges	3,309	1,207
Computer Consumables	117,891	304,542
Directors Sitting Fees	348,392	414,427
Legal and professional	1,102,957	346,748
Miscellaneous expenses	279,067	639,900
Office Rent	9,325,865	8,716,732
Postage & Telegram	25,398	14,816
Preliminary Expenses Written off	7,539,246	7,539,246
Printing and stationery	1,144,987	148,683
Payments to auditors (Refer Note (i) below)	610,525	490,950
Telephone expenses	13,992	23,265
Travelling and conveyance	2,315,378	2,449,407

Particulars	Amount in ₹	
	For the period ended March 31, 2018	For the period ended March 31, 2017
Website and Webportal expenses	548,386	44,088
Insurance Expenses	12,686	6,214
Total	78,132,606	31,502,215

Notes:

Payments to the auditors:		
(i) Audite Fees_ Internal Auditor	307,075	216,200
(ii) Audit Fees(Statutory Auditor)	211,625	224,750
(iii) Audit Fess- (Tax Auditor)	59,500	50,000
(iv) Certification Fees(Statutory Auditor)	32,325	
Total	610,525	490,950

Adminstrative expenses includes an amount of ₹ 303,87,915/-, which pertains to prior period.

Note 19 Provisions and Write offs

Particulars	Amount in ₹	
	For the period ended March 31, 2018	For the period ended March 31, 2017
Provision for standard assets	208,195,245.00	116,734,720.00
Total	208,195,245.00	116,734,720.00

Note 20 Earing per Shares

Particulars	Amount in ₹	
	For the period ended March 31, 2018	For the period ended March 31, 2017
Profit/ Loss after taxation for the year	1,582,190,607	1,078,369,592
Weighted Average Number of Equity Shares Outstanding during the period	1,675,925,926	1,341,070,523
Face Value per share	10	10
EPS (Basic)	0.94	0.80
EPS (Diluted)	0.94	0.80

Note 21 Gratuity and other post-employment benefit plans

- (a) As most of the employees are on deputation from Small Industrial Development Bank of India (SIDBI) / National bank for Agriculture and Rural Development (NABARD), Gratuity, Leave Encashment and Arrears of Salary in respect of employees deputed to MUDRA are taken care by the employer, who have deputed the employees to this company. However the MUDRA has provided an amount of ₹ 42,99,540/- to P& L A/c during the current Year. The same would be paid to SIDBI/NABARD when such costs are demanded by the said companies.
- (b) Therefore no disclosures are required under 'Revised AS 15- Employees Benefit' issued under Companies Accounting Standard Rules, 2006'

Note 22 Contingent liabilities and Commitments on Capital Account

Nil

Note 23 Segment Information

As required under Accounting Standard- 17 'Segment Reporting' the company has disclosed "Business Segment" as the Primary Segment. These segments have been identified after considering the nature and risk profile of the products and services, the organization structure and the internal reporting system of the Company.

₹ in crore

Business Segments Particulars	Indirect Finance		Treasury		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
1 Segment Revenue	484.45	291.29	319.00	243.79	803.45	535.08
Exceptional Items					0.01	
Total	484.45	291.29	319.00	243.79	803.46	535.08
2 Segment Results	199.93	142.63	83.98	48.80	283.91	191.43
Exceptional Items						
Total	199.93	142.63	83.98	48.80	283.91	191.43
Unallocable Expenses					31.14	19.10
Operating Profit					252.77	172.33
Income Tax (Net of write Back)					94.55	64.49
Net Profit					158.22	107.84
3 Other Information						
Segment Assets	10,569.38	6,119.97	6,682.14	4,022.41	17,251.51	10,142.38
Unallocated Assets					22.06	16.36
Total Assets	10,569.38	6,119.97	6,682.14	4,022.41	17,273.57	10,158.73
Segment Liabilities	10,569.38	6,119.97	4,430.62	2,005.03	15,000.00	8,125.00
Unallocated Liabilities					210.48	112.71
Total	10,569.38	6,119.97	4,430.62	2,005.03	15,210.48	8,237.71
Capital/ Reserves	-	-	-	-	2,063.09	1,921.02
Total Liabilities	10,569.38	6,119.97	4,430.62	2,005.03	17,273.57	10,158.73

- The Company is engaged in two segments of business - Indirect Financing and Treasury.
- The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.
- Company operates in a single geographical segment. Hence, secondary geographical segment information disclosure is not applicable

Note 24 Related Parties Disclosure

A. Holding Company Small Industries Development Bank of India (SIDBI)

Amount in ₹

Nature of transaction	For the period ended March 31, 2018	For the period ended March 31, 2017
Contribution to Equity received	-	10,000,000,000
Investment in Certificate of Deposits	1,218,941,100	604,651,450
Interest income on CDs	63,182,059	35,409,383
Reimbursement made of Salary	45,737,188	32,669,872
Rent for Office - Expense	8,394,293	8,092,824
Other Expenses	62,238,596	8,914,607

B. Key Management Personnel

Name of KMP	Amount in ₹	
	For the period ended March 31, 2018	For the period ended March 31, 2017
Jiji Mammen, MD & CEO (Remuneration reimbursed)	6,296,736	3,703,957
Surendra Srivastava, CFO (Remuneration)	3,475,253	3,042,848
Shalini Baghel, Company Secretary (Remuneration)	601,394	840,006

Additional disclosures required by the Reserve Bank of India

Note 25 Capital to Risk-Assets Ratio (CRAR)

Particulars	Amount in ₹	
	March 31, 2018	March 31, 2017
CRAR (%)	45.18	56.18
CRAR - Tier I capital (%)	44.27	55.56
CRAR - Tier II capital (%)	0.91	0.62
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.

Note 26 Exposure to Capital Market

Particulars	Amount in ₹	
	2017-18	2016-17
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt:	Nil	Nil
(ii) Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds:	Nil	Nil
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primarily security:	Nil	Nil
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity-oriented mutual funds does not fully cover the advances:	Nil	Nil
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and marker makers:	Nil	Nil
(vi) Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources:	Nil	Nil

Particulars	Amount in ₹	
	2017-18	2016-17
(vii) Bridge loans to companies against expected equity flows/ issues:	Nil	Nil
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	Nil	Nil

Note 27 Asset Liability Management

Particulars	Upto 14 days	15 to 28 days	Over 29 days to 3 months	Over 3 month to 6 months	Over 6 month to 1 yr	Over 1 yr to 3 yrs	Over 3 yr to 5 yrs	Over 5 yrs	Total
Deposits#	-	-	5,000.00	-	-	10,000.00	-	-	15,000.00
Advances\$	190.59	48.09	1,300.58	1,070.58	1,593.88	5,990.79	360.01	-	10,554.52
Investments*	778.2418	199.80	3,724.34	795.60	1,056.05	-	-	-	6,554.04
Borrowings	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

Includes deposits received from banks under Priority Sector Shortfalls Fund

\$ Subscription to PTCs has been regrouped and has been included in Advances.

* Investments includes fixed deposits kept with Banks & Corporates Deposits and shown under Cash and Bank Balances under Note 12.

Note 28 Details of Registration with Financial Regulators

Regulator	Registration No.
Ministry of Company Affairs	CIN U65100MH2015PLC274695
Reserve Bank of India	N-14.03313

Note 29 Investments

S. No.	Particulars	Amount in ₹	
		March 31, 2018	March 31, 2017
1	Value of Investments		
	Gross Value of Investments		
	In India	872.89	1,792.44
	Outside India	-	-
	Provision for depreciation		
	In India	-	-
	Outside India	-	-
	Net Value of Investments		
	In India	872.89	1,792.44
	Outside India	-	-
2	Movement of provision held towards depreciation on investments		
	Opening Balance	-	-

S. No.	Particulars	Amount in ₹	
		March 31, 2018	March 31, 2017
	Add: Provision made during the year	-	-
	Less: Write off / write back of excess provision during the year	-	-
	Closing Balance	-	-

Note 30 Provisions & Contingencies

S. No.	Particulars	Amount in ₹	
		March 31, 2018	March 31, 2017
	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account:		
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA	-	-
3	Provision for portfolio loan securitized/ assigned	-	-
4	Provision made towards Income tax	94.69	64.48
5	Provision for Standard Assets	20.82	11.67
6	Other Provision and Contingencies (with details)	-	-
7	Provision for Deferred tax charge / (credit)	(0.0061)	0.0127

Note 31 Derivatives

The Company has no transaction / exposure in 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.

Note 32 Disclosures relating to securitisation

S. No.	Particulars	March 31, 2018	March 31, 2017
1	No of SPVs sponsored by the NBFC for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored	-	-
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	-	-
a)	Off-balance sheet exposures		
	First loss		
	Others		
b)	On-balance sheet exposures	-	-
	First loss		
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
a)	Off-balance sheet exposures		
i)	Exposure to own securitizations		
	First loss	-	-
	Others	-	-

S. No.	Particulars	March 31, 2018	March 31, 2017
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
i)	Exposure to own securitizations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

Note 33 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.

Note 34 Details of non performing financial assets purchased / sold

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

Note 35 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 ₹ 1,21,89,41,100 /- in purchase of Certificate of Deposit of SIDBI

Note 36 Unsecured Advances

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

Note 37 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).

Note 38 Draw down from Reserves

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

Note 39 Information on Net Interest Margin

Particulars	March 31, 2018	March 31, 2017
Average interest (a)	6.07%	7.19%
Average effective cost of borrowing (b)	4.72%	5.43%
Net Interest Margin (a-b)	1.35%	1.76%

Note 40 Customer Complaints *

The Company has not received any complaint from its customers such as Banks/NBFCs/MFIs regarding its operations and it doesn't contain general enquiries from Individuals on MUDRA Loan Schemes or complaints by Individuals against Banks.

Note 41 Sector wise NPAs /NPI & Movement of NPA/NPI

The Company does not have any NPA/NPI account on its loan assets/Investments for the current and previous year. Hence, sectoral classification of NPA /NPI and its movement are not applicable during the current year and previous year

Note 42 Ratings assigned by Credit Rating Agencies

The Company has been assigned the rating of "CCR AAA/Stable" by CRISIL during August 2017 and "IrAAA(stable) by ICRA during July 2017

Note 43 Concentration of Advances, Exposures and NPA's

(₹ in crore)

S. No.	Particulars	March 31, 2018	March 31, 2017
1	Total Advances and Exposures of twenty largest borrowers	8,848.00	5,193.57
2	Total Exposure of top four NPA accounts	Nil	Nil
3	Percentage of Advances and Exposures of twenty largest borrowers to all Advances of banks and MFIs.	79.60%	84.95%

Note 44 Disclosure related to Schedule to the balance sheet of company, as required by Annex I 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 23, 2018 (the "Notification")

Particulars	Amount Outstanding (₹ in crore)		Amount Overdue (₹ in crore)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Liabilities Side :				
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	15,000	8,125	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Public Deposits	-	-	-	-
g) Other Loan	-	-	-	-
2 Break-up of 1(f) above (Outstanding public deposits inclusive 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Assets Side :				
3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :				
a) Secured	10,554.52	6,114	1.22	-
b) Unsecured	-	-	-	-
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	-	-	-	-
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	751.00	1,731.97	-	-
iv) Government Securities	-	-	-	-
v) Others- Certificate of deposit	121.89	60.47	-	-

Particulars	Amount Outstanding (₹ in crore)		Amount Overdue (₹ in crore)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
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	-	-	-	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above :

(Amount ₹ in crore)

Category	Secured		Unsecured		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(Amount net of provisions)						
a) Related Parties	-	-	-	-	-	-
i) Subsidiaries	-	-	-	-	-	-
ii) Companies in the same group	-	-	-	-	-	-
iii) Other related parties	-	-	-	-	-	-
b) Other than related parties	10,554.52	6,113.87	-	-	10,554.52	6,113.87
Total	10,554.52	6,113.87	-	-	10,554.52	6,113.87

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

(₹ in crore)

Particulars	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
a) Related Parties				
i) Subsidiaries	-	-	-	-
ii) Companies in the same group	-	-	-	-
iii) Other related parties	121.89	60.47	121.89	60.47
b) Other than related parties	752.09	1,732.81	751.00	1,732.81
Total	873.98	1,793.28	872.89	1,793.28

8 Other information

(₹ in crore)

S. No.	Particulars	March 31, 2018	March 31, 2017
a)	Gross Non-Performing Assets		
	i) Related parties	-	-
	ii) Other than related parties	-	-
b)	Net Non-Performing Assets		
	i) Related parties	-	-
	ii) Other than related parties	-	-
c)	Assets acquired in satisfaction of debt	-	-

Previous year's figures have been regrouped and reclassified to conform to the current year's methodology.

In terms of our report attached of even date

For P C Ghadiali and Co LLP

Chartered Accountants

Firm No.: 103132W/ W-100037

RT Doshi

Senior Partner

M. No.: 013458

For and on behalf of the Board of Directors

Ajay Kumar Kapur

Director

DIN :00108420

Manoj Mittal

Director

DIN: 02781399

Surendra Srivastava

Chief Financial Officer

Place : New Delhi

Date: 11/05/2018

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 FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of Micro Units Development & Refinance Agency Limited for the year ended 31 March 2018 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 Audit Report dated 11 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Micro Units Development & Refinance Agency Limited for the year ended 31 March 2018. 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. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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



(Roop Rashi)

Principal Director of Commercial Audit and
ex-officio Member, Audit Board-I, Mumbai

Place: Mumbai
Date: 06.08.2018

Notice to Members

Notice is hereby given that 3rd Annual General Meeting of **Micro Units Development & Refinance Agency Limited ("MUDRA")** will be held on September 27, 2018 at 10.30 am at 8th Floor, MSME Development Centre, C-11, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051, to transact the following businesses:

Ordinary Businesses:

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

- To Consider and adopt the Audited Financial Statements of MUDRA for the financial year ended on March 31, 2018, together with the Directors' Reports, Auditor's Report and Comments 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, 2018, 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."

- To declare final dividend of ₹ 0.125 per equity share, aggregating to ₹ 20.95 crore, on the equity shares, as on March 31, 2018.**

"RESOLVED THAT, a dividend of ₹ 0.125 per equity share, for the period from April 01, 2017 to March 31, 2018, on the Company's Share Capital of ₹ 1675.93 crore, as at March 31, 2018, aggregating to ₹ 20.95 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, 2018."

- To appoint Shri Manoj Mittal (DIN 02781399), who retires by rotation at this meeting and being eligible, offers himself for re-appointment as Director, liable for retirement by rotation.**

"RESOLVED THAT Shri Manoj Mittal (DIN 02781399), Nominee Director (SIDBI) of the Company, who retires by rotation at this Meeting and being eligible has offered himself for re-appointment be, and is hereby, re-appointed as a Nominee Director."

- To appoint Ms Jyotsana Sitling (DIN 00025919), who retires by rotation at this meeting and being eligible, offers herself for re-appointment as Director, liable for retirement by rotation.**

"RESOLVED THAT Ms Jyotsana Sitling (DIN 00025919), Director of the Company, who retires by rotation at this Meeting and being eligible has offered herself for re-appointment be, and is hereby, re-appointed as a Director."

- To take note of the appointment of Statutory Auditors of MUDRA for FY 2018-19 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), the aggregate remuneration of ₹ 2.00 lakhs, plus applicable taxes and out of pocket expenses payable, if any to M/s. P C Ghadiali & Co. (ICAI Firm Registration No. 103132W/W-100037), the statutory Auditors of the company, appointed by Comptroller General of India (CAG), to conduct the statutory audit of MUDRA, for the financial year 2018-19 be and is hereby approved.

RESOLVED FURTHER THAT incidental expenses of ₹ 50,000 to be paid on actual cost incurred basis be, and are, hereby approved in addition to audit fee."

Special Business:

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

6) To appoint Shri Surendra Srivastava (DIN 08164095) as a Director of the company

"RESOLVED THAT Shri Surendra Srivastava, (DIN 08164095), who was appointed as an additional director on the Board of MUDRA, with effect from July 27, 2018, 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, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 be, and is hereby, appointed as a Director of MUDRA, liable to retire by rotation."

7) To appoint Shri Aalok Gupta as a Director of the company.

"RESOLVED THAT Shri Aalok Gupta, who was appointed as an additional director on the Board of MUDRA, with effect from July 27, 2018, 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, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 be, and is hereby, appointed as a Director of MUDRA, liable to retire by rotation."

8) To appoint Shri Aalok Gupta 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 Aalok Gupta as a Managing Director of the Company, as per the terms and condition of his offer letter, including remuneration, as communicated vide letter no. 4087/ MUDRA / HR/ 2018-19 dated July 30, 2018, 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 Aalok Gupta."

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"

9) To consider appointment of Shri Harsh Shrivastava as an Independent Director of MUDRA.

"RESOLVED THAT pursuant to Section 149 (6) and 152 (2) of the Companies Act, 2013 read with the Articles of Association of the Company, and all other applicable provisions of the said Act, Shri Harsh Shrivastava be, and is hereby, appointed as an Independent Director of the Company.

RESOLVED FURTHER THAT MD & CEO/ CFO, be, and are hereby, authorised severally to do such acts, matters, deeds and things as may be necessary and incidental to give effect to this resolution including filing of e-Form DIR-12 with the Ministry of Corporate Affairs."

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

Aalok Gupta
MD & CEO

Address: MSME Development Centre, C-11, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-400051.

Date: September 24, 2018
Place: Mumbai

1. A Member entitled to attend and vote at the Annual general meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. For convenience of members, an attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as 'proxy'.
3. 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. The Members of your Company at this Annual general meeting authorised the Board of Directors to fix the remuneration of Statutory Auditors for the Fy 2017-18.

The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by members.
4. The Register of Contracts or Arrangements, in which Directors are interested, maintained under section 189 of Companies Act, 2013, will be available for inspection by the members at the AGM.
5. All documents referred to in the accompanying notice are open for inspection at the AGM and such documents will also be available for inspection in physical or in electronic form at the registered office of the Company during normal business hours.

Explanatory Statement

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

Item No. 6

Shri Surendra Srivastava (DIN 08164095), aged 59 years, was appointed as an Additional Director by the Board of Directors, w.e.f. July 27, 2018, in terms of Section 161(1) of The Companies Act, 2013 and the Articles of Association (AoA) of MUDRA.

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 a Director on the Board of MUDRA. Shri Surendra Srivastava, 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 **NIL** equity shares in MUDRA. Except Shri Surendra Srivastava 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 Aalok Gupta (DIN 08195214), aged 52 years, was appointed by the Board of Directors as Additional Director of MUDRA w.e.f. August 7, 2018 (date of allotment of DIN). 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, 2018.

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 Aalok Gupta, 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 **NIL** equity shares in MUDRA. Except Shri Aalok Gupta, 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. 8

Shri Aalok Gupta (DIN 08195214), aged 52 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 7, 2018, for a period of three years, in terms of Offer letter dated July 30, 2018.

The Board of Directors of MUDRA at the recommendation of NRC of MUDRA has appointed Shri Aalok Gupta, as a Managing Director of MUDRA (subject to approval of members), W.e.f. August 7, 2018, on the terms and conditions, including remuneration, as advised vide Offer letter dated July 30, 2018, 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 **NIL** equity shares in MUDRA. Except Shri Aalok Gupta, 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. 9

Shri Harsh Shrivastava (DIN 08201129), aged 45 years, was recommended for appointment as an Independent Director of the Company subject to allotment of DIN and approval of members, in terms of 149 (6) and 152 (2) of the Companies Act, 2013 and the Articles of Association of MUDRA. Proposal

Date: September 24, 2018
Place: Mumbai

for appointment of Independent Director requires the approval from Members of the Company.

He holds **NIL** equity shares in MUDRA. Except Shri Harsh Shrivastava, 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**

Aalok Gupta
Managing Director and Chief Executive Officer

Address: MSME Development Centre, C-11, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-400051.



03rd Annual General Meeting

Micro Units Development & Refinance Agency Limited ("MUDRA")

[CIN: U65100MH2015PLC274695]

Registered office: MSME Development Center, 1st Floor, C-11,
G-Block Bandra Kurla Complex, Bandra (E), Mumbai - 400051, Maharashtra, INDIA.

Tele Phone: 022-67221465 **Fax No.:** N.A | **Website:** www.mudra.org.in **email:** ceo@mudra.org.in

Attendance Slip

Date	Venue	Time
September 27, 2018	8th Floor, MSME Development Centre, C-11, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051, Maharashtra, INDIA	10:30 am

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Folio No.		*DP ID No		*Client ID No.	
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Name of the Member Shri /Mr./Mrs.

Signature

Name of the Proxyholder Mr./Mrs. Signature

* Applicable for investors holding shares in electronic form.

I certify that I am the registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at 03rd Annual General Meeting of the Company held on Thursday, September 27, 2018 at 10:30 am at the 8th Floor, MSME Development Centre, C-11, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051, Maharashtra, India.

.....
Signature of the Member/ Proxy

Note: Electronic copy of the Notice of the 03rd Annual General Meeting with the Attendance slip and Proxy form is being sent to all the members whose email id is registered with the Company/ Depository Participant unless any meeting has been requested for a hard copy of the same. Shareholders receiving electronic copy and attending the 03rd Annual General Meeting can print copy of this Attendance Slip.

Physical copy of the Notice of the 03rd Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email Id is not registered or has requested for hard copy.



03rd Annual General Meeting

Micro Units Development & Refinance Agency Limited ("MUDRA")

[CIN: U65100MH2015PLC274695]

Registered office: MSME Development Center, 1st Floor, C-11,

G-Block Bandra Kurla Complex, Bandra (E), Mumbai - 400051, Maharashtra, INDIA.

Tele Phone: 022-67221465 **Fax No.:** N.A | **Website:** www.mudra.org.in **email:** ceo@mudra.org.in

**Form No. MGT-11
FORM OF PROXY**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s) :	Email ID :
Registered Address :	Folio No. :
	*DP ID :
No. of Shares held :	*Client ID :

* Applicable for investors holding shares in electronic form.

I/We, being a member(s) of shares of MUDRA hereby appoint:

1. Mr./Mrs. E-mail Id:
Address:
..... Signature:
2. Mr./Mrs. E-mail Id:
Address:
..... Signature:
3. Mr./Mrs. E-mail Id:
Address:
..... Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 03rd Annual General Meeting of the Company to be held on Thursday, September 27, 2018 at 10:30 am at the 8th Floor, MSME Development Centre, C-11, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051, Maharashtra, India, and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Sl. No.	Resolution	Number of Shares held	For	Against
ORDINARY BUSINESS				
1	To Consider and adopt the Audited Financial Statements of MUDRA for the financial year ended on March 31, 2018, together with the Directors' Reports, Auditor's Report and Comments of the Comptroller & Auditor General of India, in term of section 143(6) of the companies Act, 2013.			

Sl. No.	Resolution	Number of Shares held	For	Against
2	To declare final dividend of ₹ 0.125 per equity share, aggregating to ₹ 20.95 crore, on the equity shares, as on March 31, 2018.			
3	To appoint Shri Manoj Mittal (DIN 02781399), who retires by rotation at this meeting and being eligible, offers himself for re-appointment as Director, liable for retirement by rotation.			
4	To appoint Ms Jyotsana Sitling (DIN 00025919), who retires by rotation at this meeting and being eligible, offers herself for re-appointment as Director, liable for retirement by rotation.			
5	To take note of the appointment of Statutory Auditors of MUDRA for FY 2018-19 and their remuneration.			
6	To appoint Shri Surendra Srivastava (DIN 08164095) as a Director of the company			
7	To appoint Shri Aalok Gupta as a Director of the company.			
8	To appoint Shri Aalok Gupta as a Managing Director of the company, liable to retire by rotation.			
9	To consider appointment of Shri Harsh Shrivastava as an Independent Director of MUDRA.			

** This is optional. Please put a tick mark (✓) in the appropriate column against the resolutions indicated in the box. If a member leaves the "For" or "Against" column blank against any or all of the Resolutions, the proxy will be entitled to vote in the manner he/ she thinks appropriate. If a member wishes to abstain from voting on particular resolution, he/she should write "Abstain" across the boxes against the Resolution.

Signature(s) of the Member(s)

1. _____

2. _____

3. _____

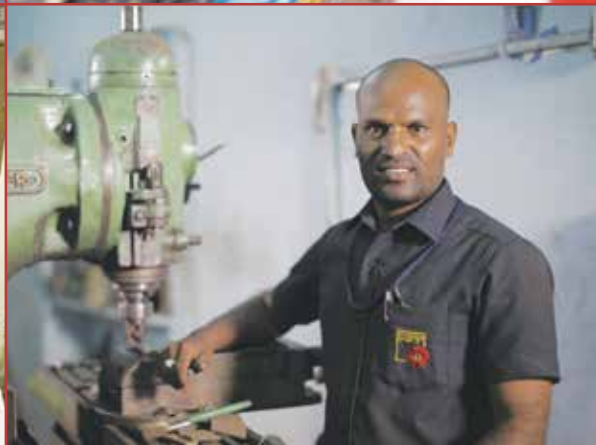
Signed this _____ day of _____ 2018

Affix One rupee Revenue Stamp
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Notes:

1. The Proxy to be effective should be deposited at the registered office of the company before commencement of the meeting.
2. A proxy need not be a member of the company.
3. In the case of the Joint holders, the vote of the senior who tenders vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of the Members.
4. The form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
6. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.





Corporate & Registered Office:
MSME Development Centre, C-11, G-Block, Bandra-Kurla Complex,
Bandra (E), Mumbai-400 051.

www.mudra.org.in | Email: ceo@mudra.org.in