mudra

ANNUAL REPORT 2018 2019

CONTENTS

Vision

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

Mission

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

Purpose

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

Chairman's Message

It is my privilege to share the performance of Micro Units Development & Refinance Agency (MUDRA) for the financial year 2018-19, highlighting the 4th successful year for both Pradhan Mantri Mudra Yojana (PMMY) as well as MUDRA.

The Year Gone By

Over the years, PMMY has earned the recognition of being instrumental in inclusive financing and fuelling growth at bottom of the pyramid, through diversified channels such as Banks, Small Finance Banks, Non-Banking Finance Companies and Micro Finance Institutions. During FY 2018-19, the total sanctions under PMMY were ₹ 3.21 lakh crore which exceeded the target set for ₹ 3 lakh crore.

MUDRA provides refinance support to Banks, NBFCs and MFIs for loans under PMMY. During FY 2018-19:

- MUDRA sanctioned ₹ 7,558.10 crore and disbursed ₹ 7,130.46 crore
- The outstanding portfolio registered a new high of ₹ 11,847 crore
- Revenue from operations increased by 18% from ₹ 485 crore in FY 2017-18 to ₹ 574 crore in FY 2018-19

The Way Forward

India is recognised as one of the fastest growing economies of the world. Our Banking and Financial services are a catalyst to this growth trajectory. Through PMMY, the endeavour is to provide access to credit for all Indians. Inclusive financing at the bottom of the pyramid is being delivered by multiple channels, through a mix of technology and feet on street.

MUDRA is focussing on micro lending and is poised to reach out to more and more micro borrowers. MUDRA has been actively engaged with the micro finance sector, providing support in the ever-evolving financial landscape. As an institution, MUDRA is committed to supporting and nurturing an increasing number of last-mile channel partners, with special emphasis on lending in aspirational districts.

Concluding Remarks

Entrepreneurship is thriving in India. MUDRA intends to support the large number of aspiring entrepreneurs by bringing them into the formal financial system and extending affordable credit to them.

I would like to thank all stakeholders including SIDBI, Ministry of Finance for their constant support and also to team MUDRA for their continuous efforts.

Mohammad Mustafa
Chairman

Board of Directors

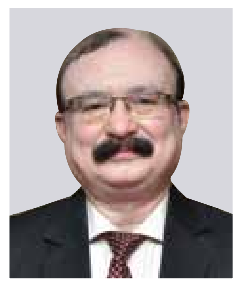
Shri Mohammad Mustafa – IAS
Chairman

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 Harsh Shrivastava
Independent Director

Shri Aalok Gupta
Managing Director & CEO

Four Years of Pradhan Mantri Mudra Yojana

Creating Employment and removing disparity

The Pradhan Mantri Mudra Yojana (PMMY) was launched on April 8, 2015 by the Hon'ble Prime Minister Shri Narendra Modi. PMMY has since completed 4 years. During these 4 years, a cumulative amount of ₹ 8.93 lakh crore has been sanctioned under the programme, benefiting 18.25 crore loan accounts.

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. During the 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 i.e. the 3rd year of operations, as against target of ₹ 2.44 lakh crore. During FY 2018-19 against a target of ₹ 3 lakh crore, ₹ 3.21 lakh crore was sanctioned. During these four years, MUDRA as a support institution extended refinance to the lending institutions and monitored the programme closely with the help of a dedicated portal which captured the aggregated data under PMMY.

Major Highlights of PMMY - Last Four Years

₹8.93

lakh crore of Sanction amount to **18.25** crore Accounts

70%

of the Loan accounts sanctioned belong to Women Beneficiaries

52%

of the Loan accounts belong to SC/ST/OBC

Analysis of the performance of PMMY during FY 2018-19

Agencywise Achievement

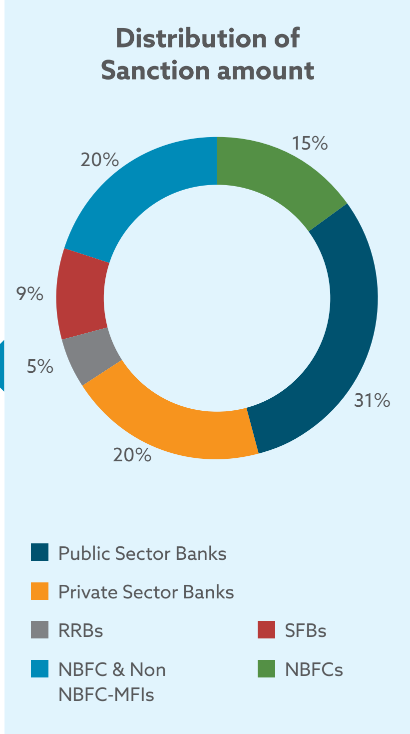
The PMMY target set for FY 2018-19, was at ₹ 3 lakh crore, which was distributed among the banks, MFIs and NBFCs. The agencywise performance against their overall target for the year is as under:

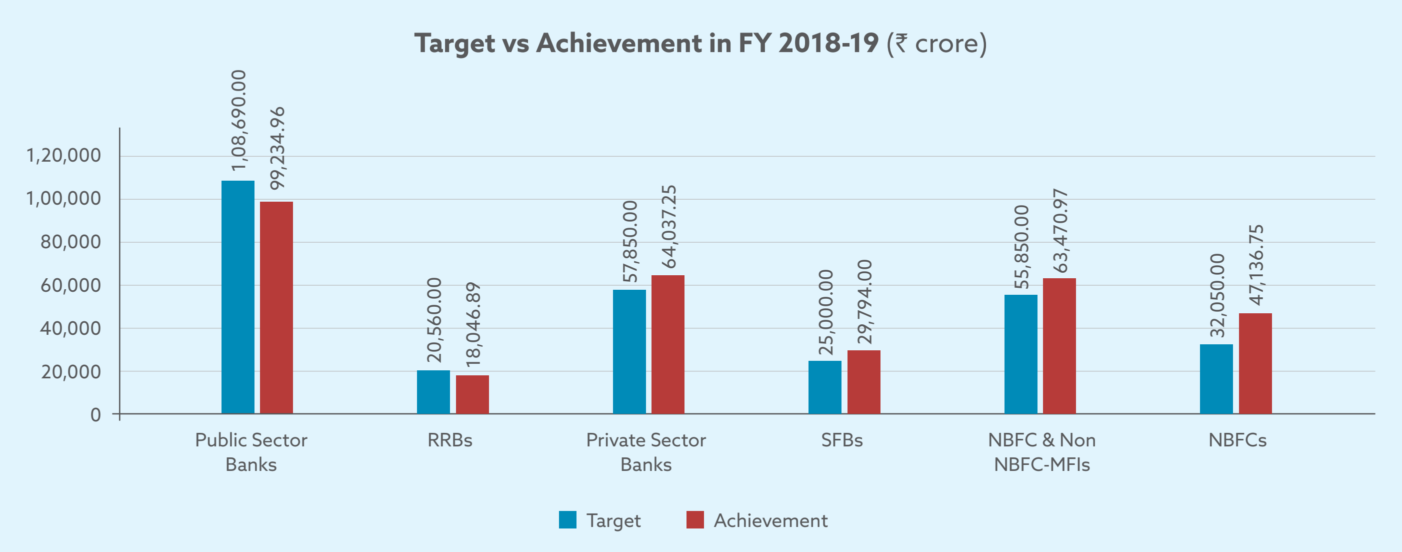
Agencywise performance

(₹ in crore)

Agency	Target (2018-19)	Sanction Amt. (2018-19)	Sanction Amt. (2017-18)	Growth (%)
Public Sector Banks (including SBI)	1,08,690	99,234.96 (91%)	92,492.68	7%
Regional Rural Banks	20,560	18,046.89 (88%)	15,454.51	17%
Private Sector Banks (including Foreign Banks)	57,850	64,037.25 (111%)	49,545.11	29%
Small Finance Banks	25,000	29,794.37 (119%)	19,022.89	57%
NBFC & Non NBFC-MFIs	55,850	63,470.97 (114%)	50,143.75	27%
Non-Banking Finance Companies	32,050	47,136.75 (147%)	27,018.16	74%
Total	**3,00,000**	**3,21,722.79 (107%)**	**2,53,677.1**	**27%**

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





The achievement data indicate a 27% 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 7%, the same increased significantly by 29% for Private Sector Banks. The growth of RRBs was at a 17%.

Among the Public Sector Banks, State Bank of India with ₹ 33,825.92 crore sanction for 27.37 lakh accounts topped the table. SBI was followed by Canara Bank and Bank of India with a sanction figure of ₹ 10,297 crore and ₹ 6,430.74 crore respectively.

The Private Sector Banks also performed very well with a sanction of ₹ 64,037.25 crore during the year, recording 27% growth. Bandhan Bank, topped the list with ₹ 20,913.48 crore sanction, which is around 33% of the total sanction by Private Sector Banks. The other major contributors in the private sector banks category were IndusInd Bank with ₹ 12,093.50 crore, and ICICI Bank with ₹ 6,579.41 crore of sanctions.

The performance of the Micro Finance Institutions also improved by 27% during FY 2018-19. MFIs sanctioned a total Loan amount of ₹ 63,470.97 crore to 2.48 crore Borrowers. Bharat Financial Inclusion Limited was the leading Microfinance Institution with a sanction amount of ₹ 17,052.64 crore to more than 65 lakh loan accounts.

The Regional Rural Banks sanctioned ₹ 18,046.89 crore under PMMY. Among these banks, two banks viz. Pragathi Krishna Gramin Bank with ₹ 2,432.54 crore and Kerala Gramin Bank with ₹ 2,125.64 crore were the major contributors. Karnataka Vikas Grameen Bank sanctioned ₹ 940.78 crore.

Non-Banking Financial Companies also emerged as the major contributor to Pradhan Mantri MUDRA Yojana with a total sanction of ₹ 47,136.75 crore (15% of the total sanction amount).

Small Finance Banks achieved 119% of their target. During the year, ten SFBs sanctioned a total amount of ₹ 29,794.37 crore to 77.22 lakh loan accounts. Ujjivan Small Finance Bank is the top Institution among SFBs with a sanction amount of ₹ 6,567 crore to 19.45 lakh Borrowers.

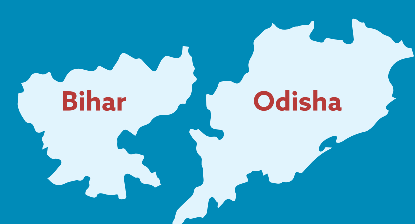
Statewise Performance

The bankwise/agencywise targets were further distributed statewise by the respective banks based on their network and potential to lend. The state level performance was monitored by SLBC. Of all the States, Tamil Nadu topped with ₹ 34,260.05 crore sanction, closely followed by Karnataka with ₹ 29,995.35 crore and West Bengal stood at third Position with ₹ 26,462.13 crore.

Performance of top 10 States

(₹ in crore)

Name of the State	Target (2018-19)	Sanction Amt. (2018-19)	Sanction Amt. (2017-18)	Growth (%)
Tamil Nadu	27,751.80	34,260.05	25,331.68	35%
Karnataka	26,453.94	29,995.35	23,009.73	30%
West Bengal	23,951.95	26,462.13	20,552.19	29%
Maharashtra	26,986.30	26,438.94	22,751.40	16%
Uttar Pradesh	25,583.02	26,190.58	22,077.89	19%
Bihar	19,100.99	24,405.99	15,919.40	53%
Rajasthan	16,530.31	17,506.39	13,862.55	26%
Madhya Pradesh	16,694.76	17,407.92	14,886.15	17%
Odisha	14,071.05	15,770.28	11,558.91	36%
Gujarat	14,051.97	13,216.78	11,386.52	16%



Among the States, Bihar and Odisha have shown significant growth of 53% & 36% in FY 2018-19.

Districtwise performance:

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

Districtwise performance

District Name	FY 2018-19		
	No. of A/Cs	Sanction Amt. (₹ in crore)	Share of the Total Amt. sanctioned
Bangalore urban	8,95,129	4,547.87	1.50%
Hyderabad	7,45,908	3,187.43	1.25%
Pune	2,99,926	2,607.94	0.50%
Kolkata	5,32,066	2,359.31	0.89%
North 24 Parganas	5,44,240	2,345.77	0.91%
Belgaum	3,50,551	2,103.70	0.59%
Chennai	2,74,287	2,076.96	0.46%
Bardhaman	4,46,672	2,039.27	0.75%
Central Delhi	4,28,679	1,967.17	0.72%
Murshidabad	4,72,137	1,864.75	0.79%
Total	**49,89,595**	**25,100.17**	**8.36%**

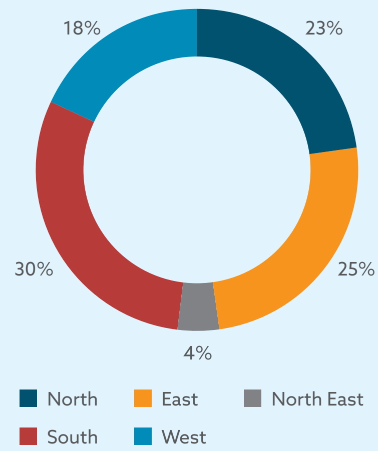
These 10 districts formed 8.36% share in the total sanction during the year.

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:

Region Name	FY 2018-19		
	No. of A/Cs	Sanction Amt. (₹ in crore)	Share of the Total Amt. sanctioned
North	1,12,92,193	74,437.45	23%
East	1,86,58,660	79,580.84	25%
North East	30,60,244	13,144.77	4%
South	1,73,15,948	96,930.34	30%
West	95,43,273	57629.39	18%
Total	**5,98,70,318**	**3,21,722.79**	**100%**

Regionwise distribution under PMMY



North East: *Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura,*

East: *Odisha, West Bengal, Bihar, Jharkhand, Chhattisgarh*

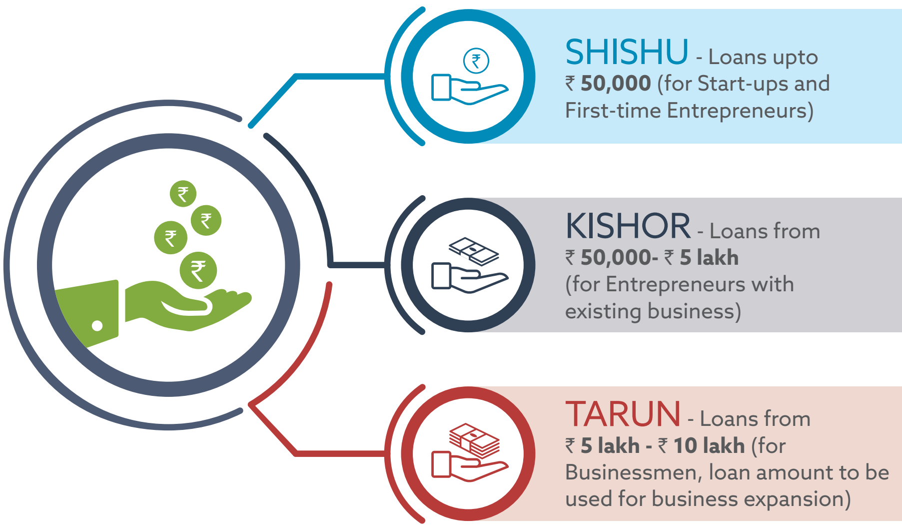
West: *Dadra & Nagar Haveli, Daman & Diu, Gujarat, Goa, Madhya Pradesh, Maharashtra*

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*

Loan Category Analysis

Mudra loans are extended in three categories based on the size of the loans. They are Shishu (upto ₹ 50,000), Kishor (above ₹ 50,000 and upto ₹ 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:



Among the three categories, Shishu loan had the highest share of 86% in terms of number of accounts and was followed by Kishor and Tarun. The share of Kishor loan accounts increased to 11% in FY 2018-19 in comparison to 9.67% in FY 2017-18. Share of Tarun loan also increased to 3% in FY 2018-19 from 1.68% in FY 2017-18.

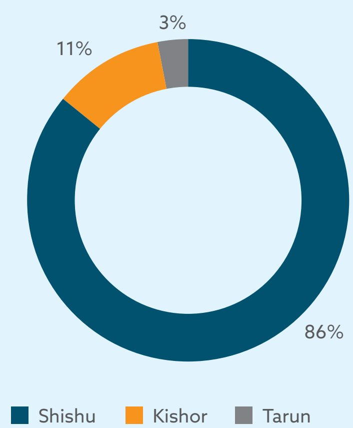
Categorywise analysis of PMMY scheme

(₹ in crore)

Category	No. of loan accounts (FY 2018-19)	Sanction Amt. (FY 2018-19)	Sanction Amt. (FY 2017-18)	% change
Shishu	5,15,07,438 (86%)	1,42,345.25 (44%)	1,06,001.6 (41.78%)	34%
Kishor	66,06,009 (11%)	1,04,386.68 (32%)	86,732.15 (34.19%)	20%
Tarun	17,56,871 (3%)	74,990.86 (23%)	60,943.36 (23.20%)	23%
TOTAL	**5,98,70,318**	**3,21,722.79**	**2,53,677.10**	**27%**

Note: Figures in parenthesis indicate the share in percentage.

Distribution by number of accounts



Average loan size

The average size of the loans extended under Mudra is given below:

	Amount sanctioned (₹ in crore)		No. of loan accounts		Average loan size (Amount in ₹)	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
TOTAL	**2,53,677.1**	**3,21,722.79**	**4,81,30,593**	**5,98,70,318**	**52,739**	**53,800**

The average loan size under PMMY during FY 2018-19 increased marginally to ₹ 53,800 as against ₹ 52,739 in the previous year. Similarly, the average loan size under Shishu category at ₹ 27,640 has been marginally higher than that of ₹ 24,883 in the previous year.

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:

Sub categories of borrowers (FY 2018-19)

(₹ in crore)

Category	SHISHU		KISHOR		TARUN		TOTAL	
	No. of A/Cs	Amount Sanctioned (₹ crore)	No. of A/Cs	Amount Sanctioned (₹ crore)	No. of A/Cs	Amount Sanctioned (₹ crore)	No. of A/Cs	Amount Sanctioned (₹ crore)
General	2,59,93,019	74,816.03	44,39,825	7,8947.67	13,02,379	66,365.45	3,17,35,223 (52%)	2,20,129.14 (68%)
SC	87,67,153	23,253.35	5,52,277	5,291.86	1,33,089	1,412.16	94,52,519 (16%)	29,957.36 (9%)
ST	30,12,074	7,697.71	2,00,315	2,352.7	1,28,940	1,003.14	33,41,329 (6%)	11,053.54 (3%)
OBC	1,37,35,192	36,578.17	14,13,592	17,794.45	1,92,463	6,210.12	1,53,41,247 (26%)	60,582.74 (19%)
Total	**5,15,07,438**	**1,42,345.25**	**66,06,009**	**1,04,386.68**	**17,56,871**	**74,990.86**	**5,98,70,318**	**3,21,722.79**
Out of the above:								
Women	3,34,03,579	96,253.15	28,75,392	26,741.23	7,83,591	10,039.23	3,70,62,562 (62%)	1,33,033.62 (41%)
New Loan accounts	1,09,35,180	29,133.30	20,16,546	43,337.87	4,42,076	33,561.89	1,33,93,802 (22%)	1,06,033.06 (33%)
Minority	54,55,596	15,004.01	7,25,905	9,629.53	70,139	5,490.23	62,51,640 (10%)	30,123.77 (9%)

Note: Figure in parenthesis indicate the share in percentage

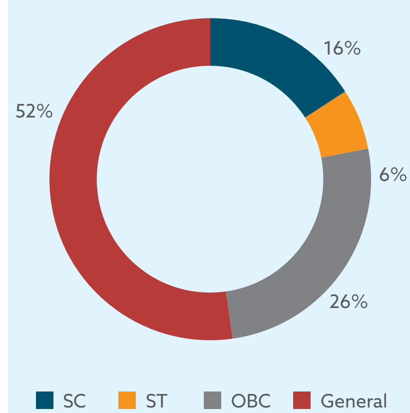
41% of loan amount sanctioned was the share of women borrowers in total loan amount sanctioned. The share of women in the Shishu category is at 65%, in terms of number of accounts and 68% in amount. This is mainly due to the high share of MFIs in Shishu loans, where women are the major beneficiaries of micro finance loan.

The participation of the weaker sections (SC/ST/OBCs) of the society in the PMMY programme was at 48%, in terms of loan accounts, and 31% in terms of loan amount sanctioned. The share of SC, ST and OBC categories were 16%, 6% and 26%, respectively, in terms of the loan accounts sanctioned.

The Minority category of borrowers accounted for 10% and 9% in terms of number of accounts and amount share, respectively in FY 2018-19.

The number of new loan accounts during FY 2018-19 was at 22% of the total loan accounts and 33% in terms of the sanctioned amount. There were nearly 1.33 crore new loan accounts sanctioned under PMMY during the year, which was more than 1.25 crore accounts sanctioned during the previous year.

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



MUDRA Card

MUDRA card, is a Rupay debit card issued against working capital limits issued under PMMY. About 5.17 lakh cards for ₹ 1,477 crore were issued during the first year. Further, 1.84 lakh cards for ₹ 1,564.61 crore were issued during 2017. During FY 2017-18, 1.52 lakh cards were issued for an amount of ₹ 1,481.43 crore. During FY 2018-19, 1.67 lakh cards have been issued for an amount of ₹ 1,711.94 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 10 lakh cards.

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 18.25 crore loan accounts with a sanction of ₹ 8.93 lakh crore in the last four years.

Directors' Report

Dear Members,

Your Directors take pleasure in presenting the 4th Annual Report on the business and operations of **Micro Units Development & Refinance Agency Ltd (MUDRA)** for the Financial Year (FY) ended 31st March, 2019. The Audited Financial Statements, the Auditors' Report and the Report of the Comptroller & Auditor General of India on the Accounts for FY 2018-19 are also attached.

FINANCIAL RESULTS

Your Company's revenue from operations increased from ₹ 485.90 crore to ₹ 574.32 crore in FY 2018-19. Total income rose from ₹ 805.17 crore to ₹ 860.93 crore, while profit after tax decreased from ₹ 171.16 crore to ₹ 33.48 crore in FY 2018-19 due to higher provisions during the year. The highlights of the financial results are presented in Table 1.

Financial Results Highlights, FY 2018–2019

(₹ crore)

Particulars	2017–18	2018–19
Revenue from operations	485.90	574.32
Other income	319.27	286.61
(A) Total income	805.17	860.93
Employee benefit expenses	7.13	6.54
Finance costs	514.84	514.94
Depreciation expense	0.07	0.09
Provisions & write-off	14.40	282.34
Other expenses	7.06	5.82
(B) Total expenses	543.51	809.73
Profit before tax (A-B)	261.66	51.2
(C) Total tax expenses	90.49	17.72
Profit for the year	171.16	33.48
Dividend @	20.95	3.35
Dividend tax*	4.31	0.69
Amount transferred to general reserves	100.00	15.00
Amount transferred to statutory reserves	31.64	6.70
Amount transferred to CSR Fund	**0.00**	**6.72**
Surplus	26.69	27.72
Earnings per share (₹)	1.02	0.20

@ 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 45-IA of the Reserve Bank of India Act, 1934. An amount of ₹ 6.70 crore (20% of the net profit), has been transferred to Statutory Reserves as stipulated under Section 45-IC of the Act.

Transfer to General Reserves

An amount of ₹ 15 crore has been transferred to General Reserves as proposed by the Board of Directors at its meeting held on May 28, 2019, in accordance with requirement under Section 123 (1) of the Companies Act, 2013.

Dividend

Your Directors have recommended first and final dividend of ₹ 0.02 per equity share (of ₹ 10 face value) (compared with ₹ 0.125 per share in FY 2017-18) on a pro rata basis, for FY 2018-19. The proposal is subject to the approval of shareholders at the ensuing fourth 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, 2019.

SHARE CAPITAL

Your Company's paid-up equity share capital stood at ₹ 1,675.93 crore as on 31st March, 2019, comprising 167.59 crore equity shares of ₹ 10 each, fully subscribed by SIDBI.

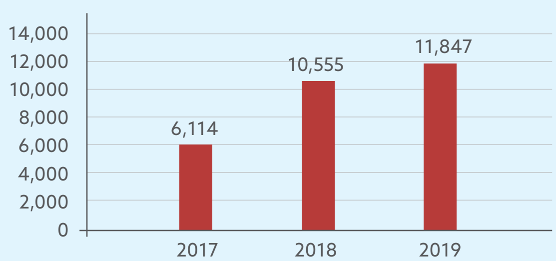
FINANCIAL HIGHLIGHTS

The Progress so far

(Amt. in crore)

As on March 31	2017	2018	2019
Total Assets	10,159	17,274	17,236
Outstanding Portfolio	6,114	10,555	11,847
Capital - Authorised	5,000	5,000	5,000
- Paid-up	1,676	1,676	1,676
Networth	1,921	2,102	2,094

MUDRA Outstanding Portfolio Trend (₹crore)



CAPITAL ADEQUACY

Your Company's capital adequacy ratio was 64.30 % as on 31st March, 2019, 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 2018-19, 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 investments are furnished under Note 7 forming part of the financial statements for FY 2018-19.

RELATED-PARTY TRANSACTIONS

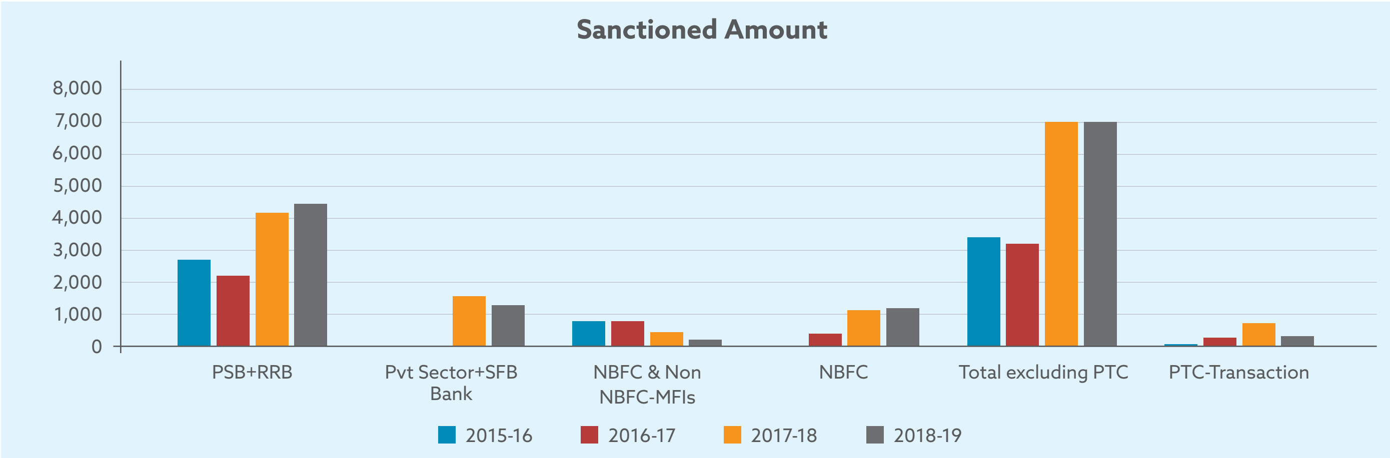
Related-party transactions as disclosed in Note 38 of the audited financial statements, entered into during FY 2018-19, were conducted on an arm's-length basis and in the ordinary course of business. The approval of the Board of Directors was obtained wherever required.

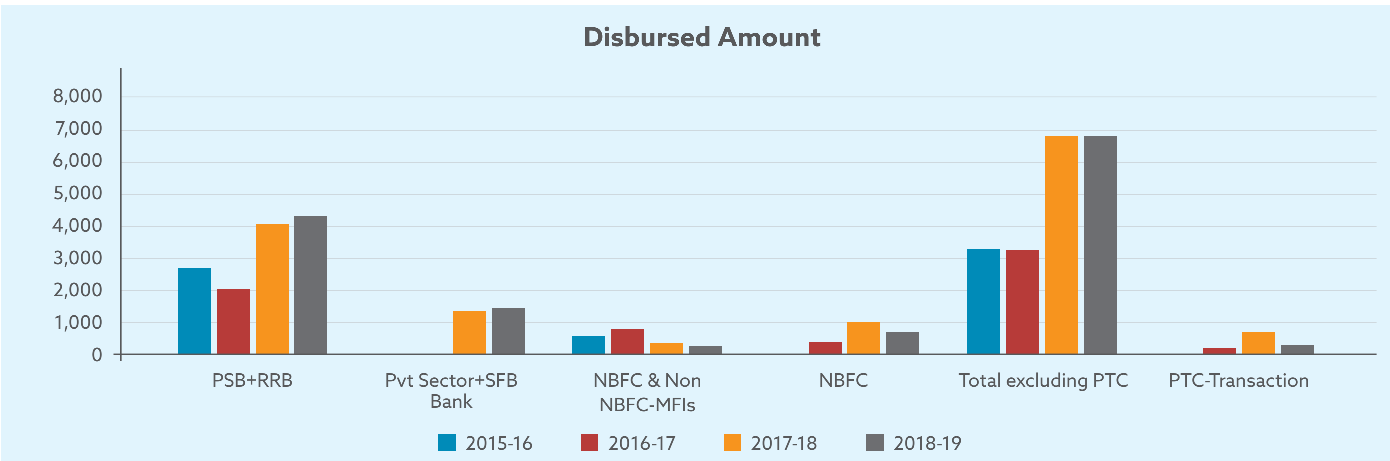
Further, there are no materially significant related-party transactions made by your Company. Accordingly, the particulars of the transactions as prescribed in Form AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013, are not required to be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

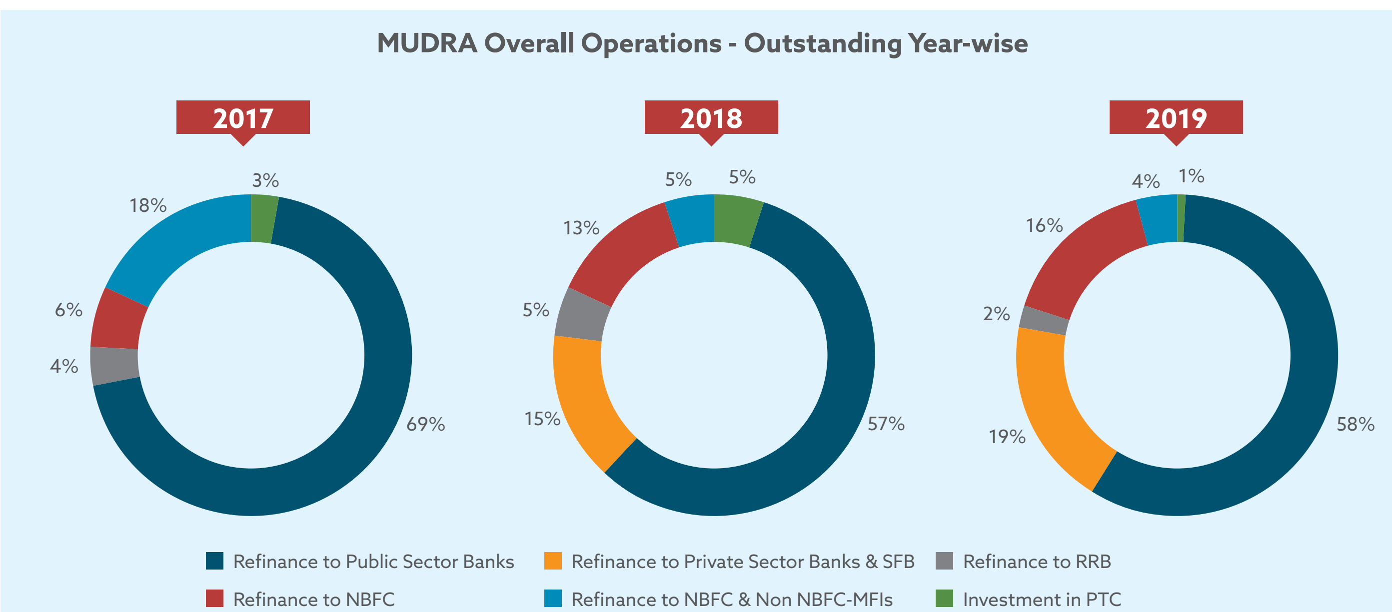
OPERATIONS

During FY 2018-19, your Company sanctioned ₹ 7,558.10 crore to 10 Banks, 8 MFIs and 4 NBFCs & ₹ 7,130.46 crore was disbursed. Disbursements under the MFI & NBFC category declined because few of the MFIs had transformed into SFBs and due to the impact of IL&FS crisis on financial services market during FY 2019

Sanction & Disbursements (₹ 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/small enterprises engaged in the manufacturing, trading and services sectors.

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

MUDRA loans are classified into three categories:

- Shishu for loan up to ₹ 50,000
- Kishor for 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.

PRADHAN MANTRI MUDRA YOJANA (PMMY) DURING 2018-19

More than 5.98 crore micro accounts were benefitted through PMMY during the year.

A snapshot of various categories of beneficiaries is presented in Table 2.

Categories of MUDRA loans and beneficiaries 2018–19 and cumulative for 4 years.

Category	2018-19			Cumulative for 4 years		
	No. of Accounts	Amount sanctioned (₹ crore)	Amount disbursed (₹ crore)	No. of Accounts	Amount sanctioned (₹ crore)	Amount disbursed (₹ crore)
Shishu	5,15,07,438 **(86%)**	1,42,345.25 **(44%)**	1,39,651.55 **(45%)**	5,15,07,438 **(86%)**	3,96,342.6 **(44%)**	3,89,799.2 **(45%)**
Kishor	66,06,009 **(11%)**	1,04,386.68 **(32%)**	99,868 **(32%)**	1,59,92,846 **(9%)**	2,87,716.5 **(32%)**	2,75,201.5 **(32%)**
Tarun	17,56,871 **(3%)**	74,990.86 **(23%)**	72,291.84 **(23%)**	35,13,944 **(2%)**	2,09,318.6 **(23%)**	2,01,515 **(23%)**
TOTAL	**5,98,70,318**	**3,21,722.79**	**3,11,811.39**	**18,25,82,882**	**8,93,377.7**	**8,66,515.7**
Out of the above						
Women	3,70,62,562 **(62%)**	1,33,033.62 **(41%)**	1,29,153.23 **(41%)**	12,73,95,959 **(70%)**	3,98,761 **(45%)**	3,70,764 **(43%)**
New entrepreneurs / Accounts	1,33,93,802 **(22%)**	106033.06 **(32%)**	1,00,925.58 **(32%)**	4,84,17,267 **(27%)**	3,38,092 **(38%)**	3,23,464 **(37%)**
SC/ST/OBC	2,81,35,095 **(48%)**	1,01,593.64 **(31%)**	98,023.68 **(31%)**	9,52,60,902 **(52%)**	3,05,827 **(34%)**	2,97,187 **(34%)**

(Figures in parenthesis indicate their share in the total)

High percentage of women in terms of number of accounts is mainly due to the high share of MFIs in Shishu loans, where women mostly make up the clientele.

The share of special category of borrowers – SC, ST, OBC, women and minority – under different schemes of PMMY continues to be significant in FY 2018-19. The share of women borrowers stands at 62% by number of accounts and 41% by sanction amount.

The participation of the under-privileged sections (SC, ST & OBCs) of the society in the PMMY programme was 48% in terms of number of loan accounts, and 31% in terms of loan amount sanctioned. The share of SC, ST and OBC categories were 16%, 6% and 26%, respectively, in terms of number of loan accounts sanctioned.

The Minority category of borrowers accounted for 10% and 9%, respectively, in terms of number of accounts and amount share in FY 2018-19.

New loan accounts stood at 22% of total loan accounts in FY 2018-19, and 32% of the total sanctioned amount. Nearly 1.33 crore new loan accounts were sanctioned under PMMY during the year, compared with 1.25 crore in FY 2017-18.

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

SECTORAL EVENT ORGANISED BY MUDRA

Your Company organised various events for the development of micro enterprises in FY 2018-19, including:

PARTICIPATION IN SECTORAL EVENTS

MUDRA has attended various events during FY 2018-19, such as:

1) Participated in SIDBI National Micro Finance Congress, 2018 held on October 27, 2018

2) Launch of MSME Support & Outreach program by Honourable Prime Minister at Vigyan Bhavan on November 02, 2018

CORPORATE GOVERNANCE

MEETINGS OF THE BOARD OF DIRECTORS

During FY 2018-19, the Board of MUDRA met 5 times on various dates in accordance with Section 173 of Companies Act, 2013. Details of these meetings are given in **Annexure I.**

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

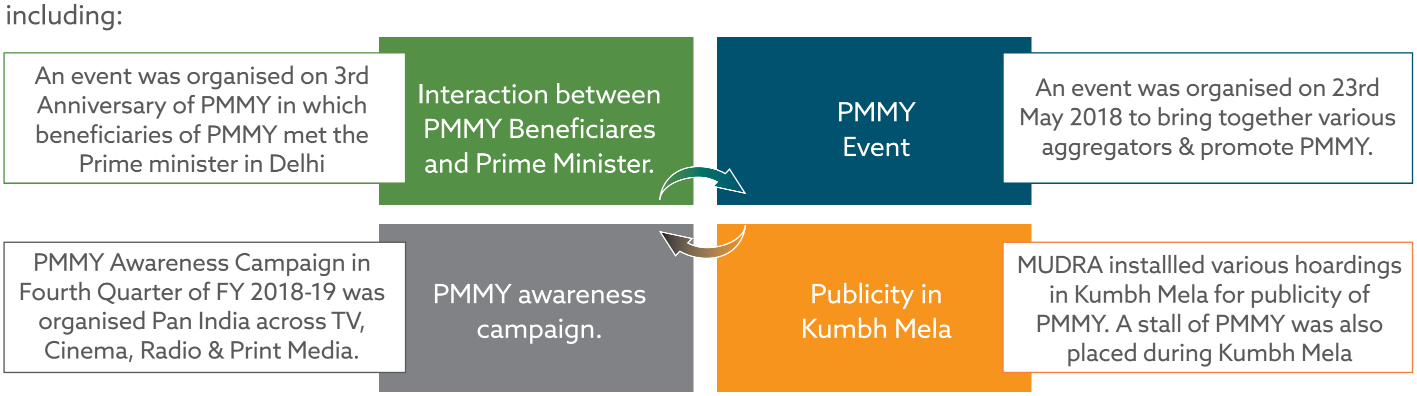
POLICY ON DIRECTORS' APPOINTMENT & REMUNERATION

REMUNERATION TO EXECUTIVE DIRECTORS

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

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.

PARTICULARS OF EMPLOYEES

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

TRAINING & CAREER DEVELOPMENT

Your Company has been focusing on continuous grooming of its staff. During the year staff members attended various training Programmes organized by RBI and SIDBI.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

INDUCTIONS

The following appointments were made during the year:

- Shri Aalok Gupta, as Managing Director & Chief Executive Officer, effective August 07, 2018
- Shri Harsh Shrivastava as Independent Director, effective September 27, 2018
- Smt Rajni Sood was appointed as Chief Financial Officer of MUDRA effective January 29, 2019
- Ms Pooja Kukreti was appointed as Company Secretary Cum Compliance Officer effective February 12, 2019

REAPPOINTMENTS

- As per the provisions of the Companies Act, 2013, Shri Ajay Kumar Kapur, Nominee Director, and Shri Aalok Gupta, Managing Director, retire by rotation at the ensuing AGM and, being eligible, seek reappointment. The Board has recommended their re-appointment

RETIREMENTS & RESIGNATIONS

- Shri Surendra Srivastava, Chief Financial Officer, MUDRA was repatriated to SIDBI effective from December 21, 2018
- Shri Surendra Srivastava on account of his repatriation to SIDBI, resigned as Director of the Board effective December 21, 2018

CHANGE IN DESIGNATION

The details of the Board of Directors of your Company, and changes in directorship during FY 2018–19 are given in Annexure I.

COMMITTEES OF THE BOARD

As on March 31, 2019, the Board had six committees and sub-committees – Audit Committee, Nomination & Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee, Executive Committee and IT Strategy Committee – in compliance with the applicable provisions of the Companies Act, 2013, and the RBI regulations. The composition of the Board and the committees is provided in the Annexure 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 2018–19 and of the profit and loss of the Company for that period

(c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

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

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

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

DISCLOSURES REGARDING SEXUAL HARASSMENT AT WORKPLACE

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

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

The Company has not received any complaint on sexual harassment during the Financial Year 2018-19.

AUDIT REPORTS AND AUDITORS

AUDIT REPORTS

- The Auditors' Report for FY 2018-19 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 2018-19 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 2018–19.

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 2018–19.

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. The information sought by IAAD, along with audited financial statements for FY 2018-19, was duly furnished to their office.

Based on the audit, the Office of the Principal Director of Commercial Audit, vide letter dated August 28, 2019, 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, 2018, was undertaken by the Department of Non-Banking Supervision (DNBS) of the RBI. 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 Kochar & Associates, Chartered Accountants, were appointed as internal auditors of your Company for FY 2018–19.

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 2018-19, 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 made considerable efforts in generating proposals for sanction under CSR budget. However, appropriate proposals meeting the objectives set out in the CSR policy were not received. The agenda will be taken forward during FY 2019-20

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 167 Right to Information (RTI) applications through DFS, RBI, Mantralaya, SIDBI and direct under the RTI Act, 2005, inquiring about PMMY and the MUDRA schemes. All applications were disposed of by your Company within the prescribed timeframe.

Transparency/ Disclosures

- **167** applications recieved, All such applications recieved forwarded to RO/ZO of respective Banks for appropiate action on their parts
- **0** applications Preferred to CIC and filed to first appellate authority

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. Preferred

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

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

TECHNOLOGY ABSORPTION

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

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

ACKNOWLEDGEMENTS

The Board takes this opportunity to express its sincere appreciation for the excellent patronage received from all its stakeholders, especially the Department of Financial Services, Ministry of Finance, Government of India; the 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: September 18, 2019
Place: Mumbai

Annexures to the Director's Report

Annexure I

Board of Directors as on 31 March 2019

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, GoI, GoI 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.	Jyotsna Sitling, IFS	Joint Secretary, Ministry of Skill Development and Entrepreneur, GoI	June 20, 2015
6.	Aalok Gupta	MD & CEO, MUDRA	August 07, 2018
		Independent Directors	
7.	Pillarisetti Satish		November 10, 2015
8.	Arvind Kumar Jain		February 8, 2018
9.	Harsh Shrivastava		September 27, 2018

Cessation during the year 2018–19

S. No.	Name	Designation	Date of appointment	Date of Cessation
1.	Jiji Mammen	MD & CEO, MUDRA	April 13, 2015	April 12, 2018
2.	Ratna Viswanathan	Independent Director	November 10, 2015	May 11, 2018
3.	Surendra Srivastava	Director	July 27, 2018	December 21, 2018

Board Meetings held during the year

S. No.	Date of meeting	Board strength	No. of directors present
1.	April 13, 2018	8	8
2.	May 11, 2018	8	8
3.	July 27, 2018	8	8
4.	November 15, 2018	10	9
5.	January 29, 2019	9	8

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
Shri Arvind Kumar Jain	Member	July 18, 2018

Nomination & Remuneration Committee

Name	Position	Date of appointment
Shri Pankaj Jain	Chairman	April 23, 2018
Shri Ajay Kumar Kapur	Member	April 07, 2015
Shri Pillarisetti Satish	Member	December 01, 2015
Shri Arvind Kumar Jain	Member	July 18, 2018

Corporate Social Responsibility Committee

Name	Position	Date of appointment
Shri Aalok Gupta	Chairman	August 07, 2018
Shri Pillarisetti Satish	Member	January 28, 2016
Ms Jyotsna Sitling	Member	April 23, 2018
Shri Harsh Shrivastava	Member	October 15, 2018

Risk Management Committee

Name	Position	Date of appointment
Shri Aalok Gupta	Chairman	August 07, 2018
Shri Arvind Kumar Jain	Member	April 23, 2018
Shri Pillarisetti Satish	Member	January 01, 2019

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2019

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

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Micro Units Development & Refinance Agency Limited** (hereinafter called 'the Company'). 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 2019 ('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 2019 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*(Superceded 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)

However, as explained by the Management of the Company, though the Company has formed CSR Committee and has made considerable efforts in generating proposals for sanction under CSR budget, suitable proposals meeting the objectives as set out in the CSR policy were not received and therefore spending of CSR amounts will be taken forward during FY 2019-20.

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 and 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: July 19, 2019

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

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

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

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

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

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

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

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

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

For: Deep Shukla & Associates
Company Secretaries

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

Place: Mumbai
Date: July 19, 2019

Annexure III

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on period ended on 31 March 2019

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

I. REGISTRATION & OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	% of shares held	Applicable Section
1.	*Small Industries Development Bank of India SIDBI Tower, 15, Ashok Marg, Lucknow - 226001 Uttar Pradesh	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 April 1, 2018]				No. of shares held at the end of the year [As on March 31, 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks/FIs	1675925920	0	1675925920	100.00	1675925920	0	1675925920	100.00	0.00
f) Any other	0	0	0	0	0	0	0	0	0
2) Foreign Holdings									
a) Individual	0	0	0	0	0	0	0	0	0
b) Body corporate	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	**1675925920**	**0**	**1675925920**	**100.00**	**1675925920**	**0**	**1675925920**	**100.00**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FIs	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	6	6	0.01	6	0	6	0.01	0
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	0	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	0

Category of shareholders	No. of shares held at the beginning of the year [As on April 1, 2018]				No. of shares held at the end of the year [As on March 31, 2019]				% 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**	**6**	**6**	**0.01**	**6**	**0**	**6**	**0.01**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	6	6	0.01	6	0	6	0.01	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**	**1675925926**	**0**	**1675925926**	**100**	**0**

(ii) Shareholding of Promoter

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding 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

Sl. 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
	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 share-holding	Reason	Cumulative shareholding during the year & at the end of the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Shri S. N. Singh (Representative of SIDBI)	1	0	31 July 2017	0	Transfer of Shares	1	0
2	Shri Kailash Chander Bhanoo (Representative of SIDBI)	1	0	31 July 2017	0		1	0
3	Shri Rabindra Kumar Das(Representative of SIDBI)	1	0	31 July 2017	-1		0	0
4	Shri Debashis Ghosh (Representative of SIDBI)	1	0	31 July 2017	-1		0	0
5	Shri Roop Kumar Sharma (Representative of SIDBI)	1	0	31 July 2017	-1		0	0
6	Shri Mukesh Kumar Pandey (Representative of SIDBI)	1	0	31 July 2017	-1		0	0
7	Shri Praveen Kumar Agarwal (Representative of SIDBI)	0	0	27 July 2018	1		1	0
8	Shri Vinay S Hedaoo (Representative of SIDBI)	0	0	27 July 2018	1		1	0
9	Shri Anil Kulkarni (Representative of SIDBI)	0	0	27 July 2018	1		1	0
10	Smt Y. Munni Kumari (Representative of SIDBI)	0	0	27 July 2018	1		1	0

(v) Shareholding of Directors and Key Managerial Personnel

Sl. 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	-	-	₹ 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**
Change in indebtedness during the financial year				
* Addition	-	-	₹ 5,000,00,00,000	₹ 5,000,00,00,000
Reduction	-	-	₹ 5,000,00,00,000	₹ 5,000,00,00,000
Net change	**-**	**-**	**0**	**0**
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	-	-	₹ 134,29,47,779	₹ 134,29,47,779
Total (i+ii+iii)	**-**	**-**	**₹ 151,34,29,47,779**	**₹ 151,34,29,47,779**

* 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 (2018-19)	Name of MD/WTD (CEO)/ Manager (2018-19)	Total amount
1	Gross salary	Shri Aalok Gupta (MD & CEO) (August 2018 to present)	Shri Jiji Mammen (MD & CEO) (till April 12, 2018)	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	₹ 46,47,848	2,49,609	₹ 48,97,457
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-		-
2	Stock option	-		-
3	Sweat equity			-
4	Commission - as % of profit - others, specify...	-		-
5	Others, please specify	-		-
	Total (A)	**₹ 46,47,848**	**2,49,609**	**₹ 48,97,457**
	Ceiling as per the Act			

B. Remuneration to other directors

SN.	Particulars of remuneration	Name of Directors				Total amount
1	**Independent Directors**	**Ms. Ratna Vishwanathan**	**Shri Pillarisetti Satish**	**Shri Arvind Kumar Jain**	**Shri Harsh Shrivastava**	
	Fee for attending Board/ Committee meetings	₹ 60,000	₹ 2,20,000	₹ 2,40,000	₹ 60,000	₹ 5,80,000
	Commission		-	-	-	-
	Others, please specify		-	-	-	-
	Total (1)	**₹ 60,000**	**₹ 2,20,000**	**₹ 2,40,000**	**₹ 60,000**	**₹ 5,80,000**
2	Other Non-Executive Directors		-	-	-	-
	Fee for attending board committee meetings		-	-	-	-
	Commission		-	-	-	-
	Others, please specify		-	-	-	-
	Total (2)		**-**	**-**	**-**	**-**
	Total (B)=(1+2)		**-**	**-**	**-**	
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

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

SN.	Particulars of remuneration	Key Managerial Personnel			Total
		Chief Financial Officer	**Chief Financial Officer**	**Company Secretary**	
		Shri Surendra Srivastava (upto December 21, 2018)	**Smt Rajni Sood (January 29, 2019 to present)**	**Ms Pooja Kukreti**	
1	**Gross salary**				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	₹ 26,89,386	₹ 9,86,579	₹ 1,07,142	₹ 37,83,107
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	₹ 5,19,631	₹ 1,57,813	-	₹ 6,77,444
	(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	**₹ 32,09,017**	**₹ 11,44,392 ***	**₹ 1,07,142**	**₹ 44,60,551**

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

* Salary is from the date of reporting (December 26, 2018) to MUDRA

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: September 18, 2019

INDEPENDENT AUDITORS' REPORT

To the Members of Micro Units Development & Refinance Agency Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Micro Units Development & Refinance Agency Limited**, Registered and Corporate Office: Swavalamban Bhavan,C-11 G-Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051 ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, the Statement of Changes in Equity and the statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Sr. No.	The Key Audit Matter	How the matters were addressed in our audit
1.	Provisions/adjustments made for the financial year ended 31st March, 2019	A deposit of Rs. 285Cr was placed with ILFS was with an intention of temporary deployment of funds, pending utilization towards company's main business of refinancing. Therefore, the said Deposit has been classified as Investment. Further, in view of downgrading of said deposit by Rating Agency, accompanied by default and as required under Ind AS 109 on account of standard of Expected Credit Loss (ECL), resulting from downgrading of Investment, full provision has been made against said Deposit.

Sr. No.	The Key Audit Matter	How the matters were addressed in our audit
2.	RBI Compliance	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).
3.	Company's main Stream of Income is Interest from Refinancing to NBFC, MFI, Banks & similar entities and short-term Investments in Deposits with banks & others. For carrying such activity, Interest costs are incurred on financial resources obtained. Incidental to said activities, Processing Fee is charged, which is partly shared with it's Holdings company, for their part of efforts, on an agreed basis.	Based on terms of Interest & Processing Fee etc., including it's periodicity, required individual test checks are carried, for risk of it's Accounting comprehensiveness & connected Accrual requirements.

Other Matters

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, 2019, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

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 (changes in equity) and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

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

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

Auditor's Responsibility

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

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

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

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

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

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant 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, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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 A". 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 has system in place to process all the accounting transaction trough IT system. There is no accounting transaction processed outside IT system.

   ii) There are no cases of waiver of fees/reversal of accounted fees which was due but not received/written off.

   iii) There are no funds received/ receivable for Specific Scheme from Central/State Agencies.

Sacchin Ghadialli
Partner
Membership Number: 133178

For and on behalf of
P C Ghadiali and Co LLP
Chartered Accountants
Firm No. 103132W / W-100037

Place: Mumbai
Date: 03/06/2019

ANNEXURE "A" 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, 2019]

[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, 2019 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, 2019, 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.

Sacchin Ghadialli
Partner
Membership Number: 133178

For and on behalf of
P C Ghadiali and Co LLP
Chartered Accountants
Firm No. 103132W / W-100037

Place: Mumbai
Date: 03/06/2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 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, 2019]

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

   (c) 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, 2019, 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.

Sacchin Ghadialli
Partner
Membership Number: 133178

For and on behalf of
P C Ghadiali and Co LLP
Chartered Accountants
Firm No. 103132W / W-100037

Place: Mumbai
Date: 03/06/2019

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, 2019 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 June 03, 2019 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 hereby report as under on the matters specified in paragraphs 3 and 4 of the Directions in respect of the year ended March 31, 2019.

   (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, 2019 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, 2019.

   (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, 2019.

   (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, 2019.

(VII) The capital adequacy ratio as disclosed in the return submitted to the RBI in Form NBS-7 for the year ended March 31, 2019 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

Sacchin Ghadialli
Partner
Membership No. 133178

Place: Mumbai
Date:03/06/2019

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Balance Sheet

as at March 31, 2019

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
Financials Assets				
(a) Cash and cash equivalents	4	1,71,052.50	3,72,388.02	40,274.05
(b) Bank balances other than cash and cash equivalents	5	3,08,055.20	1,10,390.31	1,74,260.44
(c) Loans	6	11,83,404.34	10,53,901.77	6,10,247.48
(d) Investments	7	40,040.37	1,76,049.62	1,79,681.76
(e) Other Financials Assets	8	8,960.57	10,507.84	8,752.37
Non Financials Assets				
(a) Current Tax Assets (Net)	9	-	247.31	749.71
(b) Deferred Tax Assets (Net)	10	10,950.61	1,087.28	680.57
(c) Property, Plant and Equipment	11	7.78	14.79	12.28
(d) Intangible assets under development		47.50	-	-
(e) Other Intangible assets	12	1.42	3.32	3.06
(f) Other non-financials assets	13	1,068.62	768.63	0.00
Total Assets		**17,23,588.92**	**17,25,358.88**	**10,14,661.72**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
(a) Payables	14			
I) Trade payables		-	-	-
II) Other payables		253.10	263.05	64.89
(b) Deposits	15	15,00,000.00	15,00,000.00	8,12,500.00
(c) Other financial liabilities	16	13,463.08	16,558.27	9,064.92
Non-Financial Liabilities				
(a) Current tax liabilities(Net)	9	473.40	-	-
(b) Deferred tax liabilities (Net)	10	-	-	-
(c) Other non-financial liabilities	17	42.61	3.34	0.13
Total Liabilities		**15,14,232.19**	**15,16,824.67**	**8,21,629.93**
EQUITY				
(a) Equity Share capital	18	1,67,592.59	1,67,592.59	1,67,592.59
(b) Other Equity	19	41,764.14	40,941.62	25,439.20
Total Equity		**2,09,356.73**	**2,08,534.21**	**1,93,031.79**
Total Liabilities and Equity		**17,23,588.92**	**17,25,358.88**	**10,14,661.72**
See accompanying Notes forming part of the Financial Statements	1 to 62			

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

Sacchin Ghadialli
Partner
Membership No.:133178

Aalok Gupta
MD & CEO
DIN : 08195214

Manoj Mittal
Director
DIN :01400076

Rajni Sood
Chief Financial Officer

Pooja Kukreti
Company Secretary
A48834

Place : Mumbai
Date: June 03, 2019

Statement of Profit and Loss

for the period April 01, 2018 to March 31, 2019

(₹ in lakhs)

	Particulars	Note No.	For the period ended March 31, 2019	For the period ended March 31, 2018
I.	**Revenue from operations**			
	Interest Income	20	78,358.40	66,644.05
	Fees and commission Income	21	385.59	384.11
	Net gain on fair value changes	22	7,347.66	13,487.89
	Total Revenue from operations		**86,091.65**	**80,516.05**
II.	**Other income**	23	1.13	1.07
III.	**Total Income(I+II)**		**86,092.79**	**80,517.12**
IV.	**Expenses**			
	Finance costs	24	51,494.52	51,484.50
	Impairment on financial instruments	25	28,234.02	1,440.27
	Employee Benefits Expenses	26	653.57	713.25
	Depreciation, amortization and impairment	27	9.09	7.37
	Others expenses	28	581.94	705.93
	Total expenses		**80,973.14**	**54,351.33**
V.	**Profit / (loss) before exceptional items and tax (III-IV)**		5,119.64	26,165.80
	Exceptional Items		-	-
VI.	**Profit/(loss) before tax (III-IV)**		5,119.64	26,165.80
VII.	**Tax expenses:**	29		
	Current tax expense		11,634.87	9,455.95
	Deferred tax		(9,863.34)	(406.70)
VIII.	**Profit/(loss) for the year (VI-VII)**		3,348.11	17,116.55
	Other Comprehensive Income			
A.	Items that will not be reclassified to profit or loss			
B.	Items that will reclassified to profit or loss			
	Other comprehensive income (A+B)		**-**	**-**
	Total comprehensive income		**3,348.11**	**17,116.55**
IX.	**Earnings per equity share**	30		
	Basic (₹)		0.20	1.02
	Diluted (₹)		0.20	1.02

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

Sacchin Ghadialli
Partner
Membership No.:133178

Aalok Gupta
MD & CEO
DIN : 08195214

Manoj Mittal
Director
DIN :01400076

Rajni Sood
Chief Financial Officer

Pooja Kukreti
Company Secretary
A48834

Place : Mumbai
Date: June 03, 2019

Cash Flow Statement

for the year ended March 31, 2019

(₹ in lakhs)

	Particulars	For the period ended March 31, 2019	For the period ended March 31, 2018
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Profit before tax	5,119.64	26,165.80
	Net Profit Before Taxes		
	Adjustment for:		
	Interest Income from Fixed Deposits & CDs	(21,312.39)	(18,437.97)
	Profit on sale Mutual Funds	(7,416.84)	(13,462.02)
	Depreciation and amortisation	9.09	7.37
	Impairment on financial instruments	28,234.02	1,440.27
	Change in Fair Value of Mutual Fund	69.17	(25.87)
	Amotisation of upfront fees	(15.59)	(145.61)
	Operating (loss)/ profit before working capital changes	**4,687.11**	**(4,458.03)**
	Movement in working capital		
	(Increase)/Decrease in Loans	(1,29,229.53)	(4,44,940.41)
	(Increase)/Decrease in other financial assets	(310.76)	(350.43)
	(Increase)/Decrease in other assets	(45.12)	(51.34)
	Increase/(Decrease) in Other payables	(9.96)	198.17
	Increase/(Decrease) in Other finacial liabilities	(3,095.19)	7,493.36
	Increase/(Decrease) in Other liabilities	39.27	3.21
	Cash generated from operations	**(1,27,964.18)**	**(4,42,105.47)**
	Income taxe paid	(11,169.04)	(9,670.84)
	Net cash from/(utilised in) operating activities	**(1,39,133.21)**	**(4,51,776.31)**
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of fixed assets and intangible assets	(47.70)	(10.14)
	(Increase)/Decrease in Investments- Certificate of Deposits	12,189.41	(6,142.90)
	(Increase)/Decrease in Investments- Corporate Deposits	59,527.38	(88,027.38)
	(Increase)/Decrease in Fixed Deposits (with a maturity of more than 3 months)	(1,97,664.89)	63,870.13
	Interest Income from Fixed Deposits & CDs	23,802.25	16,755.20
	Gain on sale of Mutual Fund	7,416.84	13,462.02
	Decrease in Investment in Mutual Fund	35,100.00	98,097.47
	Net cash from/(utilised in) investing activities	**(59,676.71)**	**98,004.40**

(₹ in lakhs)

Particulars		For the period ended March 31, 2019	For the period ended March 31, 2018
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Deposit received	-	6,87,500.00
	Dividend paid	(2,094.91)	(1,341.07)
	Dividends paid including DDT	(430.69)	(273.06)
	Net Cash from financing activities	**(2,525.59)**	**6,85,885.87**
	NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	**(2,01,335.51)**	**3,32,113.97**
	Cash and cash equivalents at the beginning of the financial year	3,72,388.02	40,274.05
	Cash and cash equivalents at end of the year	**1,71,052.50**	**3,72,388.02**
	Reconciliation of cash and cash equivalents as per the cash flow statement		
	Cash and cash equivalents as per above comprise of the following		
		Year ended March 31, 2019	**Year ended March 31, 2018**
	Balances with banks in Current accounts	498.97	26.54
	Cash on hand	0.04	0.03
	Bank deposits with maturity of less than 3 months	1,70,553.50	3,72,361.44
	Total	**1,71,052.50**	**3,72,388.02**
	For disclosures relating to changes in liabilities arising from financing activities, refer note 37		
	Significant accounting policies on Note No. 1 to 3		
	The accompanying notes form an integral part of these Financial Statements.		

In terms of our report attached of even date
For P C Ghadiali and Co LLP
Chartered Accountants
Firm No.: 103132W/ W-100037

For and on behalf of the Board of Directors

Sacchin Ghadialli
Partner
Membership No.:133178

Aalok Gupta
MD & CEO
DIN : 08195214

Manoj Mittal
Director
DIN :01400076

Rajni Sood
Chief Financial Officer

Pooja Kukreti
Company Secretary
A48834

Place : Mumbai
Date: June 03, 2019

Statement of Changes in Equity

as at March 31, 2019

A. Equity share capital

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	**1,67,592.59**	**1,67,592.59**
Changes in Equity Share capital during the year	-	-
Balance at the end of the year	**1,67,592.59**	**1,67,592.59**

B. Other Equity

(₹ in lakhs)

Particulars	Reserve and Surplus						Other comprehensive income	Total
	Securities Premium	Development Fund	General Reserve	Retained Earnings	Corporate Social Responsibility Fund (CSR)	Statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934		
Balance at April 01, 2017	7,407.41		11,500.00	3,056.36	-	3,475.43	-	25,439.20
Profit for the period				17,116.55			-	17,116.55
Transfer to statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	(3,164.38)		3,164.38	-	-
Transfer to general reserve	-	-	10,000.00	(10,000.00)		-	-	-
Transfer to development fund	-	200.00	-	(200.00)		-	-	-
Total	**7,407.41**	**200.00**	**21,500.00**	**6,808.53**	**-**	**6,639.81**	**-**	**42,555.75**
Dividends paid	-	-	-	(1,341.07)		-	-	(1,341.07)
Dividend distribution tax	-	-	-	(273.06)		-	-	(273.06)
At March 31, 2018	**7,407.41**	**200.00**	**21,500.00**	**5,194.40**	**-**	**6,639.81**	**-**	**40,941.62**
Profit for the period				3,348.11			-	3,348.11
Transfer to statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	(669.62)		669.62	-	-
Transfer to general reserve	-	-	1,500.00	(1,500.00)			-	-
Transfer to CSR Fund	-	-	-	(671.58)	671.58		-	-
Total	**7,407.41**	**200.00**	**23,000.00**	**5,701.31**	**671.58**	**7,309.44**	**-**	**44,289.73**
Dividends paid	-	-	-	(2,094.91)		-	-	(2,094.91)
Dividend distribution tax	-	-	-	(430.69)		-	-	(430.69)
At March 31, 2019	**7,407.41**	**200.00**	**23,000.00**	**3,175.72**	**671.58**	**7,309.44**	**-**	**41,764.14**

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

Sacchin Ghadialli
Partner
Membership No.:133178

Aalok Gupta
MD & CEO
DIN : 08195214

Manoj Mittal
Director
DIN :01400076

Rajni Sood
Chief Financial Officer

Pooja Kukreti
Company Secretary
A48834

Place : Mumbai
Date: June 03, 2019

Significant Accounting Policies

1. Corporate Information

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

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

2. Basis of Preparation

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

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

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

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

The date of transition to Ind AS is April 01, 2017. Refer note 41 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

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

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

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

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

Presentation of Financial Statements

The entity presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 34.

3. Significant Accounting Policies

3.1 Revenue Recognition

Recognition & Measurement:

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

3.1.1 Interest Income:

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

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

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

However, Upfront fees shared by MUDRA with its parent company is not amortized during the future life of the loans and advances (Ind AS requirement) taking conservative view, being expenditure and also because the amount is not material (0.1% of total revenue and also expenditure).

3.2 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

Current and deferred tax for the year

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

3.3 Employee Benefits:

Recognition & Measurement:

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

Post-employment obligations:

The Company operates the following post-employment schemes:

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

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

Gratuity:

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

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

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

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

Defined Contribution plans

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

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

3.4 Property, Plant and Equipment

Recognition and Measurement:

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

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

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

Transition date:

The entity has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Depreciation methods, estimated useful life and residual value

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

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

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

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

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

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

3.5 Intangible Assets

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

Transition Date:

On the date of transition to Ind AS, the Company has elected to continue with the net carrying value of intangible assets recognised as at April 01, 2017 measured as per previous GAAP and use that carrying value as the deemed cost of intangible assets.

Amortisation:

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

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

Asset Class	Useful Life
Computer software	3 years

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

3.6 Borrowing costs

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

3.7 Impairment of non-financial assets:

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

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

3.8 Provisions and Contingencies

Provisions

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

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

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

Contingent Liabilities & Contingent Assets

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

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

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

3.9 Cash & cash equivalents

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

3.10 Financial instruments

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

3.10.1 Financial assets

(i) Classification, recognition and measurement:

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

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

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

b) those to be measured at amortised cost.

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

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

Initial Recognition:

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

Subsequent measurement:

Type of instruments	Classification	Rationale for classification	Subsequent measurement
Debt instruments	Amortized cost	Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on principal amount outstanding are measured at amortised cost.	Amortized cost is calculated using Effective Interest Rate (EIR) method, taking into account interest income, transaction cost and discount or premium on acquisition. EIR amortization is included in finance Income. Any gain and loss on derecognition of the financial instrument measured at amortised cost recognised in profit and loss account.
	Fair value through other comprehensive income (FVOCI)	Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest on principal amount outstanding, are measured at FVOCI.	Changes in carrying value of such instruments are recorded in OCI except for impairment losses, interest income (including transaction cost and discounts or premium on amortization) and foreign exchange gain/loss which is recognized in income statement. Interest income, transaction cost and discount or premium on acquisition are recognized in to income statement (finance income) using effective interest rate method. On derecognition of the financial assets measured at FVOCI, the cumulative gain or loss previously recognized in OCI is classified from Equity to Profit and Loss account in other gain and loss head.
	Fair value through profit or loss (FVTPL)	Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain and loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss in the period in which arise.	Change in fair value of such assets are recorded in income statement as other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in the finance income.

Type of instruments	Classification	Rationale for classification	Subsequent measurement
Equity instruments	FVOCI	The Entity's management has made an irrevocable election at the time of initial recognition to account for the equity investment (On an instrument by instrument basis) at fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading. The classification is made on initial recognition and is irrevocable.	Change in fair value of such instrument are recorded in OCI. On disposal of such instruments, no amount is reclassified to income statement. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividend income from such instruments are however recorded in income statement.
	FVTPL	When no such election is made, the equity instruments are measured at FVTPL	Change in fair value of such assets are recorded in income statement.

(ii) ***Derecognition of financial assets:***

A financial asset is derecognised only when

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

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

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

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

(iii) ***Foreign exchange gain or losses:***

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

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

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

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

3.10.2 Financial liabilities and equity instruments:

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

Classification, recognition and measurement:

(a) *Equity Instruments:*

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

(b) *Financial liabilities:*

Initial recognition and measurement:

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

Subsequent measurement:

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

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

(i) Financial liabilities at amortised cost:

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

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

Financial liabilities held for trading are measured at FVTPL.

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

Derecognition:

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

(c) *Financial guarantees contracts :*

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

3.10.3 Impairment of financial assets:

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

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

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

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

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

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

A loss allowance at an amount equal to 12-month expected credit losses is recognised, if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1).

This amount represents the expected credit losses resulting from default events that are possible within the next 12 months. The interest revenue is calculated on the gross carrying amount for financial assets in Stage 1.

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

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

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

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

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

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

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

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

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

Key concepts and management judgements:

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

Purchased or originated credit-impaired (POCI) financial assets

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

3.11 Fair value measurement:

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

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

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

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

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

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

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

3.12 Derivative financial instruments

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

3.13 Offsetting financial instruments:

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

3.14 Segment Reporting:

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

3.15 Dividend

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

3.16 Earnings per share:

Basic earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to owners of the Company

- by the weighted average number of equity shares outstanding during the financial year

Diluted earnings per share

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

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

3.17 Significant accounting estimates, judgements and assumptions:

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

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

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

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

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

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

3.18 Prudential Norms:

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

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

3.19 Ind AS Standard not yet notified:

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Entity's financial statements are disclosed below. The Entity intends to adopt these standards, if applicable, when they become effective.

1. Ind AS 116 "Leases":

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. Currently, there is no lease agreement with the Company as lessor or lessee.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 12 – Income taxes:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. There is no impact of the above amendment to the company as on transition date.

Notes Forming part of the Financial Statements

4 Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash on hand	0.04	0.03	0.03
Balance with Banks	498.97	26.54	0.44
Bank deposits with maturity of less than 3 months	1,70,553.50	3,72,361.44	40,273.59
Total	**1,71,052.50**	**3,72,388.02**	**40,274.05**

5 Bank balances other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Fixed Deposits- Maturity more than 3 months but not exceeding 12 months	3,08,055.20	1,10,390.31	1,74,260.44
Total	**3,08,055.20**	**1,10,390.31**	**1,74,260.44**

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

6 Loans and Advances

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Amortised Cost			
Term Loans			
(A) Banks-Secured against bookdebts held in trust, by the financing Banks	9,41,576.50	8,12,342.99	4,47,251.20
(B) Micro Finance Institutions (MFIs)- Secured against hypothecation of bookdebts of MFIs	47,632.00	58,895.96	1,07,934.16
(C) Non-Banking Financial Campany (NBFCs)- Secured against hypothecation of bookdebts of NBFCs	1,87,188.98	1,35,156.76	39,884.26
Subscription to Pass Through Certificate (PTC)	9,235.45	49,992.09	16,232.15
Total Gross (A)	**11,85,632.93**	**10,56,387.81**	**6,11,301.78**
Less: Impairment loss allowance	(2,228.59)	(2,486.03)	(1,054.30)
Total Net (A)	**11,83,404.34**	**10,53,901.77**	**6,10,247.48**
(i) Secured by tangible assets	-	-	-
(ii) Secured by intangible assets	11,85,632.93	10,56,387.81	6,11,301.78
(iii) Covered by Bank/Government Guarantees	-	-	-
(iv) Unsecured	-	-	
Total Gross (B)	**11,85,632.93**	**10,56,387.81**	**6,11,301.78**
Less:Impairment loss allowance	(2,228.59)	(2,486.03)	(1,054.30)
Total Net (B)	**11,83,404.34**	**10,53,901.77**	**6,10,247.48**

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Loans in India			
(i) Public Sector	8,67,197.90	8,12,299.32	4,46,732.11
(ii) Others	3,18,435.03	2,44,088.48	1,64,569.66
Loans outside India			-
Total Gross (C)	**11,85,632.93**	**10,56,387.81**	**6,11,301.78**
Less:Impairment loss allowance	(2,228.59)	(2,486.03)	(1,054.30)
Total Net (C)	**11,83,404.34**	**10,53,901.77**	**6,10,247.48**

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

7 Investments

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment carried at Amortised Cost			
Certificate of Deposits-SIDBI	-	12,821.23	6,400.61
Corporate Deposits	28,500.00	88,027.38	-
Total Gross (A)	**28,500.00**	**1,00,848.61**	**6,400.61**
Less:Provision for impairment (Refer Note 25)	(28,500.00)	(8.54)	
Total Net (A)	**-**	**1,00,840.08**	**6,400.61**
Investment carried at Fair Value through profit and loss (FVTPL)			
Mutual funds (B)	40,040.37	75,209.54	1,73,281.15
Total (A+B)	**40,040.37**	**1,76,049.62**	**1,79,681.76**
(i) Investments outside India	-	-	-
(ii) Investments in India	68,540.37	1,76,058.16	1,79,681.76
Total Gross (C)	**68,540.37**	**1,76,058.16**	**1,79,681.76**
Less: Impairment loss allowance	(28,500.00)	(8.54)	-
Total Net (C)	**40,040.37**	**1,76,049.62**	**1,79,681.76**

8 Other Financials Assets

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest Receivables on Fixed Deposits	7,655.46	9,513.50	8,108.45
Other loans and advances	1,305.11	994.35	643.92
Total	**8,960.57**	**10,507.84**	**8,752.37**

9 Tax Assets/(Liabilities)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Tax Assets			
Advance income tax (Net of provisions)	-	247.31	749.71
Tax Liabilities			
Provision for current tax (Net of Advance tax)	(473.40)	-	-
Total	**(473.40)**	**247.31**	**749.71**

10 Deferred tax assets/(liabilities) (net)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deferred tax asset on account of:			
Preliminary Expenses	40.32	72.95	105.96
Loan upfornt fees recognition as per EIR model	186.66	190.26	240.65
Expected Credit Loss on Loans and advances	778.76	860.37	364.87
Impairment Allowance on Investments	9,959.04	2.95	-
Deferred tax liability on account of:			
Timing difference between tax depreciation and depreciation charged in the books	(0.06)	(1.34)	(1.95)
Fair Valuation of Mutual Fund	(14.11)	(37.91)	(28.96)
MAT Entitlement Credit	-	-	-
Net deferred tax assets	**10,950.61**	**1,087.28**	**680.57**

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

(₹ in lakhs)

Particulars	As at April 1, 2017	(Charged)/ Credited to P & L	As at March 31, 2018	(Charged)/ Credited to P & L	As at March 31, 2019
Timing difference between tax depreciation and depreciation charged in the books	**(1.95)**	**0.61**	**(1.34)**	**1.28**	**(0.06)**
Expected Credit Loss on Loans and advances	364.87	495.50	860.37	(81.61)	778.76
Impairment Allowance on Investments	-	2.95	2.95	9,956.09	9,959.04
Fair Valuation of Mutual Fund	(28.96)	(8.95)	(37.91)	23.80	(14.11)
Preliminary Expenses	105.96	(33.01)	72.95	(32.63)	40.32
Loan upfornt fees recognition as per EIR model	240.65	(50.39)	190.26	(3.60)	186.66
MAT Entitlement Credit	-	-	-	-	-
Net deferred tax assets/(liability)	**680.57**	**406.70**	**1,087.28**	**9,863.34**	**10,950.61**

11 Property, Plant and Equipment

(₹ in lakhs)

Particulars	Office Equipments	Computers Hardware	Electrical Installtions and Equipment	Total
For the year ended March 31, 2019				
Gross Carrying Amount				
Cost as at April 01, 2018	0.98	19.13	0.46	20.57
Additions	0.20	-	-	0.20
Disposals				
Gross carrying value as of March 31, 2019	1.18	19.13	0.46	20.76
Accumulated Depreciation				
Accumulated Depreciation as at April 01, 2018	0.28	5.46	0.05	5.78
Depreciation charge during the year	0.29	6.86	0.05	7.20
Disposals				
Accumulated depreciation as of March 31, 2019	0.57	12.31	0.10	12.98
Net carrying value as of March 31, 2019	**0.61**	**6.82**	**0.36**	**7.78**
For the period ended March 31, 2018				
Gross Carrying Amount				
Deemed cost as at April 01, 2017	**0.98**	**10.84**	**0.46**	**12.28**
Additions		8.29		8.29
Disposals				-
Gross carrying value as of March 31, 2018	0.98	19.13	0.46	20.57
Accumulated Depreciation				
Depreciation charge during the year	0.28	5.46	0.05	5.78
Disposals				
Accumulated depreciation as of March 31, 2018	0.28	5.46	0.05	5.78
Net carrying value as of March 31, 2018	**0.70**	**13.67**	**0.41**	**14.79**

12 Other Intangible assets

(₹ in lakhs)

Particulars	Computer software	Total
For the year ended March 31, 2019		
Gross Carrying Amount		
Cost as at April 01, 2018	4.91	4.91
Additions	-	
Disposals		
Gross carrying value as of March 31, 2019	**4.91**	**4.91**
Accumulated Depreciation		
Accumulated Depreciation as at April 01, 2018	1.59	1.59
Depreciation charge during the year	1.90	1.90
Disposals		
Impairment loss		
Accumulated depreciation as of March 31, 2019	3.49	3.49
Net carrying value as of March 31, 2019	**1.42**	**1.42**
For the period ended March 31, 2018		
Gross Carrying Amount		
Deemed cost as at April 01, 2017	3.06	3.06
Additions	1.85	1.85
Disposals		
Gross carrying value as of March 31, 2018	**4.91**	**4.91**
Accumulated Depreciation		
Depreciation charge during the year	1.59	1.59
Disposals		
Accumulated depreciation as of March 31, 2018	1.59	1.59
Net carrying value as of March 31, 2018	**3.32**	**3.32**

13 Other non-financials assets

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Balances with statutory/government authorities	1,068.62	768.63	0.00
Total	**1,068.62**	**768.63**	**0.00**

14 Payables

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
Total	**-**	**-**	**-**
Other Payables			
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	253.10	263.05	64.89
Total	**253.10**	**263.05**	**64.89**

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

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

15 Deposits

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
From Banks	15,00,000.00	15,00,000.00	8,12,500.00
Total	**15,00,000.00**	**15,00,000.00**	**8,12,500.00**

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

16 Other financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued	13,463.08	16,558.27	9,064.92
Total	**13,463.08**	**16,558.27**	**9,064.92**

17 Other non-financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Creditors for Statutory dues	42.61	3.34	0.13
Total	**42.61**	**3.34**	**0.13**

18 Equity Share capital

(₹ in lakhs)

Particulars		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
a.	**Authorised Share Capital**			
	5,00,00,00,000 Equity Shares (March 31, 2018: 5,00,00,00,000 and April 01, 2017: 5,00,00,00,000) of ₹ 10 each	5,00,000.00	5,00,000.00	5,00,000.00
	Total	**5,00,000.00**	**5,00,000.00**	**5,00,000.00**
b.	**Issued, Subscribed and Paid-up:**			
	1,67,59,25,926 Equity Shares (March 31, 2018: 1,67,59,25,926 and April 01, 2017:1,67,59,25,926) of ₹ 10 each	1,67,592.59	1,67,592.59	1,67,592.59
	Total	**1,67,592.59**	**1,67,592.59**	**1,67,592.59**

c. **Reconciliation of number of equity shares:**

(₹ in lakhs)

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Balance as at the beginning of the year	1,67,59,25,926	1,67,592.59	1,67,59,25,926	1,67,592.59
Issued during the year	-	-	-	-
Balance as at the end of the year	**1,67,59,25,926**	**1,67,592.59**	**1,67,59,25,926**	**1,67,592.59**

d. **Details of shareholders holding more than 5% shares in the company**

(₹ in lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Small Industries Development Bank of India (SIDBI)	1,67,59,25,920	99.9999996%	1,67,59,25,920	99.9999996%	1,67,59,25,920	99.9999996%
Total	**1,67,59,25,920**	**99.9999996%**	**1,67,59,25,920**	**99.9999996%**	**1,67,59,25,920**	**99.9999996%**

e. **Shares of the company held by holding company**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Small Industries Development Bank of India (SIDBI)	1,67,59,25,920	1,67,59,25,920	1,67,59,25,920
Total	**1,67,59,25,920**	**1,67,59,25,920**	**1,67,59,25,920**

f. **Terms and rights attached to equity shares**

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

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

g. **Bonus Shares**

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

19 Other Equity

(₹ in lakhs)

Particulars	Note	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Securities Premium Reserve	(i)	7,407.41	7,407.41	7,407.41
General Reserve	(ii)	23,000.00	21,500.00	11,500.00
Retained Earnings	(iii)	3,175.72	5,194.40	3,056.36
Statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934	(iv)	7,309.44	6,639.81	3,475.43
Development Fund	(v)	200.00	200.00	-
Corporate Social Responsibility fund (CSR)	(vi)	671.58	-	-
Total		**41,764.14**	**40,941.62**	**25,439.20**

(i) Securities Premium Reserve

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

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	7,407.41	7,407.41
Movement during the year	-	-
Balance at the end of the year	**7,407.41**	**7,407.41**

(ii) General Reserve

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

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	21,500.00	11,500.00
Movement during the year*	1,500.00	10,000.00
Balance at the end of the year	**23,000.00**	**21,500.00**

(iii) Retained Earnings

Retained Earnings are the profits of the company earned till date net of appropriations.

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	5,194.40	3,056.36
Profit for the year	3,348.11	17,116.55
Transfer to statutory reserve created u/s 45-IC of Reserve Bank of India Act, 1934	(669.62)	(3,164.38)
Transfer to general reserve	(1,500.00)	(10,000.00)
Transfer to development fund	-	(200.00)
Transfer to Corporate Social Responsibility (CSR) fund	(671.58)	-
Dividends paid	(2,094.91)	(1,341.07)
Dividend distribution tax	(430.69)	(273.06)
Balance at the end of the year	**3,175.72**	**5,194.40**

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

The company maintains statutory reserve u/s 45-IC of Reserve Bank of India Act,1934 under which a specified amount is transferred from retained earnings.

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	6,639.81	3,475.43
Movement during the year	669.62	3,164.38
Balance at the end of the year	**7,309.44**	**6,639.81**

(v) Development Fund

The enity appropriates amount to development fund out of the profits earned

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	200.00	200.00
Movement during the year	-	-
Balance at the end of the year	**200.00**	**200.00**

(vi) Corporate Social Responsibilty Fund (CSR)

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

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	-	-
Movement during the year**	671.58	-
Balance at the end of the year	**671.58**	**-**

** To be decided

20 Interest Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on Loans		
(A) Interest on Refinance to Banks	38,841.30	32,735.72
(B) Interest on Refinance to MFIs /NBFC's	15,135.64	13,462.54
Interest on FDRs & CDs	21,312.39	18,437.97
Interest Income on Pass Through Certificates	3,069.07	2,007.83
Total	**78,358.40**	**66,644.05**

21 Fees and commission Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Fee income that are recognised over a period	385.59	384.11
Total	**385.59**	**384.11**

22 Net gain on fair value changes

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments in Mutual Funds	(69.17)	25.87
(B) Others	-	-
Gain on sale of Mutual Funds	7,416.84	13,462.02
Total Net gain on fair value changes	**7,347.66**	**13,487.89**
Fair Value changes:		
Realised	7,307.29	13,378.34
Unrealised	40.37	109.54
Total Net gain on fair value changes	**7,347.66**	**13,487.89**

23 Other Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Others	1.13	1.07
Total	**1.13**	**1.07**

24 Finance costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on deposits	51,494.52	51,484.50
Total	**51,494.52**	**51,484.50**

25 Impairment on financial instruments

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Loans	(257.44)	1,431.74
Investments	28,491.46	8.54
Total	**28,234.02**	**1,440.27**

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

Particulars	For the year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Debt instruments measured at Amorised Cost (Loans)	(257.44)	-	-	(257.44)
Debt instruments measured at Amorised Cost (Investment)	-		28,491.46	28,491.46
Total impairment loss	**(257.44)**	**-**	**28,491.46**	**28,234.02**

Particulars	For the year ended March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Debt instruments measured at Amorised Cost (Loans)	1,431.74	-	-	1,431.74
Debt instruments measured at Amorised Cost (Investment)	8.54	-	-	8.54
Total impairment loss	**1,440.27**	**-**	**-**	**1,440.27**

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

26 Employee Benefits Expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	653.57	713.25
Total	**653.57**	**713.25**

Including reimbursement to SIDBI, towards salary & perq and Amount of Rs. Nil (March 31 2018 : ₹ 75.10 lakhs) pertaining to prior period

27 Depreciation, amortization and impairment

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipment (Refer Note No. 11)	7.20	5.78
Amortization of intangible assets (Refer Note No. 12)	1.90	1.59
Total	**9.09**	**7.37**

28 Others expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent,rates and taxes	70.01	93.26
Telephone Expenses	0.03	0.14
Postage & Telegram	0.39	0.25
Travelling and conveyance	11.82	23.15
Printing and stationery	10.74	11.45
Advertisement and publicity	11.52	6.29
Bank Charges	0.06	0.03
Director's sitting fees	5.83	3.48
Auditor's fees and expenses	2.80	3.03
Legal and Professional charges	68.81	14.10
Insurance	0.17	0.13
Administrative Expenses	70.48	32.36
Website and Webportal expenses	7.09	5.48
Computer Consumables	4.54	1.18
Processing and monitoring expenses	317.67	511.59
Total	**581.94**	**705.93**

28.1 Audtior's Remuneration

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Statutory audit of Company	2.00	2.12
Taxation matters	0.55	0.60
In other capacity	-	0.32
Total	**2.80**	**3.03**

28.2 Details of CSR expenditure:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Gross amount required to be spent by the company during the year	671.58	NA
b) Amount spent during the year ending on :		
i) Construction/acquisition of any asset	-	NA
ii) On purposes other than (i) above	-	NA

29 Income tax expense

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax		
Current tax on profits for the period	11,641.79	9,469.08
Adjustment for prior period tax	(6.92)	(13.13)
Total Current Tax	**11,634.87**	**9,455.95**
Deferred tax expense (credit)		
Addition in deferred tax assets (Refer Note 10)	(9,863.34)	(406.70)
Total deferred tax expense/(credit)	**(9,863.34)**	**(406.70)**
Total tax expense	**1,771.53**	**9,049.25**

29.1 Reconciliation of effective tax rate:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit/(Loss) before income tax expense	5,119.64	26,165.80
Enacted income tax rate in India applicable to the Company 34.944% (2016-2017: 34.608%)	1,789.01	9,055.46
Tax effect of:		
Difference due to differential Tax rates	(3.65)	-
Prior Period Items	(6.92)	(13.13)
Others	(12.37)	6.92
Total tax expense	**1,766.07**	**9,049.24**
Effective tax rate	34.50%	34.58%

29.2 Amounts recognised directly in equity

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

30 Earnings per share

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit attributable to the equity holders of the company (A)	3,348	17,117
Weighted Average number of shares issued for Basic EPS (B)	1,67,59,25,926	1,67,59,25,926
Adjustment for calculation of Diluted EPS (C)	-	-
Weighted Average number of shares issued for Diluted EPS (D= B+C)	1,67,59,25,926	1,67,59,25,926
Basic EPS in ₹	0.20	1.02
Diluted EPS in ₹	0.20	1.02

31 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the company.The company is engaged in two segments of business mainly Indirect Financing and Treasury.

(₹ in lakhs)

Business Segment	Indirect Finance		Treasury		Total	
Particulars	**FY 2019**	**FY 2018**	**FY 2019**	**FY 2018**	**FY 2019**	**FY 2018**
1 Segment Revenue	57,431.60	48,590.20	28,660.05	31,925.86	86,091.65	80,516.05
Exceptional Items	-	-	-	-	1.13	1.07
Total	**57,431.60**	**48,590.20**	**28,660.05**	**31,925.86**	**86,092.78**	**80,517.12**
2 Segment Results	19,966.60	18,706.46	(13,969.95)	8,415.32	5,996.65	27,121.78
Exceptional Items	-	-	-	-	1.13	1.07
Total	**19,966.60**	**18,706.46**	**(13,969.95)**	**8,415.32**	**5,997.78**	**27,122.85**
Unallocable Expenses	-	-	-	-	878.14	957.05
Operating Profit	**19,966.60**	**18,706.46**	**(13,969.95)**	**8,415.32**	**5,119.64**	**26,165.80**
Income Tax (Net of Write Back)	-	-	-	-	1,771.53	9,049.25
Net Profit	19,966.60	18,706.46	(13,969.95)	8,415.32	3,348.11	17,116.55
3 Other Information						
Segment Assets	1,183,404.34	1,051,415.74	47,695.83	185,563.12	1,231,100.17	1,236,978.86
Unallocated Assets	-	-	-	-	492,488.75	488,380.03
Total Assets					**1,723,588.92**	**1,725,358.88**
Segment Liabilities	1,183,404.34	1,051,415.74	330,058.74	465,142.54	1,513,463.08	1,516,558.27
Unallocated Liabilities					769.10	266.39
Total Liabilities	**1,183,404.34**	**1,051,415.74**	**330,058.74**	**465,142.54**	**1,514,232.19**	**1,516,824.67**

Geographic Segment

All the assets of the company and source of revenue of the company is within India and hence, no separate geographical segment is identified.

Information about major customers

Revenues from a single customer in excess of 10% of total income is ₹ 9,266.51 lakhs (₹ Nil for the year ended March 31, 2018) representing 10.76% (N.A. for year ended March 31, 2018) for the year ended March 31, 2019.

32 Contingent liabilities & commitments

(a) The company does not have any Contingent liability as on March 31, 2019 ; March 31, 2018 and April 01, 2017

(b) The company has a capital commitment towards development of intangible capital assets of ₹ 38.64 lakhs as on March 31, 2019 (March 31, 2018 : Nil ; April 01 ,2017 : Nil).

(c) The companny has off-balance sheet exposure of Undisbursed-Sanctioned loans amounting to ₹ 39,425 lakhs as on March 31, 2019 (March 31, 2018 : ₹ 56,100 ; April 01 , 2017 : ₹ 10,800 lakh).

33 Employee Benefits

All the employees are on deputation from Small Industrial Development Bank of India (SIDBI), 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 except few emplyoees which are on contract basis . Further, MUDRA has provided an amount of ₹ 23.83 lakhs (March 2018: ₹ 42.99 lakhs) to Profit and Loss account during the current year. The same would be paid to SIDBI when such costs are demanded by the said companies. With respect to contract employees, no post employment benefits are applicable.

34 Maturity analysis of assets and liabilities

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

(₹ in lakhs)

Assets	March 31, 2019			March 31, 2018			April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financials Assets									
Cash and cash equivalents	171,052.50	-	**171,052.50**	372,388.02	-	**372,388.02**	40,274.05	-	**40,274.05**
Bank balances other than cash and cash equivalents	308,055.20	-	**308,055.20**	110,390.31	-	**110,390.31**	174,260.44	-	**174,260.44**
Loans	618,667.90	564,736.44	**1,183,404.34**	438,788.93	615,112.84	**1,053,901.77**	260,494.18	349,753.31	**610,247.48**
Investments	40,040.37	-	**40,040.37**	176,049.62	-	**176,049.62**	179,681.76	-	**179,681.76**
Other Financials Assets	8,960.57	-	**8,960.57**	10,507.84	-	**10,507.84**	8,752.37	-	**8,752.37**
Non Financials Assets									
Tax Assets (Net)	-	-	**-**	-	247.31	**247.31**	-	749.71	**749.71**
Deferred Tax Assets (Net)	-	10,950.61	**10,950.61**	-	1,087.28	**1,087.28**	-	680.57	**680.57**
Property,Plant and Equipment	-	7.78	**7.78**	-	14.79	**14.79**	-	12.28	**12.28**
Intangible assets under development	-	47.50	**47.50**	-	-	**-**	-	-	**-**
Other Intangible assets	-	1.42	**1.42**	-	3.32	**3.32**	-	3.06	**3.06**
Other non-financials assets	1,068.62	-	**1,068.62**	768.63	-	**768.63**	0.00	-	**0.00**
Total Assets	**1,147,845.17**	**575,743.75**	**1,723,588.92**	**1,108,893.35**	**616,465.53**	**1,725,358.88**	**663,462.80**	**351,198.93**	**1,014,661.72**

(₹ in lakhs)

Liabilities	March 31, 2019			March 31, 2018			April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Liabilities									
Payables									
I)Trade payables	-	-	**-**	-	-	**-**	-	-	**-**
II)Other payables	253.10	-	**253.10**	263.05	-	**263.05**	64.89	-	**64.89**
Deposits	312,500.00	1,187,500.00	**1,500,000.00**	500,000.00	1,000,000.00	**1,500,000.00**	-	812,500.00	**812,500.00**
Other financial liabilities	13,463.08	-	**13,463.08**	16,558.27	-	**16,558.27**	9,064.92	-	**9,064.92**
Non-Financial Liabilities			**-**			**-**			**-**
Current tax liabilities(Net)	473.40	-	**473.40**	-	-	**-**	-	-	**-**
Other non-financial liabilities	42.61	-	**42.61**	3.34	-	**3.34**	0.13	-	**0.13**
Total Liabilities	**326,732.19**	**1,187,500.00**	**1,514,232.19**	**516,824.67**	**1,000,000.00**	**1,516,824.67**	**9129.933**	**812,500.00**	**821,629.93**
Net	**821,112.98**	**(611,756.25)**	**209,356.73**	**592,068.69**	**(383,534.47)**	**208,534.21**	**654,332.86**	**(461,301.07)**	**193,031.79**

35 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019, March 31, 2018 and as at April 1, 2017. The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders. The Company's adjusted net debt to equity ratio is as follows.

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deposits	15,00,000.00	15,00,000.00	8,12,500.00
Less: cash and cash equivalents	(4,79,107.70)	(4,82,778.33)	(2,14,534.49)
Adjusted net debt	**10,20,892.30**	**10,17,221.67**	**5,97,965.51**
Total Equity	2,09,356.73	2,08,534.21	1,93,031.79
Adjusted net debt to adjusted equity ratio	**4.88**	**4.88**	**3.10**

35.1 Regulatory capital

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit. Certain adjustments are made to Ind AS-based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier 2 Capital Instruments, which includes provisions to extent of 1.25% of risk weighted assets.

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Common Equity Tier1 (CET1) capital	1,97,485.62	2,05,955.25	1,91,872.34
Other Tier 2 capital	2,228.59	4,221.81	2,139.86
Total capital	**1,99,714.21**	**2,10,177.06**	**1,94,012.20**
Risk weighted assets	3,10,601.66	4,65,213.25	3,45,366.85
CET1 capital ratio	63.58	44.27	55.56
CET2 capital ratio	0.72	0.91	0.62
Total capital ratio	**64.30**	**45.18**	**56.18**

36 Events after reporting date

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

37 Change in liabilities arising from financing activities

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the company.The company is engaged in two segments of business mainly Indirect Financing and Treasury.

(₹ in lakhs)

Particulars	April 1, 2018	Cash Flows	Changes in fair values	Exchange difference	Other	March 31, 2019
Deposits	15,00,000.00	-	-	-	-	15,00,000.00
Total liabilities from financing activities	**15,00,000.00**	**-**	**-**	**-**	**-**	**15,00,000.00**

(₹ in lakhs)

Particulars	April 1, 2017	Cash Flows	Changes in fair values	Exchange difference	Other	March 31, 2018
Deposits	8,12,500.00	6,87,500.00				15,00,000.00
Total liabilities from financing activities	**8,12,500.00**	**6,87,500.00**	**-**	**-**	**-**	**15,00,000.00**

38 Related Party Disclosures

A. Names of related parties and nature of relationship:

Description of relationship	Name of the related party
Holding Company	Small Industries Development Bank of India (SIDBI)
Key Management Personnel (KMP)	Shri Jiji Mammen - Managing Director & CEO (Upto April, 2018)
	Shri Aalok Gupta - Managing Director & CEO (wef August, 2018)
	Shri Surendra Srivastava - Chief Financial Officer (CFO) (Upto December, 2018)
	Smt. Rajni Sood - Chief Financial Officer (CFO) (wef February 2019)
	Km. Pooja Kukreti - Company Secretary (CS) (wef February 2019)
	Smt. Shalini Baghel - Company Secretary (CS) (Upto November, 2017)
Related Party	Shri Pankaj Jain - Director of Holding Company
	Shri Mohammad Mustafa - Chairman SIDBI
	Shri Ajay Kapur - Deputy Managing Director of Holding Company
	Shri Manoj Mittal - Deputy Managing Director of Holding Company

B. Details of related party transactions:

Name of the related party	Nature of Transaction	For the year ended March 31, 2019	For the year ended March 31, 2018
Holding Company	Interest income on CDs	178.77	631.82
	Reimbursement made for Salary	552.83	457.37
	Rent for Office - Expense	92.49	83.94
	Charges towards Appraisal and monitoring & Follow up	295.46	469.35
	Other Expenses	118.73	153.04
	Total	1,238.27	1,795.52
Key Management Personnel (KMP)	**Salaries and Allowances**		
	Jiji Mammen, MD & CEO (Remuneration reimbursed)	2.50	62.97
	Aalok Gupta, MD & CEO (Remuneration from August 2018 to March 2019)	46.48	-
	Surendra Srivastava, CFO(Remuneration)	32.09	34.75
	Rajni Sood, CFO (Remuneration)	11.44	-
	Pooja Kukreti, Company Secretary (Since February 2019)	1.07	
	Shalini Baghel, Company Secretary (Remuneration)	-	6.01
Related Party Transactions	Excludes sitting fee to Directors	Nil	Nil

C. Details of balances outstanding for related party transactions:

(₹ in lakhs)

Name of the related party	Nature of Transaction	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Holding Company	Investment in corporate Deposits	-	12,821.23	6,046.51
	Expense Payable	**42.79**	**68.93**	**0.09**

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

39 Fair Value Measurement

A. Accounting classification and fair values

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

(₹ in Lakhs)

Financial Assets and Liabilities as at March 31, 2019	Carrying Amount				Fair Value			
	Fair value through profit and loss account	Fair value through other comprehensive Income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								-
Cash and cash equivalents	-	-	171,052.50	171,052.50	-	-	171,052.50	171,052.50
Bank balances other than cash and cash equivalents	-	-	308,055.20	308,055.20	-	-	308,055.20	308,055.20
Loans	-	-	1,183,404.34	1,183,404.34	-	-	1,183,404.34	1,183,404.34
Investments	40,040.37	-	-	40,040.37	-	40,040.37	-	40,040.37
Other Financials Assets	-	-	8,960.57	8,960.57	-	-	8,960.57	8,960.57
	40,040.37	**-**	**1,671,472.61**	**1,711,512.98**	**-**	**40,040.37**	**1,671,472.61**	**1,711,512.98**
Financial Liabilities								
Payables				-				-
Trade payables	-	-	-	-	-	-	-	-
Other payables	-	-	253.10	253.10	-	-	253.10	253.10
Deposits	-	-	1,500,000.00	1,500,000.00	-	-	1,500,000.00	1,500,000.00
Other financial liabilities	-	-	13,463.08	13,463.08	-	-	13,463.08	13,463.08
	-	**-**	**1,513,716.18**	**1,513,716.18**	**-**	**-**	**1,513,716.18**	**1,513,716.18**

(₹ in Lakhs)

Financial Assets and Liabilities as at March 31, 2018	Carrying Amount				Fair Value			
	Fair value through profit and loss account	Fair value through other comprehensive Income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								-
Cash and cash equivalents	-	-	372,388.02	372,388.02	-	-	372,388.02	372,388.02
Bank balances other than cash and cash equivalents	-	-	110,390.31	110,390.31	-	-	110,390.31	110,390.31
Loans	-	-	1,053,901.77	1,053,901.77	-	-	1,053,901.77	1,053,901.77
Investments	75,209.54	-	100,840.08	176,049.62	-	75,209.54	100,840.08	176,049.62
Other Financials Assets	-	-	10,507.84	10,507.84	-	-	10,507.84	10,507.84
Total	**75,209.54**	**-**	**1,648,028.02**	**1,723,237.56**	**-**	**75,209.54**	**1,648,028.02**	**1,723,237.56**
Financial Liabilities								
Payables			-	-	-	-	-	-
Trade payables	-	-	-	-	-	-	-	-
Other payables	-	-	263.05	263.05	-	-	263.05	263.05
Deposits	-	-	1,500,000.00	1,500,000.00	-	-	1,500,000.00	1,500,000.00
Other financial liabilities	-	-	16,558.27	16,558.27	-	-	16,558.27	16,558.27
Total	**-**	**-**	**1,516,821.33**	**1,516,821.33**	**-**	**-**	**1,516,821.33**	**1,516,821.33**

(₹ in Lakhs)

Financial Assets and Liabilities as at April 01, 2017	Carrying Amount				Fair Value			
	Fair value through profit and loss account	Fair value through other comprehensive Income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								-
Cash and cash equivalents	-	-	40,274.05	40,274.05	-	-	40,274.05	40,274.05
Bank balances other than cash and cash equivalents	-	-	174,260.44	174,260.44	-	-	174,260.44	174,260.44
Loans	-	-	610,247.48	610,247.48	-	-	610,247.48	610,247.48
Investments	173,281.15	-	6,400.61	179,681.76	-	173,281.15	6,400.61	179,681.76
Other Financials Assets	-	-	8,752.37	8,752.37	-	-	8,752.37	8,752.37
	173,281.15	**-**	**839,934.95**	**1,013,216.10**	**-**	**173,281.15**	**839,934.95**	**1,013,216.10**
Financial Liabilities								
Payables								-
Trade payables	-	-	-	-	-	-	-	-
Other payables	-	-	64.89	64.89	-	-	64.89	64.89
Deposits	-	-	812,500.00	812,500.00	-	-	812,500.00	812,500.00
Other financial liabilities	-	-	9,064.92	9,064.92	-	-	9,064.92	9,064.92
	-	**-**	**821,629.80**	**821,629.80**	**-**	**-**	**821,629.80**	**821,629.80**

B. Measurement of fair value

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

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

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

C. Fair Value Hierarchy

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

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

40 Financial Risk Management

The company has in place comprehensive risk management polciy in order to identify measure, monitor and mitigate various risks pertaining to its business. Along with the risk management policy, an adequate internal control system, commensurate to the size and complexity of its business, is maintained to align with the philosophy of the company. Together they help in achieving the business goals and objectives consistent with the company's strategies to prevent inconsistencies and gaps between its policies and practices. The Board of Directors/ committtees reviews the adequacy and effectiveness of the risk management policy and internal control system. The company's financial risk management is an integral part of how to plan and execute its business strategies. The company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk and
- Market risk"

(A) Credit Risk

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

i. Loans and financial assets measured at amortized cost

An impairment analysis is performed at each reporting date.

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

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

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

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

While considering LGD 50%, collateral security held by MUDRA (lien Marked in favour of MUDRA on the FDR) is not factored for, being insignificant value.

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

Loans

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

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
0-30 Days Past Due	12,24,117.94	11,35,986.68	6,22,187.48
30-90 Days Past due	-	-	-
More than 90 Days Past Due	-	-	-
Total	**12,24,117.94**	**11,35,986.68**	**6,22,187.48**

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

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Provision	2,486.03	1,054.30
Provision during the year	-	1,431.74
Reversal of provision	(257.44)	-
Total	**2,228.59**	**2,486.03**

Investment measured at amortised Cost

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
No significant increase in credit risk	-	88,027.38	-
significant increase in credit risk	-	-	-
Defaulted Portfolio	28,500.00	-	-
Total	**28,500.00**	**88,027.38**	**-**

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

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Provision	8.54	-
Provision during the year	28,491.46	8.54
Reversal of provision	-	-
Total	**28,500.00**	**8.54**

ii. **Cash and bank balances**

The Company held cash and cash equivalent and other bank balance of ₹ 4,79,107.70 lakhs at March 31, 2019 (March 31, 2018: ₹ 4,82,778.33 lakhs; April 1, 2017: ₹ 2,14,534.49 lakhs). The same are held with bank and financial institution counterparties with good credit rating. Also, company invests its short term surplus funds in bank fixed deposit which carry no market risks for short duration, therefore does not expose the company to credit risk.

iii. **Others**

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

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(i) **Maturities of financial liabilities**

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

(₹ in lakhs)

Contractual maturities of financial liabilities March 31, 2019	1 year or less	1-3 years	More than 3 years	Total
Deposits	3,12,500.00	11,87,500.00	-	15,00,000.00
Other Payables	253.10			253.10
Other financial liabilities	13,463.08	-	-	13,463.08
Total	**3,26,216.18**	**11,87,500.00**	**-**	**15,13,716.18**

(₹ in lakhs)

Contractual maturities of financial liabilities March 31, 2018	1 year or less	1-3 years	More than 3 years	Total
Deposits	5,00,000.00	10,00,000.00	-	15,00,000.00
Other Payables	263.05			263.05
Other financial liabilities	16,558.27	-	-	16,558.27
Total	**5,16,821.33**	**10,00,000.00**	**-**	**15,16,821.33**

(₹ in lakhs)

Contractual maturities of financial liabilities April 1, 2017	1 year or less	1-3 years	More than 3 years	Total
Deposits	-	8,12,500.00	-	8,12,500.00
Other Payables	64.89			64.89
Other financial liabilities	9,064.92	-	-	9,064.92
Total	**9,129.80**	**8,12,500.00**	**-**	**8,21,629.80**

(C) Market Risk

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

(i) Foreign currency risk

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

(ii) Interest rate risk

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

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Fixed rate borrowings	15,00,000.00	15,00,000.00	8,12,500.00
Total borrowings	**15,00,000.00**	**15,00,000.00**	**8,12,500.00**

(iii) Price Risk

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

41 First time adoption of Ind AS

These are the company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS balance sheet at April 1, 2017 (the company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

i. Deemed cost

Ind AS 101 permits a first time adopter to elect to fair value of its property, plant and equipment as recognised in financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition or apply principles of Ind AS retrospectively. Ind AS 101 also permits the first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS. This exemption can be also used for intangible assets covered by Ind-AS 38. The Company has opted to consider the carrying value of property, plant and equipments, Intangible assets as deemed cost as at the transition date.

ii. Estimates

An company's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP.The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:
- Impairment of financial assets based on expected credit loss model.

iii. Classification and measurement of financial assets

Ind AS 101 requires an company to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

iv. Derecognition of financial assets and liabilities

The company has applied the derecognition requirement of finanical assets and financial liabilities prospectively for transaction occurring on or after the transition date.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an company to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

i. Reconciliation of Balance sheet as at date of transition (April 1, 2017)

(₹ in lakhs)

Particulars	Notes	IGAAP	Ind-AS Adjustments	Ind AS
ASSETS				
Financials Assets				
Cash and cash equivalents		40,274.05	-	40,274.05
Bank balances other than cash and cash equivalents		1,74,260.44	-	1,74,260.44
Loans	a,c,f	6,11,997.15	(1,749.67)	6,10,247.48
Investments	b	1,79,598.08	83.67	1,79,681.76
Other Financials Assets		8,752.37	-	8,752.37
Non Financials Assets				
Current Tax Assets (Net)		749.71	-	749.71
Deferred Tax Assets (Net)	e	-	680.57	680.57
Property,Plant and Equipment		12.28	-	12.28
Intangible assets under development				-
Other Intangible assets		3.06	-	3.06
Other non-financials assets (to be specified)	d	226.18	(226.18)	0.00
Total Assets		**10,15,873.32**	**(1,211.59)**	**10,14,661.72**
LIABILITIES AND EQUITY				
Liabilites				
Financial Liabilities				
Payables				
Trade payables				
Other payables		64.89	-	64.89
Deposits		8,12,500.00	-	8,12,500.00
Other financial liabilities		9,064.92	-	9,064.92
Non-Financial Liabilities				
Provisions	f	2,139.86	(2,139.86)	-
Current tax liabilities(Net)		-	-	-
Deferred tax liabilities (Net)	e	1.95	(1.95)	-
Other non-financial liabilities		0.13	-	0.13
Total Liabilities		**8,23,771.74**	**(2,141.81)**	**8,21,629.93**
EQUITY				
Equity Share capital		1,67,592.59	-	1,67,592.59
Other Equity	a,b,c,d,e	24,508.98	930.22	25,439.20
Total Equity		**1,92,101.57**	**930.22**	**1,93,031.79**
Total Liabilities and Equity		**10,15,873.32**	**(1,211.59)**	**10,14,661.72**

ii. **Reconciliation of Balance sheet as at March 31, 2018**

(₹ in lakhs)

Particulars	Notes	IGAAP	Ind-AS Adjustments	Ind AS
ASSETS				
Financials Assets				
Cash and cash equivalents		3,72,388.02	-	3,72,388.02
Bank balances other than cash and cash equivalents		1,10,390.31	-	1,10,390.31
Loans	a,c,f	10,56,937.56	(3,035.79)	10,53,901.77
Investments	b	1,75,948.61	101.01	1,76,049.62
Other Financials Assets		10,507.84	-	10,507.84
Non Financials Assets				
Current Tax Assets (Net)		247.31	-	247.31
Deferred Tax Assets (Net)	e	-	1,087.28	1,087.28
Property,Plant and Equipment		14.79	-	14.79
Intangible assets under development		-	-	-
Other Intangible assets		3.32	-	3.32
Other non-financials assets	d	919.42	(150.78)	768.63
Total Assets		**17,27,357.17**	**(1,998.29)**	**17,25,358.88**
LIABILITIES AND EQUITY				
Liabilites				
Financial Liabilities				
Payables				
Trade payables				
Other payables		263.05	-	263.05
Deposits		15,00,000.00	-	15,00,000.00
Other financial liabilities		16,558.27	-	16,558.27
Non-Financial Liabilities				
Provisions	f	4,221.81	(4,221.81)	-
Current tax liabilities(Net)		-	-	-
Deferred tax liabilities (Net)	e	1.34	(1.34)	-
Other non-financial liabilities		3.34	-	3.34
Total Liabilities		**15,21,047.82**	**(4,223.15)**	**15,16,824.67**
EQUITY				
Equity Share capital		1,67,592.59	-	1,67,592.59
Other Equity	a,b,c,d,e	38716.76137	2,224.86	40,941.62
Total Equity		**2,06,309.35**	**2,224.86**	**2,08,534.21**
Total Liabilities and Equity		**17,27,357.17**	**(1,998.29)**	**17,25,358.88**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

iii. Reconciliation of total comprehensive income for the year ended March 31, 2018

(₹ in lakhs)

Particulars	Notes	IGAAP	Ind-AS Adjustments	Ind AS
Revenue from operations				
Interest Income		66,644.05	-	66,644.05
Fees and commission Income	c	238.50	145.61	384.11
Net gain on fair value changes	b	13,462.02	25.87	13,487.89
Total Revenue from operations		**80,344.57**	**171.48**	**80,516.05**
Other Income		1.07	-	1.07
Total Income(I+II)		**80,345.64**	**171.48**	**80,517.12**
Expenses				
Finance costs		51,484.50	-	51,484.50
Fees and commission expense				-
Net loss on fair value changes				-
Impairment on financial instruments	a	2,081.95	(641.68)	1,440.27
Employee Benefits Expenses		713.25	-	713.25
Depreciation, amortization and impairment		7.37	-	7.37
Others expenses	d	781.33	(75.39)	705.93
Total Expenses(IV)		**55,068.40**	**-717.07**	**54,351.33**
Profit / (loss) before exceptional items and tax (III-IV)		**25,277.24**	**888.55**	**26,165.80**
Exceptional Items				
Profit/(loss) before tax (III-IV)		**25,277.24**	**888.55**	**26,165.80**
Tax expense:				
Current tax		9,455.95	-	9,455.95
Deferred tax	e	(0.61)	(406.09)	(406.70)
Profit/(loss) for the period (VI-VII)		**15,821.91**	**1,294.64**	**17,116.55**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				-
Items that will reclassified to profit or loss				-
Other comprehensive income/(loss) (A+B)				**-**
Total comprehensive income		**15,821.91**	**1,294.64**	**17,116.55**

* The previous year figures of financials prepared under IGAAP have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

iv. Reconciliation of total equity as at March 31, 2018 and April 01, 2017

(₹ in lakhs)

Particulars	Notes	March 31, 2018	April 01, 2017
Total equity (shareholder's funds) as per previous GAAP		2,06,309.35	1,92,101.57
Adjustments:			
Under IND AS 109 - Financial Instruments			
• Loan loss provisioning as per ECL model	a	(2,486.03)	(1,054.30)
• Reversal of standard asset provisioning	a	4,221.81	2,139.86
• Impairment on investment measured at amortised cost	a	(8.54)	-
• Fair valuation of Mutual Funds	b	109.54	83.67
• Loan upfront fees recognition as per EIR model	c	(549.76)	(695.37)
Preliminary Expense Written off	d	(150.78)	(226.18)
Under IND AS 12 - Deferred Taxes	e		
• Loan loss provisioning as per ECL model		860.37	364.87
• Impairment on investment measured at amortised cost		2.95	
• Fair valuation of Mutual Funds		(37.91)	(28.96)
• Loan upfront fees recognition as per EIR model		190.26	240.65
• Preliminary Expense Written off		72.95	105.96
Total		**2,08,534.21**	**1,93,031.79**

v. Reconciliation of total comprehensive income for the year ended March 31, 2018

(₹ in lakhs)

Particulars	Notes	March 31, 2018
Profit after tax as per previous GAAP		**15,821.91**
Adjustments:		
Under IND AS 109 - Financial Instruments		
• Loan loss provisioning as per ECL model	a	(1,431.74)
• Reversal of standard asset provisioning	a	2,081.95
• Impairment on investment measured at amortised cost	a	(8.54)
• Fair valuation of Mutual Funds	b	25.87
• Loan upfront fees recognition as per EIR model	c	145.61
Preliminary Expense Written off	d	75.39
Under IND AS 12 - Deferred Taxes	e	
• Loan loss provisioning as per ECL model		495.50
• Impairment on investment measured at amortised cost		2.95
• Fair valuation of Mutual Funds		(8.95)
• Loan upfront fees recognition as per EIR model		(50.39)
• Preliminary Expense Written off		(33.01)
Total (As per Ind AS)		**17,116.55**

vi. Effects of Ind AS adoption on Cash Flows for year ended March 31, 2018

There are no material adjustments to the Statement of Cash flows as reported under the previous GAAP.
Notes

a Impairment Provision as per Expected credit loss

Under Indian GAAP, the company has created provision for loans to customer only in respect of specific amount based on RBI guidelines.Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL) as per Ind AS 109 Financial Instruments.

b Investments measured at FVTPL

The company has designated investments in mutual funds at Fair Value through Profit and Loss (FVTPL). At the date of transition to Ind AS, difference between the fair value of investment and IGAAP carrying amount has been recognised in Retained Earnings and for the year ended Mar-18, fair value gain has been recognised in Statement of profit and Loss.

c Effective Interest Rate (EIR)

Under Indian GAAP, upfront fees from customers was recognised in profit and loss at point in time while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method.

d Preliminary Expenses written off

Under IGAAP, preliminary expenses are amortised over a period of 5 years. However under Ind AS, these expenses are charged to retained earnings as on the transition date as carry forwarding of preliminary expenses are not allowed.

e Deferred tax

Retained Earnings and Statement of Profit and Loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax and additional deferred tax (wherever it was not recognised in previous GAAP), wherever applicable.

f Reclassification of provision of standard / non-performing assets (NPA)

Under Indian GAAP provision for NPA and standard asset were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses.

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

Additional disclosures required by the Reserve Bank of India

43 Capital to Risk-Assets Ratio (CRAR)

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
CRAR (%)*	64.30	45.18
CRAR - Tier I capital (%)	63.58	44.27
CRAR - Tier II capital (%)	0.72	0.91
Amount of subordinate debt raised as Tier II Capital (₹)	-	-
Amount received on issue of Perpetual Debt Instrument (₹)	-	-

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

* Undisbursed santion amount of ₹ 394 crore is included. Previous year figures are as per IGAAP

44 Exposure to Capital Market

(a) The company has no exposure to Real Estate Sector for the period ending March 31, 2019 and corresponding period ended March 31, 2018

(b) The company has no exposure to the Capital Market for the period ending March 31, 2019 and corresponding period ended March 31, 2018

45 Asset Liability Management

Particulars	Upto 31/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month upto 6 month	Over 6 month to 1 year	Over 1 yr upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits*	803.05	902.49	-	1,236.07	1,844.48	-	-	-	4,786.09
Advances	87.24	170.93	235.79	1,264.44	3,582.74	6,366.29	139.50	-	11,846.93
Investments**	400.00	-	-	-	-	-	-	-	400.00
Borrowings ***	-	-	-	1,250.00	1,875.00	11,875.00	-		15,000.00
Foreign Currency Liabilities	-	-	-	-	-	-	-		-

* Deposits include Fixed deposits placed with Banks

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

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

46 Details of Registration with Financial Regulators

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

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

47 Investments

(₹ in crore)

S. No.	Particulars	March 31, 2019	March 31, 2018
1	**Value of Investments**		
	Gross Value of Investments		
	In India	685.00	1,726.52
	Outside India	-	-
		-	-
	Provision for depreciation		
	In India	285.00	-
	Outside India	-	-
		-	-
	Net Value of Investments		
	In India	400.00	1,726.52
	Outside India	-	-
2	**Movement of provision held towards depreciation on investments**		
	Opening Balalnce	-	-
	Add: Provision made during the year	285.00	-
	Less: Write off / write back of excess provision during the year	-	-
	Closing Balalnce	285.00	-

48 Provisions & Contigencies made during the year

(₹ in crore)

S. No.	Particulars	March 31, 2019	March 31, 2018
	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account:		
1	Provisions for depreciation on Investment	285.00	-
2	Provision towards NPA	-	-
3	Provision made towards Income tax	116.35	94.69
4	Provision for Standard Assets	(2.57)	20.82
5	Other Provision and Contingencies (with details)	-	-
6	Provision for Deferred tax credit	98.63	0.01

49 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.

50 Disclosures relating to securitisation

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

51 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.

52 Details of non performing financial assets purchased / sold

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

53 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 in the previous year and encashed during the current year.

54 Unsecured Advances

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

55 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).

56 Draw down from Reserves

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

57 Information on Net Interest Margin

Particulars	March 31, 2019	March 31, 2018
Average interest (a)	5.52%	6.07%
Average effective cost of borrowing (b)	4.13%	4.72%
Net Interest Margin (a-b)	1.39%	1.35%

58 Customer Complaints*

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

59 Sector wise NPAs & Movemement of NPAs

A) Sector wise NPAs

(₹ in crore)

Particulars	% of NPA to Total advance in that sector
Agriculture & allied activities	-
MSME	-
Corporate Borrowers *	2.35%
Services	-
Unsecured Personal Loans	-
Auto Loans	-
Other Personal Loans	-

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

B) Movement of NPAs

Particulars	Year Ended 31 March 2019	Year Ended 31 March 2018
i) Net NPAs to Net Advances (%)	**2.33**	**0.00%**
ii) Movement of NPAs (Gross)		
a) Opening balance	-	-
b) Additions during the year	286.22	-
c) Reductions during the year	1.22	-
d) Closing balance	285.00	-
iii) Movement of NPAs (Net)		
a) Opening balance	-	-
b) Additions during the year	286.22	-
c) Reductions during the year	286.22	-
d) Closing balance	-	-
iv) Movement of provisions for NPAs (excludings provisions on standard assets)		
a) Opening balance	-	-
b) Provisions made during the year	285.00	-
c) Write off/ write back of excess provisions	-	-
d) Closing balance	285.00	-

60 Ratings assigned by Credit Rating Agencies

The Company has been assisgned the rating of "CCR AAA/Stable" by CRISIL during October 2018 and "[ICRA]AAA(Stable) by ICRA during October 2018

61 Concentration of Advances, Exposures and NPA's

(₹ in lakhs)

S. No.	Particulars	March 31, 2019	March 31, 2018
1	Total Advances and Exposures of twenty largest borrowers*	10,999.62	8,848.00
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	92.85%	79.60%

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

62 Disclosure related to Schedule to the balance sheet of company, as required by Annex XIV 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 April 16, 2019 (the "Notification)

Particulars	Amount Outstanding (₹ in crore)		Amount Overdue (₹ in crore)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
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 (Priroty Sector Shortfall Fund deposited by Banks)	15,000	15,000	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Public Deposits	-	-	-	-
g) Other Loan	-	-	-	-
2 Break-up of 1(f) above (Outstanding public depositsinclusive of interest accrued thereon but not paid):				
a) In the form of Unsecured debentures	-	-	-	-
b) In the form of partly secured debentures i.e. debentures where there is no shortfall in the value of security	-	-	-	-
c) Other public deposits	-	-	-	-

Particulars	Amount Outstanding (₹ in crore)		Amount Overdue (₹ in crore)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Assets Side :				
3 **Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**				
a) Secured	11,834.04	10,554.52	-	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	400.40	751.00	-	-
iv) Government Securities	-	-	-	-
v) Others- Certificate of deposit & Corporate Deposits	285.00	975.52	-	-

Particulars	Amount Outstanding (₹ in crore)		Amount Overdue (₹ in crore)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
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 crores)

Category (Amount net of provisions)	Secured		Unsecured		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
a) Related Parties	-	-	-	-	-	-
i) Subsidiaries	-	-	-	-	-	-
ii) Companies in the same group	-	-	-	-	-	-
iii) Other related parties	-	-	-	-	-	-
b) Other than related parties	11,834.04	10,554.52	-	-	11,834.04	10,554.52
Total	**11,834.04**	**10,554.52**	**-**	**-**	**11,834.04**	**10,554.52**

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

(Amount ₹ in crores)

Category	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
a) Related Parties				
i) Subsidiaries	-	-	-	-
ii) Companies in the same group	-	121.89	-	121.89
iii) Other related parties	-	-	-	-
b) Other than related parties	400.40	752.09	400.00	751.00
Total	**400.40**	**873.98**	**400.00**	**872.89**

8 Other information

Particulars		Amount	
		March 31, 2019	March 31, 2018
a)	**Gross Non-Performing Assets**		
	i) Related parties	-	-
	ii) Other than related parties	285.00	-
b)	**Net Non-Performing Assets**		
	i) Related parties	-	-
	ii) Other than related parties	-	-
c)	**Assets acquired in satisfaction of debt**	-	-

Non performing assets include Investments and advances.
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

Sacchin Ghadialli
Partner
Membership No.:133178

Place : Mumbai
Date: June 03, 2019

For and on behalf of the Board of Directors

Aalok Gupta
MD & CEO
DIN : 08195214

Manoj Mittal
Director
DIN :01400076

Rajni Sood
Chief Financial Officer

Pooja Kukreti
Company Secretary
A48834

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 2019

The preparation of financial statements of Micro Units Development & Refinance Agency Limited for the year ended 31 March 2019 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 03.06.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Micro Units Development & Refinance Agency Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

Roop Rashi

(Roop Rashi)
Director General of Commercial Audit and
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai
Date : 21.08.2019

Notice to Members

Notice is hereby given that 4th Annual General Meeting of **Micro Units Development & Refinance Agency Limited ("MUDRA")** will be held on Monday, September 30, 2019 at 4.00 pm at SIDBI Office, Atma Ram House 1, Tolstoy Marg, New Delhi - 110001, 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:

1) **To Consider and adopt the Audited Financial Statements of MUDRA for the financial year ended on March 31, 2019, 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, 2019, together with the Directors' Report, Auditors' Report along with Notes which forms an integral part of the Audited Annual Accounts for the period and Comments of the Comptroller & Auditor General of India, as already circulated amongst the Members of the Company, be and are hereby received, considered, approved and adopted."

2) **To declare final dividend of INR 0.02 per equity share, aggregating to ₹ 3.35 crore, on the equity shares, as on March 31, 2019.**

   "RESOLVED THAT, a dividend of INR 0.02 per equity share, for the period from April 01, 2018 to March 31, 2019, on the Company's Share Capital of ₹ 1675.93 crore, as at March 31, 2019, aggregating to ₹ 3.35 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, 2019."

3) **To appoint Shri Ajay Kapur (DIN 00108420), who retires by rotation at this meeting and being eligible, offers himself for re-appointment as Nominee Director, liable for retirement by rotation.**

   "RESOLVED THAT Shri Ajay Kapur (DIN 00108420), 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 and shall be liable to retirement by rotation."

4) **To appoint Shri Aalok Gupta (DIN 08195214), 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 Aalok Gupta (DIN 08195214), Managing Director 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 Managing Director and shall be liable to retirement by rotation"

5) **To take note of the appointment of Statutory Auditors of MUDRA for FY 2019-20 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 be paid on actual cost incurred basis to M/s. V.C. Shah and

Co. (BO0824), the Statutory Auditors of the company, appointed by Comptroller General of India (CAG), to conduct the statutory audit of MUDRA, for the financial year 2019-20 be and is hereby approved.

RESOLVED FURTHER THAT incidental expenses payable, if any on actual basis, up to ₹ 0.50 lakh and certification fees, if any, be, and are, hereby approved in addition to audit fee."

Date:26/09/2019
Place: Mumbai

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

Aalok Gupta
MD & CEO
Address: SWAVALAMBAN BHAVAN, C-11, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-400051.

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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 2019-20.*

   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.*

04th Annual General Meeting

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

[CIN: U65100MH2015PLC274695]

Registered office: SWAVALAMBAN BHAVAN, C-11, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051.

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

Attendance Slip

Date	Venue	Time
September 30, 2019	SIDBI Office, Atma Ram House 1, Tolstoy Marg, New Delhi - 110001	4.00 pm

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

Folio No.		*DP ID No		*Client ID No.	

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 4th Annual General Meeting of the Company held on Monday, September 30, 2019 at 4.00 pm at SIDBI Office, Atma Ram House 1, Tolstoy Marg, New Delhi - 110001.

....

Signature of the Member/ Proxy

Note: Electronic copy of the Notice of the 4th 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 4th Annual General Meeting can print copy of this Attendance Slip.

Physical copy of the Notice of the 4th 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.

04th Annual General Meeting

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

[CIN: U65100MH2015PLC274695]
Registered office: SWAVALAMBAN BHAVAN, C-11, G-Block,
Bandra Kurla Complex, Bandra (E), Mumbai - 400051.
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 4th Annual General Meeting of the Company to be held on Monday, September 30, 2019 at 4.00 pm am at SIDBI Office, Atma Ram House 1, Tolstoy Marg, New Delhi - 110001, 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, 2019, 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 INR 0.02 per equity share, aggregating to ₹ 3.35 crore, on the equity shares, as on March 31, 2019			
3	To appoint Shri Ajay Kapur (DIN 00108420), who retires by rotation at this meeting and being eligible, offers himself for re-appointment as Nominee Director, liable for retirement by rotation			
4	To appoint Shri Aalok Gupta (DIN 08195214), who retires by rotation at this meeting and being eligible, offers himself for re-appointment as Director, liable for retirement by rotation			
5	To take note of the appointment of Statutory Auditors of MUDRA for FY 2019-20 and their remuneration			

** 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.______________________________

Affix One rupee Revenue Stamp

Signed this _______day of________2019

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.

Notes

Notes

Corporate & Registered Office:
SWAVALAMBAN BHAVAN, Plot No. C-11, 'G' Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400051, Maharashtra
www.mudra.org.in | Email: ceo@ mudra.org.in