



भारतीय लघु उद्योग विकास बैंक  
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

# Empowering MSMEs.

**Annual Report  
2016-17**



# Mission



“ To facilitate  
and strengthen credit  
flow to MSMEs and  
address both financial  
and developmental  
gaps in the MSME  
ecosystem. ”

# Progress at a Glance





	(₹ Crore)					
As on March 31	1991	2001	2011	2015	2016	2017
Total Assets	5,309.2	17,089.8	51,216.8	60,855.0	76,478.5	79,682.3
Outstanding Portfolio	5,176.8	14,570.6	46,053.6	55,342.6	65,632.1	68,289.6
Capital - Authorised	500.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
- Paid-up	450.0	450.0	450.0	450.0	487.0	531.9
Reserves and Funds	44.9	3,611.6	5,868.4	9,329.6	11,108.3	13,069.5
Total Income (Net of provisions)	425.1	1,619.4	3,433.0	5,938.5	5,559.5	6,266.5
Net Profit	35.6	477.4	513.8	1,417.1	1,177.5	1,120.2
Dividend to Shareholders	5.0	67.5	112.5	112.5	94.7	93.9
Return on Avg. Outstanding Portfolio (%)	0.7	3.3	2.0	3.8	2.9	2.5
Standard Assets as percentage of net outstanding portfolio	100.00	95.63	99.72	99.22	99.27	99.56
Capital to Risk Assets Ratio (%)	13.90	28.12	30.60	36.69	29.86	28.42





# Small Industries Development Bank of India

Report of the Board of  
Directors for the year ended  
March 31, 2017 submitted to  
the Central Government on  
July 21, 2017 in terms of  
Section 30 (5) of the Small  
Industries Development  
Bank of India Act, 1989.

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# Letter of Transmittal

July 21, 2017

The Secretary,  
Ministry of Finance,  
Government of India,  
New Delhi.

Madam,

Annual Accounts and Report of the Board on the working of SIDBI – FY 2016-17.

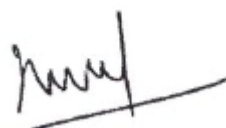
In accordance with the Provisions of Section 30(5) of the Small Industries Development Bank of India Act, 1989, we forward herewith the following documents:

- (1) Copy of Annual Accounts of Small Industries Development Bank of India for the year ended March 31, 2017; and
- (2) A copy of the Report of the Board on the working of Small Industries Development Bank of India during the year ended March 31, 2017.

Yours faithfully,



(Ajay Kumar Kapur)  
Dy. Managing Director



(Manoj Mittal)  
Dy. Managing Director

Encl.: As Above

# Board of Directors

(As on August 31, 2017)



**Shri Mohammad Mustafa**  
Chairman & Managing Director



**Shri Ajay Kumar Kapur**  
Dy. Managing Director



**Shri Manoj Mittal**  
Dy. Managing Director



**Shri Satyananda Mishra**



**Shri S. N. Tripathi**



**Shri J. Chandrasekaran**



**Shri Pankaj Jain**



**Shri G. A. Tadas**



**Shri S. Hariharan**



**Smt. Smita Bharadwaj**

# Committees of Directors

## (As on August 31, 2017)

### Executive Committee

Shri Mohammad Mustafa, Chairman  
Shri Ajay Kumar Kapur  
Shri Manoj Mittal  
Shri J. Chandrasekaran  
Shri S. Hariharan  
Shri Satyananda Mishra

### Audit Committee

Shri Satyananda Mishra, Chairman  
Shri Ajay Kumar Kapur  
Shri Manoj Mittal  
Shri Pankaj Jain  
Shri G. A. Tadas  
Shri S. Hariharan

### Risk Management Committee

Shri Ajay Kumar Kapur  
Shri Manoj Mittal  
Shri G. A. Tadas  
Shri J. Chandrasekaran

### Special Committee to Monitor Large Value Frauds

Shri Mohammad Mustafa, Chairman  
Shri Ajay Kumar Kapur  
Shri Manoj Mittal  
Shri Pankaj Jain  
Shri G. A. Tadas  
Shri J. Chandrasekaran  
Shri S. Hariharan

### Information Technology Strategy Committee

Shri Satyananda Mishra, Chairman  
Shri Ajay Kumar Kapur  
Shri Manoj Mittal  
Shri G. A. Tadas  
Shri Pushpinder Singh (External Expert)

### Customer Service Committee

Shri Mohammad Mustafa, Chairman  
Shri Ajay Kumar Kapur  
Shri Manoj Mittal  
Shri J. Chandrasekaran  
Shri S. Hariharan

### HR Steering Committee

Shri Mohammad Mustafa, Chairman  
Shri Ajay Kumar Kapur  
Shri Manoj Mittal  
Shri Pankaj Jain  
Shri J. Chandrasekaran  
Shri Satyananda Mishra  
Dr. (Smt) Chitra Rao (External Expert)

### Recovery Review Committee

Shri Mohammad Mustafa, Chairman  
Shri Ajay Kumar Kapur  
Shri Manoj Mittal  
Shri Pankaj Jain  
Shri G. A. Tadas

### Review Committee on Wilful Defaulters & Non-cooperative Borrowers

Shri Mohammad Mustafa, Chairman  
Shri Satyananda Mishra

### Remuneration Committee

Shri Pankaj Jain  
Shri S. Hariharan  
Shri Satyananda Mishra

# Chairman and Managing Director's Statement



The Board of Directors and the management of SIDBI are privileged to present the Bank's Annual Report for Financial Year 2016-17. With great pleasure, I would like to inform that, your Bank has come up with a number of initiatives to address the financial, developmental and promotional needs of MSMEs in FY 2016-17.

During the year, the balance-sheet size of your Bank recorded a 4.2% growth to ₹79,682 crore. The total MSME credit outstanding of the Bank also registered growth of 4% to reach ₹68,290 crore as on March 31, 2017.

I would like to add that SIDBI introduced a number of proactive measures to augment credit availability to the MSME sector and to upscale existing schemes. Some of the business initiatives taken during FY 2016-17 are given below.

- A Memorandum of Understanding (MoU) was signed with Vijaya Bank to provide eligible MSEs with financial assistance at 1-year MCLR of Vijaya Bank (presently 8.65% p.a.) to be refinanced by SIDBI. A similar MoU was signed with Capital Small Finance Bank Ltd. for collaboration/partnership in financial and non-financial areas to support MSMEs.
- In order to widen credit delivery channels, SIDBI signed strategic MoUs with eight industry associations in MSME clusters.



- Two facilities have been introduced to strengthen Small Finance Banks (SFBs) and augment their equity and resource base:
  - Provide equity investment for setting up/capitalisation of the SFBs to meet their initial equity/capital gap; in particular, the requirement for equity from domestic sources.
  - Post transformation of the MFIs/NBFCs into SFBs, SIDBI would provide refinance support.
- To enhance benefits for its premium customers, SIDBI introduced a new variant of the existing Privileged Customer Scheme (PCS) - PCS (Premium). Under the scheme, enhanced annual credit limit would be provided to existing well-performing customers for their annual non-project specific investment plans.
- SIDBI and NSE Strategic Investment Corporation Ltd. (NSICL) – a subsidiary of NSE -have set up the first Receivables Exchange of India Limited (RXIL). It may be noted that RXIL has been the first entity to operationalise a 'Trade Receivables Discounting System' (TReDS) on January 09, 2017. TReDS is an institutional mechanism (under RBI guidelines) that facilitates the financing of trade receivables of MSMEs through multiple financiers on an electronic platform through a transparent bidding process, in which multiple financiers participate.

SIDBI has consciously adopted a 'Credit Plus' approach under which the Bank addresses the Promotional and Developmental (P&D) needs of stakeholders (both MSMEs as well as other financial institutions) along with their financial needs. As the nodal body tasked with the development of the MSME ecosystem, it is critical that SIDBI addresses the financial, promotional and developmental needs in an integrated and holistic manner. For example, in addition to directly financing MSMEs, SIDBI is actively granting support in the areas of cluster development, rural industrialisation, technological up-gradation, skill and entrepreneurship development, MSME advisory services, promoting innovation and incubation, market linkages, etc. These P&D interventions have made noticeable socio-economic impact benefitting more than 2.3 lakh persons in the MSME sector. Additionally, more than 1.5 lakh employment avenues have been created and over 80,000 units (mostly rural enterprises) have been set up.

Besides, SIDBI provides a gamut of integrated services to MSMEs through its associates and subsidiaries, such as:

- SIDBI Venture Capital Limited (SVCL) - for providing Venture Capital (VC) assistance to MSMEs;
- Micro Units Development & Refinance Agency (MUDRA) - for 'funding the unfunded' micro enterprises in the country;
- Credit Guarantee Fund Trust - for Micro and Small Enterprises (CGTMSE) to provide credit guarantee coverage to collateral-free/ third-party guarantee free loans up to ₹200 lakh to MSEs;

- Receivable Exchange of India Ltd. (RXIL) to enable faster realisation of receivables by MSMEs;
- SMERA Ratings Limited (SMERA) - for credit rating of MSMEs;
- India SME Technology Services Ltd (ISTSL) - for technology advisory and consultancy services and
- India SME Asset Reconstruction Company Ltd. (ISARC) for speedier resolution of Non-Performing Assets (NPA) in the MSME sector.

Given the success of these associates and subsidiaries, your Bank will continue to evaluate new opportunities to expand the scope of these current assets as well as to set up new assets that, align with the overall vision of SIDBI. For example, technology enabled marketplaces like RXIL can be extended to provide for other financial and business needs of the MSMEs.

Thus, SIDBI supplements and complements the efforts of banks and financial institutions to strengthen the MSME sector and make it more vibrant.

During the recent years, the Government of India has taken a number of initiatives such as Make in India, Start-up India, Stand-up India, Prime Minister Mudra Yojana (PMMY), Digital India, Skill India, Zero Effect Zero Defect, etc. This was with the aim of providing impetus to inclusive and sustainable economic growth of the Indian economy, more particularly the MSME sector. SIDBI endeavors to support the Government of India in its initiatives and work towards taking our nation and MSMEs, in particular, to greater heights of success. Towards that, SIDBI has introduced several schemes to support government programmes. Some of these initiatives include:

- SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises (SMILE) under the 'Make in India' Programme,
- Digital initiatives like setting up of web portals, viz. “[www.sidbistartupmitra.in](http://www.sidbistartupmitra.in)” to connect start-up entrepreneurs with stakeholders, viz. incubators, mentors, angel networks, venture capital funds, etc.
- “[www.standupmitra.in](http://www.standupmitra.in)” for stand-up loans and
- “[www.udyamimitra.in](http://www.udyamimitra.in)” for MUDRA loans, Stand-up India loans and MSME loans upto ₹2 crore.

Going forward the endeavor of SIDBI would be to power the delivery of all the MSME focused schemes through greater technological integration so as to allow MSMEs hassle free access to these schemes, irrespective of the financial partner they chose.

SIDBI has always been a great supporter of faster and higher growth of the MSME sector, considering the sector's valuable contributions to the Indian economy. SIDBI will continue to amplify the role it plays in providing MSMEs achieve newer milestones and attain higher growth levels, launch innovative products, speed up the processes & delivery and address financing and developmental gaps, making the sector stronger, robust, vibrant, sustainable, more inclusive and competitive.



( Mohammad Mustafa)  
Chairman & Managing Director



# Directors' Report 2016-17

The Board of Directors of the Bank takes pleasure in presenting its Report on the overall business and operations of your Bank for the financial year ended March 31, 2017.

Your Bank was set up in 1990 under an Act of the Parliament as the principal financial institution for the promotion, financing and development of the MSME sector in India and coordination with institutions engaged in similar activities. Financial support to MSMEs is provided by way of (a) Indirect finance to banks and FIs for onward lending to MSMEs and (b) Direct finance in the niche areas like risk capital, sustainable finance / energy efficiency financing, receivable finance, services sector financing, etc.

## I. Business Performance

The outstanding portfolio of your Bank increased by 4% to ₹68,290 crore as on March 31, 2017 from ₹65,632 crore as on March 31, 2016. The total asset base of your Bank increased by 4.2% to ₹79,682 crore in FY 2016-17 from ₹76,478 crore in FY 2015-16.

The total income of your Bank during the financial year increased to ₹6,346 crore as compared to ₹5,785 crore during the previous year. The Profit before Tax for the year was ₹1,687 crore, compared to ₹1,636 crore in the previous year. The net profit after tax and Deferred Tax Adjustment for the year was ₹1,120 crore as against ₹1,177 crore in the previous year. Your Bank has declared a dividend of 18% for the year and

continues its uninterrupted dividend payment record since inception.

## II. Business Initiatives during FY 2016-17

During FY 2016-17, your Bank undertook a number of business initiatives to augment credit support to the MSME sector. Some of the important initiatives are:

- In order to enhance credit flow to the MSME sector on competitive terms, your Bank entered into a Memorandum of Understanding (MoU) with Vijaya Bank. The objective was to provide eligible MSEs with financial assistance at 1-year MCLR of Vijaya Bank (presently 8.65% p.a.) supported by refinance from your Bank. Additionally, your Bank also offers term loans at about 9.5% p.a. for eligible units under the 'Make in India' scheme.
- A similar MoU was signed with Capital Small Finance Bank Ltd. for collaboration/partnership in various financial and non-financial areas to support MSMEs.
- In order to widen credit delivery channels, your Bank has entered into eight strategic MoUs with different industry associations.
- In order to strengthen Small Finance Banks (SFBs) and augment their equity and resource base, your Bank introduced two facilities:



- Provide equity investment for setting up/capitalisation of the SFBs to meet their initial equity / capital gap; in particular, the requirement for equity from domestic sources.
- Post transformation of the MFIs/NBFCs into SFBs, your Bank would provide refinance support.
- In order to encourage further growth of its well-performing customers, your Bank introduced a new variant of existing Privileged Customer Scheme (PCS), viz., PCS (Premium), under which your Bank would provide enhanced annual credit limits to its existing well-performing customers for their annual non-project specific investment plans.
- In the area of Receivable Financing, the following initiatives were undertaken.
  - Your Bank, along with NSE Strategic Investment Corporation Ltd. (NSICL) - a subsidiary of NSE, set up the first Receivables Exchange of India Limited (RXIL). RXIL has been the first entity to operationalise a 'Trade Receivables Discounting System (TReDS)' on January 09, 2017. TReDS is an institutional mechanism under RBI guidelines for facilitating the financing of trade receivables of MSMEs through multiple financiers. This would facilitate financing of trade receivables of MSMEs on an electronic platform through a transparent bidding process, in which multiple financiers participate.

### III. Upscaling of earlier initiatives

- During FY 2015-16, your Bank had launched, a ₹10,000 crore 'SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises' (SMILE) to offer soft loans in the nature of quasi-equity in order to meet the required debt-equity ratio and term loan on relatively soft terms. Till end of March 2017, aggregate loans of ₹3,586 crore were sanctioned under the scheme.
- Your Bank has contracted a World Bank LoC for 'MSME Growth Innovation and Inclusive Finance (MSME-IIF)' project for improving access to finance for MSMEs right from the initial stages to its growth years through innovative financial products. As on March 31, 2017, 1,061 MSMEs were assisted with an aggregated term loan of ₹1,945 crore under the said LoC.

### IV. Digital Initiatives

- As part of up-scaling its initiatives to address the gaps in the start-up ecosystem, your Bank created an online platform "www.sidbistartupmitra.in". The portal enables start-up entrepreneurs located anywhere in the country to get connected with various stakeholders, viz. incubators, mentors, angel networks, venture capital funds, etc. The portal is also supported by Department of Science and Technology [DST], Govt. of India. As on March 31, 2017, 5,890 startups, 105 incubators and 86 investors have registered on this platform.

- In order to foster smooth implementation of "Stand-Up India" Scheme, your Bank developed a web-portal "www.standupmitra.in" which is designed to obtain application forms, provide information, enable registrations, provide links for handholding, tracking and monitoring. A similar portal for catering to other MSME loans upto ₹2 crore, www.udyamimitra.in has also been launched, which has emerged as a universal loan marketplace backed by Indian Banks' Association. Both the portals have facilitated access to credit to 2,047 enterprises till date.

## V. Business Operations

### V.1 Equity/Risk Capital

#### A. Direct Risk Capital Assistance

- SIDBI is directly extending structured assistance to start-ups and early stage ventures under Start-up Assistance Scheme [SAS]. SIDBI had also entered into formal understanding with NASSCOM and Indian Software Product Industry Round Table (iSPIRT) for validation of business models under the SAS. On a cumulative basis, 47 start-ups have been sanctioned assistance of ₹66 crore.

#### B. Fund of Funds Operations

- The Bank has constituted a ₹2,000 crore India Aspiration Fund (IAF) as a Fund of Funds for making investments in Alternative Investment Funds (AIFs), which was launched by Hon'ble Finance Minister on August 18, 2015. On a cumulative basis, commitments of ₹1,146 crore have been made to 35 AIFs.

- In a bid to boost availability of long term resources for MSMEs in the country, SIDBI signed an MoU with LIC on April 07, 2016, under which LIC allocated an amount of ₹200 crore to co-invest along with India Aspiration Fund. Under the MoU, the aggregate commitment stood at ₹104.50 crore.

- Under the Start-up India initiative, the Government established Fund of Funds for Start-ups (FFS) of ₹10,000 crore with your Bank for contributing to AIFs which in turn would invest in start-ups to the extent of twice as defined by Gol. Government released ₹500 crore in March 2016 and ₹100 crore in March 2017. During the year, total amount aggregating to ₹623.50 crore was committed to 17 AIFs under FFS.

- Under "A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)" Fund of Ministry of MSME, ₹60 crore was disbursed to SIDBI for managing the Fund for investing in VCs with investment focus on start-up and early stage enterprises in the areas of rural and agro industries. As on March 31, 2017, SIDBI has committed ₹39.50 crore to 4 AIFs under ASPIRE Fund.

### V.2 Sustainable Development

- Your Bank has been promoting sustainable development of the MSME sector in India by not only providing adequate and affordable energy efficiency / green finance, but also enhancing awareness of benefits of climate control amongst MSME clusters. The Bank has been operating focused lending schemes for promoting investment in clean production and energy efficient technologies / production processes

under bilateral Lines of Credit (LoC) from international agencies such as JICA, Japan; AFD, France; and KfW, Germany. The main objective of these schemes is to enhance energy efficiency, reduce CO<sub>2</sub> emissions and improve the profitability of the Indian MSMEs in the long run. These energy efficiency interventions by SIDBI have helped in reduction of 11.2 lakh tons of CO<sub>2</sub>.

- An important initiative in this regard is the World Bank-led GEF-financed energy efficiency project being executed by your Bank along with Bureau of Energy Efficiency (BEE). The project is being implemented in 10 clusters with the objective “to increase demand for energy efficiency investments in target MSME clusters and to build their capacity to access commercial finance”. Overall, more than 1,200 walk-through audits and 750 detailed energy audits have been conducted under the project. The project has provided implementation assistance to more than 670 MSME units.
- Further, your Bank along with Energy Efficiency Services Limited (EESL) is implementing World Bank supported project, viz. “Partial Risk Sharing Facility for Energy Efficiency (PRSF)”, a Guarantee Fund with a corpus of around ₹251 crore (USD 37 million) and technical assistance of ₹41 crore (USD 6 million). The project intends to provide partial risk cover to banks/FIs for the loans given by them to ESCO-implemented projects.
- Your Bank has launched the End-to-End-Energy-Efficiency Solutions (4E solutions) product to help the MSME units in cutting down on the power & fuel cost and also to help them upgrade

existing technologies and to install solar roof top photo voltaic or solar thermal systems.

- Your Bank has been nominated as “National Implementing Entity” for accreditation with Green Climate Fund (GCF) by Ministry of Environment, Forest & Climate Change, Govt. of India. GCF is a fund set up by United Nations to support climate change mitigation and adaptation actions in developing countries. The accreditation has since been cleared by GCF Board paving way for your Bank to play a major role in formulation and implementation of nationally important projects in climate change mitigation and adaptation.

## VI. Microfinance

- Your Bank has been a pioneer financial institution in the micro finance space and continued to provide financial assistance, in the form of equity, quasi-equity and term loans to MFIs while advocating and implementing various responsible lending practices. Till March 2017, the Bank has developed the capacity of more than 100 MFIs and provided financial support to them to the extent of ₹12,714 crore, benefitting 356 lakh people, mostly women.
- Your Bank has been playing the role of a market-maker to enhance the corporate governance and operational efficiency of MFIs and enabling smooth flow of adequate credit to the micro finance sector through measures like capacity assessment ratings, portfolio audits, code of conduct assessment, etc. Promoting responsible lending and adherence to a laid-down Code of Conduct (CoC) are major interventions



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by SIDBI. Further, to standardise the tool, your Bank developed, piloted and rolled out a Harmonized COCA Tool (HCT) in consultation with other stakeholders. The final HCT has since been rolled out and COCA exercises of 37 MFIs are presently underway.

## VII. Promotional and Developmental (P&D) Support

In its endeavour towards holistic development of the MSME sector, your Bank adopts a 'Credit Plus' approach wherein besides credit, grant support is also provided for various promotional and developmental activities like cluster development, rural industrialisation, technological upgradation, skill and entrepreneurship development, MSME advisory services, promoting innovation and incubation, market linkages etc. The promotional & developmental interventions of the Bank have benefited more than 2.3 lakh people in the MSME sector, helped create more than 1.5 lakh jobs and set up more than 80,000 units, mostly rural enterprises. Some of the important initiatives are given below.

- **Cluster Development**

Cluster development support remains one of the key thrust areas of your Bank which include skill development, enterprise development, creation of market linkages, various specialised services, etc. Your Bank also focuses on rural clusters through its Micro Enterprise Promotion Programme (MEPP) which aims at promoting viable micro enterprises leading to employment generation in rural India. MEPP has so far been implemented in 126 districts in 26 states. Cumulatively, about 42,500 rural enterprises have been set up.

- **Skill & Entrepreneurship Development**

With a view to strengthen the technical and managerial capacities of the MSME entrepreneurs, your Bank supports reputed management/ technology institutions to offer certain structured management/ skill development programmes, viz. "Skill-cum-Technology Up-gradation Programme" (STUP) and "Small Industries Management Programme" (SIMAP). Since its inception, SIDBI has supported 1,563 STUPs benefitting about 32,810 participants and 302 SIMAPs benefitting about 9,100 participants.

- **MSME Advisory**

- Your Bank has appointed retired bankers as Knowledge Partners (KPs) for guiding new/existing entrepreneurs regarding the various sources of MSME related information, schemes of SIDBI/commercial banks/FIs, government subsidies/benefits, providing credit linkages, debt counselling and support services for MSMEs. So far, more than 13,000 MSMEs have benefited through MSME Advisory Centres (MACs).
- RBI has designated your Bank to be the registering authority for implementation of the Certified Credit Counsellors (CCC) Scheme. As per the CCC Scheme launched on July 11, 2017, credit counsellors will be appointed for the MSME ecosystem under a governance framework. This is expected to ease access to credit, especially to micro enterprises. Your Bank has roped in Indian Institute of Banking and Finance (IIBF) for certification of the CCC and Indian Banks' Association (IBA) for coordination.

#### • Financial Literacy

- Your Bank is implementing the Poorest States Inclusive Growth (PSIG) Programme with support of Department for International Development (DFID), Government of United Kingdom to mainly women, in four states, viz. Uttar Pradesh, Madhya Pradesh, Bihar and Odisha. The PSIG programme has adopted a two-pronged strategy of working both at the community and institutional level to support women empowerment. At the community level, the programme has so far directly trained 2.17 lakh women on financial literacy, gender issues and raised awareness of 89,000 community members through Mass Awareness Camps.
- Apart from enhancing their financial literacy, the PSIG programme enhanced their confidence level and instilled a positive mental attitude towards life. Perhaps the most dramatic result was weaning away the rural women from their subscription to ponzy schemes and chit funds which registered a dramatic fall from 32% to 2%. Another noticeable impact was the improvement of sanitary conditions. Subsequent to the training programmes, many women constructed toilets.

#### • Digital Financial Literacy

In order to provide the much required impetus to the Micro-business, your Bank conducted 112 Digital Financial Literacy Programmes (DFLP) across seven states covering 107 micro business clusters and trained nearly 6,500 artisans. Out of these, 40% were female artisans.

#### • Promoting Innovation and Incubation

- Your Bank had supported the National Innovation Foundation, Ahmedabad by way of corpus support for setting up Micro Venture Innovation Fund (MVIF) to the extent of ₹850 lakh which benefitted more than 200 innovations.
- Further, with a view to foster successful entrepreneurs and develop industry in the knowledge and technology based areas in the small enterprises, SIDBI had supported setting up of SIDBI Innovation and Incubation Centre (SIIC) at Indian Institute of Technology, Kanpur. SIIC has so far incubated 69 start-ups in diverse areas of state-of-the-art technologies, out of which 42 have graduated.
- The Bank has supported Indian Institute of Management (IIM), Lucknow in setting up the SIDBI Centre for Innovation in Financial Inclusion (SCI-FI) at IIM, Lucknow under the Poorest States Inclusive Growth (PSIG) Programme.

### VIII. Resources Management

Resources aggregating ₹65,731 crore were raised by your Bank during FY 2016-17 as against ₹53,807 crore during FY 2015-16. During the year under review, the Bank raised resources of ₹65,111 crore from domestic sources and ₹620 crore of foreign currencies.

### IX. Rating of SIDBI Debt Instruments

The short-term and long-term debt instruments of your Bank are rated by CRISIL and CARE Ratings. During FY 2017,

- (a) CRISIL reaffirmed rating of CRISIL AAA/ Stable for the unsecured Bonds issuance programme aggregating ₹1,400 crore, FAAA / Stable (Reaffirmed) for Fixed Deposit Programme and CRISIL A1+ (Reaffirmed) for ₹2,000 crore for Commercial Paper Programme; and
- (b) CARE Ratings have Reaffirmed Rating of
- CARE AAA; Stable (Triple A; Outlook: Stable) for RIDF Deposits of ₹38,000 crore; and unsecured Bonds of ₹21,276.60 crore,
  - CARE AAA (FD); Stable (Triple A (Fixed Deposits); Outlook: (Stable) for fixed deposits,
  - CARE AAA; Stable (Triple A; Outlook:Stable)/CARE A1+ (A One Plus) for Commercial Paper (CP)/Certificate of Deposit (CD) Programme of ₹21,000 crore.
  - CARE Ratings have also Reaffirmed CARE AAA (Is); Stable (Triple A (Issuer Rating); Outlook: Stable) for Issuer Rating to SIDBI.

## X. Human Resources

As on March 31, 2017, your Bank had on its rolls 1173 active full time staff comprising 1023 officers, 97 Class III staff and 53 Subordinate staff. Of the total staff, 205 belong to Scheduled Castes (SCs), 82 to Scheduled Tribes (STs) and 217 to Other Backward Classes (OBCs). The staff strength included 8 ex-servicemen, 29 Persons with Disabilities (PwD) categories and 1 in both ex-servicemen and Persons with Disabilities (PwD) categories. The strength of women employees was 254.

## XI. Subsidiaries / Associates

XI.1 SIDBI Venture Capital Limited (SVCL) was established in 1999 as an Investment Management Company for managing Venture Capital Funds (VCFs). Since inception, SVCL has continued to provide growth capital to high-quality, growth-oriented MSMEs across diversified sectors. SVCL, at present, is acting as the Investment Manager for seven funds with a total corpus of ₹1,883 crore.

XI.2 Micro Units Development & Refinance Agency (MUDRA) was set up on April 8, 2015 as a wholly owned subsidiary of SIDBI for 'funding the unfunded' micro enterprises in the country. MUDRA refines banks, Micro-finance Institutions (MFIs), NBFCs and other lending institutions which lend to micro / small business entities under Pradhan Mantri Mudra Yojana (PMMY). During FY 2016-17, MUDRA provided refinance support of ₹3,255 crore.

Under PMMY, a target of ₹1,80,000 crore was set for FY 2016-17, as against which ₹1,80,528.54 crore has been sanctioned involving 3,97,01,047 accounts. A target of ₹2,44,000 crore has been fixed under PMMY for FY 2017-18.

XI.3 Receivables Exchange of India Limited (RXIL): Based on Reserve Bank of India's (RBI) approval under the Payment and Settlement System (PSS) Act, 2007, RXIL was set up on February 25, 2016 to operate the TReDS Exchange. RXIL is a joint venture promoted by SIDBI and NSE Strategic Investment Corporation Limited (NSICL), a subsidiary of National Stock Exchange of India Limited (NSE). RXIL is the first entity to receive approval from

Reserve Bank of India (RBI) on December 01, 2016 to launch TReDS Exchange. Accordingly, RXIL launched India's first TReDS Exchange on January 09, 2017. Further, It has successfully executed financing of trade receivables of MSMEs and also successfully settled both financing and repayment legs through NPCI NACH Debit and Credit Settlement System as mandated by RBI.

XI.4 Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE): CGTMSE was set up in 2000 by Government of India and SIDBI to operate the Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) which guarantees credit facilities upto ₹200 lakh extended by Member Lending Institutions (MLIs) to those MSE loans, which are not backed by collateral security and / or third party guarantees. The guarantee scheme helped in creating 27.72 lakh MSE loan accounts for loan amount of ₹1.29 lakh crore as on March 31, 2017. The estimated employment generation out of CGTMSE operations was 90.61 lakh as on March 31, 2017.

XI.5 SMERA Ratings Ltd. (SMERA): SIDBI, alongwith Dun & Bradstreet (D&B) and several Public and Private Sector banks, set up SMERA in September 2005, as an MSME dedicated third-party rating agency to provide comprehensive, transparent ratings to MSMEs. Cumulatively, since its incorporation, SMERA had rated 40,764 MSME units up to March 31, 2017, out of which MSEs accounted for 98%.

XI.6 India SME Asset Reconstruction Company Ltd. (ISARC) was incorporated on April 11, 2008 and commenced its business operations on April 15, 2009 with the principal objective to acquire non-performing assets (NPAs) and to

resolve them with a special focus on the NPAs of MSME sector. As of March 31, 2017, ISARC had assets under management (AUM) of ₹376.69 crore.

XI.7 India SME Technology Services Limited (ISTSL) incorporated in 2005, offers technology advisory and consultancy services for projects related to energy efficiency, cluster development and evaluation studies, capacity building, awareness creation, skill development. It also provides services such as providing information on technology options, match-making, finance syndication and business collaborations and organising seminars/meets and providing market support. ISTSL is empanelled with Bureau of Energy of Efficiency (BEE), Ministry of Power, Government of India as Grade-2 Energy Service Company (ESCO).

## XII. Awards and Recognitions

Your Bank was conferred with the ADFIAP Development Awards 2017 under 'SME Development Category' for its SME development solutions and initiatives.

Your Bank was accredited with ISO/IEC 27001:2013 certification for IT infrastructure Management, Application Development & Management, IT Service Desk and Data Center from BSI (British Standards Institution) during the year.

## XIII. Acknowledgements

The Board acknowledges the valuable support received from the Government of India and the Reserve Bank of India. The Board is also thankful to the World Bank Group; Japan International Cooperation Agency (JICA), Japan; Department for International Development (DFID), U. K.; Kreditanstalt fur Wiederaufbau (KfW),

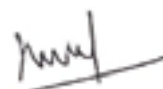
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Germany; The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany; International Fund for Agricultural Development (IFAD), Rome; French Development Agency (Afd), France and Asian Development Bank (ADB) for their continued resource support and technical cooperation. The Board places on record its appreciation for the cooperation extended to SIDBI by Life Insurance Corporation of India (LIC), banks, state level institutions, industry associations and other stakehold-

ers engaged in the promotion and development of the MSME sector. The Bank also thanks all its clients and investors for their cooperation and looks forward to the continued support in the years to come. The Board recognizes and places on record its appreciation for the services of SIDBI staff, at all levels, who showed strong and continued commitment, integrity and dedication to take the Bank on a higher growth trajectory during the year.



(Ajay Kumar Kapur)  
Dy. Managing Director



(Manoj Mittal)  
Dy. Managing Director





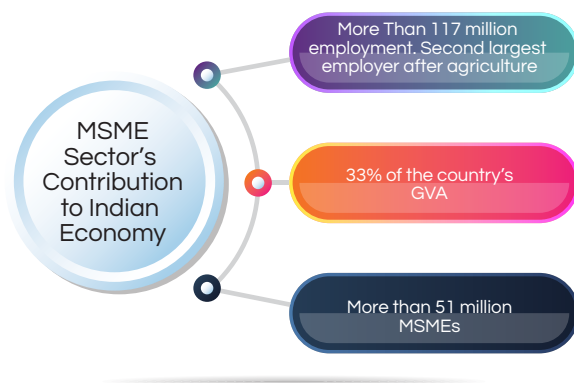


## Chapter - 1

# Micro, Small & Medium Enterprises - Performance & Outlook



The MSME sector continues to be an important pillar of India's economy in terms of its contribution to economic growth, employment generation and exports (Table 1.1). With more than 51 million enterprises providing employment to over 117 million, the Indian MSME sector is the second largest after agriculture. The share of MSMEs in the country's Gross Value Added (GVA) stood at around 33% in FY 2014-15. The share of MSMEs in manufacturing output was 33% while exports constituted 45%. As per available data, the MSME sector registered an average growth rate of 7.4% during FY 2012-15. While manufacturing registered 6.2% growth, services reported 7.7% growth.



## MSME Outlook

Overall, the MSME sector is expected to grow at a healthy rate, owing to the several initiatives of the Government of India (GoI) and Reserve Bank of India (RBI). Some of them are – the launch of the 'Stand-up India' programme, 'Zero Effect Zero Defect' (ZED) scheme, increase of credit guarantee limit from ₹1 crore to ₹2 crore, apart from

making NBFCs eligible Member Lending Institutions (MLIs) for providing credit guarantee to MSEs. The other initiatives include operationalisation of Trade Receivable Discounting System (TReDS), credit guarantee schemes by National Credit Guarantee Trustee Company (NCGTC) for Micro Units loans, Stand-up India loans and Factoring, establishment of SC/ST hubs to provide support to SC/ST entrepreneurs in public procurement, etc. The Union Budget 2017-18 introduced certain important measures like reducing corporate tax for small companies with turnover of up to ₹50 crore to 25% which is expected to benefit around 6.7 lakh MSMEs and bringing down Presumptive Tax rate for those with turnover of up to ₹2 crore to 6% from 8%. This would protect domestic industries in terms of higher custom duty from import of cashew nuts, select electronic hardware, leather footwear manufacturing components, to name a few. With the objective of increasing cash flow to MSMEs, the RBI also included factoring transactions on 'with recourse' basis under priority sector lending. Additionally, the factoring transactions taking place on the TReDS platform have also been made eligible for classification under priority sector. These proactive initiatives of the GoI and RBI are expected to further strengthen the MSME ecosystem making it more vibrant and competitive.

**Table 1.1: MSME Sector – Principal Characteristics**

1. No. of Enterprises in 2014-15 (in million)	51.1
Out of which,	
a. Percentage share of Registered Units*	6%
b. Percentage share of Un-registered units*	94%
c. Percentage share of Socially Backward Classes (SCs/STs/OBCs)*	51%
d. Percentage share of Rural Units*	55%
e. Percentage share of women enterprises*	7.4%
2. Employment in 2014-15 (in million)	117.1
3. Average Employment per Enterprise (No.)	2.3
4. Investment per employment (₹ Lakh)*	5.3
5. Percentage of Enterprises availing loans*	7.3%
a. From Institutional Sources	5.2%
b. From Non-institutional sources	2.1%
c. Percentage of Enterprises without loans / self-finance	92.7%
6. Percentage share of MSME GVA out of India's GVA in 2014-15	33.3%
7. Percentage share of MSMEs in India's Manufacturing Output in 2014-15	33.4%
8. Percentage share in India's exports in 2014-15	45%

\* As per MSME Census 2006-07.

Sources: Annual Report 2016-17, Min. of MSME; MSME Census 2006-07.





## Chapter - 2

# Business Initiatives and Overall Operations



SIDBI launched a ₹60 crore ASPIRE fund on October 20, 2016 to promote innovation, rural entrepreneurship and agricultural industry. Seen here are (from left to right): Shri Ajay Kumar Kapur, Dy. Managing Director, SIDBI; Shri B. H. Anil Kumar, IAS, Joint Secretary, Ministry of MSME, Government of India; Shri Kalraj Mishra, Hon'ble Minister for MSME; Dr. Kshatrapati Shivaji, IAS, the then Chairman & Managing Director, SIDBI and Ms. Chitra Ramakrishna, the then Managing Director & Chief Executive Officer, National Stock Exchange.

SIDBI, set up in 1990 under an Act of the Parliament, is the principal financial institution for the promotion, financing and development of the Micro, Small and Medium Enterprise (MSME) sector in India. Additionally, the Bank also coordinates with institutions engaged in similar activities. Accordingly, SIDBI has always endeavoured to work towards sustainable development of the MSME sector on Triple Ps fronts - Profit (economic), People (social) and Planet (environment), and manifested in creation of economic wealth, its distribution for an egalitarian society and preservation of ecological wealth.

On the economic front of creating an enabling financial ecosystem for MSMEs, SIDBI has strived to meet the diverse credit needs of MSMEs through innovative credit products, credit processes and credit channels. The Bank has been a pioneer in MFI-led microfinance movement in India. It has nurtured and strengthened more than 100 MFIs, which have witnessed steady inflows of investments from other investors encouraged by SIDBI's initial bets on these institutions. Some of the supported MFIs have grown to become Small Finance Banks (SFBs). SIDBI has also ushered in a culture of energy efficiency and sustainable finance in the MSME sector. The Bank also pioneered Venture Capital, Risk Capital facilities, Reverse factoring, among others, for MSMEs which were later adopted by other players.



## Economic Impact

SIDBI's financial assistance has impacted various strata of society - ranging from bottom-of-the-pyramid to medium enterprises, from traditional industries to high-end knowledge-based industries and from domestic production to export promotion. SIDBI has touched the lives of more than 360 lakh people in the MSME sector, directly and indirectly, through various credit measures.

## Strategic Business Initiatives

The Bank has initiated a number of proactive measures to augment credit and equity to the MSME sector.

### Credit Delivery through new partners

- In order to enhance credit flow to the MSME sector on competitive terms, SIDBI entered into a Memorandum of Understanding (MoU) with Vijaya Bank. The objective was to provide eligible MSEs with financial assistance at 1-year MCLR of Vijaya Bank (presently 8.65% p.a.) supported by refinance from SIDBI. Additionally, SIDBI also offers term loans at about 9.5% p.a. for eligible units under the 'Make in India' scheme.
- A similar MoU was signed with Capital Small Finance Bank Ltd. for collaboration/partnership in various financial and non-financial areas to support MSMEs.



SIDBI signed an MoU with Vijaya Bank for providing concessional finance to MSEs on February 20, 2017. Seen here are from left to right: Shri B. S. Rama Rao, Executive Director, Vijaya Bank, Dr. Kishore Sansi, Managing Director and CEO, Vijaya Bank, Shri Manoj Mittal, Dy. Managing Director, Shri K. G. Alai, the then Chief General Manager and Shri A. C. Sahu, General Manager.

- In order to widen credit delivery channels, the Bank has been entering into strategic MoUs with industry associations. So far, eight such MoUs have been signed with different industry associations.
- In a bid to boost availability of long term resources for MSMEs in the country, SIDBI signed an MoU with LIC on April 07, 2016, under which LIC allocated an amount of ₹200 crore to co-invest along with India Aspiration Fund. Under the MoU, the aggregate commitment stood at ₹104.50 crore.

### Support to SFBs:

In order to strengthen Small Finance Banks (SFBs) and augment their equity and resource base, the Bank introduced two facilities:

- Provide equity investment for setting up/capitalisation of the SFBs to meet their initial equity/capital gap; in particular, the requirement for equity from domestic sources.
- Post transformation of the MFIs/NBFCs into SFBs, the Bank would provide refinance support.

### Privileged Finance

In order to encourage further growth of its well-performing customers, SIDBI introduced a new variant of existing Privileged Customer Scheme (PCS), viz., PCS (Premium), under which SIDBI would provide enhanced annual credit limits to its existing well-performing customers for their annual non-project specific investment plans.



## Faster Realisation of Receivables

To help MSMEs in faster realisation of their receivables, SIDBI introduced Receivable Finance Scheme in 1991. Under the scheme, limits are fixed for performing purchaser companies with regard to discounting usance bills of MSMEs, in order that MSMEs realise their sale proceeds quickly. Besides, SIDBI offers invoice discounting facilities to suppliers (MSME) of purchaser companies.

To scale up Receivable Financing through the digital mode, the Bank undertook the following initiatives:

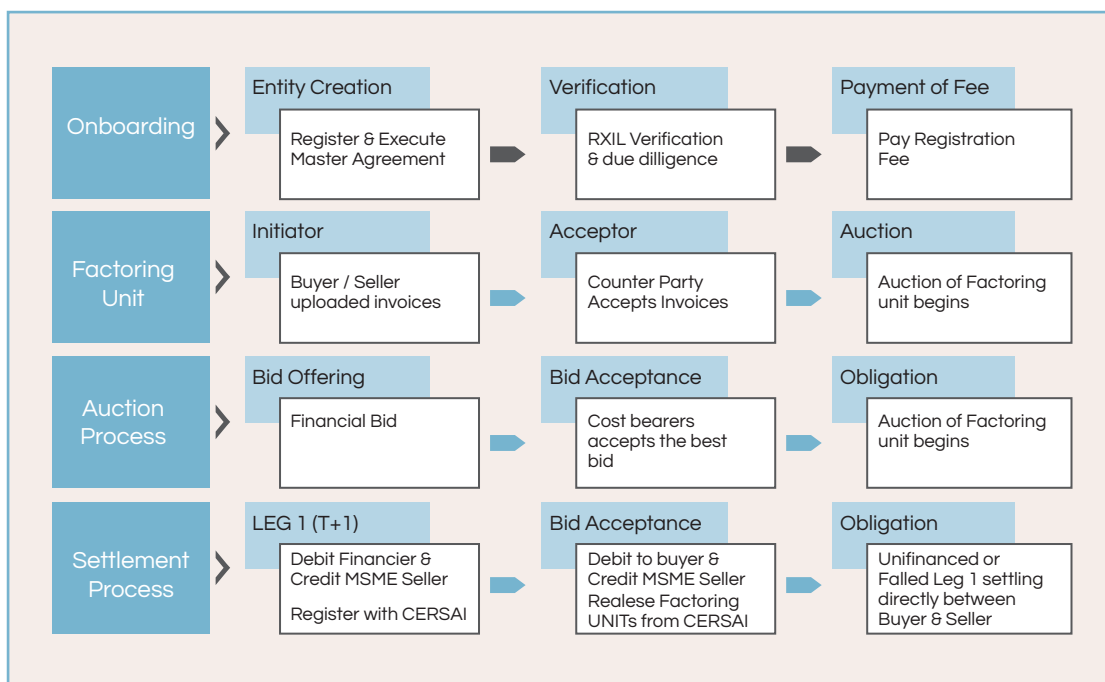
## Operationalisation of TReDS

SIDBI, along with NSE Strategic Investment Corporation Ltd. (NSICL) - a subsidiary of NSE, set up the first Receivables Exchange of India Limited (RXIL). RXIL has been the first entity to operationalise a 'Trade Receivables Discounting System (TReDS)' on January 09, 2017. TReDS is an institutional mechanism under RBI guidelines for facilitating the financing of trade receivables of MSMEs through multiple financiers. This would facilitate financing of trade receivables of MSMEs on an electronic platform through a transparent bidding process, in which multiple financiers participate (Box 2.1).

### Box 2.1: Operationalisation of TReDS

The TReDS Exchange uses a simplified process to on-board the participants. Only Factoring Units i.e. invoices accepted by the counterparty go for auction. Multiple financiers are allowed to bid on the invoices. They need to enter the discount/financing rate. The participant who bears the financing/ interest cost has the right to accept the bid. On acceptance of the bid by the cost-bearing participant, the auction is concluded. The MSME seller will receive funds on T+1/ T+2 (depending on the time when the bid is accepted by the cost-bearing participant) after the invoice has been financed. On T+1, the Financiers bank account is debited and the sellers designated bank account is credited. The credit to sellers account happens only if the debit to the Financiers designated bank account is successful. This is the Leg1 settlement. Under Leg2 settlement, the buyer will make repayment to the Financier who financed the transaction. In other words, on invoice due date, account of the buyer shall be auto debited using NPCI NACH Auto Debit mechanism to settle the obligations due to the financier/banker. For factoring units remaining unfinanced, the buyer can use the TReDS Exchange to make payment to the MSME seller as part of Leg3 settlement.





## Scaling up Existing Schemes

### SMILE Scheme:

During FY 2015-16, the Bank had launched, a ₹10,000 crore 'SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises' (SMILE) to offer soft loans in the nature of quasi-equity in order to meet the required debt-equity ratio and term loan on relatively soft terms. Till end of March 2017, aggregate loans of ₹3,586 crore were sanctioned under the scheme.

The SMILE scheme has benefitted 1,384 MSMEs as on March 31, 2017.

### World Bank LoC

SIDBI has contracted a World Bank Line of Credit (LoC) for 'MSME Growth Innovation and Inclusive Finance (MSME-IIF) Project'. The project focuses on improving access to finance for MSMEs right from the initial stages to its growth years through innovative financial products. The Bank aims at

fostering inclusive economic growth and enabling employment creation. As on March 31, 2017, 1061 MSMEs were assisted with an aggregated term loan of ₹1,945 crore under the said LoC.

### Sustainable Finance

SIDBI has been promoting sustainable development of the MSME sector in India by not only providing adequate and affordable energy efficiency/green finance, but also enhancing awareness of the benefits of climate control in MSME clusters. SIDBI has been operating focused lending schemes for promoting investment in energy efficient technologies/production processes, clean technology including renewable energy like solar rooftop voltaic or solar thermal system production and under bilateral Lines of Credit from international agencies such as JICA, Japan; AFD, France and KfW, Germany.

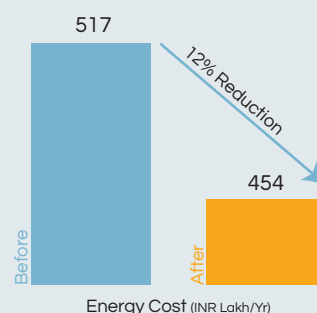
The main objective of these schemes is to enhance energy efficiency, reduce CO<sub>2</sub> emissions and improve the profitability of the Indian MSMEs. An important initiative in this regard is the World Bank-led GEF-financed energy efficiency project being executed by SIDBI along with Bureau of Energy Efficiency (BEE). The project is being implemented in 10 clusters with the objective of increasing demand for energy efficiency investments in target MSME clusters and building their capacity to access commercial finance. Overall, more than 1,200 walk-through audits and 750 detailed energy audits were conducted under the project. The project has provided implementation assistance to more than 670 MSMEs.

The Bank has also launched the End-to-End-Energy-Efficiency Solutions (4E solutions), a product to help MSME units cut down on power and fuel cost and upgrade existing technologies.

## A 4E Success Story

M/s. Kudu Knitwear Pvt. Ltd. - a yarn and customised clothing manufacturing unit at Ludhiana, Punjab ran up an annual energy bill of ₹5.2 crore for annual energy consumption of 2,667 toe. Through a detailed energy audit, it was found that the unit was running at lower efficiency due to incomplete combustion, abnormal operation of the boiler and faulty design.

The unit was taken up under 4E Solutions and the existing boiler was replaced with a fully automated higher efficiency packaged boiler. Several energy efficiency measures were implemented and the unit was able to reduce its energy cost by 12%. With a capital investment of ₹40 lakh and a payback period of 2.67 years, the unit reported annual savings of ₹15 lakh in energy cost.



## Environmental Impact

- SIDBI has been a pioneer in promoting energy efficiency in the MSME sector. It is implementing various programmes such as, the World Bank project financed by Global Environmental Facility (GEF) titled "Financing Energy Efficiency at MSMEs" in around 10 MSME clusters in India and also scaling up the benefits through an End to End Energy Efficiency (4E) Solutions Product at National level. These projects have positively impacted the environment by way of lifetime emission reduction of 11.2 lakh tons of CO<sub>2</sub>.
- The Bank is also implementing the World Bank supported project, viz. "Partial Risk Sharing Facility for Energy Efficiency (PRSF)" along with Energy Efficiency Services Limited (EESL). The project is expected to result in significant energy savings to the tune of 1,000 GWh and mitigation of CO<sub>2</sub> emissions reductions to the tune of 0.734 million tons.
- The energy efficiency initiative of the Bank has resulted in energy saving of 10-25% in different MSMEs. This has boosted the direct profitability of such MSMEs.

Further, SIDBI along with Energy Efficiency Services Limited (EESL) is implementing the World Bank supported project, 'Partial Risk Sharing Facility for Energy Efficiency (PRSF)', a Guarantee Fund corpus of around ₹251 crore (USD 37 million) and technical assistance of around ₹41 crore (USD 6 million). The project intends to provide partial risk cover to banks/FIs for the loans given by them to ESCO-implemented projects. Five Memorandums of Understanding (MoUs) have been signed with interested and eligible banks/NBFCs to participate under PRSF, i.e. ESCO financing with PRSF guarantee support. Under the project, standardised transaction docu-

ments for such projects have been developed and hosted on its website (<http://prsf.sidbi.in>) for the benefit of ESCOs.

SIDBI has been accredited as 'National Implementing Entity' by the Green Climate Fund (GCF) set up by the United Nations for funding climate change mitigation and adaptation actions through Accredited Entities in developing countries. The accreditation has since been cleared by GCF Board paving way for the Bank to play a major role in formulation and implementation of nationally important projects in climate change mitigation and adaptation.

## Equity Augmentation Measures

A major constraint in availing of credit by MSMEs is their low level of capital base which reduces their leveraging capacity to get adequate loans from the banking system. Also, lack of equity support has inhibited the innovations in the sector. This gap is being addressed by SIDBI in a number of ways.

### A. Direct Risk Capital Assistance

- **Risk Capital Support:**  
SIDBI commenced the Risk Capital operations in 2009 under the MSME Risk Capital Fund (MSME-RCF) with a committed corpus of ₹2,000 crore. MSME-RCF was used for both - direct risk capital assistance and for Fund of Funds operations. This Fund has been fully committed.
- **Start-up Assistance:**  
SIDBI is also in the process of directly extending structured assistance to start-ups and early stage ventures under Start-up Assistance Scheme (SAS). SIDBI had also entered into a formal understanding with NASSCOM and Indian Software Product Industry Round Table (ISPIRT) for validation of business models under SAS.

### B. Fund of Funds Operations

- **India Aspiration Fund:**  
The Bank has constituted a ₹2,000 crore India Aspiration Fund (IAF) as a Fund of Funds for making investments in Alternative Investment Funds [AIFs]. AIFs supported under IAF with corpus of upto ₹500 crore would in turn make investments in MSMEs to the extent of twice the commitment of SIDBI or 50% of the corpus of the AIF, whichever is higher. AIFs having corpus of more than ₹500 crore would in turn make investments in MSMEs to the extent of twice the commitment of SIDBI or ₹250 crore, whichever is higher.

- Fund of Funds for Start-ups:**  
 Under the 'Start-up India' initiative announced by the Hon'ble Prime Minister on August 15, 2015, the Government established a ₹10,000 crore Fund of Funds for Start-ups (FFS). This is now with SIDBI for contributing to AIFs which in turn would invest in start-ups to the extent of twice as defined by GOI. The Government has released ₹600 crore till March 2017. During the year under review, operational guidelines of FFS were finalised and issued by Department of Industrial Policy and Promotion (DIPP), GoI.
- ASPIRE Fund:**  
 Under the 'A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) Fund of Ministry of MSME, ₹60 crore was allocated and disbursed to SIDBI for managing the Fund. The objective of the scheme is to invest in VCs that focus on start-ups / early stage enterprises in the areas of Rural and Agro Industries.
- MoU with LIC:**  
 In a bid to boost availability of long term resources for innovative MSMEs in the

country, SIDBI entered into an MoU with Life Insurance Corporation of India (LIC) on April 07, 2016, under which, LIC allocated an amount of ₹200 crore to coinvest along with India Aspiration Fund.

## Equity Support Impact

- Direct equity / quasi-equity support/ commitment at ₹1,107 crore.
- Benefitted 575 Start-ups/MSMEs.
- Supported 56 AIFs which would have a total equity/quasi-equity pool of ₹1,809 crore.

Direct Equity Support Schemes	Assistance Provided (₹ in Crore)	No. of Beneficiaries
GEMS	1041	528
Start-up Assistance	66	47
Total	1107	575

Name of the Fund under FoF	Amount Committed (₹ in Crore)	No. of AIFs
India Aspiration Fund	1146	35
Fund of Fund Operations	624	17
ASPIRE Fund	39	4
Total	1809	56

## Success Stories of SIDBI's Equity Support



Incorporated in August 2005, 'ESDS Software Solution' is a leading IT enabled Service provider based out of Nashik, Maharashtra. ESDS has expertise in the areas of Data Center Service, Application Development, Product Development, Cloud Computing etc. In order to upscale the business through innovation, SIDBI provided sub-debt assistance to the tune of ₹4.50 crore in FY2015. The successful operations and expansion of the business enabled the company to open its second data center admeasuring 80,000 sq.ft in Mahape, Navi Mumbai in 2016. The revenue doubled from ₹35 crore in FY2015 to ₹70 crore in FY2017. It may be noted that the new data centre was inaugurated by the Chief Minister of Maharashtra.



SEDEMAC Mechatronics, Pune is a technology-products company that focuses on controls for engines and power-trains. In order to boost technological innovations in the form of 'Smart Ignition' product for motorcycles and scooters and also to expand overseas, SIDBI sanctioned ₹4 crore as Risk capital funding in FY2015 and further funding of ₹8 crore as Term Loan under DCS & ₹8 crore limit under working capital scheme in 2016. Post SIDBI's investment, the company recorded a 400% increase in three years from ₹15 crore in FY2015 to ₹80 crore in FY 2017.

## Digital Initiatives

In the recent period, the Government of India (GoI) introduced financial schemes for the unserved sections of society: MUDRA loans upto ₹10 lakh for very small micro enterprises, Stand-up India (SUI) loans of more than ₹10 lakh and upto ₹100 lakh for SCs/STs and Women and Start-up India scheme to foster entrepreneurship and promote innovation by creating an eco-system that is conducive for the growth of start-ups.

In order to widen these programmes so as to enable underserved people to apply for such loans even from remote locations, the Bank created online loan portals [www.-standupmitra.in](http://www.-standupmitra.in) for stand-up loans and [www.udyamimitra.in](http://www.udyamimitra.in) for MUDRA loans, Stand-up India loans and MSME loans upto ₹2 crore. The reach of these two portals are given in Box 2.2.

Box. 2.2 Performance under Udyamimitra and Standupmitra Portal (as on April 30, 2017)

No. of hits on Mitra portal(s)	Standupmitra : 16.16 lakh; Udyamimitra : 2.90 lakh
Registration	40,974
Applications	37,274 Nos. (online 6,556)
Sanctions	32,304 Nos. (online 1,700) SUI sanctions : 29,730 for ₹6,107 crore
No. of branches logged in	1.06 lakh of 102 Banks
No. of Standup India Help Centres (SUHCs) logged in	5,321

In order to further strengthen the start-up ecosystem, SIDBI created “[www.sidbistart-upmitra.in](http://www.sidbistart-upmitra.in)” portal with the prime objective of enabling start-up entrepreneurs to get connected with various stakeholders, viz. incubators, mentors, angel networks, Venture Capital funds, etc. The highlights of these digital initiatives and impact are given in Box 2.3 and 2.4 respectively.

### Box 2.3 Digital Initiatives for Access to Credit

**SUI Clinics:** A performance linked initiative to enable ease of access by facilitating on-the-spot applications of aspirants with support of expert agencies.

**Champion Agencies (ChAs):** ChAs are the ones who can be relied upon to attend the Handholding (HH) request unable to be tackled by identified Hand Holding (HH) agency.

**Integration with Guarantee Companies:** Any loan applied on the portal (on or after March 31, 2017) would be analysed by the NCGTC rule engine to provide better understanding to the Banker on the tentative eligibility of guarantee coverage.

**Audio Visual Movies:** In order to deepen the outreach, the audio visuals enabling navigation of portal with ease have been expanded further to include 10 vernaculars.

**Ease of Access Kit** has been made available on the dashboard of the bank branches for ready reckoning.

SIDBI Startup Mitra portal: As part of upscaling its initiatives to address gaps in the start-up ecosystem, SIDBI created an online platform “www.sidbistartupmitra.in”, which was launched by the Hon’ble President of India on March 17, 2016. The objective was to bring all stakeholders, startup entrepreneurs, incubators, investors (Angel networks/ Venture Capital Funds), industry bodies, mentors /advisors, banks on this electronic platform in order to meet the financing and other needs of the early stage and start-up enterprises. The platform facilitates entrepreneurs to engage with incubators, investors, mentors and government schemes for start-ups in India by becoming the knowledge partner for State and Central Governments. The portal is also supported by the Department of Science and Technology [DST], Govt. of India. Around 5,890 start-ups, 105 incubators and 86 investors have registered on this platform.

#### Box 2.4: Impact of Digital Initiatives of SIDBI

- **Differentiator:**  
The analytical data on portals indicate that under Stand-up India, MUDRA and MSMEs, the outreach of 38000+ sanctions (1962 online and rest offline i.e. directly received at branches which are uploaded on portal) has been recorded. Similarly, 15,234 handholding requests (in eight expertise areas of Application Filling/ Project Report Preparation, Entrepreneurship Development Programme / Digital Literacy, Financial Training, Margin money or Subsidy, Mentoring, Skilling-Vocational, Workshed Requirement, Energy Efficiency - Handholding for Solar Projects and Energy Audits) with top three requests types being Entrepreneurship Development Program/Digital Literacy, Application filling/Project Report Preparation and Margin money or subsidy) have been lodged and 9,478 responded.
- **Virtual loan market:**  
A loan application is being picked by multiple banks. Also, banks are picking cases which have been marked as not interested by other banks and aspirants are receiving responsive calls and so on.
- **Ease of doing business:**  
About 1960 plus online cases have been done. The numbers have increased from 20 cases a week to 40 indicating traction of digital access. Majority of the cases are being done in the loan bracket of ₹25 lakh registering average Turn Around Time (TAT) of upto one week. (88% of online cases being done in one week).
- **Volunteers as changemakers:**  
ME4WE (Mentor Enablers for Women Entrepreneurs), a voluntary offering from 22 lady officers of SIDBI have, in a span of just three months, attended to 67 handholding requests out of 110. A pool of volunteers- women entrepreneurs assisted by SIDBI has also been firmed up to handhold/mentor women entrepreneurs at post disbursement stage to help them resolve problems related to the setting up of an enterprise.
- **Breaking Barriers:**  
By enhancing access to Women and SCs/STs under Standup India ( thus breaking gender and underserved/unserved barriers), the portals are breaking barriers of language ( through Audio Visuals (AVs) in 10 languages capturing estimated 65%+ population), educational and age barriers also. About 357 districts (310 under Stand-Up India) have been covered through online sanctions (districts like Unakoti of Tripura, Ganderbal and Kupwara Districts of Jammu & Kashmir have been accessed online only), thus breaking geographical barriers. Aspirants including transgenders in the age group of 40-50 years as also 60 years and above have become entrepreneurs thus indicating that those employed are opting for vocational avenues. In the over 60 years age group, the number of women entrepreneurs are more compared to men. In terms of education, 42% of online sanctions have been for Class XII and below and



## A Success Story through Stand-up Portal

Smt. Y. L. Lalitha Kumari, aged 49, from West Godavari District of Andhra Pradesh came to know about the scheme through a banker whom she had been contacting in the past for a loan. She was able to lodge the application independently on the portal. After submission of the application, her loan of ₹37.50 lakh was sanctioned by the Central Bank of India, Eluru Branch under the Stand-Up India scheme. The unit started production from August 2016 and now engages 15 labourers with a monthly turnover of ₹1.5 lakh to ₹2 lakh.



## Micro Finance

SIDBI has been the pioneer financial institution in promoting MFI-based micro-finance ecosystem in the country. Over the years, SIDBI emerged as a Market Maker to create a supply side solution to cater to the financing needs of the Bottom-Of-the-Pyramid (BOP) populace. This was done through its micro finance interventions and by nurturing and creating a network of strong, viable and sustainable Micro Finance Institutions (MFIs) for providing micro finance services to the economically disadvantaged people, especially women. It is important to mention here that the interventions of SIDBI have been designed to cater both, the demand as well as the supply side needs. In other words, SIDBI has not only supplied financial support to MFIs for onward lending to micro units, but also undertook a number of developmental and

capacity building measures to strengthen MFIs and the ecosystem. Till March 2017, the Bank has developed the capacity of about 100 MFIs and provided financial support to them to the extent of ₹12,714 crore, benefitting 356 lakh people, mostly women.

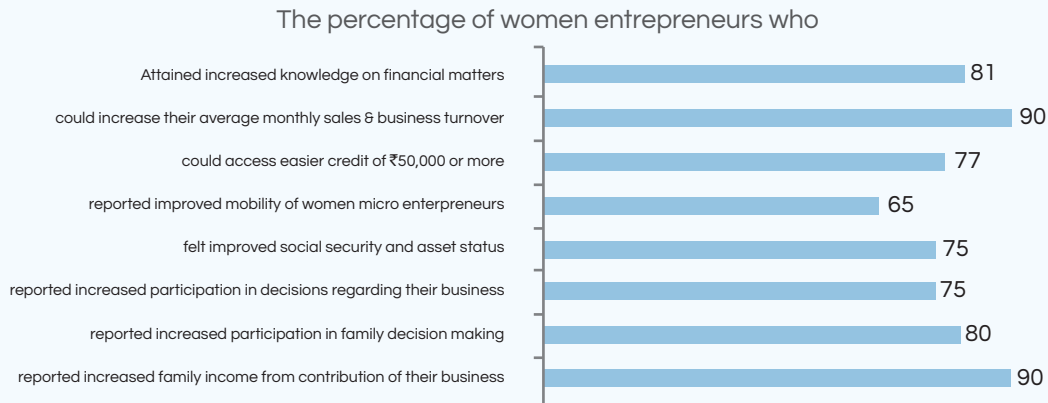
SIDBI's microfinance support has helped the poor to access financial services, improve the quality of their life through creation of alternative/additional livelihood opportunities, reduce dependence on the exploitative informal sources of credit, increase participation in the family and business decision making, enhance knowledge on financial matters, improve social security, asset status, health and education parameters.



A conclave on Small Micro Finance Institutions was held on August 26, 2016 at New Delhi. From left to right: Shri S. Ramakrishnan, the then Chief General Manager, SIDBI, Shri Jiji Mammen, CEO, MUDRA, Dr. Kshatrapati Shivaji, the then Chairman and Managing Director, SIDBI, Shri Manoj Mittal, Dy. Managing Director, SIDBI and and Shri P. Satish, Executive Director, Sa-Dhan asset status, health and education parameters.

#### Box 2.5: Micro Finance Impact

Under the ADB-JFPR Project of Supporting Micro entrepreneurship for Women's Empowerment, Insight Development Consulting Group (IDCG) conducted end-line survey after training of women micro-entrepreneurs who reported the following changes:



The women micro-entrepreneurs also presented a vibrant social-economic profile.

- 95 % are married and nearly 72 % live in nuclear families.
- 11 % are illiterate while 26 % have completed high-school.
- 69 % own their businesses and 23 % contribute all the household income.

### SIDBI's Initiatives on Responsible Financing

SIDBI has been playing the role of a market-maker to enhance corporate governance and operational efficiency of MFIs and enable smooth flow of adequate credit to the micro finance sector through measures like capacity assessment ratings, portfolio audits, code of conduct assessment, etc. Promoting responsible lending and adherence to a laid-down Code of Conduct (COC) are major interventions by SIDBI. (Box 2.6).



#### Box 2.6: Responsible Micro Finance Measures

- **Lenders' Forum:**  
SIDBI is the Convener of the Lenders' Forum comprising key lenders of MFIs which was created for sharing information and promoting cooperation among MFI lenders. Major lenders of MFIs have agreed to impress upon MFIs to implement responsible lending practices through a common set of loan covenants including adherence to Fair Practices Code, KYC norms, etc.
- **Development of Harmonised CoCA Tool:**  
A voluntary Code of Conduct has been developed by the Industry Associations, viz. Sa-Dhan and MFIN. The Code of Conduct lays down the requirements in the areas of Integrity and Ethical Behavior, Transparency, Client Protection, Governance, Recruitment, Client Education, Data Sharing, Customer Feedback/Grievance Redressal Mechanism, which aim at improving the sectoral practices.
- **In the Phase I of development of Code of Conduct Assessment (COCA) tool,** SIDBI undertook a total of 75 assessments and all the reports have been placed in the public domain by SIDBI.
- **Support for Strengthening the Self Regulatory Organisations (SRO) mechanism:**  
To ensure effective monitoring of the functioning of NBFC-MFIs, their compliance with the regulations and Code of Conduct and in the best interest of the customers of the NBFC-MFIs, RBI decided to accord recognition to two micro finance industry bodies, viz., Microfinance Institutions Network (MFIN) and Sa-Dhan as SROs of NBFC-MFIs. SIDBI supported Sa-Dhan by way of grant support for implementing the SRO framework. The purpose of support was to strengthen Sa-Dhan as a SRO and put in place an effective regulatory mechanism even for those MFIs which had not yet been brought under any regulation in the micro finance space. Support to Sa-Dhan for implementing SRO framework was a market development initiative aimed at the larger sectoral good.

## Nodal Agency Services for Government of India Schemes

### A. Credit Linked Capital Subsidy Scheme (CLCSS):

The Scheme aims at facilitating Technology Up-gradation of Micro and Small Enterprises by providing 15% capital subsidy [ceiling of ₹15 lakh] on institutional finance availed by them for induction of improved technology in approved sub-sectors/products. 227 micro and small enterprises were facilitated with CLCSS subsidy amounting to ₹11.59 crore during FY 2016-17.

### B. Technology Up-gradation Fund Scheme (TUFS):

The Ministry of Textiles introduced the Technology Up-gradation Fund Scheme (TUFS) for textiles and jute industry to facilitate induction of state-of-the-art technology by the textile units. During FY 2016-17, total subsidy of ₹36.73 crore were facilitated towards 1690 subsidy cases under TUFS.

C. Integrated Development of Leather Sector Scheme (IDLSS):

The scheme is aimed at enabling existing tanneries, footwear, footwear components and leather products units to upgrade, leading to productivity gains, right-sizing of capacity, cost-cutting, design and development simultaneously encouraging entrepreneurs to diversify and set up new units. During FY 2016-17, total subsidy provided under IDLSS was ₹4.47 crore in respect of 20 cases.

D. Scheme of Technology Upgradation/ Setting-up/Modernisation /Expansion of Food Processing Industries (FPTUFS):

This Scheme covers activities such as setting up/expansion/modernisation of food processing industries covering all segments, viz. fruits and vegetables, milk products, meat, poultry, fishery, oil seeds and such other agri-horticultural sectors leading to value addition and shelf life enhancement including food flavours and colours, oleoresins, spices, coconut, mushroom, hops. Under FPTUFS, total subsidy of ₹1.79 crore was provided for 11 cases.

E. Technology & Quality Up-gradation (TEQUP) Scheme:

The TEQUP scheme focuses on enhancing competitiveness of MSMEs through Energy Efficiency and Product Quality Certification, reduction in emission of Green House Gases (GHGs). A grant assistance to the extent of 25% of the project cost for implementation of Energy Efficient Technologies (EET) subject to maximum of ₹10 lakh is provided. During FY 2016-17, TEQUP subsidy amounting to ₹4.26 crore was provided for 58 cases.

F. Portfolio Risk Fund:

The Government of India (GoI) has committed support of ₹150 crore under the Portfolio Risk Fund (PRF) Scheme, which is being utilised by the Bank for meeting 7.5% of the term loan towards security cover (against the normal requirement of 10 %) of the MFIs' requirements under Micro Credit Scheme. The Scheme, which originally covered the entire country, has since been rationalised to cover only underserved states and underserved pockets/districts in other states (with emphasis on Scheduled Caste, Scheduled Tribe, Minority, Other Backward Class and Women beneficiaries) with effect from July 01, 2008. Cumulatively, as on March 31, 2017, the disbursement to eligible MFIs under PRF stood at ₹2,898.25 crore, entailing PRF requirement of ₹217.37 crore (being 7.5% of eligible loan disbursements).

G. India Microfinance Equity Fund

Following the announcement in the Union Budget 2011-12, the India Microfinance Equity Fund (IMEF) with a corpus of ₹100 crore was set up in SIDBI by GoI to help smaller MFIs improve their equity base, meet capital adequacy requirements, leverage the same for additional debt raising and build a long term commercially sustainable organisation. Subsequently, the corpus was enhanced to ₹300 crore in the budget of FY2013-14. At the end of March 2017, the Bank has committed an amount of ₹194 crore to 65 MFIs under the Scheme (Box 2.7).

### Box 2.7: Impact of IMEF

An impact assessment study was commissioned by SIDBI to evaluate the impact of IMEF funding on the MFI sector and the sustainability of the funded MFIs. The key findings of the study are as under:

- **Institutional Sustainability:**  
IMEF funding can be attributed for a high and positive impact on the MFIs in terms of building their overall sustainability in a large proportion of MFIs. The fund had the highest impact in the area of institutional sustainability.
- **Outreach, Lending Practices and Operational Efficiency:**  
There was a remarkable improvement in performance of the MFIs in the area of outreach and lending practices and operational efficiency.
- **Overall Impact Based on Regulatory Status:**  
It has been found that the impact of IMEF funding was uniform across MFIs irrespective of their regulatory status (NBFCs vs. Non-NBFCs). Around 32% of NBFC MFIs and 24% of Non-NBFC MFIs in the immediate term and around 75% of MFIs (for both NBFCs and Non-NBFCs) in the medium term demonstrated a medium to high level of impact of funding.
- **Overall Impact Based on Geography:**  
The impact of IMEF funding was found to be the most significant in north-based MFIs with all MFIs showing a medium to high level impact of funding in the medium term.
- A significant number of the investee entities can already be called “success stories” in terms of growth and other financial parameters achieved post investment.

One of the most notable success stories has been RGVN (North East) Microfinance Ltd., a socially oriented MFI operating exclusively in the North East region which was selected and granted in principle approval by RBI for setting up a Small Financial Bank (SFB). The banking license for SFB operations has since been granted and the entity will soon be commencing operations. According to Smt. Rupali Kalita, Managing Director, RGVN (North East) Microfinance Ltd.,

“At the time of registration of RGVN (NE) MFL as a separate Micro Finance Company by having it off from the original RGVN Society, SIDBI provided the initial capital support from IMEF Fund. We are grateful to SIDBI for initiating the Micro Finance initiative in the north eastern region and for being an integral part of our growth and success from near failure to the present position where we are at the threshold of opening the doors of North East Small Finance Bank.”







# Business Operations

## Overall Operations

SIDBI's credit support to MSMEs is being channelised through indirect financial assistance to banks/FIs for onward lending and also directly with emphasis on niche financing like equity/risk capital, sustainable finance, receivable finance, services sector financing among others.

The total MSME outstanding credit of the Bank increased by 4% during FY 2016-17 to ₹68,290 crore as against ₹65,632 crore in FY2015-16. The outstanding highlights are given in Table 2.1.

### Indirect Credit

The indirect credit assistance encompassed refinancing support to banks, State Financial Corporations (SFCs), Bills Rediscounting support to banks, assistance to Microfinance Institutions (MFIs), NBFCs and resource support to various institutions and agencies. Total indirect finance of the Bank was around 84% of its total credit outstanding by end-March 2017, while refinance to banks constituted a major portion at 71%.

During FY 2016-17, the total indirect finance portfolio of the Bank increased by 6% to ₹57,678 crore.

### Direct Credit

The direct MSME credit assistance by the Bank includes, among others, niche financing support like risk capital, sustainable finance, receivable finance, services sector finance, etc. The net credit outstanding stood at ₹10,612 crore by end of March 2017 which was around 16% of the Bank's total portfolio.

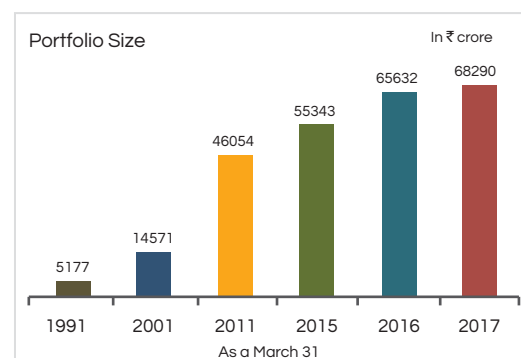


Table 2.1: Overall Operations

In ₹ crore

Particulars	FY 2015-16 O/s Amount as on March 31	FY 2016-17 O/s Amount as on March 31
I. Indirect Credit		
a. Refinance	46,544	48,503
b. Micro Finance	2,013	2,308
c. Resource support to NBFC / Others	5,678	6,867
Total Indirect Credit	54,235	57,678
II. Direct Credit		
a. Risk Capital	792	707
b. Sustainable Finance	1,920	1,341
c. Service Sector	1,934	1,927
d. MSME Receivable Finance	1,513	1,071
e. Others	5,238	5,566
Total Direct Credit	11,397	10,612
Grand Total	65,632	68,290

Note: Outstanding figures are net of prudential write-off and NPA provision.

# Financial Operations

The total income of the Bank increased by 9.7% during FY 2016-17 to ₹6,345.80 crore as compared to ₹5,784.60 crore during the preceding year. The total expenditure during the corresponding period was ₹4,579.03 crore compared to ₹3,922.98 crore during the preceding year. The Profit before Tax for the year was marginally higher at ₹1,687.47 crore, compared to ₹1,636.47 crore in the preceding year. The net profit after tax and Deferred Tax Adjustment for the year was ₹1,120.18 crore as against ₹1,177.46 crore in the preceding year.

## Balance Sheet Size

The Balance sheet size of the Bank increased by 4% to ₹79,682 crore in FY 2016-17 from ₹76,478 crore in FY 2015-16. Also, the networth of the Bank stood at ₹12,905 crore in FY 2016-17.

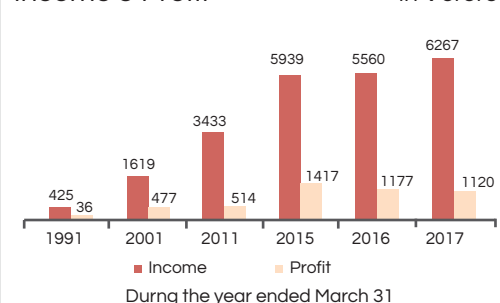
## Resources Management

Resources aggregating ₹65,731 crore were raised by SIDBI during FY 2016-17 as against ₹53,807 crore during FY 2015-16. During the year under review, the Bank raised resources of ₹65,111 crore from domestic sources and ₹620 crore in foreign currencies.

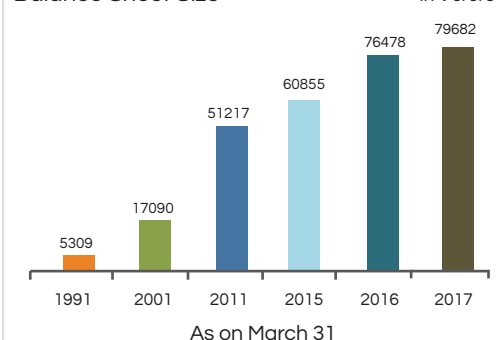
The accounts of the Bank for the financial year 2016-17 were audited by M/s Borkar & Muzumdar, Chartered Accountants, Mumbai who were appointed in terms of Section 30(1) of the SIDBI Act, 1989 (as amended) at the Annual General Meeting held on July 07, 2017 for carrying out the statutory audit.

The reports of the Auditors are given on page nos. 68 and 108.

## Income & Profit



## Balance Sheet Size



## Rating of SIDBI Debt Instruments

The short-term and long-term debt instruments of SIDBI are rated by CRISIL and CARE Ratings. During FY2017 (a) CRISIL Reaffirmed rating of CRISIL AAA/Stable for the Unsecured Bonds issuance Programme aggregating ₹1,400 crore, FAAA/Stable (Reaffirmed) for Fixed Deposit Programme and CRISIL A1+ (Reaffirmed) for ₹2,000 crore for Commercial Paper Programme; and (b) CARE Ratings have Reaffirmed Rating of CARE AAA; Stable (Triple A; Outlook: Stable) for (i) RIDF Deposits of ₹38,000 crore; and (ii) Unsecured Bonds of ₹21,276.60 crore, CARE AAA (FD); Stable (Triple A (Fixed Deposits); Outlook:Stable) for fixed deposits, CARE AAA; Stable (Triple A; Outlook:Stable)/CARE A1+ (A One Plus) for Commercial Paper (CP)/Certificate of Deposit (CD) Programme of ₹21,000 crore. CARE Ratings have also Reaffirmed CARE AAA (Is); Stable (Triple A (Issuer Rating); Outlook: Stable) for Issuer Rating to SIDBI.



## Balance Sheet and Statement of Accounts

The audited Balance Sheet, along with Profit and Loss Account and Cash Flow Statement of Small Industries Development Bank of India, for the financial year 2016-17 are given in Appendix – 1. The consolidated Balance Sheet along with Profit and Loss Account and Cash Flow Statement of SIDBI with its subsidiaries viz. SIDBI Venture Capital Ltd. (SVCL), SIDBI Trustee Company Ltd. (STCL), Micro Units Development &

Refinance Agency Ltd. (MUDRA) and associates viz. SMERA Ratings Ltd. (SMERA), India SME Asset Reconstruction Company Ltd. (ISARC), India SME Technology Services Ltd. (ISTSL), Receivable Exchange of India Ltd. (RXIL) and others are given in Appendix – II.



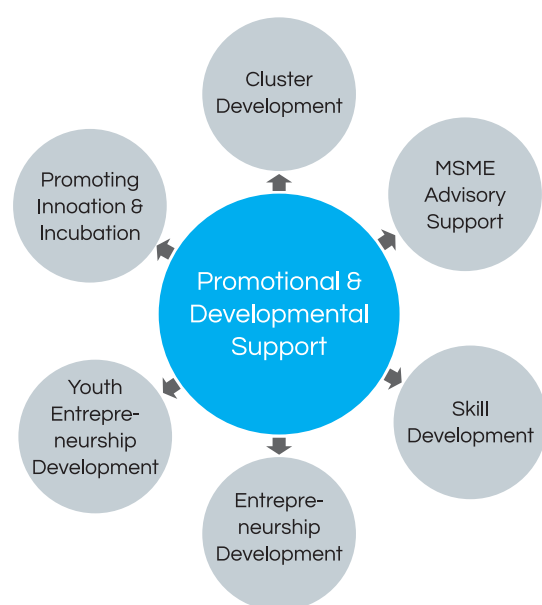


## Chapter - 3

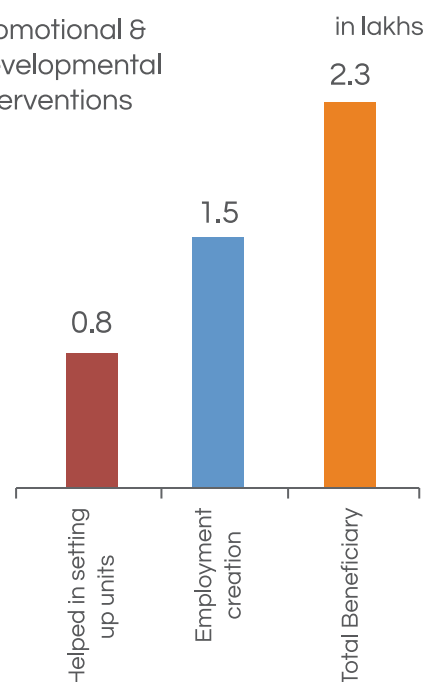
# Promotional & Developmental Initiatives



Promotion and Development (P&D) of the MSME sector has been the acknowledged philosophy of the Bank since its inception and towards that end, SIDBI has taken a number of initiatives. These include Cluster Development, Promoting Innovations, Entrepreneurship Promotion and Development, Skill Development and Advisory support with special thrust on the North-Eastern Region.



Promotional & Developmental Interventions



### Social Impact

The Promotional & Developmental interventions of the Bank have benefitted more than 2.3 lakh people in the MSME sector. SIDBI has helped create more than 1.5 lakh jobs and set up more than 80,000 units, mostly rural enterprises.

## Cluster Development

Cluster development remains one of the key thrust areas of SIDBI. Some of the interventions include technology upgradation, skill development, creation of market linkages, financial literacy, training of trainers, knowledge dissemination, facilitation of infrastructure establishment (creating a common facility, design and development centre, mini tool room) by leveraging on government schemes. The aim is to address the needs of the clusters, scale them up and ensure that they are self-sustainable. The Bank has so far supported more than 90 Cluster Development

Programmes (CDPs) across India. The Bank also focuses on rural clusters through its Micro Enterprise Promotion Programme (MEPP). MEPP aims at promoting viable micro enterprises in rural areas and providing impetus to employment generation through comprehensive support services.

MEPP has so far been implemented in 126 districts in 26 states. Cumulatively, about 42,500 rural enterprises have been set up.



## Skill & Entrepreneurship Development

With a view to strengthening the technical and managerial capabilities of MSME entrepreneurs, the Bank supports reputed management/ technology institutions to offer structured skill development programmes – Skill-cum-Technology Up-gradation Programme (STUP) and Small Industries Management Assistants Programme (SIMAP).

A Management & Skill Development Institute (MSDI) has been set up jointly by SIDBI and Union Bank of India, at Jangipur in the Murshidabad district of West Bengal to provide counselling and training support to unemployed youth and budding entrepreneurs of the region. The institute has so far conducted 81 skill training programmes.

Since its inception, SIDBI has supported 1,563 STUPs benefiting about 32,810 participants. Further, 302 SIMAPs have been conducted by top rung national and state-level institutions benefiting about 9,100 participants. Most of these have joined the MSME sector.

## Advisory Services

- SIDBI has appointed Knowledge Partners (KPs) - retired bankers - to provide the much needed guidance to new/existing entrepreneurs and help them with information about MSME

schemes offered by SIDBI/commercial banks/FIs. This also includes providing credit linkages, debt counselling and support.

- The Knowledge Partners (KPs) appointed by SIDBI are also a part of [www.standupmitra.in](http://www.standupmitra.in) portal and will go a long way in handholding entrepreneurs by offering the much needed support at no extra cost.

So far, more than 13,000 MSMEs have benefited through KPs.

- RBI has designated SIDBI to be the registering authority for implementation of the Certified Credit Counsellors (CCC) Scheme. As per the CCC Scheme launched on July 11, 2017, a team of credit counsellors will be appointed for the MSME ecosystem under a governance framework. This is expected to ease access to credit, especially for those at the bottom-of-the pyramid. The Bank has roped in Indian Institute of Banking and Finance (IIBF) for certification of the CCC and Indian Banks' Association (IBA) for coordination.
- For those planning to either set up a business or expand an existing one, SIDBI has developed a website [www.smallB.in](http://www.smallB.in) in which plays the role of a virtual mentor and hand-holding guide.



## Financial Literacy

- SIDBI is implementing the Poorest States Inclusive Growth (PSIG) Programme with support of Department for International Development (DFID), Government of United Kingdom to mainly women in four states, viz. Uttar Pradesh, Madhya Pradesh, Bihar and Odisha. The PSIG programme has adopted a two-pronged strategy of working both at the community and institutional level to support women empowerment. At the community level, the programme has so far directly trained 2.17 lakh women on financial literacy, gender issues and raised awareness of 89,000 community members through Mass Awareness Camps.
- Apart from enhancing their financial literacy, the PSIG programme enhanced their confidence level and instilled a positive mental attitude towards life. Perhaps the most dramatic result was weaning away the rural women from their subscription to ponzy schemes and chit funds which registered a dramatic fall from 32% to 2%. Another noticeable impact was the improvement of sanitary conditions. Subsequent to the training programmes, many women constructed toilets.

### A Case study of PSIG Impact

After receiving financial literacy training in August 2016, Mrs. Sushama Sahoo and her husband decided, to increase their income, by opening a betel shop near their house to be managed solely by her. Sushama also set up a Self-Help Group of 15-20 members. As per the guidelines laid down for the SHG, each member would contribute ₹100 a month. Loans would be available for financial emergencies at an interest rate of 2%.

In order to ensure a secure future for her daughter, she not only opened a bank account in the latter's name for monthly savings but also enrolled her in an insurance scheme.

The financial training helped bring about a major transformation in the family. However, the effects of the same were not limited to the confines of one household but ignited a series of changes in the local community. A single woman's initiative to start a SHG to organise her savings drew several others resulting in a major change in society as a whole.



"The training taught me the importance of planning our finances. It has helped us manage our income better. As per what we learned during the training, we started pursuing different livelihood activities to increase our income. I encouraged many other women to do the same after becoming financially literate."

-Mrs. Sushama Sahoo

## Digital Financial Literacy

In order to provide the much required impetus to the Micro-business, SIDBI conducted 112 Digital Financial Literacy Programmes (DFLP) across seven states covering 107 micro business clusters and trained nearly 6,500 artisans. Out of these, 40% were female artisans.

### Box 3.1: Impact of Digital Financial Literacy Programme (DFLP)

- Participants using Android phones have started downloading applications for cash transfer, payments along with mobile wallets.
- Even though quite a number of participants were familiar with various options of cashless transaction, very few knew how to join or utilise these. Post training, the participants became confident enough to register themselves for these applications.
- As per estimates submitted by implementing agencies, around 40% micro business participants now use digital applications for financial transactions.
- Participants have become more aware about the Government's promotional incentives for digital financial services and cashless transactions.

## Promoting Innovation and Incubation

SIDBI, as the principle financial institution for MSMEs, has always played a proactive role in promoting various innovative initiatives.

- The Bank supported the National Innovation Foundation, Ahmedabad by way of corpus support for setting up Micro Venture Innovation Fund (MVIF) to the extent of ₹850 lakh which benefitted more than 200 innovations.
- In order to boost entrepreneurial spirit and enhance knowledgebase, SIDBI has set up SIDBI Innovation and Incubation Centre (SIIC) at Indian Institute of Technology, Kanpur.

SIIC has so far incubated 69 start-ups in diverse areas of state-of-the-art technologies out of which 42 have already graduated.

## Incubation Centre at IIM, Lucknow

The emerging user base of India is rapidly adopting digital technology. With impetus from GoI, the scope of digital technology is set to increase manifold. SIDBI has supported Indian Institute of Management (IIM), Lucknow in setting up the SIDBI Centre for Innovation in Financial Inclusion (SCI-FI) at IIM, Lucknow under the Poorest States Inclusive Growth (PSIG) Programme. SCI-FI aims at providing a nurturing environment to start-ups, especially, those in FinTech to bring about greater financial inclusion. The centre aims to unlock the entrepreneurial potential and turn innovative ideas into reality.

## Special Focus on North Eastern Region

The Bank accords special and focused attention to the development of North Eastern Region (NER) in terms of micro finance, rural industrialisation, handicraft cluster development, entrepreneurship development, marketing support, to name a few. The highlights of the programmes are:

- The Bank has collaborated with North Eastern Development Finance Corporation Limited (NEDFi) to extend several P&D activities in NER. So far, eight Business Facilitation Centres (BFCs) have been set up in NER at Shillong (Meghalaya), Silchar (Assam), Aizawl (Mizoram), Gangtok (Sikkim), Agartala (Tripura), Kohima (Nagaland), Itanagar (Arunachal Pradesh) and Imphal (Manipur). Apart from the above Business Facilitation Centres (BFCs), an entrepreneur corner has been set up at NEDFi office at Guwahati.

Under the Bank's Micro Enterprises Promotion Programme (MEPP), 25 districts in NER have been covered which have resulted in promotion of about 2,710 units.

- The Bank has supported 49 Cluster Development Programmes (CDPs) in various states of NER covering activities like bamboo mat weaving, carpet weaving, handicrafts, handloom weaving, pottery, bee-keeping, making fish feed products among others. These cluster development initiatives have benefited around 7,000 artisans as on March 31, 2017.
- The Bank, as on March 31, 2017 has conducted about 173 Skill cum Technology Up-gradation Programmes (STUPs), benefiting over 4,567 participants in the NER.

## Support to Less Privileged

SIDBI has supported several socially relevant causes. During FY 2016-17, SIDBI supported over 25 such projects like hand-pedalled wheel chair and crutches for physically disabled/polio patients, purchase of school buses for underprivileged rural children, vocational training with attached production center for women, medical camp, among others.

## International Collaboration

SIDBI joined hands with international organisations like SME Finance Forum, The Montreal Group, International Development Finance Club and Association of Development Financing Institutions in Asia and the Pacific to foster peer group exchanges, identify best practices and come up with innovative financial solutions on issues/products challenges confronting the MSME sector.





## Policy Advocacy

### Role of SIDBI

SIDBI has been playing an effective knowledge empowerment and policy advocacy role for the holistic development of the MSME sector. It has been constantly coordinating with Government of India, Reserve Bank of India, Indian Banks' Association and other regulatory and developmental organisations towards shaping of policies and programmes formulation and implementation. Some of SIDBI's recent knowledge initiatives are given below:

The Bank has published a coffee table book titled 'From a Blank Canvas to a Masterpiece - The Journey of Micro Finance', which captures the pictorial journey of SIDBI and its partners in evolving the MFI model leading to impact oriented financial inclusion and some of the partners evolving as Small Finance Banks.



With a view to facilitate MSMEs understand and prepare themselves for GST regime, SIDBI supported Federation of Indian Micro and Small & Medium Enterprises (FISME) to conduct a countrywide programme to disseminate information on GST for benefit of MSMEs. Under the programme, 'A brief guide to Goods and Services Tax (GST) for MSMEs' has been launched, which aims to help

MSMEs understand GST basics, important terminologies, concepts and how these may affect their business in the long run. A GST Helpline No. 1800-11-3535 was opened for the MSMEs to help clarify their queries.



SIDBI has come out with a case study booklet prepared to showcase SIDBI's success in Energy Efficiency (EE) Financing which would enhance the confidence of other financial institutions and also for promotion of EE projects.

#### Case Studies on Financing Energy Efficiency Projects



भारतीय लघु उद्योग विकास बैंक  
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

# Select Publications by SIDBI



Success Stories of Energy Efficiency Projects Financed in India



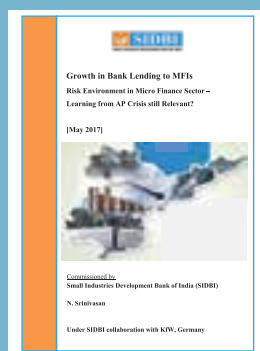
Performance of Models for Lending to Individuals in the Microfinance Sector



Cash-Flow Estimation for Responsible Lending



Quick Study on Impact of Demonetisation on MFI Clients



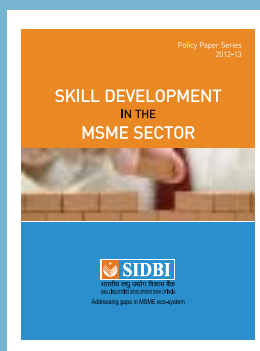
Growth in Bank Lending to MFIs; Risk Environment in Micro Finance Sector – Learning from AP Crisis still Relevant?



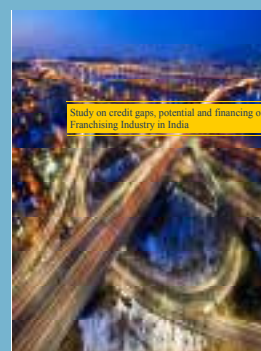
The Global Best Banking Practices in Micro, Small and Medium Enterprises – Financing & Development



Study of scope of funding of MSMEs by SIDBI in existing/new niche areas



Skill Development in the MSME sector



Study on credit gaps, potential and financing of Franchising Industry in India



Study on Technology Vision for Indian MSMEs - 2020



Study on Services Sector in India Study on Credit Gaps and Potential



How to link MSMEs with Retail Chains in India



## Role of SIDBI in Institutions Building Subsidiaries

### SIDBI VENTURE CAPITAL LIMITED

SIDBI Venture Capital Limited (SVCL) was established in 1999 as an Investment Management Company for managing Venture Capital Funds (VCFs). Over the years, SVCL evolved into a leading institutional investment management company in India to provide growth capital to knowledge-based growth-oriented MSMEs across diversified sectors (Box 3.2).



#### Box 3.2: SVCL Operations

Presently, SVCL is the Investment Manager for seven funds as given below.

- National Venture Fund for Software and Information Technology Industry (NFSIT) with a committed corpus of ₹100 crore to provide venture capital support by way of equity and equity linked instruments to unlisted SMEs in the areas of software and information technology.
- SME Growth Fund (SGF) with a committed corpus of ₹500 crore to provide growth capital support, primarily to unlisted SME enterprises across diverse sectors by way of equity and equity linked instruments.
- India Opportunities Fund (IOF) with a drawable corpus of ₹421.30 crore to meet growth capital needs of India's unlisted MSMEs operating in emerging sectors such as educational services, IT/ITES, light engineering, clean tech, agro-based industries to name a few.
- Samridhi Fund (SF) with a committed corpus of ₹440 crore - a social venture fund which engages with the private sector to deliver market-based solutions to address development challenges in the low income states of India.
- TEX Fund (TF) of ₹40.83 crore to invest in small enterprises in the textile sector, more particularly related to the power loom sector.
- West Bengal MSME VC Fund (WB Fund) with a targeted corpus of ₹200 crore to invest in start-ups, emerging or early growth stage MSMEs in West Bengal.
- Maharashtra State Social Venture Fund (MS Fund) with a targeted corpus of ₹200 crore to identify and invest in profitable and scalable business ventures including innovative business models or new products and technologies which would have potential to provide social benefits (economic and/or societal and/or environmental) to the people of Maharashtra.

## SIDBI TRUSTEE COMPANY LIMITED

SIDBI Trustee Company Limited (STCL) was established in 1999 to carry out trusteeship functions and for Venture Capital Funds. STCL is the Trustee for National Venture Fund for Software and Information Technology Industry (NFSIT), SME Growth Fund (SGF), India Opportunities Fund (IOF), Samridhi Fund (SF), TEX Fund (TF), West Bengal MSME VC Fund (WB Fund) and Maharashtra State Social Venture Fund (MS Fund).

## MICRO UNITS DEVELOPMENT & REFINANCE AGENCY [MUDRA]



MUDRA was established on April 8, 2015 as a wholly owned subsidiary of SIDBI for

'funding the unfunded' micro enterprises in the country. MUDRA refinances banks, Micro-finance Institutions (MFIs), NBFCs and other lending institutions that further lend to micro/small business entities, engaged in manufacturing, trading, services activities and activities allied to agriculture under the Pradhan Mantri Mudra Yojana (PMMY). Thus, MUDRA strengthens last mile financial institutions by extending refinance and other developmental support to expand their outreach. MUDRA also extends funding support to NBFCs and MFIs by way of securitisation of their loan assets, which helps them access debt funds from the capital market for their operations.

### Box 3.3: Pradhan Mantri Mudra Yojana (PMMY)

- The Pradhan Mantri Mudra Yojana (PMMY), a scheme to finance income generating small business enterprises was launched on April 08, 2015 by the Hon'ble Prime Minister. Under the scheme, all banks are required to finance micro entrepreneurs upto ₹10 lakh, irrespective of whether they avail of refinance support from MUDRA or not. MUDRA loans are available in three categories. For small businesses, loans of upto ₹50,000/- are available under the 'Shishu' category. Under the 'Kishor' category, loans are available from ₹50,000 to ₹5 lakh and the 'Tarun' category offers loans beyond ₹5 lakh up to ₹10 lakh. PMMY loans are extended by all banks (PSU banks, Regional Rural Banks (RRBs), Co-operative Banks, Private Sector Banks, Foreign Banks), Micro Finance Institutions and Non-Banking Finance Companies.
- A target of ₹1,80,000 crore was set under PMMY for FY 2016-17, as against ₹1,80,528.54 crore sanctioned involving 3,97,01,047 accounts. MUDRA provided refinance support of ₹3,255 crore to concerned institutions. A target of ₹2,44,000 crore has been fixed under PMMY for FY 2017-18.

## Associates

### CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL ENTERPRISES (CGTMSE)



The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) was set up in 2000 by the Government of India (GOI) and SIDBI to operate the Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs). The scheme presently provides collateral free/third party guarantee-free MSE loans of up to ₹200 lakh

extended by banks/FIs. The operational performance of CGTMSE is given in Box 3.4.

The Trust, during FY 2016-17, settled claims of 39,751 units for an aggregate amount of ₹1,023 crore. Cumulatively, the Trust settled 1,38,023 claims aggregating ₹3,512 crore as on March 31, 2017. Based on the experience of the Trust for the past 16 years and analysis of available data (after factoring in the NPA levels and claim payout ratios of each MLI out of the portfolio of CGTMSE), differential rate of guarantee fee was introduced.

#### Box 3.4: Operational Impact of Credit Guarantee Scheme

CGTMSE has helped in creating 27.7 lakh MSE loan accounts by guaranteeing collateral free MSE loans of ₹1.29 lakh crore since 2000. An analysis of credit coverage under CGS as on March 31, 2017, indicates that almost one-third of these accounts belonged to unserved and under-served MSEs, viz., 5,75,271 proposals (20.75%) worth ₹20,174 crore (15.66%) were from Women Entrepreneurs; 1,31,641 proposals (4.74%) of around ₹3,060 crore (2.38%) were for Scheduled Castes; 59,039 proposals (2.13%) totaling around ₹1,913 crore (1.49 %) for Scheduled Tribe and 1,73,111 proposals (6.24%) of about ₹5,547 crore (4.31%) for Minorities.

### RECEIVABLES EXCHANGE OF INDIA LIMITED



Receivables Exchange of India Limited (RXIL) was set up on February 25, 2016 based on RBI's approval under the Payment and Settlement System (PSS) Act, 2007 to operate the TReDS Exchange. The objective was to enable faster realisation of receivables by MSMEs. RXIL is a joint venture between SIDBI and NSE Strategic Investment Corporation Limited (NSICL), a subsidiary of National Stock Exchange of India Limited (NSE). While SIDBI brought in its expertise spanning two decades, on the subject for MSME finance and factoring operations, NSE came in with its technical

expertise in managing exchange operations to commence the TReDS platform successfully. Both SIDBI and NSICL as promoters hold 30% stake with SBI, ICICI Bank Ltd., YES Bank Ltd., SBI Capital Markets and ICICI Securities Ltd owning the rest. RXIL operates the Trade Receivables Discounting System (TReDS) Platform as per the TReDS guidelines issued by RBI. RXIL was the first entity to receive approval from RBI on December 01, 2016 to launch TReDS Exchange. Accordingly, RXIL launched India's first TReDS Exchange on January 09, 2017. It has successfully executed financing of trade receivables of MSMEs and also settled both, financing and repayment legs through NPCI NACH Debit and Credit Settlement System as mandated by RBI.

## SMERA RATINGS LIMITED

SMERA was set up in 2005. Cumulatively, SMERA has assigned ratings to 40,764 MSME units till March 31, 2017, across various categories, industries and states. SMERA has been providing special attention to micro and small enterprises which accounted for 77% and 21%, respectively, of its total ratings.



After receiving accreditation in 2012 from RBI as an External Credit Assessment Institutions (ECAI) under BASEL-II norms, SMERA completed 1,404 bank loan ratings during FY 2016-17.

### Box 3.5: Major Highlights of SMERA

- SMERA received the Certificate of Permanent Registration as a Credit Rating Agency from the Securities and Exchange Board of India (SEBI) on May 03, 2016. SMERA has become India's sixth rating agency to get permanent registration—a major achievement in the history of SMERA.
- SMERA was a part of the Committee set up by the Ministry of MSME, Govt. of India to review the guidelines for Performance & Credit Rating (PCR) Scheme (implemented through NSIC) to increase its credibility and effectiveness for both borrowers and bankers. The Ministry accepted all suggestions of the Committee and notified the new scheme guidelines in May 2016.
- SMERA took a significant step in ensuring that Valuable Certificates issued by SME Ratings & Grading Division to its clients were highly secure. Thus, each Certificate as well as the Report now has the QR code (a security feature) to verify the genuineness and validity of the Certificate – a first of its kind in the industry.

## INDIA SME TECHNOLOGY SERVICES LIMITED (ISTSL)



India SME Technology Services Limited (ISTSL), established in 2005 offers technology advisory and consultancy services for various projects with the help of its team of qualified and experienced personnel. These include projects related to energy efficiency, renewable energy, MSME cluster

development and evaluation studies, capacity building, awareness creation, skill development to name a few. ISTSL also focuses on providing information on technology options, match making, finance syndication, business collaborations apart from organising seminars/meets and providing market support. ISTSL is empanelled with Bureau of Energy Efficiency (BEE), Ministry of Power, Government of India as Grade-2 Energy Service Company (ESCO).

## INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED



India SME Asset Reconstruction Company Limited (ISARC) was incorporated on April 11, 2008 and commenced business operations on April 15, 2009 with the principal objective of acquiring non-performing assets (NPAs), inter-alia, in the MSME sector. The aim was to ensure speedy restructuring of potentially viable units and liquidating unviable units so that productive use of the assets is maximised. ISARC's shareholder base consists of SIDBI and SIDBI Venture Capital Limited (SVCL) as its principal sponsor and United Bank of India and Bank of Baroda as co-sponsors. Other shareholders include public sector banks, financial institutions and other companies. During FY 2016-17, ISARC submitted 52

Expression of Interest for asset acquisitions to 32 banks, out of which due diligence was undertaken in respect of 42 accounts. ISARC submitted bids for seven accounts. Out of these, ISARC acquired one account from Syndicate Bank for ₹9.15 crore. Out of this, ₹1.37 crore was invested by ISARC and the balance ₹7.78 crore by another investor. During the year, ISARC achieved recovery of ₹26.52 crore as against ₹45.54 crore in the previous year. Security Receipts (SRs) worth ₹13.32 crore were redeemed during FY 2016-17 (₹14.67 crore in the previous year). As on March 31, 2017, ISARC has Assets Under Management (AUM) of ₹376.69 crore.









## Chapter - 4

# Management and Corporate Governance



Corporate social responsibility activities along with good corporate governance and implementation have been important aspects of SIDBI's operations. The highlights of SIDBI's corporate governance systems are as follows:



## 1. Board of Directors

The Small Industries Development Bank of India Act, 1989 provides for a 15-member Board of Directors. Out of these, eight Directors are appointed/nominated by the Central Government comprising Chairman and Managing Director (CMD), two Whole Time Directors, two Government officials and three experts (including one from State Financial Corporation) having special knowledge of or professional experience in matters useful to the Bank. Out of the remaining seven Directors, one each is nominated by three largest shareholders among IDBI, public sector banks, insurance companies and institutions owned or controlled by the Central Government and other four are elected by the public or alternatively, can be co-opted by the Board until assumption of charge by the elected Directors. The Board has co-opted one Director for the time being. The Board, as on August 28, 2017, had 10 Directors, including Chairman & Managing Director (CMD) & two Whole Time Directors.

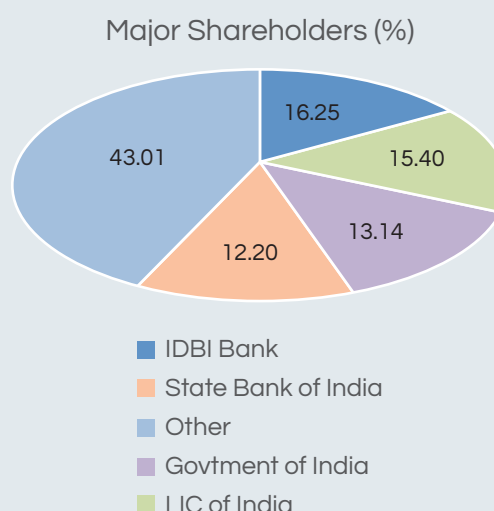
Dr. Kshatrapati Shivaji relinquished charge of CMD, SIDBI on December 6, 2016 to join as Executive Director, Asian Development Bank.

In exercise of the powers conferred by Section 6(1)(a) of the SIDBI Act, 1989 the Central Government, vide its notification dated August 4, 2017, appointed Shri Mohammad Mustafa, IAS as CMD of SIDBI. Shri Mohammad Mustafa took charge as CMD on August 28, 2017.

The IDBI Bank, vide its communication dated July 28, 2016, has nominated Shri G.A.Tadas, Executive Director, as Director

### Shareholding Pattern

The shares of SIDBI are held by the Government of India and thirty three other institutions/public sector banks/- insurance companies owned or controlled by the Central Government. The shares of major shareholders as on March 31, 2017 are:



on the SIDBI Board with effect from August 01, 2016, in place of Shri S. K. V. Srinivasan.

Shri R. Ramachandran, co-opted by the Board as a Director under Section 6(1)(f) of the SIDBI Act, tendered his resignation on close of proceedings of the Board at its meeting held on August 16, 2017, which was accepted by the Board.

The Board placed on record its appreciation of the valuable contribution made by the Directors who retired from the Board of SIDBI during the year.

## 2. Committees of the Board

In order to focus on important issues, the Board has constituted 10 Committees viz., Executive Committee (EC), Audit Committee (AC), Risk Management Committee (RiMC), Special Committee to Monitor Large Value Frauds (SCMLVF), Information Technology Strategy Committee (ITSC), Customer Service Committee (CSC), HR Steering Committee (HRSC), Recovery Review Committee (RRC), Review Committee on Wilful Defaulters & Non Co-operative

Borrowers (RCWD&NCB) and Remuneration Committee (Box 4.1). The minutes of the Committee meetings containing decisions/recommendations are submitted to the Board. The Bank has appointed M/s. R. M. Lall & Co. as Consultant for suggesting ways for improving the oversight of the Board on various Committees with specific reference to monitoring and reviewing the performance of the Committees.

### Box 4.1: Committees of the Board

- The Board held seven meetings during FY 2016-17.
- The Executive Committee considers (i) sanctioning of credit / grant proposals, (ii) loan compromise / settlement of loans / write off proposals, (iii) proposals for approval of capital and revenue expenditure, (iv) proposals relating to acquisition and hiring of premises, (v) proposals relating to filing of suits / appeals, defending them and any other matter referred to or delegated to the Committee by the Board. The Committee held ten meetings during FY 2016-17.
- The Audit Committee, in addition to overseeing the functioning of the Audit Vertical and reviewing its major observations, also provides guidance in matters relating to finalisation of accounts of the Bank and observations made in RBI Inspection report. During FY 2016-17, the Committee held six meetings.
- The Risk Management Committee lays down policy and strategy for Integrated Risk Management of the Bank. During FY 2016-17, five meetings of the Committee were held.
- With a view to provide focused attention on monitoring of frauds involving an amount of ₹1 crore and above and in terms of the guidelines of RBI, SCMLVF has been constituted. Five meetings of the Committee were held during FY 2016-17.
- The ITSC gives direction to the Bank's IT function, especially with regard to IT vision, policy and strategy so as to align with its business objectives. In addition, the Committee also guides the Bank in framing its long term IT plan and provides oversight of IT implementation and management. During FY 2016-17, four meetings of the Committee were held.
- To enable the Bank to formulate policies and assess the compliance thereof internally with a view to strengthen the corporate governance structure and also to bring about ongoing improvements in the quality of customer services provided by the Bank, the Board has constituted CSC. During FY 2016-17, three meetings of the Committees were held.
- HRSC has been constituted to guide and give suggestions / recommendations to the Board in HR matters. The Committee held two meetings during FY 2016-17.
- Further, to review all NPA cases having principal outstanding of ₹3 crore and above, RRC has been constituted. During FY 2016-17, four meetings of the Committee were held.
- RCWD&NCB has been constituted to review the orders passed by the Committee for Identification of Wilful Defaulters & Non-Cooperative Borrowers, identifying cases as wilful defaulters & non-cooperative borrowers. One meeting of the Committee was held during FY 2016-17.
- The Government of India (GOI) introduced performance incentive scheme for the Whole Time Directors of the Bank and for that purpose, as per the directives of GoI, a "Remuneration Committee" of Board of Directors has been constituted.

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## Internal Committees

### Asset Liability Management Committee

In terms of the Asset Liability Management Policy of the Bank, the Asset Liability Management Committee (ALCO) has been constituted, which is headed by the Chairman & Managing Director and comprises Deputy Managing Directors and other senior executives of the Bank heading Risk Management, Credit, Resources & Treasury and Information Technology, Corporate Accounts & NBFC Verticals, Business Head I & Business Head II, as members. ALCO, inter-alia, reviews and monitors the liquidity and interest rate risks of the Bank. During FY 2016-17, nine meetings of the Committee were held.

### Investment Committee

The Investment Committee formulates strategies and recommends options available for investment within the scope of the Investment Policy of the Bank and relevant RBI guidelines issued from time to time. During FY 2016-17, six meetings of the Committee were held.

### Enterprise Risk Management Committee (ERMC)

The Enterprise Risk Management Committee (ERMC) is responsible for the development, overall implementation and supervision of the risk management framework in the Bank. ERMC is responsible for providing recommendations to formulate the Credit and Operational Risk Management policies and strategies for the Bank and manage the risks on the asset book. ERMC under the supervision of the Risk Management Committee of the Board evaluates and manages the overall risk composition in the Bank's portfolio. During FY 2016-17, one meeting of the Committee was held.

### Risk and Information Security Committee (RISC)

Risk and Information Security Committee (RISC) is a cross functional committee of executives, that leads Information Security (IS) and attempts to mitigate IS and Information Technology (IT) related risks. RISC ensures alignment of the security programme with organisational objectives. It reviews the impact and status of IT security incidents periodically and provides guidance on remedies and compliance. The Committee is also instrumental in achieving organisational change towards a culture that promotes good security practices and compliance with policies. During FY 2016-17, three meetings of the Committee were held.

### The BCM Steering Committee

The Business Continuity Management (BCM) Steering Committee is responsible for Business Continuity Management framework/activities. The Committee establishes and demonstrates commitment to BCM Policy and determines how the Bank will manage and control identified risks. The Committee reviews the adequacy of the business continuity, recovery, contingency plans and reviews test results. It provides direction for continuous improvement of the overall health of BCM as part of Management Review. During FY 2016-17, two meetings of the Committee were held.

### Internal Complaints Committee

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Bank has put in place Internal Complaints Committees at Chennai, Kolkata, Lucknow, Mumbai and New Delhi for redressal of complaints related to sexual harassment and matters concerning thereof or incidental thereto. During the year, no complaint of sexual harassment was received by any of these Committees.

### 3. Risk Management

SIDBI has put in place a comprehensive Risk Management System, which is sensitive and responsive to risks emanating from business and operations. The framework for risk management in the Bank encompasses policies, organisation structure, system and practices of identification, assessment, measurement, mitigation and monitoring of risks. The Bank has in place Enterprise Risk Management (ERM) Policy which is reviewed annually. The ERM Policy is an umbrella document that covers the general/common aspects pertaining to risk management by the Bank and links to the subsidiary policy documents, viz., Loan Policy, Loan Recovery Policy, Investment Policy, Asset–Liability Management (ALM) Policy, Operational Risk Management (ORM) Policy, IT Security Policy, Delegation of Powers etc. Apart from the credit, market and operational risks covered in various policies, the other risks viz., residual credit, credit concentration, interest rate risks in the books of the bank, legal, reputation, etc. are addressed in the Internal Capital Adequacy Assessment Process (ICAAP) Policy.

Risks associated with the Bank's lending and treasury operations, including off-balance sheet items, are constantly monitored, measured and managed under the overall supervision and guidance of Risk Management Committee (RiMC) of the Board. The Bank, as a proactive measure, has put in place an Integrated Risk Management System (IRMS), which includes policies and systems for Credit Risk Management, Market Risk Management, ORM and ICAAP. The Bank has implemented a Comprehensive Operational Risk Evaluator (CORE) system used for Loss Data Capture, Key Risk Indicator (KRI) and Risk and Control Self Assessment (RCSA). The Bank has also implemented a business continuity management framework, designed to ensure continuity of critical business operations during disasters. The intention is to minimize disruption to critical operations at an acceptable level by putting in place a

robust and resilient business continuity strategy and framework.

### 4. Implementation of Indian Accounting Standards (Ind-AS)

Government of India has issued the road-map in January 2016 for implementation of International Financial Reporting Standards (IFRS) converged Indian Accounting Standards for banks and FIs. Accordingly, during FY 2016-17, SIDBI initiated the process of implementing Ind-AS along with its subsidiaries. The Bank accordingly, has appointed a consultant to assist in implementation of the Ind-AS. Training on Ind-AS has been provided to the officers of the Bank. In terms of the requirement stipulated by RBI circular, the Bank had submitted proforma Ind-AS financial statements to the RBI for the half year ended September 30, 2016.

### 5. Implementation of GST

Goods and Service Tax (GST) had received Hon'ble President's assent on September 08, 2016 and GST has been implemented from July 01, 2017 by GOI. SIDBI has obtained statewide GST registration for 30 states and 2 Union Territories where SIDBI offices are located. Necessary modifications in the existing IT Systems compliant with GST guidelines have been made. Awareness Programs on GST for all its Branch Offices/ Regional Offices/ Head Office Verticals located all over India have been conducted. Specific trainings have also been provided to the officers handling GST related works.

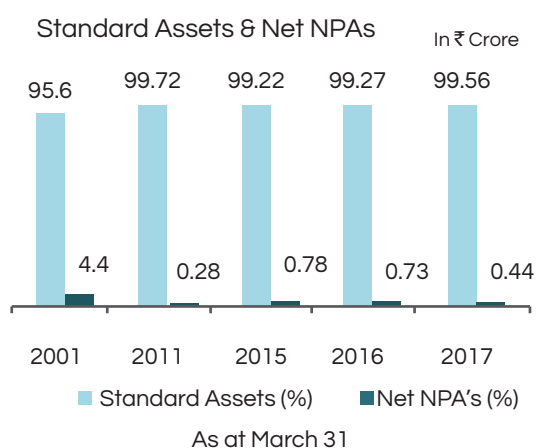


SIDBI conducted a series of roundtable conferences for identifying implications of GST on MSMEs and facilitating easier adoption of GST.

## 6. NPA Management

In order to improve the overall quality of assets of the Bank, the NPA management strategy is to reduce the present level of Non-Performing Assets (NPAs), prevent further slippages and maximise recovery through appropriate recovery tools. In terms of RBI guidelines, a Framework for revival and rehabilitation of MSMEs has been laid down with a view to ensuring early identification of stress and implementing necessary corrective action plan for resolution.

As per the directives of Government of India, a Board level 'Recovery Review Committee' has been constituted to review all individual NPA cases having principal outstanding of ₹3 crore and above. Further, the Fast Track Committee (FTC) has been constituted to review all NPA cases and Stressed Assets having principal outstanding of ₹1 crore and above. The system of regular interaction of FTC with the in-house Default Review Committee (DRC) at the operating offices to monitor the NPA accounts and accounts causing concern has become an effective monitoring tool.



The Gross NPAs of the Bank at ₹823 crore constituted 1.20% of gross credit outstanding of the Bank by March-end 2017. The net NPAs at ₹302 crore was only 0.44 % of net credit outstanding.

## 7. Internal Audit Management

The Internal Audit of the Bank plays a pivotal role in strengthening corporate governance and complying with management objectives to strengthen internal control and improve Risk Management. Audit Vertical has been carrying out Operational Audit (OA) of branch offices (BOs), regional offices (ROs) and select Head Office verticals, Management Audit (MA) of Head Office (HO) Verticals, Transaction Audit (TA) of Debt Servicing Activities of Treasury & Funds Management Vertical (TFMV), Information Systems (IS) Audit, etc. on regular basis. Moreover, Audit Vertical reviews the monthly Concurrent Audit reports of TFMV and Transaction Audit of Indirect Finance Vertical being carried out by external audit firms. Concurrent audit of TFMV covers Treasury Operations, viz. Money Market Operations (MMO) and Dealing Room Operations (DRO) of TFMV. The Bank also undertakes Credit Audit through Regional Offices in respect of accounts under Direct Credit Schemes wherein exposure is above ₹3 crore and in 10% of the cases on sample basis, wherein outstanding is less than ₹3 crore.

The Bank has also introduced Concurrent Audit mechanism in 39 BOs through external CA firms, which together account for more than 92% of the Direct Credit operations of the Bank.

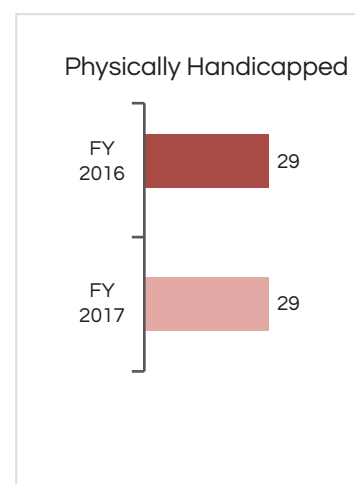
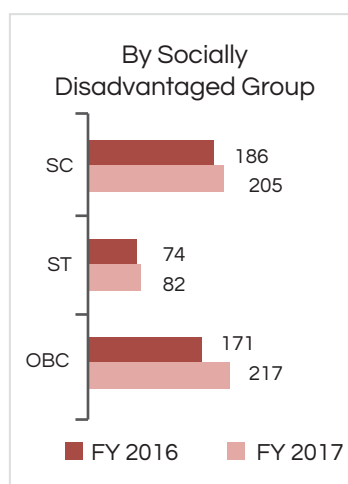
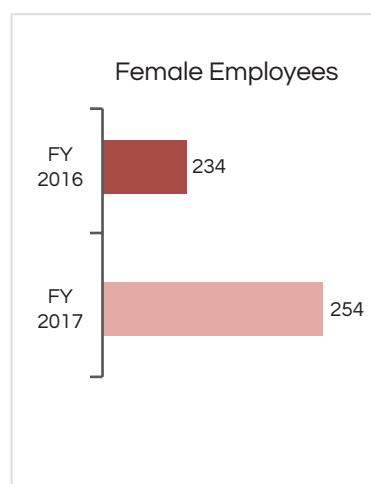
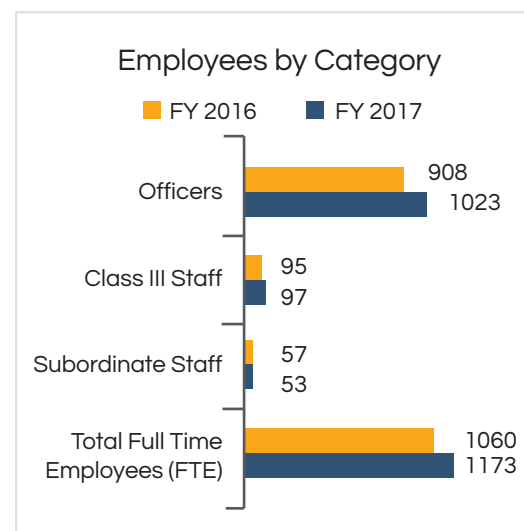


## 8. Human Resource Strength

The Human Resource strength of the Bank is an indicator of its present operational requirements as well as potential to upscale in future. In order to augment the existing staff position, the Bank added 153 officers comprising General and Specialist Streams. In all such recruitment processes, Pre-Recruitment Training is organised for candidates belonging to SC/ST as well as OBC categories.

As on March 31, 2017, the Bank had on its rolls, 1173 active full time staff comprising 1023 officers, 97 Class III staff and 53 Subordinate staff. Of the total staff, 205 belong to Scheduled Castes (SCs), 82 to Scheduled Tribes (STs) and 217 to Other Backward Classes (OBCs). The staff strength included eight ex-servicemen, 29 Persons with Disabilities (PwD) categories and 1 PwD Ex-serviceman. The Bank maintains the roster as per guidelines issued by Gol and the same is vetted by Chief Liaison Officers (CLOs) of the Bank annually and also reviewed by Gol from time to time. The last such review was made in February, 2017. Review reports on implementation of the reservation policy of Gol is placed before the Board and thereafter, sent to Gol, on a half-yearly basis. The Roster upto December 31, 2016 has been uploaded on the SIDBI website.

The strength of women employees in SIDBI is 254 (21.65%). The Bank has been introducing policies from time to time to help its women employees with a better work life balance. The diverse technical/professional staff, such as Engineering, Management, Law, CA, ICWA, Company Secretary, Agriculture, and Banking related qualifications such as JAIIB/CAIIB have played an important role in strengthening the organisation. The Bank encourages its employees to pursue higher studies on part-time basis by way of reimbursement of fees.



## Training & Career Development

The Bank continues to upgrade skills of its employees and impart appropriate training with an aim to enhance professional development, increase motivation and employee job satisfaction.

During the year under review, a new state of the art training facility "SIDBI Centre for Advanced Learning (SCALE)" was set up at the Head Office, Lucknow. As was done in the past, the Bank continued to impart training by deputing its employees to:

- In-house training programmes - held at SIDBI MSME International Training Institute, Bhubaneswar and SIDBI Centre for Advanced Learning, Lucknow.
- Inland training programmes/ workshops conducted/organized by reputed national institutions in the country and
- International programmes to provide organisational focus and ensure comprehensive all-round development of the staff.
- During the year, the Bank made 880 (out of which 168 were women) nominations for in-house, inland and international training programmes organised by renowned training/academic institutions.

17 officers (including three from reserved categories) were nominated to attend international programmes in order to familiarise them with the current international practices in different areas viz. Development Banking, Leadership Development, Sustainable Finance, Strategic Response to Risk in Microfinance Markets among others.

- The Training Cell, HRV was conferred with ISO 9001:2008 certification by Intertek Certification Limited, an agency accredited by United Kingdom Accreditation Service (UKAS).

## Staff Welfare Activities

During the year FY 2016-17, the Bank continued to provide support to several welfare activities for its staff members and their families. Under the guidance of the Central Welfare Committee, funds to the tune of ₹2.48 crore were allocated to various offices of the Bank. During FY 2016-17, the Bank launched "SIDBI Employees Health Augmentation Tool" (SEHAT) to encourage employees to undertake activities for a healthy body and mind promoting their and their families overall wellbeing.

## 9. Vigilance

The Bank lays emphasis on the preventive and pro-active vigilance aspects and has been taking several initiatives for strengthening the systems and procedures to promote efficiency and transparency. Accordingly, the vigilance set-up in SIDBI is led by a full-time Chief Vigilance Officer [CVO] who is assisted by the Vigilance Team at the Head Office (HO) and Regional Vigilance Officers at the respective Regions.

Preventive Vigilance Committees at the regional level and a Central Vigilance Committee at the Head Office have been set up to review the preventive vigilance measures. An Internal Advisory Committee on vigilance scrutinizes complaints or cases arising out of inspections, audit reports, staff accountability reports among others and furnishes its recommendations to the CVO. Vigilance Vertical acts as the nodal vertical for investigation of complaints related to frauds perpetrated on the Bank. As part of the anti-fraud sensitization programme, the modus operandi of frauds is shared by the Fraud Management Cell (FMC) with regions/branches from time to time.

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The CVO, RVOs (Regional Vigilance Officers) and the vigilance team, in their periodic meetings with the staff, discuss incidents of operational gaps/compliance issues and sensitizes the staff on the importance of adhering to guidelines, systems and processes and making the decision-taking processes transparent, fair and equitable. To spread awareness, the vertical publishes its in-house magazine 'Dakshata'. A vigilance blog has been created on the SIDBI Intranet wherein staff members are encouraged to post their experiences/articles.

The vigilance work is reviewed by the CMD, SIDBI every quarter during his meeting with CVO and important/pending issues, if any, are dealt with in accordance with the Chief Vigilance Commission (CVC) guidelines. The Vigilance Vertical also submits a report on Vigilance activities to CVC and a half-yearly review of the said activities is submitted to the Board of Directors of the Bank.

During the financial year, the Vigilance vertical also organised a workshop on Preventive Vigilance by inviting Shri Pratyush Sinha, ex-CVC, as the guest faculty. The conference was attended by senior officers and the top management both from Lucknow and Mumbai. The Vigilance Vertical also released the updated Vigilance manual this year.

## 10. Implementation of the Official Language Policy in the Bank

SIDBI has been making conscious efforts in implementation of the official language policy of the Government of India. This has enabled the Bank attain considerable success in establishing Hindi as the medium of communication for official work. To further the cause, Official Language Implementation Committees were constituted in offices at Lucknow, Mumbai, New Delhi and all ROs/BOs of the Bank to review the status of the implementation of the official language and suggest measures to enhance Hindi correspondence.

A portal on Rajbhasha on the SIDBI-intranet, provides valuable information on its implementation and aims at giving a fillip to carry out transactions in Hindi. The RBI-banking glossary, sentences and notings used in the day-to-day working of the Bank have been uploaded on the intranet, to enable staff members to use the material while working in Hindi. Latest copies of the quarterly Hindi magazine 'Sankalp' brought out by the Bank are also available on the portal.

During the year under review, 59 Hindi workshops were organised at various offices of the Bank and staff-members were imparted practical training on the language and usage of Unicode on the computer.

In keeping with the directives received from the Government of India, a Translation Reorientation Programme for Hindi officers was organised during September 1-3, 2016 at Lucknow. In pursuance of the annual implementation programme, the official language related inspections were conducted by the Head Office and Regional Offices in as many as 44 offices and Verticals.

The Bank organised 12th All India SIDBI Inter-Bank Hindi Essay Competition during the year, which aimed at motivating banks and financial institutions to carry out their official work in Hindi.

The Bank organised SIDBI Rajbhasha Shield Competition in order to create a competitive environment at the regional offices and promote increasing use of Hindi. Also, Rajbhasha Pratinidhi Yojana was implemented amongst staff members from the Hindi-speaking and non-Hindi categories at each of the regional offices as also at the HO-vertical level to enhance the application of Hindi.

## 11. Implementation of Right to Information Act, 2005

The Bank is implementing the Right to Information Act, 2005 (RTI Act). Accordingly, the Bank has displayed on its website ([www.sidbi.in](http://www.sidbi.in)) functions and duties of the organization, norms set by the Bank for discharge of its functions, powers and duties of its officers and employees, organisation chart, sub-ordinate legislations, the procedures followed in the decision making processes, including the channels of supervision and accountability, various committees constituted by Board, etc. as envisaged under Section 4(1)(b) of the Act. The Bank has designated Central Public Information Officer (CPIO), Alternate Central Public Information Officer, Central Assistant Public Information Officers and First Appellate Authority and Alternate First Appellate Authority as per the Act, the details of which are available on the Bank's website. Further to the instructions laid down by Govt. the Bank has aligned and linked with RTIMIS Portal of Department of Personnel and Training, Govt. of India at [www.rtionline.gov.in](http://www.rtionline.gov.in) w.e.f. August 01, 2016 for better disposal and co-ordination of RTI applications. In terms of the directives of Central Information Commission (CIC), the Bank has also designated a Transparency Officer for better implementation of Section 4 of the Act with a view to promoting congenial conditions for timely response by CPIO to RTI queries. During the year, the Bank received 291 applications seeking information and all the applications were

disposed off as per the provisions of the Act within the stipulated time.

During the year, 23 appeals were made to the First Appellate Authority (FAA) of the Bank, which were disposed off within the stipulated time as per the provisions of the RTI Act. Against the decisions taken by FAA, 4 appeals were preferred before the CIC. There has been no delay in either furnishing information by the CPIO or in deciding appeals by the FAA. All quarterly online returns have been regularly submitted to CIC on time. No officer of the Bank has been fined/penalised for violation of the provisions of the RTI Act.

## 12. Improvements in Information Technology Set-up

A robust Information Security Management System has been implemented to protect the Bank against security threats. The Bank has been certified by British Standards Institution (BSI) and complies with ISO/IEC 2001:2013 since it has implemented Information Security Management System which complies with the ISO 27001 standards. The management of Information Security applies to Data Centre operation, management and monitoring of operations from Mumbai and Chennai.

## 13. Debenture Trustees

Following are the contact details of the debenture trustees for SIDBI's outstanding unsecured bond issues:

ISIN : INE556F08IP8	ISIN : INE556F08IV6	For rest of the ISINs
Axis Bank Limited, Axis House, 2nd Floor, "E", Bombay Dyeing Mill Compound, Pandurang Budhkar Marg, Worli, Mumbai. Tel: 022-24255215/16 Fax: 022- 24254200 Email: <a href="mailto:debenturetrustee@axis-bank.com">debenturetrustee@axis-bank.com</a> Contact Person: Shri Kanhu Harichandan	SBICAP Trustee Company Limited Apeejay House, 6th Floor, West Wing, 3, Dinshaw Vachha Road, Churchgate, Mumbai – 400 020 <a href="http://www.sbicaptrustee.com">www.sbicaptrustee.com</a> Contact : Shri Deepak Dhondye Mob:8879150014 Tel:(022) 43025514 Fax:(022) 22040465 E-mail : <a href="mailto:deepak.dhondye@sbicap-trustee.com">deepak.dhondye@sbicap-trustee.com</a>	ALLBANK FINANCE LTD. (wholly owned subsidiary of Allahabad Bank) Corporate Office : Allahabad Bank Building, 2nd Floor, 37, Mumbai Samachar Marg, Fort, Mumbai - 400 023. Board: +91-22-22626283 Ext: 24 Fax: +91-22-22677552 Email: <a href="mailto:companysecretary@allbankfinance.com">companysecretary@allbankfinance.com</a> Website: <a href="http://www.allbankfinance.com">www.allbankfinance.com</a> Contact Person: Ms.Melvita Lewis, Company Secretary cum Compliance Officer

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## 14. Acknowledgements

The Board acknowledges the valuable support received from Gol and RBI. The Board is also thankful to the World Bank Group; Japan International Cooperation Agency (JICA), Japan; Department for International Development (DFID), U. K.; Kreditanstalt für Wiederaufbau (KfW), Germany; The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany; International Fund for Agricultural Development (IFAD), Rome; French Development Agency (Afd), France and Asian Development Bank (ADB) for their continued support and technical co-operation.

The Board places on record its appreciation for the co-operation extended to SIDBI by banks, state level institutions, industry associations and other stakeholders engaged in the promotion and development of the MSME sector. The Bank also thanks all its clients and investors for their co-operation and looks forward to continued support in the years to come. The Board recognises and places on record its appreciation for the services of SIDBI staff, at all levels, for showing strong and continued commitment, integrity and dedication in taking the Bank on a higher growth trajectory.





# **Small Industries Development Bank of India**

## **Appendix - I**

# Independent Auditors' Report

To  
The Shareholders of  
Small Industries Development Bank of India

## Report on the Financial Statements

We have audited the accompanying Financial Statements of Small Industries Development Bank of India ("the Bank") which comprises the Balance Sheet as at 31st March 2017 and the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 7 Branches visited by us for the purpose of audit and the same including Head Office accounts for 77.62% of Advances, 97.97% of Deposits, 100% of Borrowings, 74.34% of interest income on Advances, 94.47% of interest expense on Deposits and 100% of interest expense on Borrowings. These branches have been selected in consultation with the Bank. We have not visited balance branches of the Bank and have reviewed their returns at the Head Office.

## Management Responsibility for the Financial Statements

The Bank's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with Small Industries Development Bank of India General Regulations, 2000, the accounting principles generally accepted in India, including the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and applicable RBI guidelines as issued from time to time. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Bank 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 internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Small Industries Development Bank of India General Regulations, 2000 in the manner so required to the extent required by the Bank and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March 2017,
- b) in the case of the Profit and Loss Account, of the profit of the Bank for the year ended 31st March 2017,
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

We report that:

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the requirements of the Regulation 14(i) of the Small Industries Development Bank of India General Regulations, 2000.
2. 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 and have found them to be satisfactory.
3. In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.
4. The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with Books of Accounts.

5. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
6. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
7. In our opinion, the aforesaid financial statements dealt with by this report comply with the applicable Accounting Standards.

For Borkar & Muzumdar  
Chartered Accountants  
Firm Registration No.101569W

Darshit Doshi  
Partner  
Membership No. 133755

Place: Mumbai  
Date: 18th May 2017

# Balance Sheet as at March 31, 2017

(₹)

CAPITAL AND LIABILITIES	SCHEDULES	March 31, 2017	March 31, 2016
Capital	I	531,92,20,310	486,98,22,500
Reserves, Surplus and Funds	II	13069,51,76,335	11108,27,11,816
Deposits	III	15861,92,17,622	15575,12,27,905
Borrowings	IV	43442,90,58,053	42356,68,51,125
Other Liabilities and Provisions	V	6754,21,68,867	6909,47,34,117
Deferred Tax Liability		21,84,93,690	41,94,00,171
Total		79682,33,34,877	76478,47,47,634
ASSETS			
Cash and Bank Balances	VI	982,29,33,216	1184,51,19,392
Investments	VII	7758,15,40,345	7435,86,27,861
Loans & Advances	VIII	68289,63,15,860	65632,09,75,865
Fixed Assets	IX	205,67,86,919	210,35,58,554
Other Assets	X	2446,57,58,537	2015,64,65,962
Total		79682,33,34,877	76478,47,47,634
Contingent Liabilities	XI	10011,75,13,357	10410,76,98,369

Significant Accounting Policies

XV

Notes to Accounts

XVI

The Schedules referred to above form an integral part of the Balance Sheet.

BY ORDER OF THE BOARD

As per our report of even date

For Borkar & Muzumdar  
Chartered Accountant  
FRN. 101569W

U.J. Lalwani  
Chief General Manager  
(Corporate Accounts Vertical)

Manoj Mittal  
Deputy Managing  
Director

Ajay Kumar Kapur  
Deputy Managing  
Director

Darshit Doshi  
Partner  
M.No. 133755

Satyananda Mishra  
Director

R. Ramachandran  
Director

Mumbai. May 18, 2017

# Profit & Loss Account for the year ended March 31, 2017

(₹)

INCOME	SCHEDULES	March 31, 2017	March 31, 2016
Interest and Discount	XII	6070,83,67,227	5541,82,40,051
Other Income	XIII	274,96,49,654	242,78,39,244
Total		6345,80,16,881	5784,60,79,295
EXPENDITURE			
Interest & Financial charges		4046,36,24,495	3502,07,84,082
Operating Expenses	XIV	532,66,67,698	420,91,06,193
Provisions & Contingencies		79,30,41,637	225,14,67,832
Total		4658,33,33,830	4148,13,58,107
Profit before Tax		1687,46,83,051	1636,47,21,188
Provision for Income Tax		587,37,95,960	539,75,26,557
Deferred Tax Adjustment [(Asset)/Liability]		(20,09,06,482)	(80,74,69,989)
Profit after Tax		1120,17,93,573	1177,46,64,620
Profit brought forward		40,45,78,028	39,73,69,861
Total Profit / (Loss)		1160,63,71,601	1217,20,34,481
Appropriations			
Transfer to General Reserve		930,00,00,000	966,00,00,000
Transfer to Special reserve u/s 36(1) (viii) of The Income Tax Act, 1961		70,00,00,000	80,00,00,000
Others			
Transfer to Investment Fluctuation Reserve		2,02,40,174	15,78,97,722
Transfer to Staff Welfare Fund		2,00,00,000	1,00,00,000
Dividend on Shares		93,93,08,909	94,68,10,409
Tax on Dividend		19,12,21,193	19,27,48,322
Surplus in Profit & Loss account carried forward		43,56,01,325	40,45,78,028
Total		1160,63,71,601	1217,20,34,481
Basic/Diluted Earning Per Share		21.47	24.87

Significant Accounting Policies

XV

Notes to Accounts

XVI

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our report of even date

BY ORDER OF THE BOARD

For Borkar & Muzumdar  
Chartered Accountant  
FRN. 101569W

U.J. Lalwani  
Chief General Manager  
(Corporate Accounts Vertical)

Manoj Mittal  
Deputy Managing  
Director

Ajay Kumar Kapur  
Deputy Managing  
Director

Darshit Doshi  
Partner  
M.No. 133755

Satyananda Mishra  
Director

R. Ramachandran  
Director

Mumbai. May 18, 2017



## Schedules to Balance Sheet as at March 31, 2017

(₹)

	CAPITAL AND LIABILITIES	March 31, 2017	March 31, 2016
Schedule I:	Capital		
	(a) Authorized Capital		
	- Equity Share Capital (75,00,00,000 Equity Shares of ₹10/- each)	750,00,00,000	750,00,00,000
	- Preference Share Capital (25,00,00,000 Redeemable Preference Shares of ₹10/- each)	250,00,00,000	250,00,00,000
	(b) Issued, Subscribed and Paid-up Capital:		
	- Equity Share Capital (53,19,22,031 Equity Shares of ₹10/- each)	531,92,20,310	486,98,22,500
	- Preference Share Capital	-	-
	Total	531,92,20,310	486,98,22,500
Schedule II:	Reserves, Surplus and Funds		
	A) Reserves		
	<u>General Reserve</u>		
	Opening Balance	8594,31,73,555	7628,31,73,555
	- Additions during the year	985,19,63,645	966,00,00,000
	- Utilisations during the year	-	-
	- Closing Balance	9579,51,37,200	8594,31,73,555
	ii) Share Premium		
	- Opening Balance	713,01,77,500	-
	- Additions during the year	955,06,02,190	713,01,77,500
	- Utilisations during the year	-	-
	- Closing Balance	1668,07,79,690	713,01,77,500
	Specific Reserves		
	a) Investment Reserve		
	- Opening Balance	55,19,63,645	55,19,63,645
	- Additions during the year	-	-
	- Utilisations during the year	55,19,63,645	-
	- Closing Balance	-	55,19,63,645
	b) Special Reserve created and maintained u/s 36 (1) (viii) of The Income Tax Act, 1961		
	- Opening Balance	1357,00,00,000	1277,00,00,000
	- Additions during the year	70,00,00,000	80,00,00,000
	- Utilisations during the year	-	-
	- Closing Balance	1427,00,00,000	1357,00,00,000

## Schedules to Balance Sheet as at March 31, 2017

(₹)

	CAPITAL AND LIABILITIES	March 31, 2017	March 31, 2016
	c) Other Reserves		
	l) Investment Fluctuation Reserve		
	- Opening Balance	68,35,45,852	52,56,48,130
	- Additions during the year	2,02,40,174	15,78,97,722
	- Utilisations during the year	-	-
	- Closing Balance	70,37,86,026	68,35,45,852
	B) Surplus in Profit and Loss account	43,56,01,325	40,45,78,028
	C) Funds		
	a) National Equity Fund		
	- Opening Balance	255,40,61,491	254,08,68,273
	- Additions / Write back during the year	89,24,580	1,31,93,218
	- Utilisations during the year - -		
	- Closing Balance	256,29,86,071	255,40,61,491
	b) Staff Welfare Fund		
	Opening Balance	24,52,11,745	22,70,56,982
	- Additions during the year	2,00,00,000	3,36,40,020
	- Utilisations during the year	1,83,25,722	1,54,85,257
	- Closing Balance	24,68,86,023	24,52,11,745
	c) Others	-	-
	Total	13069,51,76,335	11108,27,11,816
Schedule III:	Deposits		
	A) Fixed Deposits	20,48,37,42,622	8,25,12,27,905
	B) From Banks		
	a) Under MSME Refinance Fund	9000,00,00,000	10000,00,00,000
	b) Under MSME Risk Capital Fund	1500,00,00,000	1750,00,00,000
	c) Others-From Foreign & Private Sector Banks	-	-
	d) Under MSME India Aspiration Fund	500,00,00,000	500,00,00,000
	e) Under Fund for Venture Capital in MSME sector 2014-15	2813,54,75,000	2500,00,00,000
	Subtotal (B)	13813,54,75,000	14750,00,00,000
	Total	15861,92,17,622	15575,12,27,905
Schedule IV:	Borrowings		
l)	Borrowings in India		
	1. From Reserve Bank of India	-	-
	2. From Government of India (including Bonds subscribed by GOI )	2250,10,65,132	2356,12,00,839

## Schedules to Balance Sheet as at March 31, 2017

(₹)

	CAPITAL AND LIABILITIES	March 31, 2017	March 31, 2016
	3. Bonds & Debentures	9301,00,00,000	13077,60,00,000
	4. From Other Sources		
	- Commercial Paper	17580,00,00,000	9090,00,00,000
	- Certificate of Deposits	1075,00,00,000	3081,00,00,000
	- Term Loans from Banks	643,37,83,120	760,73,58,503
	- Term Money Borrowings	-	-
	- Others	1371,89,34,745	2149,42,56,515
	Subtotal (I)	32221,37,82,997	30514,88,15,857
II)	Borrowings outside India		
	(a) KFW, Germany	1382,11,29,853	1714,36,44,616
	(b) Japan International Cooperation Agency (JICA)	4335,71,46,562	4832,53,51,698
	(c) IFAD, Rome	112,73,11,010	131,44,98,429
	(d) World Bank	4982,91,45,632	4661,92,78,563
	(e) Others	408,05,41,999	501,52,61,962
	Subtotal (II)	11221,52,75,056	11841,80,35,268
	Total (I & II)	43442,90,58,053	42356,68,51,125
Schedule V:	Other Liabilities and Provisions:		
	Interest Accrued	201,47,47,211	264,94,67,742
	Others (including provisions)	4676,09,32,823	4813,03,00,358
	Provisions for Exchange Rate Fluctuation	1444,76,15,756	1398,70,64,311
	Contingent provisions against standard assets	318,83,42,975	318,83,42,975
	Proposed Dividend (including tax on dividend)	113,05,30,102	113,95,58,731
	Total	6754,21,68,867	6909,47,34,117
	ASSETS	March 31, 2017	March 31, 2016
Schedule VI:	Cash & Bank Balances		
	1. Cash in Hand & Balances with Reserve Bank of India	6,75,054	6,68,296
	2. Balances with other Banks		
	(a) In India		
	i) in current accounts	27,84,72,360	27,86,42,690
	ii) in other deposit accounts	235,19,83,362	307,91,98,866
	(b) Outside India		
	i) in current accounts	4,51,903	20,48,368
	ii) in other deposit accounts	719,13,50,537	848,45,61,172
	Total	982,29,33,216	1184,51,19,392

## Schedules to Balance Sheet as at March 31, 2017

(₹)

	ASSETS	March 31, 2017	March 31, 2016
Schedule VII:	Investments [net of provisions]		
	A) Treasury operations		
	1. Securities of Central and State Governments	396,80,00,401	685,91,44,458
	2. Shares of Banks & Financial Institutions	23,95,12,137	23,95,12,137
	3. Bonds & Debentures of Banks & Financial Institutions	1097,74,52,685	2359,82,58,840
	4. Stocks, Shares, Bonds & Debentures of Industrial Concerns	248,80,48,275	248,80,48,275
	5. Short Term Bills Rediscounting Scheme	-	-
	6. Others	3202,75,73,351	2505,70,59,819
	Subtotal (A)	4970,05,86,849	5824,20,23,529
	B) Business Operations		
	1. Shares of Banks & Financial Institutions	114,92,61,420	61,12,61,440
	2. Bonds & Debentures of Banks & Financial Institutions	-	-
	3. Stocks, Shares, Bonds & Debentures of Industrial Concerns	405,77,31,494	369,79,19,478
	4. Investment in Subsidiaries	1751,04,98,740	751,04,98,740
	5. Others	516,34,61,842	429,69,24,674
	Subtotal (B)	2788,09,53,496	1611,66,04,332
	Total (A+B)	7758,15,40,345	7435,86,27,861
Schedule VIII:	Loans & Advances [Net of Provisions]		
	A) Refinance to		
	- Banks and Financial Institutions	48503,25,11,104	46543,90,87,880
	- Micro Finance Institutions	2307,50,81,449	2013,25,42,707
	- NBFC	6866,82,93,916	5677,54,89,100
	- Bills Rediscounted	-	-
	- Others ( Resource Support)	-	-
	(A) Subtotal	57677,58,86,469	54234,71,19,687
	B) Direct Loans		
	- Loans and Advances	9540,64,92,741	9884,06,90,456
	- Receivable Finance Scheme	1070,86,54,657	1512,59,23,439
	- Bills Discounted	52,81,993	72,42,283
	Subtotal (B)	10612,04,29,391	11397,38,56,178
	Total (A+B)	68289,63,15,860	65632,09,75,865

## Schedules to Balance Sheet as at March 31, 2017

(₹)

	ASSETS	March 31, 2017	March 31, 2016
Schedule IX:	Fixed Assets [Net of Depreciation]		
	1. Premises	203,57,06,345	208,64,41,066
	2. Others	2,10,80,574	1,71,17,488
	Total	205,67,86,919	210,35,58,554
Schedule X:	Other Assets:		
	Accrued Interest	1614,41,28,757	948,51,65,690
	Advance Tax (Net of provision)	323,22,13,344	237,90,50,566
	Others	163,77,66,607	418,49,97,978
	Expenditure to the extent not written off	345,16,49,829	410,72,51,728
	Total	2446,57,58,537	2015,64,65,962
Schedule XI:	Contingent Liabilities		
	i) Claims against the Bank not acknowledged as debts	378,35,70,266	245,79,68,602
	ii) On account of Guarantees/Letters of Credit	106,70,90,288	128,47,53,531
	iii) On account of Forward Contracts	418,59,06,954	2145,38,16,573
	iv) On account of Underwriting Commitments	-	-
	v) On account of uncalled monies on partly paid shares, debentures	-	-
	vi) Other items for which the Bank is contingently liable (derivative contracts etc.)	9108,09,45,849	7891,11,59,663
	Total	10011,75,13,357	1041076,98,369



## Schedules to Balance Sheet as at March 31, 2017

(₹)

	INCOME	March 31, 2017	March 31, 2016
Schedule XII:	Interest and Discount		
	1. Interest and Discount on Loans, Advances and Bills	5707,98,42,609	5128,83,28,400
	2. Income on Investments / Bank balances	362,85,24,618	412,99,11,651
	Total	6070,83,67,227	5541,82,40,051
Schedule XIII:	Other Income		
	1. Upfront and Processing Fees	28,42,39,805	32,88,79,724
	2. Commission and Brokerage	2,42,76,355	2,32,35,996
	3. Profit on sale of Investments	144,29,13,742	127,72,09,428
	4. Income earned by way of dividends etc. from Subsidiaries/ Associates	6,14,14,574	3,74,97,750
	5. Provision of Earlier Years written back	-	-
	6. Others	93,68,05,178	76,10,16,346
	Total	274,96,49,654	242,78,39,244
	EXPENDITURE	March 31, 2017	March 31, 2016
Schedule XIV:	Operating Expenses:		
	Payments to and provisions for employees	407,09,39,524	281,14,72,022
	Rent, Taxes and Lighting	21,20,12,457	20,30,00,481
	Printing & Stationery	1,04,85,129	1,03,73,383
	Advertisement and Publicity	2,77,29,482	4,20,17,486
	Depreciation/Amortisation on Bank's Property	20,05,08,564	14,03,49,020
	Directors' fees, allowances and expenses	57,67,190	78,31,739
	Auditor's Fees	64,46,071	82,81,009
	Law Charges	1,53,25,992	1,70,66,086
	Postage, Courier, Telephones etc.	28,62,042	29,65,358
	Repairs and maintenance	10,95,30,935	9,54,25,280
	Insurance	53,97,631	50,56,312
	Contribution to CGTMSE	4,44,41,750	17,74,75,000
	Other Expenditure	61,52,20,931	68,77,93,017
	Total	532,66,67,698	420,91,06,193

## Schedules to Balance Sheet as at March 31, 2017

### Schedule XV – Significant Accounting Policies

#### 1. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Small Industries Development Bank of India Act, 1989 and regulations thereof, prudential norms prescribed by Reserve Bank of India, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and practices prevailing in the Banking Industry. The financial statements have been prepared under the historical cost convention on an accrual basis, unless otherwise stated. Except otherwise mentioned, the accounting policies that are applied by the Bank, are consistent with those used in the previous year.

#### Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements and the reported income and expenses for the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized in accordance with the requirements of the respective accounting standard.

#### 2. Revenue Recognition

##### A) Income

- i. Interest income including penal interest is accounted for on accrual basis, except in the case of non-performing assets where it is recognized upon realization

- ii. Income in the Profit & Loss Account is shown gross i.e. before provisions as per RBI guidelines and other provisions as per Bank's internal policy.
- iii. Discount received in respect of bills discounted / rediscounted and on discounted instruments is recognised over the period of usance of the instruments.
- iv. Commitment charges, service charges on seed capital / soft loan assistance and royalty income are accounted for on accrual basis in respect of standard (performing) assets.
- v. Dividend on shares held in industrial concerns and financial institutions is recognized as income when realized.
- vi. Income from Venture Capital funds are accounted on realization basis.
- vii. Recovery in non-performing assets (NPA) is to be appropriated in the following order :
  - a) overdue interest upto the date of NPA,
  - b) principal,
  - c) cost & charges,
  - d) interest and
  - e) penal interest.
- viii. Gain/loss on sale of loans and advances through direct assignment is recognized in line with the extant RBI guidelines.
- ix. Profit or loss on sale of investment: Profit or loss on sale of investments in any category is taken to profit & loss account. However, in case of profit on sale of investments under "Held to Maturity" category an equivalent amount is appropriated to Capital Reserves.

## Schedules to Balance Sheet as at March 31, 2017

### B) Expenditure

- i. All expenditure are accounted for on accrual basis except Development Expenditure which is accounted for on cash basis.
- ii. Discount on Bonds and Commercial papers issued are amortized over the tenure of Bonds and Commercial Paper. The expenses relating to issue of Bonds are amortized over the tenure of the Bonds.

### 3. Investments

- (i) In terms of extant guidelines of the Reserve Bank of India, the entire investment portfolio is categorized as "Held to Maturity", "Available for Sale" and "Held for Trading". Investments are valued in accordance with RBI guidelines. The investments under each category are further classified as:
  - a) Government Securities, b) Other approved securities, c) Shares,
  - d) Debentures & Bonds,
  - e) Subsidiaries/ joint ventures and
  - f) Others (Commercial Paper, Mutual Fund Units, Certificate of Deposits etc.)
- (a) Held to Maturity  
Investments acquired with the intention to hold till maturity are categorized under Held to Maturity. Such investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortized over the period remaining to maturity. Diminution, other than temporary, in the value of investments under this category is provided for each investment individually.
- (b) Held for Trading  
Investments acquired for resale within 90 days with the intention to take advantage of the short-term price/interest rate movements are categorized

under Held for Trading. The investments in this category are revalued scrip-wise and net appreciation /depreciation is recognized in the profit & loss account, with corresponding change in the book value of the individual scrips.

- (c) Available for Sale  
Investments which do not fall within the above two categories are categorized under Available for Sale. The individual scrip under this category is revalued and net depreciation under any of the classification mentioned above is recognized in the profit & loss account. Net appreciation under any classification is ignored. The book value of individual scrip is not changed after the revaluation.
- (ii) Recording purchase and sale transactions in Investments is done following 'Settlement Date' accounting.
- (iii) The debentures / bonds / shares deemed to be in the nature of advance, are subject to the usual prudential norms applicable to loans & advances.
- (iv) Cost of investments is determined on the weighted average cost method.
- (v) Brokerage, commission, etc. paid at the time of acquisition/ sale are recognized in the profit & loss account.
- (vi) Broken period interest paid / received on debt investment is treated as interest expenses / income and is excluded from cost / sale consideration.
- (vii) In respect of unquoted investments in industrial concerns under Seed Capital Scheme, full provision has been made.

## Schedules to Balance Sheet as at March 31, 2017

### 4. Foreign Currency Transactions

Foreign currency transactions are recorded in the books of account in respective foreign currencies. Accounting for transactions involving foreign exchange is done in accordance with Accounting Standard (AS)- 11 issued by Institute of Chartered Accountants of India, as per following provisions:

1. Foreign currency Assets and Liabilities are translated at the closing exchange rates notified by Foreign Exchange Dealers' Association of India ('FEDAI') as at the Balance sheet date.
2. Foreign currency Income and Expenditure items are translated at monthly intervals through actual sale/purchase and recognized in the profit & loss account accordingly.
3. The revaluation difference on foreign currency LoC is adjusted and recorded in a special account opened and maintained, in consultation with GOI for managing exchange risk.
4. The Bank follows hedge accounting in respect of foreign exchange contracts and derivative transactions as per RBI guidelines.

### 5. Derivatives

The Bank presently deals in currency derivatives viz., Cross Currency Interest Rate swaps for hedging its foreign currency liabilities. Based on RBI guidelines, the above derivatives undertaken for hedging purposes are accounted on an accrual basis. Contingent Liabilities on account of derivative contracts at contracted rupee amount are reported on the Balance Sheet date.

### 6. Loans and Advances

- i. Assets representing loan and other assistance portfolios are classified as performing and non-performing based on the RBI guidelines. Provision for non-performing assets is made in accordance with the RBI guidelines.
- ii. Advances stated in the Balance Sheet are net of provisions made for non-performing advances, and restructured assets.
- iii. General provision on Standard Assets is made as per RBI guidelines.
- iv. Floating provision is made and utilized as per RBI guidelines and Board approved policy.

### 7. Taxation

- (i) Tax expense comprises both current tax and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961.
- (ii) Deferred income taxes reflects the impact of the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.
- (iii) Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognized deferred assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

## Schedules to Balance Sheet as at March 31, 2017

### 8. Securitisation

The Bank purchases credit rated Micro, Small and Medium Enterprises Asset pools from Banks / Non Banking Finance Companies by way of pass-through certificates issued by the Special Purpose Vehicle. Such securitisation transactions are classified as Investments under Held for Trading / Available for Sale category depending upon the investment objective.

The Bank purchases credit rated pool of Micro, Small and Medium Enterprises assets under bilateral direct assignment. Such direct assignment transactions are accounted for as 'advances' by the Bank.

The Bank enters into sale of Loans & Advances through direct assignment. In most of the cases, the Bank continues to service the Loans & Advances sold under these transactions and is entitled to the Residual interest on the Loans & Advances sold. Assets sold under direct assignment are derecognized in the books of the Bank based on the principle of surrender of control over the assets.

The residual income on the Loans & Advances sold is being recognised over the life of the underlying Loans & Advances.

### 9. Sale Of Financial Assets To Asset Reconstruction Companies (ARCs):

(i) The sale of NPA's is on cash basis or investment in Security Receipt (SR) basis. In case of sale on SR basis, the sale consideration or part thereof is treated as investment in the form of SRs.

(ii) The assets if sold at a price below the Net Book Value (NBV) (i.e. book value less provisions held), the shortfall is debited to the Profit & Loss A/c. In case the sale value is higher than NBV, the excess provision held can be reversed to profit & loss account in the year the amounts are received. Reversal of excess provision is limited to the extent to which cash received exceeds the NBV of the asset.

### 10. Provisioning for staff benefits

A) Post retirement benefits:

(i) Provident Fund is a defined contribution scheme administered by the Bank and the contributions are charged to the Profit & Loss Account.

(ii) Gratuity liability and Pension liability are defined benefit obligations and other long term employee benefits like compensated absences, post retirement medical benefits, leave fare concession etc. are provided based on the independent actuarial valuation as at the Balance sheet date using the projected unit credit method as per AS 15 (Revised 2005) - Employee Benefits.

(iii) New Pension Scheme is a defined contribution scheme and is applicable to employees who have joined bank on or after December 01, 2011. Bank pays fixed contribution at pre determined rate and the obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit & Loss Account.

(iv) Actuarial gains/losses are immediately taken to the profit & loss account and are not deferred.

(v) Payments made under the Voluntary Retirement Scheme are charged to the Profit & Loss account in the year of expenses incurred.

B) Benefits (Short – term) while in service

Liability on account of Short term benefits are determined on an undiscounted basis and recognised over the period of service, which entitles the employees to such benefits.



## Schedules to Balance Sheet as at March 31, 2017

### 11. Fixed Assets And Depreciation

- a) Fixed Assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any.
- b) Depreciation for the full year, irrespective of date of capitalization, is provided on :
  - (i) Furniture and fixture : For assets owned by Bank @ 100 percent
  - (ii) Computer and Computer Software @ 100 percent
  - (iii) Building @ 5 percent on WDV basis
  - (iv) Electrical Installations: For assets owned by Bank @ 50 percent on WDV basis.
  - (v) Motor Car - Straight Line Method @ 50 percent.
- c) Depreciation on additions is provided for full year and no depreciation is provided in the year of sale/disposal.
- d) Leasehold land is amortised over the period of lease.

### 12. Provision For Contingent Liabilities And Contingent Assets.

In accordance with AS-29 Provisions, Contingent Liabilities and Contingent Assets, the Bank recognizes provisions involving substantial degree of estimation in measurement when it has a present obligation as a result of past event, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation.

Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed in the balance sheet and

details given by way of Schedule to the Balance Sheet. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

### 13. Grants and Subsidies

Grants and subsidies from the Government and other agencies are accounted as per the terms and conditions of the agreement.

### 14. Operating Lease

Lease rentals are recognized as an expense/income in the Profit & Loss Account as they become due for payments.

### 15. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal/external factors, to recognize,

- a) the provision for impairment loss, if any required; or
  - b) the reversal, if any, required for impairment loss recognized in the previous periods.
- Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

### 16. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement include cash in hand, balances with RBI, balances with other banks and investment in Mutual Fund with an original maturity of three months or less.

## Schedule XVI - Notes to Accounts

(₹)

		March 31, 2017	March 31, 2016
1.	Bonds and Debentures' under Borrowings in schedule IV includes the following :		
a)	Unsecured Bonds	9301,00,00,000	13077,60,00,000
2.	Others' under Other Liabilities and Provisions in schedule V include the following :		
a)	SIDBI Disability Assistance Fund	-	56,000
b)	SIDBI Medical Assistance Scheme	24,20,93,347	19,87,99,999
3.	Expenditure to the extent not written off' under Other Assets in schedule X includes the following:		
a)	Premium on transfer of RBI NIC(LTO) to GoI Bonds	21,15,66,806	25,38,80,166
b)	Discount paid in Advance Certificate of Deposit	58,74,85,424	218,76,87,171
c)	Discount paid in Advance - Commercial Paper	263,83,88,518	163,84,72,553
d)	Expenditure on Issuance of Unsecured Bonds	1,42,09,081	2,72,11,839
4.	Interest and Financial Charges		
a)	Interest on Borrowings	2265,83,66,622	1919,20,07,158
b)	Interest on Deposits	1099,39,06,063	1017,89,40,323
c)	Financial Charges	681,13,51,810	564,98,36,601
	Total	4046,36,24,495	3502,07,84,082
5.	Estimated amount of contracts remaining to be executed on Capital Account not provided for (net of advance paid)	3,21,29,675	2,61,30,118
6.	Premises include advances towards acquisition of Premises ₹12,34,099 (Previous Year - ₹12,34,099) and Capital Work in Progress ₹3,41,88,676 (Previous Year - ₹86,61,549).		
7.	In respect of foreign currency borrowings of JPY 30 billion (JPY 13.17 billion as on March 31, 2017) under Line V from Japan International Cooperation Agency (JICA) (previously known as Japan Bank of International Cooperation-JBIC), Exchange Rate Fluctuation Fund (ERFF) has been created as per terms agreed with Government of India (GOI) and included in Foreign Currency Fluctuation Reserve Fund. The difference on account of exchange fluctuation arising on principal account amounting to ₹346,38,73,018 (Previous Year - ₹399,25,28,223) has been netted off against ERFF as permitted by the Government of India. Adjustment to the Fund Account, if necessary, will be made as per directions of Government of India in future. In case, the balance in the Fund is insufficient, the claim will be on Government of India.		
8.	The borrowing of ₹305,26,22,182 (Previous Year - ₹348,87,11,064) from Govt. of India under the JICA IV loan is carried forward in the 'schedule IV - Borrowings' to the Balance Sheet at its historic rupee value since SIDBI's liability towards principal repayment under the agreement, is not expected to exceed the aggregate of rupee borrowings and the balance in the ERFF maintained for this loan. The balance as on March 31, 2017 in ERFF maintained for this loan is ₹281,96,49,464 (Previous Year - ₹319,50,28,876).		
9.	Refinance to Banks and Financial Institutions under Loans & Advances - schedule VIII includes Refinance to Small Finance Banks (SFBs) ₹5,85,00,00,000 as on March 31, 2017 [Previous Year- Nil].		

## Schedule XVI - Notes to Accounts

10	The Bank has contracted a line of credit for USD 300 million from World Bank for scaling up Sustainable and Responsible Micro Finance Project including IDA portion aggregating SDR 65.9 million (equivalent of USD 100 million). Under IDA line, Govt. of India is the borrower and rupee funds are lent to SIDBI by GOI though the exchange risk on the underlying is required to be borne by SIDBI as per the terms of the agreement. Thus, though GOI released rupee funds to SIDBI the same was recorded as SDR liability in the books of SIDBI to depict correct position so that revaluation difference gets suitably reflected in the year end figures. Accordingly the drawal effected under the above line aggregating USD 80.50 million (equivalent to ₹522.04 Crore) as on March 31, 2017 [Previous Year USD 88.20 million (equivalent to ₹584.45 Crore)] from GOI is recorded as SDR liability and the underlying has been hedged by way of Cross Currency Interest Rate Swaps. The same has been grouped under schedule IV - 'Borrowings in India'.
11	Government of India (GOI) has created "India Microfinance Equity Fund" with SIDBI with a corpus of ₹300 crore. The Fund shall be utilised for extending equity or any other form of capital to Tier – II and Tier – III NBFC MFIs and all Non-NBFC MFIs, with a focus on smaller socially oriented MFIs with the objective of poverty alleviation and achieving long term sustainability of operations in unserved and underserved parts of the country. The fund is operated/managed by SIDBI for which an administrative fee for managing the fund is received by SIDBI. Further, the inflows and outflows are debited/credited to the fund. Hence, fund balance of IMEF, net of investment is grouped under "Other Liabilities" in the Balance Sheet and all gains/losses/income/expenditure are the part of the fund. The balance in the fund is ₹194,61,83,900 as on March 31 2017 (Previous year ₹187,16,01,094).
12	ASPIRE Fund is a ₹60 Crore Fund of Funds, allocated by Ministry of Micro, Small & Medium Enterprises, Government of India, to be managed by SIDBI. The Fund would be utilized to make investment in Venture Capital Funds targeting Start Ups/ early stage enterprises promoting Innovation, Entrepreneurship, Forward Backward linkage with multiple value chain of manufacturing and service delivery, Accelerator support, etc. in the Agro based Industry verticals to galvanize the rural economy. These investments are held by SIDBI in fiduciary capacity. The fund balance of ASPIRE Fund, net of investment is grouped under "Other Liabilities" in the Balance Sheet and all gains/losses/income/expenditure are the part of the fund. The balance in the fund is ₹57,04,38,500 as on March 31 2017 (Previous year ₹60,00,00,000).
13	The Department of Financial Services, Ministry of Finance, Government of India has formulated a Scheme for Fund of Funds for Startups (FFS) with the principal objective of enhancing the equity availability to Startups. Under the Scheme, an amount of ₹10,000 Crore has been proposed as FFS to be managed by SIDBI. The Government has since released an amount of ₹600 Crore out of the corpus of FFS to SIDBI. These investments are held by SIDBI in fiduciary capacity. The fund balance of FFS, net of investment is grouped under "Other Liabilities" in the Balance Sheet and all gains/losses/income/expenditure are the part of the fund. The balance in the fund is ₹591,29,39,436 as on March 31 2017 (Previous year ₹500,00,00,000).
14	Government of India (GoI) has released aggregate amount of ₹1,000 crore to SIDBI for investment in equity capital in Mudra Ltd. Accordingly, 4,49,39,781 equity shares were issued to GoI at a book value of ₹222.52 per share. Consequently, the paid-up share capital of the bank has increased to ₹531,92,20,310. The difference between the Face value and Book value aggregating ₹955,06,02,190 has been credited to Share Premium (Reserve) Account.

## Schedule XVI - Notes to Accounts

(₹)

15	The Bank has pledged Government Securities & Treasury Bills aggregating to face value ₹382,82,00,000 (book value ₹401,24,61,432) [Previous Year ₹642,82,00,000 (book value ₹640,75,02,234)] with Clearing Corporation of India Ltd. for Collateralised Borrowings and Lending Obligations (CBLO). The Bank has placed Fixed Deposits with IDBI Bank to cover its operations under Working Capital arrangement with IDBI Bank.		
16	As a part of hedging strategy, the Bank has placed foreign currency deposits with scheduled commercial banks out of the funds drawn under various lines of credit and have availed overdraft facility in INR against these foreign currency deposits. Outstanding balances under these overdraft facility aggregated to ₹643,37,83,119 as on March 31, 2017 (Previous Year ₹733,18,58,503). As on March 31, 2017, the interest receivable on these foreign currency deposits matches with the interest payable on borrowings under various lines of credit.		
17	Other income includes recoveries on account of advances written off in earlier years ₹46,52,53,766 (previous year ₹53,19,24,584).		
18	Conveyance deed in respect of certain Officer's Flats has not been executed due to pending legal matter, the net W.D.V. of these flats is ₹786,93,743 (Previous year - ₹8,28,35,519) as on March 31, 2017.		
19	IFAD had extended a foreign currency loan to SIDBI of SDR 16.35 million, vide loan agreement dated February 18, 2002. As per the terms of loan agreement, IFAD had disbursed loan in USD and it is to be repaid in USD equivalent to SDR. The Bank has accounted accordingly in the books of account.		
20	Employee Benefits		
(a)	Defined contribution plan The Bank has recognized the following amounts in Profit & Loss Account:		
	Particulars	March 31, 2017	March 31, 2016
	Employer's contribution to Provident fund	4,36,88,123	4,37,26,850
	Employer's contribution to New Pension Scheme	1,45,96,318	82,59,836

## Schedule XVI - Notes to Accounts

₹Crore

(b)	The Bank is having defined benefit Pension Plans and Gratuity Scheme which are managed by the Trust.				
		Pension		Gratuity	
		FY 2017	FY 2016	FY 2017	FY 2016
	1. Assumptions				
	Discount Rate	7.21%	7.76%	7.29%	7.96%
	Rate of Return on Plan Assets	7.21%	7.76%	7.29%	7.96%
	Salary Escalation	7.00%	7.00%	7.00%	7.00%
	Attrition rate	2.00%	2.00%	2.00%	2.00%
	2. Table showing change in Benefit Obligation				
	Liability at the beginning of the year	344.27	305.51	73.09	72.45
	Interest Cost	26.72	23.52	5.81	5.76
	Current Service Cost	10.83	12.23	4.92	4.62
	Past Service Cost (Non Vested Benefit)	-	-	-	-
	Past Service Cost ( Vested Benefit)	-	-	-	-
	Liability Transferred in	-	-	-	-
	(Liability Transferred out)	-	-	-	-
	(Benefit Paid)	-	(8.34)	(4.62)	(3.45)
	Actuarial (gain) / loss on obligations	26.28	11.35	(3.71)	(6.29)
	Liability at the end of the year	408.10	344.27	75.49	73.09
	3. Tables of Fair value of Plan Assets				
	Fair Value of Plan Assets at the beginning of the year	90.47	83.39	106.46	101.49
	Expected Return on Plan Assets	7.02	7.25	8.47	8.83
	Contributions	-	8.34	1.19	-
	Transfer from other company	-	-	-	-
	(Transfer to other company)	-	-	-	-
	(Benefit Paid)	-	(8.34)	(4.62)	(3.46)
	Actuarial gain / (loss) on Plan Assets	0.58	(0.17)	0.29	(0.40)
	Fair Value of Plan Assets at the end of the year	98.07	90.47	111.79	106.46
	4. Table of Recognition of Actuarial Gains / Losses				
	Actuarial (Gains)/ Losses on obligation for the period	26.28	11.35	(3.71)	(6.29)
	Actuarial (Gains) / Losses on asset for the period	(0.58)	0.17	(0.29)	0.40
	Actuarial (Gains) / Losses recognized in Income & Expense Statement	25.70	11.52	(4.00)	(5.89)
	5. Actual Return on Plan Assets				
	Expected Return on Plan Assets	7.02	7.25	8.47	8.83
	Actuarial Gain / (Loss) on Plan Assets	0.58	(0.17)	0.29	(0.40)
	Actual Return on Plan Assets	7.60	7.09	8.76	8.43



## Schedule XVI - Notes to Accounts

₹Crore

		Pension		Gratuity							
		FY 2017	FY 2016	FY 2017	FY 2016						
6.	Amount Recognised in the Balance Sheet										
	Liability at the end of the year	(408.09)	(344.27)	(75.50)	(73.09)						
	Fair Value of Plan Assets at the end of the year	98.07	90.47	111.79	106.46						
	Difference	(310.02)	(253.80)	36.29	33.37						
	Unrecognised Past Service Cost at the end of the year	-	-	-	-						
	Unrecognised Transitional Liability at the end of the year	-	-	-	-						
	Net Amount recognised in the Balance Sheet	(310.02)	(253.80)	36.29	33.37						
	7. Expenses Recognised in the Income Statement										
	Current Service Cost	10.84	12.23	4.92	4.62						
	Interest Cost	19.69	16.27	(2.66)	(3.07)						
	Expected Return on Plan Assets	-	-	(4.00)	(5.89)						
	Past Service Cost (Non Vested Benefit) recognised during the year	-	-	-	-						
	Past Service Cost (Vested Benefit) recognised during the year	-	-	-	-						
	Recognition of Transition Liability during the year	-	-	-	-						
	Actuarial (Gain) / Loss	25.70	11.52	-	-						
	Expense Recognised in Profit & Loss account	56.23	40.02	(1.74)	(4.34)						
	8. Balance Sheet Reconciliation										
	Opening Net Liability	253.80	222.12	(33.37)	(29.03)						
	Expense as above	56.23	40.02	(1.74)	(4.34)						
	Employers Contribution	-	(8.34)	(1.18)	-						
	Amount recognised in the Balance Sheet	310.03	253.80	(36.29)	(33.37)						
	9. Other Details										
	Salary escalation is considered as advised by the Bank which is in line with the industry practice considering promotion, demand and supply of the employees.										
	Estimated Contribution for next year (12 months)	25.08	22.33	0.00	0.00						
	10. Category of Assets										
	Government of India Assets	-	-	-	-						
	Corporate Bonds	-	-	-	-						
	Special Deposits Scheme	-	-	-	-						
	Equity Shares of Listed Companies	-	-	-	-						
	Property	-	-	-	-						
	Insurer Managed Funds (LIC of India)	98.07	90.47	111.79	106.46						
	Other	-	-	-	-						
	Total	98.07	90.47	111.79	106.46						
	11. Experience Adjustment:	Pension					Gratuity				
		FY2017	FY 2016	FY 2015	FY 2014	FY 2013	FY2017	FY 2016	FY 2015	FY 2014	FY 2013
	On Plan Liability (Gain)/Loss	(5.53)	22.70	(0.90)	24.34	(2.72)	(7.91)	(6.20)	(0.56)	(3.72)	(0.11)
	On Plan Asset (Loss)/Gain	0.58	(0.17)	(1.43)	0.32	0.70	0.29	(0.40)	0.21	0.62	0.65
(c)	The following are the amount charged to Profit & Loss Account relating to other long term benefits plan based on the actuarial valuation provided by independent actuary.										

## Schedule XVI - Notes to Accounts

₹Crore

	Particulars	As on March 31, 2017	As on March 31, 2016	
	1 Ordinary Leave Encashment	5.82	4.79	
	2 Leave Fare Concession (LFC)	0.00	2.00	
	3 Sick Leave	0.69	1.99	
	4 Resettlement Expenses	0.06	0.02	
	5 Post Retirement Medical Scheme Facilities*	4.33	0.03	
21	Earning Per Share (EPS) (AS-20)* :			
	Net Profit considered for EPS calculation (₹)	1120,17,93,573	1177,46,64,620	
	Weighted Average Number of equity shares of face value ₹10 each	52,18,38,283	47,34,05,205	
	Earning per share (₹)	21.47	24.87	
	*Basic & Diluted EPS are same as there are no dilutive potential Equity Shares.			
22.	The proposed dividend (including dividend distribution tax) is accounted as liability in the books of accounts.			
23	During the current FY, the balance in the Investment Reserve of ₹55.20 crore was transferred to General Reserve as per Board approval.			
24	As per the Accounting Standard 22, Accounting for Taxes on Income, the Bank has reviewed the Deferred Tax Expenditure / Saving and recognised an amount of ₹20,09,06,482/- as Deferred Tax Asset (Previous year - Deferred Tax Asset was ₹80,74,69,989/-) in the Profit and Loss Account for the year ended March 31, 2017. The Break up of Deferred Tax Asset/ ( Liability) as on March 31, 2017 is as follows :			
	Timing Difference	March 31, 2017 Deferred Tax Asset/(Liability) ₹	March 31, 2016 Deferred Tax Asset/(Liability) ₹	
a)	Provision for Depreciation	95,77,629	(1,68,645)	
b)	Special Reserve u/s 36(1)(viii) of the Income Tax Act 1961	(421,81,48,976)	(397,58,92,976)	
c)	Provisions for Bad & Doubtful Debts	211,36,06,638	212,05,54,201	
d)	Amortisation of Premium on GOI Bonds	(7,32,66,842)	(8,79,10,650)	
e)	Provision for Restructuring of Accounts	3,73,31,705	14,02,21,289	
f)	Others	191,24,06,158	138,37,96,609	
	Net deferred tax Asset/(Liability)	(21,84,93,688)	(41,94,00,172)	
25	Provision for Income Tax includes:			
	Sr. No	Particulars	FY 2016-17	FY 2015-16
	(i)	Current Income Tax Provision	523,80,62,259	540,51,60,216
	(ii)	Short/(Excess) Income Tax Provision of Earlier Years	63,57,33,700	(76,33,659)
		Income tax provision of earlier years includes additional provision of ₹64.80 crore as per the advice of tax consultants of the bank regarding certain disputed tax liabilities against which appeals are pending with ITAT/Honourable High Court.		

## Schedule XVI - Notes to Accounts

₹Crore

26	Contingent liabilities of ₹378,35,70,266 (Previous Year - ₹241,61,56,475 ) represents income tax, and service tax liability. This is being disputed by the Bank and based on expert's opinion the provision is not considered necessary. It includes an amount of ₹51,82,80,309 (Previous Year - ₹50,66,98,988) pertaining to appeals filed by Income Tax Department against the Bank.		
27	In the opinion of the Management, there is no material impairment of the fixed assets of the Bank in terms of Accounting Standard 28- Impairment of Assets.		
28	Disclosures under Accounting Standard 29 for provisions in contingencies.		
	Particulars	Wage Arrears / Incentive (₹)	Other Provisions (₹)
	Opening Balance	82,93,00,000	3,75,81,575
	Additions:	89,95,00,000	-
	Utilisations:	76,31,667	-
	Write back	-	3,71,09,615
	Closing Balance	172,11,68,333	4,71,960
	Other Provisions represents claims filed against the Bank in the normal course of business relating to various legal cases and other claims for which Bank is contingently liable.		
29	The Bank has put in place a mechanism to manage credit risk arising out of unhedged foreign currency exposures (UFCE) of its borrowers. A review of the UFCE across its portfolio is undertaken by the Bank on periodic basis. In terms of RBI circular DBOD No. BP.BC.85/21.06.200/2013-14 dated 15.01.2014 & subsequent clarification vide circular DBOD NO.BP.BC. 116/21.06.200 /2013-14 dated 03.06.2014, based on available data, the provision for UFCE works out to ₹0.14 crore as on March 31, 2017 (Previous year ₹0.21 crore) which has been included under provisions for standard assets. Further, the additional capital requirement on account of UFCE works out to 'Nil' as on March 31, 2017 (Previous year Nil).		
30	Investor's Complaints: As on 1st April, 2016 the Bank had No pending investor's complaints. During the current financial year "6" complaints were received from Investors and "6" complaints were disposed off during the year. Thus,"No" complaints are pending for disposal as on March 31, 2017.		
31	Implementation of Ind-AS : As per RBI circular dated August 04, 2016 SIDBI has to comply with the Indian Accounting Standards (Ind-AS) for financial statements for accounting periods beginning from April 1, 2018 onwards and submit proforma Ind-AS financial statements to RBI from the half- year ended September 30, 2016. A Screening Committee comprising of Senior Officers has been constituted who provide guidance and oversees the progress of implementation of Ind-AS in the Bank . The Proforma Financial Statements for the half year ended September 30, 2016 has been submitted to RBI. The Bank is examining the Diagnostic Study Report (DSR) submitted by the consultant. The Bank has also undertaken the process of implementation of Ind-AS in its subsidiaries.		

## Additional disclosures as per RBI guidelines

₹Crore

1. Capital adequacy			
Sr. No.	Particulars	FY 2016-17	FY 2015-16
i)	Common Equity*	Not Applicable	Not Applicable
ii)	Additional Tier 1 capital*	Not Applicable	Not Applicable
iii)	Total Tier 1 capital	12,895.49	11,826.83
iv)	Tier 2 capital		
v)	Total Capital (Tier 1+Tier 2)	12,895.49	11,826.83
vi)	Total Risk Weighted Assets (RWAs)	45,371.40	39,607.29
vii)	Common Equity Ratio ( Common Equity as a percentage of RWAs) *	Not Applicable	Not Applicable
viii)	Tier 1 Ratio ( Tier 1 capital as a percentage of RWAs)	28.42%	29.86%
ix)	Capital to Risk Weighted Assets Ratio (CRAR) Total Capital as a percentage of RWAs)	28.42%	29.86%
x)	Percentage of the shareholding of the Government of India	15.40	7.59
xi)	Amount of equity capital raised	44.94	36.98
xii)	Amount of Additional Tier 1 capital raised; of which		
	a) Perpetual Non-Cumulative Preference Shares (PNCPS):	-	-
	b) Perpetual Debt Instruments (PDI)	-	-
xiii)	Amount of Tier 2 capital raised; of which		
	a) Debt capital instruments:	-	-
	b) Perpetual Cumulative Preference Shares (PCPS)	-	-
	c) Redeemable Non-Cumulative Preference Shares (RNCPS)	-	-
	d) Redeemable Cumulative Preference Shares (RCPS)	-	-

\* The figures are not being calculated at present, since BASEL-III is not applicable.

₹Crore

2. Free Reserves and Provisions			
(a)	Provision on Standard Assets		
	Particulars	FY 2016-17	FY 2015-16
	Provisions towards Standard Assets (cumulative)	318.83	318.83
(b)	Floating Provisions		
	Particulars	FY 2016-17	FY 2015-16
	Opening balance in the floating provisions account	2,333.91	2,639.91
	The quantum of floating provisions made in the accounting year	-	-
	Amount of draw down made during the accounting year	276.10**	306.00*
	Closing balance in the floating provisions account	2,057.81	2,333.91

\*Amount was utilised for making NPA/NPI provision in respect of one borrower account as per approval received from RBI vide letter No.DBR.FID.No.1164/03.01.11/2015-16 dated July 21, 2015

\*\* Amount was utilised for making NPA/NPI provisions in respect of 3 borrower accounts as per the Bank's policy on floating provision.

## Additional disclosures as per RBI guidelines

₹Crore

3. Asset Quality and specific provisions			
(a)	Non-Performing Advances		
	Particulars	FY 2016-17	FY 2015-16
i)	Net NPAs to Net Advances (%)	0.44%	0.73%
ii)	Movement of NPAs (Gross)		
	(a) Opening balance	1,008.18	741.11
	(b) Additions during the year	354.03	536.83
	(c) Reductions during the year	538.93	269.76
	(d) Closing balance	823.28	1008.18
iii)	Movement of Net NPAs *		
	(a) Opening balance	481.41	431.44
	(b) Additions during the year	(2.75)	94.35
	(c) Reductions during the year	176.41	44.38
	(d) Closing balance	302.25	481.41
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	526.77	309.67
	(b) Provisions made during the year	356.78	442.48
	(c) Write of / write back of excess provisions	362.52	225.38
	(d) Closing balance	521.03	526.77
	The Net NPA will be NIL for the current year and previous year , if the amount of floating provision is adjusted against the same.		
(b)	Non-Performing Investments		
	Particulars	FY 2016-17	FY 2015-16
i)	Net NPIs to Net Investments (%)	0.00%	1.36%
ii)	Movement of NPIs (Gross)		
	(a) Opening balance	621.14	529.85
	(b) Additions during the year	1.27	148.55
	(c) Reductions during the year	202.81	57.26
	(d) Closing balance	419.60	621.14
iii)	Movement of Net NPIs		
	(a) Opening balance	101.26	149.40
	(b) Additions during the year	(62.51)	(38.69)
	(c) Reductions during the year	38.75	9.45
	(d) Closing balance	0.00	101.26
iv)	Movement of provisions for NPIs (excluding provisions on standard assets)		
	(a) Opening balance	519.88	380.45
	(b) Provisions made during the year	63.78	187.24
	(c) Write of/write back of excess provisions	164.06	47.81
	(d) Closing balance	419.60	519.88



## Additional disclosures as per RBI guidelines

₹Crore

(c)	Non-Performing Assets (a+b)						
	Particulars			FY 2016-17		FY 2015-16	
i)	Net NPAs to Net Assets (Advanced + investments) (%)			0.40%		0.80%	
ii)	Movement of NPAs (Gross Advances + Gross investments)						
	(a) Opening balance			1,629.32		1,270.96	
	(b) Additions during the year			355.30		685.38	
	(c) Reductions during the year			741.74		327.02	
	(d) Closing balance			1,242.88		1,629.32	
iii)	Movement of Net NPAs						
	(a) Opening balance			582.67		580.84	
	(b) Additions made during the year			(65.26)		55.66	
	(c) Reduction during the year			215.16		53.83	
	(d) Closing balance			302.25		582.67	
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)						
	(a) Opening balance			1,046.65		690.12	
	(b) Provisions made during the year			420.56		629.72	
	(c) Write of / write back of excess provisions			526.58		273.19	
	(d) Closing balance			940.63		1,046.65	
(d)	Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)						
No. of accounts where SDR has been invoked		Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
		Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
1		-	3.98*	-	-	-	3.98*
	* Includes outstanding balance of equity investment.						
(e)	Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)						
No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard
-	-	-	-	-	-	-	-
(f)	Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)						
No. of project loan accounts where banks have decided to effect change in ownership		Amount outstanding as on the reporting date					
		Classified as standard		Classified as standard restructured		Classified as NPA	
-		-		-		-	

## Additional disclosures as per RBI guidelines

₹Crore

Sl	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification →		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details ↓																					
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of Borrowers	0	0	7	-	7	-	-	-	-	-	91	23	40	-	154	91	23	47	-	161
		Amount outstanding	-	-	328.65	-	328.65	-	-	-	-	-	1,094.21	76.92	81.37	-	1,252.49	1,094.21	76.92	410.01	-	1,581.14
		Provision thereon	-	-	1.66	-	1.66	-	-	-	-	-	2.72	1.40	1.72	-	5.84	2.72	1.40	3.38	-	7.50
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	1	4	1	-	6	1	4	1	-	6
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	15.21	6.60	17.11	-	38.91	15.21	6.60	17.11	-	38.91
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.65	0.20	0.59	-	1.44	0.65	0.20	0.59	-	1.44
3	Upgradations to restructured standard category during the FY	No. of Borrowers	0	0	-	-	-	-	-	-	-	-	2	1	-3		-	2	1	-3	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	5.50	2.51	(8.01)		-	5.50	2.51	(8.01)	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.07	-	(0.07)		-	0.07	-	(0.07)	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	0				0	-					-35				-35	-35				-35
		Amount outstanding	-				-	-					(145.07)				(145.07)	(145.07)				(145.07)
		Provision thereon	-				-	-					(1.13)				(1.13)	(1.13)				(1.13)
5	Downgradations of restructured accounts during the FY	No. of Borrowers		0	-		-	-	-	-	-	-	-12	-7	19	-	-	-12	-7	19	-	-
		Amount outstanding		-	-		-	-	-	-	-	-	(61.06)	9.51	51.55	-	-	(61.06)	9.51	51.55	-	-
		Provision thereon		-	-		-	-	-	-	-	-	(0.35)	0.11	0.24	-	-	(0.35)	0.11	0.24	-	0.00

## Additional disclosures as per RBI guidelines

₹Crore

3 (g)	Disclosure of Restructured Accounts																						
Sl	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
	Asset Classification →		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
	Details ↓																						
6	Write-offs of restructured accounts during the FY	No. of Borrowers			-1		-1		-	-	-	-		-18	-4	-18		-40	-18	-4	-19		-41
		Amount outstanding			(139.96)		(139.96)		-	-	-	-		(704.11)	(31.99)	(44.99)		(781.09)	(704.11)	(31.99)	(184.96)		(921.06)
		Provision thereon			(1.66)		(1.66)		-	-	-	-		(0.99)	(1.45)	(1.08)		(3.52)	(0.99)	(1.45)	(2.74)		(5.18)
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of Borrowers	-	-	6		6		-	-	-	-		29	17	39		85	29	17	45		91
		Amount outstanding	-	-	188.68		188.68		-	-	-	-		204.67	63.54	97.03		365.24	204.67	63.54	285.71		553.92
		Provision thereon	-	-	-		-		-	-	-	-		0.97	0.26	1.39		2.63	0.97	0.26	1.39		2.63
*Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).																							
<b>Note:</b> Figures at Sr. No. 2 includes increase in outstanding of ₹2.46 crore & provision of ₹1.26 crore in respect of existing borrowers. Figures at Sr. No.6 includes 761.18 crore (29 borrower) & provisions of ₹4.67crore which is reduction/recovery from existing restructured accounts by way of recovery.																							

₹Crore

Disclosures on Flexible Structuring of Existing Loans					
Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Previous Year FY 2015-16	1	52.87	-	15.99	22.49
Current Year FY 2016-17	-	-	-	-	-
(i) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on March 31, 2017.					
No. of accounts where S4A has been applied	Aggregate amount outstanding	Provision Held			
		In Part A	In Part B		
Classified as Standard	-	-	-	-	
Classified as NPA	-	-	-	-	

₹Crore

Movement of Non-performing assets			
	Particulars	FY 2016-17	FY 2015-16
	Gross NPAs as on April 01, 2016	1,629.32	1,270.96
	Additions (Fresh NPAs) during the year	355.30	685.38
	Sub total (A)	1,984.62	1,956.34
	Less :-		
	(i) Upgradations	40.13	12.33
	(ii) Recoveries (excluding recoveries made from upgraded accounts)	220.62	115.96
	(iii) Technical / Prudential Write offs	294.35	198.73
	(iv) Write offs other than those under (iii) above*	186.64	-
	Sub-total (B)	741.74	327.02
	Gross NPAs as on March 31, 2017 (A-B)	1,242.88	1,629.32

\*Sale of Loan Accounts (amounting ₹23.94 crore) to ARC under Advances and actual write off (163.60 crore) under Investments.

## Additional disclosures as per RBI guidelines

₹Crore

(k)	Write-offs and recoveries		
	Particulars	FY2016-17	FY2015-16
	Opening balance of Technical / Prudential written off accounts as at April 1, 2016	1,377.70	1,233.02
	Add : Technical / Prudential write offs during the year	294.35	198.73
	Sub total (A)	1,672.05	1,431.75
	Less : Actual write off	51.85	0.88
	Less : Recoveries made from previously technical/prudential written off accounts during the year	46.52	53.17
	Sub total (B)	98.37	54.05
	Closing balance as at March 31, 2017 (A-B)	1,573.68	1,377.70
(l)	Overseas Assets, NPAs and Revenue		
	Particulars	FY2016-17	FY2015-16
	Total Assets	-	-
	Total NPAs	-	-
	Total Revenue	-	-
(m)	Depreciation and provisions on investments		
	Particulars	FY2016-17	FY2015-16
	(1) Investments		
	(i) Gross Investments	8,225.90	8,005.90
	(a) In India	8,225.90	8,005.90
	(b) Outside India	-	-
	(ii) Provisions for Depreciation	467.74	570.04
	(a) In India	467.74	570.04
	(b) Outside India	-	-
	(iii) Net Investments	7,758.16	7,435.86
	(a) In India	7,758.16	7,435.86
	(b) Outside India	-	-
	(2) Movement of provisions held towards depreciation on investments		
	(i) Opening balance	50.16	65.95
	(ii) Add: Provisions made during the year	-	-
	(iii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	-	-
	(iv) Less: Write off / write back of excess provisions during the year	-	-
	(v) Less: Transfer, if any, to Investment Fluctuation Reserve Account*	2.02	15.79

## Additional disclosures as per RBI guidelines

₹Crore

	(vi) Closing balance	48.14	50.16			
	*Transfer to Investment Fluctuation Reserve is net of provision of 3.99 crore made during FY 2016-17 and 11.65 crore made during FY 2015-16.					
(n)	Provisions and Contingencies					
	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	FY 2016-17	FY 2015-16			
	Provisions for depreciation/NPI on Investment	(24.50)#	(75.22)#			
	Provision towards NPA	103.80#	296.91#			
	Provision made towards Income tax (Including Deferred Tax Assets/Liability)	567.29	459.01			
	( Other Provision and Contingencies (with details)	0.00	3.46\$			
	# Net of write back of floating provision.					
	\$ Provision for standard asset.					
(o)	Provisioning Coverage Ratio (PCR)					
	Provisioning Coverage Ratio (PCR)*	87%	79%			
	* Floating provision has not been considered while calculating PCR.					
4.	Investment Portfolio: Constitution and Operations					
(a)	Repo Transactions	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2017	
	Securities sold under repo	-	-	-	-	
	I. Government securities	-	-	-	-	
	ii. Corporate debt securities	-	-	-	-	
	Securities purchased under reverse repo	-	-	-	-	
	i. Government securities	-	-	-	-	
	ii. Corporate debt securities	-	-	-	-	
(b)	Disclosure of Issuer Composition for Investment in Debt Securities					
	Issuer	Amount	Amount of			
			Investment made through private placement	Below Investment Grade Securities Held	Unrated securities held	Unlisted
	(1)	(2)	(3)	(4)	(5)	(6)
	PSUs	584.12	-	-	-	-
	Fis	314.04	99.99	-	61.73	86.18
	Banks	1493.95	115.00	-	-	-
	Private Corporates	1081.99	308.86	-	392.71	352.59
	Subsidiaries/Joint ventures	1751.05	1751.05	-	1,751.05	1,751.05
	Others	2599.50	746.73	-	746.73	2599.50
	Provision held towards depreciation	(463.29)				
	Total	7,361.36	3,021.63	-	2,952.22	4,789.32
(c)	Sale & transfers of securities to /from HTM category:					
	During the current FY, the Bank shifted investments in Venture Capital Funds from HTM to AFS category in accordance with extant RBI guidelines. Except for the above, there was no shifting of investments to/from HTM category.					
5.	Details of Financial Assets purchased/ sold					
(a)	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction					

## Additional disclosures as per RBI guidelines

₹Crore

	(I) Details of Sales		
	Particulars	FY 2016-17	FY 2015-16*
	(i) No. of accounts (borrower)	1	-
	(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	13.17	-
	(iii) Aggregate consideration	27.66	-
	(iv) Additional consideration realized in respect of accounts transferred in earlier years	0	-
	(v) Aggregate gain / loss over net book value	14.49	-
	* During the FY 2015-16, one prudentially written off borrowal account amounting to 7.02 crore (principal with interest/other dues) was sold to ARC for the aggregate consideration of 5.25 crore.		
	(ii) Details of Book Value of Investments in Security Receipts		
	Particulars	Book value of investments in security receipts	
		FY2016-17	FY2015-16
	(i) Backed by NPAs sold by the AIFI as underlying	9.49	-
	(ii) Backed by NPAs sold by banks / other financial institutions/non-banking financial companies as underlying	0.00	-
	Total	9.49	-
	(b) Details of Non Performing Financial Assets Purchased / Sold		
	(I) Details of non performing financial assets purchased:		
	Particulars	FY2016-17	FY2015-16
	1. (a) No. of accounts purchased during the year	-	-
	(b) Aggregate outstanding	-	-
	2. (a) Of these, number of accounts restructured during the year	-	-
	(b) Aggregate outstanding	-	-
	(ii) Details of non performing financial assets sold:		
	Particulars	FY2016-17	FY2015-16
	No. of accounts sold	1	-
	Aggregate outstanding	23.04	-
	Aggregate consideration received	27.66	-
6.	Operating Results		
	Particulars	FY2016-17	FY2015-16
	(I) Interest income as a percentage to average working funds	7.68	8.34
	(ii) Non-interest income as a percentage to average working funds	0.35	0.37
	(iii) Operating profit as a percentage to average working funds (before provisions)	2.24	2.80
	(iv) Return on average assets (before provisions for taxation)	2.14	2.46
	(v) Net Profit per employee (₹crore)	0.96.96	1.11
7.	Credit concentration risk		
	(a) Capital market exposure		



## Additional disclosures as per RBI guidelines

₹Crore

	Particulars	FY2016-17	FY2015-16					
	(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	537.72	458.58					
	(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-					
	(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-					
	(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-					
	(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-					
	(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-					
	(vii) bridge loans to companies against expected equity flows / issues;	-	-					
	(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;							
	(ix) financing to stockbrokers for margin trading;	-	-					
	(x) all exposures to Venture Capital Funds (both registered and unregistered)	746.72	564.62					
	Total Exposure to Capital Market	1,284.44	1,023.20					
	(b) Exposure to Country risk							
	The bank had no overseas exposure during the current year and previous year.							
	(c) Prudential Exposure Limits - Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the AIFI							
	(l) The number and amount (not the name of the borrower) of exposures in excess of the prudential exposure limits during the year.							
Sr. No.	PAN Number	Borrower Name	Industry Code	Industry Name	Sector	Amount Funded	Amount Non-Funded	Exposure as %age to capital Funds
-	-	-	-	-	-	-	-	-
	ii) Credit exposure as percentage to capital funds and as percentage to total assets, in respect of :							
Sr. No.	Particulars				FY 2016-17		FY 2015-16	
					As % to Total Assets	As % to Capital funds	As % to Total Assets	As % to Capital funds
	1. The largest single borrower				18.70	115.54	10.25	66.30
	The largest borrower group				As large borrowers are Primary lending Institutions, the concept of borrower group is not applicable.			
	2. The 20 largest single borrowers				77.23	477.19	63.88	413.11
	The 20 largest borrower group				As large borrowers are Primary lending Institutions the concept of borrower group is not applicable.			
	iii) Credit exposure to the five largest industrial sectors as percentage to total loan assets :							

## Additional disclosures as per RBI guidelines

₹Crore

	Particulars	FY 2016-17		FY 2015-16	
	Name of Industry	Amount Outstanding	% to total loan assets	Amount Outstanding	% to total loan assets
	Transport Equipment	1,887.10	2.76	1,474.46	2.25
	Textile (Including Jute)	1,202.62	1.76	1,045.63	1.59
	Metal Products	1,196.79	1.75	892.23	1.36
	Hotels	696.67	1.02	660.96	1.01
	Rubber & Plastic products	674.80	0.99	508.54	0.77
	iv) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is ₹52.01 crore as on March 31, 2017 and the estimated value of intangible security as on March 31, 2017 is ₹30.00 crore.				
	v) The bank had no factoring exposure during the current year and previous year.				
	vi) The bank had not exceeded the Prudential Exposure Limits during the current year and previous year.				
	(d) Concentration of borrowings /lines of credit, credit exposures and NPAs				
	(i) Concentration of borrowings and lines of credit				
	Particulars	FY 2016-17		FY 2015-16	
	Total borrowings from twenty largest lenders	44,425.40		42,158.58	
	Percentage of borrowings from twenty largest lenders to total borrowings	74.91%		72.77%	
	(ii) Concentration of Exposures				
	Particulars	FY 2016-17		FY 2015-16	
	Total advances to twenty largest borrowers	51,430.65		48,434.65	
	Percentage of advances to twenty largest borrowers to Total Advances	75.31%		73.80%	
	Total Exposure to twenty largest borrowers / customers	62,136.93		52,057.56	
	Percentage of exposures to twenty largest borrowers/customers to Total Exposure	66.65%		64.06%	

## Additional disclosures as per RBI guidelines

₹Crore

	(iii) Sector-wise concentration of exposures and NPAs						
Sr. No.	Sector	FY 2016-17			FY 2015-16		
		Outstandin g Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
i)	Industrial sector	59,051.33	823.28	1.39%	58,285.09	690.29	1.18%
1	Central Government	-	-	-	-	-	-
2	Central PSUs	-	-	-	-	-	-
3	State Governments	-	-	-	-	-	-
4	State PSUs	861.13	1.10	0.13%	1250.86	2.26	0.18%
5	Scheduled Commercial Banks	47,058.22	-	0.00%	45295.30	-	0.00%
6	Regional Rural Banks	-	-	-	-	-	-
7	Co-operative banks	-	-	-	-	-	-
8	Private sector	11,131.98	822.18	7.39%	11,738.93	688.03	5.86%
ii.	Micro-finance sector	2,307.51	-	0.00%	2196.24	317.89	14.47%
iii.	Others*	7,451.83	-	0.00%	5,677.55	-	0.00%
	Total (I+II+III)	68,810.67	823.28	1.20%	66,158.88	1,008.18	1.52%
	* includes advances to NBFCs and Small Finance Banks.						
8.	Derivatives						
	(a) Forward Rate Agreement / Interest Rate Swap						
Sr. No.	Particulars				FY 2016-17		FY 2015-16
i)	The notional principal of swap agreements				-		-
ii)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements				-		-
iii)	"Collateral required by the bank upon entering into swaps"				-		-
iv)	"Concentration of credit risk arising from the swaps"				-		-
v)	"The fair value of the swap book"				-		-
	(b) Exchange Traded Interest Rate Derivatives						
Sr. No.	Particulars				FY 2016-17		FY 2015-16
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument - wise)				-		-
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31 (instrument - wise)				-		-
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument - wise)				-		-
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument - wise)				-		-

## Additional disclosures as per RBI guidelines

₹Crore

	(c) Disclosures on risk exposure in derivatives				
i)	Qualitative Disclosures				
1)	The Bank uses Derivatives for hedging of interest rate and exchange risk arising out of mismatch in the assets and liabilities. All derivatives undertaken by Bank are for hedging purposes with underlying as Foreign Currency borrowings, which are not MTM, but only translated. The Bank does not undertake trading in Derivatives.				
2)	Internal Control guidelines and accounting policies are framed and approved by the Board. The derivative structure is undertaken only after approval of the competent authority. The particulars of derivative details undertaken are also reported to ALCO/Board.				
3)	The Bank has put systems in place for mitigating the risk arising out of derivative deals. The Bank follows the accrual method for accounting the transactions arising out of derivative deals.				
ii)	Quantitative Disclosures				
Sr. No.	Particulars	FY 2016-17		FY 2015-16	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1	Derivatives / Notional Principal Amount )	9,108.09	-	7,891.12	-
(i)	For hedging	9,108.09	-	7,891.12	-
(ii)	For trading	-	-	-	-
2	Marked to Market Positions [1]	-122.27	-	318.52	-
(i)	Asset (+)	-122.27	-	318.52	-
(ii)	Liability (-)	-	-	-	-
3	Credit Exposure [2]	747.61	-	874.20	-
4	Likely impact of one percentage change in interest rate (100* PV01)	204.22	-	228.39	-
(i)	On hedging derivatives	204.22	-	228.39	-
(ii)	On trading derivatives	-	-	-	-
5	Maximum and Minimum of 100*PV01 observed during the year	-	-	-	-
(i)	On hedging	258.27/204.22	-	228.39/161.58	-
(ii)	On trading	-	-	-	-
9.	Disclosure of Letters of Comfort (LoCs) issued by AIFIs				
	The particulars of Letters of Comfort (LoCs) issued during the year, assessed financial impact, and assessed cumulative financial obligations under the LoCs issued in the past and outstanding is as under:"				

	LoCs outstanding as on March 31, 2016		LoC issued during the year		LoCs redeemed during the year		LoCs outstanding as on March 31, 2017	
	No of LoC	Amount	No of LoC	Amount	No of LoC	Amount	No of LoC	Amount
	2	3.27	5	10.41	6	11.88	1	1.80

## Additional disclosures as per RBI guidelines

₹Crore

10.	Asset Liability Management									
		1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
	Deposits	10	4	87	107	393	14244	516	500	15862
	Advances	897	4123	5519	6773	10644	25576	12228	2530	68290
	Investments	1853	0	25	24	350	0	609	4897	7758
	Borrowings	1772	3925	11151	53	4617	10600	4449	6876	43443
	Foreign Currency assets	18	31	177	104	224	992	470	995	3011
	Foreign Currency liabilities	0	0	381	53	455	2683	2076	5574	11222
11.	Draw Down from Reserves									
	There is no draw down from Reserves during the current year and previous year.									
12.	Business Ratios									
	Particulars						FY 2016-17		FY 2015-16	
	Return on average Equity (before provisions for taxation)						13.70		15.72	
	Return on average assets (before provisions for taxation)						2.14		2.46	
	Net Profit per employee (₹ crore)						0.96		1.11	
13.	Disclosure of Penalties imposed by RBI									
	RBI had not imposed any penalty on the Bank during the current year and previous year.									
14.	Customer Complaints									
	Particulars						FY 2016-17		FY 2015-16	
	No. of complaints pending at the beginning of the year						2		5	
	No. of complaints received during the year						67		59	
	No. of complaints redressed during the year						67		62	
	No. of complaints pending at the end of the year						2		2	
15.	Off-Balance Sheet SPVs Sponsored									
	The Bank had no Off-balance sheet SPVs sponsored during the current year and previous year.									
16.	Disclosure as per specific accounting standards									
	(a) Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in accounting policies									

## Additional disclosures as per RBI guidelines

₹Crore

	(Income in schedule XIII - 'other income' includes Prior Period Income of ₹1,78,32,983 for FY 2016-17 [Previous Year - (₹49,07,708)] and Other expenditure in schedule XIV - 'Operating Expenses' for FY 2016-17 includes Prior Period Expenditure of (₹41,27,095) [Previous Year (₹1,80,56,736)].								
	(b) Accounting Standard 17 – Segment Reporting								
	As required under Accounting Standard-17 'Segment Reporting' the Bank has disclosed "Business segment" as the Primary Segment. Since the Bank operates in India, there are no reportable geographical segments. Under Business Segment, the Bank has identified Whole Sale Operations (Direct Lending), Whole Sale Operations (Refinance) and Treasury as its three reporting segments. These segments have been identified after considering the nature and risk profile of the products and services, the organization structure and the internal reporting system of the Bank. Previous year's figures have been regrouped and reclassified to conform to the current year's methodology.								
	Part A: BUSINESS SEGMENTS								
	Business Segments	Wholesale Operations (Direct Lending)		Wholesale Operations (Refinance)		Treasury		Total	
	Particulars	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
1	Segment Revenue	1,243	1,362	4,577	3,878	526	545	6,346	5,785
	Exceptional Items							-	-
	Total							6,346	5,785
2	Segment Results	46	183	1,612	1,441	168	150	1,826	1,774
	Exceptional Items							-	-
	Total							1,826	1,774
	Unallocable Expenses							139	138
	Operating profit							1,687	1,636
	Income Tax (Net of write back)							567	459
	Net profit							1,120	1,177
3	Other information								
	Segment Assets	10,709	11,490	59,097	54,945	8,841	8,768	78,647	75,203
	Unallocated Assets							1,035	1,275
	Total Assets							79,682	76,478
	Segment Liabilities	7,497	8,108	52,034	48,915	5,037	6,246	64,568	63,269
	Unallocated Liabilities							1,794	1,894
	Total							66,362	65,163
	Capital / Reserves	3,215	3,339	6,372	5,530	3,733	2,446	13,320	11,315
	Total							13,320	11,315
	Total Liabilities							79,682	76,478
	Part B: GEOGRAPHIC SEGMENTS - Nil								
	(c) Accounting Standard 18 – Related Party Disclosures								
	Items / Related Party	Parent (as per ownership or control)	Sub-sidiaries	Associates/ Joint ventures	Key Manager Personnel@	Relatives of Key Management Personnel	Total		
	Borrowings#								
	Outstanding at the year end	-	-	-	-	-	-	-	-
	Maximum during the year	-	-	-	-	-	-	-	-
	Deposit#								
	Outstanding at the year end		60.46	-	0.26			60.72	



## Additional disclosures as per RBI guidelines

₹Crore

	Maximum during the year	-	60.46	-	0.41	-	60.87
	Placement of deposits#						
	Outstanding at the year end	-	-	-	-	-	-
	Maximum during the year	-	-	-	-	-	-
	Advances#						
	Outstanding at the year end	-	-	-	-	-	-
	Maximum during the year	-	-	-	-	-	-
	Investments#						
	Outstanding at the year end		1,751.05	28.60	-		1,779.65
	Maximum during the year		1,751.05	28.60	-		1,779.65
	Non funded commitments						
	Outstanding at the year end	-	-	-	-	-	-
	Maximum during the year	-	-	-	-	-	-
	Leasing arrangements availed#						
	Outstanding at the year end	-	-	-	-	-	-
	Maximum during the year	-	-	-	-	-	-
	Leasing arrangements provided#						
	Outstanding at the year end	-	-	-	-	-	-
	Maximum during the year	-	-	-	-	-	-
	Purchase of fixed assets	-	-	-	-	-	-
	Sale of fixed assets	-	-	-	-	-	-
	Interest paid	-	3.54	-	0.02	-	3.56
	Interest received	-	-	4.92	-	-	4.92
	Rendering of services*	-	5.24	1.48	-	-	6.72
	Receiving of services*	-	-	-	-	-	-
	Management contracts*	-	-	-	0.68**	-	0.68
	@Whole time directors of the Board						
	# The outstanding at the year end and the maximum during the year are to be disclosed						
	* Contract services etc. and not services like remittance facilities, locker facilities etc.						
	** Remuneration to Key Management Personnel.						
17.	Unamortised Pension and Gratuity Liabilities						
	The pension and gratuity liability are provided for on the basis of an actuarial valuation made at the end of each financial year based on the projected unit credit method. The actuarial gains/ losses are taken to the profit and loss account and are not amortized.						

BY ORDER OF THE BOARD

As per our report of even date

For Borkar & Muzumdar  
Chartered Accountants  
FRN.101569W

Darshit Doshi  
Partner  
M.No. 133755

Mumbai, May 18, 2017

U.J. Lalwani  
Chief General Manager  
(Corporate Accounts Vertical)

Manoj Mittal  
Deputy Managing Director

Ajay Kumar Kapur  
Deputy Managing Director

Satyananda Mishra  
Director

R. Ramachandran  
Director

# Cash Flow Statement for the year ended March 31, 2017

(₹)

March 31, 2016	Particulars	March 31, 2017	March 31, 2017
	1. Cash Flow from Operating Activities		
1636,47,21,187	Net Profit before tax as per P & L Account		1687,46,83,051
	Adjustments for :		
14,03,49,020	Depreciation	20,05,08,564	
115,71,97,341	Provision for net depreciation in investments	61,30,31,066	
203,27,28,042	Provisions made (net of write back)	178,24,55,144	
(127,72,09,428)	Profit on sale of investments (net)	(144,29,13,742)	
(36,54,403)	Profit on sale of fixed assets	(35,54,143)	
(13,35,20,358)	Dividend Received on Investments	(18,02,93,561)	96,92,33,327
1828,06,11,401	Cash generated from operations		1784,39,16,378
	(Prior to changes in operating Assets and Liabilities)		
	Adjustments for net changes in :		
(622,93,43,579)	Current assets	(345,61,29,798)	
120,43,15,792	Current liabilities	(503,77,84,236)	
568,94,34,285	Bills of Exchange	404,85,71,508	
(11074,23,44,445)	Loans & Advances	(3055,75,66,206)	
11683,81,21,162	Net Proceeds of Bonds and Debentures & other borrowings	1086,22,06,929	
2128,30,59,911	Deposits received	286,79,89,717	
2804,32,43,126			(2127,27,12,087)
4632,38,54,527			(342,87,95,709)
(585,00,47,507)	Payment of Tax	(673,92,53,652)	(673,92,53,652)
4047,38,07,020	Net Cash flow from operating Activities		(1016,80,49,361)
	2. Cash Flow from Investing Activities		
(17,92,51,251)	Net (Purchase)/Sale of fixed assets	(15,01,82,785)	
(4539,91,71,680)	Net (Purchase)/sale/redemption of Investments	1764,78,04,520	
13,35,20,358	Dividend Received on Investments	18,02,93,561	
(4544,49,02,573)	Net cash used in Investing Activities		1767,79,15,295
	3. Cash flow from Financing Activities		
750,00,00,000	Proceeds from issuance of share capital & share premium	1000,00,00,000	
(134,63,89,870)	Dividend on Equity Shares & tax on Dividend	(112,72,63,816)	
615,36,10,130	Net cash used in Financing Activities		887,27,36,184

# Cash Flow Statement for the year ended March 31, 2017

(₹)

March 31, 2016	Particulars	March 31, 2017	March 31, 2017
118,25,14,577	4. Net increase/(decrease) in cash and cash equivalents		1638,26,02,118
1078,53,89,874	5. Cash and Cash Equivalents at the beginning of the period		1196,79,04,451
1196,79,04,451	6. Cash and Cash Equivalents at the end of the period		2835,05,06,570
	7. Cash and cash equivalents at the end of the period includes		
6,68,296	Cash in Hand		6,75,054
28,06,91,058	Current account balance with Bank		27,89,24,263
12,27,85,059	Mutual Funds		1852,75,73,354
1156,37,60,038	Deposits		954,33,33,899

Note : Cash Flow statement has been prepared as per the Indirect Method prescribed in AS-3 (Revised) 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India (ICAI)

Significant Accounting Policies XV  
Notes to Accounts XVI

BY ORDER OF THE BOARD

As per our report of even date

For Borkar & Muzumdar  
Chartered Accountant  
FRN. 101569W

U.J. Lalwani	Manoj Mittal	Ajay Kumar Kapur
Chief General Manager	Deputy Managing	Deputy Managing
(Corporate Accounts Vertical)	Director	Director

Darshit Doshi  
Partner  
M.No. 133755

Satyananda Mishra  
Director

R. Ramachandran  
Director

Mumbai. May 18, 2017

# **Small Industries Development Bank of India**

## **Appendix - II**

# Independent Auditors' Report

To  
The Board of Directors of  
Small Industries Development Bank of India

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Small Industries Development Bank of India ("the Bank") and its subsidiaries and associates (the Bank, its subsidiaries and associates constitute "the Group") as on 31st March 2017 which comprises the consolidated Balance Sheet as at 31st March 2017, and the consolidated Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information ("the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Bank's Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Bank 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 internal 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, which have been used for the purpose of preparation of the consolidated financial statements by the Bank's management, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statement.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and on consideration of the report of the other auditor on separate financial statements and on other financial information of the subsidiaries and associates, as mentioned in the 'Other Matter' paragraph below, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2017,
- ii) in the case of the Consolidated Profit and Loss Account, of the profits of the Group for the year ended on that date,
- iii) In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Emphasis of Matter

We draw attention to:

- a) Note nos 4B and 4D of Annexure I to Consolidated Accounts with regard to

non-consolidation of 6 associates wherein as per the management the carrying amount of the investments are not realisable and are fully provided for.

- b) Note nos 4C and 4D of Annexure I to Consolidated Accounts with regard to non-consolidation of 6 associates, as in view of the management these are not significant components and hence not considered for consolidation.

Our opinion is not qualified in respect of this matter.

### Other Matters

We did not audit the financial statements of the 3 subsidiaries, whose financial statements reflect total assets of ₹1,02,07,47,44,150/- as at 31st March 2017, total revenue of ₹ 5,52,98,48,646/- and net cash flows amounting to ₹(2,92,24,95,831/-) for the year then ended, as considered in the consolidated financial statements. We also did not audit the financial statements of 1 associate in whose Group's share of net profit amounting to ₹66,41,010/- for the year ended 31st March 2017, based on its audited financial statement for the year ended 31st March 2016, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us by the Management, and our opinion and our report on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, is based solely on the report of the other auditors.

The Consolidated financial statement also includes the Group's share of net profit of ₹27,00,833/- for the year ended 31st March 2017, as considered in the consolidated financial statements in respect of 4 associ



ates, whose financial statements has not been audited by us. The financial statements are unaudited and have been furnished to us by the Management and our opinion and our report on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these associates, is based solely on such unaudited financial statements. We are unable to comment upon resultant impact, if any, on the Group's share of profit as at 31st March 2017, had the aforesaid associates been audited. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statement is not qualified in respect of this matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

We report that:

1. The consolidated financial statements have been prepared by the Bank's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", Accounting Standards (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on basis of the separate financial statements of the Bank, its subsidiaries and associates.
2. 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 of the aforesaid consolidated

financial statements and have found them to be satisfactory.

3. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statement have been kept so far as it appears from our examination of those books and the reports of the other auditors.
4. The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with Books of Account maintained for the purpose of preparation of the consolidated financial statements.
5. In our opinion, the aforesaid consolidated financial statements comply with the applicable Accounting Standards.

For Borkar & Muzumdar  
Chartered Accountants  
Firm Registration No.101569W

Darshit Doshi  
Partner  
Membership No. 133755

Place: Mumbai  
Date: 18th May 2017

## Consolidated Balance Sheet as at March 31, 2017

(₹)

CAPITAL AND LIABILITIES	SCHEDULES	March 31, 2017	March 31, 2016
Capital	I	531,92,20,309	486,98,22,500
Reserves, Surplus and Funds	II	13300,14,67,502	11230,06,69,051
Deposits	III	23986,92,17,622	20575,12,27,905
Borrowings	IV	43382,44,06,602	42356,68,51,125
Other Liabilities and Provisions	V	6867,61,06,996	6925,96,89,195
Deferred Tax Liability		21,60,46,642	41,74,30,482
Total		88090,64,65,673	81616,56,90,258
ASSETS			
Cash and Bank Balances	VI	3151,65,20,257	3285,38,58,558
Investments	VII	7939,51,07,745	7126,29,58,093
Loans & Advances	VIII	74241,79,39,816	68873,79,41,265
Fixed Assets	IX	205,93,43,964	210,57,37,391
Other Assets	X	2551,75,53,891	2120,51,94,951
Total		88090,64,65,673	81616,56,90,258
Contingent Liabilities	XI	10011,96,46,746	10410,76,98,369

Significant Accounting Policies and Notes to Accounts (Annexure I)

The Schedules referred to above form an integral part of the Balance Sheet.

BY ORDER OF THE BOARD

As per our report of even date

For Borkar & Muzumdar  
Chartered Accountant  
FRN. 101569W

Darshit Doshi  
Partner  
M.No. 133755

Mumbai. May 18, 2017

U.J. Lalwani  
Chief General Manager  
(Corporate Accounts Vertical)

Satyananda Mishra  
Director

Manoj Mittal  
Deputy Managing  
Director

Ajay Kumar Kapur  
Deputy Managing  
Director

R. Ramachandran  
Director

# Consolidated Profit & Loss Account for the year ended March 31, 2017

(₹)

INCOME	SCHEDULES	March 31, 2017	March 31, 2016
Interest and Discount	XII	6508,49,00,033	5879,07,90,854
Other Income	XIII	379,81,19,063	281,20,57,033
Total		6888,30,19,096	6160,28,47,887
EXPENDITURE			
Interest & Financial charges		4386,47,21,888	3745,39,10,605
Operating Expenses	XIV	547,24,19,960	431,85,65,251
Provisions & Contingencies		91,58,70,357	2,34,87,18,729
Total		5025,30,12,205	4412,11,94,585
Profit before Tax		1863,00,06,891	1748,16,53,302
Provision for Income Tax		655,15,17,517	582,33,90,333
Deferred Tax Adjustment [(Asset) / Liability]		(20,13,83,841)	(80,77,02,628)
Share of earning/(loss) in associates		93,41,843	1,57,86,774
Profit after Tax		1228,92,15,058	1248,17,52,371
Profit brought forward		72,65,74,101	61,30,43,673
Total Profit/(Loss)		1301,57,89,159	1309,47,96,044
Appropriations			
Transfer to General Reserve		1000,60,00,000	1011,66,00,000
Transfer to Special reserve u/s 36(1)(viii) of The Income Tax Act, 1961		70,00,00,000	80,00,00,000
Transfer to Statutory Reserve u/s 45-IC of RBI Act, 1934		21,56,73,919	13,18,69,340
Others			
Transfer to Investment Fluctuation Reserve		2,02,40,173	15,78,97,722
Transfer to Staff Welfare Fund		2,00,00,000	1,00,00,000
Development Fund		-	-
Dividend on Shares		93,93,08,909	94,68,10,409
Tax on Dividend		19,12,21,193	20,50,44,472
Surplus in Profit & Loss account carried forward		92,33,44,965	72,65,74,101
Total		1301,57,89,159	1309,47,96,044
Basic/Diluted Earning Per Share		23.55	26.37

Significant Accounting Policies and Notes to Accounts (Annexure I)

The Schedules referred to above form an integral part of the Profit & Loss Account.

BY ORDER OF THE BOARD

As per our report of even date

For Borkar & Muzumdar  
Chartered Accountant  
FRN. 101569W

U.J. Lalwani  
Chief General Manager  
(Corporate Accounts Vertical)

Manoj Mittal  
Deputy Managing  
Director

Ajay Kumar Kapur  
Deputy Managing  
Director

Darshit Doshi  
Partner  
M.No. 133755

Satyananda Mishra  
Director

R. Ramachandran  
Director

Mumbai. May 18, 2017

## Schedules to Consolidated Balance Sheet as at March 31, 2017

(₹)

	CAPITAL AND LIABILITIES	March 31, 2017	March 31, 2016
Schedule I	Capital		
	(a) Authorized Capital		
	- Equity Share Capital (75,00,00,000 Equity Shares of ₹10/- each)	750,00,00,000	750,00,00,000
	- Preference Share Capital (25,00,00,000 Redeemable Preference Shares of ₹10/- each)	250,00,00,000	250,00,00,000
	(b) Issued, Subscribed and Paid-up Capital		
	- Equity Share Capital (53,19,22,031 Equity Shares of ₹10/- each)	531,92,20,309	486,98,22,500
	- Preference Share Capital	-	-
	Total	531,92,20,309	486,98,22,500
Schedule II	Reserves, Surplus and Funds		
	A) Reserves		
	i) General Reserve		
	Opening Balance	8670,72,65,377	7658,27,79,622
	- Additions during the year	1055,88,76,092	1012,44,85,755
	- Utilisations during the year	-	-
	- Closing Balance	9726,61,41,469	8670,72,65,377
	ii) Share Premium		
	- Opening Balance	713,01,77,500	-
	- Additions during the year	955,06,02,190	713,01,77,500
	- Utilisations during the year	-	-
	- Closing Balance	1668,07,79,690	713,01,77,500
	iii) Specific Reserves		
	a) Investment Reserve		
	- Opening Balance	55,19,63,645	55,19,63,645
	- Additions during the year	-	-
	- Utilisations during the year	55,19,63,645	-
	- Closing Balance	-	55,19,63,645
	b) Special Reserve created and maintained u/s 36 (1) (viii) of The Income Tax Act, 1961		
	- Opening Balance	1357,00,00,000	1277,00,00,000
	- Additions during the year	70,00,00,000	80,00,00,000
	- Utilisations during the year	-	-
	- Closing Balance	1427,00,00,000	1357,00,00,000

## Schedules to Consolidated Balance Sheet as at March 31, 2017

(₹)

	CAPITAL AND LIABILITIES	March 31, 2017	March 31, 2016
	c) Statutory Reserve created u/s 45-IC of Reserve Bank of India Act		
	- Opening Balance	13,18,69,340	-
	- Additions during the year	21,56,73,919	13,18,69,340
	- Utilisations during the year	-	-
	- Closing Balance	34,75,43,259	13,18,69,340
	d) Other Reserves		
	Investment Fluctuation Reserve		
	- Opening Balance	68,35,45,852	52,56,48,130
	- Additions during the year	2,02,40,173	15,78,97,722
	- Utilisations during the year	-	-
	- Closing Balance	70,37,86,025	68,35,45,852
	B) Surplus in Profit and Loss account	92,33,44,965	72,65,74,101
	C) Funds		
	a) National Equity Fund		
	- Opening Balance	255,40,61,491	254,08,68,273
	- Additions / Write back during the year	89,24,580	1,31,93,218
	- Utilisations during the year	-	-
	- Closing Balance	256,29,86,071	255,40,61,491
	b) Staff Welfare Fund		
	- Opening Balance	24,52,11,745	22,70,56,982
	- Additions during the year	2,00,00,000	3,36,40,020
	- Utilisations during the year	1,83,25,722	1,54,85,257
	- Closing Balance	24,68,86,023	24,52,11,745
	c) Others	-	-
	Total	13300,14,67,502	11230,06,69,051
Schedule III	Deposits		
	A) Fixed Deposits	2048,37,42,622	825,12,27,905
	B) From Banks		
	a) Under MSME Refinance Fund	9000,00,00,000	10000,00,00,000
	b) Under MSME Risk Capital Fund	1500,00,00,000	1750,00,00,000
	c) Others -From Foreign & Private Sector Banks	-	-
	d) Under MSME India Aspiration Fund	500,00,00,000	500,00,00,000
	e) Under Fund for Venture Capital in MSME sector 2014-15	2813,54,75,000	2500,00,00,000
	f) Under Priority Sector Shortfall	8125,00,00,000	5000,00,00,000
	Subtotal (B)	21938,54,75,000	19750,00,00,000
	Total	23986,92,17,622	20575,12,27,905

## Schedules to Consolidated Balance Sheet as at March 31, 2017

(₹)

	CAPITAL AND LIABILITIES	March 31, 2017	March 31, 2016
Schedule IV	Borrowings		
	i) Borrowings in India		
	a) From Reserve Bank of India	-	-
	b) From Government of India (including Bonds subscribed by GOI)	2250,10,65,132	2356,12,00,839
	c) Bonds & Debentures	9301,00,00,000	13077,60,00,000
	d) From Other Sources		
	- Commercial Paper	17580,00,00,000	9090,00,00,000
	- Certificate of Deposits	1014,53,48,550	3081,00,00,000
	- Term Loans from Banks	643,37,83,119	760,73,58,503
	- Term Money Borrowings	-	-
	- Others	1371,89,34,746	2149,42,56,515
	Subtotal (i)	32160,91,31,547	30514,88,15,857
	ii) Borrowings outside India		
	(a) KFW, Germany	1382,11,29,853	1714,36,44,616
	(b) Japan International Cooperation Agency (JICA)	4335,71,46,562	4832,53,51,698
	(c) IFAD, Rome	112,73,11,009	131,44,98,429
	(d) World Bank	4982,91,45,632	4661,92,78,563
	(e) Others	408,05,41,999	501,52,61,962
	Subtotal (ii)	11221,52,75,055	11841,80,35,268
	Total (i & ii)	43382,44,06,602	42356,68,51,125
Schedule V	Other Liabilities and Provisions:		
	Interest Accrued	288,58,29,371	266,45,52,527
	Others (including provisions)	4680,98,03,175	4817,06,23,603
	Provisions for Exchange Rate Fluctuation	1444,76,15,756	1398,70,64,312
	Contingent provisions against standard assets	340,23,28,592	328,55,93,872
	Proposed Dividend (including tax on dividend)	113,05,30,102	115,18,54,881
	Total	6867,61,06,996	6925,96,89,195
	ASSETS		
Schedule VI	Cash & Bank Balances		
	1. Cash in Hand & Balances with Reserve Bank of India	6,83,614	6,74,499
	2. Balances with other Banks		
	(a) In India		
	i) in current accounts	27,87,20,038	27,90,41,457
	ii) in other deposit accounts	2404,53,14,166	2408,75,33,062
	(b) Outside India		
	i) in current accounts	4,51,902	20,48,368
	ii) in other deposit accounts	719,13,50,537	848,45,61,172
	Total	3151,65,20,257	3285,38,58,558



## Schedules to Consolidated Balance Sheet as at March 31, 2017

(₹)

	ASSETS	March 31, 2017	March 31, 2016
Schedule VII	Investments [net of provisions]		
	A) Treasury operations		
	1. Securities of Central and State Governments	396,80,00,401	685,91,44,458
	2. Shares of Banks & Financial Institutions	23,95,12,137	23,95,12,137
	3. Bonds & Debentures of Banks & Financial Institutions	109,774,52,685	2359,82,58,840
	4. Stocks, Shares, bonds & Debentures of Industrial Concerns	248,80,48,275	248,80,48,275
	5. Short Term Bills Rediscounting Scheme	-	-
	6. Others	3202,75,73,351	2505,70,59,819
	Subtotal (A)	4970,05,86,849	5824,20,23,529
	B) Business Operations		
	1. Shares of Banks & Financial Institutions	114,92,61,420	61,12,61,440
	2. Bonds & Debentures of Banks & Financial Institutions	5,65,33,000	5,92,10,312
	3. Stocks, Shares, bonds & Debentures of Industrial Concerns	405,77,31,494	369,79,19,478
	4. Investment in Subsidiaries	-	-
	5. Others	2443,09,94,982	865,25,43,334
	Subtotal (B)	2969,45,20,896	1302,09,34,564
	Total (A+B)	7939,51,07,745	7126,29,58,093
Schedule VIII	Loans & Advances [Net of Provisions]		
	A) Refinance to		
	- Banks and Financial Institutions	52970,48,57,960	49209,31,38,280
	- Micro Finance Institutions	3393,43,58,549	258,95,4,57,707
	- NBFC	72,658,293,916	5677,54,89,100
	- Bills Rediscounted	-	-
	- Others ( Resource Support)	-	-
	Sub Total (A)	636,297,510,425	574,764,085,087
	B) Direct Loans		
	- Loans and Advances	9540,64,92,741	9884,06,90,456
	- Receivable Finance Scheme	1070,86,54,657	1512,59,23,439
	- Bills Discounted	52,81,993	72,42,283
	Subtotal (B)	10612,04,29,391	11397,38,56,178
	Total (A+B)	74241,79,39,816	68873,79,41,265

## Schedules to Consolidated Balance Sheet as at March 31, 2017

(₹)

	ASSETS	March 31, 2017	March 31, 2016
Schedule IX	Fixed Assets [Net of Depreciation]		
	1. Premises	203,57,06,345	208,64,41,065
	2. Others	2,36,37,619	1,92,96,326
	Total	205,93,43,964	210,57,37,391
Schedule X	Other Assets:		
	Accrued Interest	1702,33,62,481	1040,51,91,079
	Advance Tax (Net of provision)	331,31,93,676	238,17,96,704
	Others	170,67,30,165	428,07,98,454
	Expenditure to the extent not written off	347,42,67,569	413,74,08,714
	Total	2551,75,53,891	2120,51,94,951
Schedule XI	CONTINGENT LIABILITIES		
	i) Claims against the Bank not acknowledged as debts	378,57,03,656	245,79,68,602
	ii) On account of Guarantees / Letters of Credit	106,70,90,288	128,47,53,531
	iii) On account of Forward Contracts	418,59,06,954	2145,38,16,573
	iv) On account of Underwriting Commitments	-	-
	v) On account of uncalled monies on partly paid shares, debentures	-	-
	vi) Other items for which the Bank is contingently liable (derivative contracts etc.)	9108,09,45,848	7891,11,59,663
	Total	10011,96,46,746	10410,76,98,369

## Schedules to Consolidated Profit & Loss Account for the year ended as at March 31, 2017

(₹)

	CAPITAL AND LIABILITIES	March 31, 2017	March 31, 2016
Schedule XII	Interest and Discount		
	1. Interest and Discount on Loans, Advances and Bills	5979,42,76,215	5178,93,84,941
	2. Income on Investments / Bank balances	529,06,23,818	700,14,05,913
	Total	6508,49,00,033	5879,07,90,854
Schedule XIII	Other Income:		
	1. Upfront and Processing Fees	33,63,39,805	37,77,29,724
	2. Commission and Brokerage	2,42,76,355	2,32,35,996
	3. Profit on sale of Investments	234,88,06,643	151,32,42,701
	4. Income earned by way of dividends etc. from Subsidiaries / Associates	10,20,000	-
	5. Provision of Earlier Years written Back	-	92,953
	6. Others	108,76,76,260	89,77,55,659
	Total	379,81,19,063	281,20,57,033
Schedule XIV	Operating Expenses:		
	Payments to and provisions for employees	415,82,86,656	287,78,49,331
	Rent, Taxes and Lighting	22,61,72,820	21,43,44,291
	Printing & Stationery	1,15,67,839	1,14,83,935
	Advertisement and Publicity	2,79,65,165	4,35,60,584
	Depreciation / Amortisation on Bank's Property	20,14,10,951	14,10,29,220
	Directors' fees, allowances and expenses	67,57,190	83,41,739
	Auditor's Fees	70,86,071	86,71,009
	Law Charges	1,74,88,521	1,94,18,324
	Postage, Courier, Telephones etc	32,16,068	34,43,438
	Repairs and maintenance	10,97,93,926	9,59,02,333
	Insurance	57,78,557	52,68,564
	Contribution to CGTMSE	4,44,41,750	1,774,75,000
	Other Expenditure	6,524,54,446	71,17,77,483
	Total	547,24,19,960	4,31,85,65,251

# Additional Notes to Consolidated Accounts

Annexure - I - Significant Accounting Policies				
1	All the significant accounting policies as mentioned in Schedule XV of the standalone financial statements have also been followed in the preparation of consolidated financial statements.			
2	The financial statements of the Bank and its subsidiary companies are combined on a line to line basis by adding together the book values of like items of Assets, Liabilities, Income and Expenses after fully eliminating intra group balances and inter group transactions in accordance with AS-21 " Consolidated Financial Statements". The Associates are accounted for using the equity method as prescribed by AS-23 " Accounting for Investments in Associates in Consolidated Financial Statements".			
3	Details of Subsidiaries included in consolidated financial statements are:			
	(₹)			
Sr. No.	Name of the subsidiary	Country of Incorporation	Proportion of ownership	Profit/Loss
1	SIDBI Venture Capital Ltd.(SVCL)	India	100%	5,58,21,174
2	SIDBI Trustee Company Ltd.(STCL)	India	100%	42,85,700
3	Micro Units Development & Refinance Agency (Mudra Ltd)	India	100%	107,83,69,592
	Total			113,84,76,466

Financial statements of the subsidiaries are Audited.

4.A Details of Associates included in consolidated financial statements are as follows : (₹)

Sr. No.	Name of the Associate	(%) Holding	Description	Investment	Share of Profit/(loss)	Share in reserves *
1	SMERA	34.29	Credit Rating Agency for SME's	5,10,00,000	14,63,401	1,17,87,717
2	ISTSL	22.72	Technology Support to SME's	1,00,00,000	11,07,528	30,94,396
3	ISARC	26.00 **	Asset Reconstruction Company	26,00,00,000	98,89,481	6,46,08,880
4	DFC	23.76	State Financial Corporation	6,27,75,000	66,41,010	10,73,97,090
5	ReXil	30.00	Online platform for factoring / discounting of Trade Receivables (TReDS)	7,50,00,000	(97,59,577)	-
Total				45,87,75,000	93,41,843	18,68,88,083

\* Included in Reserve Fund of ₹9726,61,41,469 (Previous year ₹8670,72,65,377) in Schedule II A(i) of the Consolidated Balance sheet.

\*\* includes 11% holding by SVCL (100% subsidiary of SIDBI).

B The results of the following associates are not included in the consolidated financial statements. However, full provision has been made in the financial statements for share of the losses. (₹)

Sr. No.	Name of the Associate	(%) Holding	Description	Investment	Share of profit/(loss)
1.	BSFC	48.43	State Financial Corporation	18,84,88,500	(18,84,88,500)
2.	GSFC	28.41	State Financial Corporation	12,66,00,000	(12,66,00,000)
3.	JKSFC	28.65	State Financial Corporation	10,46,20,000	(10,46,20,000)
4.	MSFC	39.99	State Financial Corporation	12,52,41,750	(12,52,41,750)
5.	PFC	25.92	State Financial Corporation	5,23,51,850	(5,23,51,850)
6.	UPSFC	24.18	State Financial Corporation	21,67,59,000	(21,67,59,000)
	Total			81,40,61,100	(81,40,61,100)

## Additional Notes to Consolidated Accounts

C In case of following entities, though the bank holds more than 20% of voting power, they are not treated as investment in associate under AS 23 'Accounting for Investment in Associates in Consolidated Financial Statements', because they are not considered as material investments requiring consolidation.

(₹)

Sr. No.	Name of the Associate	(%) Holding	Description	Investment
1	APITCO Ltd.	41.29	Technical Consultancy Organisation	54,70,975
2	KITCO Ltd.	49.77	Technical Consultancy Organisation	24,95,296
3	Bihar Industrial and Technical Consultancy Organisation Ltd.	49.25	Technical Consultancy Organisation	1
4	North Eastern Industrial and Technical Consultancy Organisation Ltd.	43.44	Technical Consultancy Organisation	1
5	Orissa Industrial and Technical Consultancy Organisation Ltd.	49.42	Technical Consultancy Organisation	1
6	WEBCON Consulting (India) Ltd. (Earstwhile West Bengal Consultancy Organisation Ltd.)	21.67	Technical Consultancy Organisation	4,86,783
	Total			84,53,057

D. Financial statements of the associates other than State Financial Corporations's (SFC) mentioned in 4A and 4B are unaudited for the year ended March 31, 2017. The figures for SFC's other than JKSF, MSFC and UPSFC are based on audited results for the year ended March 31, 2016. Regarding JKSF and MSFC, figures are based on audited results for the year ended March 31, 2015. In respect of UPSFC, provisional results are available for the year ended March 31, 2012.

The Bank has not incurred any obligation or made payment on behalf of associates mentioned in 4B and 4C (Except for WEBCON Consulting (India) Ltd.) above or otherwise provided guarantee or commitment for the losses made by the associates in excess of its investment value in the associates. SIDBI has incurred an amount of ₹2,23,013/- towards appointment of MD, WEBCON Consulting (India) Ltd. and recovered an amount of ₹1,11,506/- from the company. Balance amount ₹1,11,507/- is recoverable from the company.

5. Details of significant transactions with associates are as under:

Sr. No.	Name of the Associate	Particulars	Disbursements	Repayments (including interests)
1	DFC	Refinance assistance	-	5,45,96,792

6 As against depreciation policy of SIDBI whereby assets are depreciated on SLM / WDV at pre-determined rates, the subsidiaries and associates compute depreciation on SLM/ WDV basis as per Schedule II of the Companies Act, 2013. Thus out of the total depreciation of ₹20,14,10,951 (Previous Year ₹14,10,29,220) included in Consolidated Financial Statements, ₹9,02,387 being 0.45% (Previous Year ₹6,80,200 being 0.48%) of the amount is determined based on Depreciation provided as per the Companies Act, 2013.

7 As all shares of the subsidiaries are owned by SIDBI directly or indirectly, no separate disclosure relating to minority interest is reflected.

8 Aggregate remuneration paid to whole time director of SVCL is ₹57,23,206 (Previous Year ₹52,90,989) and Mudra Ltd. is ₹67,46,805 (Previous Year ₹37,15,637).

## Additional Notes to Consolidated Accounts

(₹)

9.	Earning Per Share (EPS)*:	March 31, 2017	March 31, 2016
	Net Profit considered for EPS calculation	1228,92,15,058	1248,17,52,371
	Weighted Average Number of equity shares of face value ₹10 each	52,18,38,283	47,34,05,205
	Earning per share	23.55	26.37
	*Basic & Diluted EPS are same as there are no dilutive potential Equity Shares.		
10	As per the Accounting Standard 22, Accounting for Taxes on Income, the Bank has reviewed the Deferred Tax Expenditure / Saving and recognised an amount of ₹20,13,83,841/- as Deferred Tax Asset (Previous year - Deferred Tax Asset was ₹80,77,02,628/-) in the Profit and Loss Account for the year ended March 31, 2017. The Break up of Deferred Tax Asset/ (Liability) as on March 31, 2017 is as follows :		
S. No	Timing Difference	FY 2016-17 (₹)	FY 2015-16 (₹)
		Deferred Tax Asset/(Liability)	Deferred Tax Asset/(Liability)
1	Provision for Depreciation	95,74,653	(1,09,719)
2	Special Reserve u/s 36(1)(viii) of the Income Tax Act 1961	(421,81,48,976)	(397,58,92,976)
3	Provisions for Bad & Doubtful Debts	211,36,06,638	212,05,54,201
4	Amortisation of Premium on GOI Bonds	(7,32,66,842)	(8,79,10,650)
5	Provision for Restructuring of Accounts	3,73,31,705	14,02,21,289
6	Others	191,48,56,181	138,57,07,372
	Net deferred tax Asset/(Liability)	(21,60,46,641)	(41,74,30,483)
11	Contingent Liabilities		
	SVCL has disputed liability towards municipal taxes, the amount of which cannot be determined.		
12	Additional statutory information disclosed in separate financial statements of the parent and the subsidiaries have no bearing on the true and fair view of the Consolidated Financial Statements and also the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statements in view of the general clarification issued by the Institute of Chartered Accountants of India (ICAI).		



## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

1	Capital Adequacy		
Sr. No.	Particulars	FY 2016-17	FY 2015-16
i)	Common Equity*	Not Applicable	Not Applicable
ii)	Additional Tier 1 capital*	Not Applicable	Not Applicable
(iii)	Total Tier 1 capital	14,500.49	12,264.02
(iv)	Tier 2 capital	340.23	383.75
v)	Total Capital ( Tier 1+Tier 2)	14,840.72	12,647.77
vi)	Total Risk Weighted Assets (RWAs)	48,234.34	41,189.02
vii)	Common Equity Ratio ( Common Equity as a percentage of RWAs) *	Not Applicable	Not Applicable
viii)	Tier 1 Ratio ( Tier 1 capital as a percentage of RWAs)	30.06%	29.77%
ix)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	30.77%	30.71%
x)	Percentage of the shareholding of the Government of India	15.40	7.59
xi)	Amount of equity capital raised	44.94	36.98
xii)	Amount of Additional Tier 1 capital raised; of which	-	-
	a) Perpetual Non-Cumulative Preference Shares (PNCPS):	-	-
	b) Perpetual Debt Instruments (PDI)	-	-
xiii)	Amount of Tier 2 capital raised; of which	-	-
	a) Debt capital instruments:	-	-
	b) Perpetual Cumulative Preference Shares (PCPS)	-	-
	c) Redeemable Non-Cumulative Preference Shares (RNCPS)	-	-
	d) Redeemable Cumulative Preference Shares (RCPS)	-	-
* The figures are not being calculated at present, since BASEL-III is not applicable.			

(₹ Crore)

2.	Free Reserves and Provisions		
(a)	Provision on Standard Assets		
	Particulars	FY 2016-17	FY 2015-16
	Provisions towards Standard Assets (cumulative)	340.23	328.56
(b)	Floating Provisions		
	Opening balance in the floating provisions account	2,333.91	2,639.91
	The quantum of floating provisions made in the accounting year	-	-
	Amount of draw down made during the accounting year	276.10**	306.00*
	Closing balance in the floating provisions account	2,057.81	2,333.91
	* Amount was utilised for making NPA/NPI provision in respect of one borrower account as per approval received from RBI vide letter No.DBR.FID.No.1164/03.01.11/2015-16 dated July 21, 2015		
	** Amount was utilised for making NPA/NPI provisions in respect of 3 borrower accounts as per the Bank's policy on floating provision.		

## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

3.	Asset Quality and specific provisions		
	(a) Non-Performing Advances		
	Particulars	FY 2016-17	FY 2015-16
	(i) Net NPAs to Net Advances (%)	0.44%	0.73%
	(ii) Movement of NPAs (Gross)		
	(a) Opening balance	1,008.18	741.11
	(b) Additions during the year	354.03	536.83
	(c) Reductions during the year	538.93	269.76
	(d) Closing balance	823.28	1,008.18
	(iii) Movement of Net NPAs *		
	(a) Opening balance	481.41	431.44
	(b) Additions during the year	(2.75)	94.35
	(c) Reductions during the year	176.41	44.38
	(d) Closing balance	302.25	481.41
	(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	526.77	309.67
	(b) Provisions made during the year	356.78	442.48
	(c) Write of / write back of excess provisions	362.52	225.38
	(d) Closing balance	521.03	526.77
	*The Net NPA will be NIL for the current year and previous year , if the amount of floating provision is adjusted against the same.		
	(b) Non-Performing Investments		
	Particulars	FY 2016-17	FY 2015-16
	(i) Net NPIs to Net Investments (%)	0.00%	1.36%
	(ii) Movement of NPIs (Gross)		
	(a) Opening balance	621.14	529.85
	(b) Additions during the year	1.27	148.55
	(c) Reductions during the year	202.81	57.26
	(d) Closing balance	419.60	621.14
	(iii) Movement of Net NPIs		
	(a) Opening balance	101.26	149.40
	(b) Additions during the year	(62.51)	(38.69)
	(c) Reductions during the year	38.75	9.45
	(d) Closing balance	0.00	101.26
	(iv) Movement of provisions for NPIs (excluding provisions on standard assets)		
	(a) Opening balance	519.88	380.45
	(b) Provisions made during the year	63.78	187.24
	(c) Write of / write back of excess provisions	164.06	47.81
	(d) Closing balance	419.60	519.88

## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

	(c ) Non-Performing Assets (a+b)								
	Particulars			FY 2016-17		FY 2015-16			
	(i) Net NPAs to Net Assets (Advanced + investments) (%)			0.40%		0.80%			
	(ii) Movement of NPAs (Gross Advances + Gross investments)								
	(a) Opening balance			1,629.32		1,270.96			
	(b) Additions during the year			355.30		685.38			
	(c) Reductions during the year			741.74		327.02			
	(d) Closing balance			1,242.88		1,629.32			
	(iii) Movement of Net NPAs								
	(a) Opening balance			582.67		580.84			
	(b) Additions during the year			(65.26)		55.66			
	(c) Reductions during the year			215.16		53.83			
	(d) Closing balance			302.25		582.67			
	(iv) Movement of provisions for NPAs (excluding provisions on standard assets)								
	(a) Opening balance			1,046.65		690.12			
	(b) Provisions made during the year			420.56		629.72			
	(c) Write of / write back of excess provisions			526.58		273.19			
	(d) Closing Balance			940.63		1,046.65			
	(d) Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)								
No. of accounts where SDR has been invoked		Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place			
		Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA		
1		-	3.98*	-	-	-	3.98*		
* includes outstanding balance of equity investment.									
(e) Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)									
No. of accounts where banks have decided to effect change in ownership		Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
		Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
-		-	-	-	-	-	-	-	-
(f) Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)									
No. of project loan accounts where banks have decided to effect change in ownership			Amount outstanding as on the reporting date						
			Classified as standard		Classified as standard restructured		Classified as NPA		
-			-		-		-		-

## Additional consolidated disclosures as per RBI guidelines

₹Crore

(g)	Disclosure of Restructured Accounts																					
क्र. सं.	SI	→ Type of Restructuring →	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		→ Asset Classification →	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
		↓ / Details																				
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of Borrowers	0	0	7	-	7	-	-	-	-	-	91	23	40	-	154	91	23	47	-	161
		Amount outstanding	-	-	328.65	-	328.65	-	-	-	-	-	1,094.21	76.92	81.37	-	1,252.49	1,094.21	76.92	410.01	-	1,581.14
		Provision thereon	-	-	1.66	-	1.66	-	-	-	-	-	2.72	1.40	दर्शांना है	-	5.84	2.72	1.40	3.38	-	7.50
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	1	4	1	-	6	1	4	1	-	6
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	15.21	6.60	17.11	-	38.91	15.21	6.60	17.11	-	38.91
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.65	0.20	0.59	-	1.44	0.65	0.20	0.59	-	1.44
3	Upgradations to restructured standard category during the FY	No. of Borrowers	0	0	-	-	-	-	-	-	-	-	2	1	-3		-	2	1	-3	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	5.50	2.51	(8.01)		-	5.50	2.51	(8.01)	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.07	-	(0.07)		-	0.07	-	(0.07)	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	0				0	-					-35				-35	-35				-35
		Amount outstanding	-				-	-					(145.07)				(145.07)	(145.07)				(145.07)
		Provision thereon	-				-	-					(1.13)				(1.13)	(1.13)				(1.13)
5	Downgradations of restructured accounts during the FY	No. of Borrowers		0	-		-	-	-	-	-	-	-12	-7	19	-	-	-12	-7	19	-	-
		Amount outstanding		-	-		-	-	-	-	-	-	(61.06)	9.51	51.55	-	-	(61.06)	9.51	51.55	-	-
		Provision thereon		-	-		-	-	-	-	-	-	(0.35)	0.11	0.24	-	-	(0.35)	0.11	0.24	-	0.00

## Additional consolidated disclosures as per RBI guidelines

₹Crore

(g)	Disclosure of Restructured Accounts																					
Sr. No.	→ Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	→ Asset Classification →		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	↓ / Details																					
6	Write-offs of restructured accounts during the FY	No. of Borrowers			-1		-1	-	-	-	-	-	-18	-4	-18		-40	-18	-4	-19		-41
		Amount outstanding			(139.96)		(139.96)	-	-	-	-	-	(704.11)	(31.99)	(44.99)		(781.09)	(704.11)	(31.99)	(184.96)		(921.06)
		Provision thereon			6)		6)	-	-	-	-	-	(0.99)	(1.45)	(1.08)		(3.52)	(0.99)	(1.45)	(2.74)		(5.18)
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of Borrowers	-	-	6		6	-	-	-	-	-	29	17	39		85	29	17	45		91
		Amount outstanding	-	-	188.68		188.68	-	-	-	-	-	204.67	63.54	97.03		365.24	204.67	63.54	285.71		553.92
		Provision thereon	-	-	-		-	-	-	-	-	-	0.97	0.26	1.39		2.63	0.97	0.26	1.39		2.63
*Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).																						
<b>Note:</b> Figures at Sr. No. 2 includes increase in outstanding of ₹ 2.46 crore & provision of ₹ 1.26 crore in respect of existing borrowers. Figures at Sr. No.6 includes ₹ 761.18 crore (29 borrower) & provisions of ₹ 4.67crore which is reduction/recovery from existing restructured accounts by way of recovery.																						

## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

(h) Disclosures on Flexible Structuring of Existing Loans					
Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Previous Year FY 2015-16	1	52.87	-	15.99	22.49
Current Year FY 2016-17	-	-	-	-	-
(i) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on March 31, 2017.					
No. of accounts where S4A has been applied	Aggregate amount	Amount outstanding		Provision Held	
		In Part A	In Part B		
Classified as Standard	-	-	-	-	
Classified as NPA	-	-	-	-	
(j) Movement of Non-performing assets					
	Particulars	FY 2016-17		FY 2015-16	
	Gross NPAs as on April 01, 2016	1,629.32		1,270.96	
	Additions (Fresh NPAs) during the year	355.30		685.38	
	Sub total (A)	1,984.62		1,956.34	
	Less :-				
	(i) Upgradations	40.13		12.33	
	(ii) Recoveries (excluding recoveries made from upgraded accounts)	220.62		115.96	
	(iii) Technical / Prudential Write offs	294.35		198.73	
	(iv) Write offs other than those under (iii) above*	186.64		-	
	Sub-total (B)	741.74		327.02	
	Gross NPAs as on March 31, 2017 (A-B)	1,242.88		1,629.32	
* Sale of Loan Accounts (amounting ₹23.94 crore) to ARC under Advances and actual write off (₹ 163.60 crore) under Investments.					
(k) Write-offs and recoveries					
	Particulars	FY 2016-17		FY 2015-16	
	Opening balance of Technical / Prudential written off accounts as at April 1, 2016	1,377.70		1,233.02	
	Add : Technical / Prudential write offs during the year	294.35		198.73	
	Sub total (A)	1,672.05		1,431.75	
	Less : Actual write off	51.85		0.88	
	Less : Recoveries made from previously technical / prudential written off accounts during the year	46.52		53.17	
	Sub total (B)	98.37		54.05	
	Closing balance as at March 31, 2017 (A-B)	1,573.68		1,377.70	



## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

(l) Overseas Assets, NPAs and Revenue			
	Particulars	FY 2016-17	FY 2015-16
	Total Assets	-	-
	Total NPAs	-	-
	Total Revenue	-	-
(m) Depreciation and provisions on investments			
	Particulars	FY 2016-17	FY 2015-16
	(1) Investments		
	(i) Gross Investments	8,407.88	7,696.36
	(a) In India	8,407.88	7,696.36
	(b) Outside India	-	-
	(ii) Provisions for Depreciation	468.37	570.06
	(a) In India	468.37	570.06
	(b) Outside India	-	-
	(iii) Net Investments	7,939.51	7,126.30
	(a) In India	7,939.51	7,126.30
	(b) Outside India	-	-
	(2) Movement of provisions held towards depreciation on investments		
	(i) Opening balance	50.18	65.97
	(ii) Add: Provisions made during the year	0.61	-
	(iii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	-	-
	(iv) Less: Write off / write back of excess provisions during the year	-	-
	(v) Less: Transfer, if any, to Investment Fluctuation Reserve Account*	2.02	15.79
	(vi) Closing balance	48.77	50.18
* Transfer to Investment Fluctuation Reserve is net of provision of ₹3.99 crore made during FY 2016-17 and ₹11.65 crore made during FY 2015-16.			
(n) Provisions and Contingencies		FY 2016-17	FY 2015-16
	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
	Provisions for depreciation/NPI on Investment #	(23.89)	(75.22)
	Provision towards NPA #	103.80	296.91
	Provision made towards Income tax (Including Deferred Tax Assets/Liability)	635.01	501.57
	Other Provision and Contingencies (with details)\$	11.68	13.18

# Net of write back of floating provision.

\$ Provision for standard asset.

## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

(o) Provisioning Coverage Ratio (PCR)			FY 2016-17	FY 2015-16	
	Provisioning Coverage Ratio (PCR)*		87%	79%	
* Floating provision has not been considered while calculating PCR.					
4.	Investment portfolio: constitution and operations				
	(a) Repo Transactions				
		Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2017
	Securities sold under repo				
	i. Government securities	-	-	-	-
	ii. Corporate debt securities	-	-	-	-
	Securities purchased under reverse repo				
	i. Government securities	-	-	-	-
	ii. Corporate debt securities	-	-	-	-
(b) Disclosure of Issuer Composition for Investment in Debt Securities					
		Amount of			
Issuer	Amount	Investment made through private placement	Below Investment Grade Securities Held	Unrated securities held	Unlisted securities
(1)	(2)	(3)	(4)	(5)	(6)
PSUs	589.47	-	-	-	366.46
FIs	680.80	99.99	-	61.73	146.65
Banks	1,554.42	115.00	-	-	-
Private Corporates	1,081.99	308.86	-	392.71	352.59
Subsidiaries/Joint ventures	0.00	0.00	-	0.00	0.00
Others	4,099.95	746.73	-	746.73	4,126.72
Provision held towards depreciation	(463.92)				
Total	7,542.71	1,270.58	-	1,201.17	4,992.42
(c) Sale & transfers of securities to /from HTM category: During the current FY, the Bank shifted investments in Venture Capital Funds from HTM to AFS category in accordance with extant RBI guidelines. Except for the above, there was no shifting of investments to/from HTM category.					
5.	Details of Financial Assets purchased/ sold				
	(a) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction				
	(i) Details of Sales				
	Particulars		FY 2016-17	FY 2015-16*	
	(i) No. of accounts (borrower)		1	-	
	(ii) Aggregate value (net of provisions) of accounts sold to SC/RC		13.17	-	
	(iii) Aggregate consideration		27.66	-	
	(iv) Additional consideration realized in respect of accounts transferred in earlier years		0	-	
	(v) Aggregate gain / loss over net book value		14.49	-	

\* During the FY 2015-16, one prudentially written off borrowal account amounting to ₹7.02 crore (principal with interest/other dues) was sold to ARC for the aggregate consideration of ₹5.25 crore.

## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

	(ii) Details of Book Value of Investments in Security Receipts		
	Particulars	Book value of investments in security receipts	
		FY 2016-17	FY 2015-16
	(i) Backed by NPAs sold by the AIFI as underlying	9.49	-
	(ii) Backed by NPAs sold by banks / other financial institutions / non-banking financial companies as underlying	0.00	-
	Total	9.49	-
	(b) Details of Non Performing Financial Assets Purchased / Sold		
	(i) Details of non performing financial assets purchased:		
	Particulars	FY 2016-17	FY 2015-16
	1. (a) No. of accounts purchased during the year	-	-
	(b) Aggregate outstanding	-	-
	2. (a) Of these, number of accounts restructured during the year	-	-
	(b) Aggregate outstanding	-	-
	(ii) Details of non performing financial assets sold:		
	Particulars	FY 2016-17	FY 2015-16
	No. of accounts sold	1	-
	Aggregate outstanding	23.04	-
	Aggregate consideration received	27.66	-
6.	Operating Results		
	Particulars	FY 2016-17	FY 2015-16
	(i) Interest income as a percentage to average working funds	7.59	8.41
	(ii) Non-interest income as a percentage to average working funds	0.44	0.40
	(iii) Operating profit as a percentage to average working funds (before provisions)	2.28	2.84
	(iv) Return on average assets (before provisions for taxation)	2.17	2.50
	(v) Net Profit per employee (₹ crore)	1.05	1.18
7.	Credit Concentration risk		
	Particulars	FY 2016-17	FY 2015-16
	(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	548.72	469.58
	(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-

## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

7.	Credit Concentration risk								
	Particulars						FY 2016-17	FY 2015-16	
	(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;						-	-	
	(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds `does not fully cover the advances;						-	-	
	(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;						-	-	
	(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;						-	-	
	(vii) bridge loans to companies against expected equity flows / issues;						-	-	
	(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;						-	-	
	(ix) financing to stockbrokers for margin trading;						-	-	
	(x) all exposures to Venture Capital Funds (both registered and unregistered)						749.79	567.53	
	Total Exposure to Capital Market						1,298.51	1,037.11	
	(b) Exposure to Country risk								
	The bank had no overseas exposure during the current year and previous year.								
(c) Prudential Exposure Limits - Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the AIFI									

S. No.	PAN Number	Borrower Name	Industry Code	Industry Name	Sector	Amount Funded	Amount Non-Funded	Exposure as %tage to capital Funds
-	-	-	-	-	-	-	-	-

ii) Credit exposure as percentage to capital funds and as percentage to total assets, in respect of :					
S. No.	Particulars	FY 2016-17		FY 2015-16	
		As % to Total Assets	As % to Capital funds	As % to Total Assets	As % to Capital funds
1.	The largest single borrower	16.91	100.40	9.61	62.00
	The largest borrower group	As large borrowers are Primary lending Institutions, the concept of borrower group is not applicable.			
2	The 20 largest single borrowers	71.47	424.25	60.55	390.74
	The 20 largest borrower group	As large borrowers are Primary lending Institutions the concept of borrower group is not applicable.			

## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

	iii) Credit exposure to the five largest industrial sectors as percentage of total loan assets						
Sr. No.	Name of Industry	FY 2016-17		FY 2015-16			
		Amount Outstanding	% to total loan assets	Amount Outstanding	% to total loan assets		
	Transport Equipment	1,887.10	2.54	1,474.46	2.14		
	Textile (Including Jute)	1,202.62	1.62	1,045.63	1.52		
	Metal Products	1,196.79	1.61	892.23	1.30		
	Hotels	696.67	0.94	660.96	0.96		
	Rubber & Plastic products	674.80	0.91	508.54	0.74		
	(iv) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is ₹52.01 crore as on March 31, 2017 and the estimated value of intangible security as on March 31, 2017 is ₹30.00 crore.						
	(v) The bank had no factoring exposure during the current year and previous year.						
	(vi) The bank had not exceeded the Prudential Exposure Limits during the ccurrent year and previous year.						
	(d) Concentration of borrowings /lines of credit, credit exposures and NPAs						
	(i) Concentration of borrowings and lines of credit						
	Particulars			FY 2016-17	FY 2015-16		
	Total borrowings from twenty largest lenders			49,658.04	46,538.65		
	Percentage of borrowings from twenty largest lenders to total borrowings			73.71%	73.95%		
	(ii) Concentration of Exposures						
	Particulars			FY 2016-17	FY 2015-16		
	Total advances to twenty largest borrowers			52,805.39	49,219.30		
	Percentage of advances to twenty largest borrowers to Total Advances			71.13%	71.46%		
	Total Exposure to twenty largest borrowers / customers			65,657.52	54,551.10		
	Percentage of exposures to twenty largest borrowers / customers to Total Exposure			64.44%	62.86%		
	(iii) Sector-wise concentration of exposures and NPAs						
Sr. No.	Sector	FY 2016-17			FY 2015-16		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
I.	Industrial sector	63,518.56	823.28	1.30%	60,950.50	690.29	1.13%
	1 Central Government	-	-	-	-	-	-
	2 Central PSUs	-	-	-	-	-	-
	3 State Governments	-	-	-	-	-	-
	4 State PSUs	861.13	1.10	0.13%	1,250.86	2.26	0.18%
	5 Scheduled Commercial Banks	51,248.41	-	-	47,960.71	-	-
	6 Regional Rural Banks	277.04	-	-	-	-	-
	7 Co-operative banks	-	-	-	-	-	-
	8 Private sector (excluding banks)	11,131.98	822.18	7.39%	11,738.93	688.03	5.86%
II.	Micro-finance sector	3,393.44	-	-	2,772.53	317.89	11.47%
III.	Others*	7,850.83	-	-	5,677.55	-	-
	Total (I+II+III)	74,762.83	823.28	1.10%	69,400.58	1,008.18	1.45%

\* includes advances to NBFCs and Small Finance Banks.

## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

8.	Derivatives				
	(a) Forward Rate Agreement / Interest Rate Swap				
Sr. No	Particulars	FY 2016-17	FY 2015-16		
i)	The notional principal of swap agreements	-	-		
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-		
iii)	Collateral required by the bank upon entering into swaps	-	-		
iv)	Concentration of credit risk arising from the swaps	-	-		
v)	The fair value of the swap book	-	-		
	(b) Exchange Traded Interest Rate Derivatives				
Sr. No	Particulars	FY 2016-17	FY 2015-16		
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument - wise)	-	-		
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31 (instrument - wise)	-	-		
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument - wise)	-	-		
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument - wise)	-	-		
	(c ) Disclosures on risk exposure in derivatives				
	(i) Qualitative Disclosures				
	(1) The Bank uses Derivatives for hedging of interest rate and exchange risk arising out of mismatch in the assets and liabilities. All derivatives undertaken by Bank are for hedging purposes with underlying as Foreign Currency borrowings, which are not MTM, but only translated. The Bank does not undertake trading in Derivatives.				
	(2) Internal Control guidelines and accounting policies are framed and approved by the Board. The derivative structure is undertaken only after approval of the competent authority. The particulars of derivative details undertaken are also reported to ALCO/Board.				
	(3) The Bank has put systems in place for mitigating the risk arising out of derivative deals. The Bank follows the accrual method for accounting the transactions arising out of derivative deals.				
	(ii) Quantitative Disclosures				
Sr. No.	Particulars	FY 2016-17		FY 2015-16	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1	Derivatives ( Notional Principal Amount )	9,108.09		7,891.12	
(i)	For hedging	9,108.09	-	7,891.12	-
(ii)	For trading	-	-	-	-
2	Marked to Market Positions [1]	(122.27)		318.52	
(i)	Asset (+)	(122.27)	-	318.52	-
(ii)	Liability (-)	-	-	-	-
3	Credit Exposure [2]	747.61	-	874.20	-
4	Likely impact of one percentage change in interest rate ( 100* PV01)	204.22		228.39	
(i)	On hedging derivatives	204.22	-	228.39	-
(ii)	On trading derivatives	-	-	-	-
5	Maximum and Minimum of 100*PV01 observed during the year				
(i)	On hedging	258.27/204.22	-	228.39/161.58	-
(ii)	On trading	-	-	-	-

## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

9.	Disclosure of Letters of Comfort (LoCs) issued by AIFIs The particulars of Letters of Comfort (LoCs) issued during the year, assessed financial impact, and assessed cumulative financial obligations under the LoCs issued in the past and outstanding is as under:									
	LoCs outstanding as on March 31, 2016		LoC issued during the year		LoCs redeemed during the year		LoCs outstanding as on March 31, 2017			
	No of LoC	Amount	No of LoC	Amount	No of LoC	Amount	No of LoC	Amount		
	2	3.27	5	10.41	6	11.88	1	1.80		
10.	Asset Liability Management									
		1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 year & up to 5 years	Over 5 years	Total
	Deposits	10.00	4.00	87.00	107.00	393.00	22,369.00	516.00	500.00	23,986.00
	Advances	924.77	4,123.00	5,715.87	7,065.76	12,541.81	28,932.96	12,381.00	2,557.00	74,242.17
	Investments	3,584.97	19.13	120.41	72.07	392.14	17.42	609.00	4,916.10	9,731.24
	Borrowings	1,772.00	3,925.00	11,151.00	53.00	4,617.00	10,601.00	4,449.00	6,876.00	43,444.00
	Foreign Currency assets	18.00	31.00	177.00	104.00	224.00	992.00	470.00	995.00	3,011.00
	Foreign Currency liabilities	-	-	381.00	53.00	455.00	2,683.00	2,076.00	5,574.00	11,222.00
11.	Draw Down from Reserves There is no draw down from Reserves during the current year and previous year									
12.	Business Ratios									
	Particulars						FY 2016-17		FY 2015-16	
	Return on average Equity (before provisions for taxation)						14.68		16.44	
	Return on average assets (before provisions for taxation)						2.17		2.50	
	Net Profit per employee (₹ crore)						1.05		1.18	
13.	Disclosure of Penalties imposed by RBI RBI had not imposed any penalty on the Bank during the current year and previous year.									
14.	Customer Complaints									
	Particulars						FY 2016-17		FY 2015-16	
	No. of complaints pending at the beginning of the year						2		5	
	No. of complaints received during the year						67		59	
	No. of complaints redressed during the year						67		62	
	No. of complaints pending at the end of the year						2		2	
15.	Off-Balance Sheet SPVs Sponsored The Bank had no Off-balance sheet SPVs sponsored during the current year and previous year.									
16.	Disclosure as per specific accounting standards									
	(a) Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in accounting policies Income in schedule XIII - 'other income' for FY 2016-17 includes Prior Period Income of ₹1,78,32,983 (Previous Year - ₹49,07,708) and Other expenditure in schedule XIV - 'Operating Expenses' for FY 2017 includes Prior Period Expenditure of ₹17,24,434 (Previous Year - ₹1,80,56,736).									
	(b) Accounting Standard 17 – Segment Reporting As required as per RBI master directions and Accounting Standard-17, the Bank has disclosed "Business segment" as the Primary Segment. Since the Bank and its subsidiaries operate in India, there are no reportable geographical segments. Under Business Segment, the Bank has identified Whole Sale Operations (Direct Lending), Whole Sale Operations (Refinance), Treasury and Other Business as its four reporting segments. The other business includes the operations of two subsidiaries of the Bank viz SIDBI Venture Capital Limited and SIDBI Trustee Company Limited.									



## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

Part A: BUSINESS SEGMENTS											
	Business Segments	Wholesale Operations (Direct Lending)		Wholesale Operations (Refinance)		Treasury		Other Business		Total	
	Particulars	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
1	Segment Revenue	1,243	1,362	5,107	4,241	520	541	18	16	6,888	6,160
	Exceptional Items									-	-
	Total									6,888	6,160
2	Segment Results	46	183	1,784	1,547	163	146	9	10	2,002	1,886
	Exceptional Items									-	-
	Total									2,002	1,886
	Unallocable Expenses									139	138
	Operating profit									1,863	1,748
	Income Tax (Net of write back)									635	502
	Share of profit in associates									1	2
	Net profit									1,229	1,248
3	Other information										
	Segment Assets	10,709	11,490	69,192	60,773	7,109	8,036	46	42	87,056	80,341
	Unallocated Assets									1,035	1,276
	Total Assets									88,091	81,617
	Segment Liabilities	7,497	8,108	60,207	53,931	5,037	6,243	5	4	72,746	68,286
	Unallocated Liabilities									1,794	1,894
	Total									74,540	70,180
	Capital / Reserves	3,215	3,339	6,577	5,629	3,733	2,447	26	22	13,551	11,437
	Total									13,551	11,437
	Total Liabilities									88,091	81,617
Part B: GEOGRAPHIC SEGMENTS - Nil											
(c ) Accounting Standard 18 – Related Party Disclosures											
	Items / Related Party	Parent (as per ownership or control)	Sub- sidiaries	Associates / Join ventures	Key Mana- gement Personnel @	Relatives of Key Mana- gement Personnel	Total				
	Borrowings#										
	Outstanding at the year end	-	-	-	-	-	-				
	Maximum during the year	-	-	-	-	-	-				
	Deposit#										
	Outstanding at the year end	-	-	-	0.26	-	0.26				
	Maximum during the year	-	-	-	0.41	-	0.41				
	Placement of deposits#										
	Outstanding at the year end	-	-	-	-	-	-				
	Maximum during the year	-	-	-	-	-	-				
	Advances#										
	Outstanding at the year end	-	-	-	-	-	-				
	Maximum during the year	-	-	-	-	-	-				
	Investments#										
	Outstanding at the year end	-	-	28.60	-	-	28.60				
	Maximum during the year	-	-	28.60	-	-	28.60				
	Non funded commitments#										
	Outstanding at the year end	-	-	-	-	-	-				
	Maximum during the year	-	-	-	-	-	-				
	Leasing arrangements availed#										
	Outstanding at the year end	-	-	-	-	-	-				
	Maximum during the year	-	-	-	-	-	-				

## Additional consolidated disclosures as per RBI guidelines

(₹ Crore)

	Leasing arrangements provided#						
	Outstanding at the year end	-	-	-	-	-	-
	Maximum during the year	-	-	-	-	-	-
	Purchase of fixed assets	-	-	-	-	-	-
	Sale of fixed assets	-	-	-	-	-	-
	Interest paid	-	-	-	0.02	-	0.02
	Interest received	-	-	4.92	-	-	4.92
	Rendering of services*	-	-	19.43	-	-	19.43
	Receiving of services*	-	-	-	1.41	-	1.41
	Management contracts*	-	-	-	1.31**	-	1.31**
	<p>@Whole time directors of the Board</p> <p># The outstanding at the year end and the maximum during the year are to be disclosed</p> <p>* Contract services etc. and not services like remittance facilities, locker facilities etc.</p> <p>** Remuneration to Key Management Personnel.</p>						
17	<p>Unamortised Pension and Gratuity Liabilities</p> <p>The pension and gratuity liability are provided for on the basis of an actuarial valuation made at the end of each financial year based on the projected unit credit method. The actuarial gains/ losses are taken to the profit and loss account and are not amortized.</p>						

BY ORDER OF THE BOARD

As per our report of even date

For Borkar & Muzumdar  
Chartered Accountant  
FRN. 101569W

U.J. Lalwani  
Chief General Manager  
(Corporate Accounts Vertical)

Manoj Mittal  
Deputy Managing  
Director

Ajay Kumar Kapur  
Deputy Managing  
Director

Darshit Doshi  
Partner  
M.No. 133755

Satyananda Mishra  
Director

R. Ramachandran  
Director

Mumbai. May 18, 2017

## Cash Flow Statement for the year ended March 31, 2017

(₹)

March 31, 2016	Particulars	March 31, 2017	March 31, 2017
	1. Cash Flow from Operating Activities		
1748,16,53,301	Net Profit before tax as per P & L Account		1863,00,06,890
	Adjustments for :		
14,10,29,220	Depreciation	20,14,10,951	
115,71,97,341	Provision for net depreciation in investments	61,30,31,066	
1,84,36,74,056	Provisions made (net of write back)	189,75,58,851	
(127,72,09,428)	Profit on sale of investments (net)	(234,88,06,643)	
(36,54,403)	Profit on sale of fixed assets	(35,54,143)	
(11,39,38,261)	Dividend Received on Investments	(11,98,96,737)	23,97,43,345
1922,87,51,826	Cash generated from operations (Prior to changes in operating Assets and Liabilities)		1886,97,50,235
	Adjustments for net changes in :		
(720,61,65,968)	Current assets	(335,97,77,242)	
153,84,62,354	Current liabilities	(419,37,68,002)	
568,94,34,285	Bills of Exchange	404,85,71,508	
(14315,93,09,845)	Loans & Advances	(5877,96,88,144)	
11683,81,21,162	Net Proceeds of Bonds and Debentures & other borrowings	1086,22,06,929	
7128,30,59,911	Deposits received	3411,79,89,717	
4498,36,01,899			(1730,44,65,234)
6421,23,53,725			156,52,85,001
(628,34,52,472)	Payment of Tax	(749,43,40,588)	(749,43,40,588)
5792,89,01,253	Net Cash flow from operating Activities		(592,90,55,586)
	2. Cash Flow from Investing Activities		
(18,09,51,990)	Net (Purchase)/Sale of fixed assets	(15,14,63,380)	
(4591,65,51,476)	Net (Purchase)/sale/redemption of Investments	1795,34,79,388	
11,44,81,179	Dividend Received on Investments	11,98,96,737	
(4598,30,22,287)	Net cash used in Investing Activities		1792,19,12,744
	3. Cash flow from Financing Activities		
1499,95,00,000	Proceeds from issuance of share capital & share premium	1999,99,99,999	
(139,92,95,746)	Dividend on Equity Shares & tax on Dividend	(113,95,59,966)	
1360,02,04,254	Net cash used in Financing Activities		18,86,04,40,033

## Cash Flow Statement for the year ended March 31, 2017

(₹)

March 31, 2016	Particulars	March 31, 2017	March 31, 2017
2554,60,83,220	4. Net increase/(decrease) in cash and cash equivalents		3085,32,97,191
1096,44,60,399	5. Cash and Cash Equivalents at the beginning of the period		3651,05,43,619
3651,05,43,619	6. Cash and Cash Equivalents at the end of the period		6736,38,40,810
	7. Cash and cash equivalents at the end of the period includes		
6,74,499	Cash in Hand		6,83,614
28,10,89,825	Current account balance with Bank		27,91,71,940
365,66,85,061	Mutual Funds		3584,73,20,553
3257,20,94,234	Deposits		3123,66,64,703
<p>Note : Cash Flow statement has been prepared as per the Indirect Method prescribed in AS-3 (Revised) 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India (ICAI)</p> <p>Significant Accounting Policies XV</p> <p>Notes to Accounts XVI</p>			

BY ORDER OF THE BOARD

As per our report of even date

For Borkar & Muzumdar  
Chartered Accountant  
FRN. 101569W

U.J. Lalwani  
Chief General Manager  
(Corporate Accounts Vertical)

Manoj Mittal  
Deputy Managing  
Director

Ajay Kumar Kapur  
Deputy Managing  
Director

Darshit Doshi  
Partner  
M.No. 133755

Satyananda Mishra  
Director

R. Ramachandran  
Director

Mumbai. May 18, 2017



भारतीय लघु उद्योग विकास बैंक  
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

**Head Office:** SIDBI Tower 15, Ashok Marg, Lucknow - 226001 (U.P.)  
Tel: +91 - 522 - 2288547-50, Fax: +91 - 522 - 2288455-59

## Branch Network

Regional Office	Branch Office
Ahmedabad	Ahmedabad, Gandhidham, Jamnagar, Morbi, Rajkot, Surat, Vadodara, Vatva
Bengaluru	Bengaluru, Hosur, Hubballi, Mysuru, Peenya
Kolkata	Bhubaneshwar, Jamshedpur, Kolkata, Patna, Ranchi, Rourkela,
Chennai	Ambattur, Chennai, Puducherry
Coimbatore	Coimbatore, Erode, Kochi, Madurai, Tirupur, Trichy
Chandigarh	Chandigarh, Jalandhar, Jammu, Ludhiana, Shimla
Faridabad	Faridabad, Gurugram
Guwahati	Guwahati, Agartala, Aizawl, Dimapur, Gangtok, Imphal, Itanagar, Shillong
Hyderabad	Balanagar, Hyderabad, Vijayawada, Visakhapatnam
Indore	Bhopal, Indore, Nagpur, Raipur
Jaipur	Alwar, Bhiwadi, Jaipur, Jodhpur, Kishengarh, Udaipur
Lucknow	Agra, Kanpur, Lucknow, Varanasi
Mumbai	Andheri, Panaji, Thane
New Delhi	Bahadurgarh, Dehradun, Ghaziabad, Greater Noida, Kundli, New Delhi, Noida, Okhla, Rudrapur
Pune	Ahmednagar, Aurangabad, Chinchwad, Kolhapur, Nasik, Pune





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SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA