



SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA  
*We empower Micro, Small & Medium Enterprises*

Annual Report 2012-13

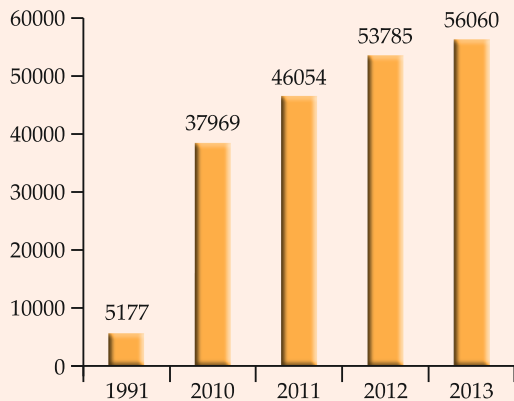
# The Helping Hand... SIDBI



## Highlights

**Portfolio Size**

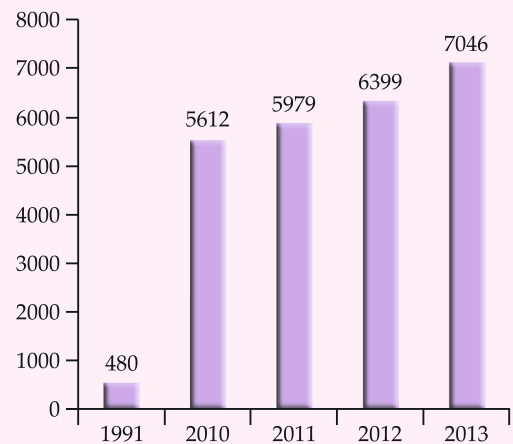
₹Crore



As at March 31

**Net Worth**

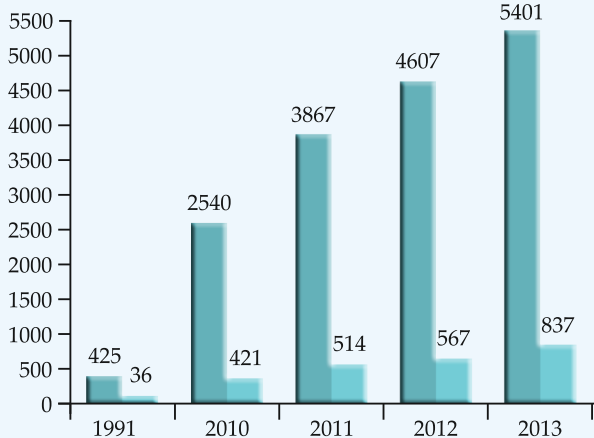
₹Crore



As at March 31

**Income & Profit**

₹Crore

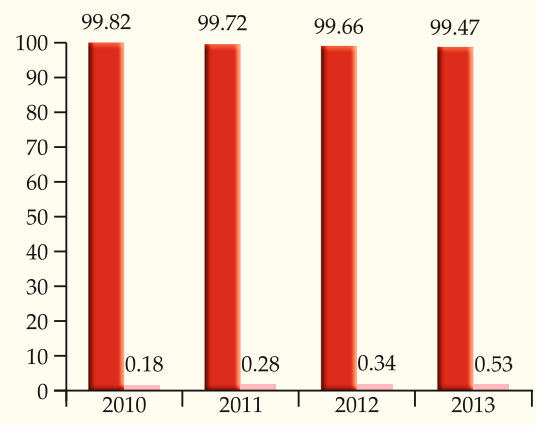


During the year ended March 31

■ Income ■ Profit

**Standard Assets & Net NPAs**

Percent



As at March 31

■ Standard Assets ■ Net NPAs



## Small Industries Development Bank of India

Report of the Board of Directors for the year ended March 31, 2013 submitted to the Central Government on July 18, 2013 in terms of Section 30 (5) of the Small Industries Development Bank of India Act, 1989.

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Consolidated Balance Sheet along with Profit and Loss Account and Cash Flow Statement of SIDBI including its associates and subsidiaries (Appendix -II)

## Letter of Transmittal

July 18, 2013

The Secretary  
Ministry of Finance  
Government of India  
New Delhi.

Dear Sir,

**Annual Accounts and Report of the Board on the working of SIDBI – FY 2012-13**

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

- (1) Copy of Annual Accounts of Small Industries Development Bank of India for the year ended March 31, 2013 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, 2013.

Yours faithfully



**(S. Muhnot)**

Chairman and Managing Director

Encl. : as above



## Board of Directors of SIDBI

*(As on August 31, 2013)*



Shri Amarendra Sinha



Shri Arvind Kumar



Shri P. A. Sethi



Shri J. Chandrasekaran



Shri B. Manivannan



Shri Prakash Bakliwal



Shri Anil Agrawal



Shri S. K. V. Srinivasan



Shri T. Satyanarayana Rao



Shri Ravi Narain



Shri Sushil Muhnot



Shri T. R. Bajalia



Shri N. K. Maini

# Committees of Directors

*(As on August 31, 2013)*

## **Executive Committee**

Shri Sushil Muhnot  
Shri N. K. Maini  
Shri T. R. Bajalia  
Shri B. Manivannan  
Shri P. A. Sethi  
Shri Ravi Narain

## **Audit Committee**

Shri Anil Agrawal  
Shri N. K. Maini  
Shri T. R. Bajalia  
Shri Arvind Kumar

## **Risk Management Committee**

Shri N. K. Maini  
Shri T. R. Bajalia  
Shri J. Chandrasekaran

## **Committee for Supervision of SFCs**

Shri Sushil Muhnot  
Shri N. K. Maini  
Shri T. R. Bajalia  
Shri Prakash Bakliwal

## **Special Committee to Monitor Large Value Frauds**

Shri Sushil Muhnot  
Shri N. K. Maini  
Shri T. R. Bajalia  
Shri Arvind Kumar  
Shri J. Chandrasekaran  
Shri Anil Agrawal

## **Information Technology Strategy Committee**

Shri P. A. Sethi  
Shri N. K. Maini  
Shri T. R. Bajalia  
Shri B. Manivannan

## **Customer Service Committee**

Shri P. A. Sethi  
Shri T. R. Bajalia  
Shri J. Chandrasekaran  
Shri Anil Agrawal

## **HR Steering Committee**

Shri Sushil Muhnot  
Shri T. R. Bajalia  
Shri Arvind Kumar  
Shri P. A. Sethi  
Dr. Chitra Rao (HR Professional)

## **Recovery Review Committee**

Shri Sushil Muhnot  
Shri N. K. Maini  
Shri T. R. Bajalia  
Shri Arvind Kumar  
Shri P. A. Sethi

## **Remuneration Committee**

Shri Arvind Kumar  
Shri B. Manivannan



## Mission

**To facilitate and strengthen credit flow to MSME and address both financial and developmental gaps in the MSME eco-system.**

## Progress at Glance

(₹ Crore)

Financial Year	1990-91	2009-10	2010-11	2011-12	2012-13
Outstanding Portfolio	5,176.8	37,969.0	46,053.6	53,785.1	56,059.8
<b>As on March 31</b>					
Items	1991	2010	2011	2012	2013
Capital-Authorised	500.0	1,000.0	1,000.0	1,000.0	1,000.0
-Paid-up	450.0	450.0	450.0	450.0	450.0
Reserves and Funds	44.9	5,457.2	5,868.4	6,327.9	7,053.3
Total Income (Net of provisions)	425.1	2,539.8	3,442.8	3,870.4	4,557.6
Net Profit	35.6	421.3	513.8	566.9	837.4
Dividend to Shareholders	5.0	112.5	112.5	112.5	112.5
Return on Avg. Outstanding Portfolio (%)	0.7	2.6	2.0	2.2	2.3
Standardised Assets as percentage of net outstanding portfolio	100	99.82	99.72	99.66	99.47
Capital to Risk Assets Ratio (%)	13.9	30.1	30.6	28.9	28.1

## Directors' Report : 2012-13

The Board of Directors of the Bank takes pleasure in presenting its Report the business and operations of your Bank for the financial year ended March 31, 2013.

Your Bank has been 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. This sector contributes immensely to the economic growth, entrepreneurship development, regional dispersions, financial inclusion and employment creation in the country. Nevertheless, the sector is beset with a number of challenges like lack of availability of adequate and timely credit, limited access to equity capital, delayed payments, procurement of raw materials at a competitive cost, lack of access to global markets, Inadequate infrastructure facilities, low level of technology modernization, lack of skilled manpower for manufacturing, services, marketing, revival of viable sick units, etc.

In order to address varied problems of the MSME sector, SIDBI's business strategy is oriented towards filling up the financial and non-financial gaps in the MSME eco-system. Some of the niche financial gaps being addressed by your Bank are risk capital / equity assistance, sustainable finance, factoring and reverse factoring, services sector financing, etc. The direct finance to these niche areas is supplementing and complementing the efforts of the banks / FIs to meet varied credit needs of the MSMEs.

### Business Performance

Your Bank's niche financial products business increased from ₹2,848 crore in FY 2011-12 to ₹3,585 crore in FY 2012-13 - a growth of 23%. Your Bank's outstanding portfolio increased by 4.2% to ₹56,060 crore as on March 31, 2013 from ₹53,785 crore. The cumulative disbursements as on March 31, 2013 stood at ₹2.85 lakh crore, benefiting more than 328 lakh person.

The total income of the Bank during the year was higher at ₹5,401.21 crore as compared to ₹4,606.63 crore during the previous year, due to growth in the overall portfolio. The total expenditure during the corresponding period was higher at ₹3,361.32 crore as compared to ₹2,796.21 crore during the previous year. The Profit before Tax for the year was ₹1,196.28 crore, compared to ₹1,074.14 crore in the previous year. The net profit after tax and Deferred Tax Adjustment for the year was higher at ₹837.35 crore after making provision (cumulative over 65%) towards standard Micro Finance Institution (MFI) and State Financial Corporation (SFC) portfolio to derisk the Bank from future shocks. The net profit included one time gain of ₹187 crore from Income Tax refund. A dividend of 25% was also decided for our shareholders.

### New Business Model - Progress

**Equity Support:** In order to address the gap in equity funding, SIDBI started providing risk capital / quasi equity to MSMEs through a specialized product called Growth Capital & Equity Assistance Scheme for MSMEs (GEMS). Under this scheme, SIDBI provides risk capital assistance to MSMEs by



way of Equity, Preference capital, sub-ordinated debt, Optionally Convertible Debentures, Optionally Convertible Debt, etc.

In the Union Budget for FY 2012-13, Government had announced the setting up of the India Opportunities Venture Fund [IOVF] with a corpus of ₹5,000 crore with the Bank, to enhance the availability of equity and similar financial products to MSMEs, including start-ups and early / growth stage enterprises. The IOVF has since been operationalised w.e.f. August 01, 2012. As on March 31, 2013, SIDBI has made a total commitment of over ₹400 crore under the Fund.

During FY 2012-13, with a view to channelizing growth capital / equity to the MSMEs in the Information & Communication Technology space, the Bank entered into an MoU with NASSCOM. As per the terms of arrangement, NASSCOM will screen the eligible enterprises within its pool of members and refer them to SIDBI for evaluation under risk capital/ other schemes of SIDBI.

**Sustainable Finance:** Sustainable development of MSMEs is critical to the economic development of India. Recognizing this need, the Bank has taken initiatives to promote Energy Efficiency & Cleaner Production in the MSME sector through specialized loan products and promotional activities. Your Bank has been operating focused lending schemes from various multilateral/bilateral international agencies. The main objective of these focused lending schemes is to reduce energy consumption, enhance energy efficiency, reduce CO<sub>2</sub> emissions and improve the profitability of the Indian MSMEs in their long run.

As on March 31, 2013, an aggregate assistance of more than ₹3300 crore has been provided to more than 6000 MSMEs for promoting EE.

**Receivable Finance:** Delayed payments is another concern of the MSME sector. In order to help the MSMEs for quicker realization of their receivables, SIDBI has designed a scheme called Receivable Finance Scheme (RFS) under which, exposure limits are approved for well-performing purchaser companies and MSME bills are discounted. The outstanding portfolio under RFS as on March 31, 2013 increased by 63% to ₹4,499 crore from ₹2,766 crore at the end of previous FY.

Government of India took a major initiative by passing Factoring Regulation Act, 2011 (12 of 2012) which has since been notified in April 2012. With the passing of the Act, Govt. has created a favourable legal environment for undertaking factoring activity. In order to create awareness amongst the MSMEs, the Bank took the initiative and conducted awareness seminars at 12 centres in different parts of the country.

Further, necessary action has been initiated by the bank to give effect to the budget announcement of setting up of Credit Guarantee Fund for Factoring with an initial corpus of ₹500 crore.

**Services Sector Financing:** Service sector contributes around 60% of the national GDP and also contributes significantly in employment generation. However, the MSE service sector gets only 50% of bank finance. Thus, there is a substantial gap in funding of service sector enterprises by the banking system as unlike the manufacturing businesses; they are usually not in a position to offer tangible

security like land and building. SIDBI has identified service sector as one of the thrust areas and adopted a flexible approach regarding security / collaterals available in such projects, repayment period, moratorium, etc.

### **Addressing Non-financial Gaps**

Your Bank has also taken strategic initiatives for addressing various non-financial gaps for capacity building of the MSME sector, as well as bankers.

**Entrepreneurship Promotion:** The first one is to address the information gap by ensuring availability of relevant information to MSMEs. For this, SIDBI set up a website called [www.smallB.in](http://www.smallB.in) to handhold and guide new entrepreneurs on how to set up a business, access to finance, government schemes, etc. The website also provides guidance to existing entrepreneurs how to access market, growth finance, and other relevant information to make them grow. The website has received over 13 lakh hits.

**Credit Advisory:** Further, the Bank has set up more than 300 Credit Advisory Centres in as many clusters to provide free consultancy services to MSMEs in the areas of how to fill up application form, access to finance, government schemes etc. More than 4500 MSMEs have already been interacted with.

**Loan Syndication:** Similarly, SIDBI has started to provide loan facilitation / syndication services to MSMEs to help them avail credit from banks/FIs. We have entered into partnership with 230 Accredited Consultants, 7 Rating agencies and MoU with 7 banks. Over 300 loan syndications have been made for MSMEs.

**Capacity Building of Small banks:** As a last mile credit connectivity to MSMEs, SIDBI has started capacity building of RRBs/UCBs / DCCBs to enable them to handle micro enterprise loans. So far, your Bank has entered into MoU with 19 RRBs/UCBs and under the Training of Trainers' programmes, about 81 officials of 22 RRBs/UCBs and 21 Knowledge Partners have participated.

**Poor States Development:** SIDBI is also implementing the Department for International Development (DFID), UK sponsored Poorest States Inclusive Growth (PSIG) Programme (Samridhi Programme) in the 4 low income states (Bihar, Odisha, Madhya Pradesh and Uttar Pradesh). With a budget of GBP 24.23 million, the programme (duration of 6 years) shall improve access of poor men and women to a variety of financial services.

### **Resources Management**

Your Bank raised resources aggregating ₹13,245.88 crore (₹ 12,562.32 crore domestic and ₹ 683.56 crore foreign) during FY 2012-13.

### **Rating of SIDBI Bonds**

During FY 2012-13, Credit Analysis and Research Ltd. (CARE) retained 'CARE AAA' (Triple A) rating in respect of outstanding debt issues of SIDBI, the Fixed Deposit Programme of upto ₹3,000 crore and 'CARE A1+' (A One Plus) rating for the CP / CD Programme of upto ₹4,000 crore. Similarly, CRISIL also retained 'CRISIL AAA/Stable' rating in respect of outstanding bonds and 'FAAA/stable' rating for the



Fixed Deposit Programme. During the year, SIDBI had raised ₹750 crore by way of bonds, out of which ₹400 crore was assigned 'CARE AAA' (Triple A) and the balance ₹350 crore was rated as CRISIL AAA/Stable. Instruments carrying the above ratings are considered to be of the best quality, carrying negligible investment risk.

RBI, in November, 2012, included SIDBI as an eligible borrower for availing of External Commercial Borrowing (ECB) for on-lending to MSME sector directly either in Indian Rupee or in Foreign Currency. This has opened up a new resource raising avenue for the Bank. For sensitizing MSME borrowers regarding ECB and the need for prudent risk management in the event of availing foreign currency borrowing, SIDBI, in association with the Federation of Indian Export Organisations (FIEO), organized three workshops in Chennai, Delhi and Mumbai during FY 2012-13 in which MSMEs who are exporters, participated. A few more workshops would be organized in FY 2013-14 for the benefit of MSME sector.

### **Human Resources**

As on March 31, 2013, Your Bank had on its rolls 1052 active full time staff comprising 886 officers, 98 Class III staff and 68 Subordinate staff. The strength of women employees is 228. Training of employees has always been pivotal for upgrading the quality of manpower and to cope with the changing business environment. During the year under review, Your Bank made 819 nominations for various inland, in-house and international training programmes organized by renowned training / academic institutions, out of which 148 nominees were women and 143 nominees belonged to reserved categories.

### **Associates and Subsidiaries**

SIDBI has positioned itself as a pioneer institution builder solely for the overall development and betterment of the MSMEs in India. Towards this, SIDBI is constantly working on building various institutional mechanisms to cater to the emerging needs of the MSME sector and has set up various subsidiaries / associates. The subsidiaries and associates concerns of SIDBI also have performed well during FY 2012-13.

**Venture Capital Support:** SIDBI Venture Capital Ltd. (SVCL) was established with the ₹100 crore National Venture Fund for Software and IT Industry [NFSIT]. In 2004, the ₹500 crore SME Growth Fund [SGF] was set up and the ₹670 crore India Opportunities Fund [IOF] was set up in the year 2012. During the year, the fourth fund viz., Samridhi Fund [SF] was set up with a major contribution from Department for International Development (DFID), UK - £35 million and SIDBI – ₹50 crore, with a focus on fostering inclusive growth in the 8 poorer states of India, viz. Bihar, Madhya Pradesh, Odisha, Uttar Pradesh, Rajasthan, Jharkhand, Chhattisgarh and West Bengal. The Samridhi Fund has received all requisite approvals and investment from the fund would commence during FY 2013-14.

Under NFSIT and SGF, SVCL has so far invested in 59 early and growth stage knowledge based companies. It has also fully or partially divested its investment in 40 of these 59 companies and returned ₹447.49 crore by way of redemption of units as well as profits to the contributors of these two funds.

**Credit Guarantee:** During FY 2012-13, Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) approved a total of 288,537 guarantees for an amount of ₹16,062.48 crore, registering a growth of 18% in terms of number and 17% in terms of amount, respectively over the previous financial year. Cumulatively, as at March 31, 2013, a total of 10,76,479 accounts have been accorded guarantee approval for credit worth of ₹52,600.07 crore.

**SME Rating:** SME Rating Agency of India Ltd. (SMERA) achieved considerable success in rating 21,342 MSMEs as on end March 31, 2013, of which Micro and Small Enterprises constitute more than 98%. It also achieved accreditation from Reserve Bank of India during the year.

**Asset Reconstruction:** India SME Asset Reconstruction Company Ltd. (ISARC) increased its assets under management from ₹368 crore to ₹638 crore during the year under review. The Company has recovered ₹17.85 crore from its acquired assets.

### Awards

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) – a DFI fraternity with membership of 131 institutions from 45 countries, honoured SIDBI with awards for two projects in 2013 for a) Energy Efficiency Improvements in Furnaces used in an SME Steel Industry Cluster in India; and b) WB-GEF Project: Financing Energy Efficiency in MSMEs under the category of Environmental Development.

### Acknowledgements

The Board of Directors of your Bank 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 Co-operation 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 for their continued resource 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 their continued support in the years to come. The Board places on record its appreciation for the services of SIDBI staff, at all levels, who showed strong commitment, integrity and dedication to take the Bank on to a higher growth path.



**S. Muhnot**

Chairman & Managing Director



**Micro, Small and Medium Enterprises –  
Performance and Outlook**



## Micro, Small and Medium Enterprises - Performance and Outlook

Global economy has started recovering from a decelerating growth trend, albeit amidst signs of diverging growth paths across major economies. The global economy has recovered from a negative growth of (-) 0.7 per cent in 2009 to 3.6 per cent in 2012-13. As per World Economic Outlook, published by International Monetary Fund in April, 2013, economic activity in advanced economies is expected to gradually accelerate, starting from the second half of 2013.

As per the latest data released by the Central Statistical Organization (CSO), the growth in Gross Domestic Product (GDP) at factor cost (at (2004-05 prices) is estimated at 5.0 per cent in 2012-13 with agriculture, industry and services registering growth rates of 1.9 per cent, 2.1 per cent and 7.1 per cent, respectively.

### Micro, Small and Medium Enterprises Sector

Micro, Small and Medium enterprises (MSMEs) across the world, including India are the vehicles for faster, sustainable and overall inclusive growth. In India, the MSME sector is a founding pillar of its socio-economic fabric. With more than 44.7 Million enterprises, this sector generates more than 101 million jobs-second largest after agriculture. It also contributes 40 per cent of total industrial manufacturing and 43 per cent of India's total exports. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by the MSME sector in addition to provide wide range of services. As per the latest available data, the MSME sector gross output showed a higher growth of 6.5% in FY 2011-12 (Table 1.1).

**Table 1.1 : Performance of MSMEs**

Year	Total Working Enterprise (In Lakh)	Enterprise (In Lakh)	Market Value of Fixed Assets (In Crore)	Gross Output (In Crore)
2006-07	361.76†	805.23†	868543.79*	1351383.45*
2007-08#	377.37	842.23	917437.46	1435179.26
2008-09#	393.70	881.14	971407.49	1524234.83
2009-10#	410.82	922.19	1029331.46	1619355.53
2010-11#	428.77	965.69	1094893.42	1721553.42
2011-12#	447.73	1012.59	1176939.36	1834332.05

† Including activities of wholesale/retail trade, legal, education & social services, hotel & restaurants, transports and storage & warehousing (except cold storage) for which data were extracted Economic Census 2005, Central Statistics Office, M/o SPI.

\* Estimated on the basis of per enterprises value obtained from sample survey of unregistered sector for activities wholesale/retail trade, legal, education & social services, hotel & restaurants, transports and storage & warehousing(except cold storage) which were excluded from Fourth All India Census of MSME, unregistered sector.

# Projected

Source : Annual Report FY 2012-13, Ministry of MSME, Government of India.

## Policy Environment

In order to promote growth and competitiveness in the MSME sector, the Government of India and Reserve Bank of India have been initiating a number of favourable measures. Some of the recent measures are:

### Union Budget 2013-14 Announcements

- To provide greater support to MSMEs, the refinancing capability of SIDBI was enhanced from the current level of ₹5,000 crore to ₹10,000 crore per year.
- SIDBI set up the India Microfinance Equity Fund in 2011-12 with budgetary support of ₹100 crore to provide equity and quasi-equity to Micro Finance Institutions (MFI). An amount of ₹104 crore has been committed to 37 MFIs. Another sum of ₹200 crore was allocated to the IME Fund in the budget.
- The Factoring Act 2011 has been passed by Parliament. A corpus of ₹500 crore would be provided to SIDBI to set up a Credit Guarantee Fund for Factoring.
- The non-tax benefits would be made available to an MSME unit for three years after it graduates to a higher category.
- With World Bank assistance, a sum of ₹2,200 crore would be provided during the 12th Plan period to set up 15 additional Tool Rooms and Technology Development Centres.
- The Ministry of Corporate Affairs will notify that funds provided to technology incubators located within academic institutions and approved by the Ministry of Science and Technology or Ministry of MSME will qualify as Corporate Social Responsibility expenditure.

### RBI Monetary and Credit Policy

- In the light of feedback received from stakeholders regarding enhancement in certain loan limits for being eligible to be classified as priority sector advances within the broad contours of the priority sector architecture, it has been proposed to:

"increase the loan limit for micro and small enterprises (MSEs) in the services sector, as defined in the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, from ₹2 crore to ₹5 crore per borrower."

### MSME Outlook

The prospects of the Indian economy and MSMEs appear positive. The economy is expected to move on a recovery path, with emergence of certain green shoots in terms of recovery in Index of Industrial Production (IIP), lower inflation, growing flow of foreign capital, etc. Some of the Government's

policy initiatives are expected to put the economy on a growth trajectory. Current account deficit is expected to be under control with softening of world commodity prices especially of crude oil, policy measures to reduce import of gold, compression in certain imports (non-essential nature), reduction in fiscal deficit and measures to enhance exports and capital inflows into India which include allowing Public Sector Financial Institutions to raise quasi-sovereign bonds to finance long term infrastructure, Liberalising ECB guidelines, Public Sector Undertaking oil companies to raise additional funds through ECBs and trade finance, Liberalising NRE/FCNR deposit schemes, etc. Further, speedy clearances of large projects and monitoring of their implementation, reduction in policy rates and greater flow of foreign capital induced by high level of global liquidity, etc. are expected to spur capex and industrial production.

The Government of India has also come out with some growth push measures like 20% procurement requirement from MSMEs by Central Ministry/Department/PSU, opening up of defence sector purchase from MSMEs and stipulation of minimum procurement of 30% from MSMEs in case of FDI in retail business. The Government and Reserve Bank of India are also closely monitoring and encouraging banks to augment credit flow to the MSME sector. All these measures are expected to make MSMEs stronger and more vibrant in the future.



**Strategic Business Initiatives  
and Overall Operations**



## Strategic Business Initiatives and Overall Operations

During FY 2012-13, SIDBI reoriented its business strategy towards filling up the financial and non-financial gaps in the MSME eco-system. Some of the niche financial gaps being addressed by SIDBI are risk capital / equity assistance, sustainable finance, factoring and reverse factoring, services sector financing, etc. The direct finance to these niche areas is supplementing and complementing the efforts of the banks / FIs to meet varied credit needs of the MSMEs.

SIDBI has also taken strategic initiatives for addressing various non-financial gaps for capacity building of the MSME sector, as well as bankers. These activities include entrepreneurship promotion through website 'www.smallB.in', Credit Advisory Services, Loan Facilitation, capacity building of small banks, etc. Brief highlights of some important business initiatives are enumerated in the following paragraphs:-

### Equity/Risk Capital

With a view to ameliorating the problems faced by the MSMEs in accessing equity capital and facilitating extension of bank's finance to MSMEs, SIDBI has started providing risk capital assistance to MSMEs directly as well as through Fund of Funds operation (i.e. through Venture Capital Funds). The risk capital assistance, unlike conventional loans, is offered on the backing of future cashflows of the unit rather than asset coverage / collaterals.

SIDBI had started the risk capital operations in 2009 under the MSME Risk Capital Fund (MSME- RCF) with a committed corpus of ₹ 2,000 crore. An amount of ₹1000 crore has been drawn out of MSME-RCF so far. Subsequently, India Opportunities Venture Fund (IOVF) of ₹5000 crore had been set up in terms of the announcement in the Union Budget for FY 2012-13 and the same had been operationalised with effect from August 01, 2012.

During FY 2012-13, with a view to channelising growth capital / equity to the MSMEs in the ICT (Information & Communication Technology) space, SIDBI entered into an MoU with NASSCOM. As per the terms of arrangement, NASSCOM would screen the eligible enterprises within its pool of members and refer them to SIDBI for evaluation under risk capital/ other schemes of SIDBI. Both the organizations would also explore and work on various avenues related to entrepreneurship like policy advocacy, structuring of new products, etc. for creating an enabling ecosystem for fostering entrepreneurship and development of MSMEs.

Further, SIDBI played an important role in co-ordinating and facilitating opening of 'smallB' branches by various commercial banks to focus on start-up financing. SmallB branches have been conceptualized for extending venture debt to angel invested entrepreneurs, thereby fostering innovations by MSMEs. SIDBI has been providing initial hand-holding to these branches in terms of conceptualization/formation of schemes, guidelines, screening of proposals, trainings, etc. In FY 2012-13, 10 such branches have been operationalized by commercial banks.

SIDBI also contracted a Line of Credit from KfW, Germany under "KfW Innovation Finance Programme" to foster a conducive environment for the development & diffusion of innovations; particularly, those relating to clean technologies, thus contributing to ecologically sustainable development in India and also global environmental and climate protection.

### TIFAC-SIDBI Technology Innovation Programme

SIDBI has executed a Memorandum of Understanding (MoU) with Technology Information, Forecasting and Assessment Council (TIFAC), Ministry of S&T, Govt. of India, for implementing the Technology Innovation Programme (Srijan Scheme). A revolving innovation fund of ₹ 30 crore has been created by TIFAC under the scheme. The main objective of the scheme is to support MSMEs towards development, up-scaling, demonstration and commercialization of innovative technology based projects. The Scheme provides concessional loan at flexible terms & interest rate to encourage / promote development / innovation of new technology / process / product and its commercialization. Under the scheme, assistance is provided upto ₹ 1 crore at a softer interest rate not more than 5% p.a. As on March 31, 2013, an amount aggregating to ₹ 551 lakh has been sanctioned to 7 units under the scheme.

### Promoting Energy Efficiency (EE) and Cleaner Production (CP)

Recognizing the need for promoting EE/CP and sustainable development in the MSME sector, SIDBI has taken several initiatives to promote Energy Efficiency & Cleaner Production in the MSME sector through loan products and promotional activities.

#### Energy Efficiency Lines of credit

SIDBI has been operating focused lending schemes for energy efficiency and cleaner production out of Lines of Credits from various bilateral agencies, viz. Japan International Cooperation Agency (JICA) Phase I- JPY 30 billion & Phase-II – JPY 30 billion, Agence Française de Développement (AFD) - Euro 50 million for promoting energy efficiency and Kreditanstalt für Wiederaufbau (KfW) - Euro 50 million and Euro 38.50 million for Cleaner Production. The main objective of these schemes is to reduce energy consumption, enhance energy efficiency, reduce CO<sub>2</sub> emissions and improve the profitability of the Indian MSMEs in the long run.

As on March 31, 2013, an aggregate assistance of more than ₹ 4,300 crore had been sanctioned and an amount of ₹ 3,300 crore disbursed to more than 6,000 MSMEs for promoting EE.

### Sustainable Finance Scheme

During the financial year, a new product, viz. Sustainable Finance Scheme (SFS) was launched with the objective to widen the scope of the Bank's offerings for sustainable development projects which lead to significant improvements in EE / CP / sustainable development, but are not covered under the present lines of credit from international / bilateral agencies. SFS aims to cover sustainable development projects including renewable energy projects, green buildings, investments in cleaner production technologies / equipment including waste management, Green micro finance, Expenditure on energy audit / environment compliance audit / pollution control consultancy services, green rating, BEE star rating and eco-friendly labeling, etc. The Scheme also offers suitably structured financial assistance to Energy Service Companies (ESCOs) and Original Equipment Manufacturers (OEMs) which manufacture energy efficient / cleaner production / green machinery / equipment.



Workshop on MSME Energy Saving Project

## Receivable Finance

SIDBI, through its Receivable Finance Scheme, helps to mitigate the problem of delayed payments to MSMEs in respect of their credit sales to large purchaser companies by offering them finance against bills of exchange / invoices arising out of such sales.

To introduce e-discounting in place of manual discounting process, an e-discounting module has been developed in-house. Once rolled out, the module is expected to enhance coverage and improve utilization under the limits. The existing operations under NSE Trade Receivables Engine for E-discounting (NTREES) are being scaled up through measures to improve efficiency in operations, besides bringing in additional checks and balances.

The outstanding portfolio under RFS as on March 31, 2013 increased to ₹4,499 crore from ₹2,767 crore at the end of previous FY, showing a growth of 63%.

## Factoring

The Govt. of India took a major initiative by passing Factoring Regulation Act, 2011 (12 of 2012) which has since been notified in April 2012. With the passing of the Act, the Government has created a favourable legal environment for undertaking factoring activity. In order to create awareness amongst the MSMEs, SIDBI took the initiative to conduct seminars at 12 centres in different parts of the country. The seminars were attended by industry associations, MSMEs, representatives from local offices of MSME –Directorate of Industries & Commerce, banks, NBFCs, etc. besides RBI officials at some select centres. During FY 2012-13, SIDBI approved indirect assistance of ₹150 crore to Factoring companies for factoring of MSME receivables, of which an amount of ₹40 crore was disbursed.



Seminar on Factoring : Potential & Opportunity

## Services Sector Financing

Services sector contributes to about 60% of the national GDP and also contributes significantly in employment generation. However, there is a substantial gap in funding of service sector enterprises by the banking system as unlike the manufacturing businesses, they usually do not create immovable assets like land and building. SIDBI has, therefore, created a separate Service Sector Vertical for identification of thrust areas for lending under service sector, charting out a focused business development strategy, encouraging product innovation suited to the needs of the industry, improving credit delivery and having in place a pricing policy which supports business growth linked to risk.

## Structured Finance

The Product Innovation and Review Committee (PIRC) of the Bank considers and approves product innovations and their test marketing. After testing of the product on pilot basis and assessing the business potential, products are launched with necessary risk mitigants. Further, structured arrangements with large corporates / industry associations or location specific products are also considered and approved by PIRC for the benefit of MSMEs. Highlights of a few of the structured arrangements approved in FY 2012-13 are given subsequently:

- An arrangement was approved for assisting customers of a leading provider of video editing solutions to photographers covering wedding and other events, the key product being Twister Pro, a linear video editing solution.
- A laser machinery manufacturing company was considered for extending assistance to MSME units for buying laser system / equipment / machinery used in gems and jewellery units in Ahmedabad and Surat, from the company.
- Arrangement for installing digital printing machines by small ceramic units at Morbi cluster was approved.
- An arrangement with a large paper manufacturing company was approved for providing financial assistance to MSME vendors in the areas of Energy Efficiency & Sustainability Financing.

## OVERALL OPERATIONS

The total MSME outstanding credit of the Bank increased by 4.2% to ₹ 56,060 crore as on March 31, 2013 (Table 2.1). The cumulative disbursement by SIDBI to the MSME sector since inception stood at over ₹ 2.85 lakh crore, benefitting more than 328 lakh persons in the MSME sector.

**Table 2.1 : Business Operation of SIDBI**

(₹ Crore)

Schemes	FY 2011-12		FY 2012-13	
	Disb. during FY	Outstanding (As on March 31)	Disb. during FY	Outstanding (As on March 31)
<b>A. Indirect Credit</b>				
Refinance	24,252.30	39,055.49	22,869.78	37,193.36
Micro Finance (including P&D Assistance)	239.42	1,575.85	323.03	1,132.49
Resource support to institutions/agencies	1,620.00	1,838.10	4,242.50	5,468.77
<b>Sub-total</b>	<b>26,111.72</b>	<b>42,469.44</b>	<b>27,435.31</b>	<b>43,794.62</b>
<b>B. Direct Credit</b>				
Term Loan under Direct Credit (Including Bulk Credit and Venture Capital)	4,234.20	8,683.51	1,556.39	8,021.16
MSME Receivable Finance	10,814.46	2,632.12	11,528.15	4,243.98
<b>Sub-total</b>	<b>15,048.66</b>	<b>11,315.63</b>	<b>13,084.54</b>	<b>12,265.14</b>
<b>Total Credit (A + B)</b>	<b>41,160.38</b>	<b>53,785.07</b>	<b>40,519.85</b>	<b>56,059.76</b>

### 1. Indirect Credit

Indirect credit comprises refinancing support to banks, State Financial Corporations (SFCs), Microfinance Institutions (MFIs) and resource support to various institutions and agencies. The outstanding of indirect credit increased by 3% to ₹ 43,795 crore as on March 31, 2013.



## 1.1. Refinance Assistance

With a view to enhancing refinance capability of SIDBI, the Government of India, through Budget announcements have been providing regular fund support under Rural Infrastructure Development Fund (RIDF). RBI allocated ₹ 5,289 crore during FY 2012-13 under RIDF to SIDBI as per the Union Budget 2013 announcement to incentivise banks and SFCs to lend to MSEs by refinancing 50% of their incremental lending to MSEs. Out of ₹ 5,289 crore allocated, SIDBI disbursed ₹ 3,191 crore for micro enterprises and ₹ 2,098 crore for small enterprises to banks.

## 1.2. Micro Finance

The cumulative disbursements (including loans, equity and quasi equity but excluding IMEF) under SIDBI's micro finance initiatives upto March 31, 2013 aggregated ₹7,404.43 crore. The outstanding micro credit portfolio of the Bank stood at ₹1,810.92 crore, as on March 31, 2013. The number of MFIs assisted by SIDBI and having loan outstanding with the Bank as on March 31, 2013 stood at 102. The assistance through SIDBI has benefited around 322 lakh disadvantaged people, most of them being women. Under IMEF (the scheme operationalised as per Union Budget 2011-12), a sum of ₹104.25 crore has been sanctioned upto March 31, 2013 out of which ₹73.25 crore stands disbursed as on March 31, 2013. The comparative operational highlights are given in the following tables 2.2 to 2.4.

**Table 2.2 : Assistance under Micro Credit Loans and Equity/ Quasi Equity Assistance**

(₹ Crore)

Sl. No	Particulars	FY 2011-12		FY 2012-13		Cumulative Disb.
		Disb.	Outstanding	Disb.	Outstanding	
1	Term Loans to MFIs	239.42	1,588.47	335.02	1,222.22	7,112.58
2	MEL - Direct Lending	2.13	6.80	0.04	3.54	12.25
3	Transformation Loan (TL) / Corpus Support for Transformation	0.00	8.64	0.00	1.85	19.05
4	Subordinate Debt	0.00	175.00	0.00	100.00	175.00
5	Equity Support	0.00	87.42	0.00	86.48	85.55
6	Optionally Convertible Cumulative Preference Shares	0.00	287.63	0.00	287.63	0.00
7	Compulsory Convertible Preference Shares	0.00	0.00	0.00	109.20	0.00
	<b>Total</b>	<b>241.55</b>	<b>2,153.96</b>	<b>335.06</b>	<b>1,810.92</b>	<b>7,404.43</b>

**Table 2.3: Capacity Building Assistance**

(₹ Crore)

Sr.	Particulars	2011-12	2012-13	Cumulative
		Disb.	Disb.	Disb.
1	Capacity Building grant to MFIs	0.11	0.15	59.09
2	Other capacity building grants	1.38	1.23	24.19
3	Risk Fund for smaller MFIs / Two-Tier MFIs	0.00	0.00	10.28
	<b>Total</b>	<b>1.49</b>	<b>1.38</b>	<b>93.56</b>

Table 2.4 : IMEF Operations

(₹ crore)

Schemes	FY 2011-12		FY 2012-13	
	Disb.	Outstanding	Disb.	Outstanding
Sub-Debt	0.00	0.00	44.50	44.50
Equity	0.00	0.00	8.25	8.25
Optionally Convertible Preference Shares	0.00	0.00	20.50	20.50
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>73.25</b>	<b>73.25</b>

### 1.3. Resource Support to Institutions

As a last mile connectivity to MSMEs, SIDBI has been channelising credit to NBFCs having linkages with the MSME sector. The disbursement and outstanding under resource support to such institutions during FY 2012-13 stood at ₹ 4,243 crore and ₹ 5,469 crore, registering a growth of 262% and 298%, respectively.

### 2. Direct MSME Credit

SIDBI also provides direct credit to MSMEs, mainly to supplement and complement the efforts of banks and FIs in providing credit to the sector. Direct lending is primarily resorted to where gaps exist or in clusters or in niche areas like risk capital/equity assistance, sustainable finance, factoring and reverse factoring, services sector financing, etc. One of the major components of direct credit is MSME Receivable Financing which addresses the problem of delayed payment.

Further, to address the huge shortfall in availability of equity capital to MSMEs, SIDBI has been extending risk / venture capital assistance both directly and indirectly to MSMEs. During FY 2012-13, SIDBI extended equity related assistance aggregating ₹ 152 crore. Cumulatively, SIDBI has committed ₹ 667 crore to 388 MSMEs under this scheme.

#### 2.1. Non-Fund based Facility

The Bank also provides various non-fund based services like Letters of Credit (both foreign and inland), Guarantees, services for appraisal, loan syndication, etc. in addition to services provided within the traditional banking framework. Summary of business under non-fund based facility during FY 2012-13 is provided in Table 2.5.

Table 2.5: Non-Fund Based Business

(₹ Crore)

Particulars	FY 2011-12		FY 2012-13	
	No.	Outstanding	No.	Outstanding
Foreign Letters of Credit	85	64.64	69	62.19
Inland Letters of Credit	18	0.90	11	2.45
Guarantee Scheme	94	52.03	107	52.90
<b>Total</b>	<b>197</b>	<b>117.57</b>	<b>187</b>	<b>117.54</b>

## SIDBI as Nodal Agency for Government Schemes

In addition to its direct and indirect operations, SIDBI also plays a nodal agency role in implementation of various schemes for MSME sector undertaken by the Government of India (GoI), viz. Credit Linked Capital Subsidy Scheme (CLCSS) [Ministry of MSME], Technology Upgradation Fund Scheme for Textile Industry (TUFS) [Ministry of Textiles], Integrated Development of Leather Sector Scheme (IDLSS) [Ministry of Commerce & Industry], Scheme of Technology Upgradation / Setting up / Modernisation / Expansion of Food Processing Industries (FPTUFS) [Ministry of Food Processing Industries] and Technology and Quality Upgradation (TEQUP) Scheme [Ministry of MSME] to encourage MSMEs in adopting modern/energy efficient technologies.

During the year under review, capital subsidy claims of 565 eligible Micro and Small Enterprises (MSEs) directly assisted by SIDBI aggregating ₹ 40.92 crore were settled under CLCSS. Further, subsidy claims of 1969 MSEs amounting to ₹ 115.18 crore in respect of co-opted Primary Lending Institutions were also settled. Since the launch of the Scheme in October 2000, capital subsidy claims of 11,858 units aggregating ₹ 618.48 crore (cumulative) were settled. Similarly under TUFS, subsidy claims (both interest incentive subsidy & capital / margin money subsidy) of 264 eligible textile units for SIDBI's directly assisted cases amounting to ₹ 15 crore and subsidy claims aggregating ₹ 19.60 crore were settled in respect of the co-opted PLIs for their assistance to MSEs. Since the launch of the TUFS in April 1999, capital subsidy and interest incentive claims for an amount of ₹ 670 crore (cumulative) have been settled. Under IDLSS, which was launched in November 2005, cumulative claims of 1328 units aggregating ₹ 207.44 crore were settled including 234 units amounting to ₹ 29.42 crore during FY 2012-13. Under FPTUFS, subsequent to decentralization of the scheme from April 2007, 54 cases have been recommended for grant-in-aid amounting to ₹ 12.33 crore to the Ministry, against which subsidy aggregating ₹ 7.57 crore has been released to 35 units, assisted by SIDBI.

## Resources Management

Resources aggregating ₹13,245.88 crore were raised by SIDBI during FY 2012-13 as against ₹20,877.55 crore during FY 2011-12. The particulars of resources raised during FY 2012-13 are given in Table 2.6.

**Table 2.6: Resources raised by SIDBI** (₹ Crore)

	2011-12	2012-13
<b>A. Domestic Borrowings</b>		
MSE (Refinance) Fund	4710.88	5289.13
MSME (Risk Capital) Fund	0.00	500.00
India Opportunities Venture Fund	0.00	500.00
Fixed Deposits	841.64	664.71
Commercial Paper	4249.58	2058.48
Term Loan	265.00	2800.00
Unsecured Bonds	8830.00	750.00
<b>Sub-total</b>	<b>18,897.10</b>	<b>12,562.32</b>

Table 2.6: Resources raised by SIDBI (Contd....)

(₹ Crore)

	2011-12	2012-13
<b>B. Foreign Currency Borrowings</b>		
JICA VIII #	1122.56	404.49
KfW V @	0.00	70.79
KfW VI @	0.00	23.55
KfW VII @	54.00	0.00
World Bank II	521.07	7.77
World Bank III (IBRD Portion)	125.89	155.05
World Bank III (IDA Portion) ^	14.00	0.66
AfD *	135.74	0.00
Asian Development Bank	6.51	0.00
Grant from DFID, UK **	0.42	18.96
Grant under KfW	0.26	0.88
Grant under World Bank	0.00	1.41
<b>Sub-total</b>	<b>1,980.45</b>	<b>683.56</b>
<b>Total [A + B]</b>	<b>20,877.55</b>	<b>13,245.88</b>

# Japan International Cooperation Agency, Japan.

@ Kreditanstalt für Wiederaufbau, Germany.

^ International Development Association, World Bank.

\* Agence Francaise de Developpement, France

\*\* Department For International Development, U.K.

### Rating of SIDBI Bonds

During FY 2012-13, Credit Analysis and Research Ltd. (CARE) retained 'CARE AAA' (Triple A) rating in respect of outstanding debt issues of SIDBI, the Fixed Deposit Programme of ₹3,000 crore and 'CARE A1+' (A One Plus) rating for the CP / CD Programme of ₹4,000 crore. Similarly, CRISIL also retained 'CRISIL AAA/Stable' rating in respect of outstanding bonds and 'FAAA/stable' rating for the Fixed Deposit Programme. During the year, SIDBI had raised ₹750 crore by way of bonds, out of which ₹400 crore was assigned 'CARE AAA' (Triple A) and the balance ₹350 crore was rated as CRISIL AAA/Stable. Instruments carrying the above ratings are considered to be of the best quality, carrying negligible investment risk.

### Risk Management

SIDBI has put in place a comprehensive Credit Risk Management (CRM) system which is sensitive and responsive to various risks emanating from its business dealings. The framework for risk management in the Bank encompasses policies, organization structure, system and practices for identification, assessment / measurement, mitigation and monitoring of various risks of the Bank. The Bank has an Operational Risk Management (ORM) Policy which lays down guidelines and strategies on ORM. A Business Continuity Plan (BCP) has been formulated as part of the ORM framework. The Bank has also put in place an Asset Liability Management (ALM) System. The purpose of ALM is to manage liquidity and market risk including interest



rate risks. The function of ALM is to manage the gap between rate sensitive assets and liabilities in each maturity bucket and plan for funding the gap. The liquidity and interest rate risks of the Bank are managed by adopting Board approved limits, in addition to the regulatory limits. The risk of the investment portfolio is monitored by way of Value at Risk (VaR) and Duration Limits fixed by the Board.

As a move towards meeting Basel II norms, the Bank has initiated necessary steps for implementing the Integrated Risk Management System (IRMS), including setting up of systems and software for Credit Risk Management, Market Risk Management, Operational Risk Management and Internal Capital Adequacy Assessment Process (ICAAP). The financial 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 the Risk Management Committee of the Board.

### **NPA Management**

In order to improve the overall quality of assets of the Bank, the priority of the Bank is to reduce the present level of Non-Performing Assets (NPAs), prevent further slippages of accounts into NPA category and maximise recovery of NPAs by proper application of recovery tools. The stressed / defaulting accounts, both in indirect as well as direct portfolios, are being monitored intensively and appropriate recovery strategy is being adopted by the Bank on a case-to-case basis.

The system of constituting an in-house Default Review Committee (DRC) at the Operating Offices to monitor the NPA accounts and other accounts causing concern has become an effective monitoring tool. The meetings of DRCs at various Operating Offices are held regularly to decide about the strategy for recovery of dues and resolution of accounts causing concern and/or categorised as NPA.

In order to provide greater focus on monitoring of stressed accounts at HO level, a high level Committee of senior officials from HO Departments was constituted to review NPA and Stressed accounts under Direct assistance (having principal outstanding more than ₹1 crore and overdues more than 60 days old) so as to take appropriate remedial action well in time to prevent slippages. Further, in terms of directives of GoI, a Board level 'Recovery Review Committee' has also been constituted to review NPA cases having principal outstanding of ₹3 crore and above.

During FY 2012-13, the level of NPAs under Direct Assistance portfolio (after PWO), which stood at ₹249 crore as on March 31, 2012, increased to ₹364 crore as at March 31, 2013. The increase in NPAs is mainly attributed to adverse impact of the continued economic slowdown witnessed in the recent period. The Bank is taking necessary action including restructuring measures (under CDR mechanism and SIDBI's scheme), wherever found necessary, to help the borrowers in tiding over their liquidity problems. At the same time, the Bank has recovered ₹90.23 crore from NPA accounts under Direct Credit portfolio, including ₹32.96 crore recovery out of prudentially written off accounts where there were remote chances of recovery.

The Indirect Assistance portfolio (including Micro Finance) had also contributed to NPAs. The level of NPAs under Indirect Assistance portfolio, which stood at ₹125 crore as on March 31, 2012, increased to ₹190 crore as on March 31, 2013. The Bank has been taking a number of initiatives, including dialogues with the State Governments concerned, to safeguard its interests in respect of NPASFCs.

The net NPAs as a ratio of net outstanding of the Bank as at end March 2013 increased to 0.53 percent as compared to 0.34 percent as at end March 2012.



**Financial Inclusion and  
Sustainable Growth**

## Financial Inclusion and Sustainable Growth

Despite the slowdown in the micro finance sector following the Andhra Pradesh crisis, various positives have emerged thereby stabilizing the sector and its long term sustainability. SIDBI, on its part, has initiated a number of initiatives including promoting responsible micro financing, channelising micro credit to underserved regions, strengthening MFIs in terms of their capital base and capacity building. The initiatives are elaborated in the subsequent paragraphs.

### **Responsible Micro Financing**

SIDBI has always played a role in laying down of standards for the sector through measures like rating, portfolio audits, code of conduct, etc. Promoting responsible microfinance and adherence to a laid down Code of Conduct is a major contribution of SIDBI. The intervention is supported by the World Bank.

As part of its responsible finance initiative, SIDBI has created a Lenders' Forum comprising key MFI funders with a view to promote cooperation among MFI lenders for leveraging support to MFIs across the sector to promote more responsible lending practices. All the major lenders of MFIs have agreed to work together to impress upon the MFIs to implement a common set of loan covenants. Banks have also agreed to strictly examine and continuously monitor field level practices of their assisted MFIs like adherence to KYC norms, responsible recovery practices, etc. Pursuant to initiatives of SIDBI, Regional chapters of "Lenders Forum" have been set up for better co-ordination amongst lenders and closer interaction with the MFIs.

SIDBI, along with the industry associations for microfinance in India, viz. Micro Finance Institutions Network (MFIN) and Sa-Dhan, has put in place a unified Code of Conduct for microfinance institutions in the country. The code of conduct is the sector's initiative at self-regulation and encompasses all organizations engaged in extending financial services to the underserved, irrespective of their legal form of incorporation and size of portfolio. The code mandates MFIs to provide low income clients with access to financial services that are designed to meet their needs and are delivered in a manner that is ethical, transparent, and respectful of client's dignity and right to privacy of information.

SIDBI has been involved in development of a Code of Conduct Assessment (CoCA) Tool, which applies to providing credit services, recovery of credit, etc, for MFIs to assess their degree of adherence to the voluntary microfinance CoCA formulated by the MFIs. On completion of the pilot exercise, SIDBI has also undertaken a market development exercise to assess the CoCA of assisted MFIs. Further, the Bank has issued guidelines for undergoing CoCA by its five empanelled agencies, viz., Access ASSIST, ICRA Management Consulting Services Ltd., Micro Credit Ratings International Ltd., Prime M2i Consulting Services Ltd. and SME Rating Agency of India Ltd. The Bank shall reimburse 75% of the cost of CoCA subject to a maximum reimbursement of ₹1,50,000/-. A total of twenty eight assessments have since been undertaken and reports of sixteen MFIs have been placed in the public domain.

SIDBI has entered into an agreement with the MIX Market, USA for setting up of the India Microfinance Platform (IMFP), which is a global, web-based, microfinance information platform, a MIX market tailored for India i.e., the India Microfinance Platform (IMFP) - to provide and disseminate valuable

information on the Indian MFIs. The MFIs are required to submit financial and operational data, including HR / remuneration expenses, at certain intervals in a standardized format, thus enabling higher degree of transparency / disclosures with ease.

### **India Microfinance Equity Fund**

Subsequent to the announcement in the Union Budget 2011-12, the “India Microfinance Equity Fund” of ₹100 crore was set up with the primary objective of providing equity and quasi equity to smaller MFIs to help them maintain growth and achieve scale and efficiency in their operations. As at the end of March 31, 2013, the Bank has committed an amount of ₹104.25 crore to 37 MFIs out of which ₹73.25 crore was disbursed as on March 31, 2013.

### **Portfolio Risk Fund**

The Government of India has committed support of ₹150 crore under 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 for providing loan assistance to MFIs in the underserved states and underserved pockets/ districts in other states (with emphasis on SC, ST, Minority, OBC and women). The PRF corpus is available for a period of 5 years with effect from FY 2006-07 and aims to cover 50 lakh beneficiaries throughout the country.

Under PRF, the loan disbursement to eligible MFIs, during the year, stood at ₹160 crore, with utilization of ₹12 crore of the corpus fund. The assistance covered under PRF, during FY 2012-13, has benefited 1.46 lakh clients spread across 6 States. Cumulatively, as on March 31, 2013, the disbursement to eligible MFIs under PRF stood at ₹1752.22 crore, thereby utilizing ₹131.42 crore of the fund. So far, over 72 lakh persons have been benefitted under PRF.

### **Initiatives in the underserved States including North-Eastern Region**

Taking cognizance of the regional growth asymmetry in the sector and with a view to upscaling and widening the outreach of the micro finance operations, the Bank has been constantly taking several proactive steps to increase the flow of assistance to hitherto underserved areas, viz. North Eastern Region (NER) and other states like Rajasthan, Uttar Pradesh, Madhya Pradesh, Uttarakhand, Bihar, West Bengal, Jharkhand, Odisha, Chattisgarh, etc. These include development of local MFIs, inducing larger MFIs from the Southern states to expand outreach in these underserved areas, intensifying its effort in identifying suitable MFIs who have the potential of becoming long term partners and providing need based capacity building support to MFIs.

During the year under review, the total number of assisted MFIs in the underserved States reached to 50. The aggregate assistance sanctioned by way of term loans to MFIs in the underserved States, during the year, stood at ₹50 crore. The Bank has assisted 8 MFIs in the NER, besides 52 loan cases under Micro Enterprise Loans (MEL).

### **International Collaboration**

SIDBI has been collaborating with international agencies like World Bank, KfW, ADB, etc. to foster socio-economic empowerment of disadvantaged section of society, to promote grass root social entrepreneurship and above all, to spread responsible business in the MSME sector.

Some of the important collaborations are mentioned in the following paragraphs:

- Department for International Development (DFID), UK sponsored Poorest States Inclusive Growth



(PSIG) Programme (Samridhi Programme) with the financial support of GBP 24.23 million to SIDBI. The programme with duration of 6 years is expected to improve access of poor men and women to a variety of financial services in the 4 low income states of Bihar, Odisha, Madhya Pradesh and Uttar Pradesh.

- The Bank has signed an agreement with Kreditanstalt für Wiederaufbau (KfW), Germany for loan support Euro 85 million and financial contribution of Euro 1.69 million for improving access to microfinance products in India among the poor, particularly women. The loan component of the support is being used to provide loans to MFIs for on-lending. The Technical Assistance component is being used to provide training to SIDBI staff and assisted MFIs, creation of a web based platform, development of a risk assessment module, select capacity building interventions in the area of transfer of industry benchmarks, best practices to assisted MFIs and for carrying out of loan portfolio audits / system audits of the Bank's assisted MFIs, as a prudent risk management measure. The entire loan amount has been withdrawn under the line.
- The Bank has executed an agreement with Asian Development Bank (ADB) for loan support of USD 50 million which would provide SIDBI with long tenor funding to support the vital “Missing Middle” segment (i.e. loan amount ranging from ₹50,000 to ₹10 lakh) through specific financing programs. An amount of USD 12.47 million has been withdrawn upto March 31, 2013.
- The ADB loan is accompanied by a Technical Assistance of upto USD 3 million from Japan Fund for Poverty Reduction to implement a project on ‘Supporting Microentrepreneurship for Women’s Empowerment’. Under the project, activities are taken up for training of women in areas of financial literacy and enterprise management. In addition, personnel of intermediaries like RRBs, NBFCs, MFIs, etc. are trained in enterprise financing and gender sensitization for the benefit of enhanced credit flows to the missing middle segment with emphasis on women entrepreneurs. The project covers the States of Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Uttar Pradesh. This project is aimed at putting in place financial literacy and other support measures for the low income women in select states as part of client protection practices.
- With a view to upscaling the micro credit portfolio, SIDBI has contracted a loan of USD 300 Million from the World Bank, including SDR equivalent of USD 100 million from International Development Association (IDA). The project titled “Scaling Up Sustainable and Responsible Micro finance” aims at scaling up access to sustainable micro finance services, particularly to clients in the underserved areas of the country through, among other things, introduction of innovative financial products and fostering transparency and responsible finance. Under the assistance from IDA, SIDBI has also taken up a number of initiatives for the benefit of MF sector for promoting responsible lending practices which includes creating a Lenders’ Forum to promote cooperation among MFI lenders, development and piloting of a Code of Conduct Assessment to measure the adherence to the Code of Conduct of



Collaboration with Access Assist under PSIG

MFIs, development of an India Microfinance Platform for collection and dissemination of operational and financial data of MFIs, commencement of various studies such as Interest Rate Study of MFIs, Impact Evaluation Assessment, Study of Viability of Indian MFIs, Study on Responsible Microfinance Practices by MFIs in India and various own capacity building and project implementation costs. World Bank had released a total of USD 155.39 million under the line of credit, upto March 31, 2013.

- A Line of Credit from KfW for assistance for 'Missing Middle' of the MSME sector in India is in the process of finalization. It envisages to provide financing (through Primary Financial Institutions (PFIs) which could be RRBs, UCBs, NBFCs, MFIs, etc. to the 'Missing Middle' borrower segment and also focus on strengthening capacity building and Business Development Services and market linkage programs for micro-enterprises with a focus on women and other socially excluded entrepreneurs.

### **Promotion & Development (P&D) of MSME sector**

In its endeavour towards development of the MSME sector, SIDBI adopts a 'Credit Plus' approach wherein, besides credit, the Bank also provides grant support for the promotion and development of the sector to make it strong, vibrant and competitive in the domestic and international markets. The highlights of various P&D activities undertaken by the bank are as detailed below :

- **Promoting Entrepreneurship** - SIDBI has set up a website [www.smallB.in](http://www.smallB.in) with the ultimate objective of promoting entrepreneurship, mostly among the youth. The website would guide the youth on, (i) awareness, understanding, identification and choosing of the business opportunities that exist, (ii) understanding the basics of finance and regulatory aspects, (iii) preparation of business plan and detailed project report, (iv) how to incorporate business in India and (v) attending to various requirements of Banks and Financial Institutions.
- **Credit Advisory** - In order to provide a number of free escort services to MSMEs like guiding new / existing entrepreneurs regarding availability of schemes of commercial banks, government subsidies / benefits, provide borrowers with debt counselling, answering queries raised by banks, etc. SIDBI has set up 306 Credit Advisory Centres (CACs) in as many clusters in partnership with cluster level industry associations. More than 2700 MSME units have been contacted by the CACs, upto March 31, 2013.
- **Loan Facilitation** - SIDBI also provides loan facilitation / syndication to MSMEs to help them avail credit from banks/FIs. This is a validated model which is expected to go a long way in facilitating access to credit by MSMEs.
- **Capacity building of smaller banks** - Regional Rural Banks (RRBs) / Urban Cooperative Banks (UCBs) / District Central Cooperative Banks (DCCBs) are well suited to meet the last mile credit delivery to micro enterprises. In order to enable these banks to extend credit to MSMEs, SIDBI is extending capacity building support to these institutions for handling micro enterprises loans (MEL). The assistance would also cover free access to software on Downscaling Methodology developed for lending to micro enterprises.
- **Cluster Development:** MSME financing can achieve economies of scale through the cluster financing approach. Cluster centric approach also facilitates development of infrastructure. SIDBI continues to meet the evolving needs of this vibrant sector. SIDBI has supported more than 85 Cluster

Development Programme (CDPs) all over India. The paradigm shift in the Bank's Cluster Development Programme (CDPs) during the last few years is basically from a technology centric approach to a more comprehensive cluster development approach which includes management practices, establishment of marketing linkages, product/design development, skill upgradation in different technical trades, etc.

- **Minority Cell :** As per the recommendations of Sachar Committee, a Minority Cell has been established at the Bank's Head Office. The field offices have been advised to cover maximum number of participants from minority communities under various P&D activities. The Micro Enterprise Promotion Programme (MEPP) in the Government notified minority focused district of Kishanganj in Bihar is under implementation, wherein about 95 units were set up during the year. Further, the Bank has extended assistance for conduct of exclusive training programmes for minorities on dress making, embroidery, electrical, artificial jewellery, etc. during FY 2012-13.

Cumulatively, about 6,000 persons from minority community have directly benefited from various developmental activities.

### Support for North Eastern Region (NER)

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, etc. During the year, the programmes supported are as under :

- Under the Bank's Micro Enterprises Promotion Programme (MEPP), 22 districts in NER have so far been covered. Three programmes are currently under implementation. These MEPPs have cumulatively resulted in promotion of about 2,398 units, including 318 units during FY 2012-13.
- The Bank has supported more than 40 Cluster Development Programmes (CDPs) in different states of NER covering activities like bamboo mat weaving, carpet weaving, handicrafts, handloom weaving, pottery, etc. These cluster development initiatives benefitted about 6,000 artisans. During FY 2012-13, 2 CDPs have been sanctioned in Assam on handloom weaving and cane and bamboo activities.
- A Memorandum of Understanding was executed with North Eastern Development Finance Corporation Ltd (NEDFi) in March 2012 for providing various financial and developmental services including MSME finance, Micro Finance and also for undertaking various P&D activities in NER. Under this arrangement, as on March 31, 2013, Credit Counseling Centres have been opened at 8 centres at Shillong (Meghalaya), Silchar (Assam), Aizawl (Mizoram), Gangtok (Sikkim), Agartala (Tripura), Kohima (Nagaland), Itanagar (Arunachal Pradesh) and Imphal (Manipur). Apart from above centres, an Entrepreneurs' Corner has been set up in NEDFi Office at Guwahati, Assam.



Launch of Business Facilitation Centre at Gangtok, Sikkim



**Management and Corporate Governance**



## Management and Corporate Governance

SIDBI, being the principal financial institution for the MSME sector, not only imbibes the corporate social responsibility and good corporate governance within, but also attempts to inculcate the same in the MSME sector and the institutions it deals with. SIDBI has constantly been interacting with all its stakeholders for attending to the key priorities and pressing needs / gaps in the MSME eco-system. The highlights of SIDBI's good corporate governance system are enumerated in the following paragraphs.

### **Board of Directors / Committees of the Board**

The Small Industries Development Bank of India (Amendment) Act, 2000 provides for a fifteen-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 Corporations) having special knowledge or professional experience. Out of the remaining seven Directors, three are nominated by the three largest shareholding institutions, banks and insurance companies owned or controlled by the Central Government, while four are elected by the public shareholders or alternatively, can be co-opted by the Board until assumption of charge by the elected Directors. The Board, as on August 31, 2013, comprised thirteen Directors, including CMD and two Whole Time Directors.

In exercise of powers conferred by Section 6(1)(b) of SIDBI Act, 1989 (39 of 1989), the Government of India, vide its notification dated October 1, 2012, appointed Shri T. R. Bajalia as Deputy Managing Director (DMD). Shri Bajalia took charge as DMD on the same day.

Further, vide its notification dated October 10, 2012, the Central Government, in exercise of the powers conferred by Section 6(1)(e) of the SIDBI Act, 1989 (39 of 1989), appointed Shri T. Satyanarayana Rao, Managing Director, Andhra Pradesh State Financial Corporation, as a Director on the Board of SIDBI vice Shri Vikas Raj.

The IDBI Bank, vide its communication dated October 19, 2012, has nominated Shri R. K. Bansal, Executive Director, as a Director on the Board of SIDBI in place of Shri T. R. Bajalia, on his being appointed as DMD of SIDBI. Subsequently, IDBI Bank, vide its letter dated August 13, 2013, nominated Shri S. K. V. Srinivasan, its Executive Director, as a Director on SIDBI's Board with effect from August 31, 2013 in place of Shri R. K. Bansal.

In exercise of the powers conferred by Section 6(1)(c) of the SIDBI Act, the Central Government, vide notification dated July 30, 2013, has nominated Shri Arvind Kumar, Joint Secretary, Department of Financial Services, Ministry of Finance, as a Director on the Board of SIDBI with immediate effect vice Shri Anurag Jain.

The Board of SIDBI has co-opted Shri Ravi Narain, former Managing Director & CEO of National Stock Exchange and presently its Non-Executive Vice Chairman, as a Director under Section 6(1)(f) of SIDBI Act for a period of three years with effect from August 14, 2013.

Further, Shri S. K. Tuteja and Shri Janki Ballabh, co-opted as Directors on the Board of the Bank under Section 6(1)(f) of SIDBI Act, retired from the directorship w.e.f. June 22, 2013, on completion of their tenure.



The Board placed on record its high sense of appreciation of the valuable contributions made by the Directors who retired from the Board of SIDBI.

With the objective of giving focussed attention to various important issues, the Board has constituted nine Committees viz., Executive Committee (EC), Audit Committee (AC), Risk Management Committee (RiMC), Committee for Supervision of SFCs (CfS), Special Committee to Monitor Large Value Frauds (SCMLVF), Information Technology Strategy Committee (ITSC), Customer Service Committee (CSC), HR Steering Committee (HRSC) and Recovery Review Committee (RRC).

Sanctions relating to credit proposals above a threshold limit and other such operational matters are considered by the EC. The AC, 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. The RiMC lays down policy and strategy for Integrated Risk Management of the Bank. The CfS guides the Bank in respect of all the policies / matters pertaining to State Financial Corporations. With a view to providing focused attention on monitoring of frauds involving amounts of rupees one crore and above, SCMLVF has been constituted in terms of the guidelines of Reserve Bank of India. The ITSC gives direction to the Bank's IT function, especially with regard to IT vision, policy and strategy so as to align with 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.

To enable the Bank to formulate policies and assess the compliance thereof internally with a view to strengthening the corporate governance structure and also to bring about ongoing improvements in the quality of customer service provided by the Bank, the Board has constituted CSC. HRSC has been constituted to guide and give directions to the Board in HR matters. Further, to review all NPA cases having principal outstanding of ₹3 crore and above, RRC has been constituted. The above three Committees have been constituted recently in February / March 2013.

Minutes of the meetings of the Committees, containing decisions made, are submitted to the Board.

The Board held eight meetings during the year while the Committees of the Board viz., the Executive Committee, Audit Committee, Risk Management Committee, Committee for Supervision of SFCs, Special Committee to Monitor Large Value Frauds and Information Technology Strategy Committee held ten, six, three, three, four and four meetings respectively. Besides, SIDBI held its 15th Annual General Meeting on June 13, 2013 at Lucknow.

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. The Committee met once during the year.

### **Shareholding Pattern**

The shares of SIDBI are held by thirty three institutions / public sector banks / insurance companies owned or controlled by Central Government, with Industrial Development Bank of India Ltd., State Bank of India and Life Insurance Corporation of India as its three largest shareholders. The shareholding pattern of SIDBI remained unchanged during the year.

### **Asset Liability Management Committee**

The Asset Liability Management Committee (ALCO) of the Bank is headed by the Chairman & Managing Director and comprises Deputy Managing Directors, Executive Director and other senior executives of the Bank heading Risk Management, Credit, Resources & Treasury and Information Technology Verticals as its members. ALCO, inter alia, reviews and monitors the liquidity risk and interest rate risk in the Bank from time to time. The ALM system in the Bank is guided by the extant RBI guidelines and the ALM Policy of the Bank. The Committee met on 14 occasions during FY 2012-13 and deliberated on various issues, such as, reporting of hedging of currency risk in respect of drawals under foreign currency lines, review of applicable rate of interest under the schemes for Energy Efficiency and Clean Environment lines of credit, review of interest rate structure under Schemes of Direct and Indirect assistance, gap statements, revision in the interest rate for Fixed Deposits Scheme, exercise of call option on bonds, modification in ALM policy, status of resource mobilization, and borrowing through CPs, bonds and term loans from banks.

### **Investment Committee**

The Investment Committee of the Bank formulates strategies as well as recommends various investment options with regard to the Bank's investment portfolio within the scope of the Investment Policy of the Bank and relevant RBI guidelines issued from time to time. The Investment Committee met fifteen times during FY 2012-13 to, inter alia, deliberate upon various investment and divestment proposals, review of mutual fund exposure limits, review of equity investments and other investment related issues.

### **Internal Audit**

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) and select HO Verticals through various Audit Cells (AC), Management Audit (MA) of Head Office (HO) Verticals, Transaction Audit (TA) of Debt Servicing Activities of Resources Management Vertical (RMV), Information Systems (IS) Audit, etc. on a regular basis. Besides, Audit Vertical reviews the monthly Concurrent Audit reports of Resources Management Vertical (RMV) being carried out by an external audit firm. Concurrent Audit of RMV covers the Treasury Operations, viz. Money Market Operations (MMO) and Dealing Room Operations (DRO) of RMV. The Bank is also undertaking Credit Audit in respect of Accounts under Direct Credit Schemes where exposure is above ₹300 lakh and in 10% of the cases on sample basis, where the outstanding is less than ₹300 lakh, through Regional Offices.

The IS audit taken up during FY 2012-13 are (i) Application Software Audit of some modules of Enterprise System Architecture (ESA) applications, (ii) IT Control Review of 23 offices including Data Centre & Disaster Recovery (DR) Site and (iii) Network & Security Audit of Data Centre and DR Site.

During the year, 574 audits comprising 115 Operational Audits, 2 Special/ Snap Audits, 20 Management Audits including Management Audit of Internal Audit Vertical, 12 Concurrent Audits of RMV, 181 Concurrent Audit of BOs, 12 TAs of debt servicing activities of RMV, 1 TA of a BO, 208 Credit audits and 23 IS Audits were completed. Audit Vertical follows up with ROs for submission of Monthly Status Report

on the status of compliance of audit observations & ensure time bound closure of reports / compliance of the observations.

Audit Vertical also co-ordinates compliance of observations made by Statutory Auditors and RBI Inspection Team in close coordination with Corporate Accounts Vertical and RBI Inspection Cell. During an audit activity, inter alia, compliance to KYC guidelines, verification of end use of funds, creation of assets, adherence to policy guidelines, systems & procedures etc. are given due focus.

Some of the major initiatives undertaken during FY 2012-13, so as to strengthen the internal audit mechanism of the Bank, are as under:

- As desired by ACB, Concurrent Audit was introduced in 15 additional BOs taking the total number of BOs covered under concurrent audit mechanism to 25 BOs, which together account for more than 87% of the Direct Credit operations of the Bank.
- As per the directives of Reserve Bank of India and in accordance with the requirement of Pillar-II of Basel Committee - II recommendations, Risk Based Audit in respect of all operating branches is in place. In terms of the same, the BOs were classified under Low, Medium, High Risk etc. on the basis of operational and compliance risk areas. In the overall risk assessment and risk categorisation of BOs, both the Credit Risk, Operational Risk, incidents of fraud cases, etc. are being factored. The periodicity of Operational Audits in respect of High Risk BOs is being stepped up, irrespective of their volume of operations.
- To strengthen the customer service aspects and to attend to their issues promptly, customer service policy was reviewed and Customer Service Committees constituted in major BOs having more than 15 staff members.
- Audit Vertical submits various memoranda to Audit Committee of the Board (ACB) as a measure of good Corporate Governance.

## **Human Resources Development – An Overview**

### **Personnel**

As on March 31, 2013, the Bank had on its rolls 1052 active full time staff comprising 886 officers, 98 Class III staff and 68 Subordinate staff. Of the total staff, 188 belong to Scheduled Castes (SCs), 76 to Scheduled Tribes (STs) and 156 to Other Backward Classes (OBCs). The staff strength included 11 employees in ex-servicemen and 17 employees in Persons with Disabilities (PwD) categories. The strength of women employees was 228.

### **Training & Career Development**

Training of employees has always been pivotal for upgrading the quality of manpower and to cope with the changing business environment. With the changes taking place in the business environment and consequent upon the organizational restructuring and adoption of the new business model, the Bank recognizes the need for updating the skills of its employees and is placing emphasis on imparting appropriate and necessary trainings. As in the past, the Bank continued to impart training by deputing its employees to (i) in-house training programmes, (ii) inland training programmes / workshops conducted /

organized by reputed national institutions within the country and (iii) international programmes. Some of the key training programmes where the Bank had nominated its officers were on Basic Training on Credit Appraisal & Risk Analysis, Advanced Training on Credit Appraisal & Risk Analysis, Training on Equity & Risk Capital Financing, Training on Factoring & Receivable Financing, Training on Basic Accounting, etc.

During the year, the Bank made 819 nominations for various inland, in-house and international training programmes organized by various training / academic institutions, out of which 148 nominees were women and 143 nominees belonged to reserved categories.

Similarly, the Bank made 31 nominations for international training programmes to help employees to familiarize with the current international practices in different areas of Strategic Human Resource Management, SME Financing, Enterprise Risk Management, etc.

### **Customer Service & Grievance Redressal**

The Bank has put in place a Complaints and Grievance Redressal Policy as a part of Fair Practices Code for Lenders. Besides, the Bank also has a facility on its website whereby general public can submit their grievances and complaints against the Bank and /or its constituents. The Bank is also addressing the complaints received from the Government of India's Centralized Public Grievance Redressal and Monitoring System (CPGRAMS) for prompt and effective online redressal of grievances of the general public against the Bank and/or its constituents. In order to have better monitoring and effective disposal of complaints at all-India level, all complaints are now being recorded in the Customer Management Module (CMM) of Enterprise System Architecture (ESA). A senior official of the Bank has been designated as Chief Grievance Redressal Officer (CGRO). The Bank's Complaints and Grievance Redressal Policy as also the name and contact details of CGRO are displayed on its website. The complaints are monitored at HRV and the status of complaints received and action taken thereon during a quarter are reported to the Board of Directors on quarterly basis.

### **Staff Welfare Activities**

During FY 2012-13, the Bank continued its support for multifarious welfare activities for the staff members and their families. Under the guidance of Central Welfare Committee, funds were allocated to welfare associations of various offices of the Bank to organize welfare activities for staff and their families.

### **Formulation of HR Policy**

The Bank has formulated its maiden Recruitment and Transfer Policies during FY 2012-13. Further, a new Switchover Scheme has been introduced to enable officers in Hindi and Private Secretary streams to switchover to general stream. The existing promotion policy of the Bank has also been modified to align with the organisational requirements.

### **Computerisation**

Information Technology Vertical has endeavored to align its strategy with the business of the Bank for serving all its stake holders more efficiently. In this direction, various IT initiatives were taken. The functionalities of business applications were enhanced, streamlined and rationalized. Internal

monitoring mechanism was strengthened by developing and putting in place, several systems generated alerts and reports for high value and exceptional transactions. As part of Green Initiative, paper usage was minimized by usage of SMS, e-mails and video conferencing. Software for Energy Assessment 'EA Tool' was implemented for monitoring of loans under Energy Efficiency and Environmental Credit lines. Data Center usage was optimized by way, of consolidation, virtualization and improved infrastructure. Live DR switch-over test was performed successfully during the year. New resource management software for managing Fixed Deposits was implemented. Management Information Systems 'MIS' was aligned with restructuring of different verticals / departments as per new business model. The Bank has put in place services of two network service providers at major locations to ensure better WAN availability and to minimize operational risk. Bank's website was remodeled to make it user friendly and customer centric.

### Activities of Vigilance Department

The vigilance set-up in SIDBI is headed by a full-time Chief Vigilance Officer [CVO] appointed by the Ministry of Finance, Government of India. CVO is assisted by the Vigilance Team at Head Office, Lucknow and Regional Vigilance Officers of respective Regions. The Vigilance Vertical lays emphasis on the preventive vigilance aspects and has taken several initiatives focused on review of extant systems and procedures. The objective has been to strengthen the credit delivery and monitoring mechanism and to make the decision



Vigilance week celebration

making process transparent, fair and equitable. Preventive Vigilance Committees at the Zone/ Branch Offices and the Vigilance Committee at Head Office have been set up to review the preventive vigilance measures.

The vigilance work is being reviewed by the CMD and the CVO every quarter and all important/ long pending issues are dealt with in accordance with the Chief Vigilance Commission (CVC) guidelines. An Internal Advisory Committee on Vigilance has been set up which scrutinizes all the complaints or cases arising out of inspections, audit reports, staff accountability reports, etc. and furnishes its recommendations to the CVO regarding the existence or otherwise of the vigilance angle in the issues examined by it. Vigilance Vertical also acts as the nodal Vertical for reporting, monitoring and follow-up of frauds perpetrated on the Bank by unscrupulous borrowers, outsiders, staff, etc. Further, the Vertical also acts as the nodal Vertical for evaluating the role of third party entities [TPEs] in perpetration of frauds on the Bank and getting their names included in the caution list circulated by the Indian Banks' Association [IBA], for deficiency observed in professional services provided to the Bank by them.

Vigilance Vertical also maintains a vigil on the tendering process followed by the Bank in procurement of goods, works and contracts in terms of the extant CVC guidelines. Towards this end, the Vertical carries out Chief Technical Examiners Office [CTEO] type inspections periodically, on sample basis, to ensure that the procurement of goods and services is being carried out as per the norms. Vigilance Vertical has recently



revised and updated the procurement manual of the Bank. The revised manual incorporates the procurement guidelines to be followed and ensures that such guidelines are in sync with the CVC guidelines.

The Vigilance Vertical submits a report on Vigilance Activities, status of cases of frauds and report on fresh cases of fraud to the Audit Committee / Board of Directors/ Special Committee for Monitoring of Large Value Frauds at periodic Intervals. The vigilance function in the Bank has been laying stress on the pro-active and preventive aspect of vigilance at all levels of operations to avoid / minimize the incidents of frauds, corruption and malpractices. Steps have also been taken to strengthen the credit monitoring process and spreading knowledge/ awareness about various frauds taking place.

### **Implementation of the Official Language Policy in the bank**

The Bank continued its efforts to increase progressively the usage of Hindi in its day to day affairs. During the year under review, all offices of the Bank issued by and large, all the documents enumerated under Section 3(3) of the Official Languages Act 1963 in bilingual and ensured compliance of the rule 5 of the Official Languages Rules 1976 by responding in Hindi the letters received or signed in Hindi. As far as Hindi correspondence is concerned, the offices located in the region 'B' and region 'C' surged ahead of their respective targets, while those in the region 'A' consolidated their position.



All India Inter Bank Essay Competition  
organised by SIDBI

Overall, most of the officers/employees of the Bank possess working knowledge of Hindi. Action has been taken for imparting training to those staff members who do not have the same. A roster has been prepared upon assessment of the Hindi knowledge of the newly recruited officers/staff and a need-based training process has been initiated.

Hindi workshops were conducted in the Bank's Head Office, Mumbai Office and all Regional as well as larger Branch offices during the year under review, and the staff attached thereto was trained. The participants of the workshops were imparted training, inter-alia, on various aspects and applications of Hindi language, besides practical training on working in Hindi on computers. The workshops were practice-oriented and the participants were given information on various aspects of official language implementation. Special workshops based on Unicode were organized for the senior officers attached to Mumbai and Lucknow offices.

Official Language Implementation Committees have been constituted at the Bank's Head Office, Mumbai Office and all Regional/ Branch Offices. All these committees convened their meetings at regular quarterly intervals during the year under review and held discussions on the progress made in respect of the official language implementation. Bank's Hindi magazine 'Sankalp' is being published regularly at HO level and its 62 issues have been brought out so far.

Eighth All India SIDBI Hindi Essay Competition was organized by the Bank during the year, which carried 6 cash prizes.

The Bank published a book titled 'Sookshma, laghu evam madhyam udyamon ke samsaamayik sarokar' which was released on February 21, 2013 by Sh. T.R. Bajalia, Deputy Managing Director. This publication is a compilation of the best essays received from the participating staff members of the banks/financial institutions of the country in the all India SIDBI Hindi essay competition. Budgetary limits were allocated for purchase of Hindi books in the Head Office and various other offices of the bank, and the Hindi libraries were enriched by making use of the same.

Guwahati, Chandigarh, Bhopal and New Delhi offices of the Bank bagged prizes from their respective Town Official Language Implementation Committees for excellence in implementation of the Official Language Policy.

In keeping with the Government's policy of publicizing and disseminating Hindi through inspiration and motivation, the Bank has come out with several motivational schemes, viz. SIDBI Rajbhasha Shield Competition, Sarvottam Rajbhasha Pratinidhi Yojana and cash prize scheme for the staff-members carrying out their maximum work in Hindi during the Hindi fortnights. SIDBI has a bilingual website, which was constantly updated during the year. It was ensured that there is a regular representation of the Bank in the quarterly meetings of the Official Language Committee of the Financial Services Department, Ministry of Finance, Government of India. In conformity to the targets set by the Official Language Department, the Head Office/ Regional Offices of the Bank carried out internal inspections relating to Official Language implementation in 31 offices/Head Office verticals. Appropriate action was taken for rectification of the shortcomings observed during the inspections. Hindi Day/ Week/ Fortnight was celebrated in all offices of the Bank during the month of September and various competitions and activities aimed at motivating the staff members for working in Hindi were conducted. The Reserve Bank of India announced fourth prize for the Bank, for excellence in the field of Official Language Implementation in region 'C' during the year 2011-12.

#### **Implementation of Right to Information Act, 2005**

The Bank is implementing the Right to Information Act, 2005, (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, organization chart, sub-ordinate legislations, etc. as envisaged under Section 4(1) (b) of the Act. The Bank has designated a Central Public Information Officer (CPIO), Alternate Central Public Information Officer, Central Assistant Public Information Officers and First Appellate Authority and Alternate First Appellate Authority, the details of which are available on the Bank's website. In terms of the directives of Central Information Commission (CIC), the Bank has also designated a Transparency Officer for the better implementation of Section 4 of the Act with a view to promote congenial conditions for timely response by CPIO to RTI queries. A standing Committee for Implementation of the Act (CIRA) has been constituted by the Bank which assists the Transparency Officer for the effective implementation of the RTI Act in the Bank. During the year, the Bank received 262 applications seeking information and all the applications were disposed off as per the provisions of the Act within stipulated time.

During the year, 27 appeals were made to the First Appellate Authority (FAA) of the Bank, which were disposed of within stipulated time as per the provisions of the RTI Act. Against the decisions taken by FAA,

three 2nd appeals were preferred before the Central Information Commission. There has been no delay in either furnishing information by the CPIO or in deciding appeals by the FAA. No officer of the Bank has been fined /penalized for violation of the provisions of the RTI Act.

### **Awards**

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) – with membership of 131 institutions from 45 countries - honoured SIDBI with awards for two projects in 2013 for a) Energy Efficiency Improvements in Furnaces used in SME Steel Industry Clusters in India; and, b) WB-GEF Project: Financing Energy Efficiency in MSMEs under the category of Environmental Development.

### **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 Co-operation 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 for their continued resource 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 their continued support in the years to come. The Board places on record its appreciation for the services of SIDBI staff, at all levels, who showed strong commitment, integrity and dedication to take the Bank on to a higher growth path.



**Subsidiaries and Associate  
Organisations of SIDBI**

# Subsidiaries and Associate Organisations of SIDBI

## SUBSIDIARIES

### SIDBI VENTURE CAPITAL LIMITED

SIDBI Venture Capital Limited (SVCL) is an Investment Management Company established in 1999 for managing Venture Capital Funds. Over the years, SVCL has evolved into one of the leading venture capital companies in India. It is also the major institutional investment management company having a focus on the MSME sector in India.

SVCL was established with the ₹100 crore National Venture Fund for Software and IT Industry [NFSIT]. In 2004, the ₹500 crore SME Growth Fund [SGF] was set up and the ₹671 crore India Opportunities Fund [IOF] was set up in the year 2012. During the year, the fourth fund viz., Samridhi Fund [SF] was set up with a major contribution from Department for International Development (DFID), UK - £35 million and SIDBI – ₹50 crore, with a focus on fostering inclusive growth in the 8 poorer states of India, viz. Bihar, Madhya Pradesh, Odisha, Uttar Pradesh, Rajasthan, Jharkhand, Chhattisgarh and West Bengal. The Samridhi Fund has received all requisite approvals and investment from the fund would commence during FY 2014.

Since inception, SVCL has continued to be a source of growth capital to high-quality, growth-oriented, primarily micro, small and medium sized companies (MSMEs) across diversified sectors. It has so far invested in 59 early and growth stage knowledge based companies. It has also fully or partially divested its investment in 40 of these 59 companies and returned ₹447.49 crore by way of redemption of units as well as profits to the contributors of its first two funds

### National Venture Fund for Software & Information Technology Industry (NFSIT)

NFSIT is a close ended venture fund established in August 1999 with fund life upto August 2016. The Fund has a committed corpus of ₹100 crore, the contributors being Ministry of Communications and Information Technology (₹30 crore), IDBI (₹20 crore) and SIDBI (₹50 crore). The main objective of establishing the Fund was to provide venture capital (VC) support by way of equity and equity-linked instruments to unlisted SME enterprises in the areas of software and information technology.

The Fund had invested ₹84.40 crore in 31 companies. The Fund has divested a majority of its portfolio companies and has returned ₹196.47 crore by way of redemption of units as well as profits to the contributors and yielded a portfolio IRR of 16.79% upto March 2013. The investors obtained a post-tax rate of return of 8.23% p.a. upto March 2013.



### **SME Growth Fund (SGF)**

SME Growth Fund (SGF) is a 8-year close ended Venture Capital Fund, set up in 2004, with a corpus of ₹500 crore, contributed by SIDBI and 8 scheduled commercial banks. SGF has completed its investment phase and invested ₹456.09 crore in 25 companies in diverse sectors. It has also started exiting from investments on getting suitable opportunities. As on March 31, 2012, SGF has made partial / full exits from 13 companies and has distributed aggregate amount of ₹251.02 crore to its contributors.

### **India Opportunities Fund (IOF)**

IOF is a close ended venture fund with a life of 10 years established in August 2011. The Fund has done a final closure in April 2012 with a corpus of ₹671 crore. The contributors of IOF are SIDBI, LIC, Canara Bank, Technology Development Board (TDB) and other leading Indian commercial banks and insurance companies. IOF is a sector agnostic fund focused mainly on meeting growth capital needs of India's growing and unlisted MSMEs operating in emerging sectors, such as, educational services, IT/ITES, light engineering, clean tech, agro-based industries, logistics, infrastructure etc.

As of March 31, 2013, IOF has made commitments worth ₹109.90 crore in 10 companies, out of which investment to the tune of ₹18 crore in 3 companies has been completed. IOF's first investee company, Thejo Engineering Limited, a Chennai based MSME manufacturer and engineering solutions provider, successfully completed an initial public offer on the NSE SME Exchange – EMERGE.

### **Samridhi Fund (SF)**

DFID, UK has decided to provide support upto £ 65 million in India over 7 years under its Poorest States Inclusive Growth (PSIG) Programme through SIDBI (£ 30 million) and SVCL (£ 35 million). DFID has identified SVCL as the investment manager to manage, inter alia, the £ 35 million contribution to Samridhi Fund. The primary investment focus of the fund will be early and growth stage investments in companies that are economically viable, provide access to markets for the poor, socially relevant and impact the poor as producers / consumers and/or employees and have economic impact, with target beneficiaries in the 8 poorer states of India, viz. Bihar, Madhya Pradesh, Odisha, Uttar Pradesh, Rajasthan, Jharkhand, Chhattisgarh and West Bengal. SIDBI will contribute ₹50 crore to the fund.

### **Balance-Sheet of SVCL**

The abridged Balance Sheet as at March 31, 2013 and Statement of Profit and Loss of SVCL for the period April 01, 2012 to March 31, 2013 are given in the Tables 5.1 and 5.2:

Table 5.1: Abridged Balance Sheet of SVCL

(₹ lakh)

As on March 31, 2012 (Audited)		As on March 31, 2013 (Audited)
	<b>EQUITY &amp; LIABILITIES</b>	
1,500.00	Share capital	1,500.00
682.59	Reserves and Surplus	881.31
12.05	Non - Current Liabilities	34.88
754.32	Current Liabilities	786.86
<b>2,948.96</b>	<b>Total</b>	<b>3,203.05</b>
	<b>ASSETS</b>	
1,749.15	Non - Current Assets	2,103.00
1,199.81	Current Assets	1,100.05
<b>2,948.96</b>	<b>Total</b>	<b>3,203.05</b>

Table 5.2: Abridged Statement of Profit &amp; Loss of SVCL

(₹ lakh)

For the year ended March 31, 2012 (Audited)		For the year ended March 31, 2013 (Audited)
	<b>REVENUE</b>	
1,197.03	Revenue from operations	1,443.56
99.05	Other Income	119.05
<b>1,296.08</b>	<b>Total</b>	<b>1,562.61</b>
	<b>EXPENSES</b>	
436.62	Operating expenses	602.40
7.41	Depreciation	7.46
<b>444.03</b>	<b>Total</b>	<b>609.86</b>
<b>852.05</b>	<b>Profit before extraordinary items and tax</b>	<b>952.75</b>
0.74	Add: Exceptional Items	2.40
9.08	Less: Prior Period Adjustments	0.90
<b>843.71</b>	<b>Profit Before extraordinary item and Taxation</b>	<b>954.25</b>
0.00	Less: Extraordinary item (provision for diminution in the value of investments)	2.00
<b>843.71</b>	<b>Profit Before Taxation</b>	<b>952.25</b>
(300.00)	Current tax	(320.00)
(4.87)	Deferred tax	5.20
9.71	Excess provision for Income Tax	0.00
<b>548.55</b>	<b>Profit / (loss) for the period</b>	<b>637.45</b>

## SIDBI Trustee Company Limited

SIDBI Trustee Company Limited (STCL) was set up by SIDBI on July 19, 1999, as a Trustee Company and presently acts as the Trustee of NFSIT, SGF, IOF and SF. The Company has appointed SIDBI Venture Capital Limited (SVCL) to act as the Investment Manager to NFSIT, SGF, IOF & SF.

### Balance-Sheet of STCL

The abridged Balance Sheet as at March 31, 2013 and Statement of Profit and Loss for the period April 01, 2012 to March 31, 2013 for STCL are given in Tables 5.3 and 5.4.

**Table 5.3: Abridged Balance Sheet of STCL**

(₹ lakh)

As on March 31, 2012 (Audited)		As on March 31, 2013 (Audited)
	<b>EQUITY &amp; LIABILITIES</b>	
5.00	Share capital	5.00
333.85	Reserves and Surplus	393.90
0.00	Non - Current Liabilities	0.00
27.09	Current Liabilities	27.74
<b>365.94</b>	<b>Total</b>	<b>426.64</b>
	<b>ASSETS</b>	
29.50	Non - Current Assets	30.11
336.44	Current Assets	396.53
<b>365.94</b>	<b>Total</b>	<b>426.64</b>

**Table 5.4: – Abridged Statement of Profit & Loss of STCL**

(₹ lakh)

For the year ended March 31, 2011 (Audited)		For the year ended March 31, 2012 (Audited)
	<b>REVENUE</b>	
57.98	Revenue from operations	56.82
29.38	Other Income	36.21
<b>87.36</b>	<b>Total</b>	<b>93.03</b>
	<b>EXPENSES</b>	
4.62	Operating expenses	5.97
<b>4.62</b>	<b>Total</b>	<b>5.97</b>
<b>82.74</b>	<b>Profit before extraordinary items and tax</b>	<b>87.06</b>
0.00	Add: Extraordinary items	0.00
0.00	Less: Prior Period Adjustment	0.02
<b>82.74</b>	<b>Profit Before Taxation</b>	<b>87.04</b>
(26.00)	Current tax	(27.00)
0.00	Deferred tax	0.00
0.00	Excess provision for Income Tax	0.00
<b>56.74</b>	<b>Profit / (loss) for the period</b>	<b>60.04</b>

## ASSOCIATES

### CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL ENTERPRISES

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) operates the Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) which guarantees credit facilities upto ₹100 lakh extended by Member Lending Institutions (MLIs) to those loans, which are not backed by collateral security and / or third party guarantees. Ministry of Micro, Small and Medium Enterprises, Government of India and SIDBI contributed ₹35.00 crore and ₹7.77 crore, respectively, to the corpus of CGTMSE during FY2012-13, raising the corpus size to ₹2201.57 crore.

#### Operations of Credit Guarantee Scheme

The operations under CGS continued to grow. From only 9 active MLIs in FY 2000-01, the number of active MLIs availing the guarantee cover has gone up to 117 as on March 31, 2013. During FY 2012-13, a total of 288,537 guarantees have been approved for an amount of ₹ 16,062.48 crore, registering a growth of 18% in terms of number and 17% in terms of amount, respectively over the previous financial year. Cumulatively, as at March 31, 2013, a total of 10,76,479 accounts have been accorded guarantee approval for ₹52,600.07 crore.

The slab-wise coverage under the Credit Guarantee Scheme is given in Table 5.5.

**Table 5.5 : Slab-wise CGS coverage (As on March 31, 2013)**

Range	No. of Proposals	Amount (₹ crore)
Upto ₹ 5 lakh	8,57,601 (80.00%)	13,945.52 (27.00%)
5 lakh upto ₹ 10 lakh	1,01,088 (9.00%)	7,908.56 (15.00%)
10 lakh upto ₹ 25 lakh	85,102 (8.00%)	14,428.48 (27.00%)
25 lakh upto ₹ 50 lakh	22,733 (2.00%)	8,681.14 (17.00%)
50 lakh upto ₹ 100 lakh	9,955 (1.00%)	7,636.37 (14.00%)
<b>Total</b>	<b>10,76,479</b>	<b>52,600.07</b>

*Note: Figures in the parentheses represent percentage share*

An analysis of the cumulative coverage under CGS as at March 31, 2013, indicates that 1,87,957 proposals (17.00%) for ₹ 7,800.86 crore (15.00%) were in respect of Women Entrepreneurs; 57,239 proposals (5.00%) for ₹ 1,104.92 crore (2.00%) to Scheduled Caste; 20,467 proposals (2.00%) for ₹ 666.05 crore (1.00%) to Scheduled Tribe and 78,671 proposals (7.00%) for ₹ 2,340.78 crore (4.00%) to the Minorities.

#### Overall Impact

CGTMSE's operations have had a positive impact on the economy in terms of turnover, exports and employment of credit guaranteed MSEs as given in the Table 5.6:

**Table 5.6: Impact of CGS**

Areas of Impact	As on March 31, 2013 (Cumulative)
Turnover of guaranteed units (crore)	₹ 4,00,000
Exports by guaranteed units ( crore)	₹ 5,122
Employment generation (No. of persons in lakh)	50.38

*As reported by MLIs*

### **Risk Sharing facility**

The Bank has signed a Memorandum of Understanding (MoU) with the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) on 24th January 2013, to operate a Scheme known as Risk Sharing Facility - II (RSF - II), on a pilot basis for a limited period. The Scheme is a project under SME Financing and Development in India being implemented by SIDBI with funding from International Bank for Reconstruction and Development (IBRD) with the DFS, Ministry of Finance as the nodal agency for the project. By sharing the Micro and Small Enterprise (MSE) credit risk with banks / FIs, the RSF - II is designed to help banks / FIs build up a track record of good MSE lending. The RSF - II shall operate concurrently with and broadly on lines of the present Credit Guarantee Scheme of CGTMSE.

### **Awareness Creation**

CGTMSE has adopted multi-channel approach for creating awareness of the CGS amongst banks, MSME industry associations, MSME sector, etc. through print media, conducting workshops / seminars, attending the programmes organized at various district / state / national fora, etc. During the year, CGTMSE conducted / participated in various seminars / workshops organized by MLIs and Industry Associations, exhibitions and meetings organized by RBI / Govt. in connection with MSME sector, across the country to create awareness about CGS. CGTMSE officials also held business development meetings with its MLIs. Information dissemination campaigns were vigorously carried out amongst various stakeholders.

### **SME RATING AGENCY OF INDIA LIMITED**

SME Rating Agency of India Limited (SMERA), India's first and only rating agency for MSMEs was formed in 2005 to focus on the MSME segment in India. Within a span of 8 years, SMERA has assigned ratings to more than 22,000 MSMEs pan India. The highlights of operation of SMERA during the year are:

- SMERA received accreditation from Reserve Bank of India (RBI) as an External Credit Assessment Institution (ECAI) under Basel - II norms on September 12, 2012 for undertaking bank loan ratings.
- Post receipt of accreditation, SMERA has assigned 19 Bank Loan Ratings.
- The Company also assigned its 20,000th MSME Credit Rating under the non-Basel category during the year under review.

### **Business Operations**

SMERA has completed 5708 ratings during the financial year 2012-13. Cumulatively, since its incorporation, SMERA has assigned ratings to 21,342 MSME units up to March 31, 2013 spread across various categories, industries and states. SMERA has been providing special attention to micro and small enterprises which accounted for 62% and 36%, respectively, of its total ratings.



## Rating Distribution based on MSME Classification

Small and Micro Enterprises account for 98% of the total rated portfolio of SMERA (Table 5.7).

**Table 5.7: Category wise rating**

Category	Ratings
Micro Enterprises	13,252 (62%)
Small Enterprises	7,712 ( 36%)
Medium Enterprises	378 (2%)
<b>Total</b>	<b>21,342</b>

SMERA continued collaborating with the lenders, industry associations, etc. During the period under review, SMERA entered into MoU with a co-operative bank viz. The Varachha Co-operative Bank Ltd., Surat, taking the tally of MOUs with lending institutions and industries association to 38 entities. These MOUs enable SMERA to enhance awareness of external credit ratings amongst the account holders, prospective clients and members of these institutions. To popularize its products and services, SMERA has also been interacting at various levels with the banks / institutions and hosting seminars, road shows, etc.

- SMERA has earned net profit of ₹ 1.44 crore during the FY 2012-13.
- Networth of SMERA increased to ₹14.58 crore as at the end of FY 2012-13 from ₹ 13.15 crore for FY 2011-12.
- The total income increased from ₹ 20.57 crore during FY 2011-12 to ₹ 24.51 crore for FY 2012-13.

**Table 5.8: Balance Sheet Highlights**

(₹ lakh)

Category	FY 2010-11	FY 2011-12	FY 2012-13
	Audited	Audited	Audited
Revenue receipts	1835	2057	2451
Expenditure	1439	1721	2277
Profit Before Tax	396	336	174
Profit After Tax	328	272	144

## INDIA SME TECHNOLOGY SERVICES LIMITED (ISTSL)

India SME Technology Services Ltd. (ISTSL) provides a platform where MSMEs can tap opportunities at the global level for acquisition of new technologies or establish business collaboration. In order to help Indian MSMEs attain global competitiveness and achieve sustainable development, ISTSL renders consulting solutions towards technology transfer, energy conservation, environment management, etc.

During FY 2012-13, ISTSL continued to pursue its strategy of rendering technical services for technology transfer and attendant support services in order to enhance market competitiveness of MSMEs and promote sustainable development.

During the year ended March 31, 2013, ISTSL attended many technology based enquiries from MSMEs and offered technology facilitation services towards the technology related needs of MSMEs. Such initiatives of ISTSL are expected to strengthen and accelerate the process of technological modernization leading to sustainable development in the MSME sector.

### **INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED**

India SME Asset Reconstruction Company Limited (ISARC) was promoted by SIDBI with the principal object to acquire non-performing assets (NPAs) and to resolve them through its innovative mechanisms with a special focus on the NPAs of micro, small and medium enterprises sector (MSMEs). The Company was incorporated on April 11, 2008. It received the certificate of registration to commence the business of securitization or asset reconstruction under section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 by Reserve Bank of India (RBI) on March 5, 2009. Thereafter, ISARC commenced its business operations on April 15, 2009.

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 its sponsors. Other shareholders include public sector banks, financial institutions and other companies. ISARC has a professionally managed Board of Directors comprising of more than half of the Board members who are Independent Directors.

### **Business Operations**

In view of the prevailing business environment during FY 2012-13, ISARC selectively participated in NPA portfolio sales announced by Banks/FIs and focused more on acquisition on bilateral basis. ISARC participated in 10 tender processes from 9 banks / FIs for sale of NPAs.

ISARC undertook due diligence in respect of 63 accounts and submitted bids for 62 accounts. ISARC also undertook due diligence of 20 accounts from 9 banks and submitted bids for 18 accounts on bilateral basis.

During the year, the Company acquired 45 financial assets from 8 Banks (sellers) for an aggregate purchase consideration of ₹ 28.63 crore out of which ₹ 20.74 crore was invested by ISARC and balance ₹ 7.89 crore came from the other SR investors (sellers). The Company during the year, established first time relationships with 4 Banks (sellers) in the process viz. Indian Overseas Bank, IDBI, Yes Bank and Karnataka Bank.

Besides, ISARC also acquired 81 accounts involving aggregate principal outstanding of ₹ 196.18 crore at a nominal value of ₹ 81/- from Industrial Investment Bank of India (IIBI) at the instance of the Govt. of India.

During the year, ISARC has recovered ₹ 17.85 crore, as against ₹ 20.63 crore and ₹ 9.90 crore during FY 2011-12 and FY 2010-11 respectively, from its acquired assets. Security Receipts worth ₹ 11.99 crore were redeemed during FY 2012-13 (previous year ₹ 14.87 crore). As of March 31, 2013, ISARC has assets under management of approx. ₹ 638.37 crore, including the assets acquired from IIBI.



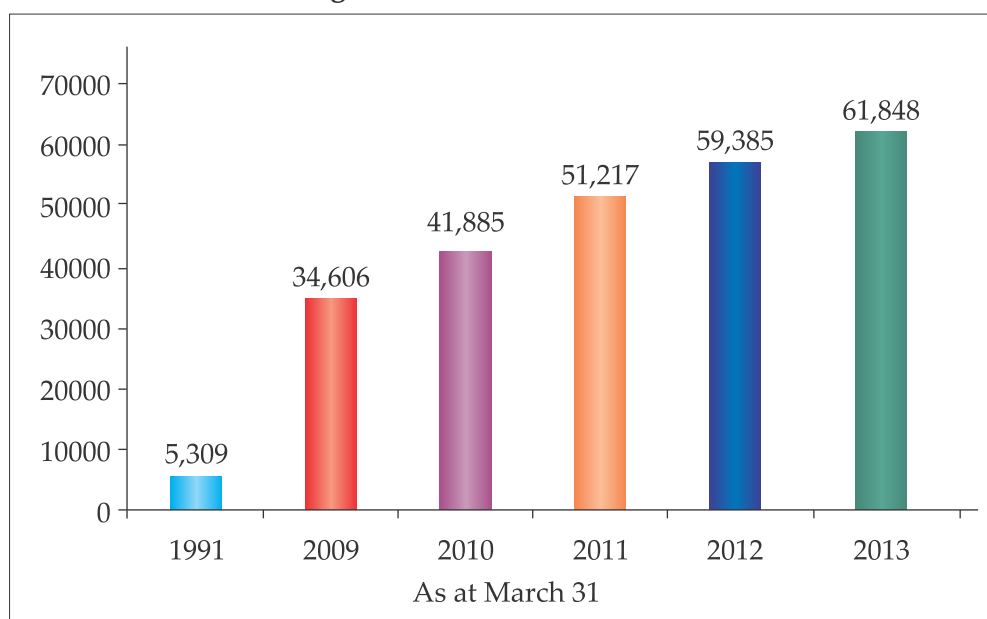
**Balance Sheet & Statement of Accounts**

## Balance Sheet & 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 2012-13, are given in Appendix – I. The consolidated Balance Sheet, along with Profit and Loss Account and Cash Flow Statement of SIDBI and its subsidiaries and associates viz., SIDBI Venture Capital Ltd., (SVCL) and SIDBI Trustee Company Ltd., (STCL), SME Rating Agency of India Ltd., (SMERA), Indian SME Asset Reconstruction Company Limited (ISARC) and India SME Technology Services Ltd., (ISTSL) are given in Appendix II.

The total income of the Bank during the year was higher at ₹5,401.21 crore as compared to ₹4,606.63 crore during the previous year, due to growth in the overall portfolio and increase in income from money market operations. The total expenditure during the corresponding period was higher at ₹3,361.32 crore as compared to ₹2,796.21 crore during the previous year. The Profit before Tax for the year was ₹1,196.28 crore, compared to ₹1,074.14 crore in the previous year. The net profit after tax and Deferred Tax Adjustment for the year was ₹837.35 crore as against ₹566.85 crore in the previous year. Out of the total distributable profit of ₹864.54 crore (net profit of ₹837.35 crore [after tax adjustment] for the year ended March 31, 2013 and brought forward profit of ₹27.19 crore), the Bank declared a dividend of 25% on paid up equity capital of ₹450 crore which worked out to ₹131.62 crore inclusive of dividend distribution tax, surcharge and cess payable thereon. During the year, a sum of ₹80 crore was transferred to Special Reserve created under Section 36(1) (viii) of IT Act, 1961, ₹78.83 crore was transferred to Investment Fluctuation Reserve Fund and appropriation of ₹1 crore was made to Staff Welfare Fund (SWF). Surplus of ₹540 crore was transferred to the Reserve Fund and balance ₹33.09 crore was retained in Profit and Loss Account.

**Figure 6.1 : Balance Sheet Size**





**Auditors**

The accounts of the Bank for the financial year FY 2012-13 were audited by M/s Haribhakti & Co., 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 June 26, 2012 for carrying out the statutory audit.

The reports of the Auditors are given on Page No. 44 and 75.

## **SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA**

Auditor's Report

### **Independent Auditors' Report**

To

**The Shareholders**

**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 2013 and the Profit & Loss Account and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information on that date.

#### **Management Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We 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 in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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.

#### **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:

- i) in the case of the Balance Sheet, of the state of affairs of the bank as at 31st March 2013,
- ii) in the case of the Profit & Loss Account, of the profit for the year ended 31st March 2013,
- iii) 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**

1. We report that:
  - i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii. 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.
  - iii. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with books of Accounts.
  - iv. in our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 and are drawn up in accordance with the requirements of the Regulation 14 (i) of the Small Industries Development Bank of India General Regulations, 2000.

**For Haribhakti & Co.**

**Chartered Accountants**

**FRN : 103523W**

**Rakesh Rathi**

**Partner**

**M. No. : 045228**

**Place : Mumbai**

**Date : May 13, 2013**

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Balance Sheet as at March 31, 2013

Appendix-I

## Balance Sheet as at March 31, 2013

(₹)

CAPITAL AND LIABILITIES	SCHEDULES	March 31, 2013	March 31, 2012
Capital	I	450,00,00,000	450,00,00,000
Reserves, Surplus and Funds	II	7053,29,72,648	6327,90,40,413
Deposits	III	18104,87,19,905	15740,66,91,738
Borrowings	IV	29849,15,66,912	30287,76,88,423
Other Liabilities and Provisions	V	6273,83,57,000	6440,76,02,108
Deferred Tax Liability		117,09,35,120	137,80,00,700
<b>Total</b>		<b>61848,25,51,585</b>	<b>59384,90,23,382</b>

ASSETS			
Cash and Bank Balances	VI	1515,74,70,338	1341,84,42,552
Investments	VII	2863,87,86,279	2736,33,94,912
Loans & Advances	VIII	56059,75,73,832	53785,06,70,144
Fixed Assets	IX	198,28,99,872	201,12,43,336
Other Assets	X	1210,58,21,264	1320,52,72,438
<b>Total</b>		<b>61848,25,51,585</b>	<b>59384,90,23,382</b>
Contingent Liabilities	XI	5286,06,02,658	5043,53,49,784

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 HARIBHAKTI & CO.  
Chartered Accountants  
FRN:103523W

U.J. Lalwani  
Country Head  
(Corporate Accounts Vertical)

S. Muhnot  
Chairman & Managing Director

N.K. Maini  
Deputy Managing Director

T.R. Bajalia  
Deputy Managing Director

Rakesh Rathi  
Partner  
M.No.: 045228

P.A. Sethi  
Director

B. Manivannan  
Director

Mumbai, May 13, 2013

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Profit & Loss Account for the year ended March 31, 2013

## Profit & Loss Account for the year ended March 31, 2013

(₹)

INCOME	SCHEDULES	March 31, 2013	March 31, 2012
Interest and Discount	XII	5134,11,52,197	4422,56,81,470
Other Income	XIII	267,09,74,036	184,06,40,956
<b>Total</b>		<b>5401,21,26,233</b>	<b>4606,63,22,426</b>
<b>EXPENDITURE</b>			
Interest & Financial charges		3039,25,23,188	2523,82,43,068
Operating Expenses	XIV	322,07,40,654	272,39,12,829
Provisions & Contingencies (Refer note no.16)		843,60,25,933	736,27,50,575
<b>Total</b>		<b>4204,92,89,775</b>	<b>3532,49,06,472</b>
<b>Profit before Tax</b>		<b>1196,28,36,458</b>	<b>1074,14,15,954</b>
Provision for Income Tax (Refer note no.24)		379,63,75,132	481,25,80,328
Deferred Tax Adjustment [(Asset) / Liability]		(20,70,65,580)	26,03,47,216
Profit after Tax		837,35,26,906	566,84,88,410
Profit brought forward		27,18,81,456	12,08,96,171
<b>Total Profit / (Loss)</b>		<b>864,54,08,362</b>	<b>578,93,84,581</b>
<b>Appropriations</b>			
Transfer to General Reserve		540,00,00,000	340,00,00,000
Transfer to Special Reserve u/s 36(1)(viii) of The Income Tax Act, 1961		80,00,00,000	80,00,00,000
Others			
a) Transfer to Investment Fluctuation Reserve		78,82,93,354	-
Transfer to Staff Welfare Fund		100,00,000	100,00,000
Dividend on Shares		112,50,00,000	112,50,00,000
Tax on Dividend		19,11,93,750	18,25,03,125
Surplus in Profit & Loss account carried forward		33,09,21,258	27,18,81,456
<b>Total</b>		<b>864,54,08,362</b>	<b>578,93,84,581</b>

Basic/Diluted Earning Per Share 18.61 12.60

Significant Accounting Policies XV

Notes to Accounts XVI

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 HARIBHAKTI & CO. U.J. Lalwani S. Muhnot N.K. Maini T.R. Bajalia  
Chartered Accountants Country Head Chairman & Managing Director Deputy Managing Director Deputy Managing Director  
FRN :103523W (Corporate Accounts Vertical)

Rakesh Rathi  
Partner  
M.No. : 045228

P.A. Sethi  
Director

B. Manivannan  
Director

Mumbai, May 13, 2013

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹)

CAPITAL AND LIABILITIES	March 31, 2013	March 31, 2012
<b>SCHEDULE I:</b>		
<b>Capital</b>		
<b>(a) Authorized Capital</b>		
- 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>(b) Issued, Subscribed and Paid-up Capital :</b>		
- Equity Share Capital (45,00,00,000 Equity Shares of ₹10/- each)	450,00,00,000	450,00,00,000
- Preference Share Capital	-	-
<b>Total</b>	<b>450,00,00,000</b>	<b>450,00,00,000</b>
<b>SCHEDULE II:</b>		
<b>Reserves, Surplus and Funds</b>		
<b>A) Reserves</b>		
<b>i) General Reserve</b>		
- Opening Balance	4963,31,73,555	4623,31,73,555
- Additions during the year	540,00,00,000	340,00,00,000
- Utilisations during the year	-	-
<b>- Closing Balance</b>	<b>5503,31,73,555</b>	<b>4963,31,73,555</b>
<b>ii) Specific Reserves</b>		
<b>a) Investment Reserve</b>		
- Opening Balance	55,19,63,645	55,19,63,645
- Additions during the year	-	-
- Utilisations during the year	-	-
<b>- Closing Balance</b>	<b>55,19,63,645</b>	<b>55,19,63,645</b>
<b>b) Special Reserve created and maintained u/s 36 (1) (viii) of The Income Tax Act, 1961</b>		
- Opening Balance	1037,00,00,000	957,00,00,000
- Additions during the year	80,00,00,000	80,00,00,000
- Utilisations during the year	-	-
<b>- Closing Balance</b>	<b>1117,00,00,000</b>	<b>1037,00,00,000</b>
<b>c) Other Reserves</b>		
<b>i) Investment Fluctuation Reserve</b>		
- Opening Balance	-	-
- Additions during the year	78,82,93,354	-
- Utilisations during the year	-	-
<b>- Closing Balance</b>	<b>78,82,93,354</b>	<b>-</b>
<b>B) Surplus in Profit and Loss account</b>	<b>33,09,21,258</b>	<b>27,18,81,456</b>
<b>C) Funds</b>		
<b>a) National Equity Fund</b>		
- Opening Balance	222,39,66,690	197,22,19,496
- Additions / Write back during the year	20,82,81,880	25,17,47,194
- Utilisations during the year	-	-
<b>- Closing Balance</b>	<b>243,22,48,570</b>	<b>222,39,66,690</b>



# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹)

<b>b) Staff Welfare Fund</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
- Opening Balance	22,80,55,066	23,57,92,572
- Additions during the year	1,00,00,000	1,00,00,000
- Utilisations during the year	1,16,82,801	1,77,37,506
- Closing Balance	22,63,72,265	22,80,55,066
<b>c) Others</b>	-	-
<b>Total</b>	<b>7053,29,72,648</b>	<b>6327,90,40,413</b>
<b>SCHEDULE III:</b>		
<b>Deposits</b>		
<b>A) Fixed Deposits</b>	2604,86,19,905	2529,78,41,738
<b>B) From Banks</b>		
a) Under MSME Refinance Fund	14000,01,00,000	12710,88,50,000
b) Under MSME Risk Capital Fund	1000,00,00,000	500,00,00,000
c) Others -From Foreign & Private Sector Banks	-	-
d) Under MSME India Opportunity Venture Fund	500,00,00,000	-
<b>Subtotal (B)</b>	<b>15500,01,00,000</b>	<b>13210,88,50,000</b>
<b>Total</b>	<b>18104,87,19,905</b>	<b>15740,66,91,738</b>
<b>SCHEDULE IV:</b>		
<b>BORROWINGS</b>		
<b>I) Borrowings in India</b>		
1. From Reserve Bank of India	-	-
2. From Government of India (including Bonds subscribed by GOI of ₹ 2172.80 crore )	3137,79,96,461	3165,79,29,152
3. Bonds & Debentures	11871,60,00,000	12516,99,60,000
4. From Other Sources		
- Commercial Paper	625,00,00,000	1320,00,00,000
- Certificate of Deposits	-	-
- Term Loans from Banks	5638,96,39,669	4793,07,54,958
- Term Money Borrowings	-	-
- Others	-	94,89,01,358
<b>Subtotal (I)</b>	<b>21273,36,36,130</b>	<b>21890,75,45,468</b>
<b>II) Borrowings outside India</b>		
(a) KFW, Germany	1041,42,91,583	1131,27,76,193
(b) Japan International Cooperation Agency (JICA)	4210,88,01,924	4227,39,63,250
(c) IFAD, Rome	120,82,06,342	117,44,77,331
(d) World Bank	2856,98,98,451	2585,98,16,307
(e) Others	345,67,32,482	334,91,09,874
<b>Subtotal (II)</b>	<b>8575,79,30,782</b>	<b>8397,01,42,955</b>
<b>Total (I &amp; II)</b>	<b>29849,15,66,912</b>	<b>30287,76,88,423</b>

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹)

	March 31, 2013	March 31, 2012
<b>SCHEDULE V:</b>		
<b>Other Liabilities and Provisions:</b>		
Interest Accrued	340,81,31,630	1077,32,85,457
Others (including provisions)	4289,07,48,330	3856,20,80,491
Provisions for Exchange Rate Fluctuation	1247,01,13,635	1142,17,72,375
Contingent provisions against standard assets	265,31,69,655	234,29,60,660
Proposed Dividend (including tax on dividend)	131,61,93,750	130,75,03,125
<b>Total</b>	<b>6273,83,57,000</b>	<b>6440,76,02,108</b>
<b>ASSETS</b>		
<b>SCHEDULE VI:</b>		
<b>Cash &amp; Bank Balances</b>		
1. Cash in Hand & Balances with Reserve Bank of India	5,85,949	6,04,775
2. Balances with Other Banks	-	-
<b>(a) In India</b>		
i) in current accounts	25,44,93,925	28,84,06,789
ii) in other deposit accounts	100,00,00,000	124,65,00,000
<b>(b) Outside India</b>		
i) in current accounts	1,00,00,675	3,42,42,628
ii) in other deposit accounts	1389,23,89,789	1184,86,88,360
<b>Total</b>	<b>1515,74,70,338</b>	<b>1341,84,42,552</b>
<b>SCHEDULE VII:</b>		
<b>Investments</b>		
<b>[Net of provisions]</b>		
A) Treasury operations		
1. Securities of Central and State Governments	276,73,22,178	158,57,41,352
2. Shares of Banks & Financial Institutions	24,03,41,237	23,95,12,137
3. Bonds & Debentures of Banks & Financial Institutions	623,38,92,000	247,25,86,000
4. Stocks, Shares, bonds & Debentures of Industrial Concerns	253,01,08,526	251,08,38,841
5. Short Term Bills Rediscounting Scheme	-	122,94,24,384
6. Others	784,71,38,259	1007,66,28,885
<b>Subtotal (A)</b>	<b>1961,88,02,200</b>	<b>1811,47,31,599</b>

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹)

	March 31, 2013	March 31, 2012
<b>B) Business Operations</b>		
1. Shares of Banks & Financial Institutions	62,56,61,440	62,56,62,510
2. Bonds & Debentures of Banks & Financial Institutions	26,77,312	25,35,652
3. Stocks, Shares, bonds & Debentures of Industrial Concerns	631,94,46,870	660,42,45,730
4. Investment in Subsidiaries	1,04,98,800	1,04,98,800
5. Others	206,16,99,657	200,57,20,621
<b>Subtotal (B)</b>	<b>901,99,84,079</b>	<b>924,86,63,313</b>
<b>Total (A+B)</b>	<b>2863,87,86,279</b>	<b>2736,33,94,912</b>
<b>SCHEDULE VIII:</b>		
<b>Loans &amp; Advances [Net of Provisions]</b>		
<b>A) Refinance to</b>		
- Banks and Financial Institutions	37193,36,56,036	39055,48,41,211
- Micro Finance Institutions	1132,48,81,543	1575,84,72,025
- NBFC	5468,77,05,100	1838,10,24,857
- Bills Rediscounted	-	-
- Others ( Resource Support)	-	-
<b>Subtotal (A)</b>	<b>43794,62,42,679</b>	<b>42469,43,38,093</b>
<b>B) Direct Loans</b>		
- Loans and Advances	8021,15,56,128	8683,50,89,350
- Receivable Finance Scheme	4166,07,07,253	2499,59,13,361
- Bills Discounted	77,90,67,772	132,53,29,340
<b>Subtotal (B)</b>	<b>12265,13,31,153</b>	<b>11315,63,32,051</b>
<b>Total (A+B)</b>	<b>56059,75,73,832</b>	<b>53785,06,70,144</b>
<b>SCHEDULE IX:</b>		
<b>Fixed Assets [Net of Depreciation]</b>		
1. Premises	196,50,76,099	199,14,12,354
2. Others	1,78,23,773	1,98,30,982
<b>Total</b>	<b>198,28,99,872</b>	<b>201,12,43,336</b>

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹)

	March 31, 2013	March 31, 2012
<b>SCHEDULE X:</b>		
<b>Other Assets:</b>		
Accrued Interest	538,80,83,962	667,95,88,903
Advance Tax (Net of provision)	259,68,97,059	60,20,41,194
Others	299,46,39,736	458,33,41,890
Expenditure to the extent not written off	112,62,00,507	134,03,00,451
<b>Total</b>	<b>1210,58,21,264</b>	<b>1320,52,72,438</b>
<b>SCHEDULE XI:</b>		
<b>Contingent Liabilities</b>		
i) Claims against the Bank not acknowledged as debts	94,34,05,384	114,68,60,262
ii) On account of Guarantees / Letters of Credit	142,36,70,719	148,01,28,084
iii) On account of Forward Contracts	9,59,10,287	117,73,61,438
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	5039,76,16,268	4663,10,00,000
<b>Total</b>	<b>5286,06,02,658</b>	<b>5043,53,49,784</b>

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Profit & Loss Account for the year ended March 31, 2013

(₹)

	March 31, 2013	March 31, 2012
<b>Schedule XII :</b>		
<b>Interest and Discount</b>		
1. Interest and Discount on Loans, Advances and Bills	4624,83,61,648	4118,93,80,189
2. Income on Investments / Bank balances	509,27,90,549	303,63,01,281
<b>Total</b>	<b>5134,11,52,197</b>	<b>4422,56,81,470</b>
<b>Schedule XIII :</b>		
<b>Other Income:</b>		
1. Upfront and Processing Fees	22,67,36,460	31,16,81,050
2. Commission and Brokerage	2,36,29,982	1,86,35,127
3. Profit on sale of Investments	104,58,78,339	49,69,96,773
4. Income earned by way of dividends etc. from Subsidiaries / Associates	3,74,97,750	3,74,97,750
5. Provision of Earlier Years written back	-	-
6. Others (Refer note no.14)	133,72,31,505	97,58,30,256
<b>Total</b>	<b>267,09,74,036</b>	<b>184,06,40,956</b>
<b>Schedule XIV :</b>		
<b>Operating Expenses:</b>		
Payments to and provisions for employees	223,53,72,788	196,47,45,243
Rent, Taxes and Lighting	21,70,09,341	14,49,79,706
Printing & Stationery	92,88,164	78,44,090
Advertisement and Publicity	2,73,00,920	2,26,27,972
Depreciation / Amortisation on Bank's Property	12,87,73,913	13,19,98,830
Directors' fees, allowances and expenses	42,01,771	28,09,230
Auditor's Fees	32,18,265	17,66,278
Law Charges	92,17,056	67,98,701
Postage, Courier, Telephones etc	31,89,560	31,42,318
Repairs and maintenance	6,95,47,260	7,15,10,494
Insurance	52,35,173	29,21,999
Contribution to CGTMSE	7,77,50,000	1,22,50,000
Other Expenditure	43,06,36,443	35,05,17,968
<b>Total</b>	<b>322,07,40,654</b>	<b>272,39,12,829</b>



## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

**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, 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. 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 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised 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 where interest and / or installment of principal / bills repayment is due for more than 90 days as on the date of Balance Sheet as per RBI norms. Interest in respect of such loan accounts and receivable / bills finance is taken credit on actual receipt basis. Interest income from Investments is accounted for on accrual basis, except income on non performing investments.
- (ii) Income in the Profit and Loss Account is shown gross i.e. before provisions as per RBI guidelines and other provisions like provision for stressed assets as per Bank's internal policy.
- (iii) Discount received in respect of bills discounted / rediscounted and on Certificate of Deposit and Commercial Papers is apportioned 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 recognised as income when realized.
- (vi) Income from Venture Capital funds are accounted on realisation 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 at the time of sale.
- (ix) Profit or loss in sale of investment: Profit or loss on sale of investments in any category is taken to profit and loss account. However, in case of profit on sale of investments under "Held to Maturity" category an equivalent amount is appropriated to Capital Reserves Account.

**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 amortised over the tenure of Bonds and Commercial Paper. The expenses relating to issue of Bonds are amortized over the tenure of the Bonds.

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

### 3. INVESTMENTS

- I. In terms of extant guidelines of the Reserve Bank of India, the entire investment portfolio is categorised 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 categorised 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 amortised over the period remaining to maturity. Diminution, other than temporary, in the value of investments in subsidiaries/joint ventures under this category is provided for each investment individually.

#### (b) HELD FOR TRADING:

Investments acquired with the intention to trade by taking advantage of the short-term price/interest rate movements are categorised under Held for Trading. The investments in this category are revalued as a whole and net appreciation /depreciation is recognised 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 categorised under Available for Sale. The individual scrips under this category are revalued and net depreciation under any of the classification mentioned above is recognised in the profit & loss account. Net appreciation under any classification is ignored. The book value of individual scrips is not changed.

- II. The debentures / bonds / shares deemed to be in the nature of advance, are subject to the usual prudential norms applicable to loans & advances.
- III. In respect of unquoted investments in industrial concerns under Seed Capital Scheme, full provision has been made.
- IV. Stressed assets provision is made on certain investments as per internal approved policy.

### 4. FOREIGN CURRENCY TRANSACTIONS:

- (i) 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.
  1. Assets and Liabilities are translated at the closing rates notified by FEDAI at the year end.
  2. Income and Expenses are translated at monthly intervals through actual sale/purchase and recognized in the profit and 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 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.

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

**6. LOANS AND ADVANCES**

1. Assets representing loan and other assistance portfolios are classified based on record of recovery as Standard, Sub-standard, Doubtful and Loss Assets. Provision is made for assets, as per the norms in accordance with the prudential norms issued by the Reserve Bank of India.
2. Advances stated in the balance sheet are net of provisions made for Non performing assets.
3. General provision on Standard Assets is made as per RBI guidelines.
4. In addition to the General provisions on Standard Assets as per RBI guidelines, as a measure of prudence, the Bank is making additional provision in respect of Standard Assets which are in the Stressed Assets category, as per an approved policy. The internal policy for Provisions for Stressed Assets is based on risk perception/ risk appetite in respect of certain portfolio.

**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.
- (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.

**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 derecognised in the books of the Bank based on the principle of surrender of control over the assets. The Bank also provides credit enhancement in the form of letter of commitment. In respect of credit enhancements provided or recourse obligations accepted by the Bank, appropriate disclosure is made in accordance with "AS 29- Provisions, contingent liabilities and contingent 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 being higher than NBV, the excess provision held is not reversed but utilized to meet the Shortfall/ Loss on account of sale of other non-performing assets.

**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 of the year.
- (ii) Gratuity liability and Pension liability are defined benefit obligations and other long term employee benefits like

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

compensated absences, post retirement medical benefits, leave fare concession etc. 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.

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

- (i) 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.

## **11. FIXED ASSETS AND DEPRECIATION**

- a) Fixed Assets are shown at cost less depreciation.
- 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.**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed in the balance sheet and details given by way of Schedule to the Balance Sheet.

## **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 and 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.

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹)

		March 31, 2013	March 31, 2012
<b>SCHEDULE XVI - (NOTES TO ACCOUNTS)</b>			
<b>1</b>	<b>'Bonds and Debentures' under Borrowings in schedule IV includes the following :</b>		
	a) Unsecured Bonds	11871,60,00,000	12516,60,00,000
	b) Capital Gain Bonds	-	39,60,000
<b>2</b>	<b>'Others' under Other Liabilities and Provisions in schedule V include the following :</b>		
	a) SIDBI Disability Assistance Fund	2,32,58,426	2,14,06,910
	b) SIDBI Voluntary Health Scheme	10,64,61,844	9,69,72,187
<b>3</b>	<b>'Expenditure to the extent not written off' under Other Assets in schedule X includes the following:</b>		
	a) Premium on transfer of RBI NIC(LTO) to GoI Bonds	58,15,61,877	64,61,79,863
	b) Discount paid in Advance - Commercial Paper	48,34,57,839	60,51,51,425
	c) Expenditure on Issuance of Unsecured Bonds	6,11,80,791	8,89,69,163
<b>4</b>	<b>Interest and Financial Charges</b>		
	a) Interest on Borrowings	1769,86,27,543	1457,38,88,607
	b) Interest on Deposits	962,24,56,338	853,55,89,273
	c) Financial Charges	307,14,39,307	212,87,65,188
	<b>Total</b>	<b>3039,25,23,188</b>	<b>2523,82,43,068</b>
5	Estimated amount of contracts remaining to be executed on Capital Account not provided for (net of advance paid)	11,60,52,657	16,61,49,618
6	Premises include advances towards acquisition of Premises ₹ 42,11,298 (Previous Year - ₹ 22,26,552) and Capital Work in Progress ₹ 16,76,89,229 (Previous Year - ₹ 11,31,98,075).		
7	In respect of foreign currency borrowings of JPY 30 billion 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 ₹494,20,18,504(Previous Year - ₹ 619,43,79,996) 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. If the balance in the Fund is insufficient, the claim will be on Government of India.		
8	The borrowing of ₹479,69,77,710(Previous Year - ₹ 523,30,66,592) 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, 2013 in ERFF maintained for this loan is ₹ 398,57,63,489(Previous Year - ₹ 439,27,94,279).		
9	Income in Schedule XIII - 'other income' for FY 2012-13 includes Prior Period Income ₹2,21,88,707 [Previous Year - NIL] and Other expenditure in Schedule XIV - 'Operating Expenses' for FY 2012-13 includes prior period expenditure of ₹1,42,12,033 [Previous Year - ₹97,41,876].		



## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

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 94.59 million (equivalent to ₹485.30 crore) as on March 31,2013 [Previous Year USD 94.47 million (equivalent to ₹469.69 crore)] from GOI is recorded as SDR liability and the underlying is being hedged through Currency Interest rate swaps by SIDBI. 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 ₹100 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.		
12	The Bank has pledged Government securities & Treasury Bills aggregating to ₹104,00,00,000 (book value ₹102,34,03,203) [Previous Year ₹162,89,60,000 (book value ₹160,16,97,923)] with Clearing Corporation of India Ltd. for Collataralised Borrowings and Lending Obligations (CBLO). The Bank has placed Fixed Deposit with IDBI Bank to cover its operations under Working Capital arrangement with IDBI Bank.		
13	As a part of hedging strategy, the Bank has placed foreign currency funds drawn under various lines of credit with scheduled commercial banks and have availed loan / overdraft facility in Indian Rupees against these deposits. Outstanding under these borrowings aggregated ₹939,96,39,669 as on March 31, 2013 (Previous Year ₹985,07,54,958). The interest receivable on these deposits match with the interest payable on underlying liabilities.		
14	Other income includes recoveries on account of advances written off in earlier years ₹73.26crore (previous year ₹79.18 crore)		
15	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 ₹9,66,15,272(Previous year - ₹10,16,03,409) as on March 31, 2013.		
16	'Provisions and Contingencies' in Profit & Loss Account for the year ended March 31, 2013 are net off after write back of Stressed Asset provision of one of SFCs of ₹213.01 crore (previous year ₹52.74 crore), MFIs of ₹66.74 crore(previous year NIL) and Investment Depreciation ₹78.83 crore (previous year NIL) for restructured assets of ₹NIL (previous year ₹12.77 crore).		
17	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.		
18	The Bank has sold its Advances portfolio (Direct) under direct assignment. The following tables set forth, for the periods indicated, the information on direct assignment activity of the Bank as an originator.		
		(₹)	
Particulars		March 31, 2013	March 31, 2012
Opening Balance		197,46,04,691	-
Total number of loan assets direct assigned		-	1,006
Total book value of loan assets direct assigned		-	197,46,04,691
Sale consideration received for the direct assigned assets		-	197,46,04,691
Net gain/(loss) on account of direct assignment		-	-

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

<b>19 Employee Benefits</b>					
In accordance with the Accounting Standard on "Employee Benefits" (AS 15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the Bank has classified the various benefits provided to the employees as under:					
<b>(a) Defined contribution plan</b>					
Provident fund					
The Bank has recognized the following amounts in Profit & Loss Account, which are included under Contributions to Provident funds:					
(₹)					
<b>Particulars</b>			<b>March 31, 2013</b>		<b>March 31, 2012</b>
	Employer's contribution to provident fund		4,43,46,490		9,79,78,201
<b>(b) The Bank is having defined benefit Pension Plans and Gratuity Scheme which are managed by the Trust.</b>					
(₹ Crore)					
		<b>Pension</b>		<b>Gratuity</b>	
		<b>FY 2012-13</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2011-12</b>
<b>1. Assumptions</b>					
	Discount Rate - Previous	8.50%	8.25%	8.50%	8.25%
	Rate of Return on Plan Assets - Previous	8.60%	8.00%	8.60%	8.00%
	Salary Escalation - Previous.	5.50%	5.50%	5.50%	5.50%
	Discount Rate - Current	8.00%	8.50%	8.00%	8.50%
	Rate of Return on Plan Assets - Current	8.70%	8.60%	8.70%	8.60%
	Salary Escalation - Current	7.00%	5.50%	7.00%	5.50%
<b>2. Table showing change in Benefit Obligation</b>					
	Liability at the beginning of the year	155.95	112.76	56.24	39.23
	Interest Cost	13.26	9.91	4.78	3.36
	Current Service Cost	13.84	11.22	2.42	2.18
	Past Service Cost (Non Vested Benefit)	0.00	0.00	0.00	0.00
	Past Service Cost ( Vested Benefit)	0.00	0.00	0.00	0.00
	Liability Transferred in	0.00	0.00	0.00	0.00
	(Liability Transferred out)	0.00	0.00	0.00	0.00
	(Benefit Paid)	(2.83)	(7.72)	(1.99)	(1.40)
	Actuarial (gain) / loss on obligations	38.64	29.78	6.63	12.87
	<b>Liability at the end of the year</b>	<b>218.85</b>	<b>155.95</b>	<b>68.08</b>	<b>56.24</b>

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹) Crore

	Pension		Gratuity	
	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12
<b>3. Tables of Fair value of Plan Assets</b>				
Fair Value of Plan Assets at the beginning of the year	66.58	55.71	44.92	26.11
Expected Return on Plan Assets	5.73	4.79	3.86	3.44
Contributions	3.94	8.02	21.41	17.55
Transfer from other company	0.00	0.00	0.00	0.00
(Transfer to other company)	0.00	0.00	0.00	0.00
(Benefit Paid)	(2.83)	(7.72)	(1.99)	(1.40)
Actuarial gain / (loss) on Plan Assets	0.70	5.78	0.65	(0.78)
Fair Value of Plan Assets at the end of the year	74.12	66.58	68.86	44.92
<b>Total Actuarial Gain / (Loss) to be recognised</b>	<b>(37.94)</b>	<b>(24.00)</b>	<b>(5.97)</b>	<b>(13.65)</b>
<b>4. Actual Return on Plan Assets</b>				
Expected Return on Plan Assets	5.73	4.79	3.86	3.44
Actuarial Gain / (Loss) on Plan Assets	0.70	5.78	0.65	(0.78)
Actual Return on Plan Assets	6.43	10.57	4.51	2.66
<b>5. Amount Recognised in the Balance Sheet</b>				
Liability at the end of the year	74.12	155.95	68.86	56.24
Fair Value of Plan Assets at the end of the year	(218.85)	66.58	(68.08)	44.92
Difference	(144.72)	(89.37)	0.78	(11.32)
Unrecognised Past Service Cost at the end of the year	0.00	0.00	0.00	0.00
Unrecognised Transitional Liability at the end of the year	0.00	0.00	0.00	0.00
<b>Net Amount recognised in the Balance Sheet</b>	<b>(144.72)</b>	<b>(89.37)</b>	<b>0.78</b>	<b>(11.32)</b>
<b>6. Expenses Recognised in the Income Statement</b>				
Current Service Cost	13.84	11.22	2.42	2.18
Interest Cost	13.26	9.91	4.78	3.36
Expected Return on Plan Assets	(5.73)	(4.79)	(3.86)	(3.44)
Past Service Cost (Non Vested Benefit) recognised during the year	0.00	0.00	0.00	0.00
Past Service Cost (Vested Benefit) recognised during the year	0.00	0.00	0.00	0.00
Recognition of Transition Liability during the year	0.00	0.00	0.00	0.00
Actuarial (Gain) / Loss	37.94	24.00	5.97	13.65
<b>Expense Recognised in Profit &amp; Loss Account</b>	<b>59.30</b>	<b>40.34</b>	<b>9.31</b>	<b>15.75</b>

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹) Crore

		Pension		Gratuity					
		FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12				
7.	Balance Sheet Reconciliation								
	Opening Net Liability	89.37	57.05	11.32	13.12				
	Expense as above	59.30	40.34	9.31	15.75				
	Employers Contribution	(3.94)	(8.02)	(21.41)	(17.55)				
	Amount recognised in the Balance Sheet	144.72	89.37	(0.78)	11.32				
8.	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)	16.31	12.71	3.48	2.52				
9.	Category of Assets								
	Government of India Assets	0.00	0.00	0.00	0.00				
	Corporate Bonds	0.00	0.00	0.00	0.00				
	Special Deposits Scheme	0.00	0.00	0.00	0.00				
	Equity Shares of Listed Companies	0.00	0.00	0.00	0.00				
	Property	0.00	0.00	0.00	0.00				
	Insurer Managed Funds (LIC of India)	74.12	66.58	68.86	44.92				
	Other	0.00	0.00	0.00	0.00				
	Total	74.12	66.58	68.86	44.92				
10.	Experience Adjustment:								
		Pension				Gratuity			
		FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10
	On Plan Liability (Gain)/Loss	(2.72)	35.64	6.91	22.24	(0.11)	14.18	3.45	4.03
	On Plan Asset (Loss)/Gain	0.70	5.78	1.62	0.83	0.65	(0.78)	(0.26)	0.17
(C)	The following are the amount charged to Profit & Loss Account relating to other long term benefits plan based on the acturial valuation provided by independent actuary.								
	Sr. No.	Particulars			As on March 31, 2013		As on March 31, 2012		
	1	Ordinary Leave Encashment			10.15		5.78		
	2	Leave Fare Concession (LFC)			2.58		0.00		
	3	Sick Leave			0.94		1.90		
	4	Resettlement Expenses			0.00		0.00		
	5	Voluntary Health Scheme (VHS)*			0.69		1.34		

\* Domiciliary claim has been assumed to go up by 2%.

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

20	<p>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 Direct Finance, Indirect Finance 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 years figures have been regrouped and reclassified to conform to the current year's methodology.</p> <p style="text-align: right;">(₹ Crore)</p>								
	<b>Business Segments</b>	<b>Direct Finance</b>		<b>Indirect Finance</b>		<b>Treasury</b>		<b>Total</b>	
	<b>Particulars</b>	<b>FY 2012-13</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2011-12</b>
1	<b>Segment Revenue</b>	1,365	1,199	3,420	3,052	616	356	5,401	4,607
	Exceptional Items							0	0
	<b>Total</b>							<b>5,401</b>	<b>4,607</b>
2	<b>Segment Results</b>	288	400	703	613	293	130	1,284	1,143
	Exceptional Items							-	-
	<b>Total</b>							<b>1,284</b>	<b>1,143</b>
	Unallocable Expenses							88	69
	<b>Operating profit</b>							<b>1,196</b>	<b>1,074</b>
	Income Tax (Net of write back)							359	507
	<b>Net profit</b>							<b>837</b>	<b>567</b>
3	<b>Other information</b>								
	<b>Segment Assets</b>	12,403	11,418	44,158	43,010	4,415	4,103	60,976	58,531
	Unallocated Assets							872	854
	<b>Total Assets</b>							<b>61,848</b>	<b>59,385</b>
	<b>Segment Liabilities</b>	9,773	8,931	40,076	39,418	3,544	3,349	53,393	51,698
	Unallocated Liabilities							951	909
	<b>Total</b>							<b>54,344</b>	<b>52,607</b>
	<b>Capital / Reserves</b>	2,616	2,478	4,030	3,555	858	745	7,504	6,778
	<b>Total</b>							<b>7,504</b>	<b>6,778</b>
	<b>Total Liabilities</b>							<b>61,848</b>	<b>59,385</b>
21	<p><b>Related party transactions</b></p> <p>As per the Accounting Standard on "Related Party Disclosures" (AS-18) issued by Institute of Chartered Accountant of India, the related parties of the Bank are as follows:</p>								
A	<b>Subsidiaries:</b>								
1	SIDBI Venture Capital Limited (SVCL)								
2	SIDBI Trustee Company Limited (STCL)								
B	<b>Associates</b>								
1	India SME Asset Reconstruction Company (ISARC)								
2	SME Rating Agency of India Ltd. (SMERA)								
3	India SME Technology Services Ltd. (ISTSL)								



## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

C	Key Managerial Personnel of the Bank:					
1	Shri S. Muhnot, Chairman & Managing Director					
2	Shri N.K.Maini, Deputy Managing Director					
3	Shri T. R. Bajalia, Deputy Managing Director (from October 01, 2012)					
	The above list does not include State Controlled Enterprises since the same are exempted vide para 9 of Accounting Standard - 18 issued by Institute of Chartered Accountants of India (ICAI).					
D	Disclosures of details pertaining to related party transactions :					
a)	The gross salary including perquisites paid to the Key Managerial Personnel of the Bank during the year is as under :					
	(₹)					
		FY 2012-13	FY 2011-12			
1	Shri S. Muhnot, Chairman & Managing Director (from April 04, 2011)	26,42,975	16,86,703			
2	Shri N.K.Maini, Deputy Managing Director (from September 01, 2010)*	21,13,512	37,48,590			
3	Shri T. R. Bajalia, Deputy Managing Director (from October 01, 2012)	7,17,450	-			
4	Shri Rakesh Rewari, Deputy Managing Director (upto August 31, 2011)*	-	20,29,798			
	*Including payment of arrears during the previous year					
b)	Outstanding balances of loans as on March 31st in respect of above persons:		Nil			
c)	Interest on loans granted to Key Managerial Personnel during the year:		Nil			
d)	Outstanding balances under Fixed Deposits as on March 31st in respect of Key Managerial Personnel of the Bank: (₹)					
	Particulars	FY 2012-13	FY 2011-12			
	Deposits accepted during the year	37,58,628	45,54,367			
	Repayment during the year	8,22,743	2,328,617			
	Closing Balance	51,43,628	51,52,110			
	Interest recognised during the year	4,68,552	3,34,630			
e)	Related Party	Subsidiaries		Associates		
	Particulars	SVCL	STCL	SMERA	ISARC	ISTSL
	Investment in Shares					
	Transactions during the Year	- (-)	- (-)	- (1,250,000)	- (-)	- (-)
	Outstanding at end of the year	1,00,00,000 (1,00,00,000)	5,00,000 (5,00,000)	5,10,00,000 (5,10,00,000)	15,00,00,000 (15,00,00,000)	1,00,00,000 (1,00,00,000)
	Income received					
	Amount received by Bank	4,65,13,178 (4,69,46,459)	1,00,000 (1,20,000)	60,98,446 (53,88,193)	70,77,717 (66,16,490)	- (-)
	Receivables at end of the year	- (-)	- (-)	- (21,87,503)	- (-)	- (-)
	Reimbursement of expenses					
	Amount claimed by Bank	5,41,674 (31,79,829)	- (-)	- (34,64,514)	6,48,640 (57,83,644)	38,52,852 (36,20,029)

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹)

Particulars	Subsidiaries		Associates		
	SVCL	STCL	SMERA	ISARC	ISTSL
<b>Receivables at end of the year</b>	960 (2,71,335)	- (-)	- (-)	6,34,576 (3,63,853)	34,90,794 (37,17,456)
<b>Payment of expenses</b> Amount paid by Bank					
- Fees/Commission	22,27,423 (12,68,495)	- (-)	400,000 (-)	- (-)	7,25,239 (3,55,750)
- Interest	46,45,503 (36,32,615)	16,40,452 (16,65,600)	- (-)	79,74,179 (8,27,264)	- (34,07,577)
<b>Payables at end of the year</b>					
- Fees/Commission	- (280,000)	- (-)	- (-)	- (-)	- (-)
- Interest	- (23,93,959)	- (8,50,005)	- (-)	- (38,52,623)	- (-)
<b>Deposits</b> Received during the Year	- (4,78,10,000)	- (1,68,83,000)	- (-)	- (8,07,58,957)	- (-)
Repaid during the year	4,78,10,000 (4,82,75,000)	1,68,83,000 (2,19,46,000)	- (-)	8,07,58,957 (1,00,00,000)	- (4,50,00,000)
Outstanding at end of the year	- (4,78,10,000)	- (1,68,83,000)	- (-)	- (8,07,58,957)	- (-)

(Figures in brackets represents previous year's amount)

## 22 Earning Per Share (EPS) (AS-20)\* :

	March 31, 2013	March 31, 2012
Net Profit considered for EPS calculation (₹ )	837,35,26,906	566,84,88,410
Number of equity shares of face value ₹ 10 each	45,00,00,000	45,00,00,000
Earning per share (₹)	18.61	12.60

\* Basic & Diluted EPS are same as there are no dilutive potential Equity Shares.

## 23 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 ₹20,70,65,580/- as Deferred Tax Assets (Previous year - Deferred Tax Liability was ₹26,03,47,216) in the Profit and Loss Account for the year ended March 31, 2013. The Break up of Deferred Tax Asset/ ( Liability) as on March 31, 2013 is as follows :

Timing Difference	As at 31.03.2013 Deferred Tax Asset/(Liability)	As at 31.03.2012 Deferred Tax Asset/(Liability)
a) Provision for Depreciation	(4,80,06,842)	(2,73,52,122)
b) Special Reserve u/s 36(1)(viii) of the Income Tax Act 1961	(306,00,03,750)	(270,32,29,206)
c) Provisions for Bad & Doubtful Debts	125,78,32,600	101,62,27,670
d) Amortisation of Premium on GOI Bonds	(19,76,72,882)	(20,96,53,055)
e) Provision for Restructuring of Accounts	16,46,37,417	9,54,32,152
f) Others	71,22,78,338	45,05,73,861
<b>Net deferred tax Asset/(Liability)</b>	<b>(117,09,35,120)</b>	<b>(137,80,00,700)</b>

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

			(₹)
24	<b>Provision for Income Tax includes:</b>		
	<b>Sr. No.</b>	<b>Particulars</b>	<b>FY 2012-13</b>
	(i)	Current Income Tax Provision	521,55,64,002
	(ii)	Short/(Excess) Income Tax Provision of Earlier Years	(141,91,88,870)
25	The Income Tax Department has issued refund orders dated March 08, 2013, March 11, 2013 & March 12, 2013 which were received after the end of the financial year. Hence the amount of Income Tax Refund of ₹187,83,06,421 is shown as Income Tax Refund Receivable and grouped under 'Other Assets' in the Balance Sheet. The interest of ₹27,21,33,101 on refund is included in 'Other Income' in Profit & Loss Account. The total interest on refund credited to Profit and Loss Account during the year is ₹45,14,29,459/-.		
26	Contingent liabilities of ₹88,70,74,231 (Previous Year - ₹105,22,94,390) 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 ₹50,66,51,835/- (Previous Year - ₹84,46,37,936) 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.		
			(₹)
	<b>Particulars</b>	<b>Wage Arrears / Incentive</b>	<b>Other Provisions</b>
	<b>Opening Balance</b>	<b>1,56,00,000</b>	<b>4,06,34,298</b>
	Additions:	85,00,000	30,26,300
	Utilisations:	(1,19,45,200)	-
	Write back	(21,95,000)	-
	<b>Closing Balance</b>	<b>99,59,800</b>	<b>4,36,60,598</b>
	Other Provision 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 not exceeded the prudential exposure limit during the year.		
30	Details of Customers complaints received, disposed off and pending for the year ended March 31, 2013.		
	<b>Particulars</b>	<b>FY 2012-13</b>	<b>FY 2011-12</b>
	No. of Complaints at the beginning of the year	3	4
	Add: No. of Complaints received during the year	55	63
	Less: No. of Complaints redressed during the year	50	64
	No. of Complaints pending at the end of the year	8	3
31	<b>Investor's Complaints:</b>		
	As on 1st April, 2012, the Bank had no pending investor's complaints. During the current financial year twenty complaints were received from Investors and seventeen complaints were disposed off during the year. Thus, three complaints are pending for disposal as on March 31, 2013.		
32	Regulation 14 of Small Industries Development Bank of India General Regulations, 2000 prescribes separate format for presentation of accounts under Small Industries Development Assistance Fund (SIDAF) and General Fund. As no separate SIDAF has been notified by the Central Government, the same is not being maintained by SIDBI.		
33	Previous year's figures have been re-grouped and re-classified wherever necessary to make them comparable with the current years figures.		

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹ Crore)

Additional disclosures as per RBI guidelines					
A.	Capital	FY 2012-13		FY 2011-12	
	a) Capital to Risk Assets Ratio [CRAR]	28.14%		28.96%	
	Core CRAR	27.02%		27.83%	
	Supplementary CRAR	1.12%		1.13%	
	b) The amount of subordinated debt raised and outstanding as Tier II capital	Nil		Nil	
	c) Risk weighted assets- separately for on and off-balance sheet items				
	On Balance sheet	30,566.65		27,770.91	
	Off Balance sheet	350.53		380.07	
	d) The share holding pattern as on the date of the Balance sheet	No. of shares		Percentage of shareholding	
	Financial Institutions	2,39,00,000		5.31	
	Insurance Companies	9,84,50,000		21.88	
	PSU Banks	32,76,50,000		72.81	
	Total	45,00,00,000		100.00	
B.	Asset quality and credit concentration				
		FY 2012-13		FY 2011-12	
	a) Percentage of net NPAs to net loans and advances	0.53		0.34	
	b) Provision Coverage Ratio	84%		88%	
	c) Amount and percentage of net NPAs to net advances under the prescribed asset classification categories				
		FY 2012-13		FY 2011-12	
	Category	Amount	Percentage	Amount	Percentage
	Sub-standard assets*	277.07	0.49	172.31	0.32
	Doubtful assets*	22.08	0.04	11.61	0.02
	Total	299.15	0.53	183.92	0.34
	* Adjusted provision in respect of restructured accounts classified as NPA.				
	d) Amount of provisions made during the year towards Standard assets, NPAs, Investments (other than those in the nature of an advance) and Income Tax				
	Particulars	FY 2012-13		FY 2011-12	
	Standard Assets *	673.36		590.28	
	NPAs	350.09**		132.63	
	Investments	159.40		67.18	
	Restructuring of Accounts	19.02		0.00	
	Income Tax (including Deferred tax and write back of excess provision)	358.93		507.29	
	* includes general provision of ₹ 31.02 crore (previous year ₹ 48.63 crore) held in respect of Standard Assets , as per RBI guidelines.				
	** Net of write back of provision (₹ 68.86 crore)				

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹ Crore)

e) Movement of Non Performing Assets (NPAs)					
Particulars		FY 2012-13		FY 2011-12	
Gross NPA at the beginning of the financial year		373.51		279.05	
Add : Additions during the year		621.81		287.07	
Sub total (A)		995.32		566.12	
Less:-					
i) Upgradations		69.29		15.65	
ii) Recoveries (excluding recoveries made from upgraded accounts)		79.86		86.22	
iii) Write offs		291.87		90.74	
Sub total (B)		441.02		192.61	
Gross NPA at the close of the financial year (A - B)		554.29		373.51	
f) Movement of provisions for NPAs (excluding provisions on standard assets)					
Particulars		FY 2012-13		FY 2011-12	
Opening Balance at the beginning of the financial year		188.80		146.92	
Add: Provisions made during the year		418.94		177.65	
Less: Write-off / write-back of excess provisions		360.72		135.77	
Closing balance at the close of the financial year		247.02		188.80	
g) Movement in Net NPAs					
Particulars		FY 2012-13		FY 2011-12	
Opening Balance at the beginning of the financial year		183.92		127.18	
Add: Additions during the year		202.86		109.42	
Less: Reductions during the year		80.30		56.84	
Less: Provision for diminution of fair value of restructured accounts classified as NPA*		7.33		-4.16	
Closing balance at the close of the financial year		299.15		183.92	
* Provision for diminution of fair value of restructured accounts classified as NPA as on 31 March 2013 is ₹8.12 crore, as against ₹0.79 crore already considered in opening as on 31 March 2012. Accordingly the figure has been worked out for FY 2012-13.					
h) Movement of Floating Provisions					
Particulars		FY 2012-13		FY 2011-12	
Opening balance at the beginning of the financial year		-		-	
Add: Provisions made during the year		-		-	
Less: Purpose and amount of draw down made during the year		-		-	
Closing balance at the close of the financial year		-		-	
C. Credit Exposure					
a) Credit exposure as percentage to capital funds and as percentage to total assets, in respect of :					
Sr. No.	Particulars	FY 2012-13		FY 2011-12	
		As % to Total Assets	As % to Capital Funds	As % to Total Assets	As % to Capital Funds
1	The largest single borrower	10.51	67.70	10.62	70.75
	The largest borrower group	As large borrowers are Primary lending Institutions, the concept of borrower group is not applicable.			
2	The 10 largest single borrowers	43.69	281.45	40.24	267.97
	The 10 largest borrower group	As large borrowers are Primary lending Institutions the concept of borrower group is not applicable.			



# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹ Crore)

<b>b) Credit exposure to the five largest industrial sectors (if applicable) as percentage to total loan assets*:</b>					
	<b>FY 2012-13</b>		<b>FY 2011-12</b>		
<b>Name of Industry</b>	<b>Amount Outstanding</b>	<b>% to total loan Assets</b>	<b>Amount Outstanding</b>	<b>% to total loan Assets</b>	
Transport Equipment	1,608.59	13.12	1,494.58	13.21	
Electricity Generation	1,404.44	11.45	1,351.50	11.94	
Textile (Including Jute)	1,323.89	10.79	1,183.68	10.46	
Construction**	833.49	6.80	373.38	3.30	
Metal Products	739.51	6.03	660.56	5.84	
* Exposure pertains to Assistance under Direct Finance					
** Construction was not in top five largest industrial sectors in FY 2011-12					
<b>D. Concentration of Deposits, Advances, Exposures and NPAs</b>					
<b>a) Concentration of Deposits</b>	<b>FY 2012-13</b>		<b>FY 2011-12</b>		
Total Deposits of twenty largest depositors (₹ Crore)	2,361.71		2,244.60		
Percentage of deposits of twenty largest depositors to total deposits of the bank	90.66		88.49		
<b>b) Concentration of Advances</b>	<b>FY 2012-13</b>		<b>FY 2011-12</b>		
Total Advances to twenty largest borrowers (₹ Crore)	34,471.25		32,384.43		
Percentage of advances to twenty largest borrowers to total advances of the bank	61.49		60.21		
<b>c) Concentration of Exposures</b>	<b>FY 2012-13</b>		<b>FY 2011-12</b>		
Total Exposures to twenty largest borrowers / customers (₹ Crore)	34,472.03		33,050.45		
Percentage of exposures to twenty largest borrowers / customers to total exposures of the bank on borrowers / customers	53.60		52.54		
<b>d) Concentration of NPAs - Total Exposure to top four NPA accounts (₹ Crore)</b>	204.17		198.58		
<b>e) Sector wise NPAs</b>					
<b>Particulars</b>	<b>FY 2012-13</b>		<b>FY 2011-12</b>		
	Percentage of NPAs to Total Advances in that Sector				
Agriculture & allied activities Industry ( Micro, small, medium and large)	-		-		
Industry ( Micro, small, medium and large)	0.74		0.63		
Services	6.37		1.98		
Personal Loans	-		-		
<b>f) Overseas Assets, NPAs and Revenue</b>					
<b>Particulars</b>	<b>FY 2012-13</b>		<b>FY 2011-12</b>		
Total Assets	-		-		
Total NPAs	-		-		
Total Revenue	-		-		

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹ Crore)

		FY 2012-13		FY 2011-12	
		Name of SPV Sponsored		Name of SPV Sponsored	
		Domestic	Overseas	Domestic	Overseas
	g) Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	-	-	-	-
<b>E</b>	<b>Investments</b>				
	a) The Investments have been classified as under, as required by RBI guidelines:				
	<b>Particulars</b>	<b>FY 2012-13</b>		<b>FY 2011-12</b>	
	i) Held to Maturity	762.37		659.05	
	ii) Available for sale	2,363.42		2,329.17	
	iii) Held for Trading	92.65		-	
	iv) Others	-		-	
	<b>Total</b>	<b>3,218.44</b>		<b>2,988.22</b>	
	b) Provisions for depreciation in Investments				
	<b>Particulars</b>	<b>FY 2012-13</b>		<b>FY 2011-12</b>	
	Opening balance as at the beginning of the financial year	119.45		60.43	
	Add : Provisions made during the year	-78.83		59.02	
	Add: Appropriations, if any, from Investment Fluctuation Reserve account	-		-	
	Less : Write off during the year	-		-	
	Less: Transfer, if any, to Investment Fluctuation Reserve account	-		-	
	Less: Appropriations made on account of shifting of G Sec from AFS to HTM during FY	-		-	
	<b>Closing balance at the close of the financial year</b>	<b>40.62</b>		<b>119.45</b>	
	c) Issuer Categories in respect of Investment made:				
	<b>Issuer</b>	<b>Amount</b>	<b>Amount of</b>		
			<b>Investment made through private placement</b>	<b>Below Investment Grade Securities Held</b>	<b>Unrated securities held</b>
					<b>Unlisted securities</b>
	PSUs	470.17	-	-	-
	FIs	366.98	286.98	-	235.15
	Banks	984.60	176.00	-	-
	Private Corporates	779.95	676.91	-	559.19
	Subsidiaries/Joint ventures	1.05	1.05	-	1.05
	Others	337.80	-	-	7.71
	<b>Sub-Total</b>	<b>2,940.55</b>	<b>1,140.94</b>	<b>-</b>	<b>803.10</b>
	Provision held towards depreciation	(40.62)	-	-	-
	<b>Total</b>	<b>2,899.93</b>	<b>1,140.94</b>	<b>-</b>	<b>803.10</b>
	d) Non-performing Investments:				
	<b>Particulars</b>	<b>FY 2012-13</b>		<b>FY 2011-12</b>	
	Opening balance as at the beginning of the financial year	132.43		124.26	
	Additions during the year since 1st April	188.54		8.16	
	Reductions during the above period	1.83		-	
	<b>Closing balance at the close of the financial year</b>	<b>319.14</b>		<b>132.43</b>	
	Total Provisions held	291.84		132.43	
	e) 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.				

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹ Crore)

F Re-structured Accounts																							
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	7	1	-	-	8	-	-	-	-	-	139	47	19	-	205	146	48	19	-	213	
		Amount outstanding	569.12	1.46	-	-	570.58	-	-	-	-	-	348.77	65.16	4.40	-	418.33	917.89	66.62	4.40	-	988.91	
		Provision thereon	22.17	-	-	-	22.17	-	-	-	-	-	3.29	1.25	0.14	-	4.68	25.46	1.25	0.14	-	26.85	
2	Fresh restructuring during the year	No. of Borrowers	5	3	1	-	9	-	-	-	-	-	84	13	2	-	99	89	16	3	-	108	
		Amount outstanding	151.03	88.72	9.34	-	249.09	-	-	-	-	-	926.84	41.55	5.30	-	973.69	1077.87	130.27	14.64	-	1,222.78	
		Provision thereon	13.02	7.08	-	-	20.10	-	-	-	-	-	1.16	0.35	0.17	-	1.68	14.18	7.43	0.17	-	21.78	
3	Upgradations to restructured standard category during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	6	-6	-	-	-	6	-6	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	7.68	(7.68)	-	-	-	7.68	(7.68)	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.08	(0.08)	-	-	-	0.08	(0.08)	-	-	-	
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	-					-	-				-	50				50	50				50
		Amount outstanding	-					-	-				-	135.91				135.91	135.91				135.91
		Provision thereon	-					-	-				-	0.80				0.80	0.80				0.80
5	Downgradations of restructured accounts during the FY	No. of Borrowers	-1	-	1	-	-	-	-	-	-	-	-25	15	10	-	-	-26	15	11	-	-	
		Amount outstanding	(2.18)	0.72	1.46	-	-	-	-	-	-	-	(43.91)	19.68	24.24	-	-	(46.10)	20.40	25.70	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(0.39)	0.05	0.34	-	-	(0.39)	0.05	0.34	-	-	
6	Write-offs of restructured accounts during the FY	No. of Borrowers	-	-	1	-	1	-	-	-	-	-	1	19	9	-	29	1	19	10	-	30	
		Amount outstanding	-	-	9.34	-	9.34	-	-	-	-	-	0.36	21.11	5.51	-	26.98	0.36	21.11	14.85	-	36.32	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.02	0.20	0.03	-	0.25	0.02	0.20	0.03	-	0.25	
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of Borrowers	11	4	1	0	16	-	-	-	-	-	136	41	16	-	193	147	45	17	-	209	
		Amount outstanding	666.31	90.87	1.38	-	758.56	-	-	-	-	-	1,048.32	89.40	25.91	-	1,163.63	1714.63	180.27	27.30	-	1,922.20	
		Provision thereon	13.02	7.08	-	-	20.10	-	-	-	-	-	2.79	0.56	0.32	-	3.68	15.82	7.64	0.32	-	23.78	

\*Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

<b>G a) Assets sold to Securitisation Company / Reconstruction Company</b>		
Particulars	FY 2012-13	FY 2011-12
Number of Accounts	-	-
Aggregate Value (net of provisions) of Accounts sold to SC / RC	-	-
Aggregate Consideration	-	-
Additional Consideration realised in respect of accounts transferred in earlier years	-	0.16
Aggregate Gain / Loss over net Book Value	-	-

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹ Crore)

b) Corporate Debt Restructuring							
Sr. No	Particulars			FY 2012-13		FY 2011-12	
(i)	Total Amount of Loan Assets subjected to Restructuring under CDR			758.56		929.37	
(ii)	The Amount of Standard Assets Subject to CDR			666.31		863.88	
(iii)	The Amount of Sub-Standard Assets subject to CDR			92.25		65.49	
H	Liquidity						
Maturity pattern of rupee and foreign currency assets and liabilities (As compiled by the management and relied upon by the auditors)							
	Items	Less than or equal to 1 year	More than 1 year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than seven years	Total
	Rupee assets	41,749	15,305	5,042	1,441	2,921	66,458
	Foreign currency assets (Rupee Equivalent)	0	0	0	0	0	0
	Dollar	449	1,410	218	950	511	3,538
	Euro	183	664	333	317	140	1,637
	Yen	1,178	177	389	386	1,079	3,209
	GBP	1	55	0	0	0	56
	Total Assets	43,560	17,611	5,982	3,094	4,651	74,898
	Rupee liabilities	17,721	24,196	6,807	3,184	15,722	67,630
	Foreign currency liabilities (Rupee Equivalent)	0	0	0	0	0	0
	Dollar	97	871	178	862	1,190	3,198
	Euro	203	333	336	213	321	1,406
	Yen	93	350	611	606	1,532	3,192
	GBP	1	0	0	0	0	1
	Total Liabilities	18,115	25,750	7,932	4,865	18,765	75,427
I	Operating results						
Sr. No	Particulars			FY 2012-13		FY 2011-12	
a)	Interest income as a percentage to average working funds*			8.62		8.46	
b)	Non-interest income as a percentage to average working funds			0.32		0.20	
c)	Operating profit as a percentage to average working funds (before provisions)			3.38		3.40	
d)	Return on average assets (before provisions for taxation)			1.98		2.02	
e)	Net Profit per employee (₹ crore)			0.79		0.55	
	* Interset income includes recoveries out of bad bebtS						
J	Forward Rate Agreements & Interest Rate Swaps						
Sr. No	Particulars			FY 2012-13		FY 2011-12	
i)	No. of transactions outstanding			-		-	
ii)	Total outstanding notional principal (₹ Crore)			-		-	
iii)	Nature of swaps			-		-	
iv)	Terms			-		-	
v)	Accounting Policy			-		-	
vi)	Loss which would be incurred in case counterparties fail to fulfill their obligations (₹ Crore)			-		-	
vii)	Collateral required upon entering into swaps			-		-	
viii)	Concentraion of credit risk arising from swaps			-		-	
ix)	Fair value of swaps book (₹ Crore)			-		-	

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Balance Sheet as at March 31, 2013

(₹ Crore)

K	Details in respect of Interest Rate Derivatives:				
	Particulars	FY 2012-13		FY 2011-12	
	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument - wise)	-		-	
	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31 (instrument - wise)	-		-	
	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument - wise)	-		-	
	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument - wise)	-		-	
L	Disclosure of risk exposure in derivatives				
	a. Qualitative Disclosures				
	(i) 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.				
	(ii) Internal control guidelines and accounting policies are framed and approved by the Board. The derivative structure is undertaken only after the approval of the Competent Authority. The particulars of derivative deals undertaken are also reported to ALCO/Board.				
	(iii)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.				
	(iv) Provisions are made for Mark To Market losses, if any, at the year end.				
	b. Quantitative Disclosures				
		FY 2012-13		FY 2011-12	
Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1	Derivatives ( Notional Principal Amount )				
	(i) For hedging	5,039.76	-	4,663.10	-
	(ii) For trading	-	-	-	-
2	Marked to Market Positions [1]				
	(i) Asset (+)	236.16	-	238.18	-
	(ii) Liability (-)	-	-	-	-
3	Credit Exposure [2]	568.26	-	586.72	-
4	Likely impact of one percentage change in interest rate(100*PV01)				
	(i) On hedging derivatives	293.00	-	313.77	-
	(ii) On trading derivatives	-	-	-	-
5	Maximum and Minimum of 100*PV01 observed during the year				
	(i) On hedging	343.21 / 293.00	-	313.77 / 118.89	-
	(ii) On trading	-	-	-	-

BY ORDER OF THE BOARD

As per our report of even date

For HARIBHAKTI & CO.  
Chartered Accountants  
FRN :103523W

U.J. Lalwani  
Country Head  
(Corporate Accounts Vertical)

S. Muhnot  
Chairman & Managing Director

N.K. Maini  
Deputy Managing Director

T.R. Bajalia  
Deputy Managing Director

Rakesh Rath  
Partner  
M.No.: 045228

P.A. Sethi  
Director

B. Manivannan  
Director

Mumbai, May 13, 2013



## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Cash Flow Statement for the year ended March 31, 2013

## Cash Flow Statement for the year ended March 31, 2013

(₹)

March 31, 2012	Particulars	March 31, 2013	March 31, 2013
	<b>1. Cash Flow from Operating Activities</b>		
1074,14,15,954	Net Profit before tax as per P & L Account		1196,28,36,459
	Adjustments for :		
13,19,98,830	Depreciation	12,87,73,913	
67,18,49,951	Provision for net depreciation in investments	80,57,41,833	
669,84,00,625	Provisions made (net of write back)	844,03,97,261	
(49,69,96,773)	Profit on sale of investments (net)	(104,58,78,339)	
(16,08,69,496)	Dividend Received on Investments	(23,47,79,638)	809,42,55,030
<b>1758,57,99,091</b>	<b>Cash generated from operations</b> (Prior to changes in operating Assets and Liabilities)		<b>2005,70,91,489</b>
	Adjustments for net changes in :		
(453,68,62,876)	Current assets	309,43,07,039	
207,79,21,854	Current liabilities	(923,57,89,581)	
19,58,03,893	Bills of Exchange	(1609,71,55,388 )	
(7767,72,48,214)	Loans & Advances	(710,48,70,474)	
5598,74,93,223	Net Proceeds of Bonds and Debentures & other borrowings	(438,61,21,510)	
1260,21,93,760	Deposits received	2364,20,28,167	
<b>(1135,06,98,360)</b>			<b>(1008,76,01,747)</b>
623,51,00,731			996,94,89,742
(353,21,70,047)	Payment of Tax	(580,71,27,230)	(580,71,27,230)
<b>270,29,30,684</b>	<b>Net Cash flow from operating Activities</b>		<b>416,23,62,512</b>
	<b>2. Cash flow from Investing Activities</b>		
(12,73,97,006)	Net (Purchase)/Sale of fixed assets	(10,04,30,449)	
(419,62,54,704)	Net (Purchase)/sale/redemption of Investments	(125,62,63,862)	
16,08,69,496	Dividend Received on Investments	23,47,79,638	
(416,27,82,214)	<b>Net cash used in Investing Activities</b>		(112,19,14,673)

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Cash Flow Statement for the year ended March 31, 2012

March 31, 2012	Particulars	March 31, 2013	March 31, 2013
	<b>3. Cash flow from Financing Activities</b>		
(130,14,20,053)	Dividend on Equity Shares & tax on Dividend	(130,14,20,053)	
<b>(130,14,20,053)</b>	<b>Net cash used in Financing Activities</b>		<b>(130,14,20,053)</b>
<b>(276,12,71,583)</b>	<b>4. Net increase/(decrease) in cash and cash equivalents</b>		<b>173,90,27,786</b>
<b>1617,97,14,135</b>	<b>5. Cash and Cash Equivalents at the beginning of the period</b>		<b>1341,84,42,552</b>
<b>1341,84,42,552</b>	<b>6. Cash and Cash Equivalents at the end of the period</b>		<b>1515,74,70,338</b>
<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 HARIBHAKTI & CO.  
Chartered Accountants  
FRN:103523W

U.J. Lalwani  
Country Head  
(Corporate Accounts Vertical)

S. Muhnot  
Chairman & Managing Director

N.K. Maini  
Deputy Managing Director

T.R. Bajalia  
Deputy Managing Director

Rakesh Rathi  
Partner  
M.No.: 045228

P.A. Sethi  
Director

B. Manivannan  
Director

Mumbai, May 13, 2013

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Auditor's Report

**Independent Auditors' Report**

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

**Report on the 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 March 31, 2013 which comprise the consolidated Balance Sheet as at 31st March 2013 and the consolidated Statement of the Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management Responsibility for the Consolidated Financial Statements**

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; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 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 in order to design audit procedures that are appropriate in the circumstances. An audit also include evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

We report that the consolidated financial statements have been prepared by the Bank's Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated financial statements", Accounting Standards (AS) 23, "Accounting for Investments in Associate in Consolidated Financial Statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Small Industries Development Bank of India, its subsidiaries and associates.

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 2013,
- ii) in the case of the Consolidated Statement of Profit & 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.

## **SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA**

Auditor's Report

### **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 7 associates wherein as per the management the carrying amount of the investments are not realizable and are fully provided for.
- b) Note nos 4C and 4D of Annexure I to Consolidated Accounts with regard to non-consolidation of 8 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 2 subsidiaries, whose financial statements reflect total assets of ₹ 32,76,04,516/-, as at March 31, 2013, total revenue of ₹16,55,66,054/- and net cash outflows amounting to ₹80,25,771/- for the year then ended. We also did not audit the financial statements of the 1 associate in whose aggregate share of net profit amounting to ₹20,11,197/- are also included in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us by the Management, and our opinion is based solely on the report of the other auditor.

We have relied on the unaudited financial statements and other financial information furnished by the management with respect to 3 associates in whose aggregate share of net profit amounting to ₹45,13,884/- are also included in the consolidated financial statements. We are unable to comment upon resultant impact, if any, on the Group's share of profit as at March 31, 2013, had the associates been audited.

Our opinion is not qualified in respect of this matter.

**For Haribhakti & Co**  
**Chartered Accountants**  
**Firm Registration No: 103523W**

**Rakesh Rathi**  
**Partner**  
**M.No. : 045228**

**Place : Mumbai**  
**Date : May 13, 2013**

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Consolidated Balance Sheet as at March 31, 2013

Appendix-II

## Consolidated Balance Sheet as at March 31, 2013

(₹)

CAPITAL AND LIABILITIES	SCHEDULES	March 31, 2013	March 31, 2012
Capital	I	450,00,00,000	450,00,00,000
Reserves, Surplus and Funds	II	7096,41,96,768	6368,37,11,971
Deposits	III	18104,87,19,905	15734,19,98,738
Borrowings	IV	29849,15,66,912	30287,76,88,423
Other Liabilities and Provisions	V	6275,11,03,349	6441,30,52,367
Deferred Tax Liability		117,02,71,145	137,78,57,073
<b>Total</b>		<b>61892,58,58,079</b>	<b>59419,43,08,572</b>

## ASSETS

Cash and Bank Balances	VI	1529,52,01,591	1349,95,06,576
Investments	VII	2892,19,42,808	2761,35,07,005
Loans & Advances	VIII	56059,75,73,832	53785,06,70,144
Fixed Assets	IX	198,48,27,654	201,30,32,759
Other Assets	X	1212,63,12,194	1321,75,92,088
<b>Total</b>		<b>61892,58,58,079</b>	<b>59419,43,08,572</b>
Contingent Liabilities	XI	5286,06,02,658	5043,53,49,784

Significant Accounting Policies 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 HARIBHAKTI & CO.  
Chartered Accountants  
FRN :103523W

U.J. Lalwani  
Country Head  
(Corporate Accounts Vertical)

S. Muhnot  
Chairman & Managing Director

N.K. Maini  
Deputy Managing Director

T.R. Bajalia  
Deputy Managing Director

Rakesh Rath  
Partner  
M.No. : 045228

P.A. Sethi  
Director

B. Manivannan  
Director

Mumbai, May 13, 2013



**SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA**  
Consolidated Profit & Loss Account for the year ended March 31,2013

**Consolidated Profit & Loss Account for the year ended March 31,2013**

(₹)

INCOME	SCHEDULES	March 31, 2013	March 31, 2012
Interest and Discount	XII	5135,32,01,460	4423,27,18,845
Other Income	XIII	277,44,49,796	191,92,49,002
<b>Total</b>		<b>5412,76,51,256</b>	<b>4615,19,67,847</b>
<b>EXPENDITURE</b>			
Interest & Financial charges		3038,90,95,335	2523,25,26,495
Operating Expenses	XIV	327,35,08,578	276,01,29,888
Provisions & Contingencies		843,57,81,390	736,27,50,575
Total		4209,83,85,303	3535,54,06,958
<b>Profit before Tax</b>		<b>1202,92,65,953</b>	<b>1079,65,60,889</b>
Provision for Income Tax		383,10,75,132	484,42,09,931
Deferred Tax Adjustment [(Asset) / Liability]		(20,75,85,928)	26,08,34,268
Share of earning / (loss) in associates		65,25,081	1,73,03,402
Profit after Tax		841,23,01,830	570,88,20,092
Profit brought forward		38,51,63,808	20,54,30,281
<b>Total Profit / (Loss)</b>		<b>879,74,65,638</b>	<b>591,42,50,373</b>
<b>Appropriations</b>			
Transfer to General Reserve		540,65,00,000	340,55,00,000
Transfer to Special Reserve u/s 36(1)(viii) of The Income Tax Act, 1961		80,00,00,000	80,00,00,000
Others			
a) Transfer to Investment Fluction Reserve		78,82,93,354	-
Transfer to Staff Welfare Fund		1,00,00,000	1,00,00,000
Divided on Shares		112,50,00,000	112,50,00,000
Tax on Dividend		19,75,66,875	18,85,86,565
Surplus in Profit & Loss account carried forward		47,01,05,408	38,51,63,808
<b>Total</b>		<b>879,74,65,638</b>	<b>591,42,50,373</b>

Basic/Diluted Earning Per Share

18.69

12.69

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 HARIBHAKTI & CO.  
Chartered Accountants  
FRN :103523W

U.J. Lalwani  
Country Head  
(Corporate Accounts Vertical)

S. Muhnot  
Chairman & Managing Director

N.K. Maini  
Deputy Managing Director

T.R. Bajalia  
Deputy Managing Director

Rakesh Rathi  
Partner  
M.No.: 045228

P.A. Sethi  
Director

B. Manivannan  
Director

Mumbai, May 13, 2013

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Consolidated Balance Sheet as at March 31, 2013

(₹)

CAPITAL AND LIABILITIES	March 31, 2013	March 31, 2012
<b>Schedule I:</b>		
<b>Capital</b>		
<b>(a) Authorized Capital</b>		
- 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>(b) Issued, Subscribed and Paid-up Capital :</b>		
- Equity Share Capital (45,00,00,000 Equity Shares of ₹10/- each)	450,00,00,000	450,00,00,000
- Preference Share Capital	-	-
<b>Total</b>	<b>450,00,00,000</b>	<b>450,00,00,000</b>
<b>Schedule II:</b>		
<b>Reserves, Surplus and Funds</b>		
<b>A) Reserves</b>		
<b>i) General Reserve</b>		
- Opening Balance	4992,45,62,762	4651,53,66,521
- Additions during the year	540,06,50,764	340,91,96,241
- Utilisations during the year	-	-
- <b>Closing Balance</b>	<b>5532,52,13,526</b>	<b>4992,45,62,762</b>
<b>ii) Specific Reserves</b>		
<b>a) Investment Reserve</b>		
- Opening Balance	55,19,63,645	55,19,63,645
- Additions during the year	-	-
- Utilisations during the year	-	-
- <b>Closing Balance</b>	<b>55,19,63,645</b>	<b>55,19,63,645</b>
<b>b) Special Reserve created and maintained u/s 36 (1) (viii) of The Income Tax Act, 1961</b>		
- Opening Balance	1037,00,00,000	957,00,00,000
- Additions during the year	80,00,00,000	80,00,00,000
- Utilisations during the year	-	-
- <b>Closing Balance</b>	<b>1117,00,00,000</b>	<b>1037,00,00,000</b>
<b>c) Other Reserves</b>		
<b>i) Investment Fluctuation Reserve</b>		
- Opening Balance	-	-
- Additions during the year	78,82,93,354	-
- Utilisations during the year	-	-
- <b>Closing Balance</b>	<b>78,82,93,354</b>	<b>-</b>
<b>B) Surplus in Profit and Loss account</b>	<b>47,01,05,408</b>	<b>38,51,63,808</b>

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Consolidated Balance Sheet as at March 31,2013

(₹)

	March 31, 2013	March 31, 2012
<b>c) Funds</b>		
<b>a) National Equity Fund</b>		
- Opening Balance	222,39,66,690	197,22,19,496
- Additions / Write back during the year	20,82,81,880	25,17,47,194
- Utilisations during the year	-	-
- <b>Closing Balance</b>	<b>243,22,48,570</b>	<b>222,39,66,690</b>
<b>b) Staff Welfare Fund</b>		
- Opening Balance	22,80,55,066	23,57,92,572
- Additions during the year	1,00,00,000	1,00,00,000
- Utilisations during the year	1,16,82,801	1,77,37,506
- <b>Closing Balance</b>	<b>22,63,72,265</b>	<b>22,80,55,066</b>
<b>c) Others</b>	-	-
<b>Total</b>	<b>7096,41,96,768</b>	<b>6368,37,11,971</b>
<b>Schedule III:</b>		
<b>Deposits</b>		
A) Fixed Deposits	2604,86,19,905	2523,31,48,738
B) From Banks		
a) Under MSME Refinance Fund	14000,01,00,000	12710,88,50,000
b) Under MSME Risk Capital Fund	1000,00,00,000	500,00,00,000
c) Others -From Foreign & Private Sector Banks	500,00,00,000	-
<b>Subtotal (B)</b>	<b>15500,01,00,000</b>	<b>13210,88,50,000</b>
<b>Total</b>	<b>18104,87,19,905</b>	<b>15734,19,98,738</b>
<b>Schedule IV:</b>		
<b>Borrowings</b>		
<b>I) Borrowings in India</b>		
1. From Reserve Bank of India	-	-
2. From Government of India (including Bonds subscribed by GOI of ₹ 2172,80,00,000 )	3137,79,96,461	3165,79,29,152
3. Bonds & Debentures	11871,60,00,000	12516,99,60,000
4. From Other Sources		
- Commercial Paper	625,00,00,000	1320,00,00,000
- Certificate of Deposits	-	-
- Term Loans from Banks	5638,96,39,669	4793,07,54,958
- Term Money Borrowings	-	-
- Others	-	94,89,01,358
<b>Subtotal (I)</b>	<b>21273,36,36,130</b>	<b>21890,75,45,468</b>
<b>II) Borrowings outside India</b>		
(a) KFW, Germany	1041,42,91,583	1131,27,76,193
(b) Japan International Cooperation Agency (JICA)	4210,88,01,924	4227,39,63,250
(c) IFAD, Rome	120,82,06,342	117,44,77,331
(d) World Bank	2856,98,98,451	2585,98,16,307
(e) Others	345,67,32,482	334,91,09,874
<b>Subtotal (II)</b>	<b>8575,79,30,782</b>	<b>8397,01,42,955</b>
<b>Total (I &amp; II)</b>	<b>29849,15,66,912</b>	<b>30287,76,88,423</b>

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Consolidated Balance Sheet as at March 31, 2013

(₹)

	March 31, 2013	March 31, 2012
<b>Schedule V:</b>		
<b>Other Liabilities and Provisions:</b>		
Interest Accrued	340,81,31,630	1077,00,41,493
Others (including provisions)	4289,71,21,554	3856,46,91,275
Provisions for Exchange Rate Fluctuation	1247,01,13,635	1142,17,72,374
Contingent provisions against standard assets	265,31,69,655	234,29,60,660
Proposed Dividend (including tax on dividend)	132,25,66,875	131,35,86,565
<b>Total</b>	<b>6275,11,03,349</b>	<b>6441,30,52,367</b>
<b>ASSETS</b>		
<b>Schedule VI:</b>		
<b>Cash &amp; Bank Balances</b>		
1. Cash in Hand & Balances with Reserve Bank of India	5,86,438	6,07,005
2. Balances with Other Banks		
<b>(a) In India</b>		
i) in current accounts	25,45,43,513	28,84,75,683
ii) in other deposit accounts	113,76,81,176	132,74,92,900
<b>(b) Outside India</b>		
i) in current accounts	1,00,00,675	3,42,42,628
ii) in other deposit accounts	1389,23,89,789	1184,86,88,360
<b>Total</b>	<b>1529,52,01,591</b>	<b>1349,95,06,576</b>
<b>Schedule VII:</b>		
<b>Investments</b>		
<b>[net of provisions]</b>		
<b>A) Treasury operations</b>		
1. Securities of Central and State Governments	276,73,22,178	158,57,41,352
2. Shares of Banks & Financial Institutions	24,03,41,237	23,95,12,137
3. Bonds & Debentures of Banks & Financial Institutions	623,38,92,000	247,25,86,000
4. Stocks, Shares, Bonds & Debentures of Industrial Concerns	253,01,08,526	251,08,38,841
5. Short Term Bills Rediscounting Scheme	-	122,94,24,384
6. Others	784,71,38,259	1007,66,28,885
<b>Subtotal (A)</b>	<b>1961,88,02,200</b>	<b>1811,47,31,599</b>
<b>B) Business Operations</b>		
1. Shares of Banks & Financial Institutions	62,56,61,440	62,56,62,510
2. Bonds & Debentures of Banks & Financial Institutions	5,26,77,317	2,52,56,652
3. Stocks, Shares, Bonds & Debentures of Industrial Concerns	631,94,46,870	660,42,45,730
4. Investment in Subsidiaries	-	-
5. Others	230,53,54,981	224,36,10,514
<b>Subtotal (B)</b>	<b>930,31,40,608</b>	<b>949,87,75,406</b>
<b>Total (A+B)</b>	<b>2892,19,42,808</b>	<b>2761,35,07,005</b>

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Consolidated Balance Sheet as at March 31, 2013

(₹)

	March 31, 2013	March 31, 2012
<b>Schedule VIII:</b>		
<b>Loans &amp; Advances</b>		
<b>[Net of Provisions]</b>		
<b>A) Refinance to</b>		
- Banks and Financial Institutions	37193,36,56,036	39055,48,41,211
- Micro Finance Institutions	1132,48,81,543	1575,84,72,025
- NBFC	5468,77,05,100	1838,10,24,857
- Bills Rediscounted	-	-
- Others ( Resource Support)	-	-
<b>Subtotal (A)</b>	<b>43794,62,42,679</b>	<b>42469,43,38,093</b>
<b>B) Direct Loans</b>		
- Loans and Advances	8021,15,56,128	8683,50,89,350
- Receivable Finance Scheme	4166,07,07,253	2499,59,13,361
- Bills Discounted	77,90,67,772	132,53,29,340
<b>Subtotal (B)</b>	<b>12265,13,31,153</b>	<b>11315,63,32,051</b>
<b>Total (A+B)</b>	<b>56059,75,73,832</b>	<b>53785,06,70,144</b>
<b>Schedule IX</b>		
<b>Fixed Assets</b>		
<b>[Net of Depreciation]</b>		
1. Premises	196,70,03,881	199,32,01,777
2.Others	1,78,23,773	1,98,30,982
Total	198,48,27,654	201,30,32,759
<b>Schedule X</b>		
<b>Other Assets:</b>		
Accrued Interest	539,41,84,988	668,23,91,572
Advance Tax (Net of provision)	259,68,97,059	60,20,41,194
Others	300,90,29,641	459,28,58,871
Expenditure to the extent not written off	112,62,00,507	134,03,00,451
<b>Total</b>	<b>1212,63,12,195</b>	<b>1321,75,92,088</b>
<b>Schedule XI:</b>		
<b>CONTINGENT LIABILITY</b>		
i) Claims against the Bank not acknowledged as debts	94,34,05,384	114,68,60,262
ii) On account of Guarantees / Letters of Credit	142,36,70,719	148,01,28,084
iii) On account of Forward Contracts	9,59,10,287	117,73,61,438
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	5039,76,16,268	4663,10,00,000
<b>Total</b>	<b>5286,06,02,658</b>	<b>5043,53,49,784</b>

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Consolidated Profit &amp; Loss Account for the year ended March 31, 2013

	(₹)	
	March 31, 2013	March 31, 2012
<b>Schedule XII:</b>		
<b>Interest and Discount</b>		
1. Interest and Discount on Loans, Advances and Bills	4624,83,61,648	4118,93,80,189
2. Income on Investments / Bank balances	510,48,39,812	304,33,38,656
<b>Total</b>	<b>5135,32,01,460</b>	<b>4423,27,18,845</b>
<b>Schedule XIII:</b>		
<b>Other Income:</b>		
1. Upfront and Processing Fees	36,71,38,725	43,70,75,528
2. Commission and Brokerage	2,36,29,982	1,86,35,127
3. Profit on sale of Investments	104,58,78,339	49,69,96,773
4. Income earned by way of dividends etc. from Subsidiaries / Associates	-	-
5. Provision of Earlier Years written back	-	-
6. Others	133,78,02,750	96,65,41,574
<b>Total</b>	<b>277,44,49,796</b>	<b>191,92,49,002</b>
<b>Schedule XIV</b>		
<b>Operating Expenses:</b>		
Payments to and provisions for employees	227,34,05,560	198,68,09,071
Rent, Taxes and Lighting	22,66,60,384	14,49,79,706
Printing & Stationery	96,15,216	80,79,818
Advertisement and Publicity	2,77,90,920	2,36,57,972
Depreciation / Amortisation on Bank's Property	12,95,25,576	13,28,66,299
Directors' fees, allowances and expenses	46,61,771	32,54,230
Auditor's Fees	33,48,265	18,96,278
Law Charges	1,06,97,056	86,78,246
Postage, Courier, Telephones etc	35,77,639	34,01,704
Repairs and maintenance	6,95,86,796	7,15,38,291
Insurance	54,47,114	32,26,752
Contribution to CGTMSE	7,77,50,000	1,22,50,000
Other Expenditure	43,14,42,281	35,94,91,521
<b>Total</b>	<b>327,35,08,578</b>	<b>276,01,29,888</b>



# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Consolidated Balance Sheet as at March 31,2013

(₹)

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.	India	100%	6,37,45,364		
2	SIDBI Trustee Company Ltd.	India	100%	60,04,478		
	Total			6,97,49,842		
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	29,83,644	(56,02,308)
2	ISTSL	22.73	Technology Support to SME's	1,00,00,000	(52,125)	21,50,776
3	ISARC	26.00 **	Asset Reconstruction Company	26,00,00,000	15,82,365	1,37,36,358
4	DFC	23.92	State Financial Corporation	3,13,87,500	20,11,197	10,93,93,032
	Total			35,23,87,500	65,25,081	11,96,77,858
* Included in Reserve Fund of ₹ 5532,52,13,526/- (₹4992,45,62,762/-)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	23.00	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)	
7	RFC	23.56	State Financial Corporation	15,99,10,000	(15,99,10,000)	
	Total			97,39,71,100	(97,39,71,100)	
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.						

## SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Schedules to Consolidated Balance Sheet as at March 31, 2013

(₹)

Sr. No.	Name of the Associate	(%) Holding	Description	Investment
1	APITCO Ltd.	41.29	Technical Consultancy Organisation	54,70,975
2	J & K Industrial and Technical Consultancy Organisation Ltd.	48.65	Technical Consultancy Organisation	1
3	KITCO Ltd.	49.77	Technical Consultancy Organisation	24,95,296
4	North Eastern Industrial Consultants Ltd.	20.78	Technical Consultancy Organisation	13,474
5	North Eastern Industrial and Technical Consultancy Organisation Ltd.	43.44	Technical Consultancy Organisation	1
6	Orissa Industrial and Technical Consultancy Organisation Ltd.	49.42	Technical Consultancy Organisation	1
7	U.P Industrial Consultants Ltd.	48.99	Technical Consultancy Organisation	15,33,472
8	West Bengal Consultancy Organisation Ltd.	26.00	Technical Consultancy Organisation	4,86,783
	<b>Total</b>			<b>1,00,00,003</b>

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, 2013. The figures for SFC's other than JKSF & UPSFC are based on audited results for the year ended March 31, 2012. In respect of UPSFC, provisional results are available for the year ended March 31, 2012. In respect of JKSF, provisional results are available for the year ended March 31, 2011.

The Bank has not incurred any obligation or made payment on behalf of associates mentioned in 4B and 4C above or otherwise provided guarantee or commitment for the losses made by the associates in excess of its investment value in the associates.

5 Details of significant transactions with associates are as under:

Sr. No.	Name of the Associate	Particulars	Disbursements	Repayments
1	DFC	Refinance assistance	-	9,26,76,573
2	RFC	Refinance assistance	28,00,00,000	354,05,34,099

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 WDV basis as per Schedule XIV of the Companies Act, 1956. Thus out of the total depreciation of ₹12,95,25,576/- (₹13,28,66,299/-) included in Consolidated Financial Statements, 0.58% (0.65%) of the amount is determined based on Depreciation provided as per the Companies Act, 1956.

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 ₹45,49,352/- Previous Year (₹36,59,818/-).

**9 Earning Per Share (EPS):**

	March 31, 2013	March 31, 2012
Net Profit considered for EPS calculation	841,23,01,830	570,88,20,092
Number of equity shares of face value ₹10 each	45,00,00,000	45,00,00,000
Earning per share	18.69	12.69

**10 Contingent Liabilities**

SVCL has disputed liability towards municipal taxes, the amount of which cannot be determined.

11 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).

BY ORDER OF THE BOARD

As per our report of even date

For HARIBHAKTI & CO.  
Chartered Accountants  
FRN :103523W

U.J. Lalwani  
Country Head  
(Corporate Accounts Vertical)

S. Muhnot  
Chairman & Managing Director

N.K. Maini  
Deputy Managing Director

T.R. Bajalia  
Deputy Managing Director

Rakesh Rathi  
Partner  
M.No. : 045228

P.A. Sethi  
Director

B. Manivannan  
Director

Mumbai, May 13, 2013

# SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Consolidated Cash Flow Statement for the year ended March 31, 2013

## Consolidated Cash Flow Statement for the year ended March 31, 2013

(₹)

March 31, 2012	Particulars	March 31, 2013	March 31, 2013
	<b>1. Cash Flow from Operating Activities</b>		
1079,65,60,889	Net Profit before tax as per Consolidated P & L Account		1202,92,65,953
	Adjustments for :		
13,28,66,299	Depreciation	12,95,25,576	
67,18,49,951	Provision for net depreciation in investments	80,57,41,833	
669,91,58,149	Provisions made (net of write back)	844,24,96,305	
(49,69,96,773)	Profit on sale of investments (net)	(104,58,78,339)	
(13,60,43,832)	Dividend/Interest Received on Investments	(21,27,13,489)	811,91,71,886
<b>1766,73,94,683</b>	<b>Cash generated from operations</b> (Prior to changes in operating Assets and Liabilities)		<b>2014,84,37,839</b>
	Adjustments for net changes in :		
(453,22,15,335)	Current assets	309,10,31,943	
207,77,90,831	Current liabilities	(923,44,76,542)	
19,58,03,893	Bills of Exchange	<b>(1609,71,55,388)</b>	
(7767,72,62,634)	Loans & Advances	<b>(710,48,70,474)</b>	
5598,74,93,223	Net Proceeds of Bonds and Debentures & other borrowings	(438,61,21,510)	
1260,77,21,760	Deposits received	2370,67,21,167	
(1134,06,68,262)			(1002,48,70,804)
632,67,26,421			1012,35,67,035
(356,56,49,645)	Payment of Tax		(584,23,30,850)
<b>276,10,76,776</b>	<b>Net Cash Flow from Operating Activities</b>		<b>428,12,36,185</b>
	<b>2. Cash flow from Investing Activities</b>		
(12,91,57,948)	Net (Purchase)/Sale of fixed assets	(10,13,20,471)	
(422,12,39,704)	Net (Purchase)/ sale/redemption of Investments	(128,88,32,469)	
13,50,96,568	Dividend/ Interest Received on Investments	21,21,15,263	
(421,53,01,084)	<b>Net cash used in Investing Activities</b>		(117,80,37,677)
	<b>3. Cash flow from Financing Activities</b>		
(130,76,48,335)	Dividend on Equity Shares & tax on Dividend	(130,75,03,493)	
(130,76,48,335)	<b>Net cash used in Financing Activities</b>		(130,75,03,493)
<b>(276,18,72,643)</b>	<b>4. Net increase/(decrease) in cash and cash equivalents</b>		<b>179,56,95,015</b>

**SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA**  
Consolidated Cash Flow Statement for the year ended March 31, 2013

(₹)

March 31, 2012	Particulars	March 31, 2013	March 31, 2013
1626,13,79,219	5. Cash and Cash Equivalents at the beginning of the period		1349,95,06,576
1349,95,06,576	6. Cash and Cash Equivalents at the end of the period		1529,52,01,591

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 and Notes to Accounts (Annexure I)

BY ORDER OF THE BOARD

As per our report of even date

For HARIBHAKTI & CO.  
Chartered Accountants  
FRN :103523W

U.J. Lalwani  
Country Head  
(Corporate Accounts Vertical)

S. Muhnot  
Chairman & Managing Director

N.K. Maini  
Deputy Managing Director

T.R. Bajalia  
Deputy Managing Director

Rakesh Rathi  
Partner  
M.No : 045228

P.A. Sethi  
Director

B. Manivannan  
Director

Mumbai, May 13, 2013

## SIDBI BRANCH NETWORK

Head Office : SIDBI Tower, 15, Ashok Marg, Lucknow-226001, Uttar Pradesh, India

Tel.: 0522-2288546-50 Fax : 0522-2288455-59 Telegram : LAGHUVIKAS

Regional Office	Branch Name
Ahmedabad	Ahmedabad, Rajkot, Gandhidham, Baroda, Surat, Vatva, Jamnagar, Morbi
Bangalore	Bangalore, Hosur, Hubli, Peenya, Mysore
Chandigarh	Chandigarh, Jammu, Ludhiana, Jalandhar, Shimla
Chennai	Chennai, Ambattur, Pudducherry
Coimbatore	Coimbatore, Kochi, Tirupur, Erode, Trichy, Madurai
Faridabad	Faridabad, Gurgaon
Guwahati	Guwahati, Aizawl, Agartala, Dimapur, Gangtok, Imphal, Itanagar, Shillong
Hyderabad	Hyderabad, Visakhapattanam, Balanagar, Rajahmundry, Vijayawada
Indore	Indore, Bhopal, Nagpur, Raipur, Bilaspur
Jaipur	Jaipur, Jodhpur, Udaipur, Kishengarh, Alwar.
Kolkata	Kolkata, Bhubaneswar, Ranchi, Jamshedpur, Rourkela, Patna
Lucknow	Lucknow, Kanpur, Varanasi, Agra
Mumbai	Andheri, BKC, Mumbai Metro, Thane, Panaji
New Delhi	New Delhi, Noida, Dehradun, Rudrapur, Okhla, Ghaziabad, Greater Noida, Janakpuri, Kundli
Pune	Pune, Nasik, Aurangabad, Ahmednagar, Kolhapur, Chinchwad



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