

75  
Azadi Ka  
Amrit Mahotsav



# Azadi ke 75 Saal Udyam ka Amrit Kaal

ANNUAL REPORT | 2021-22  
(Part-I)

# Letter of Transmittal

No. ERDAV/05072022/OUT/2022/15682

July 05, 2022

The Secretary,  
Department of Financial Services  
Ministry of Finance  
Government of India  
3<sup>rd</sup> Floor, Jeevan Deep Building, Sansad Marg,  
New Delhi - 110001

Dear Sir,

## **Annual Accounts and Report on the working of SIDBI – FY 2021-22**

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

- 1) Copy of Annual Accounts of Small Industries Development Bank of India for the financial year ended March 31, 2022; and
- 2) A report on the working of the Small Industries Development Bank of India during the financial year ended March 31, 2022.

Yours faithfully,



**(Sivasubramanian Ramann)**  
Chairman & Managing Director

Encl.: As Above

# Board of Directors of SIDBI

As on July 05, 2022



**Shri Sivasubramanian Ramann**  
Chairman & Managing Director



**Shri V. Satya Venkata Rao**  
Deputy Managing Director



**Shri Sudatta Mandal**  
Deputy Managing Director



**Shri Shailesh Kumar Singh**



**Shri Lalit Kumar Chandel**



**Shri B. Sankar**



**Shri Krishna Singh Nagnyal**



**Shri Monomoy Mukherjee**



**Shri G. Gopalakrishna**



**Shri Ashish Gupta**



**Smt Nupur Garg**



**Shri Amit Tandon**

## Chairman and Managing Director's Statement



Advent of digital lending, supported by advancements in technology is playing an important role in bringing long overdue change in MSME credit narrative. Taking cognizance of the evolving times, the Bank has sharpened focus on making available technology driven financial instruments, products and systems.



With GDP increasing by 8.7% in FY 2022 compared to a fall of 6.6% in FY 2021, the Indian economy is beginning to show signs of a secular recovery. The growth has been supported by increased expenditure towards infrastructure by GoI, strong crop production, buoyant export growth and the supportive policy of the Reserve Bank of India (RBI).

Contact-intensive sectors are also witnessing pick-up in activity due to opening of the economy and vaccination of around 90% of Indian population, with inoculation continuing to be an active work-in-progress. Fiscal policy, focussed on mitigating the adverse impact of COVID pandemic and stepping up capex are likely to guide India in achieving a stable, self-reliant economy with strong fundamentals.

We, at SIDBI, are working towards strengthening and deepening the MSME sector and making it a strong foundation for the recovering economy. SIDBI aims at growing its balance sheet to ₹5 trillion in the next two years, and facilitating credit to MSME sector to

that effect, in line with the GoI vision of making India a USD 5 trillion economy. Concerted efforts are being made by the Bank to achieve the vision. The Bank has been actively engaging with various stakeholders for development of the MSME ecosystem, simplifying credit delivery and positioning MSMEs as the champions of growth.

Advent of digital lending, supported by advancements in technology is playing an important role in bringing long overdue change in MSME credit narrative. Taking cognizance of the evolving times, the Bank has sharpened focus on making available technology driven financial instruments, products and systems. SIDBI has been pioneer in developing digital interventions like PSBLoansin59minutes and Receivables Exchange of India (RXIL) (TReDS platform). Bringing convergence in the developmental and financing roles of the Bank, SIDBI is developing new channels for credit intervention. One such channel, GST Sahay, a first reference app for invoice-based financing (not invoice discounting) for small businesses, is under development.

Another digital intervention aimed by the Bank is the MSME Formalisation Project, targeted to provide MSMEs better digital access to Governance, Markets and Financial Services through an Udyam Assist Portal for inclusive onboarding of all MSMEs particularly informal sector. Udyam registration is expected to open new doors to informal sector to get financial assistance from banks/institutions, subsidy/incentives, etc. from Government and avail various other benefits under different schemes of Central Government/State Government. Additionally, SIDBI has also been streamlining and digitising its own credit processes creating an end-to-end solution starting from enquiry of loan to disbursement. The goal has been set to reduce the turnaround time and provide low-cost credit to the MSMEs.

SIDBI's MSME development agenda is being carried forward on the strong base of its employees who have re-invented and re-oriented themselves in catering to the MSME sector in these challenging times.

## FINANCIAL PERFORMANCE

Despite the challenges posed by the pandemic, the Bank has continued its growth trajectory during the fiscal. Key financial highlights are as below:

- Asset Base of the Bank stood at ₹2,47,379 crore at the end of FY 2022, a Y-o-Y growth of 29%.
- Loans and Advances stood at ₹2,02,252 crore at the end of FY 2022, a Y-o-Y growth of 29%.
- Net Interest Income for FY 2022 stood at ₹3,012 crore, with Net Interest Margin at 1.5%.
- Bank registered Net Profit of ₹1,958 crore during FY 2022.
- Earnings per Share (EPS) stood at ₹36.79 in FY 2022.

## BUSINESS PERFORMANCE

Institutional Finance accounts for approximately 93% of loans & advances of the Bank. Outstanding under Institutional Finance was at ₹1,87,885 crore at the end of FY 2022 which includes Refinance to Banks & SFBs (88.79%), Assistance to NBFCs (9.55%) and Assistance to MFIs (1.66%).

In consideration of the Bank's request, RBI had further provided SLF-II of ₹15,000 crore to address liquidity concerns of intermediaries, and SLF-III of ₹16,000 crore for innovative schemes to meet short- and medium-term needs of the MSME sector, especially smaller MSMEs, in credit deficient and aspirational districts. Under SLF-III, the Bank has assisted smaller NBFCs and MFIs operating in unserved / underserved regions, directly or through intermediation, in order to reach out to larger number of MSMEs. The Bank has launched special schemes in FY 2022 viz., 'SIDBI MSME COVID Response Fund (SMCRF)' with total corpus size of ₹1,000 crore

to provide funding to MSMEs / small businesses / Microfinance borrowers through investment in debt instruments of financial institutions (FIs) such as NBFCs, Fintech companies and Microfinance companies, **Partial Guarantee Pool Loan Issuance Scheme** wherein the Bank would provide loan to well managed and performing multiple small and mid-sized NBFCs and MFIs, which would be backed by a common partial guarantee provided by a third party / arranger, **Scheme of Assistance through Regulated Entities (REs) using two-tier financial Intermediation** will provide resource support to rated REs (NBFCs, MFIs, banks / SFBs) for on-lending to relatively smaller and unrated / low rated NBFCs / MFIs.

Direct Finance operations of the Bank during FY 2022 has focussed on continuous improvements / refinements in end-to-end digital credit process integrated across pre-origination, online application, due diligence/e-KYC, underwriting, sanction, disbursal, monitoring to achieve quicker and parameterised credit dispensation with enhancement in customer delight. In FY 2022, the direct credit portfolio has grown more than 22%. The Bank has been able to achieve significant growth in sanction, disbursements, outstanding and the customer base.

Under venture capital operations, the Bank is running Fund of Funds for Startups (FFS), ASPIRE Fund (AF) and UP Startup Fund. As on March 31,

2022, under FFS, SIDBI has achieved cumulative sanctions of ₹7,225.45 crore and disbursements of ₹2,492.24 crore to 86 AIFs.

## PROMOTIONAL AND DEVELOPMENTAL INITIATIVES

The Promotional and Development (P&D) activities of the Bank are woven around strengthening the enterprise value chain by addressing financial and non-financial gaps in the MSME ecosystem, especially at the bottom of the pyramid. All the initiatives have been woven around Mission Swavalamban, which is an umbrella framework for inducing entrepreneurship culture and supporting various livelihood and entrepreneurship programmes.

A slew of initiatives have been undertaken under P&D operations for kindling entrepreneurship in youth, and towards inclusive and innovative engagements for reaching out to micro-entrepreneurs and budding entrepreneurs in the underserved segment. Some of the key initiatives include -

- Swavalamban Challenge Fund (SCF) wherein the prime objective is to provide financial support to development organisations / educational institution / startups who are working with a special focus on green initiative, sustainable livelihood, financial inclusion, health and sanitation, access to financial



The Asset Base of the Bank stood at ₹2,47,379 crore at the end of FY 2022, a Y-o-Y growth of 29%.

## Chairman and Managing Director's Statement

services and promoting the culture of entrepreneurship. SCF is also open to projects that innovate, create jobs, leverage investments and markets to promote resilience and sustainable incomes, in these testing times. In FY 2022, 12 organisations have been awarded under Window I of SCF. Window II was also launched and 415 applications have been received.

- Swavalamban Connect Kendras (SCKs) are working as Counselling centres in 100 districts of UP, Bihar, Jharkhand, Telangana and Odisha. Around 46,000 aspirants have been outreached and 5,000+ handheld; 2,000+ enterprises have been set-up / scaled-up and 1,200 credit-connected under this initiative.
- Project Management Units (PMUs) have been set-up in total 16 states (including 11 which were set up in FY 2021), for closer engagement with states to strengthen MSME ecosystem along with transferring the good practices among the states, in line with the UK Sinha Committee recommendations.
- Swavalamban Assistance for Financial literacy, Adoption of villages and credit & market linkages - SAFAL under which Society for Advancement of Village Economy (SAVE) is being supported for a pilot intervention for adoption of at least 120 villages in the states of Bihar and Jharkhand, providing Financial Literacy Training to 2,400 Livelihood Entrepreneurs & Micro Entrepreneurs (LE/ME) (existing as well as prospective), including migrants, and ensuring their Credit & Market Linkages. In FY 2022, 121 villages have been adopted, 2,409 women entrepreneurs have been provided financial literacy training, and credit linkage of 1,965 participants have



The P&D initiatives of the Bank have touched 4 lakh+ lives through 60+ programmes. These initiatives have resulted in creating 5,300+ enterprises, generated 21,000+ employment opportunities and capacity building of 3,000+ & up-skilling of 13,800+ artisans / homepreneurs / MSEs.

been completed. The project has now been expanded for adoption of 700 villages in 10 states to support 15,000 LE/MEs.

The P&D initiatives of the Bank have touched 4 lakh+ lives through 60+ programmes. These initiatives have resulted in creating 5,300+ enterprises, generated 21,000+ employment opportunities and capacity building of 3,000+ & up-skilling of 13,800+ artisans / homepreneurs / MSEs.

### THOUGHT LEADER & FACILITATOR ROLE

As a Thought Leader, Bank has embarked upon several initiatives in partnership with the credit bureau to address information asymmetry in the ecosystem. Our Knowledge products, viz., "MSME Pulse", "Microfinance Pulse", "CriSidEx", "Industry Spotlight" and "Fintech Pulse", are designed to provide key data insights to policymakers and stakeholders. These are being published in various Indian languages to reach a larger audience.

The Bank plays an important role in implementation of the Government's MSME-oriented schemes. Apart from schemes such as CLCSS, MSE-CDP, Interest Subvention Schemes and the Partial Credit Guarantee Scheme,

the Bank has been assigned the role of implementation partner under PMSVANidhi Scheme of MoHUA, GoI, as well as the Animal Husbandry Infrastructure Development Fund (AHIDF) Scheme of MoFAHD, GoI, Project Management Agency for Production Linked Incentive (PLI) Scheme for manufacturing of Telecom and Networking Products of Department of Telecom and Production Linked Incentive (PLI) Scheme for Pharmaceuticals of Department of Pharmaceuticals.

### SUBSIDIARIES/ASSOCIATES NETWORK

I would like to acknowledge the role of Associate and Subsidiary networks of the Bank, which creates the all-encompassing MSME ecosystem for meeting varied needs of the sector. CGTMSE has cumulatively helped in creating 58.59 lakh MSE loan accounts for loan amount of ₹3.14 lakh crore till March 31, 2022. The units supported by CGTMSE have generated employment to the tune of 155 lakh and contributed ₹24,033 crore towards exports. MUDRA has extended cumulative financial assistance by way of Refinance of ₹53,051 crore in last 7 years to various Member Lending Institutions (MLIs). The RXIL TReDS platform has financed

13,62,327 invoices, aggregating to ₹23,735 crore. SVCL currently acts as the investment manager for eight funds. SVCL is in the process of setting up 3 new Funds, of which 2 Funds are being setup with the Government of Assam and Government of Tripura and the other Fund is a Pan India Fund. Rating agency Acuité has assigned more than 9,000 credit ratings (as on March 31, 2022) to various securities, debt instruments and bank facilities of entities spread across industries in India. On the PSBLoansin59minutes platform, since its launch, 5.01 lakh MSMEs have received In-principle approval of loans of which 3.64 lakh MSMEs have received final sanction of credit facilities from the lenders registered on the platform. Thus, the platform has become a significant digital intervention in providing credit to MSMEs with scope for new

interventions in line with an evolving and expanding digital landscape.

#### WAY AHEAD

We will continue to explore new engagements for the development of the MSME sector. Formalisation of informal sector is high on the agenda of SIDBI to enable these informal enterprises to avail various benefits of government schemes. Leveraging technology for focussed interventions to create a culture of entrepreneurship is the future that needs realisation and SIDBI is committed to delivering the same.



**Sivasubramanian Ramann**  
Chairman & Managing Director



## CHAPTER 1 MSME Outlook

India is transforming into a self-reliant economy. The support received and provided by the Atmanirbhar Bharat is being absorbed in the spirit of the nation. India's GDP has grown at 8.7% in FY 2022 as against contraction of 6.6% in FY 2021. It is expected to grow at 7.2% in FY 2023 (RBI). The success of the self-reliant economy is conditioned on the growth of the MSME sector.

The MSME sector contributes in a significant way to the growth of the Indian economy with a vast network of about 6.34 crore enterprises. This sector contributes to around 30% of India's GDP, over 45% of India's exports, while creating employment for about 11.1 crore people, which in terms of volume stands next to agriculture sector. The distribution of number of MSMEs is marginally skewed in favour of rural areas (with share of 51%) as against urban areas (with share of 49%) which is reflective of the gumption

that entrepreneurs across India exhibit despite varied challenges and limited infrastructure. This necessitates nurturing of the aspirations of these MSMEs and budding entrepreneurs.

Some of the recent measures undertaken by the Government of India (GoI) to provide an enabling environment for MSMEs include revision in the definition of MSMEs wherein composite criteria of investment in plant and machinery and turnover has been used for classification of MSMEs. Government has also included Retail and Wholesale trades as MSMEs. Pushing forward the MSME formalisation, GoI has launched the Udyam Registration portal for smoothening the registration process for MSMEs. This shall induce MSMEs to come into the fold of formalisation and avail the benefits of the various schemes and facilities extended to the sector.

Efforts have also been made to improve the formal credit flow to the MSME sector. These measures were well timed to provide relief to MSMEs during pandemic. Some of these measures include Emergency Credit Line Guarantee Scheme (ECLGS) as part of the Atmanirbhar Bharat Package to enable MSMEs tide over the distress caused by the pandemic, ₹20,000 crore subordinate debt for stressed MSMEs in need of equity support, disallowing global tenders up to ₹200 crore in government procurement to provide fillip to MSMEs, creating Self-Reliant India Fund with GoI as the sole anchor investor with the initial budgetary support of ₹10,000 crore to the mother fund in phased manner which shall stand leverage to the extent of ₹50,000 crore through Daughter Funds.





## MSME Outlook: The Way Forward

The MSME outlook shall be guided by various global and domestic factors which will likely impact the MSME sector, a key player in the value chain of the economy.

The global economy is expected to witness pressures on prices due to protracted war in Europe and the accompanying sanctions, fast pace of monetary policy normalisation by advanced economies (AEs) leading to heightened volatility in global financial markets. As a consequence, appreciation of US dollar / depreciation of Emerging Market Economies (EMEs) currencies, capital outflows from EMEs are being witnessed. Further, slowdown in the global economic activity and rising inflation are raising concerns of stagflation.

On the domestic front, while inflation levels are elevated, economic activity has gained traction. As per RBI OBICUS survey, capacity utilisation of the manufacturing sector improved to 75.3% in Q4:2021-22 from 72.4% in Q3:2021-22. Going ahead, the investment activity is likely to be supported by the capex push by GoI, improved capacity utilisation, recovering demand in rural and urban areas. Going forward, this shall bode well for the MSME sector. Elevated prices of commodities and increases in policy interest rate impacting lending rates to the sector are some of the downside risks to the MSME sector.

Several measures are being undertaken for the holistic development of the sector. In the Union Budget 2022-23,

the ECLGS has been extended up to March 2023 with the guarantee cover expanded by ₹50,000 crore earmarked exclusively for the hospitality and related services. This shall provide much-needed relief to such contact intensive sectors in the post-COVID world. An outlay of ₹6,000 crore for Raising and Accelerating MSME Performance (RAMP) was also announced in the Budget to make the sector more resilient, competitive and efficient. Further, Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme shall be revamped with required infusion of funds which shall facilitate additional credit of ₹2 lakh crore for Micro and Small Enterprises and expand employment opportunities.

Timely and adequate credit to the MSME sector is the crucial link which needs strengthening. Digital lending and various facets of technology is the enabler that can address the challenges of lack of proper documentation, inability to provide adequate collateral, information asymmetry, onerous application processes that turn MSMEs towards informal credit at higher interest rate. Buttressed by the increasing formalisation of MSMEs in India, onboarding on e-commerce platforms, use of digital payment methods creating a digital footprint, digital lending can cater to the MSME sector by faster credit dispensation, automated account analysis with minimal physical interactions between lenders and borrowers. It may be relevant to mention that emerging data points due to increased digitisation may

also shape and transform the credit underwriting process in the near future. For instance, transition from asset-based lending to cash-flow based lending with low transaction costs can provide adequate credit to the MSME sector without requirement of physical collateral. In this direction, GST Sahay, a first reference app for invoice-based financing is under development by SIDBI.

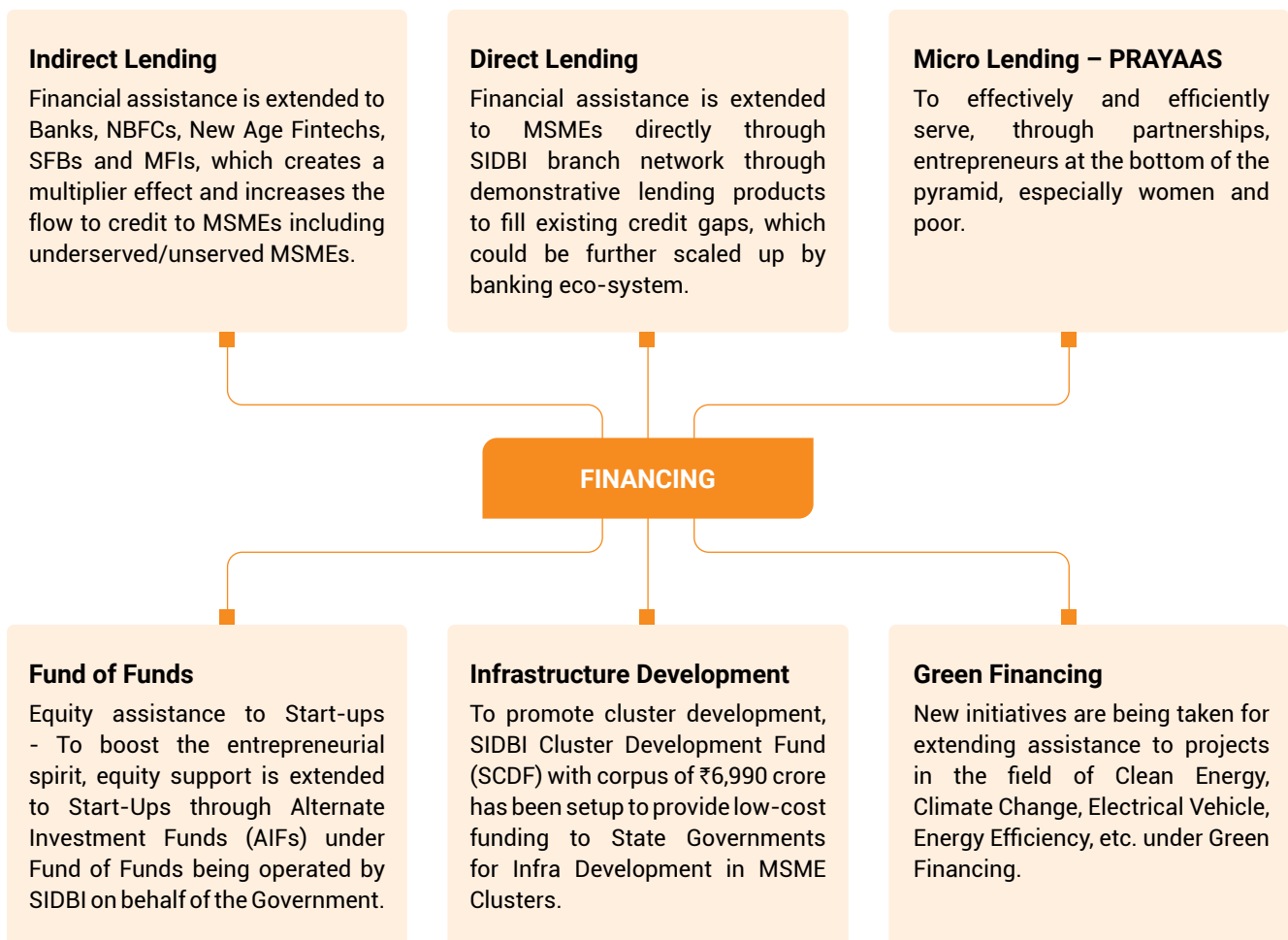
As the economy is gaining traction, MSME sector shall assume significant role in the recovery of the economy. Going forward, the outlook of the MSME sector shall be supported by the policy interventions by the GoI, various digital enablers like Udyam registration portal, GST Network, TReDS platform and the budding domestic and international demand. Digital lending can help formalise the informal credit intake of MSME by bringing in fold the MSMEs presently operating in the informal sector.

The MSME sector is set to take centre-stage and charter the growth story of India. The policy and digital enablers are targeted to make the MSMEs champions of growth and significant contributors in the Amrit Kaal, the 25-year-long leadup to India@100.

## CHAPTER2 Business Initiatives and Overall Operations

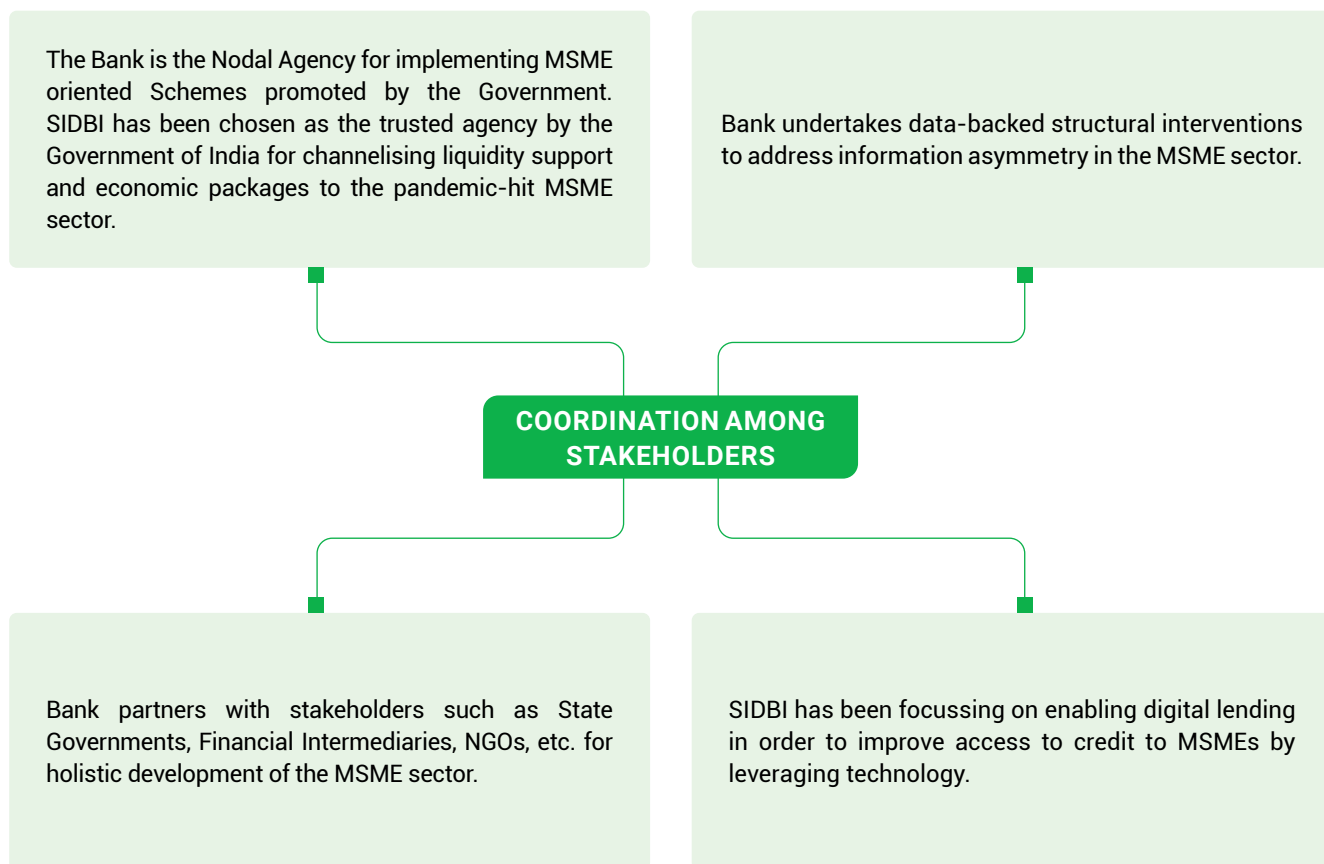
Small Industries Development Bank of India (SIDBI) was established under an Act of Parliament in 1990. SIDBI is the Principal Financial Institution engaged in Promotion, Financing & Development of the Micro, Small and Medium Enterprises (MSME) sector, and coordinating the functions of various Institutions engaged in similar activities.

Implementation of the Bank's MSME Financing Program are executed through the following interventions:



### PROMOTIONAL & DEVELOPMENTAL ROLE

All of the P&D initiatives have been built around "Mission Swavalamban," an overarching framework for fostering an entrepreneurial culture and assisting several livelihood and entrepreneurship programs.



## BANK'S FOOTPRINT

The Bank's footprint at the end of FY 2022 included:

10

Regional Offices

82

Branch Offices & Extended Branch Office

3

SARBs (Specialised Asset Recovery Branches)

6

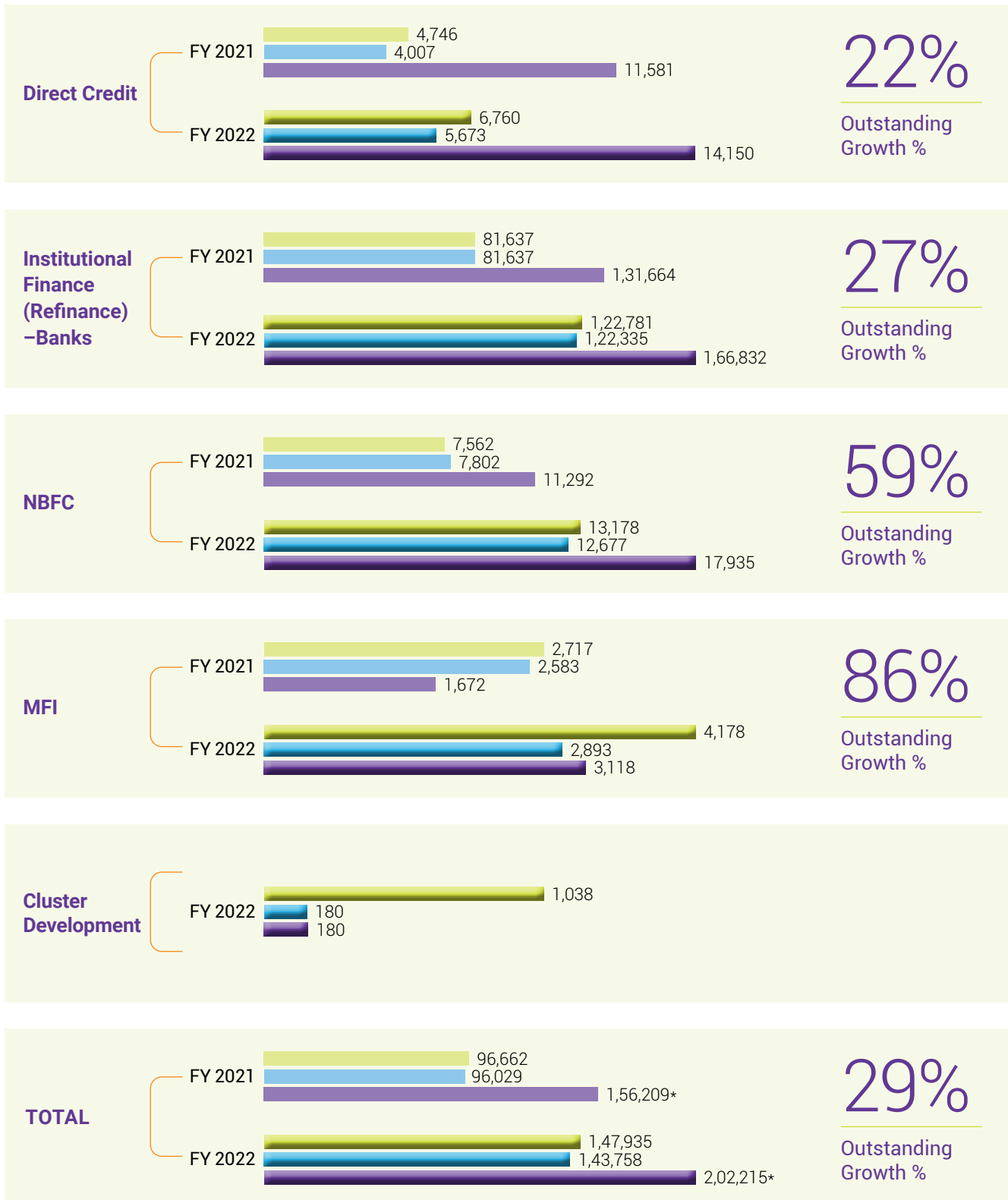
ELSCs (Express Loan Service Centres)

Back-end and policy support extended by Head Office Verticals stationed at Lucknow, Mumbai and New Delhi

## Business Performance at a Glance

The business performance of the Bank for the last two financial years are as under:

(₹ in crore)



Sanction Disbursement Outstanding

\*Excludes Receivable Finance & Bill Discounting outstanding of ₹24 crore in FY 2021 & ₹37 crore in FY 2022 respectively. Total sanctions of the Bank increased by 53% and disbursements increased by 50% in FY 2022 over FY 2021.

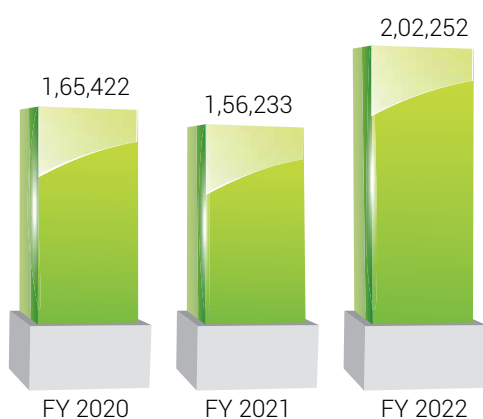
## Financial Performance

### LOANS AND ADVANCES

Loans and Advances of the Bank crossed the landmark of ₹2 lakh crore and stood at ₹2,02,252 crore as of March 31, 2022, an increase of 29% over FY 2021.

#### Loans and Advances

(₹ in crore)



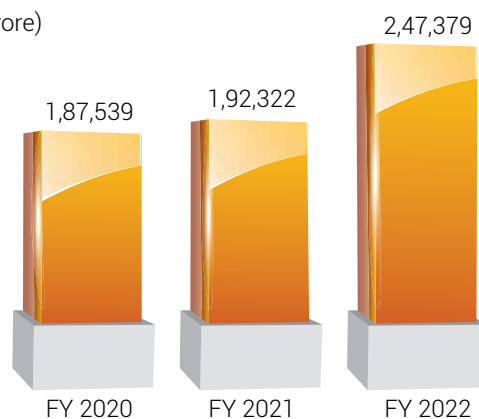
### ASSET BASE

The Asset Base of the Bank stood at ₹2,47,379 crore at the end of FY 2022, a Y-o-Y growth of 29%.

The resources raised/liabilities of the Bank had increased mainly on account of increase in Borrowings (deposits from banks under PSL shortfall, borrowings from RBI, market borrowings, etc.). Capital and Networth increased due to conversion of Tier I bonds into capital.

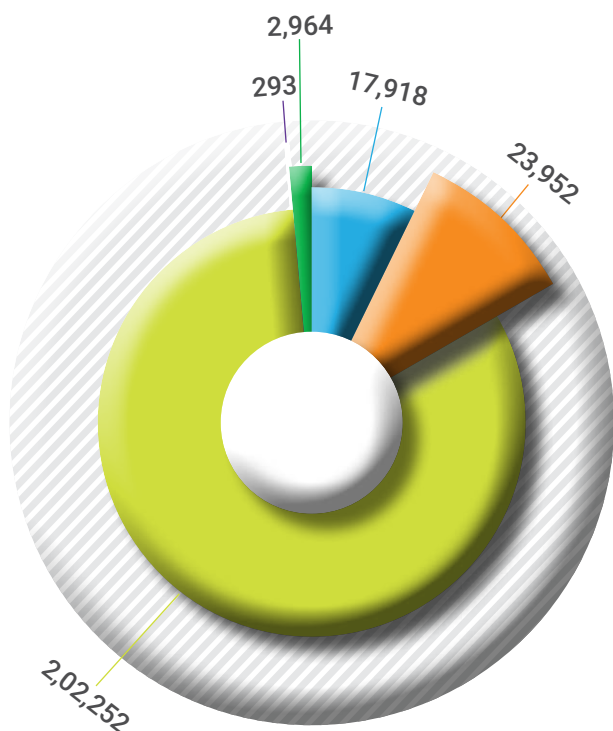
#### Asset Base

(₹ in crore)



#### Asset Profile

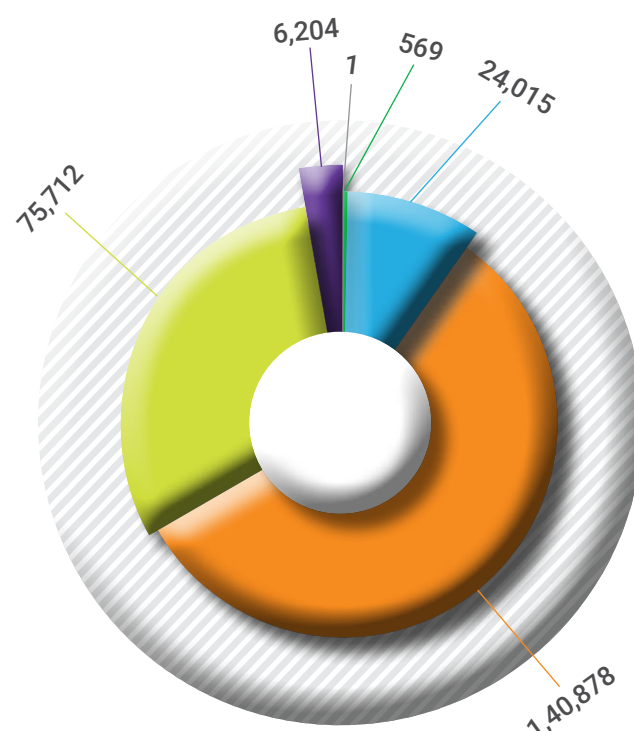
(₹ in crore)



- Cash & Bank Balances
- Investments
- Loans & Advances
- Fixed Assets
- Other Assets

#### Liability Profile

(₹ in crore)

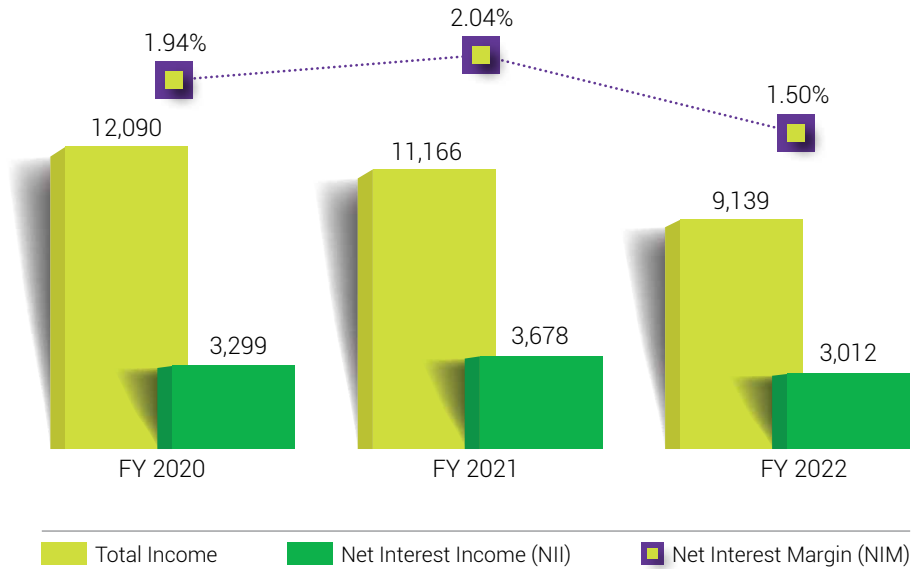


- Capital
- Reserves, Surpluses & Funds
- Deposits (incl. PSL shortfall)
- Other Liabilities and Provisions
- Other Liabilities and Provisions
- Deferred Tax Liability
- Borrowings

## INCOME AND MARGINS

Total Income for FY 2022 stood at ₹9,139 crore, a decline of 18% as compared to FY 2021. Net Interest Income for FY 2022 also declined by 18% to ₹3,012 crore. The Net Interest Margin has declined by 54 bps in FY 2022 vis-à-vis FY 2021 and stood at 1.5%. Decline is in line with declining interest rate scenario and Bank's commitment to increase flow of credit to MSMEs at competitive rates.

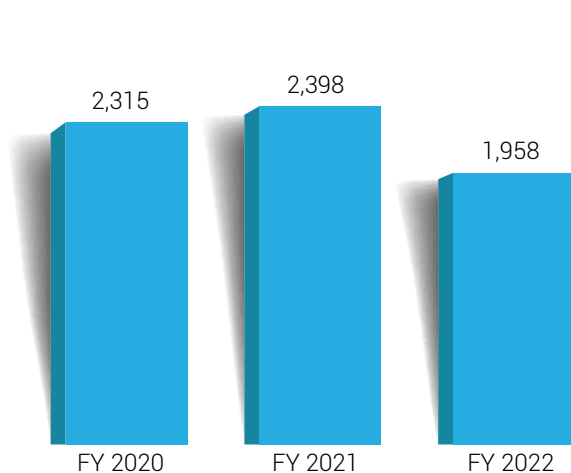
(₹ in crore)



## NET PROFIT

The Bank registered Net Profit of ₹1,958 crore during FY 2022, a decline of 18% as compared to FY 2021.

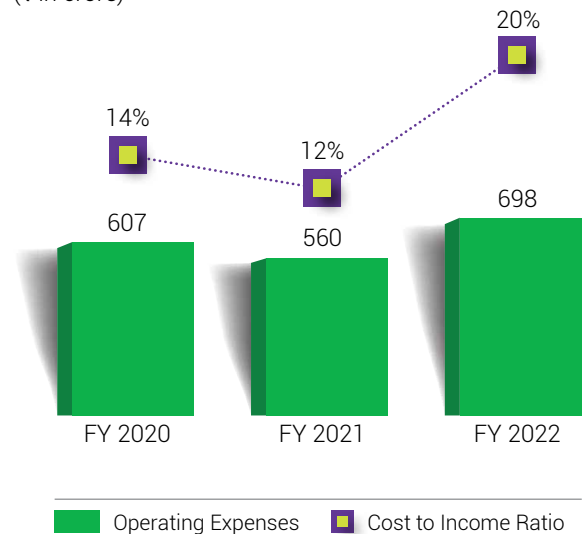
(₹ in crore)



## OPERATING EXPENSES & COST TO INCOME RATIO

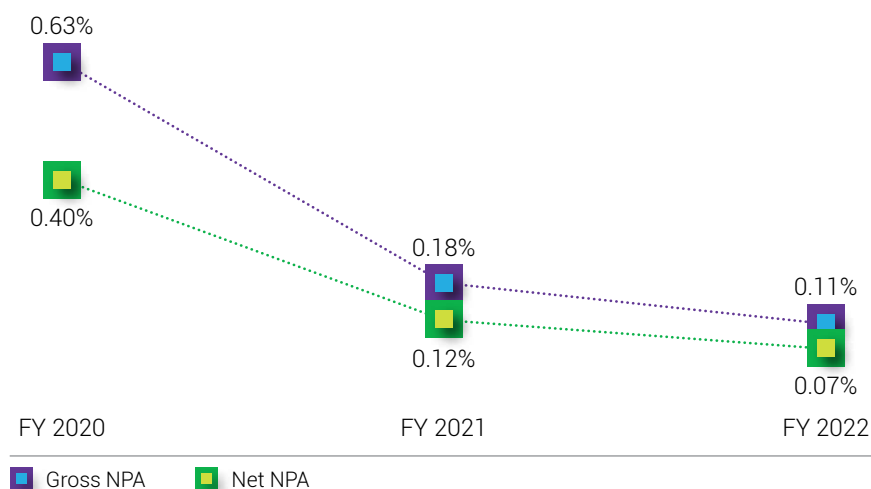
Operating expense for FY 2022 was ₹698 crore, a Y-o-Y increase of 25% from FY 2021. The Cost-to-Income ratio increased to 20% during FY 2022.

(₹ in crore)



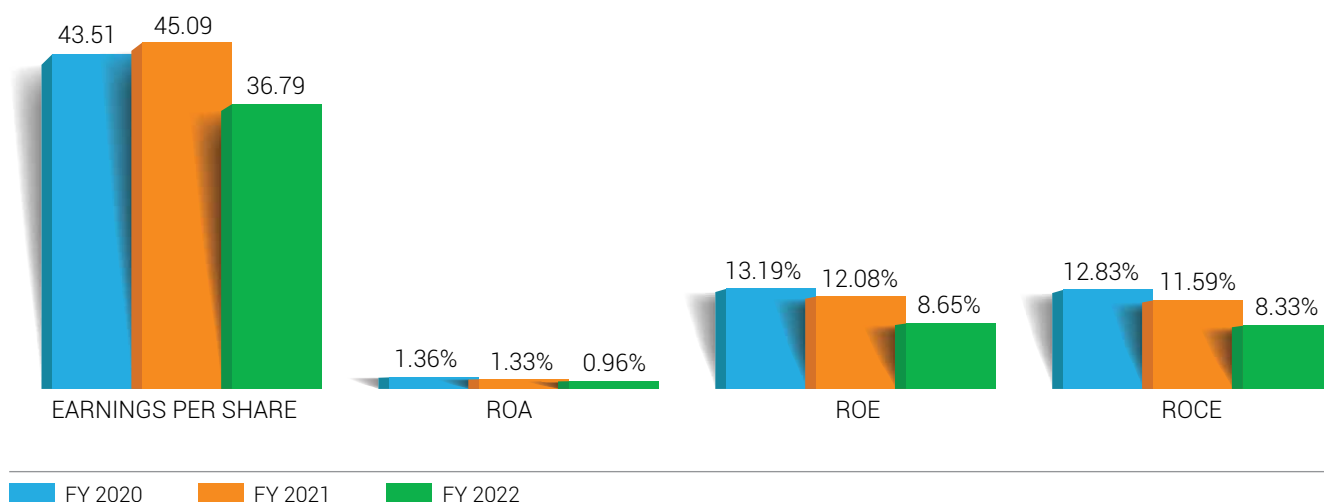
## ASSET QUALITY METRICS

Gross NPA stood at 0.11% and Net NPA stood at 0.07% as on March 31, 2022, an improvement of 7 bps and 5 bps, respectively, as compared to FY 2021.



## SHAREHOLDERS' RETURNS

Earnings per Share (EPS) stood at ₹36.79 in FY 2022 as against ₹45.09 in FY 2021.



## OTHER KEY PARAMETERS

Provision Coverage Ratio (PCR) was at 96% at the end of FY 2022 as compared to 93% at the end of FY 2021.

Capital Adequacy Ratio was at 24.28% at the end of FY 2022 as compared to 27.49% at the end of FY 2021.

Business per employee increased to ₹205.54 crore in FY 2022 vis-à-vis ₹154.08 crore in FY 2021. Net Profit per employee stood at ₹1.99 crore during FY 2022.

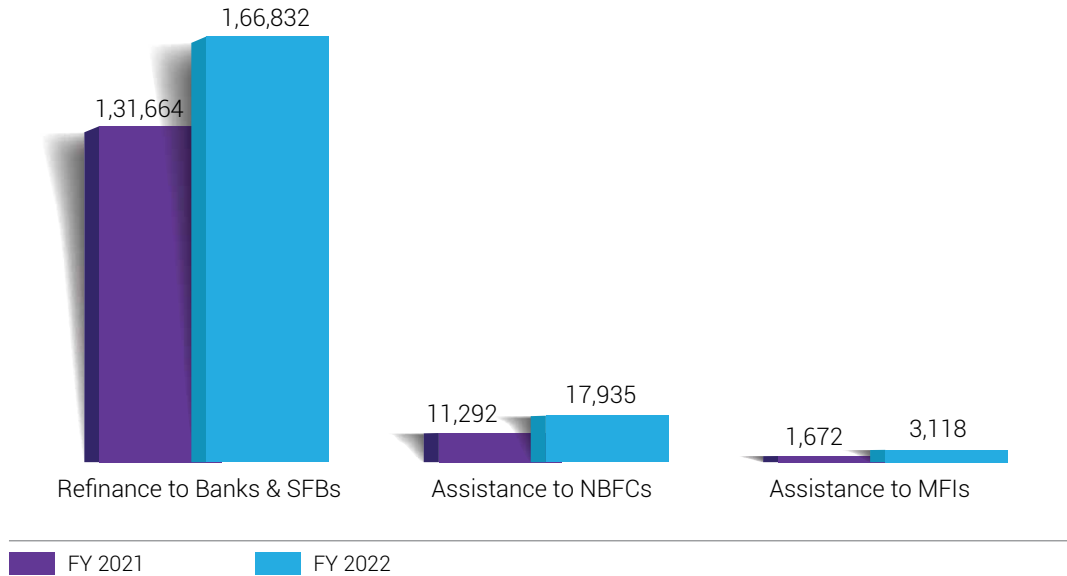
## Business Performance

### INSTITUTIONAL FINANCE

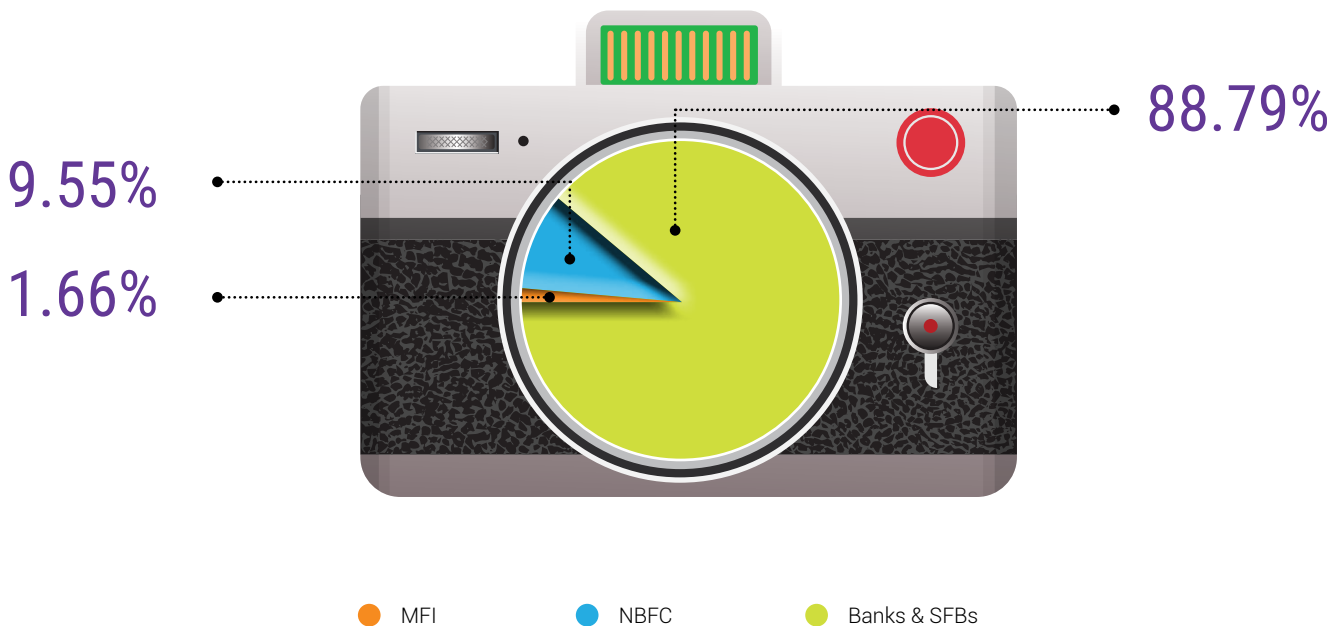
Institutional Finance accounts for approximately 93% of loans & advances of the Bank. Outstanding under Institutional Finance was at ₹1,87,885 crore at the end of FY 2022. The composition of Institutional Finance is as below:

#### Composition of Institutional Finance

(₹ in crore)



#### Components of Institutional Finance





## REFINANCE TO BANKS (INCL. SFBs) & SFCs

Through the refinance operations, Bank augments PLIs' resources to increase flow of credit to MSEs. Bank's Refinance outstanding stood at ₹1,66,832 crore as on March 31, 2022, registering Y-o-Y growth of 26.71%. Bank has 32 commercial banks and 10 SFBs as live customers as of FY 2022.

Cumulative disbursements under corpus allocated by RBI out of Priority Sector Lending shortfalls stood at ₹2,15,678.79 crore as on March 31, 2022, benefiting 33.34 lakh MSE end-borrowers of various banks.

## ASSISTANCE TO NBFCs

The Bank's NBFC asset book stood at ₹17,935 crore in respect of 54 NBFCs.

### Special Schemes launched in FY 2022

#### FINANCING UNDER RBI SPECIAL LIQUIDITY FACILITY II

NBFCs with a minimum rating of BBB- and above have been assisted to address the liquidity needs of the MSME sector affected by the COVID-19 pandemic.

#### FINANCING UNDER RBI SPECIAL LIQUIDITY FACILITY III

To reach out to the smallest of the MSE enterprises, SIDBI launched Double Intermediation-2021 Scheme (FARE-DI-2021) for NBFCs. The scheme envisages double intermediation through SIDBI providing resource support to Regulated Entities (REs) for on-lending to relatively smaller and unrated / low rated NBFCs/ MFIs engaged in financing ultimately targeted Micro and Small enterprises.

#### CO-LENDING WITH NBFCs

To reach out to the underserved/unserved MSMEs, an MoU with one NBFCs has been signed and the operations are expected to commence in Q1 of FY 2023 in line with GoI/RBI focus on deepening the priority sector lending.

## ASSISTANCE TO MFIs

The Bank through various interventions have enhanced the corporate governance and operational efficiency of the MFIs enabling smooth flow of adequate credit to the sector. The Bank had transformed the Microfinance sector of the country to a full-grown industry segment, culminating into several of the MFIs converting into Universal Bank / Small Finance Bank.

The cumulative assistance disbursed under SIDBI's microfinance initiatives up to March 31, 2022 aggregate to ₹23,460 crore benefiting around 4.83 crore poor clients. The outstanding Microfinance portfolio of SIDBI stood at ₹3,118 crore as on March 31, 2022.

### Special Schemes launched during FY 2022

#### "SIDBI MSME COVID RESPONSE FUND (SMCRF)"

With total corpus size of ₹1,000 crore was launched, which aims to provide funding to MSMEs / small businesses / microfinance borrowers through investment in debt instruments of financial institutions (FIs) such as NBFCs, Fintech companies and Microfinance companies.

#### PARTIAL GUARANTEE POOL LOAN ISSUANCE SCHEME

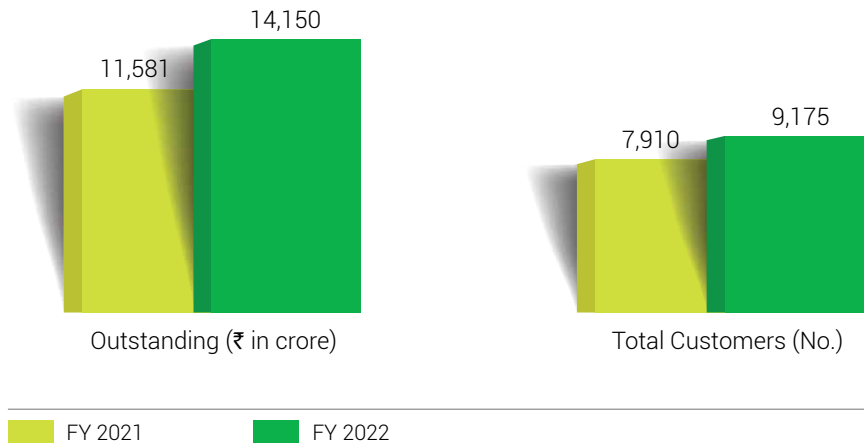
The Bank provides loan to well managed and performing multiple small and mid-sized NBFCs and MFIs, which is backed by a common partial guarantee provided by a third party / arranger. The scheme has directed end-use aimed at smoothening the liquidity challenges faced due to the COVID-19 pandemic by institutions and businesses catering to the financial needs of millions of underserved in India.

#### SCHEME OF ASSISTANCE THROUGH REGULATED ENTITIES (REs) USING TWO-TIER FINANCIAL INTERMEDIATION

The scheme envisages double intermediation through SIDBI providing resource support to rated REs (NBFCs, MFIs, banks / SFBs) for on-lending to relatively smaller and unrated / low rated NBFCs / MFIs.

## DIRECT LENDING

Direct Finance portfolio outstanding increased from ₹11,581 crore as of March 2021 to ₹14,150 crore as of March 2022, largely on account of higher traction under special schemes launched during the year viz. ARISE, STHAPAN, LIQUID 2.0, ECLGS and AROG/SHWAS.



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To reach a wider section of MSMEs, several initiatives/new products were launched with simplification of processes at policy and technology levels, besides expanding the scope of coverage of few existing products.



### ARISE & STHAPAN

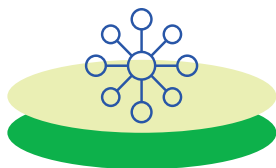
Under SLF-3, SIDBI had launched two new products under Direct Finance i.e., ARISE & STHAPAN. Till the end of FY 2022, aggregate loans of ₹2,852 crore had been sanctioned to 1,871 MSMEs, out of which, ₹1,853 crore had been disbursed.



### TWARIT (EXTENSION) & LIQUID 2.0

During FY 2022, LIQUID 2.0 was launched and TWARIT scheme was extended. Both the schemes were under RBI SLF-II. Till the end of FY 2022, in both schemes, aggregate loans of ₹1,297 crore had been sanctioned to 2,148 MSMEs, out of which, ₹1,247 crore had been disbursed.

## A Strategic Reorientation of Direct Lending business was initiated to maximise impact as detailed below:



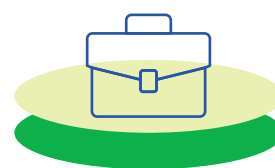
### Diversifying base

New initiatives / products had resulted in 16% increase in customers base and stood at 9,175 at the end of FY 2022. The widening of customer base had continued for the 3<sup>rd</sup> consecutive year, which had grown by 47% in past 3 years due to targeted lending to New to SIDBI [NTS] customers as well as through introduction of quick dispensation schemes and MoUs with OEMs & Industry Associations.



### Faster delivery

The faster dispensation models had resulted in reducing Average Turn Around Time (TAT) in credit delivery. While the overall TAT was 11 days, the TAT for new & quick delivery products was around 9 days.



### Building sustainable & quality portfolio

Reorientation in policy / structure helped the Bank to not only achieve 22% growth in direct credit portfolio at the end of FY 2022 vis-à-vis in FY 2021 but also enabled the Bank to create sustainable & quality portfolio. Net NPA stood at 1.64% of total direct credit portfolio as on March 31, 2022 (outstanding is net of provisions) as against 1.67% as on March 31, 2021.

## B Business Enablers under Direct Finance

### OEM / Industry Association Tie-Ups

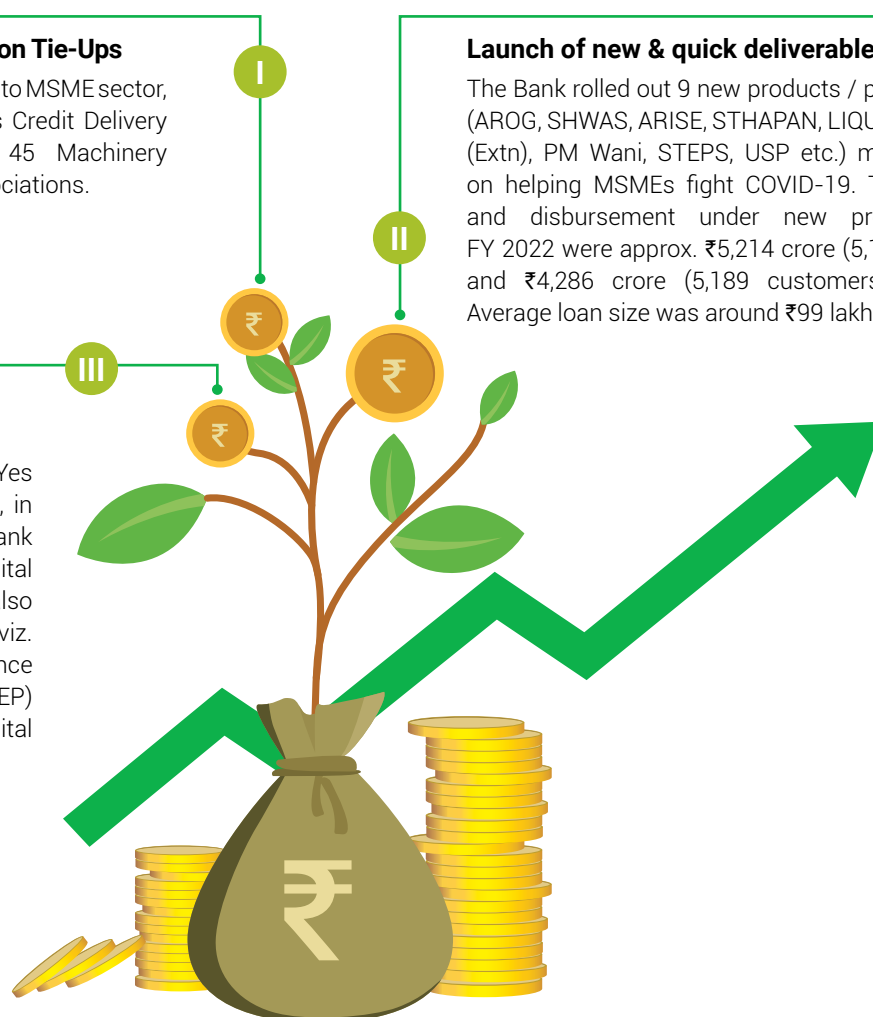
To accelerate credit delivery to MSME sector, the Bank had increased its Credit Delivery Arrangements (CDA) to 45 Machinery Suppliers & 3 Industry Associations.

### New tie-ups to provide Working Capital

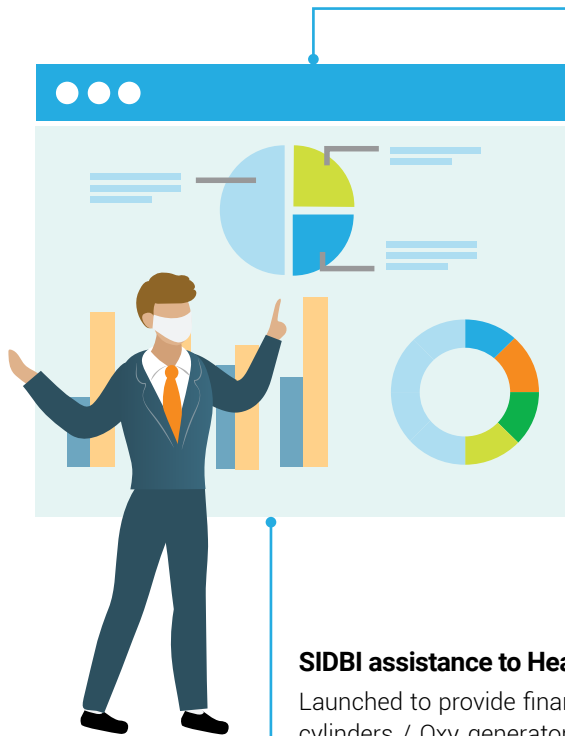
The Bank tied up with Yes Bank and City Union Bank, in addition to existing IDBI Bank for providing Working Capital limit to MSMEs. Bank also launched a new scheme viz. SIDBI's Term Loan to Enhance Production of MSMEs (STEP) to provide Working Capital Term Loan (WCTL).

### Launch of new & quick deliverable products

The Bank rolled out 9 new products / product variants (AROG, SHWAS, ARISE, STHAPAN, LIQUID 2.0, TWARIT (Extn), PM Wani, STEPS, USP etc.) mainly focussed on helping MSMEs fight COVID-19. Total sanctions and disbursement under new products during FY 2022 were approx. ₹5,214 crore (5,169 customers) and ₹4,286 crore (5,189 customers) respectively. Average loan size was around ₹99 lakh.



## IV New Initiatives to meet the challenge of COVID-19



### Timely Working Capital Assistance to Revitalise Industries in Times of corona virus (TWARIT)

Launched under Emergency Credit Line Guarantee Scheme (ECLGS) in accordance with guidelines issued by National Credit Guarantee Trustee Company Ltd. (NCGTC) as per the directives of GoI and time to time modifications were undertaken due to change of operational guidelines by NCGTC. Total sanction under all versions of TWARIT as on March 31, 2022 was ₹2,217 crore (4,564 customers).

### SIDBI Assistance to MSMEs for Recovery & Organic Growth during COVID-19 pandemic (AROG)

Launched during 2<sup>nd</sup> wave of COVID-19 to provide financial support to all MSMEs which are manufacturing products or providing services which are directly related to fighting corona virus at subsidised interest rate of 5.50%. Total sanction as on March 31, 2022 was ₹406 crore (329 customers).

### SIDBI assistance to Healthcare sector in War Against Second wave of COVID-19 (SHWAS)

Launched to provide financial support to all MSMEs which are engaged in manufacturing Oxygen cylinders / Oxy generators / Oxygen concentrators / Liquid Oxygen for medical use or providing services which are directly related to supply of such items at subsidised interest rate of 4.50%. Total sanction as on March 31, 2022 was ₹84 crore (80 customers).

## C Digital Initiatives and Internal Process Improvements under Direct Lending

The Bank had boarded upon a project **for end-to-end digital credit** delivery model from pre-origination to disbursement/monitoring. The process was linked with various public databases (viz. GST, ITR, bank statement, MCA, Credit Bureaus, etc.), along with e-KYC/Digital Document Execution (DDE) and integrated with online application portal and appraisal model i.e. SMART, thus enabling a single click customer due diligence and parameterised decision-making.

### E-signing of Online Application

E-signing of Online Application through Registration API provided by National E-Governance Services Limited (NeSL) was released by the Bank. The Loan Documentation software got integrated with core services provided by NeSL for digital execution of legal documents.

### Digital Documentation Execution (DDE)

DDE ensures automated completion of legal documentation through capture of e-signature of borrower/guarantor based on Aadhaar-based authentication through NeSL. DDE had been implemented in 22 states with some more states in the pipeline.



### GST-based SME DNA

A product of Jocata named as 'SWARA [Source, Watch and Risk Analyse]', was launched as a supplementary risk assessment tool at the time of underwriting and for monitoring health of the assisted borrowers.

Advent of digital platforms riding on the capabilities of Fintechs/Account Aggregators, and availability of data related to credit history, business transactions, banking etc. had resulted in higher efficiencies in MSME credit sanctions.

D

### Impact of Vertical's interventions

Due to end-to-end digitalisation of Direct Lending operation, the MSMEs have a seamless experience while seeking financial assistance from SIDBI.

## Tiding the COVID wave - Impact created by SIDBI - Special Liquidity Facility

The Reserve Bank of India extended Special Liquidity Facility to SIDBI of ₹46,000 crore in three tranches to support the funding requirements of Micro, Small and Medium Enterprises (MSMEs).

I

Under RBI's SLS-I of ₹15,000 crore, **SIDBI has disbursed ₹13,022 crore.**

II

Under RBI's SLS-II of ₹15,000 crore, **SIDBI has disbursed ₹15,371 crore.**

III

Under RBI's SLS-III of ₹16,000 crore, **SIDBI has disbursed ₹6,337 crore.**

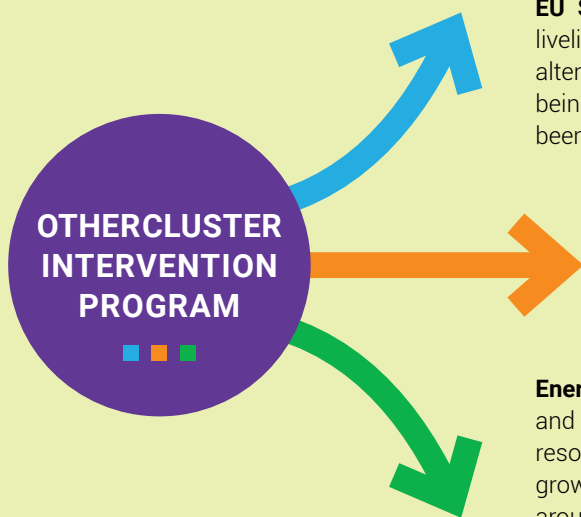
## Infrastructure Development - SIDBI Cluster Development Initiatives

SIDBI has been engaged in facilitating various hard and soft cluster interventions. Under the recommendations of U.K. Sinha Committee -

RBI had made an allocation of ₹6,990 crore to SIDBI to support the State Governments/State Government sponsored organisations to create infrastructure towards development of MSME clusters. In order to have focussed attention to important agenda of cluster development, SIDBI has setup an exclusive Cluster Development Vertical during FY 2022.

SIDBI Cluster Development Fund (SCDF) is holistic in nature covering nearly all segments of MSME cluster development falling under three broad categories viz. (1) Industrial and Agri-allied sectors in the MSME eco-space, (2) Social Sector projects in and around MSME clusters, and (3) Connectivity to MSME Clusters. The support will be offered by SIDBI to State Governments as a soft loan for a tenure of 7 years.

During FY 2022, In-principle commitment of ₹5,968.50 crore was made to 11 States and 1 UT. As on March 31, 2022, financial assistance had been sanctioned to 5 States against 37 projects (34 Greenfield and 3 Brownfield Projects) for an aggregate amount of ₹1,038 crore. Total disbursement of ₹180 crore had also been made under SCDF, against 22 projects.



**EU Switch Asia Bamboo project:** To generate an alternative source of livelihood for financially disadvantaged group as well as to promote an alternative for timber thereby safeguarding the environment, the project is being implemented in 26 districts of 9 states. Over 2,200 enterprises have been created under the project along with credit linkage to 1,386 enterprises.

**MSME Cluster Intervention Programme (Business Development Services):** Program in 5 clusters with focus on Institution capacity building, facilitate access to services, support MSMEs to become more competitive and clusters to become self-sustainable.

**Energy Efficiency and Cleaner production initiatives:** SIDBI's Green Climate and Energy Efficiency Centre is targeting 100 MSME clusters for promoting resource efficiency and cleaner production in the MSMEs for their survival, growth and competitiveness in long run. The initiative is expected to benefit around 4,000 MSMEs.

## Green Financing

SIDBI has adopted a three-pronged approach, firstly, providing concessional financial assistance through dedicated Green Finance Schemes for mitigation and adaptation projects in MSME sector. Secondly, supporting various development activities leading to an enhanced awareness and creation of an ecosystem to facilitate the adoption of climate resilient measures by MSMEs. Thirdly, to encourage other Banks/FIs to finance Energy Efficiency projects through training, hand holding and Risk Sharing Facility support.

To increase the resilience of MSME sector to combat the climate change and with a view to facilitate greening of MSMEs in line with the country's commitments at Conference of Parties (COP26) at Glasgow.

### Green - Thrust & Priorities

Support Policy push made in the Union Budget 2022 for climate action, clean energy, solar, e-mobility, battery, waste management, energy efficiency through Energy Service Companies (ESCOs).

During the year, SIDBI's initiatives were -

01

#### Green Financing Products

Launched "Green Finance Scheme" which covers sectors such as Renewable, Transport, Waste, Energy, Mobility etc., with adoption of Environment, Social, Governance (ESG) parameters. The existing schemes such as End to End Energy Efficiency (4E) financing scheme and TIFAC-SIDBI (Srijan) programme etc., have been revisited and simplified. Achieved 168% growth in outstanding of green loans during FY 2022.

02

#### Partial Risk Sharing Facility for Energy Efficiency project

Promoting energy efficiency projects implemented through Energy Service Companies (ESCOs). The facility provides Risk Sharing Facility for Energy Efficiency Projects assisted by the Participating Financial Institutions (PFIs). As on date, 13 Banks/NBFCs including SBI, BOB, Canara Bank, HDFC Bank, IREDA etc. have been empanelled as PFIs. Till FY 2022, 45 EE projects have been supported under the facility aggregating to a total project cost of ₹476.44 crore with a loan amount of ₹231 crore and guaranteed amount of ₹173.31 crore.



03

**Cluster level intervention across India**

Handholding support to 100 MSME clusters for adopting green and clean initiatives. In the long term, this will lead to significant reduction in energy consumption and Green House Gas (GHG) emission and resource consumption. This will support self-reliant and make in India initiative of Gol. During FY, activities have been initiated in the MSME clusters of Bihar and West Bengal targeting around 10,000 MSMEs.

04

**Carbon Neutrality for SIDBI**

SIDBI, in line with the announcement made at COP26 has decided to reduce its carbon footprint in a phased manner and eventually become carbon neutral by 2024 and net zero as next step. The initiative is expected to motivate other similar FIs and stakeholders.

**Green Climate Fund (GCF)**

SIDBI is working on potential projects and programs for submission to GCF. Ministry of Environment Forest and Climate Change (National Designated Authority of India) has given in-principle approval for the three projects aggregating around USD 1,250 Mn.

05

**International Co-operations**

SIDBI has revamped tie-ups with international partners and cooperation with AFD, ADB, KfW, GIZ, The World Bank, The Montreal Group, IDFC etc., SIDBI in partnership with AFD and Shakti has launched Green Indian Financial System (GIFS) Initiative which seeks to facilitate such dialogues and discussions on greening the Indian financial system. Discussions with GIZ and the World Bank country team are in progress for establishing the Risk Sharing facilities on Municipal Solid Waste and Compressed Bio-Gas respectively.

06

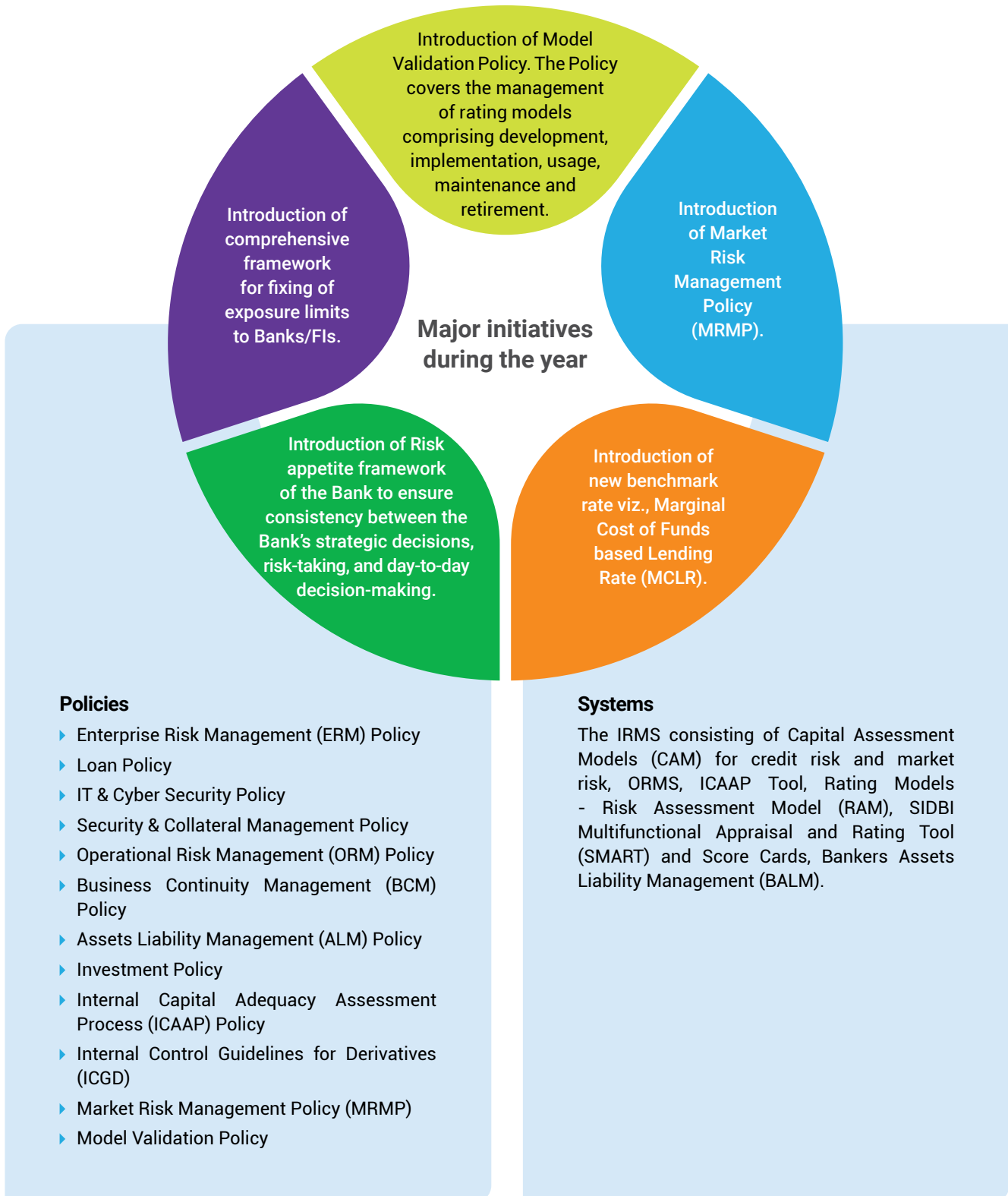
SIDBI shall continue to play the leadership role in encouraging such high impact climate change projects by providing debt funding as well as other support.



## Risk Management

The Bank has put in place a comprehensive Risk Management System inclusive of Credit Risk Management, Market Risk Management, Operational Risk Management, Internal Capital Adequacy Assessment Process, Business Continuity Management, etc.

Risks associated with the Bank's lending and treasury operations, including off-balance sheet items, are constantly monitored, measured and managed under the overall supervision and guidance of Risk Management Committee (RiMC) of the Board.





## Fund of Funds

Under Fund of Funds (FoF), SIDBI contributes to the corpus of SEBI registered Venture Funds / Alternative Investment Funds [category I & II only]. The VCFs / AIFs supported are required to invest specified amount of their corpus in MSMEs / Startups as per the mandate of the scheme.

SIDBI has been managing three Fund of Funds on behalf of respective Ministry / State Government viz. Fund of Funds for Startup (FFS) (a programme of DPIIT, Ministry of Commerce and Industry, GoI), ASPIRE Fund (Ministry of MSME, GoI) and UP Startup Fund (on behalf of Government of Uttar Pradesh).

A brief outline on the active Fund of Funds are -

### Assistance from SIDBI's own balance sheet / funds from specific sources

#### Regional / All India Venture Funds

SIDBI has been one of the earliest players in the venture capital domain. The initiative for supporting funds started in 1995, when SIDBI began contributing, initially to Regional Venture Funds and then to All India Venture Funds (pursuant to announcement in Union Budget – FY 1997).

#### MSME Risk Capital Fund (MSME-RCF)

SIDBI is also operating the MSME-RCF which was launched pursuant to Budget announcement in FY 2009. The fund stands fully committed. The VCFs / AIFs supported are presently in exit / divestment stage.

#### India Aspiration Fund (IAF)

IAF was launched on August 18, 2015 by Hon'ble Finance Minister. Total sanctions stand at ₹936 crore. As mentioned, no fresh sanctions are being committed out of IAF. The funds supported under IAF are in investment phase and commitments already made are being released as per requirements.

### FoF Operations being undertaken on behalf of Ministries of GoI / State Government:

As mentioned above, presently, fresh investments are being undertaken by SIDBI in the capacity of operating manager / fund manager of 3 funds as per details below:

#### Fund of Funds for Startups (FFS) being operated on behalf of Dept. for Promotion of Industry & Internal Trade (DPIIT), Ministry of Commerce & Industry, GoI

As part of Startup India Action Plan, in June 2016, Union Cabinet approved Fund of Funds for Startups (FFS) with a corpus of ₹10,000 crore to be managed with SIDBI. This is the flagship programme of the GoI. SIDBI has achieved sanctions of ₹7,225.45 crore and disbursements of ₹2,492.24 crore as of March 31, 2022. A third-party evaluation has been undertaken for DPIIT by Shri Arun Jaitley National Institute of Financial Management recently and the report furnished in March 2021. The report has reflected well on the scheme operations / fund deployment process and multiplier effect.

#### ASPIRE Fund of Ministry of MSME, GoI

SIDBI is also managing a ₹310 crore "ASPIRE Fund" of Ministry of MSME, GoI with focus on Agro and Rural enterprises, which was formally launched on October 20, 2016 by Hon'ble Minister of MSME.

#### UP Startup Fund of Government of Uttar Pradesh

SIDBI is managing the ₹1,000 crore "UP Startup Fund" of Government of Uttar Pradesh. Funds of ₹20 crore have been released by GoUP and the same have been committed.

### Other initiatives - Technological Interventions

The Bank, along with DPIIT, has organised a series of online pitching events for all the finalists of the National Startup Awards. Such initiatives have provided a platform to startups for engaging with the AIFs.

The Bank has introduced various technological interventions to automate the operations of Venture Capital Funds (VCFs). The entire application submission process was made online using a separate software platform. In addition to the application submission process, submission of drawdown requests by AIF and subsequent process of the same at Bank's end including portfolio management was also made online. The online platform also enables real-time data management of VCF portfolios.

The Bank introduced COVID-19 Startup Assistance Scheme (CSAS) to provide financial assistance in the form of WCTL to Startups affected by COVID-19. Under the scheme, 14 cases were sanctioned assistance aggregating to ₹21.68 crore.

### Micro Lending / The Missing Middle

The Bank launched the PRAYAAS scheme to facilitate enterprise promotion and to bring down the cost of credit to borrowers at the bottom of the pyramid.

Under the PRAYAAS Scheme, Bank had sanctioned limits to 13 PIs [Financial Intermediaries including Fintechs = 11; Non-Financial Intermediaries = 2] out of which the operations with 10 PIs is under progress while the sanctioned limit in respect of other 3 PIs have since been expired.

#### Status of Operations as on March 31, 2022

An aggregate sanction of ₹417.70 crore was effected covering 27,343 beneficiaries and aggregate disbursement of ₹342.25 crore was effected to 21,529 beneficiaries. Out of the total disbursed cases under PRAYAAS, approx. 88% beneficiaries are from rural areas.



## Development during the year 2021-22

SFMC Vertical (MFI & Prayaas) had organised the 3<sup>rd</sup> National Microfinance Congress 2022 at New Delhi. The focus of the Congress was on the growth and development of the microfinance ecosystem in the country by bringing together thought leaders, policy makers, regulators, bankers, academicians, practitioners and various other stakeholders from within and outside India to deliberate and debate on various such issues.

As part of the inauguration, the Hon'ble Finance Minister launched the SIDBI Swavalamban Challenge Fund Series III – Increasing Digital Footprint, whose objective is to support innovative ideas that can lead to larger impact by deploying digital technology for addressing barriers to access of financial services and for improving financial capability and health of low-income communities or in underprivileged geographies. The Fund aims to attract ideas that strive to move the needle in financial inclusion by creating cost effective digital models that make financial services 'accessible', 'understandable', 'user friendly', 'affordable' and 'relevant' for underserved segments.



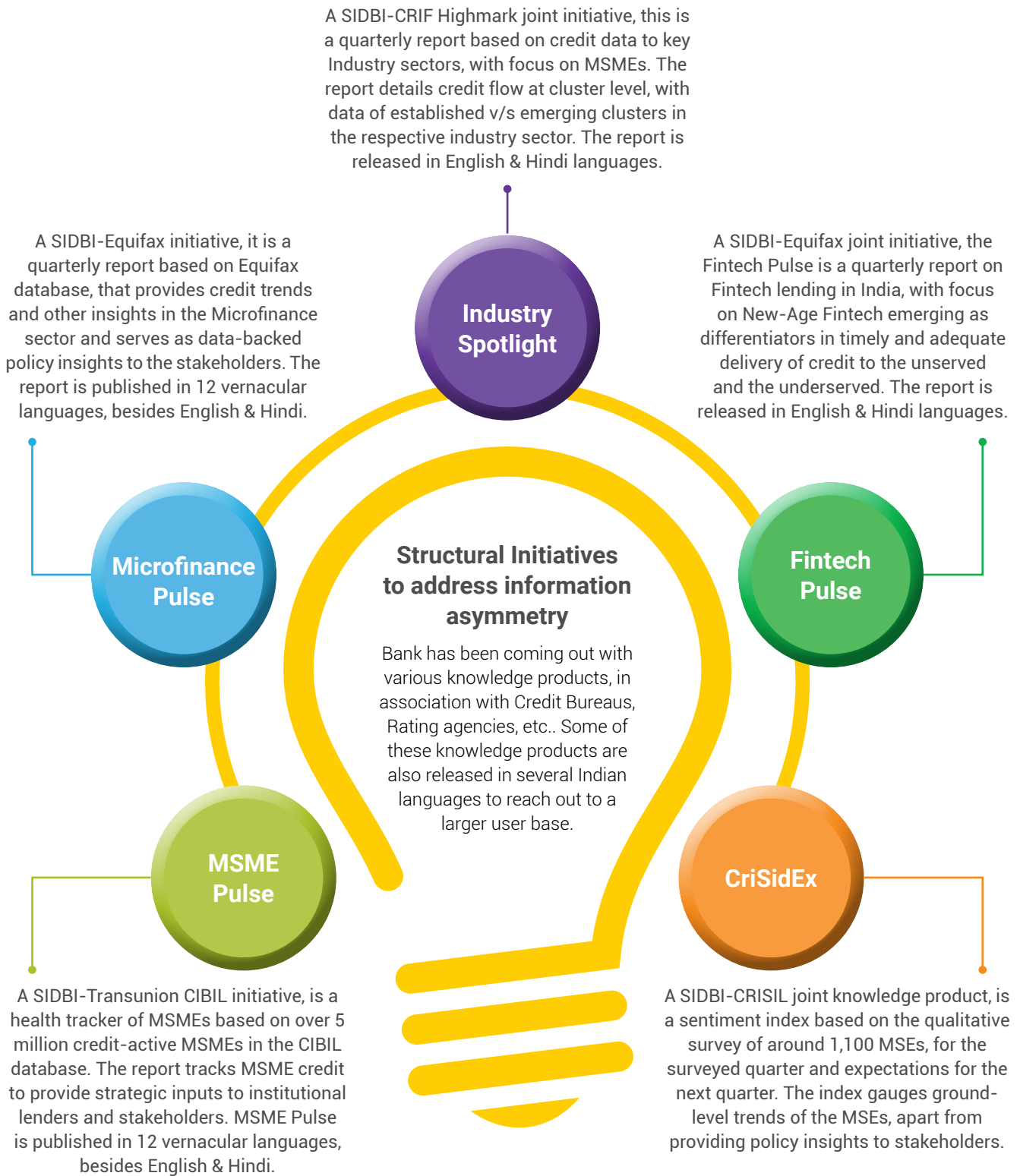
Hon'ble Finance Minister Smt. Nirmala Sitharaman was the Chief Guest of the programme. The Congress was also attended by dignitaries from Department of Financial Services, Reserve Bank of India, representative from Multi-lateral agencies, Sector experts etc.

More than 150 participants/ different stakeholders viz. GoI, Regulators, Banks, Micro Finance Institutions (MFIs), Non-Banking Financial Companies (NBFCs), Self-Regulatory Organisations (SROs), Non-Government Organisation (NGOs) etc., had participated in the event and made it successful.

Presented the 1<sup>st</sup> "Financial Inclusion Award" to Shri Brij Mohan, Ex-Executive Director, SIDBI for his contributions to the microfinance sector.

## Thought Leadership and Structural Initiatives

The Bank continued to address information asymmetry and provide directional support to policy makers.



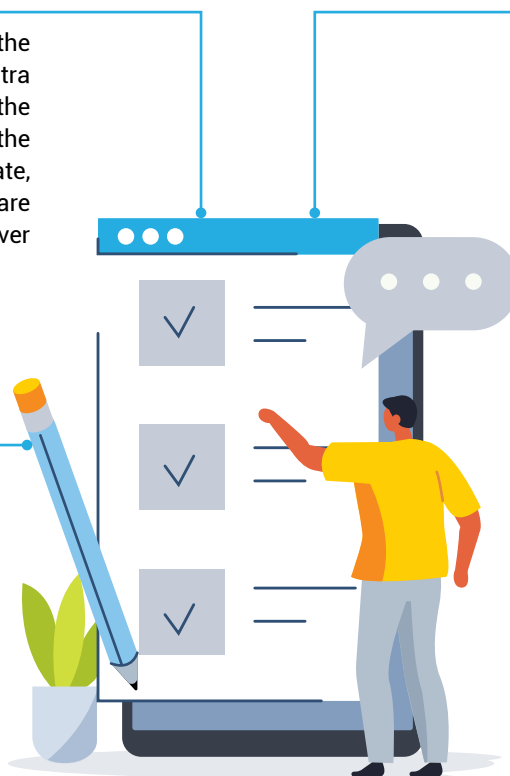
## Aggregator Role

### STAND-UP MITRA & UDYAMIMITRA PORTALS (TWIN PORTALS)

([www.udyamimitra.in](http://www.udyamimitra.in) , [www.standupmitra.in](http://www.standupmitra.in))

SIDBI, with support of DFS, developed the Stand-Up India portal and Udyamimitra portal in 2016 for the launch of the Stand-Up India program of the Government of India. As on date, over 400 banks, NBFCs and MFIs are registered on the portal connecting over 1.47 lakh branches of banks/NBFCs.

Through such implementations, SIDBI created separate front facing portals for each ministerial program providing them the due branding and respective ecosystem onboarding along with seamless integration with Udyamimitra at backend resulting in emergence of Udyamimitra platform as a powerful asset for SIDBI. The various program portals connected are mentioned below:



Over the last 2 years, the revamped Udyamimitra portal enabled SIDBI to execute digital implementation of several credit/MSME linked schemes under different ministries of Government of India. These digital projects were customised involving workflows for multiple stakeholders of the respective ministries. Additionally, SIDBI also extended its expertise in scheme formulation. This plug-n-play model ensured a very low turnaround time for onboarding these schemes on the platform in addition to providing significant efficiency in program implementation.

Name of Program	Name of Ministry	Program Portal
Stand Up India	Department of Financial Services - Ministry of Finance	<a href="https://portal.standupmitra.in/">https://portal.standupmitra.in/</a>
National Livestock Mission	Department of Animal Husbandry & Dairying - Ministry of Fisheries, Animal Husbandry & Dairying	<a href="https://nlm.udyamimitra.in/">https://nlm.udyamimitra.in/</a>
Animal Husbandry Infrastructure Development Fund	Department of Animal Husbandry & Dairying - Ministry of Fisheries, Animal Husbandry & Dairying	<a href="https://ahidf.udyamimitra.in/">https://ahidf.udyamimitra.in/</a>
Production Linked Incentive (PLI) Scheme for Pharma	Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers	<a href="https://pli-pharma.udyamimitra.in/">https://pli-pharma.udyamimitra.in/</a>
Production Linked Incentive (PLI) Scheme for Telecommunications	Department of Telecommunications, Ministry of Communications	<a href="https://pli-telecom.udyamimitra.in/">https://pli-telecom.udyamimitra.in/</a>
PM SVANidhi	Ministry of Housing and Urban Affairs	<a href="http://www.pmsvanidhi.mohua.gov.in">www.pmsvanidhi.mohua.gov.in</a>

## Facilitator Role

### PM SVANidhi (Pradhan Mantri Street Vendor's AtmaNirbhar Nidhi) Scheme

The Ministry of Housing and Urban Affairs (MoHUA), Government of India, launched the PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) Scheme to make it easier for urban street vendors (SVs) to get affordable working capital loans, after a COVID-induced lockout.

SIDBI, as implementing agency of the scheme, launched a portal on July 02, 2020.

SIDBI modified and developed multiple functionalities, processes and features on the Portal including Mobile App for Lending Institutions (LIs), ULBs, States and all other stakeholders. Digitisation of loan process helped LIs to source and process large number of applications which provided huge impetus in implementing the scheme. This helped to bring SVs, who were largely out of banking credit facilities, into formal lending channel and cultivate banking habit.

The status of Loan under the scheme as on March 31, 2022 is mentioned below:

Loan Type	Eligible Applications (No. in lakh)	Sanctions (No. in lakh)	Loan Disbursed (No. in lakh)	Disbursed Amount (₹ in crore)
1 <sup>st</sup> Loan	42.10	33.36	29.27	2,902.80
2 <sup>nd</sup> Loan	3.03	2.00	1.70	338.50

So far 17.5 crore digital transactions were carried out by 11.1 lakh digitally active SVs. ₹10.58 crore cashback subsidy has been released to 10.59 lakh SVs. This enhanced their digital literacy and also enables SVs to be a part of digital economy.

₹51.78 crore was released as interest subsidy directly in the accounts of Street vendor to decrease their burden of interest rates charged by lenders.

The implementation of the scheme is well recognised at the highest level in Government of India and brings accolades to SIDBI.

01

#### Interest Subvention Scheme for Mudra - Shishu Loans

- ▶ SIDBI is acting as a Nodal Agency for the purpose of channelising of interest subvention to the various MLIs of MUDRA through their Nodal office.
- ▶ So far, SIDBI has received an amount of ₹775 crore from DFS, MoF, Gol, out of which, SIDBI had settled aggregate claims of ₹661.43 crore received from 104 MLIs, as on date. Further, around 3.20 crore Shishu beneficiaries have so far availed benefits of Interest Subvention Scheme under Mudra Shishu Loan.

02

#### Extended Partial Credit Guarantee Scheme (also known as PCGS 2.0) offered by Gol to Public Sector Banks (PSBs) for purchase of (a) high rated pooled assets and (b) Bonds/CPs of NBFCs/HFCs/MFIs

- ▶ To address temporary liquidity / cash flow mismatches of otherwise solvent NBFCs/HFCs/MFIs.
- ▶ SIDBI took up the work for evaluation of proposals, keeping record of transactions and determination of guarantee headroom, examination of claims and monitoring of recoveries in account for which guarantee was invoked.
- ▶ Under Pooled Assets, SIDBI had recommended 60 proposals aggregating ₹11,769.58 crore purchased by Public Sector Banks to DFS, MoF, Gol. Guarantee worth ₹1,176.67 crore was executed.
- ▶ PSBs had purchased Bonds/CPs worth ₹22,217 crore under Portfolio Guarantee. Guarantees in respect of all proposals executed.
- ▶ So far, ₹169.70 crore guarantee claim received from five PSBs forwarded to DFS for consideration.

03

**Interest Subvention Scheme - Ministry of AYUSH**

- ▶ Ministry of Ayush (MoA), GoI launched a new initiative "Establishment of AYUSH Super Specialty Hospital/Day Care Centres under the Champion Services Sectors" by providing Interest Subvention against sanctioned loans by Public Sector Banks (PSBs) to the greenfield units who are setting up AYUSH Super Specialty Hospital/Day Care Centres at 155 locations in the country.
- ▶ The model will be adopted for the private investors & units in descending order for a period of 5 years, whereas maximum subvention of each private investor & unit will be capped at ₹8.15 crore.
- ▶ SIDBI has been nominated as the single national level nodal implementation agency for this Scheme and MoU has been executed between MoA, GoI and SIDBI.

04

**Production Linked Incentive (PLI) Scheme for manufacturing of Telecom and Networking Products**

- ▶ The scheme was launched by DoT with the objective to boost domestic manufacturing in the telecom and networking products by incentivising incremental investments and turnover with total outlay of ₹12,195 crore.
- ▶ The support under the Scheme shall be provided for a period of five (5) years, i.e. from FY 2021-22 to FY 2025-26.
- ▶ SIDBI is the Project Management Agency (PMA) for the Scheme.

05

**Production Linked Incentive (PLI) Scheme for Pharmaceuticals**

- ▶ The PLI Scheme for Pharmaceuticals is a flagship scheme of the Government of India and launched by the Department of Pharmaceuticals (Ministry of Chemicals and Fertilizers), to create global champions out of India.
- ▶ SIDBI is the Project Management Agency (PMA) for the Scheme.
- ▶ With a scheme outlay of ₹15,000 crore, 278 applications were received under the Scheme.
- ▶ 55 applicants, including 20 MSMEs, were selected for receiving incentives under the Scheme.

06

**Animal Husbandry Infrastructure Development Fund (AHIDF)**

- ▶ ₹15,000 crore fund to incentivise investments to establish Dairy Processing & value addition infrastructure, Meat Processing & value addition infrastructure and Animal Feed Plants.
- ▶ The Bank is implementing partner for the scheme and has collaborated with Department of Animal Husbandry & Dairying, MoFAHD, GoI.
- ▶ A total of 2,400 applications were received under the Scheme. An amount of ₹2,500.00 crore was sanctioned by scheduled banks and ministry had approved interest subvention of ₹31.82 crore under the scheme.

07

**National Livestock Mission (NLM)**

- ▶ The scheme is managed by Department of Animal Husbandry and Dairying (DAHD), Ministry of Fisheries, Animal Husbandry and Dairying. To enhance the effectiveness of the scheme, better monitoring, submission of online applications by the applicants, processing of applications in a transparent manner and an overall customised workflow of applications, DAHD had engaged SIDBI as an implementing partner for the scheme.
- ▶ DAHD had also nominated SIDBI as Fund Channelising Agency for the management of subsidy.
- ▶ SIDBI created a customised workflow on Udyamimitra Portal for submission of online application form and submission of required documents by applicants directly on the portal.
- ▶ More than 7,000 applications have been received and capital subsidy of ₹19.00 crore approved by ministry.

**08**
**SIDBI AS NODAL AGENCY FOR GOVERNMENT OF INDIA SCHEMES**

- ▶ The Bank has been assigned the nodal agency role by the Government of India for implementing various Government subsidy schemes, namely, Credit Linked Capital Subsidy Scheme (CLCSS), Special Credit Linked Subsidy Scheme (SCLCSS), Technology Up-gradation Fund Scheme for Textile Industry (TUFS), Integrated Development of Leather Sector Scheme (IDLSS), Scheme of Technology Up-gradation/Setting up/Modernisation/Expansion of Food Processing Industries (FPTUFS) and Technology and Quality Upgradation (TEQUP) Scheme. Cumulatively SIDBI facilitated release of subsidy of ₹4,453.80 crore to 54,721 MSMEs.

**09**
**Special Credit Linked Capital Subsidy Scheme (SCLCSS)**

- ▶ The SC/ST MSEs will be provided subsidy of 25% under SCLCSS guidelines and it would be released from National Scheduled Caste and Scheduled Tribe Hub (NSSH) under NSIC. Since the launch of the Scheme, capital subsidy claims aggregating ₹45.06 crore to 369 units have been released through SIDBI. During FY 2022, claims aggregating ₹20.41 crore to 158 units have been released. The scheme is applicable from the date of sanction till 31/03/2026. The total plan outlay of NSSH for the period from FY 2021-22 to FY 2025-26 would be ₹438 crore.

**10**
**Balance Sheet and Statement of Accounts**

- ▶ The accounts of the Bank for FY 2021-22 were audited by M/s BORKAR & MUZUMDAR, Chartered Accountants, Mumbai, who were appointed under the terms of Section 30(1) of SIDBI Act 1989 (as amended) by Board of Directors on October 09, 2020 as authorised by Shareholders at the Annual General Meeting held on July 02, 2020 for carrying out the statutory audit.
- ▶ The reports for the Auditors are given in Part-II of the Annual Report.
- ▶ 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 2021-22 are given in **Appendix - I**. The consolidated Balance Sheet along with Profit and Loss Account and Cash Flow Statement of SIDBI with its subsidiaries viz. SIDBI Venture Capital Ltd. (SVCL), SIDBI Trustee Company Ltd. (STCL), Micro Units Development & Refinance Agency Ltd. (MUDRA) and associates viz., Acuité Ratings & Research Limited, India SME Asset Reconstruction Company Ltd. (ISARC), Receivable Exchange of India Ltd. (RXIL) and others are given in **Appendix - II**.





## Rating of Debt Instruments Raised by SIDBI

The short-term and long-term debt instruments of SIDBI are rated by CARE Edge Ratings, ICRA Limited, India Ratings & Research and CRISIL Rating.

During  
FY 2021-22

### CARE Limited has Reaffirmed Rating of:

- ▶ CARE AAA; Stable - Triple A; Outlook: Stable [for MSE/ RIDF Deposits of ₹1,50,000 crore and Unsecured Bonds of ₹21,861.50 crore].
- ▶ CARE AAA (FD); Stable - Triple A; Fixed Deposits; Outlook: Stable [for Fixed Deposits of ₹10,000 crore].
- ▶ CARE AAA; Stable - Triple A; Outlook: Stable] / CARE A1+ [A One Plus] [for Certificate of Deposit/ Commercial Paper program of ₹46,000 crore].
- ▶ CARE AAA / CARE A1+; Stable - Triple A / A One Plus; Outlook: Stable [for Bank Loans (Long Term / Short Term) of ₹30,000 crore].

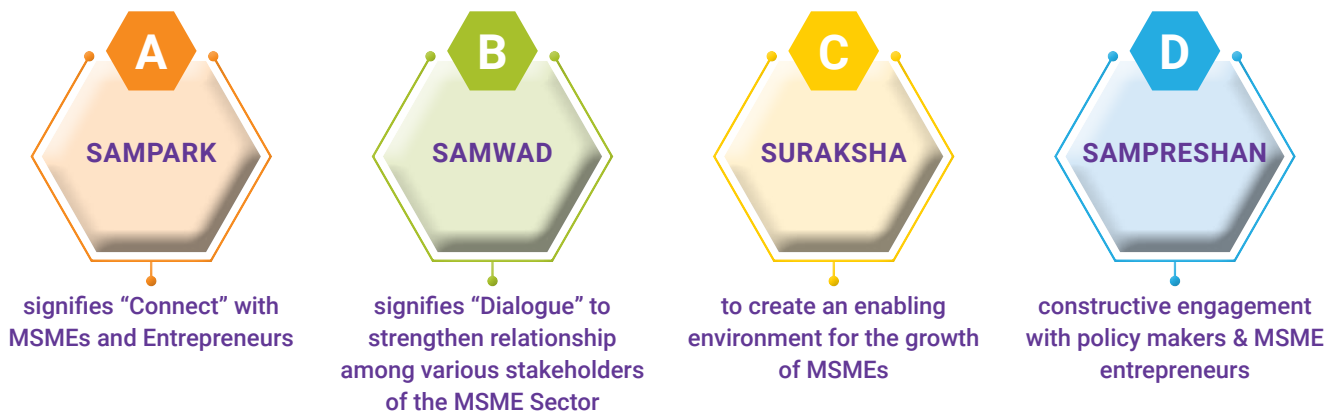
ICRA Ltd. has reaffirmed rating of ICRA AAA/ Stable for the Unsecured Bonds Issuance Programme aggregating ₹20,000 crore.

India Ratings & Research reaffirmed rating of IND A1+ for the Commercial Paper Programme of ₹21,600 crore.

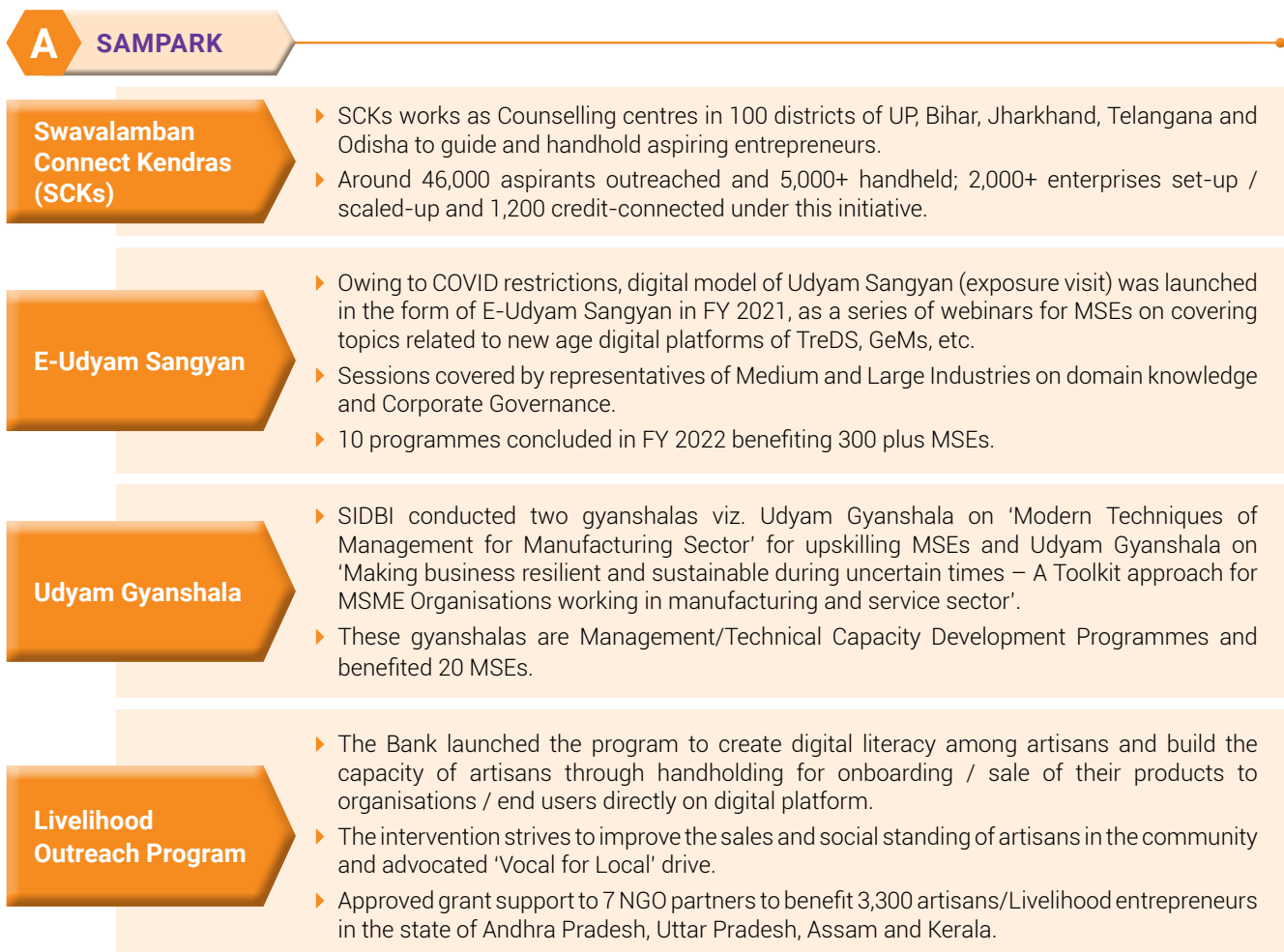


## CHAPTER3 Promotional & Developmental Initiatives

SIDBI Vision 2.0 lays the thrust on inclusive, innovative and impact-oriented engagements. All the initiatives under P&D have been woven around Mission Swavalamban, which is an umbrella framework for inducing entrepreneurship culture and supporting various livelihood and entrepreneurship programs. Mission Swavalamban has 4 distinguishing pillars viz., Sampark, Samwad, Suraksha and Sampreshan (4S).



The interventions of P&D under the four guiding themes are:



## B SAMWAD

### Swavalamban Kaushal Unnayan Karyakaram

- ▶ SIDBI conducted 21 Swavalamban Kaushal Unnayan Programs which were entrepreneurship and skill development programs, building capacity of 700+ participants.
- ▶ Programme covered multitude of vocational activities like beautician, soft toys making, knitting, jute product manufacturing, LED bulb assembling, etc.

### Seminars & Workshops

- ▶ SIDBI supported 13 seminars and workshops through its regional offices located pan India benefiting 6,300 MSEs.

### Micro Enterprise Promotion Programme (MEPP)

- ▶ An initiative aimed at promoting viable MSEs by facilitating availability of business services through Implementing Agencies.
- ▶ 4 MEPPs are running across India.
- ▶ FY 2022, 84 events have been conducted benefiting 3,065 participants which resulted in 611 new enterprises setup creating 3,831 employment opportunities.



### SIDBI Assistance for Harnessing Aspiring Swavalambis (SAHAS)

- ▶ Aims at giving support for entrepreneurship and giving solutions to address the pain points of MSME sector including grant assistance to the selected Startup.
- ▶ Government Engineering College, Thrissur was supported to establish 1<sup>st</sup> Swavalamban Chair for MSME Solutions at the Campus.
- ▶ In FY 2022, 8 training programmes on entrepreneurship development and advance skill development was organised. In addition, 2 hackathons were conducted. 2<sup>nd</sup> Swavalamban Chair is being set-up at Vivekananda Global University, Jaipur.

## C SURAKSHA

### The Akshaya Patra Foundation

- ▶ Support was provided towards cost of 1,10,000 cooked meals distributed amongst the disadvantaged section of the population like daily wage earners, migrant labourers / workers, slum dwelling communities including COVID 19 patients, and their attendants adversely affected by the fall out of the 2<sup>nd</sup> wave of COVID 19 in 4 cities (Delhi/NCR, Lucknow, Ahmedabad & Thane).

### Swavalamban Challenge Fund

- ▶ Bank introduced Swavalamban Challenge Fund to provide financial support to development organisations/ educational institution/startups who were working with a special focus on green initiative, sustainable livelihood, financial inclusion, health and sanitation, access to financial services and promoting the culture of entrepreneurship.
- ▶ In FY 2022, 12 organisations were awarded under Window I of SCF. Window II was also launched and 415 applications were received.

### Women Entrepreneurship - Livelihood Enhancement and Development (WE-LEAD)

- ▶ The project aims at promoting 12,000 women Entrepreneurs from among the SHGs/JLGs Members through Capacity Building-EDP/Skill Training & Business Development Services in Odisha.
- ▶ Being implemented through Odisha State Association for Financial Inclusion Institution (OSAFII) to cater to 15,000 women SHG/JLG Members.

### Swavalamban Silai Homepreneur Program

- ▶ Partnered with Usha International Limited through Usha Social Services for promoting women entrepreneurship & economic enablement / empowerment in rural / unserved / underserved / backward / calamity prone/ aspirational districts areas through imparting 9 days residential training on sewing, basic designing, embroidery, machine repair & life skills.
- ▶ A total number of 2,625 Usha Swavalamban Silai Schools covering 2,545 villages, 191 blocks and 48 districts across 17 states was set-up till March 31, 2022.
- ▶ Homepreneurs cumulatively earned about ₹9.80 crore through job-work, learner's fee & machine repair. These homepreneurs enrolled 25,000+ learners i.e., an average of 10 per direct beneficiary under them thus creating a multiplier effect.

### Swavalamban Bazaar+

- ▶ To empower micro entrepreneurs/artisans by widening their horizon and aligning their products as per market expectations.
- ▶ 8 Swavalamban Bazaar+ events were organised to showcase skills and products and 340+ artisans/micro entrepreneurs had benefited with credit, design (linking with students at design institutes), market connect as also financial literacy on digital tools.
- ▶ Cumulatively, 19 Swavalamban Bazaar Plus events were organised since FY 2019 benefiting 940+ micro entrepreneurs and local artisans.

### Swavalamban Assistance for Financial literacy, Adoption of Villages and Credit and Market Linkages – SAFAL

- ▶ Adoption of 120 villages in the states of Bihar and Jharkhand and to provide financial literacy training to 2,400 Livelihood Entrepreneurs & Micro Entrepreneurs (LE/ME) and ensuring their Credit & Market Linkages.
- ▶ In FY 2022, 121 villages were adopted, 2,409 women entrepreneurs were provided financial literacy training, and credit linkage of 1,965 participants completed.
- ▶ The project was expanded for adoption of 700 villages in 10 states to support 15,000 LE/MEs.

### SWAS - Breathing Entrepreneurial Energy

- ▶ Bank had undertaken special initiatives for women, working as domestic workers or labourers in the Sunderbans, following dual impacts of COVID-19 and devastating effect of Cyclone Amphan.
- ▶ 'Swavalamban Accelerator in Sunderbans (स्वास/@ - breathing entrepreneurial energy)' program was aimed at making Atmanirbhar Bharat a reality by promoting 'Vocal for Local'.
- ▶ The project aims to sensitise 20,000+ beneficiaries, train 1,000 shortlisted aspirants and support them with Start-up kits, to help them start their microenterprise, while also providing market linkages with potential buyers or markets like MUKTI Fresh, Sundarbans Development fair, social media platforms, e-marketplace, local vendors & markets etc.
- ▶ As on March 31, 2022, 657 women were trained in multiple batches in handicraft & food processing and 53 new enterprises were established.

## D SAMPRESHAN

### Project Management Unit

Aimed at strengthening the MSME ecosystem and transferring the good practices through learning sessions, PMUs were set-up and are functional in total 16 states (including 11 which were set up in FY 2021), for closer engagement with states

Few of the major support provided by PMUs to states are:

- ▶ Policy development - Framing New MSME policies viz. MSME policy 2022 for Rajasthan, MSME Mini Cluster Development Scheme operationalised in Gujarat with ₹14 crore budget, etc.
- ▶ State level Credit Guarantee Fund for MSMEs – Government of Tamil Nadu signed MoU with CGTMSE wherein state guarantee worth ₹100 crore was earmarked which is expected to benefit over 400 MSMEs. Facilitating formulation of dedicated Assam State Credit Guarantee Scheme (₹100 crore corpus) similar to CGTMSE.

### Technical Assistance Support to State Rural Livelihoods Missions (SRLMs) on livelihoods and microenterprise development

- ▶ The project in Bihar aims at ensuring digital access to Bank Sakhis in expanding their service portfolio, capacity building of entrepreneurs and producer groups on business planning and marketing.
- ▶ In Jharkhand, project aims at onboarding 1,200 additional Bank Sakhis in the state and at increasing their average monthly digital transactions to ₹5-7 lakh.
- ▶ In Assam, it aims at on-boarding 1,000 Bank Sakhis and enhancing digital access along with credit and marketing support to rural women entrepreneurs.

### Swavalamban Livelihood Enhancement & Awareness Program (LEAP)

- ▶ A pilot program aimed to build the capacity of youth in Leh by supporting them in establishing their enterprises by empowering youth using a common shrub – Sea Buckthorn
- ▶ Supported through Aide Et Action – India in Leh (Ladakh) involves development of value chain for sea Buckthorn by way of setting up of an incubation centre.
- ▶ Aimed at establishing at least 15 group enterprises by the end of the project.

### SIDBI Centre for Innovation in Financial Inclusion/SCIFI

- ▶ Seeks to unlock the entrepreneurial potential of Indian youth through capacity building measures and by nurturing startups working on financial inclusion aided by technology (Fintech).
- ▶ Incubation centre turns startups ideas into reality by providing required mentoring support and access to ecosystem resources.
- ▶ As on March 31, 2022, SCIFI is incubating 24 startups, and pre-incubating 12 early age startups.

## Subsidiaries/Associates – Driving impact at national level

### Subsidiaries



#### SIDBI Venture Capital Limited (SVCL)

- ▶ The venture capital arm of SIDBI, presently acts as the investment manager for eight funds viz. National Venture Fund for Software and Information Technology Industry (NFSIT) since fully divested, SME Growth Fund (SGF), India Opportunities Fund (IOF), Samridhi Fund (SF), TEX Fund (TF), West Bengal MSME VC Fund (WBF), Maharashtra State Social Venture Fund (MSF) which are fully invested and Ubharte Sitaare Fund (USF) which is currently in investment phase.
- ▶ As on March 31, 2022, the total net outstanding corpus of the funds is ₹676.82 crore.



#### SIDBI Trustee Company Limited (STCL)

STCL was established in 1999 to carry out the trusteeship functions in general and for VCFs / AIFs. STCL, at present, is acting as the Trustee for National Venture Fund for Software and Information Technology Industry (NFSIT), SME Growth Fund (SGF), India Opportunities Fund (IOF), Samridhi Fund (SF), TEX Fund (TF), West Bengal MSME VC Fund (WB Fund), Maharashtra State Social Venture Fund (MS Fund), Ubharte Sitaare Fund (USF), Assam Start-up Venture Capital Fund (ASVCF), Atmanirbhar Start-up Venture Fund (ASVF) and Tripura Start-up Venture Capital Fund (TSVCF).



#### Micro Units Development & Refinance Agency (MUDRA)

MUDRA was established as a wholly-owned subsidiary of the Bank on April 8, 2015 working on the agenda of 'funding the unfunded'. MUDRA had sanctioned an amount of ₹15,623 crore during FY 2022 as against an amount of ₹12,312 crore in FY 2021. The disbursement for FY 2022 stood at ₹14,989 crore and for FY 2021 at ₹12,303 crore.

#### MUDRA – Financial Highlights at a Glance

(Amount ₹ in crore)

Particulars	March 31, 2021	March 31, 2022
Outstanding Portfolio	13,627	20,039
Paid-up Capital	1,676	1,676
Reserves & Surplus	839	1,045
Total Income	1,005	1,019
Net Profit	245	233
Standard Asset	99.44%	99.59%

#### Pradhan Mantri MUDRA Yojana (PMMY)

To monitor the progress of PMMY, a portal has been developed and monitored by MUDRA on behalf of the GOI wherein aggregate data is collected on weekly basis.

Lending under MUDRA loan focusses on the unfunded segments of the Micro Enterprises by granting the loans in the following 3 categories to enable them to contribute significantly to nation's GDP :

- ▶ Loans up to ₹50,000 (Shishu)
- ▶ Loans above ₹50,000 and up to ₹5 lakh (Kishor)
- ▶ Loans above ₹5,00,000 and up to ₹10 lakh (Tarun)
- ▶ In FY 2021-22, a target of ₹3.06 lakh crore was assigned to Member Lending Institutions, against which ₹3.39 lakh crore has been sanctioned to 5.37 crore accounts.
- ▶ Since inception, cumulatively, as on March 31, 2022, ₹18.73 lakh crore worth loans have been sanctioned under PMMY to 34.55 crore accounts amounting to a cumulative disbursement of ₹18.21 lakh crore.

## Associates



### Credit Guarantee Fund Trust for MSEs (CGTMSE)

Credit Guarantee Fund Trust for MSEs, set up in 2000, operates the Credit Guarantee Scheme (CGS) for MSEs in respect of credit facilities up to ₹2 crore extended by member lending institutions that are not backed/partially backed by collateral security and/or third-party guarantees.

During FY 2022, Guarantees to the tune of ₹57,920 crore were approved recording a growth of 51%.

- ▶ The guarantee scheme has cumulatively helped in creating 58.59 lakh MSE loan accounts for loan amount of ₹3.14 lakh crore till March 31, 2022.
- ▶ The units supported by CGTMSE have generated employment to the tune of 155 lakh. Approximately, 14% women entrepreneurs were benefited by the scheme. Units supported by CGTMSE have contributed ₹24,033 crore towards exports.
- ▶ To meet COVID Challenges, CGTMSE introduced 2 special schemes i.e. Credit Guarantee Scheme for PMSVANidhi (CGS-PMS) and Credit Guarantee Scheme for Subordinate Debt (CGSSD). Both the CGSSD and CGS-PMS schemes are poised to bring back life to two of the most crucial segments of MSME sector.

### Overall performance of CGTMSE in FY 2022 is as under:

(Amount ₹ in crore)

Particulars	FY 2021		FY 2022	
	₹ crore	Number	₹ crore	Number
<b>Total Approved Guarantees</b>	<b>38,389</b>	<b>22,83,331</b>	<b>57,920</b>	<b>23,02,868</b>
<b>Banks</b>				
General CGS I	19,429	3,36,612	28,083	2,78,833
Retail	7,712	2,40,244	11,214	2,43,002
Hybrid Collateral	1,572	5,687	3,165	8,973
<b>NBFC</b>	<b>8,186</b>	<b>2,53,049</b>	<b>13,709</b>	<b>1,86,212</b>
<b>PMSVANIDHI</b>	<b>1,435</b>	<b>14,47,266</b>	<b>1,717</b>	<b>15,85,550</b>
<b>CG for Sub-Debt</b>	<b>55</b>	<b>473</b>	<b>32</b>	<b>298</b>

### Important initiatives during FY 2022

- ▶ For ease of operation, bulk upload facility for coverage under CGTMSE introduced up to ₹1 crore.
- ▶ Loans to educational institutions and Wholesale Traders brought under the ambit of eligible activities.
- ▶ Introducing new Schemes like Guarantee for Co-Lending by Banks and NBFCs, Collaboration with State Government for state specific guarantees etc.
- ▶ Lodgement of guarantee application allowed anytime during the tenure of the loan.

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), has framed a Scheme for the purpose of providing guarantees in respect of credit facilities extended by eligible Banks & NBFCs jointly to Micro and Small Enterprises (MSEs) borrowers under Co-Lending models as prescribed by RBI from time to time. The same shall cover eligible credits sanctioned under Co-Lending arrangement by pair of lending institutions to eligible borrowers under MSE sector.



### Receivables Exchange of India Limited (RXIL)

- ▶ RXIL, established in 2016, is a SIDBI-NSE joint venture operating the MSME online Trade Receivables Discounting Platform (TReDS).
- ▶ RXIL has registered base of 10,672 MSME Vendors, 764 Buyers (including 107 Central Public Sector Undertakings) and 50 financiers (including 20 Public Sector Banks) as on March 31, 2022. Cumulative factoring on the platform stood at ₹23,735 crore with over 13,62,327 invoices financed through RXIL TReDS platform, as on March 31, 2022.



### Acuite Ratings & Research Limited (Acuite) (erstwhile SMERA)

- ▶ Acuite has assigned more than 9,000 credit ratings (as on March 31, 2022) to various securities, debt instruments and bank facilities of entities spread across industries in India over a span of 9 years from the time it commenced bond and bank loan rating business.
- ▶ SMERA Ratings Pvt. Ltd. (SMERA) – the wholly owned subsidiary of Acuite specialising in MSME Ratings and MFI Gratings, carried out 2,622 rating and grading assignments during the year. It achieved a 48.59% PBT margin and established itself as a self-sustainable business.







### India SME Technology Services Limited (ISTSL) (2005)

- ▶ Technology services venture of SIDBI and an empanelled inspection agency with NSIC. ISTSL is also providing Energy Audit service for MSME units and also Project Management Consultancy services to a few ministries of Government of India for installation of rooftop solar PV systems in their buildings.
- ▶ Liquidation of ISTSL is under process.



### Online PSB Loans Ltd

- ▶ Fintech foray of a SIDBI led consortium of Public Sector Banks
- ▶ Since the launch of PSB Loans in 59 Minutes portal on November 02, 2018, 5.01 lakh MSMEs have received In-principle approval of loans of which 3.64 lakh MSMEs have received final sanction of credit facilities from the lenders registered on the platform.



## CHAPTER 4 Corporate Governance Report and Management

### 1 Bank's philosophy on Corporate Governance

The Bank has embraced and abided by the best corporate governance processes, ensuring the principle of fairness, equity, transparency, accountability and dissemination of information while upholding the highest ethical standards. Effective management with a high level of corporate ethics has been made possible by good governance procedures, which have also increased value for all stakeholders.



### 2 Board of Directors

SIDBI has been established under SIDBI Act 1989 (an act of the Parliament). SIDBI is governed by SIDBI Act, 1989 and SIDBI Regulation, 2000. Thus, provisions of SIDBI Act are preferred over the applicability of the regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as SIDBI is a body corporate under specific act (SIDBI Act 1989) and is not a company under the Companies Act.

**SIDBI Act 1989 provides for a fifteen-member Board of Directors comprising:**

Eight directors appointed by the Central Government as under:

- ▶ Chairman and Managing Director (CMD)
- ▶ Two Whole Time Directors (DMDs)
- ▶ Two Officials of Central Government
- ▶ Three directors from amongst the persons having special knowledge of, or professional experience in different fields useful SIDBI.



Three directors to be nominated by 3 largest shareholders in public sector comprising Banks, Insurance Companies, etc. owned or controlled by the Central Government

Not exceeding Four Directors co-opted by the Board (in the absence of election of directors by other public shareholders) from amongst the persons having special knowledge of, or professional experience in various fields of importance which are useful SIDBI

The Board, as on March 31, 2022, comprised twelve Directors, including Chairman & Managing Director (CMD), two DMDs, two Central Government Officials, 3 nominees of three largest shareholders viz. SBI, LIC and NABARD & four directors co-opted by the Board. The Central Government is yet to appoint the three directors prescribed under the Act.

During FY 2021-22, the following changes took place in the composition of the Board of Directors of the Company:-



**Shri Sivasubramanian Ramann** was appointed by Central Government as the Chairman and Managing Director w.e.f. April 19, 2021 for a period of 3 years or till further orders whichever is earlier.



**Shri Sudatta Mandal** was appointed as Deputy Managing Director by Central Government w.e.f. May 03, 2021 for a period of 3 years or till further orders whichever is earlier.



**Shri B. Sankar** was nominated by State Bank of India w.e.f. June 29, 2021.



**Shri Krishna Singh Nagnyal** was nominated by Life Insurance Corporation of India w.e.f. October 29, 2021.



**Shri Monomoy Mukherjee** was nominated by National Bank for Agriculture & Rural Development w.e.f. December 29, 2021.



**Shri Amit Tandon** was co-opted by the Board as Non-executive Director w.e.f. August 08, 2021 for a period of 3 years.



**Shri G.K. Kansal** (nominated by State Bank of India w.e.f. June 29, 2018) ceased as director on June 28, 2021.



**Shri V. Sathya Kumar** (nominated by Life Insurance Corporation of India w.e.f. July 16, 2019) ceased as director on October 28, 2021.



**Shri L.R. Ramachandran** (nominated by NABARD w.e.f. June 23, 2020) ceased as director on December 28, 2021.

SIDBI is governed by The Small Industries Development Bank of India Act, 1989 and Small Industries Development Bank of India General Regulations, 2000. Hence the composition of the Board of Directors is as per SIDBI Act 1989.

However, it may be mentioned that, SIDBI has listed its non-convertible debt securities in NSE and hence issuance of the same is governed by SEBI ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES REGULATIONS, 2021. Total amount of debt securities being more than ₹500 crore, SIDBI falls under the definition of High value debt listed entities. SEBI (Listing and Obligations and Disclosure Requirements), Regulations 2015 ("Listing Regulations") has been amended vide notification dated September 07, 2021, providing for the applicability of Regulations 15 to 27, relating to corporate governance on

high-value debt listed entities on comply or explain basis until March 31, 2023.

Accordingly, the management of SIDBI has been taking necessary steps to comply with the provisions of Corporate Governance by the stipulated time period. Presently there are 12 directors, of which three directors are executive/whole-time director. Nine directors are non executive directors including two Government nominee directors (Government officials), three nominee directors of SBI/LIC/NABARD and four co-opted directors. As per explanation given below, non-executive directors on the Board shall be treated as independent directors. Hence Government officials nominated by Government as per SIDBI Act may be treated as independent directors. Therefore, SIDBI complies with LODR requirement regarding woman director and non executive director and independent directors.

**As per the Regulation 16(b) of LODR 2015, "independent director" means a non-executive director, other than a nominee director of the listed entity:**

**Explanation** - In case of a 'high value debt listed entity': (a) which is a body corporate, mandated to constitute its Board of Directors in a specific manner in accordance with the law under which it is established, the non-executive directors on its Board shall be treated as independent directors.

As per Regulation 17(1) (a) Board of Directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors shall comprise non-executive directors.

In view of the above, SIDBI complies with the applicable provisions, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, requiring at least one women director and at least 50% non-executive directors / independent directors (considering Government directors as independent directors). SIDBI has also requested Central Government, Ministry of Finance, Department of Financial Services, the appointing authority, to appoint three non-executive directors on Board of SIDBI, as prescribed under the SIDBI Act 1989, from amongst the persons having special knowledge of, or professional experience in different fields useful SIDBI, to enable SIDBI to comply with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of Board of Directors as on March 31, 2022 was as follows:

Name of Board of Directors	Designation
<b>Whole-Time Directors</b>	
Shri Sivasubramanian Ramann	Chairman & Managing Director
Shri V. Satya Venkata Rao	Deputy Managing Director
Shri Sudatta Mandal	Deputy Managing Director
<b>Government Nominee Directors</b>	
Shri Devendra Kumar Singh <sup>§</sup>	Secretary General, National Human Rights Commission
Shri Pankaj Jain <sup>§</sup>	Secretary Ministry of Petroleum and Natural Gas
<b>Nominees of Other Shareholders</b>	
Shri B. Sankar <sup>§</sup>	CGM SBI
Shri Krishna Singh Nagnyal	Former ED LIC
Shri Monomoy Mukherjee	CGM NABARD
<b>Co-opted Directors – Non-Executive (independent)</b>	
Shri G. Gopalakrishna	Former ED, RBI
Shri Ashish Gupta	MD, Credit Suisse Securities India Pvt Ltd
Smt. Nupur Garg	Founder of WinPE & leading investor in private equity, venture capital and expert adviser to large institutional investors
Shri Amit Tandon	Founder and MD of Institutional Investor Advisory Services India Limited (IIAS)

Pursuant to the requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, SIDBI has obtained a certificate from a Practicing Company Secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

Directors appointed on the Board of the Company have the requisite skills and expertise in the areas required to conduct affairs of the SIDBI i.e. finance, legal, management, etc. The list of core skills, expertise, and competencies in Financial Management, Risk Management, Corporate Planning & Strategy, Business Development etc., of the Members of the Board are detailed hereinafter in the report.

<sup>§</sup>since exited from the Board and new nominations have been received from GOI and SBI.

## Meeting of the Board of Directors and Annual General Meeting:

The meetings of Board are governed by a structured agenda and any member of the Board is free to recommend inclusion of any subject matter in the agenda for deliberations. Detailed agenda papers including explanatory notes are circulated in advance on all major issues to facilitate the Board to take well-informed and independent decisions.

During FY 2021-22, the Board of Directors met 4 (four) times on the following dates: (i) 25<sup>th</sup> May 2021 (ii) 7<sup>th</sup> August 2021 (iii) 6<sup>th</sup> November 2021 and (iv) 2<sup>nd</sup> February 2022. Annual General Meeting was held on 15/07/2021.

Directors' attendance at the Board Meetings held during FY 2021-22 and at the last Annual General Meeting, number of directorships in other companies and Membership/Chairmanship in the committees of other companies, core skills, expertise, and competencies of the Members of the Board etc. are as follows:

Sl. No.	Name of Director	Category	Attendance Category		No. of Directorships/ Committee Memberships/ Chairmanships across all Companies including SIDBI					Core Skills/ Competencies	
			No. of Board Meetings during the year FY 2021-22	At AGM held on 15/07/2021	Directorships Reg (17A)(1)	Independent Directorships Reg (17A)(1)	Committee Memberships* (Reg 26(1))	Committee Chairmanship* (Reg 26(1))	Held		At-tended
1	Shri Sivasubramanian Ramann	CMD	4	4	Yes	1	0	0	0	Audit and Accountancy, (IAAS)	
2	Shri V. Satya Venkata Rao	DMD	4	4	Yes	1	0	1	0	Development Banking, Legal and Recovery	
3	Shri Sudatta Mandal	DMD	4	4	Yes	1	0	1	0	International Trade and Investment Finance, Project Finance, SME Lending including Cluster Finance, Trade Finance, and Cross-border Development Finance	
4	Shri Devendra Kumar Singh	Government Nominee	4	1	-	1	1	0	0	Development Commissioner (MSME) & Administrative Services (IAS), Foreign Trade, Agriculture Department of Government	
5	Shri Pankaj Jain	Government Nominee	4	3	-	3	1	2	0	Administrative Services (IAS), Finance and Accounts	
6	Shri B. Sankar	Non Executive (Nominee), Director	4	3	-	1	1	0	0	Commercial Banking and MSME Financing	
7	Shri Krishna Singh Nagnyal	Non Executive (Nominee), Director	4	2	-	1	1	0	0	Life Insurance	
8	Shri Monomoy Mukherjee	Non Executive (Nominee), Director	4	1	-	1	1	0	0	Development Banking - Agriculture & Rural Development Finance	

9	Shri G. Gopalakrishna	Co-opted (Non Executive)	4	4	-	2	2	1	0	Central Banker Banking and Non-Banking Regulation and Supervision
10	Shri Ashish Gupta	Co-opted (Non Executive)	4	4	-	1	1	1	0	Equity Research, Finance and Accounts, Portfolio Management
11	Smt. Nupur Garg	Co-opted (Non Executive)	4	3	-	2	2	3	1	Private Equity, Strategy, Investments and Finance, Governance and Operations
12	Shri Amit Tandon	Co-opted (Non Executive)	4	2	-	1	1	0	0	Banking, Rating & Investment Advisory

### Director Retired/Resigned During FY 2021-22

1	Shri G.K. Kansal	Non Executive (Nominee), Director	4	1	-	As per LODR 2015, the provisions of the Regulations 15-27 have become applicable to SIDBI (A High-value debt listed entity, HVDLE having outstanding listed non-convertible debt securities of ₹500 crore and above) w.e.f. March 31, 2021. The relevant provisions of LODR are applicable on a comply or explain basis till March 31, 2023. The Directors are ceased before the applicability of the above guidelines.				Banking - Corporate credit, retail banking, risk management, rural banking, financial inclusion
2	Shri V. Sathya Kumar	Non Executive (Nominee), Director	4	2	-					Marketing and operations of Life Insurance products and Housing Finance
3	Shri L.R. Ramachandran	Non Executive (Nominee), Director	4	3	-					Development Banking and Finance (Agriculture & Rural Development)

\* Includes only the Audit Committee and Stakeholders' Relationship Committee including SIDBI

### Notes:

- None of the Directors on the Board is a director / independent director of more than 7 listed entities, whose equity shares are listed on a Stock Exchange.
- None of the whole time director / managing director is an independent director in more than three listed entities, whose equity shares are listed on a Stock Exchange.
- None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees, across all the companies in which he/she is a Director.
- There is no relationship between directors inter-se.
- None of the Non-Executive Directors hold shares and Convertible Securities of SIDBI as on March 31, 2022.
- Other Directorships in Listed entities, as on March 31, 2022 (only whose equity is listed), where a Board Member of SIDBI is a Director are as under:

Name of Director	Name of other Listed Entities and Category of Directorship
Shri G. Gopalakrishna	Yaari Digital Integrated Services Ltd.
Smt. Nupur Garg	Indigo Paints Pvt. Ltd.
Shri Pankaj Jain	1. Punjab National Bank 2. Petronet LNG Ltd.

## Familiarisation Programme of Independent Directors

Familiarisation of Non-executive (Independent) Directors is an ongoing process. The Bank endeavours to familiarise the Independent Directors about their roles, rights, responsibilities in the Bank, nature of the Industry in which the Bank operates, Business model of the Bank and so on.

## Declaration by Independent Directors:

As per the provisions of Section 6(1)(f) of SIDBI Act, Directors not exceeding four may be elected in the prescribed manner, by shareholders, other than PSBs, GIC, LIC and other institutions

owned or controlled by the Central Government. However, where the percentage of shareholding does not permit election of such directors or until the assumption of charge by the elected directors, the Board may, at any time, co-opt such number of directors, not exceeding four, from amongst the persons having special knowledge of, or professional experience in, science, technology, economics, industry, banking, industrial co-operatives, law, industrial finance, investment, accountancy, marketing or any other matter, the special knowledge of, or professional experience in, which would, in the opinion of the Board, be useful to the Bank, who shall hold office until the assumption of charge by the elected directors. Accordingly,

SIDBI had co-opted four directors in its Board who are non-executive / independent directors as per the extant guidelines. Declarations on RBI's "Fit & Proper" criteria were obtained for these Directors. Specific declaration that independent directors meet the criteria of independence is being obtained.

As per LODR 2015, the provisions of the Regulations 15-27 have become applicable to SIDBI (A High-value debt listed entity, HVDLE having outstanding listed non-convertible debt securities of ₹500 crore and above) w.e.f. March 31, 2021. The relevant provisions of LODR are applicable on a comply or explain basis till March 31, 2023.

## 3 Committees of the Board of Directors

As per section 12 of SIDBI Act, 1989 read with Regulations 5,6,7 of SIDBI General Regulations, 2000, the Board of SIDBI has constituted various Committees with the distinct role, accountability and authority, in order to facilitate expeditious consideration and focussed decision-making on the affairs of the SIDBI.

Meetings of the Committees are convened by the chairman of the committees from time to time at the head office of the Small Industries Bank, or at such other place in India as may

be specified in the notice convening the meetings. Sufficient notice is given for such meetings as per the SIDBI General Regulations 2000.

Total amount of debt securities being more than ₹500 crore, as per amended LODR 2015 ("Listing Regulations"), the corporate governance norm as per the LODR has become applicable to SIDBI (a high-value debt listed entities) on comply or explain basis until March 31, 2023. Accordingly, some of the committees viz. (i) Audit Committee of Directors (ii) Nomination

and Remuneration Committee (iii) Risk Management Committee have to be reconstituted and their functions reviewed in line with the SEBI LODR 2015. Also, one Stakeholder Relationship and Shareholders'/ Investors' Grievance Committee has to be constituted as per the LODR 2015. The management is taking necessary steps to be compliant with the regulation by the stipulated timeframe in consultation with the controlling Ministry of Finance, DFS.

## The Constitution of various Committees are as under:

### 3.1 Audit Committee (AC)

As on March 31, 2022, the Audit Committee comprised the following:

Name of Director	Type	Particulars
Smt. Nupur Garg	Non Executive (Independent) Director	Member
Shri Pankaj Jain	Non Executive (Government Nominee) Director	Member
Shri V. Satya Venkata Rao	Executive Director	Member
Shri Sudatta Mandal	Executive Director	Member
Shri Ashish Gupta	Non Executive (Independent) Director	Member

The Committee is entrusted with the responsibility of overseeing the functioning of the Audit Vertical and reviewing its major observations, providing guidance in matters relating to finalisation of accounts of the Bank and observations made in RBI Inspection report.

During FY 2021-22, four meetings of the Audit Committee were held i.e. (i) May 25, 2021 (ii) August 07, 2021 (iii) November 06, 2021 (iv) February 02, 2022.

The details of the meetings attended by members during FY 2021-22 are as follows:

Name of the members	Designation	No. of meetings held	No. of meetings attended
Smt. Nupur Garg (w.e.f. 25/10/2021)	Non Executive (Independent) Director	4	1
Shri Pankaj Jain (up to 31.03.2022)	Non Executive (Government Nominee) Director	4	3
Shri V. Satya Venkata Rao	Executive Director	4	4
Shri Sudatta Mandal	Executive Director	4	4
Shri Ashish Gupta	Non Executive (Independent) Director	4	4
Shri V Satya Kumar (up to 28.10.2021)	Non Executive (Nominee) Director	4	2

The Bank is in the process of reviewing the constitution/functioning of the committee in line with LODR 2015 which inter alia includes:

- ▶ At least 2/3<sup>rd</sup> of the Committee members are Non Executive (Independent) Directors.
- ▶ Designate the Company Secretary of the Bank as secretary of the Committee.
- ▶ Evaluation by the committee of internal financial controls and risk management systems.
- ▶ Review the functioning of the whistle blower mechanism.
- ▶ Disclosure of any related party transaction.

### 3.2 Nomination and Remuneration Committee (N&RC)

SIDBI is an all India Financial Institution constituted under SIDBI Act 1989, as per which the appointment of CMD & other whole time Directors and fixation of their remuneration are decided by Central Government. However, SIDBI has constituted a Nomination and Remuneration Committee as per the provisions of section 12 of SIDBI Act 1989. Pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 coming into effect, the constitution and functions need to be aligned in line with the LODR by March 31, 2023.

As on March 31, 2022, the Nomination and Remuneration Committee comprised the following:

Name of Director	Type	Particulars
Shri Pankaj Jain	Non Executive (Government Nominee) Director	Chairman
Smt. Nupur Garg	Non Executive (Independent) Director	Member
Shri Krishna Singh Nagyal	Non Executive (Nominee) Director	Member
Shri G Gopalakrishna	Non Executive (Independent) Director	Member

The committee is at present entrusted with approval of payment of Performance Linked Incentive to CMD and DMDs of the Bank in terms of the guidelines provided by Government of India. Further, the Committee also recommends the names of candidates for co-option as a Director on the Board of SIDBI for consideration of the Board of Directors after verifying compliance of "fit and proper" criteria by them.

During FY 2021-22, the Committee met once on 07/08/2021. The meeting was attended by the following members as under:

Name of the members	Designation	No. of meetings held	No. of meetings attended
Shri Pankaj Jain	Non Executive (Government Nominee) Director	1	1
Smt. Nupur Garg	Non Executive (Independent) Director	1	1
Shri L.R. Ramachandran	Non Executive (Nominee) Director	1	1

The management is in the process of reviewing the Constitution, Role and Terms of Reference of the Nomination and Remuneration Committee in line with the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which inter alia includes the following:

- ▶ At least two-thirds of the directors shall be Non executive (independent) directors.
- ▶ Devise a policy on diversity of Board of Directors.
- ▶ Matters relating to remuneration of Non executive (independent) directors / senior management.

At present, the Non executive (Independent) directors are not paid any remuneration or incentive. They are only paid sitting fee for attending the meetings of the Board/committees of the Board.



### 3.3 Stakeholders' Relationship Committee

This is one of the mandatory committees required to be constituted under the SEBI LODR 2015. The constitutions and functions inter alia are as under:

- ▶ The committee should consist of at least 3 directors including at least 1 Non executive (independent) director.
- ▶ Chairperson of the committee shall be a non-executive director.
- ▶ The committee shall meet at least once in a year.
- ▶ The responsibility of the committee involves resolution of the grievances of the security holders (shareholders, debenture holders and other security holders).

SIDBI at present does not have such committee. Management is in the process of constituting the same in order to comply with the SEBI regulations by 31/03/2023.

### 3.4 Risk Management Committee (RiMC)

SIDBI has constituted a Risk Management Committee as per the provisions of section 12 of SIDBI Act 1989. Pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 coming into effect, the constitution and functions need to be aligned in line with the LODR 2015 by March 31, 2023.

As on March 31, 2022, the Committee comprised the following:

Name of Director	Type	Particulars
Shri Amit Tandon	Non Executive (Independent) Director	Chairman
Shri V. Satya Venkata Rao	Executive Director	Member
Shri Sudatta Mandal	Executive Director	Member
Shri B Sankar	Non Executive (Nominee) Director	Member
Shri Monomoy Mukherjee	Non Executive (Nominee) Director	Member

The RiMC at present is entrusted with laying down policy and strategy for Integrated Risk Management of the Bank. During FY 2021-22, five meetings of the Committee were held.

During FY 2021-22, five meetings of the RiMC were held i.e. (i) May 25, 2021 (ii) August 04, 2021 (iii) October 08, 2021 (iv) November 02, 2021 and (v) January 31, 2022.

The details of the meetings attended by members during FY 2021-22 are as follows:

Name of the members	Designation	No. of meetings held after appointment during FY	No. of meetings attended
Shri Amit Tandon (w.e.f. 25/10/2021)	Non Executive (Independent) Director	2	2
Shri V. Satya Venkata Rao	Executive Director	5	5
Shri Sudatta Mandal	Executive Director	5	5
Shri B Sankar (w.e.f. 02/07/2021)	Non Executive (Nominee) Director	4	0
Shri Monomoy Mukherjee (w.e.f. 11/01/2022)	Non Executive (Nominee) Director	1	1
Shri V. Sathya Kumar (Up to 28/10/2021)	Nominee of Life Insurance Corporation of India	3	3
Shri G.K. Kansal (Up to 28/06/2021)	Nominee of State Bank of India	1	1
Shri L.R. Ramachandran (Up to 28/12/2021)	Nominee of National Bank for Agriculture & Rural Development	1	1

Present structure and function is broadly in compliance with the SEBI LODR 2015. The function of the committee is being reviewed by the management to incorporate / expand the scope of the committee to include inter alia the following :

- ▶ formulate a detailed risk management policy including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk.
- ▶ business continuity plan.
- ▶ appointment, removal and terms of remuneration of the Chief Risk Officer (if any)

### 3.5 In addition to the above, the Bank also has in place other Board level Committees constituted under section 12 of SIDBI Act, 1989.

A brief detail of all Board level Committees as on May 31, 2022 is as under:

S. No.	Committee	Composition
1	Executive Committee (14 meetings)	1 Shri Sivasubramanian Ramann, Chairman
		2 Shri V. Satya Venkata Rao
		3 Shri Sudatta Mandal
		4 Shri B. Sankar
		5 Shri G. Gopalakrishna
2	Audit Committee (4 meetings)	1 Shri Lalit Kumar Chandel
		2 Shri V. Satya Venkata Rao
		3 Shri Sudatta Mandal
		4 Shri Ashish Gupta
		5 Smt. Nupur Garg
3	Risk Management Committee (5 meetings)	1 Shri Amit Tandon, Chairman
		2 Shri V. Satya Venkata Rao
		3 Shri Sudatta Mandal
		4 Shri B. Sankar
		5 Shri Monomoy Mukherjee
4	Special Committee to Monitor Large Value Frauds (4 meetings)	1 Shri Sivasubramanian Ramann, Chairman
		2 Shri V. Satya Venkata Rao
		3 Shri Sudatta Mandal
		4 Shri Lalit Kumar Chandel
		5 Shri B. Sankar
		6 Smt. Nupur Garg
5	Information Technology Strategy Committee (4 meetings)	1 Shri G Gopalakrishna, Chairman
		2 Shri Sudatta Mandal
		3 Shri Ashish Gupta
		4 Shri Mekin Maheshwari (External Expert)
		5 Shri Rajesh Doshi (External Expert)
		6 Shri Pushpinder Singh (External Expert)

S. No.	Committee	Composition
6	Customer Service Committee (4 meetings)	1 Shri Sivasubramanian Ramann, Chairman
		2 Shri V. Satya Venkata Rao
		3 Shri Sudatta Mandal
		4 Shri B. Sankar
		5 Shri G Gopalakrishna
7	HR Steering Committee (No meeting)	1 Shri Sivasubramanian Ramann, Chairman
		2 Shri V. Satya Venkata Rao
		3 Shri Sudatta Mandal
		4 Shri Lalit Kumar Chandel
		5 Shri B. Sankar
		6 Dr. Chitra Rao (External Expert)
8	Recovery Review Committee (4 meetings)	1 Shri Sivasubramanian Ramann, Chairman
		2 Shri V. Satya Venkata Rao
		3 Shri Sudatta Mandal
		4 Shri Lalit Kumar Chandel
		5 Shri G. Gopalakrishna
9	DMD-Management Committee (7 meetings)	1 Shri V. Satya Venkata Rao, Chairman
		2 Shri Sudatta Mandal
		3 Shri B. Sankar
		4 Shri Krishna Singh Nagnyal
		5 Smt. Nupur Garg
10	Review Committee on Wilful Defaulters & Non-cooperative Borrowers (No meeting)	1 Shri Sivasubramanian Ramann, Chairman
		2 Shri G. Gopalakrishna
		3 Shri Ashish Gupta
11	Nomination & Remuneration Committee (1 meeting)	1 Shri Krishna Singh Nagnyal
		2 Shri G. Gopalakrishna
		3 Smt. Nupur Garg
		4 Shri Lalit Kumar Chandel
12	Committee on P&D Activities (No meetings)	1 Shri Devendra Kumar Singh
		2 Shri Lalit Kumar Chandel
		3 Shri V. Satya Venkata Rao

**Note:** Number in brackets indicate meetings held during FY 2021-22

## 4 Remuneration of Directors

SIDBI is an all India Financial Institution constituted under SIDBI Act 1989, as per which, all the whole time directors (CMD and 2 DMDs) are appointed by the Central Government, Ministry of Finance, Department of Financial Services which, inter alia, fixes the remuneration of such Whole-Time

Directors through the appointment orders/pay fixation orders. The members of the Board, apart from receiving Directors' remuneration, in case of CMD and Whole-Time Directors, do not have any material pecuniary relationship or transaction with the company, its promoters or

its subsidiary, which in the judgement of Board may affect independence of judgement of Directors. Fees and allowances of directors and members of the Executive Committee and other committees are governed by section 12A of SIDBI Act, 1989 read with SIDBI General Regulations, 2000.

### Remuneration of Non-Executive Directors (Independent) / Nominee Directors / Government Nominee Directors:

During FY 2021-22, SIDBI paid sitting fees to the Non-Executive Directors excluding Government. The sitting fees of ₹40,000/- and ₹20,000/- per meeting was paid for attending the Board and Committee of Directors meeting, respectively. Further, additional sitting fee of ₹10,000/- and ₹5,000/- per meeting was also payable for Chairing the Board and Committee of Directors Meeting, respectively.

### Remuneration of Whole-Time Directors:

During FY 2021-22, the remuneration, inclusive of perquisites, paid to the Whole-Time Directors of the Bank was ₹49.22 lakh to Shri Sivasubramanian Ramann, Chairman and Managing Director, ₹44.30 lakh to Shri V. Satya Venkata Rao, Deputy Managing Director and ₹42.32 lakh to Shri Sudatta Mandal, Deputy Managing Director.

As per the disclosure made by the Directors of the Bank, none of them hold any share of SIDBI as on March 31, 2022.

There are no Stock options being held by the Directors of the Company.

No loan has been granted to any of the whole time directors of the Bank.

No performance linked incentives was applicable for FY 2022.

Whole time directors are appointed by Central Government for a period of 3 years or till further orders whichever is earlier.

2 Government nominee directors are appointed by Central Government can continue till the time changes are effected by Central Government.

Nominee directors are appointed by 3 largest shareholders and Gol as applicable and can continue till the time changes are effected by respective shareholders/Central Government respectively.

Co-opted directors are appointed for a period 3 years.

No notice period/severance fee is applicable.

## 5 General Body Meeting

The details of last 3 AGMs held are as below:

AGM Number	Date & Time	Venue	Financial Year
22	02/07/2020 11:00 AM	Through Microsoft Teams	FY 2019-20
23	15/07/2021 11:00 AM	Through Microsoft Teams	FY 2020-21
24	25/06/2022 10:30 AM	Small Industries Development Bank of India, 15 Ashok Marg, Lucknow – 226 001	FY 2021-22

Ordinary Resolutions were passed as per the regular agenda items and no special resolution was passed in any of the last 3 AGMs. Further, no operational process was involved with regard to postal ballot.

## Means of Communication

SIDBI's quarterly/half yearly/yearly financial results are published in the leading Hindi and English newspapers. The financial results for FY 2021-22 were published in Financial Express (7 editions) and Jansatta (Hindi in Lucknow). The financial results, Press releases and other official news releases are displayed on SIDBI website (www.sidbi.in).

## 6 General Shareholder Information:

SIDBI's equity shares are not traded and hence not listed on either of NSE/BSE and at the same time SIDBI is governed under SIDBI Act. However, SIDBI on account of being a high value debt listed entity, the provisions of SEBI (LODR) Regulations, 2015 have become applicable for compliance of applicable provisions.

**a Annual General Meeting:** as above in para 5

**b Dividend Payment Date:**

Financial Year	Dividend Payment Date
FY 2020-21	03.08.2021
FY 2021-22	06.07.2022

**c Financial Year:**

Results for quarter ending June 30, 2022	Second week of August 2022
Results for quarter ending September 30, 2022	Second week of November 2022
Results for quarter ending December 31, 2022	Second week of February 2023
Results for quarter ending March 31, 2023	Fourth week of May 2023

**d Listing on Stock Exchange:** National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. Annual Listing Fee for FY 2022 has been paid to National Stock Exchange of India Ltd.

**e Stock Code:** Not Applicable.

SIDBI issues only Debt Securities as Redeemable, Taxable, Non-Convertible, Non-Priority Sector, Unsecured Securities in the nature of Debenture on Private Placement Basis. DEBT SECURITIES - SIDBI (NSE)

**f Market price data - high, low during each month in last financial year:** Not Applicable.

The equity shares of SIDBI are held by Government of India and Banks / Institutions owned by Government of India and are not listed on any exchange. Further, SIDBI issues only Debt Securities as Redeemable, Taxable, Non-Convertible, Non-Priority Sector, Unsecured Securities in the nature of Debenture on Private Placement Basis.

**g Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc:** Not Applicable.

**h In case the securities are suspended from trading, the directors report shall explain the reason thereof:** Not Applicable.

**i Registrar to an issue and share transfer agents:** Link Intime India Private Limited is the Registrar and Share Transfer Agent of SIDBI. Details as under:

**Link Intime India Pvt. Ltd,**  
C-101, 247 Park, LBS Marg, Vikhroli West,  
Mumbai - 400083  
Tel: 022-49186000, Fax: 022-49186060  
Email: [debtca@linkintime.co.in](mailto:debtca@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

The equity shares of SIDBI are held by Government of India and Banks / Institutions owned by Government of India and are not listed on any exchange. Further, SIDBI issues only Debt Securities as Redeemable, Taxable, Non-Convertible, Non-Priority Sector, Unsecured Securities in the nature of Debenture on Private Placement Basis, which are listed on stock exchange and all activities in relation to allotment, transfer, and extinguishment are maintained by Link Intime India Private Limited.

**j Share transfer system:** All allotment, transfers and extinguishment are in electronic form only.

**k Distribution of shareholding:** The GoI and 22 other PSBs/FIs/Insurance Companies, owned or under the authority of the Central Government, hold shares of the Bank.

The major shareholders as on March 31, 2022 are:

Name of the Shareholder	% of Holding
Government of India	20.85
State Bank of India	15.65
Life Insurance Corporation of India	13.33
National Bank for Agriculture & Rural Development	9.36
Punjab National Bank	5.96
Others	34.85

**l Dematerialisation of shares and liquidity:** Shares of SIDBI are dematerialised and are not listed in any stock exchange.

The equity shares of SIDBI are held by Government of India and Banks / Institutions owned by Government of India and are not listed on any exchange.

**m Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:** Not Applicable

The equity shares of SIDBI are held by Government of India and Banks / Institutions owned by Government of India and are not listed on any exchange. Further, SIDBI issues only Debt Securities as Redeemable, Taxable, Non-Convertible, Non-Priority Sector, Unsecured Securities in the nature of Debenture on Private Placement Basis.

**n Commodity price risk or foreign exchange risk and hedging activities:** Not Applicable

Refer Disclosures on Risk Exposure in Derivatives.

**o Plant locations:** Not Applicable

Small Industries Development Bank of India (SIDBI) set up on 2<sup>nd</sup> April 1990 under an Act of Indian Parliament, acts as the Principal Financial Institution for Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector as well as for co-ordination of functions of institutions engaged in similar activities. SIDBI's Head Office is located at SIDBI Tower, 15, Ashok Marg, Lucknow - 226001, Uttar Pradesh. SIDBI has offices all over India.

**p Address for correspondence:** Head Office: SIDBI Tower, 15, Ashok Marg, Lucknow - 226001, Uttar Pradesh

**Corporate Office:** SIDBI, SWAVALAMBAN BHAVAN, C-11, G-Block, Bandra-Kurla Complex, Bandra East, Mumbai 400051

**q List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad.**

(1) CARE Limited - Reaffirmed Rating of:

- ▶ CARE AAA; Stable - Triple A; Outlook: Stable [for MSE/RIDF Deposits of ₹1,50,000 crore and Unsecured Bonds of ₹21,861.50 crore].
- ▶ CARE AAA (FD); Stable - Triple A; Fixed Deposits; Outlook: Stable [for Fixed Deposits of ₹10,000 crore].
- ▶ CARE AAA; Stable - Triple A; Outlook: Stable] / CARE A1+ [A One Plus] [for Certificate of Deposit/ Commercial Paper program of ₹46,000 crore].
- ▶ CARE AAA / CARE A1+; Stable - Triple A / A One Plus; Outlook: Stable [for Bank Loans (Long Term / Short Term) of ₹30,000 crore]

(2) ICRA Ltd. has reaffirmed rating of ICRA AAA/ Stable for the Unsecured Bonds Issuance Programme aggregating ₹20,000 crore.

(3) India Ratings & Research reaffirmed rating of IND A1+ for the Commercial Paper Programme of ₹21,600 crore.

## 7 Other Disclosures

- a Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:** Included under Accounting Standard 18 of Audited Balance Sheet of SIDBI.
- b Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years :** SIDBI issues Redeemable, Taxable, Non-Convertible, Non-Priority Sector, Unsecured Securities in the nature of Debenture on Private Placement Basis, which are listed on stock exchange.
- No penalties, strictures have been imposed on SIDBI by stock exchange(s) or the board or any statutory authority, on any matter related to debt securities issued by SIDBI in the last three years.
- c Details of establishment of vigil mechanism [ / ] whistle blower policy, and affirmation that no personnel has been denied access to the audit committee:** The Bank has put in place a Vigil Mechanism and a Board approved Whistle Blower Policy. The Bank lays emphasis on the preventive and pro-active vigilance aspects and has been taking several initiatives for strengthening the systems and procedures to promote efficiency and transparency. Under Whistle Blower Policy of the Bank, CVC, as the Designated Agency appointed by the Government of India, shall receive written complaints or disclosure on any allegation of corruption or of misuse of office by any employee of the Bank.
- With the SIDBI LODR becoming applicable w.e.f. 31/03/2023, review the functioning of the whistle blower mechanism lies with the Audit Committee and it has to be ensured that no personnel has been denied access to the audit committee as per the LODR. The management is in the process of taking necessary steps for compliance of the regulatory requirement by the stipulated period.
- d Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:** The corporate Governance norms as per regulation 15-27 of LODR 2015 are applicable on comply or explain basis till 31/03/2023. As detailed in the report, SIDBI is taking various steps in this regard to be fully compliant with the regulations by 31/03/2023. It is in the process of approaching the Central Government to appoint adequate number of non-executive (independent) directors to enable it comply with the requirements.
- e Web link where policy for determining 'material' subsidiaries is disclosed:** At present there is no such policy for determining 'material' subsidiaries. However, the same will be reviewed for implementation by the stipulated period before 31/03/2023.
- f Web link where policy on dealing with related party transactions:** Related party transactions are Included under Accounting Standard 18 of Audited Balance Sheet of SIDBI. At present, there is no policy for dealing with related party transactions. The management is taking necessary steps to comply with the provision by the stipulated period of 31/03/2023.
- g Disclosure of commodity price risks and commodity hedging activities:** Not Applicable.  
SIDBI do not engage in any 'commodity' related activities.
- h Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):** - Not Applicable.  
The equity shares of SIDBI are held by Government of India and Banks / Institutions owned by Government of India and are not listed on any exchange. Further, SIDBI issues only Debt Securities as Redeemable, Taxable, Non-Convertible, Non-Priority Sector, Unsecured Securities in the nature of Debenture on Private Placement Basis.
- i A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority:** Directors on the Board of SIDBI are appointed by GoI/ 3 largest shareholders/ co-opted by the Board of Directors as per provisions of SIDBI Act. So directors of the board of SIDBI are appointed with the requirement of SIDBI Act 1989. However, the provision will be complied with by the stipulated time period of 31/03/2023.
- j Where the board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:**  
**Provided that the clause shall only apply where recommendation of / submission by the committee is required for the approval of the Board of Directors and shall not apply where prior approval of the relevant committee is required for undertaking any transaction under these Regulations:** Nil.

**k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.**

The details of fees for all services availed by the Bank and its Subsidiaries, on a consolidated basis, during FY 2022, is as under:

(₹ crore)

Sr no.	Particulars of Payments Made to Auditors	SIDBI (Standalone Work)	Subsidiaries of SIDBI			Consolidated Payment
			SVCL	STCL	MUDRA	
Name of the Auditor		Borkar & Muzumdar, Chartered Accountants	M/s R.B. Jain & Associates, Chartered Accountants	M/s Shah & Modi, Chartered Accountants	V.C. Shah & Co, Chartered Accountants	
1	Audit Fees	0.26	0.01	0.01	0.05	0.32
2	Taxation Matters	0.02	0.00	0.00	0.01	0.03
3	Reimbursement of Expenses	0.00	0.00	0.00	0.00	0.00
4	Certification and other Services	0.04	0.00	0.00	0.01	0.05
<b>Total</b>		<b>0.32</b>	<b>0.01</b>	<b>0.01</b>	<b>0.06</b>	<b>0.40</b>

**l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

- ▶ number of complaints filed during the financial year - Nil
- ▶ number of complaints disposed of during the financial year - Nil
- ▶ number of complaints pending as on end of the financial year - Nil

**m) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount':**

Provided that this requirement shall be applicable to all listed entities except for listed banks: - Nil

**Declaration of Compliance with the Code of Conduct as provided in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

SIDBI is governed by SIDBI Act, 1989 read with SIDBI General Regulations 2000. Being a high value debt listed entity, the provisions of regulations 15-27 related to corporate governance has been made applicable to SIDBI on comply or explain basis till 31/03/2023. As per regulation 17(5) (a) The Board of Directors have to lay down a code of conduct for all members of Board of Directors and senior management (b) The code of conduct shall suitably incorporate the duties of independent directors. Accordingly, the management is in the process of formulating the code of conduct for approval by Board to comply with the same by the stipulated time period.

**Shri Sivasubramanian Ramann,**  
Chairman and Managing Director  
DIN: 07685657



## CERTIFICATE ON CORPORATE GOVERNANCE

*[As per Part E of schedule V of SEBI (LODR)]*

To,

**The Members,**

**Small Industries Development Bank of India (SIDBI)**

Corp. Office: SIDBI, Swavalamban Bhavan,  
C-11, G-Block, Bandra-Kurla Complex, Bandra East,  
Mumbai - 400051, Maharashtra, India.

I have examined the compliance with the conditions of Corporate Governance by Small Industries Development Bank of India ('the SIDBI') for the year ended March 31, 2022, as stipulated in the Reg. 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), to the extent as applicable.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of procedures and implementation thereof, adopted by the SIDBI for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the SIDBI.

Based on clarification received from concerned officials, SIDBI is a separate statute, and it is governed by SIDBI Act, 1989 and SIDBI regulation, 2000. Thus, provisions of SIDBI Act are preferred over the applicability of the regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**For: M/s. DEEP SHUKLA & ASSOCIATES  
COMPANY SECRETARIES**

**DEEP SHUKLA**

**{Proprietor}**

**FCS: 5652**

**CP NO.5364**

**UDIN: F005652D000367662**

**Place: Mumbai**

**Date: 23.05.2022**

## SECRETARIAL AUDIT REPORT

### For the financial year ended March 31, 2022

*[Pursuant to Regulation 24A of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]*

To,

**The Members,**

**Small Industries Development Bank of India (SIDBI)**

Corp. Office: SIDBI, Swavalamban Bhavan,

C-11, G-Block, Bandra-Kurla Complex, Bandra East,

Mumbai - 400051, Maharashtra, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Small Industries Development Bank of India (hereinafter called the SIDBI).

Based on my said verification of the SIDBI's books, papers, minute books, forms and returns filed and other records maintained by the SIDBI and also the information provided by the SIDBI, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the SIDBI has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2022 ('Audit Period') complied with the statutory provisions listed hereunder and also that the SIDBI has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the SIDBI for the financial year ended on 31<sup>st</sup> March 2022 according to the provisions of:

1. The Small Industries Development Bank of India Act, 1989 (SIDBI Act, 1989)
2. Small Industries Development Bank of India General Regulations, 2000
3. The Companies Act, 2013 (the Act) and the rules made thereunder as amended; (Not Applicable to SIDBI during the Audit Period)
4. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as amended; (Not Applicable to SIDBI during the Audit Period)
5. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as amended; (Not Applicable to SIDBI during the Audit Period)
6. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable to SIDBI during the Audit Period)
7. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): –
  - ▶ The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable to SIDBI during the Audit Period)
  - ▶ The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not Applicable to SIDBI during the Audit Period)

- ▶ The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015; (Not Applicable to SIDBI during the Audit Period)
- ▶ The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to SIDBI during the Audit Period)
- ▶ The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to SIDBI during the Audit Period)
- ▶ The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable to SIDBI during the Audit Period)
- ▶ The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to SIDBI during the Audit Period); and
- ▶ The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to SIDBI during the Audit Period)

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

- ▶ Secretarial Standards issued by The Institute of Company Secretaries of India. Since minutes are under process, the Secretarial standards are not completely complied. (Not Applicable to SIDBI during the Audit Period)
- ▶ The Listing Agreements entered into by the SIDBI with the Stock Exchange viz. NSE Ltd along with Reg. 15 to 27 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as applicable for respective periods.

During the period under review, SIDBI has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that:**

- ▶ The Board of Directors of the SIDBI is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- ▶ Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- ▶ All the resolutions were passed with consent of majority Directors.

**I further report that:**

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

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

**For: M/s. DEEP SHUKLA & ASSOCIATES  
COMPANY SECRETARIES**

**DEEP SHUKLA  
{Proprietor}**

FCS: 5652

CP NO.5364

UDIN: F005652D000367631

**Place: Mumbai**

**Date: 23.05.2022**

## Annexure to Secretarial Report and forming part of the report

To,  
**The Members,**  
**Small Industries Development Bank of India (SIDBI)**  
Corp. Office: SIDBI, Swavalamban Bhavan,  
C-11, G-Block, Bandra-Kurla Complex, Bandra East,  
Mumbai - 400051, Maharashtra, India.

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

1. Maintenance of Secretarial/Statutory Records is the responsibility of the Management of the SIDBI. My responsibility is to express an opinion on these records based on the audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the SIDBI.
4. Wherever required I have obtained orally, the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination is limited to the verification of procedures on test basis and shall not stand responsible for any non-compliance.
6. The Secretarial Audit report is neither an assurance as to the future viability of the SIDBI nor of the efficacy or effectiveness with which the management has conducted the affairs of the SIDBI.

**Disclaimer:** The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Further, based on clarification received from concerned officials, SIDBI is a separate statute, and it is governed by SIDBI Act, 1989 and SIDBI Regulation, 2000. Thus, provisions of SIDBI Act are preferred over the applicability of the regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Advisory Note:** It is advised to get a clarification from relevant regulatory body on scope/applicability of Regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, including exemptions thereof.

**For: M/s. DEEP SHUKLA & ASSOCIATES  
COMPANY SECRETARIES**

**DEEP SHUKLA**  
**{Proprietor}**  
FCS: 5652  
CP NO.5364  
UDIN: F005652D000367631

**Place: Mumbai**  
**Date: 23.05.2022**

## SECRETARIAL COMPLIANCE REPORT

*[Pursuant to Regulation 24A of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015 read with  
SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019]*

### **Annual Secretarial Compliance Report of “Small Industries Development Bank of India (SIDBI)” for the year ended March 31, 2022**

**We, Deep Shukla & Associates have examined:**

- ▶ all the documents and records made available to us and explanation provided by **SIDBI** (“the high value Debt Listed Entity”),
- ▶ the filings/submissions made by the listed entity to the stock exchange(s),
- ▶ website of the listed entity, (not applicable)
- ▶ other relevant document(s)/ filing, which has been relied upon to make this certification,

**for the year ended March 31, 2022 (“Review Period”) in respect of compliance with the provisions of :**

- ▶ The Small Industries Development Bank of India Act, 1989 (SIDBI Act, 1989);
- ▶ Small Industries Development Bank of India General Regulations, 2000;
- ▶ the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; **[Not applicable during the review period]**
- ▶ the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”); **[Not applicable during the review period]**

**The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, are:**

- ▶ Regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; duly updated;
- ▶ Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not applicable during the review period]**
- ▶ Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **[Not applicable during the review period]**
- ▶ Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **[Not applicable during the review period]**
- ▶ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[Not applicable during the review period]**
- ▶ Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (to the extent as applicable)
- ▶ Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **[Not applicable during the review period]**

- ▶ Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **[Not applicable during the review period]**
- ▶ The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, as amended;
- ▶ The Securities and Exchange Board of India (Intermediaries) Regulations, 2008; **[Not applicable during the review period]**
- ▶ Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018; and circulars/guidelines issued thereunder;.

**And based on the above examination, we hereby report that, during the review period:**

- ▶ The listed entity has complied with the provisions of the above Regulations 15 to 27 of SEBI (LODR), 2015; (to the extent as applicable), subject to note mentioned hereunder:

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
Based on clarification received from concerned officials, SIDBI is a separate statute, and it is governed by SIDBI Act, 1989 and SIDBI Regulation, 2000. Thus, provisions of SIDBI Act are preferred over the applicability of the regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.			

- ▶ The listed entity has maintained proper records under the provisions of Regulations 15 to 27 of SEBI (LODR), 2015, (to the extent as applicable) so far as it appears from our examination of those records.
- ▶ The following are the details of actions taken against the listed entity/its promoters/directors/material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/remarks of the Practicing Company Secretary, if any
Based on clarification received from concerned officials, SIDBI is a separate statute, and it is governed by SIDBI Act, 1989 and SIDBI Regulation, 2000. Thus, provisions of SIDBI Act are preferred over the applicability of the regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.				

- ▶ The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended...	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Not Applicable				

**Disclaimer:** The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Further, based on clarification received from concerned officials, SIDBI is a separate statute, and it is governed by SIDBI Act, 1989 and SIDBI Regulation, 2000. Thus, provisions of SIDBI Act are preferred over the applicability of the regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Advisory Note:** It is advised to get a clarification from relevant regulatory body on scope/applicability of Regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, including exemptions thereof.

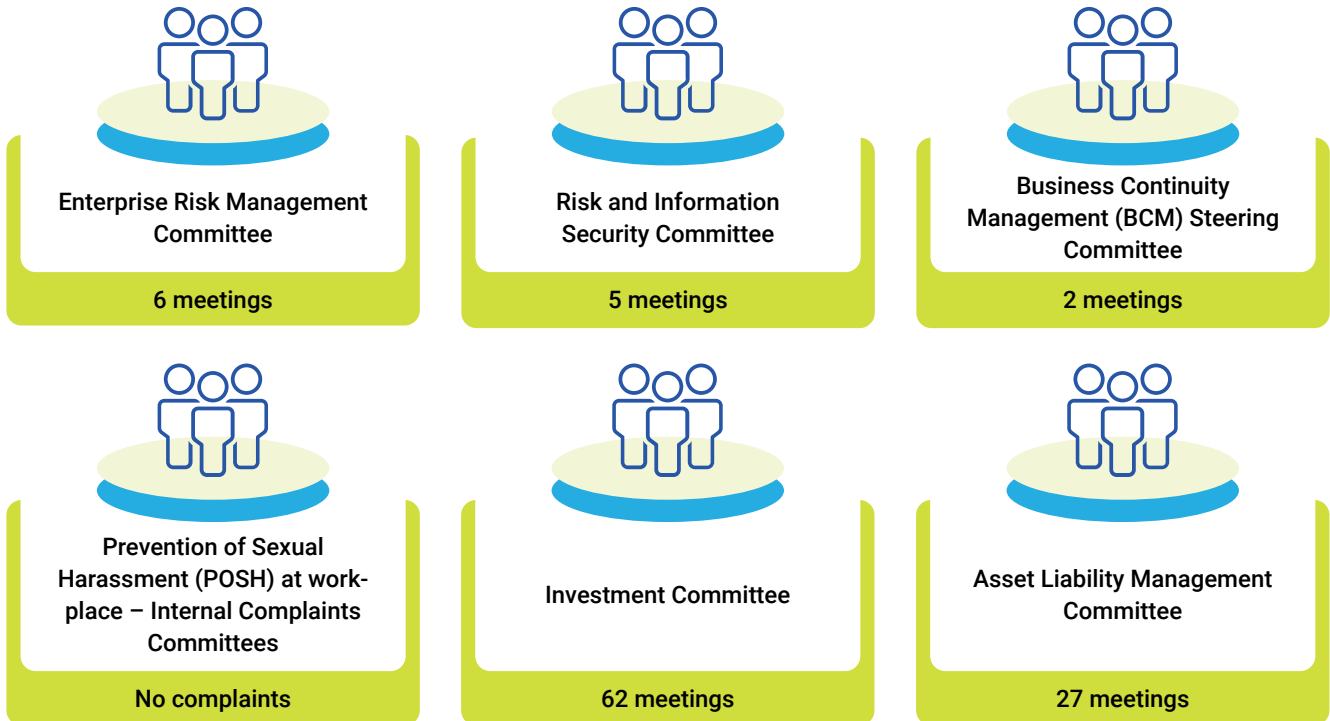
**For: M/s. DEEP SHUKLA & ASSOCIATES  
COMPANY SECRETARIES**  
*(A peer reviewed unit)*

**DEEP SHUKLA**  
**{Proprietor}**  
FCS: 5652  
CP NO.5364  
UDIN: F005652D000521992

**Place: Mumbai**  
**Date: 23.05.2022**

## OTHER CORPORATE GOVERNANCE

### A Internal Committees (Meetings during FY)



### B Risk Management

The framework for risk management encompasses policies, organisational structure, IT systems and assessment, measurement, mitigation and monitoring of various risks. Brief particulars are furnished below:

#### Policies



#### Systems

The IRMS consisting of Capital Assessment Models (CAM) for credit risk and market risk, ORMS, ICAAP Tool, Rating Models - Risk Assessment Model (RAM), SIDBI Multifunctional Appraisal and Rating Tool (SMART) and Score Cards, Bankers Assets Liability Management (BALM).



## C NPA Management

### Operational and monitoring of review of operations

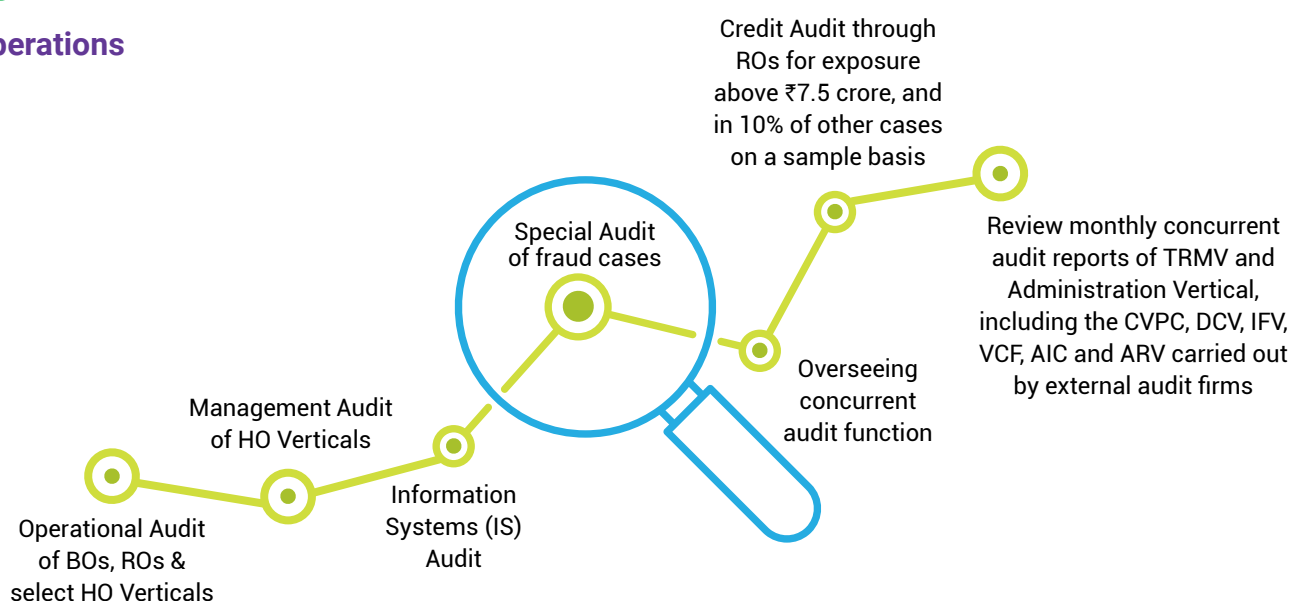
As on March 31, 2022, the Bank has a Recovery vertical to monitor and review NPAs.

All NPA cases with principal outstanding of ₹5 crore or more are being reviewed by a board-level recovery review committee.

During FY 2022, Bank has recovered ₹203.13 crore from NPAs against recovery of ₹142.52 crore in FY 2021.

## D Internal Audit Management

### Operations



### Key highlights during FY 2022

- ▶ As on March 31, 2022, 39 BOs were covered by the concurrent audit mechanism, accounts for more than 82% of the Direct Credit operations.
- ▶ Operational Audit for 113 BOs/ROs/HO verticals.

## E Human Resource

The Bank's most valuable asset is its workforce, and since ensuring and fostering that workforce's well-being has always been HR's guiding principle. The department places a strong emphasis on fostering an open, participative workplace culture as well as identifying and rewarding sustained high performance and innovative thinking.

The Bank's human resource is continuously oriented with the business strategy to efficiently carry out its functions, given the constantly changing scope of the Bank's involvement in national developmental goals.



A few of the initiatives taken by the Bank during the year are:

### CAPACITY BUILDING

Continuous learning and skill development has been the core philosophy of the Bank. In order to improve the efficacy & efficiency and broad base the growth of human capital, the Bank introduced a scheme for Capacity Building for Grade A, B and C. Under the scheme, Officers were encouraged to pursue a certification programme from accredited institutions as per their education qualifications, experience, and preference.

### SCHEME FOR TRAINING AND DEVELOPMENT OF SENIOR OFFICERS

To give focussed attention to the training needs of the Senior Officers, the Bank introduced 'Scheme for Training and Development of Senior Officers' for Officers in Grade D, E and F. Under the scheme, the Officers can identify appropriate training programme for their holistic development from reputed institutes.

### EMPLOYEE WELLNESS

The widespread dread, worry, and concern caused by the COVID pandemic has had a detrimental impact on the employees' mental and physical health. The Bank established a helpline programme to assist employees in overcoming stress, anxiety, and other mental wellness challenges as a proactive measure to enhance overall wellness. Additionally, the Bank hosted a virtual yoga session for staff members on Yoga Day to emphasise the importance of yoga in our daily lives.

### COVID MANAGEMENT

In line with the fivefold strategy of the GoI to deal with the COVID situation viz., Testing, Tracing, Treatment, COVID appropriate behaviour and Vaccination, a continuous monitoring and guidance mechanism was put in place to ensure the safety and security of all the staff members. The Bank has corporate tie-ups with reputed hospitals for vaccination of all staff and their dependent family members.



### INTERNAL GRIEVANCE REDRESSAL COMMITTEE AT WORKPLACE FOR SC / ST EMPLOYEES

The Bank has set up internal Grievance Redressal Committees at workplace for staff members belonging to SC and ST categories. The Committee examines the service-related complaints of the SC and ST employees and addresses the same in a time bound manner.

### OTHER NOTABLE INITIATIVES

During the year, a number of people-centric initiatives were undertaken viz., opening up of promotional avenues, incentive schemes, manpower augmentation, etc. The opening up of promotional avenues during the year has spruced up the motivational levels of employees. The Bank continued its employee well-being programmes for ensuring mental and physical well-being of the employees, post COVID.

## Human Resource Strength as on March 31, 2022

986

Total staff

866

Officers

92

Class III staff

28

Subordinate staff

223

Women employees

172

SC

71

ST

203

OBC

27

PwD

2

Ex-servicemen



### Learning & Development

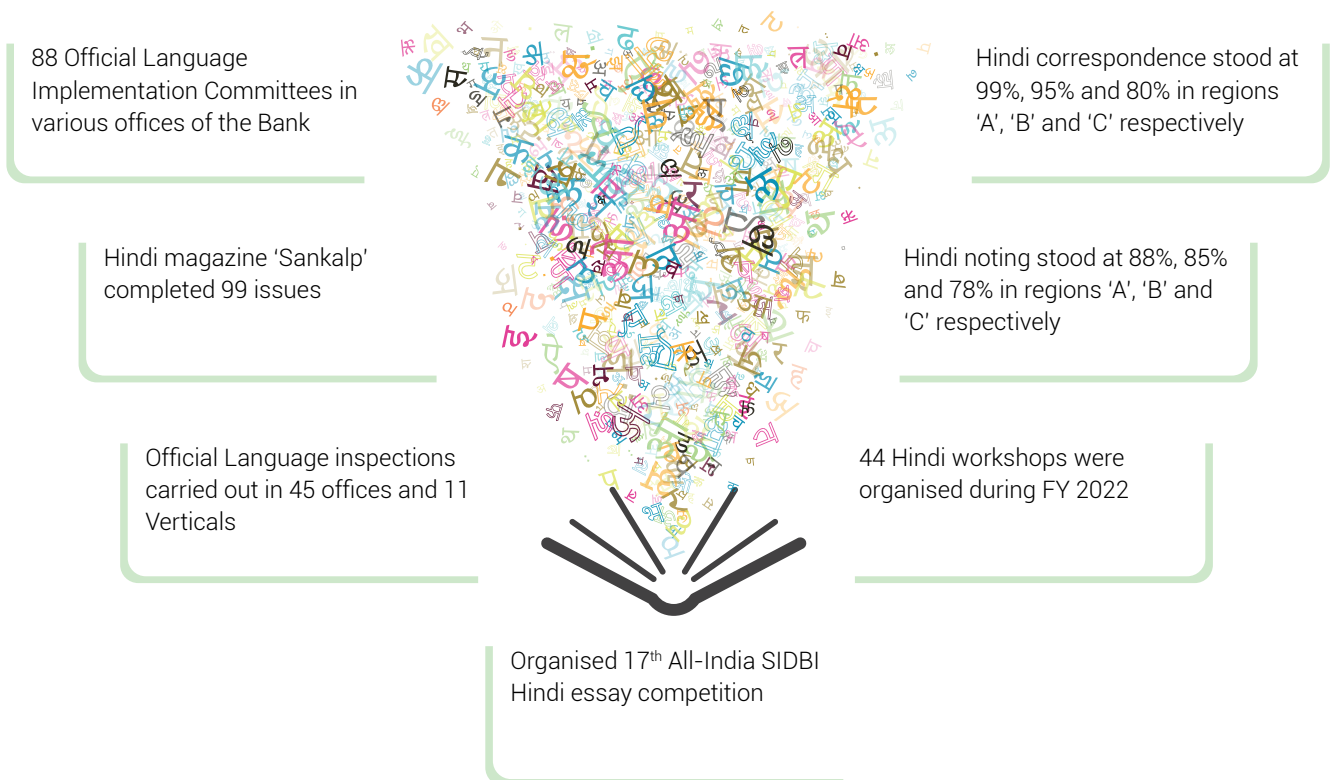
The Bank's HR strategy has always included training and development.

- During FY 2022, made 1,179 nominations for various training programmes:
  - ▶ 1,113 nominations for in-house programmes
  - ▶ 66 nominations to renowned training/academic institutions
  - ▶ Women nominations - 205
  - ▶ SC/ST/OBC - 647
- Number of training man-days during FY 2022 improved to 4,447 as against 2,808 in previous FY.
- 223 employees in total received pre-promotional training, 73 of whom were from the SC category, 34 from the ST category, and 114 from the OBC category.
- Besides Officers were also nominated to various specialised inland training programmes / workshops conducted / organised by reputed institutions like CRISIL, NAHRD, NIBM, FIMMDA, IDRBT, CAFRAL, etc.
- All training programmes are undertaken keeping in view the essential need of the Bank in achieving its vision and mission.

## F Vigilance



## G Implementation of the Official Language Policy in the Bank



## H Implementation of Right to Information Act, 2005



203 applications received during FY 2022 and all applications were disposed of within the stipulated time.

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

1 appeal was preferred before the Central Information Commission (CIC) against the decisions taken by FAA and CIC disposed the same during the reporting year.

All quarterly online returns have been submitted to CIC on time.

## I Information Technology

### Implementation of KYC Solution:

Completely Automated KYC solution of Legal Entities along with its beneficial owners was implemented and integrated with online application.

**Automation of Loan Documentation software** where Legal documents like LOI, Loan agreement, Hypothecation, Deed of Guarantee etc. are auto-generated to provide contactless and expeditious service to MSMEs and is also integrated to execute digitally.

Bank implemented an **Android based site visit APP** with features for filling up the visit report at the site and while on the move and taking photos with Geo tagging.

**The Bank has implemented end-to-end digitisation of the direct finance lending operations of the Bank and has successfully implemented various digital processes in the journey. Recent and key achievements including upgradation of IT Infrastructure are:**



**Launched 'Digital Prayaas'** an app-based digital-lending platform to facilitate loans to entrepreneurs from low-income groups, with approval of loan by the end of the day.

Implemented integrated solution for financing of invoices/receivables through **RXIL TReDS**.

**Implementation of a new IT Service Management solution** was taken up for logging, tracking, and monitoring of the services and support tickets.

**Various IT security solutions implemented** like core firewall, File Integrity Monitoring (FIM) and Database Activity Monitoring (DAM), Asset & Patch Management (APM), etc.

## Abbreviations used

<b>ADB</b>	Asian Development Bank	<b>MLI</b>	Member Lending Institution
<b>AF</b>	ASPIRE Fund	<b>MSME</b>	Micro, Small & Medium Enterprises
<b>AFD</b>	Agence Française de Développement	<b>MUDRA</b>	Micro Units Development & Refinance Agency Ltd.
<b>AIF</b>	Alternative Investment Fund	<b>NAHRD</b>	National Academy of Human Resource Development
<b>CAFRAL</b>	Centre for Advanced Financial Research and Learning	<b>NBFC</b>	Non-Banking Financial Company
<b>CRISIL</b>	Credit Rating Information Services of India Limited	<b>NIBM</b>	National Institute of Bank Management
<b>DFS</b>	Department of Financial Services	<b>NII</b>	Net Interest Income
<b>DPIIT</b>	Department for Promotion of Industry and Internal Trade	<b>NIM</b>	Net Interest Margin
<b>ECLGS</b>	Emergency Credit Line Guarantee Scheme	<b>OEM</b>	Original Equipment Manufacturer
<b>ELSC</b>	Express Loan Service Centres	<b>PMU</b>	Project Management Unit
<b>EPS</b>	Earnings per Share	<b>P&amp;D</b>	Promotional and Development
<b>FFS</b>	Fund of Funds for Startups	<b>RBI</b>	Reserve Bank of India
<b>FI</b>	Financial Institution	<b>RE</b>	Regulated Entities
<b>FIMMDA</b>	Fixed Income Money Market and Derivatives Association of India	<b>ROA</b>	Return on Assets
<b>GDP</b>	Gross Domestic Product	<b>ROCE</b>	Return on Capital Employed
<b>GIZ</b>	The Deutsche Gesellschaft für Internationale Zusammenarbeit	<b>ROE</b>	Return on Equity
<b>GoI</b>	The Government of India	<b>RTI Act</b>	Right to Information Act
<b>Govt</b>	Government	<b>RXIL</b>	Receivables Exchange of India
<b>GST</b>	Goods and Services Tax	<b>SARB</b>	Specialized Asset Recovery Branches
<b>IDFC</b>	International Development Finance Club	<b>SCDF</b>	SIDBI Cluster Development Fund
<b>IDRBT</b>	Institute for Development and Research in Banking Technology	<b>SCF</b>	Swavalamban Challenge Fund
<b>IFV</b>	Institutional Finance Vertical	<b>SCK</b>	Swavalamban Connect Kendra
<b>KfW</b>	Kreditanstalt für Wiederaufbau	<b>SFB</b>	Small Finance Bank
<b>LI</b>	Lending Institutions	<b>SIDBI</b>	Small Industries Development Bank of India
<b>MFI</b>	Micro Finance Institution	<b>SLF</b>	Special Liquidity Facility
<b>MoA</b>	Ministry of Ayush	<b>SVCL</b>	SIDBI Venture Capital Limited
<b>MoFAHD</b>	Ministry of Fisheries, Animal Husbandry & Dairying	<b>TReDS</b>	Trade Receivables Discounting System
		<b>ULB</b>	Urban Local Bodies
		<b>VCF</b>	Venture Capital Fund
		<b>WCTL</b>	Working Capital Term Loan

### Debenture Trustees

Following are the contact details of the debenture trustees for SIDBI's outstanding Unsecured Bond / Debentures Issuances under Rupee Borrowings: -

FY 2020-21 & FY 2021-22	
Name of Debenture Trustee	IDBI Trusteeship Services Ltd. (ITSL)
Address Details	Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001
Contact Person	Mr. Ritobrata Mitra
Contact No. (Direct)	+91 22 40807023
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## Head Office

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Phone Number: 0522-2288546-49, 4259700

## RO-wise Branch Network as on June 30, 2022

### Ahmedabad RO

Ahmedabad BO, Ahmedabad ELSC, Changodar BO, Gandhidham BO, Jamnagar XBO, Mahesana BO, Morbi BO, Odhav BO, Rajkot BO, Surat BO, Vadodara BO, Vatva BO

### Bengaluru RO

Bengaluru BO, Hubballi XBO, Kochi BO, Mysore BO, Panaji BO, Peenya BO

### Chandigarh RO

Chandigarh BO, Chandigarh ELSC, Jalandhar BO, Jammu XBO, Ludhiana BO, Shimla XBO

### Chennai RO

Ambattur BO, Chennai BO, Chennai ELSC, Coimbatore BO, Erode BO, Hosur BO, Kanchipuram BO, Madurai BO, Puducherry BO, Tirupur BO

### Eastern Zonal Office

Adityapur BO, Agartala BO, Aizawl BO, Bhubaneshwar BO, Dimapur BO, Gangtok BO, Guwahati BO, Imphal BO, Itanagar BO, Kolkata BO, Raipur BO, Ranchi BO, Shillong BO

### Gurugram RO

Bahadurgarh BO, Faridabad BO, Gurugram BO, Gurugram ELSC, Kundli BO, Yamuna Nagar BO

### Hyderabad RO

Hyderabad BO, Hyderabad ELSC, Vijayawada BO, Visakhapatnam BO

### Jaipur RO

Bhilwara BO, Bhiwadi BO, Jaipur BO, Jaipur ELSC, Jodhpur BO, Kishengarh BO, Sitapura Ind. Area BO, Udaipur BO, Vishwakarma Ind. Area BO

### Lucknow RO

Agra BO, Gorakhpur XBO, Kanpur BO, Lucknow ELSC, Noida BO, Patna BO, Prayagraj XBO, Varanasi BO

### New Delhi RO

Bhopal BO, Dehradun BO, Haridwar BO, New Delhi BO, New Delhi ELSC, Rudrapur BO

### Pune RO

Andheri BO, Aurangabad BO, Chinchwad BO, Indore BO, Kolhapur BO, Nagpur BO, Nasik BO, Pune BO, Pune ELSC, Thane BO, Vasai BO

### SARB

Chennai SARB, Mumbai SARB, New Delhi SARB

## ACKNOWLEDGEMENT

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The Bank also thanks all its clients and investors for their co-operation and looks forward to continued support in the years to come. The Board recognises and places on record its appreciation for the services of the Bank's staff at all levels, which showed strong and continued commitment, integrity and dedication to take the Bank to a higher growth trajectory during the year.



Small Industries Development Bank of India

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