



MSME ka Vikas, Digital kranti ke sath

**ANNUAL REPORT
2022-23**

Corporate Information as on March 31, 2023

Board of Directors

Shri Sivasubramanian Ramann	Chairman and Managing Director
Shri V. Satya Venkata Rao	Dy. Managing Director, Wholetime/ Executive Director
Shri Sudatta Mandal	Dy. Managing Director, Wholetime/ Executive Director
Shri Bhushan Kumar Sinha	Non-Executive Director/ Independent Director/ Government Nominee
Dr. Rajneesh	Non-Executive Director/ Independent Director/ Government Nominee
Shri K. Sampath Kumar	Non-Executive Director/ Independent Director/ Shareholder (SBI Nominee) Director
Shri Krishna Singh Nagyal	Non-Executive Director/ Independent Director/ Shareholder (LIC Nominee) Director
Shri Monomoy Mukherjee	Non-Executive Director/ Independent Director/ Shareholder (NABARD Nominee) Director
Shri G. Gopalakrishna	Non-Executive Director/ Independent Director
Smt. Nupur Garg	Non-Executive Director/ Independent Director
Shri Amit Tandon	Non-Executive Director/ Independent Director

Key Management Personnel

Shri Ajit Nath Jha	Chief Financial Officer
Shri Vishnu Kumar Sah	Company Secretary & Compliance Officer
Shri Sanjay Narayan Singh	Chief Risk Officer
Shri Sanjay Jain	Chief Compliance Officer
Shri V. Sridharan	Head, Internal Audit Vertical

Head Office: SIDBI Tower, 15 - Ashok Marg, Lucknow-226001; LEI: 3358003NTGA2D7D31E14; CIN: NA.

Corporate Office: Swavalamban Bhavan, Plot No. C-11, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051

Corporate Website: www.sidbi.in; Email: compliance_officer@sidbi.in

Depository: National Securities Depository Limited

Statutory Auditors:

M/s Borkar & Muzumdar (FRN 101569W), Address: 21/168, Anand Nagar Om CHS, Anand Nagar Lane, Vakola, Santa Cruz East, Mumbai - 400055

Secretarial Auditor:

M/s Deep Shukla & Associates (FCS: 5652): Address: A-603, Maruti Bhuvan, Parsi Panchayat Road, Opp. Sona Udyog Industrial Estate, Andheri East, Mumbai - 400069

Bankers:

Reserve Bank of India | State Bank of India | Punjab National Bank | Union Bank of India | Central Bank of India | IDBI Bank Ltd | Canara Bank Ltd | Indian Overseas Bank | Bank of Baroda

Registrar & Transfer Agents:

Link Intime India Private Limited; Address: C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai - 400083; Tel: 022-49186000; Fax: 022-49186060; Website: www.linkintime.co.in

Debenture Trustee:

IDBI Trusteeship Private Limited

SIDBI Group Structure as on March 31, 2023

A. Wholly Owned Subsidiary

- Micro Units Development & Refinance Agency Limited (MUDRA)
- SIDBI Venture Capital Limited (SVCL)
- SIDBI Trustee Company Limited (STCL)

B. Associate Company

- Acuité Ratings & Research Limited (Acuité) (erstwhile SMERA) (35.73% Shareholding)
- India SME Asset Reconstruction Company Ltd. (ISARC) (15% Shareholding)
- Receivables Exchange of India Ltd. (RXIL) (30% Shareholding)
- India SME Technology Services Ltd. (ISTSL) (22.73% Shareholding)
- Online PSB Loans Ltd. (7.32% Shareholding)

However, in compliance to SEBI LODR Regulations, 2015, organisations where SIDBI is having more than 20% shareholding, except above are as under:

- Bihar State Financial Corporation (48.43% Shareholding)
- Delhi State Financial Corporation (23.66% Shareholding)
- Gujarat State Financial Corporation (28.41% Shareholding)
- Maharashtra State Financial Corporation (39.99% Shareholding)
- Punjab State Financial Corporation (25.92% Shareholding)
- Uttar Pradesh State Financial Corporation (24.18% Shareholding)
- Canbank Factors Ltd. (20% Shareholding)
- KITCO Ltd. (49.77% Shareholding)
- Bihar Industrial and Technical Consultancy Organisation Ltd. (49.25% Shareholding)
- Rajasthan Asset Management Co. Pvt. Ltd. (24.50% Shareholding)
- Rajasthan Trustee Co. Pvt. Ltd. (24.50% Shareholding)
- Hyderabad Information Technology Venture Enterprises Ltd. (24.50% Shareholding)
- Cyberabad Trustee Co. Pvt Ltd. (24.50% Shareholding)

C. SIDBI Swavalamban Foundation - Section 8 Company, Limited by Guarantee

D. Credit Guarantee Fund Trust for Micro and Small Enterprises (Trust Jointly set up by Ministry of MSME and SIDBI)

Statement of the Chairman and Managing Director

The resilience exhibited by the Indian economy post COVID pandemic amidst geo-political tensions, inflationary pressures, domestic and global, alongside monetary policy tightening across the globe, reflects its strong fundamentals and commitment to strive in the face of adversity. The contribution to the share of exports and GDP by the MSME sector still remains significant at ~48% and ~30%, respectively and the year witnessed rapid demand for credit from within this sector. While the growth projections have been downgraded for most of the advanced economies and emerging market economies, India is projected to grow at 6.60% in FY 2024, vis-a-vis, the estimated world GDP growth of 1.70% in 2023.

The growth story of India is likely to be shaped by two key trends. The first is the ongoing digitalisation that has paved the way for innovative solutions. India has proven its mettle in the global financial system and furthering financial inclusion through developments in the digital infrastructure and payments systems. RBI permitting expansion of the scope of UPI has the potential to revolutionise the way credit is extended to small businesses and informal entities.

The second trend is sustainable development and renewable energy transition. The launch of the 'Lifestyle for the Environment (LiFE) Movement', commitment towards reduction in carbon emissions etc. indicate Gol's focus, towards a sustainable economy. Such transition towards sustainable economy and widespread adoption of LiFE, shall be critical for growth of MSMEs.

In FY 2023, the Bank has substantially increased lower-cost credit to the MSME sector through its Direct and Indirect finance operations. Besides the financing role, SIDBI has continued to be at the forefront of development of innovative solutions to the challenges facing the sector. The Bank has made significant strides in developing several digital ecosystem initiatives and developing financial tools for green adoption by MSMEs.

Financial Performance

The Bank has continued its growth trajectory during the fiscal crossing a balance sheet size of ₹4 lakh crore as at 31st March 2023 with highlights as below.

- Asset Base of the Bank stood at ₹4,02,383 crore, a Y-o-Y growth of 63%.
- Loans and Advances stood at ₹3,56,439 crore, a Y-o-Y growth of 76%.
- Net Interest Income during the year clocked in ₹5,548 crore, with Net Interest Margin at 1.68%.
- Bank registered a Net Profit of ₹3,344 crore resulting in a Y-o-Y growth of 71%.
- Earnings per Share (EPS) stood at ₹58.81 in FY 2023.

Business Performance

Institutional Finance accounted for about 94% of loans & advances of the Bank with an outstanding at ₹3,36,488 crore at the end of FY 2023, registering a growth of 79% and enabling higher MSE credit at competitive interest rates.

The Bank has undertaken several new initiatives and supported new financial intermediaries to better serve the MSME sector. In FY 2023, Bank has recommenced refinance assistance to RRBs & Scheduled Urban Cooperative Banks, launched a scheme for mainstreaming assistance to lower rated NBFCs, introduced Risk Based Exposure Framework for AAA rated and upper layer NBFCs, setting-up special corpus of ₹1,000 crore with the objective of building bond market for smaller and low rated MFIs/ NBFCs/ Fintech. The widening of the net of assistance to differentiated lenders is expected to increase flow of credit to the MSME sector, especially the relatively unserved/ underserved enterprises.

In Direct finance operations, the Bank has focussed on continuous improvements/ refinements in processes and also digitisation of the credit process to improve the quality of credit and improve credit delivery. SIDBI has introduced a credit product based on the Finance Income and Trade (FIT) Rank and CIBIL MSME Rank (CMR) to accord sanction through a Straight Through Process which is expected to boost digital lending and flow of credit to the MSME sector. The Bank has also scaled up its 'Prayaas' scheme, wherein, micro loans upto ₹5 lakh for livelihood activities is extended to Micro Enterprises thereby enabling the Bank to reach out to more than 80,000 beneficiaries, mostly women.

Recognising nation's commitment towards energy independence and carbon neutrality, and to embrace green adoption by MSMEs, SIDBI introduced several schemes for extending Green Finance and handholding support to MSMEs. The green finance portfolio of SIDBI grew 16x times in FY 2023 which is expected to lead to energy savings of 330 GWh per annum, and GHG emission reduction of 0.23 Mn tCO₂eq per annum.

SIDBI has been actively nurturing the startup ecosystem in the country. SIDBI has been managing Gol's Fund of Fund for Startups (FFS) and other funds. SIDBI has stepped up its activities in the startup space and launched new schemes for venture debt and seed funding through incubators. Investor connect portal has been launched to enable startups to explore the various funding options.

SIDBI Cluster Development Fund (SCDF), aimed to support the infrastructure in MSME clusters, received good response from state governments. Cumulatively, 91 projects (64 greenfield & 27 brownfield) have been supported with commitments of ₹5,495.58 crore.

Programmes for Development and Impact

Entrepreneurship development has been a priority area of the Bank. In FY 2023, the pilot scheme on the Swavalamban Connect Kendras (SCKs), working as counselling centres, placed at 100 districts across 5 states, has yielded positive results. SCK model shall be scaled up on pan-India basis in FY 2024. The Bank has also launched pilot programme on Entrepreneurship Education for youth namely STEM i.e. 'Skill to Enterprise Model' which is being implemented through educational institutions / universities. During the FY 2023, SIDBI has signed MoU with 5 universities to this effect.

Facilitator Role

SIDBI has taken up new initiatives to strengthen the MSME ecosystem particularly for Informal Micro Enterprises. India Stack and Public Digital Infrastructure has provided the opportunity for development of new tools addressing issues pertaining to the sector. Key highlights are:

- **Udyam Assist Platform-** to bring Informal Micro Entities (IMEs) into formal economy by issuing Udyam Certificate. This shall enable access to markets, financial services, and government schemes. The project has already registered over 13 lakh IMEs.
- **GST Sahay-** The Bank has developed a new App named GST Sahay which facilitates collateral free lending based on cashflow assessment. The App shall facilitate 'on tap' invoice-based unsecured financing for MSMEs digitally.
- **FIT Rank-** SIDBI has mentored Finance Income and Trade data-based rank (FIT Rank) for MSME which leverages GST, ITR and Bank Statements for assigning FIT Rank indicating relative Probability of default (PD)/ performance/ strength of MSMEs. FIT Rank will benefit MSMEs to become more credit eligible. The rank shall also enable assessment of New to Credit borrowers.

- **Open Network for Digital Commerce (ONDC)** - ONDC has been supported by SIDBI to onboard MSMEs and artisans to provide them market connect.

The Bank continues to serve as the implementation partner for schemes of Govt viz. PM SVANidhi, Animal Husbandry Infrastructure Development Fund Scheme, National Livestock Mission Scheme and Production Linked Incentive (PLI) Scheme for Telecom and Networking Products and Pharmaceuticals and Scheme for Strengthening of Pharmaceuticals Industry. These schemes enable and strengthen MSMEs.

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has achieved a milestone figure of ₹1 lakh crore guarantee issued facilitating collateral free loans to MSEs. CGTMSE has taken new initiatives viz., reduced guarantee fee, higher guarantee coverage, concessions for weaker sections/underserved, increased the ceiling of guarantee from ₹2 crore to ₹5 crore, end-to-end Guarantee Management System platform etc. The infusion of ₹9,000 crore in corpus of CGTMSE, as announced in the Union Budget FY 2024, has a share of ₹500 crore from SIDBI and shall facilitate collateral-free guaranteed credit of ₹2 lakh crore.

Way Forward

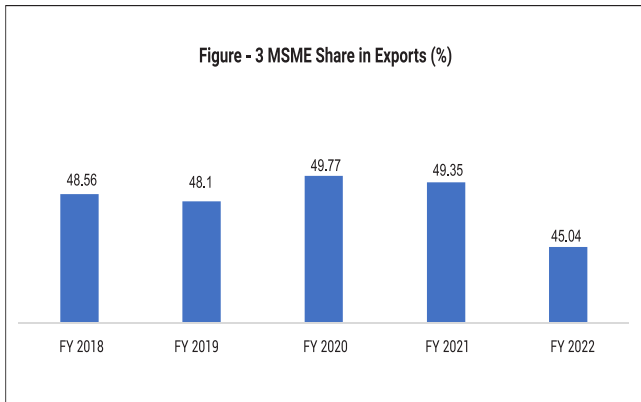
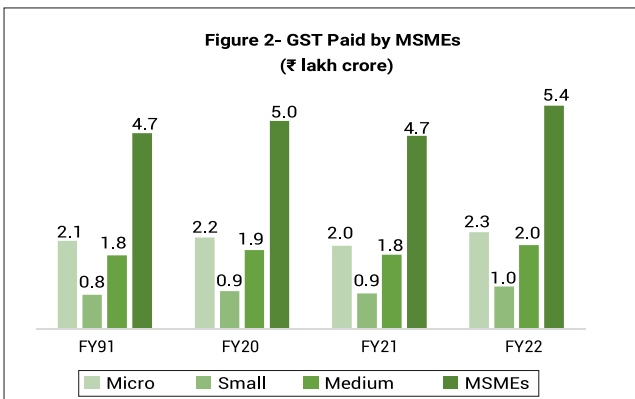
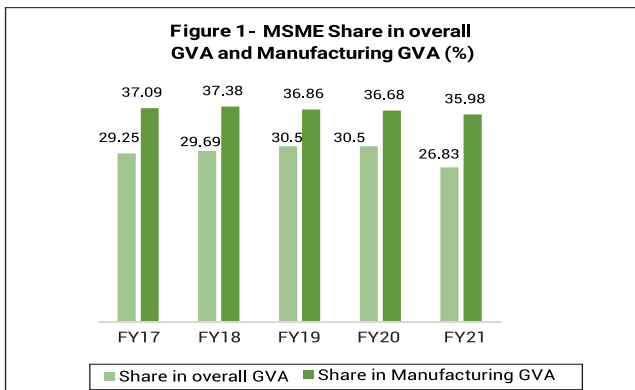
Despite the global challenges, India shall continue to exhibit resilience supported by the various initiatives and improved financial services to the relatively unbanked/ underbanked segments. SIDBI shall continue to strive and work tirelessly towards the growth of the MSME sector and attempt to bridge the gaps through innovative solutions and partnerships. Next decade will be shaped by ongoing digital wave and growing focus on green adoption and climate change mitigation. SIDBI shall continue to work on these key themes, apart from other strategic interventions, to provide necessary thrust to the MSME sector in its journey towards becoming champions of growth.

MSME Outlook

India's GDP is estimated to grow at 7% in FY 2023 led by a strong growth in private consumption and upbeat investment activity. The composite Purchasing Managers Index (PMI) stood at 58.4 in March 2023, indicating expansion in economic activity. The services PMI stood at 57.8 in March 2023, indicating growth for the twentieth consecutive month, whereas manufacturing PMI stood at 56.4 in March 2023 (reading above 50 indicates an overall increase compared to the previous month). The capacity utilisation levels of the manufacturing sector reached 74.3% in Q3:2022-23 improving from 74% recorded in Q2:2022-23, thus indicating recovery in manufacturing activity.

I. Trends and Developments in the MSME Sector

The MSME sector is the foundation of the Indian Economy and is critical for its growth. However, the sector was adversely affected by COVID. The same can be evidenced from decline in Gross Value Added (GVA) from about 30% to 26.8% in FY 2021 (Figure 1). Improving Goods & Service Tax (GST) collections from MSMEs which crossed the pre-pandemic level in FY 2022 (Figure 2) however, indicates rebound by the MSME Sector. The MSME sector is also a significant contributor to the exports of the nation with share in exports averaging 48% between FY 2018 and FY 2022 (Figure 3).



The revenue of MSMEs is estimated to have crossed the pre-pandemic level in FY 2022. The uptick in the performance and activity of the sector is expected to have sustained during FY 2023 with the growth in revenue of MSMEs estimated at 11-13% for the financial year against estimated corporates revenue growth of 16-18% in FY 2023 (Source-CRISIL Report- Rider in the Storm).

Steps initiated by GoI including Emergency Credit Line Guarantee Scheme (ECLGS) launched as part of the **Atmanirbhar Bharat Abhiyan** has provided necessary support in facilitating flow of credit to the MSME sector to tide over the various challenges emanating from COVID. Further, growing digitalisation/ digital products developed by various financial intermediaries and the digital infrastructure created and developed by the Government of India (GoI) viz., GST, Udyam registration portal, Aadhar, etc., have all contributed to the greater formalisation of the small businesses and enabled them to avail credit through formal channels. The credit outstanding to the MSME Sector by Scheduled Commercial Bank (SCBs) stood at ₹21.5 lakh crore as at end of December 2022.

II. Opportunities and Threats

Geo-political tensions, collapse of few banks prompting financial stability concerns, elevated inflation levels and the consequent monetary policy tightening etc., are weighing down the global growth and economic activity. Accordingly, the global growth is forecasted at 1.7% in the year 2023.

Indian economy, including MSMEs, is likely to face pressure in exports due to anticipated decline in external demand and looming risks of global recession. Further, the outflow of investments due to rate hikes by regulators and global uncertainty, is expected to put pressure on the domestic currency and Current Account Deficit/ balance of payments.

There are few perennial challenges that are being faced by the MSME sector viz., unorganised structure, accessibility to formal finance, absence of skilled manpower, limited

scale of operations, access to markets, technological obsolescence, delayed payments etc. Addressing these issues is crucial to enable unhindered growth of the sector and the Indian economy. Various initiatives have been taken by Govt of India, RBI, SIDBI and other stakeholders to address these issues.

The MSME sector is also expected to reap the benefits of the trends in the economy. The Indian Economy is projected to grow at 6.60% in FY 2024 aided by strong fundamentals viz., fiscal consolidation, push towards capital expenditure, strengthening balance sheets of financial and non-financial sectors, structural reforms, robust domestic demand, improving investment cycles. Govt has undertaken several initiatives for the development and growth of the MSME sector e.g. 'Raising and Accelerating MSME Performance' (RAMP) scheme, to strengthen institutions and its governance at the Centre and State, improve Centre-State linkages and partnerships, as well as to improve access of MSMEs to market and credit, addressing issues of delayed payments and greening of MSMEs; Production Linked Incentive Scheme in select sectors to boost domestic production activity; Udyam portal and Udyam Assist Platform for formalisation of the sector; mandatory registration for CPSEs / corporates on TReDS platform enabling receivable financing for MSMEs; Government e-Marketplace (GeM) portal for online procurement from MSMEs; MSME SAMADHAAN portal for filing applications regarding delayed payments etc.

The Union Budget 2024 has also echoed the significance of MSME sector with various initiatives being targeted towards the development of MSMEs e.g. PAN as the common business identifier, Unified Filing Process to obviate the need for submission of repetitive information

to various government agencies, relief to MSMEs in respect of failure to execute contracts during the Covid period, setting up of entity Digi Locker, development of Skill India Digital Platform, construction of Unity Mall, measures for benefits under preventive taxation, measures for addressing delayed payments etc. Another significant initiative announced in the Budget was the infusion of ₹9,000 crore in Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) corpus that is expected to facilitate additional collateral-free guaranteed credit of ₹2 lakh crore.

III. Outlook

The positive confluence of initiatives, being taken, is expected to stimulate the Indian economy and put MSME on growth path. Growing digital adoption by MSMEs through e-commerce platforms, use of digital payment methods and other digital tools have contributed significantly to digital footprints of MSMEs which has improved profiling of end-users resulting in better credit offerings and customer satisfaction.

The emergence of Fintech players and their collaboration/partnership with traditional banks have enriched the financial ecosystem. By leveraging the Public Digital Infrastructure in the form of 'India-Stack', innovative solutions for facilitating finance for MSME sector have emerged. These solutions have not only eased access to credit for MSME sector but have also enriched underwriting by lenders.

The ongoing digital financial revolution mentioned above, along with other digital interventions viz., Account Aggregator (AA) framework, Open Network for Digital Commerce (ONDC), Open Credit Enablement Network (OCEN) etc. shall provide further boost to MSME sector.

Notice of AGM

Notice is hereby given that the 25th Annual General Meeting of the shareholders of Small Industries Development Bank of India (SIDBI) will be held on Monday, June 26, 2023 at 3:00 PM IST at Board Room, Head office of SIDBI i.e., SIDBI Tower, 15-Ashok Marg, Lucknow-226001 to transact the following business.

ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Standalone and Consolidated Balance Sheet and Profit and Loss account of Small Industries Development Bank of India ('SIDBI') for the financial year ended March 31, 2023, together with the Reports of the Board of Directors of SIDBI and Auditors Report thereon.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT the Audited standalone and consolidated Balance Sheet of SIDBI as at 31st March 2023, Profit and Loss Account of SIDBI for the year ended 31st March 2023, the Report of the Board of Directors of SIDBI for the period covered by the Accounts and the Auditors' Report on the Balance Sheet and Accounts, be and are hereby adopted."

2. To declare final dividend on equity shares of SIDBI for the financial year (2023) ended on March 31, 2023.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT final dividend at the rate of ₹2 per share on the equity capital of SIDBI for the year ended March 31, 2023, be paid to those shareholders whose names appear on the register of members, as on record date."

3. To consider and authorize Board of Directors of SIDBI to appoint statutory auditors of the Bank for FY 23-24 and thereafter for the interim period.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT the Board of Directors of the Bank be and is hereby authorized to select and appoint a chartered accountant firm, out of the panel of Auditors approved by the Reserve Bank of India, as Statutory Auditor to hold office for FY 2024 on such remuneration and expenses, as may be approved by the RBI and as may be mutually agreed between the Bank and the Statutory Auditors.

RESOLVED FURTHER THAT pending approval from RBI for appointment of Statutory Auditors of the Bank for FY 2024, M/s Borkar & Muzumdar, Chartered Accountants, be and hereby appointed to undertake the Limited Review of Financial Statements of the Bank for the quarter ending June 30, 2023, and subsequent quarters as well should there be further delay in receipt of approval from RBI for appointment of statutory auditors.

RESOLVED FURTHER THAT Board/ Audit Committee of the Board be and are hereby authorised to approve and alter or vary the terms and conditions of appointment."

By order of the Board of Directors
For Small Industries Development
Bank of India

Sd/-
Vishnu Kumar Sah
Company Secretary
A 37707

Date: June 04, 2023
Place: Lucknow

Head Office
SIDBI Tower, 15
Ashok Marg,
Lucknow-226001

NOTES:

1. An explanatory statement relating to item no. 3 as ordinary business to be transacted at 25th AGM is annexed hereto.
2. In terms of regulation no. 61 (2) of SIDBI General Regulations, 2000, Shareholder of SIDBI entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of himself/ herself; but a proxy so appointed shall not have any right to speak at the meeting.
3. In terms of regulation no. 62 (2) of SIDBI General Regulations, 2000, No person shall attend or vote at 25th AGM of SIDBI as the duly authorised representative of a body corporate other than the Development Bank, the public sector banks, the General Insurance Corporation, the Life Insurance Corporation and other institutions owned or controlled by the Central Government unless a copy of the resolution appointing him/ her as a duly authorised representative certified to be a true copy by the chairman of the meeting at which it was passed shall have been deposited at the head office of SIDBI not less than four clear days before the date fixed for the meeting.
4. In terms of regulation no. 63 (3) of SIDBI General Regulations, 2000, No instrument of proxy shall be valid unless it is duly authorised in **Form B** as annexed to the notice of 25th AGM.
5. In terms of regulation no. 59 (1) of SIDBI General Regulations, 2000, a resolution put to the vote of the meeting shall, unless a poll is demanded, be decided on a show of hands. Further, Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the chairman of the meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by any shareholder or shareholders present in person or by proxy and holding shares in SIDBI which confer a power to vote on the resolution not being less than one-fifth of the total voting power in respect of the resolution.
6. Shareholders can submit questions with regard to the business to be transacted at the 25th AGM from their registered email address, mentioning their name, DP ID and Client ID number/folio number and mobile number, to SIDBI's email id at compliance_officer@sidbi.in or boarddiv_lho@sidbi.in in advance on or before two working days from the date of AGM.

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL-ID FOR OBTAINING COPY OF ANNUAL REPORT:

7. The Audited standalone and consolidated Balance Sheet of SIDBI as at 31st March 2023, Profit and Loss Account of SIDBI for the year ended 31st March 2023, the Report of the Board of Directors on the working and activities of SIDBI for the period covered by the Accounts and the Auditors' Report on the Balance Sheet and Accounts including the Notice of 25th AGM (**'Annual Report'**) are displayed in the website of the SIDBI www.sidbi.in. Soft copy of Annual report is sent through email to those

shareholders whose e-mail address is registered with SIDBI or the Depository Participants and physical copies of the Annual Report is being sent to other shareholders who specifically request for the same. The copy of the annual report is also sent to the Debenture Trustee and submitted to NSE on the same day it was sent to the shareholders of SIDBI.

8. Members holding shares in dematerialised mode are requested to register/ update their email addresses with the relevant Depository Participants. In case of any queries/ difficulties in registering the e-mail address, members may write to at email id compliance_officer@sidbi.in or boarddiv_lho@sidbi.in.

PROCEDURE TO RAISE QUESTIONS/ SEEK CLARIFICATIONS:

9. Members are encouraged to express their views/ send their queries in advance for smooth conduct of meeting mentioning their name, email id, mobile number at compliance_officer@sidbi.in or boarddiv_lho@sidbi.in. Questions/ queries received by SIDBI on or before two working days before the date of AGM shall only be considered and responded during the AGM.
10. Members who would like to express their views or ask questions during the AGM may raise their hand, however SIDBI reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

GENERAL INFORMATION:

1. The voting rights shall be as per the number of equity shares held by shareholder(s) as on the date of 25th AGM being the cut-off date.
2. The Board of Directors has recommended Dividend of [amount] per Equity Share for the Financial Year ended March 31, 2023, subject to approval of shareholders at the AGM.
3. If Dividend on Equity Shares, as recommended by the Board is approved at the AGM, it will be paid within thirty days from the date of declaration to all Beneficial Owners/ Members in respect of shares held and whose names are on SIDBI's Register of Members.
4. June 19, 2023 shall be considered as the record date for the purpose of identifying shareholders entitled for dividend, for the financial year ended March 31, 2023.
5. As per the Finance Act 2020, dividend income is taxable in the hands of shareholders w.e.f. April 1, 2020 at applicable rates and as such SIDBI is not required to pay any Dividend Distribution Tax.
6. Members holding shares in electronic form are hereby informed that bank particulars registered against the respective depository accounts will be used by SIDBI for payment of dividend. SIDBI cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

- 7. Shareholders are requested to contact Board Division, (Tel. No. 022-67221561 / 67221577 / 67531215, Mobile No. 9821243327, 9819919519, 9167472073 Email: boarddiv.lho@sidbi.in or compliance.officer@sidbi.in) with regard to any matter related to equity shares of SIDBI.**

EXPLANATORY STATEMENT PERTAINING TO ITEM NO. 3.

RBI guidelines pertaining to appointment of statutory auditor of the Bank is applicable to SIDBI. SIDBI has to appoint/reappoint a statutory auditor subject to the approval of the RBI from the list prescribed by the RBI.

In accordance with RBI guidelines, the present statutory auditors of the Bank M/s Borkar and Muzumdar would be completing their 3 years of continuous statutory audit assignment. In this context, the Bank has to appoint a new incumbent statutory audit firm, as the existing auditors are not eligible for re-appointment.

The Bank, in order to comply with the aforesaid RBI guidelines, has requested RBI to provide the list of auditors. However, RBI has informed that the panel of eligible auditors for FY 2024 is yet to be received by them from the office of the Comptroller & Auditor General (C&AG).

It may be noted that the approval of RBI for appointment of Statutory Auditors for last 3 FYs was also received during the months of August-September. Keeping in view similar time frame and the practice adopted in the past, the shareholders present at the Annual General Meeting are requested to authorize the Board of Directors of SIDBI for appointment of Statutory Auditors of SIDBI for FY 2024.

Further, Limited Review of financial statements of the Bank for the quarter ending June 30, 2023, is required to be undertaken. Keeping in view that the expected time for receipt of RBI approval, M/s Borkar & Muzumdar, Chartered Accountants, shall act as auditors of the Bank for carrying out Limited Review of financial statements for the quarter ending June 30, 2023, and subsequent quarters as well should there be further delay in receipt of approval for appointment of auditors from the RBI. Board of Directors of the Bank may be authorised to approve the terms and condition of appointment including remuneration and expenses as may be mutually agreed between the Bank and the said Statutory Auditors. RBI vide email dated May 11, 2023 has approved M/s. Borkar and Muzumdar to undertake limited review for Q1 (April - June, 2023).

It may be noted that similar approval was taken from the shareholders at the 24th AGM for carrying out the limited review of the financial statements of the Bank for the quarter ending June 30, 2022, by M/s Borkar & Muzumdar, pending receipt of approval from RBI for appointment of Statutory Auditors for FY 2023.

Your Board of Directors, therefore, recommends the passing of the ordinary resolution as set out in Item no. 3 of the accompanying Notice.

None of the Directors, Key Managerial Personnel of the Bank and their relatives are, in any way, concerned or interested financially or otherwise, in the resolution set out in Item no. 3 of this notice.

By order of the Board of Directors
For Small Industries Development
Bank of India

Head Office
SIDBI Tower, 15
Ashok Marg,
Lucknow-226001

Sd/-
Vishnu Kumar Sah
Company Secretary
A 37707
Date: June 04, 2023
Place: Lucknow

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

FORM B

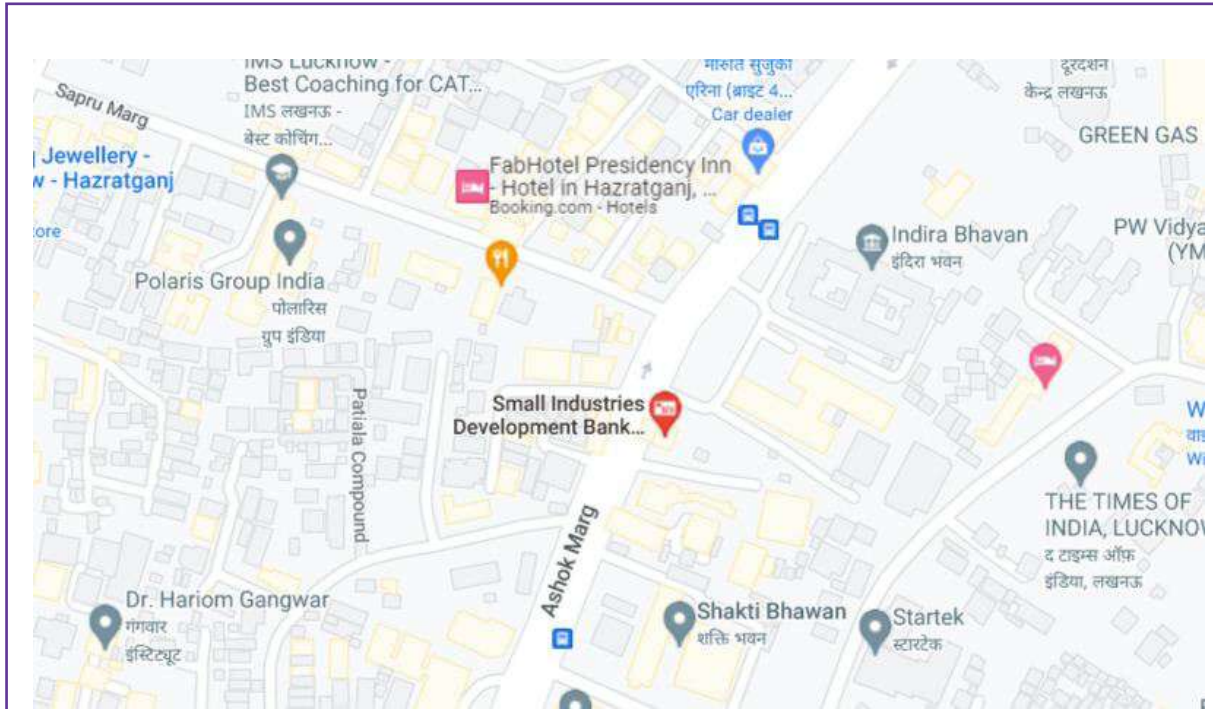
FORM OF PROXY

(see sub-regulation (3) of regulation 63 of SIDBI Act, 1989)

I/We, resident of.....in the district of.....in the State of.....being a shareholder / shareholders of the Small Industries Bank hereby appoint Shri.....resident of.....in the district.....in the State of.....or failing him, Shriresident ofin the district of.....in the State ofas my/our proxy to vote for me/us on my/our behalf at the meeting of the shareholders of the Small Industries Development Bank of India to be held on theday of.....and at any adjournment thereof.

Signed by the _____ day _____

Route Map



Route Map of SIDBI Head office, SIDBI Tower, 15 - Ashok Marg, Lucknow, Uttar Pradesh - 226001

Directors' Report For the year ended March 31, 2023

To the Members,

Your Directors are pleased to present the Directors' Report together with Audited Financial Statements for the Financial Year ended March 31, 2023.

1. FINANCIAL PERFORMANCE AT A GLANCE:

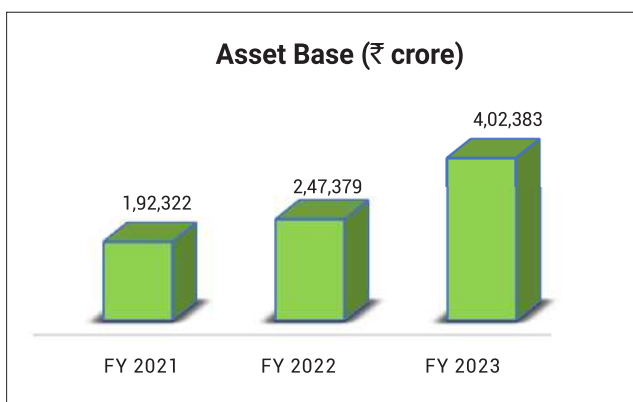
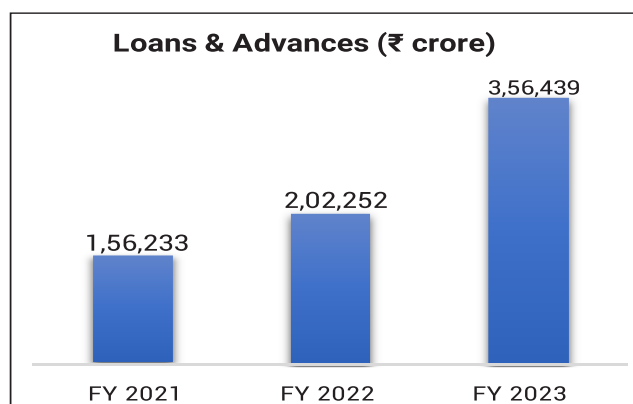
(₹ crore)

Particulars	Consolidated		Standalone	
	FY 2023	FY 2022	FY 2023	FY 2022
Liabilities				
Capital	568.54	568.54	568.54	568.54
Reserve & Surpluses	28,876.87	25,062.79	27,240.70	24,014.53
Deposits	1,99,945.60	1,70,704.30	1,65,036.15	1,40,878.43
Borrowings	2,00,657.92	75,712.44	2,00,657.92	75,712.43
Others	9,203.25	6,831.68	8,879.42	6,204.01
Total	4,39,252.18	2,78,879.74	4,02,382.73	2,47,378.69
Assets				
Investments	27,413.44	22,243.62	29,088.66	23,951.56
Loans & Advances	3,77,995.54	2,22,290.63	3,56,439.07	2,02,251.78
Cash & Bank Balances	28,603.91	30,771.86	12,108.82	17,918.31
Fixed & Other Assets	5,239.29	3,573.63	4,746.18	3,257.04
Total	4,39,252.18	2,78,879.74	4,02,382.73	2,47,378.69
Total income	20,001.43	10,133.06	18,484.82	9,139.18
Total Expenditure	14,852.23	7,453.75	14,087.34	6,751.16
Profit Before tax	5,149.20	2,679.31	4,397.48	2,388.02
Tax Expense	1,251.54	511.42	1,053.91	430.23
Profit after Tax	3,931.47	2,161.98	3,343.57	1,957.79
Basic Diluted Earnings Per Share	69.15	40.63	58.81	36.79

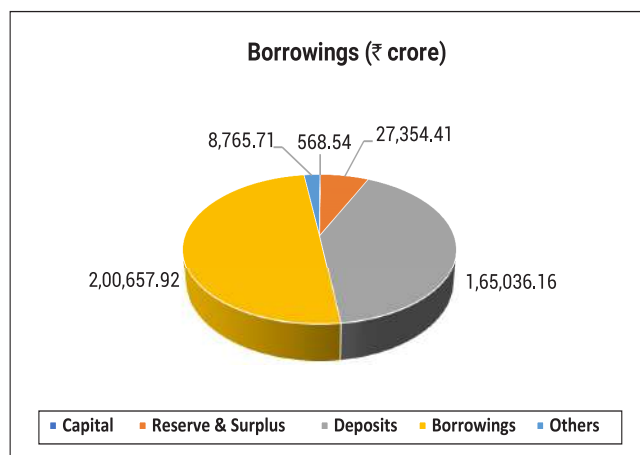
A. STANDALONE:

- Profit:** The Net profit of the bank increased by 71% to ₹3,343.57 crore in FY 2023 from ₹1,957.79 crore in FY 2022.
- Net Profit Margin:** The Net Profit Margin decreased in FY 2023 and stood at 18.09% vis-à-vis 21.43% during FY 2022.
- Total Income & Expenses:** Total income increased by 102% to ₹18,484.82 crore in FY 2023 from ₹9,139.18 crore in FY 2022 and total expenditure increased by 109% to ₹14,087.34 crore in FY 2023 from ₹6,751.16 crore in FY 2022.
- Net Interest Income and Net Interest Margins:** The Net Interest Income in FY 2023 improved and stood at ₹5,548 crore as against ₹3,012 crore during FY 2022, growth of 84%. The Net Interest Margin has also improved by 18 bps in FY 2023 vis-à-vis FY 2022 and stood at 1.68%.
- Operating Expense & Cost to Income Ratio:** Operating expense for FY 2023 was ₹823.54 crore as against ₹697.72 crore during FY 2022, a Y-o-Y increase of 18%. The Cost-to- Income ratio reduced to 14% as against 20% during FY 2022.

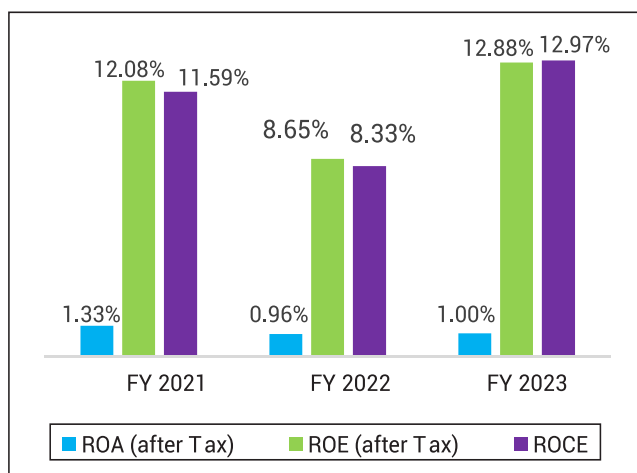
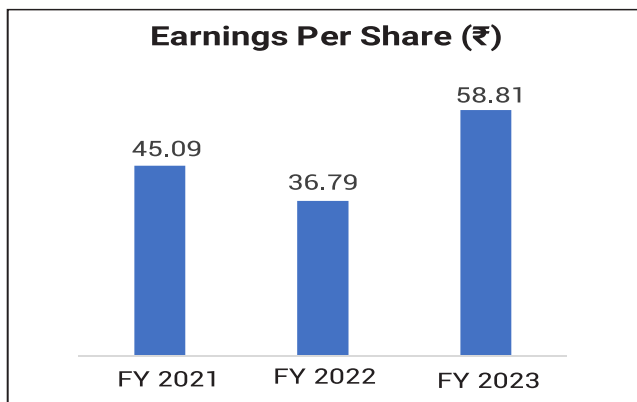
- Assets and Loans & Advances:** Total Assets increased by 63% to ₹4,02,382.73 crore in FY 2023 from ₹2,47,378.69 crore in FY 2022. 89 % of the total assets were loans and advances which crossed the landmark of ₹3.50 lakh crore and stood at ₹3,56,439.07 crore as of March 31, 2023 against ₹2,02,251.78 crore as of March 31, 2022, an increase of 76% over FY 2022.



- Deposits:** The deposits increased by 17.15% to ₹1,65,036.16 crore in FY 2023 from ₹1,40,878.43 crore from FY 2022.
- Borrowings:** Borrowings increased by 165.03% to ₹2,00,657.92 crore.



- ix. **Shareholders' Returns:** The Earnings per Share (EPS) of the Bank stood at ₹58.81 in FY 2023 as against ₹36.79 in FY 2022. The Return on Asset & Return on Equity has also improved to 1% & 12.88% respectively in FY 2023 as compared to FY 2022. The ROCE has also improved to 12.97% in FY 2023.



- x. **Share Capital:** There was no change in the Share Capital of the Bank during the year under review. As on March 31, 2023, the paid-up share capital was at 56,85,41,169 Equity Shares of ₹10/- each. During the year under review, the Bank has not issued any shares with Differential Voting Rights, nor has it granted any Stock Option or Sweat Equity. None of the Directors of the Bank hold any equity shares in the Bank.
- xi. **Dividend:** The Board of Directors of SIDBI is pleased to recommend a dividend of ₹2 per share on 56,85,41,169 crore equity share of the face value of ₹10/- each (i.e. 20%) for FY 2023 (as compared to ₹1.5 per share for FY 2022), for consideration of the shareholders. The dividend distribution would result in a cash outflow of ₹113.71 crore.

B. CONSOLIDATED:

- i. Total income of the bank increased by 97% to ₹ 20,001.43 crore in FY 2023 from ₹10,133.06 crore from FY 2022. The Net profit of the Bank increased by 82% to ₹3,930.94 crore in FY 2023 from ₹2,161.98 crore.

- ii. Earnings per Share (EPS) of the bank increased to ₹69.15 in FY 2023 as compared to ₹40.63 in the previous Financial Year.

C. PROGRESS OF IMPLEMENTATION OF IND-AS:

As per RBI letter dated May 15, 2019 issued to the Bank, implementation of Ind-AS for AIFIs has been deferred till further notice. Accordingly, financial statements of the Bank are continued to be prepared under IGAAP. However, Bank has been preparing the financial results under Ind-AS also on half year and on Annual basis which was submitted to RBI.

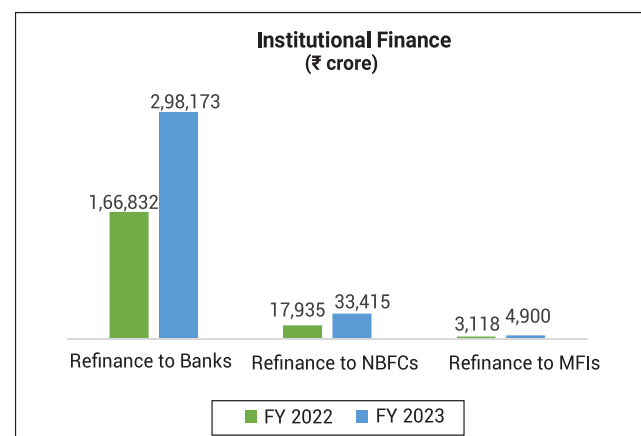
2. BUSINESS PERFORMANCE:

A. CORE OPERATIONS AT A GLANCE:

(₹ crore)

Product Segment	FY 2022			FY 2023		
	Sanc.	Disb.	O/s	Sanc.	Disb.	O/s
Direct Credit	6,760	5,673	14,187	8,780	6,500	18,409
Refinance to Banks	1,22,781	1,22,335	1,66,832	2,42,054	2,42,054	2,98,173
Refinance to NBFC	13,178	12,677	17,935	22,037	22,980	33,415
Refinance to MFI	4,178	2,893	3,118	4,120	3,812	4,900
Cluster Development Fund Scheme	1,038	180	180	4,458	1,409	1,542
Total	1,47,935	1,43,758	2,02,252	2,81,449	2,76,755	3,56,439

- i. **Refinance to Banks:** The bank expands resources of Banks through refinancing activities thereby boosting the flow of credit to MSEs. As of March 31, 2023, the outstanding portfolio was ₹2,98,173 crores, up from ₹1,66,832 crore in previous year, representing a Y-o-Y growth of 79%. The portfolio is in respect of 49 banks which comprises of 12 Public Sector Banks (PSBs), 17 Private Sector Banks (PvSBs), 6 Foreign Banks (FBs), 10 Small Finance Banks (SFBs), 3 Regional Rural Banks (RRBs), and 1 Urban Cooperative Bank (UCB). Total Disbursements during FY 2023 stood at ₹ 2,42,054 crore. Total 8 banks were added as customers during the year under review.



II. Refinance to Non-Banking Financial Companies (NBFCs):

At the end of the fiscal year 2023, the Bank's NBFC portfolio stood at ₹33,415 crore across 56 NBFCs, an increase of 86% in outstanding. During FY 2023, sanctions and disbursements rose to ₹22,037 crore and ₹22,980 crore, growing by 67% and 81%, respectively over FY 2022.

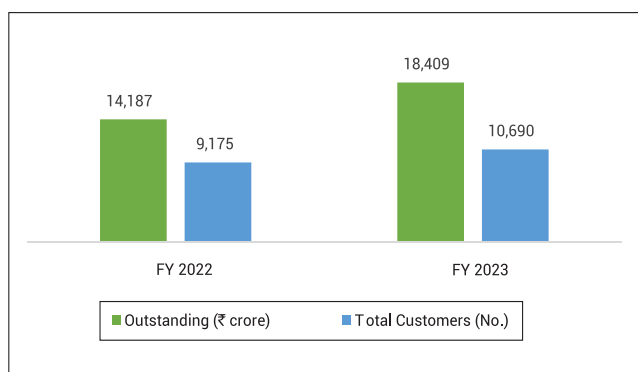
III. Refinance to Micro Finance Institutions (MFIs):

SIDBI extended financial support to MFIs in the form of equity/ quasi-equity, refinance, term loans, grant support, etc., enabling smooth flow of credit to MFIs/ Informal Enterprises. The cumulative disbursement under SIDBI's microfinance initiatives as on March 31, 2023 is ₹27,271 crore. The net outstanding portfolio stood at ₹4,900 crore as in FY 2023 as against ₹3,118 crore during FY 2022, registering growth of 57% over previous FY. The disbursements during FY 2023 stood at ₹3,812 crore, recording a growth of 32% over the previous FY.

The Bank introduced three new products under Special Liquidity Facility-3 (SLF-3) to assist small MFIs, NBFCs, and Fintechs. These products include Financial Assistance to Regulated Entities-Double Intermediation-MFI (FARE-DI-MFI), SIDBI MSE COVID Response Fund (SMCRF), and Partial Guarantee Pool Loan Issue (PGPLI).

IV. Direct Lending to MSME sector:

In FY 2023, the Bank has continued further simplifying and digitizing its MSME lending processes. This has led to a reduction in the reliance on outdated information provided by borrowers and a shift towards using up-to-date information from public databases like GST, ITR, Bank statements, and MCA database. Direct Finance portfolio outstanding, including Prayaas, increased to ₹18,409 crore in FY 2023 from ₹14,187 crore in FY 2022.



Total Customers are excluding customers under 'Prayaas'.

V. Initiatives undertaken under Direct Credit Schemes

- Partnerships & Collaborations: To reach new segments in MSMEs and create innovative products, the Bank has formed partnerships with different entities to expand its customer outreach and focus on customer acquisitions:

- The Bank has entered into MoUs with Union Bank of India, UPEIDA, IIA, SIATI, WASME, ELCIA etc. with an aim to synergize organizational

strengths and addressing the requirements of MSMEs.

- The bank has undertaken sectoral studies jointly with Grant Thornton Bharat LLP on Study on Financing Opportunities arising out of Govt's Vehicle Scrapping Policy and Impact Assessment of SMILE/ SAFE Scheme through CRISIL. The study inter-alia revealed that the direct employment generation by borrowers funded under SMILE grew by 35-40% after implementation of their project.

VI. New/ Revamped Products:

- EXPRESS (FIT Score based direct finance product for machine/equipment purchase): To provide expeditious sanction of term loan for acquisition of machinery and equipment through automated platform (with reliance on Finance Income and Trade rank (FIT), GST score and CIBIL MSME rank) to existing well performing MSMEs.
- SAATH (Scheme to assist MSMEs promoted by SC/ ST Entrepreneurs): To provide financial assistance to MSMEs owned by SC/ ST entrepreneurs. This assistance can be in the form of loans for setting up new units or improving existing ones, with favorable terms and incentives.
- ARJANA: On International Women's Day, a new plan to encourage women entrepreneurship was introduced. This plan includes various financial benefits such as reduced credit guarantee fees, no prepayment charges, additional advantages for ZED certification, discounts for timely repayment, lower processing fees, and lower promoter margins.

VII. SIDBI Cluster Development Initiative: SIDBI Cluster Development Fund (SCDF) scheme made operational in December 2021, witnessed its first full Year of operation during FY 2023.

- During the Year, for MSME cluster infrastructure development 91 projects (64 greenfield & 27 brownfield) have been supported with cumulative commitments of ₹5495.58 crore.

VIII. Green Financing: SIDBI contributes towards sustainable development as under

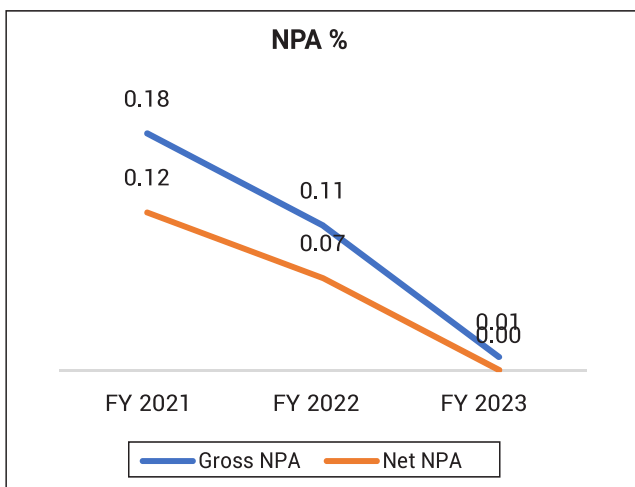
- The approach under Green Finance involves three parts: providing affordable financial assistance through Green Finance Schemes for MSME projects, promoting awareness and creating an environment to encourage climate-resilient measures, and leading and inspiring other banks and financial institutions to fund Energy Efficient projects through training, guidance, and Risk Sharing Facility support.
- Partial Risk Sharing Facility (PRSF) for Energy Efficiency project: 15 Banks and NBFCs have been empaneled as Participating Financial Institutions (PFIs), as on March 31, 2023. 61 EE projects have

been supported under the facility aggregating to a total project cost of more than ₹600 crore with a loan amount of more than ₹370 crore and a guaranteed amount of more than ₹240 crore.

- **Municipal Solid Waste and Compressed Biogas - Risk Sharing Facility:** SIDBI, along with NAMA Facility and GIZ, has created a program called 'Waste Solutions for a Circular Economy in India' to support Municipal Solid Waste (MSW) management projects through the use of the credit guarantee corpus established under the RSF.
- **EV Operations & Lending 4 Vibrant Ecosystem (EVoLve):** SIDBI and the World Bank have created a system to provide financial support for the adoption of electric 2-wheelers and 3-wheelers.
- **Institutionalising Carbon Neutrality:** SIDBI has announced its plan to reduce its carbon footprint and become carbon neutral by 2024.
- **Sustainability Perception Index (SPeX):** The Bank in collaboration with Dun & Bradstreet (D&B) to create a Sustainability Perception Index (SPeX) for MSMEs. This quarterly index will measure the extent to which MSMEs are implementing sustainability practices and working towards sustainable development goals.
- **Greening the bottom – attending to Micro clusters:** SIDBI has launched Project Green InclusiviTy (GRiT) to help artisanal clusters.
- **Green Climate Fund (GCF):** SIDBI has been approved as a Direct Access Entity to the Green Climate Fund and to access climate finance.

B. FINANCIAL RATIOS:

- Non-Performing Assets:** The Gross NPA and Net NPA of the Bank stood at 0.01% and 0.00% during the year under review with an improvement of 10 bps and 7 bps over FY 2022 wherein Gross NPA and Net NPA was 0.11% and 0.07% respectively.
- Provision Coverage Ratio (PCR)** was 100 % during the year under review as compared to 96% than that of previous financial year.



III. Capital Adequacy Ratio was at 19.29% at the end of FY 2023 as compared to 24.28% at end of FY 2022 due to effective capital utilization to increase the portfolio of the Bank.

C. Risk Management: The Bank has established a thorough Risk Management System that covers various areas such as Credit Risk Management, Market Risk Management, Operational Risk Management, Internal Capital Adequacy Assessment Process, and Business Continuity Management. The Bank's Risk Management Committee monitors and manages the risks involved in its lending and treasury operations, as well as off-balance sheet items.

I. Risk Management Policies: The Bank has following Risk Management Policies in place for various associated risks and its mitigation;

- Enterprise Risk Management (ERM) Policy
- Loan Policies
- IT & Cyber Security Policy
- Security & Collateral Management Policy
- Operational Risk Management (ORM) Policy
- Business Continuity Management (BCM) Policy
- Assets Liability Management (ALM) Policy
- Investment Policy
- Internal Capital Adequacy Assessment Process (ICAAP) Policy
- Internal Control Guidelines for Derivatives (ICGD)
- Market Risk Management Policy (MRMP)
- Model Validation Policy
- Country Risk Management Policy

II. Systems – The Risk Management Systems consisting of Rating Models - Risk Assessment Model (RAM), SIDBI Multifunctional Appraisal and Rating Tool (SMART) and Score Cards, Bankers Assets Liability Management (BALM), Comprehensive Operational Risk Evaluator (CORE) and ICAAP Tool.

III. Major initiatives during the year:

- Country Risk Management Policy (CRMP) has been introduced during the year.
- **Preparedness for BASEL-III implementation** - The bank has finished a Gap Study to get ready for implementing Basel III. CRAR has been computed as required by Basel III and system for RWA computation is being tested. The bank is prepared to follow RBI guidelines for implementing Basel III.
- **Development of Security Information Exchange using Block-chain Technology** - The bank has worked with Infosys Ltd. to create a blockchain solution for sharing security information among various lenders. A proof of concept has been completed and a pilot project is in progress with two banks/ firms and two NBFCs participating.

Existing NBFC clients of SIDBI are being onboarded onto the NBFC Security Information Exchange [NSIE] platform as it moves towards being used in production.

D. NPA monitoring

Bank has been laying lot of emphasis in maintaining quality of portfolio and recovery from NPA accounts. A Board level 'Recovery Review Committee' (RRC) is constituted to review all individual NPA cases having principal outstanding of ₹5 crore and above. Further, the Bank has set up Specialized Asset Recovery Branches (SARBs) to handle recovery related matters.

Recovery of ₹468 crore has been made during the year (including recovery of ₹28 crore from fresh NPAs). While Gross NPA of the Bank at the end of FY 2023 stood at ₹33 crore (as against ₹218 crore in FY 2022), net NPA was ₹9 crore (as against ₹132 crore in FY 2022).

E. Programmes for Development & Impact

The Programmes for Development & Impact (PDI) initiatives are focused on promoting entrepreneurship culture and supporting livelihood and enterprise creation, specifically in underserved areas. These initiatives fall under the Mission Swavalamban framework, which aims to help the persons at the Bottom-of-the-Pyramid.

Bank's PDI efforts are divided into two main categories.

(A) **National Programmes:** Programmes implemented pan India or multi state interventions.

(B) **Regional programmes:** Programmes implemented by ZO/ ROs/ BOs/ PDI, locally, within the Region at the Zonal Office/ Regional Office/ Branch Office level.

National Programmes (NP) coverage:

NP1 - Entrepreneurship Promotion & Skilling for Livelihood

➤ **SIDBI Assistance for Harnessing Aspiring Swavalambis (SAHAS)**

The Swavalamban Chair for MSME Solutions provides help to entrepreneurs and offers solutions to the challenges faced by the MSME sector in the region. The support provided includes funding for startups selected by the Technology Business Incubator at the Government Engineering College, Thrissur and Vivekananda Global University, Jaipur. The program has completed its first year of operations and started its second year. In the year 2023, 28 training programs on entrepreneurship development and advanced skill development have been organized, and 3 hackathons were conducted.

➤ **Swavalamban Skill Classes for Livelihood**

SIDBI has collaborated with TATA to help 500 skilled and aspiring young people in Uttar Pradesh, Odisha, and Maharashtra to receive intensive support and training for setting up small businesses. This initiative is aimed at increasing their income and employment opportunities. Additionally, the Bank has partnered with Mahendra Skills Training & Development Pvt. Ltd. to launch Swavalamban Skill

classes in Rajasthan, Punjab, Madhya Pradesh, and Andhra Pradesh. The program offered short-term skill training and handholding support to 420 underprivileged individuals to become field technicians in trades such as home appliances and mobile handset repairs.

➤ **Skill To Enterprise Model (STEM)**

SIDBI partnered with educational institutions of repute to design, develop and launch courses for skilled youth to venture into entrepreneurship viz., Skill To Enterprise Model (STEM). In FY 2023 SIDBI signed MoUs with 5 reputed Universities. The first programme was launched in Karjat, Maharashtra.

➤ **Collaboration with Tata Power**

The Bank and Tata Power have partnered to establish 1000 green energy businesses in rural areas across India. Entrepreneurs will be trained and provided affordable green energy solutions. SIDBI will provide a "Go REsponsive, ENterprise incentive (GREENi)" upto ₹10,000/- per entrepreneur and will also facilitate credit linkages. 28 small businesses were supported in 2023.

➤ **Solar Powered Training-cum-production Centres (TPCs)**

A pilot program has been launched by the Bank, in collaboration with Usha International and Tata Power, to establish five solar-powered Training-cum-Production Centres (TPCs) in UP & Bihar aimed to provide advanced level silai/ sewing skills training to rural women and prepare them to run the centres by themselves for sustainable livelihoods. In addition, basic sewing skills training will be provided to at least 150 girls/ women per year. Training for 50 women has already begun in March 2023.

NP2 – Enterprise Creation

➤ **Swavalamban Connect Kendras (SCKs)**

The Bank has been running SCKs in different states to help people start their own businesses by providing guidance, support, and credit connect. In the last financial year, total 3879 enterprises were set-up/ scaled-up, Cumulatively, 50301 profiles were created, 6200 enterprises set-up/ scaled-up and 5066 beneficiaries were credit-linked with total loan amount of ₹53 crore. The Bank has now launched SCK 2.0, which aims to create 10,000 new businesses through setting up 100 SCKs in five states viz., Tamil Nādu, Madhya Pradesh, Chhattisgarh, Uttarakhand and West Bengal. These SCKs will use a digital approach to help entrepreneurs. Going forward, SCK is proposed to be launched in all the districts in the country.

➤ **Swavalamban Connect Desks (SCDs)**

SCDs were established at DICs in 35 districts of Uttar Pradesh to connect with young people interested in entrepreneurship and existing businesses seeking information on various government schemes, subsidies, benefits, and credit connections. 1703 enquiries were received in the last 10 months, and

650 enterprises (433 start-ups and 217 scale-up enterprises) were supported, with a total loan sanction of ₹41.46 crore.

➤ **Swavalamban Silai Homepreneur Programme**

SIDBI's Mission Swavalamban initiative is collaborating with Usha International Limited to promote women entrepreneurship in underprivileged areas through the Swavalamban Silai Homepreneurs Programme. This has helped over 3000 marginalized women become Silai Homepreneurs in 23 states over 5 phases.

➤ **Micro Enterprise Promotion Programme (MEPP)**

The MEPP initiative by SIDBI aims to promote viable Micro Enterprises in semi-urban/ rural areas and artisan-based clusters by providing business services. There are currently 4 MEPPs running in India, creating over 7,700 job opportunities. In FY 2023, 5 MEPPs have been sanctioned in addition to existing 4 already running MEPP.

➤ **Swavalamban Lab**

SIDBI has initiated a pilot project to establish a Swavalamban Lab in Village Dhamupur, Ghazipur District (UP) aimed at empowering over 300 young people from Ghazipur by providing skills to become self-employed or run their own businesses.

NP3 –Inclusive Innovation and Enterprise Development

➤ **SWAS/शवास - Breathing Entrepreneurial Energy**

SIDBI and 'Mukti' have collaborated to launch the 'Swavalamban Accelerator in Sunderbans' (SWAS) program to train SHG women establish alternative livelihoods and rebuild the Sunderbans, which was affected by Super Cyclone Amphan. 1000 women have been trained in food processing and handicrafts (500 each) and have received start-up kits to begin their microenterprises after the training. 417 beneficiaries have established new microenterprises and 771 beneficiaries have been provided with market linkage.

➤ **Swavalamban Challenge Fund (SCF)**

The main goal of SCF is to provide financial assistance to development organizations, educational institutions, and start-ups that prioritize initiatives such as sustainability, financial inclusion, health and sanitation, and entrepreneurship. Through FY 2023, SCF covered 12 organizations and reached 4048 beneficiaries, 634 enterprises created, linked 156 beneficiaries with credit, completed 919 market linkages, and generated 82 employments.

➤ **Swavalamban Divyangjan Assistive Tech Market Access (ATMA) Fund**

This project is focused on helping differently abled people. It plans to launch start-ups in assistive technology and support their market access through a mixed financing method. The goal is to reduce the cost of assistive technology by 50% and benefit at

least 1,000 people with disabilities. Social Alpha is implementing the model and has already supported five start-ups, benefiting over 2,000 people with disabilities.

➤ **Swavalamban Livelihood Enhancement & Awareness Programme (LEAP)**

The program was launched in 2023 with the aim help the youths of Leh to establish businesses using Sea Buckthorn. It involves setting up an incubation-cum-production centre to develop a value chain. The goal is to establish at least 15 group enterprises by the end of the project.

➤ **Swavalamban Aatmanirbhar Tribal Entrepreneurship Handholding Initiative (SAATHI)**

The Aga Khan Rural Support Programme India is working to create 200 model villages in Gujarat and Madhya Pradesh, with a focus on training tribal youth, especially women, in micro-enterprise development. The goal is to establish 650 enterprises in these villages within three years. As of FY 2023, 275 people have been trained and 200 have started their own enterprises.

➤ **Women Entrepreneurship - Livelihood Enhancement and Development (WE-LEAD)**

The project being carried out by OSAFII In Odisha, aims to support 12,000 women entrepreneurs in Odisha & West Bengal, amongst SHGs/ JLGs Members, by providing them with capacity building, skill training, and business development services. In FY 2023, 7,970 women were trained, 2,859 women were given credit, and 2,832 enterprises were established. The project is replicated in West Bengal in partnership with the Association of Microfinance Institutions, with the aim of promoting 10,000 women entrepreneurs.

➤ **Swavalamban Assistance for Financial literacy, Adoption of villages and credit & market Linkages - SAFAL**

Based on the effectiveness of the SAFAL project's pilot intervention in 121 villages across two states of Bihar and Jharkhand in FY 2022, the programme was expanded up to adopt 700 villages and support 15,000 Livelihood Enterprises / Micro Enterprises (LE/ MEs) in ten states. 593 villages were adopted for FY 2023, and a total of 12,626 LE/ MEs were trained and 3597 beneficiaries received credits amounting to ₹14 crore.

➤ **Tribal Odisha Women Entrepreneurs Restructuring (TOWER)**

Mahabhinishkraman Unnayan Sansthan is implementing the TOWER project to help 100 tribal women entrepreneurs in Keonjhar district of Odisha develop their businesses using non-timber forest products. A CFC with modern machinery powered by solar energy has been established to produce high-quality Saal leaf plates and bowls which is managed and owned by the community.

➤ **MF to ME Model – Swavalamban Swabhiman**

Based on the success of Swavalamban Swabhiman pilot intervention in FY 2022, 500 aspirants/ artisans have been provided skill development training & tool kits distributed to all the aspirants/ artisans in FY 2023. Registration of 198 artisans on the portal www.odopmart.com platform has also been completed and credit linkage provided to 341 participants. The entrepreneurs trained under the project further employed an additional 500 persons in their enterprises.

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

The project aims to provide digital access to Bank Sakhis in Bihar, so they can expand their services, as well as help entrepreneurs and producer groups with business planning and marketing. During FY 2023, 20 Community Level Federations (CLFs) were identified and given training on digital transactions, and 72 dual authentications were processed.

In Jharkhand, 180 Bank Sakhis were onboarded who facilitated average digital transactions of more than ₹ 10 lakh per month.

OTHER INITIATIVES

➤ **Swavalamban Mela Plus**

SIDBI has been organizing Swavalamban Mela Plus at various locations across the country with an objective to provide a platform to microenterprises and small artisans to showcase their products and to help them in getting exposure, accessing and understanding of markets. During FY 2023, SIDBI supported 15 such events benefitting 1,050 MSEs.

➤ **Udyam Sangyan**

Under Udyam Sangyan (1-day exposure visit) initiative, MSEs understand the good practices of medium and large-scale units in their sector which shall motivate them to scale up their enterprises. A total number of 29 such visits were undertaken in FY 2023 benefitting 761 MSEs. Cumulatively, 100+ visits have been undertaken so far benefitting 2800+ MSEs.

➤ **Project Management Units (PMUs)**

SIDBI has set up PMUs in 23 states with the objective of strengthening local MSME ecosystem and transferring good practices through learning sessions and closer engagement with states.

F. CSR INITIATIVES: The Bank is committed to its social responsibilities and has undertaken various CSR activities through SIDBI Swavalamban Foundation (registered as a section 8 Companies). During the FY 2023, SIDBI has contributed to SSF for its various theme-based CSR activities across India with credible partner institutions details as under:

During the year FY 2023, major social activities under CSR were as under:

- CSR activity with 75 NGOs for celebrating Har Ghar Tiranga in 750 villages of India.
- Swavalamban Associate for Ruralisation (SWAR) Initiative: Capacity building of development professionals across India by placing them on ground for capacity building of individuals in becoming entrepreneurs at their home ground.
- Protection of river Embankments at Sunderbans, West Bengal by engaging 250 rural women's on enterprise model.
- Promoting SHGs/ collective women's micro enterprises to strengthen livelihood in Jaisalmer & Pilot entrepreneurial mindset curriculum in 6 schools.
- Paralympic committee of India - Encourage sports activity of differently abled persons by providing multifunctional trainer, sports kits, specialized vehicle, etc.
- SKILL Training programme on Waste Material Products for livelihood of 100 underprivileged women in Vrindavan, U.P.
- Installation of 20 KW off grid Rooftop Solar at Eri Silk Reeling and Spinning Centre at Saphai Village - Bellefonte Community College for Farmers of Shillong, engaged in rearing of silkworms.
- Setting up of a Smart Classroom and filter-based water cooler in the 2nd Manipur Rifles Unit School – 2, for children belonging to economically backward families.
- Program to impart skill training to unemployed youths and offer educational program to children of the labourers working in the MSMEs in the MSME Cluster at their doorstep in Bhubaneswar.
- Support for setting up of oxygen pipeline at Grace Home (HIV unit of Synod Hospital), Aizwal.
- Installation of RO plant and water cooler at Commissioner office Gorakhpur.

G. Internal Audit Management

Audit Vertical has been carrying out Operational Audit of branch offices (BOs), regional offices and select head office verticals, Management Audit of head office verticals, Information Systems (IS) Audit, Special Audit of fraud cases, etc. on regular basis. Moreover, Audit Vertical oversees concurrent audit function and reviews the monthly concurrent audit reports of TRMV, Administration Vertical including Centralised Vendor Payment Cell, HRDV Staff Payments Cell, DCV, IFV-Prayaas, IFV-Banks and SFBs, IFV-NBFCs, IFV-MFI, VCF, AIC & ARV which are carried out by external audit firms.

The Bank has also introduced Concurrent Audit mechanism through external CA firms in all BOs having direct credit operations. As on March 31, 2023, 69 BOs were covered under concurrent audit mechanism which covers all the Direct Credit operations of the Bank.

During FY 2023, 112 Risk Based Internal Audits were undertaken for BOs/ ROs/ HO verticals.

H. HUMAN CAPITAL MANAGEMENT:

The Human Resource Development (HRD) Vertical plays a pivotal role in the development and management of the organization's most valuable resource - its employees. The entire gamut of functions carried out by HRDV is oriented towards ensuring enhanced employee productivity, and equipping employees with adequate skill sets, knowledge and the abilities to meet the organizational envisioning.

HRDV performance highlights during FY 2023: The Bank has undertaken several initiatives in the field of Staffing, Training & Development, Performance Management and Employee Engagement.

The Bank successfully completed the process of recruitment of 100 Officers in Grade A during FY 2023. Out of the 100 Officers, 98 Officers have joined the services of the Bank as on March 31, 2023.

- As part of continuously evolving HR practices, flexi - time policy was introduced to provide benefit of flexibility to the employees on the working hours.
- The Bank organized a week - long programme to celebrate International Women's Day 2023. During the programme a series of events were organized to build a sense of community and solidarity among employees.
- The Bank has been taking several steps to prioritize the health of employees. During the year, the Bank organized a walkathon and COVID vaccine drive to encourage healthy lifestyle.
- The Officers of the Bank were nominated for the specialized training programmes being organized by reputed training institutes such as IIMs, NIBM, NABARD, CRISIL, SBI, FIMMDA, IDRB, CAFRAL, etc. The Bank organized 99 trainings programmes during the year as compared to 50 programmes organized during FY 2022.
- The Bank made a total of 1,607 nominations for various training programmes for the employees, which included 661 nominations for in - house programmes, 928 nominations to renowned training/ academic institutions and 18 nominations for international training/ visits. Out of total, 322 nominations were for women employees.
- Out of the 1,607 training nominations during the year, 421 nominations were for employees belonging to SC/ ST categories.

Human Resource Strength:

- As on March 31, 2023, the Bank had on its rolls 1,037 permanent employees comprising 935 Officers, 77 Class III employees and 25 subordinate staff. The Bank is also engaging manpower on contractual basis for specialized functions based on requirement.
- The strength of women employees in the Bank is 227 (21.89% of the total strength). The Bank has always been an equal - opportunity provider with regard to its women workforce and has implemented impartial and fair practices for enabling career progression.

- Out of the total 1,037 permanent employees of the Bank, 178 employees (17.16% of total strength) belong to SC category, 75 employees (7.23% of total strength) belong to ST category, 231 employees (22.28% of total strength) from OBC category, 28 employees belonging to Persons with Disabilities (PwD) category and 1 employee belonging Ex - servicemen category.
- The Bank provides prepromotion and in service training to SC/ ST employees. A total of 141 employees were given pre - promotional training, out of which, 51 employees belonged to SC category (36%) and 23 employees were from ST category (16%).

I. Information Technology

During the year, the following technology projects were undertaken:

- DevOps pipeline was implemented with integrated tools/ solutions for identification of code quality issues, version control and code management, regression testing and generation of build for deployment in production environment.
- Solution is implemented and made fully operational for logging, tracking, and monitoring of the services and support tickets.
- IT security solutions viz. File Integrity Monitoring (FIM), Database Activity Monitoring (DAM), End Point Encryption, Multi Factor Authentication (MFA) and Asset & Patch Management (APM) were made operational.
- Bank implemented zero trust cloud-based solution for Internet access & Remote access solution.
- ISMS audit was conducted successfully through ISOQAR (INDIA) Private LIMITED for (ISO/IEC 27001:2013) certification, covering Data Centre, DR Site and Management and monitoring of IT operations of the Bank.

J. Implementation of the Official Language Policy in the Bank

A total of 89 Official Language Implementation Committees are constituted in various offices of the Bank.

During the year, 99% of the correspondence in the region 'A', took place in Hindi, while it was 94% and 80% in the region 'B' and 'C' respectively. The percentage of Hindi noting in the above three regions stood at about 90%, 86% and 80% respectively.

A total of 103 issues of the Bank's Hindi magazine 'Sankalp' have been released.

55 Hindi workshops were organized during the year.

Inspection relating to the Official Language Implementation in 49 offices and 08 verticals of the Bank was carried out during the year.

18th All India SIDBI Hindi Essay Competition was organized.

K. Implementation of Right to Information Act, 2005

The Bank has designated a Central Public Information Officer (CPIO), Alternate Central Public Information Officer, Central Assistant Public Information Officers and First Appellate Authority and Alternate First Appellate Authority, in terms of the Act, the details of which are available on the Bank's website. In terms of the directives of Central Information Commission (CIC), the Bank has also designated a Transparency Officer for the better implementation of Section 4 of the Act with a view to promoting congenial conditions for timely response by CPIO to RTI queries.

During the financial year 2023, the Bank received 379 applications seeking various information and all the applications were disposed of as per the provisions of the Act within stipulated time.

During the financial year 2023, 32 appeals were made to the First Appellate Authority (FAA) of the Bank, which were disposed of within stipulated time as per the provisions of the RTI Act. Against the decisions taken by FAA, 14 appeals were preferred before the Central Information Commission (CIC). In this regard, necessary actions have been taken, as per CIC decisions. There has been no delay in either furnishing information by the CPIO or in deciding appeals by the FAA. All the quarterly online returns have been regularly submitted to CIC on time.

L. Vigilance

Vigilance set-up-

- Chief Vigilance Officer (CVO) with Central Vigilance Committee at HO.
- Vigilance Team at HO with Additional Vigilance Officers (AVOs) and Regional Vigilance Officers (RVOs).
- Preventive Vigilance Committees at the Regional level.

Operational framework-

- Internal Advisory Committee on Vigilance scrutinizes complaints or cases arising out of inspections, audit reports, staff accountability reports, etc. and furnishes its recommendations to the CVO.
- Internal Audit reports of the branches are reviewed by the CVO.
- Continuous vigil on the tendering process as per CVC guidelines.
- Quarterly review of vigilance work by the CMD.

M. SUBSIDIARY & ASSOCIATES:

I. Micro Units Development & Refinance Agency Limited ('MUDRA')- MUDRA was incorporated under Companies Act, 2013 as a wholly owned subsidiary of SIDBI. MUDRA is registered with RBI as an NBFC. MUDRA extends Refinance assistance to Banks, NBFCs, RRBs, SFBs, MFIs, etc. under Pradhan Mantri Mudra Yojna (PMMY).

- Pradhan Mantri MUDRA Yojna: Financial assistance upto ₹10 lakh is extended under

PMMY to micro entrepreneurs for income generating activities.

- MUDRA reported total income of ₹1541 crore in FY 2023 as against the total income of ₹1018 crore in FY 2022. Net profit stood at ₹575 crore in FY 2023 as against ₹233 crore in FY 2022.

II. SIDBI Venture Capital Limited: SIDBI Venture Capital Limited (SVCL) is a wholly owned subsidiary of SIDBI which acts as Investment Management Company for managing Venture Capital Funds (VCFs)/ Alternative Investment Funds (AIFs) with focus on the MSME sector. SVCL has set-up eleven Funds to cater to equity requirement of MSMEs/startups in different sectors. SVCL has partnered with various state governments for launching state specific funds to meet equity capital requirement of MSMEs/startups in respective state.

- SVCL reported total income of ₹11.56 crore in FY 2023 as against the total income of ₹10.85 crore in FY 2022. However, net profit decreased to ₹4.43 crore in FY 2023 from ₹5.03 crore in FY 2022.

III. SIDBI Trustee Company Limited: STCL is a wholly owned subsidiary of SIDBI, established in 1999 to carry out the trusteeship functions, particularly for VCFs/ AIFs. STCL reported total income of ₹0.77 crore in FY 2023 as against the total income of ₹0.67 crore in FY 2022. Similarly, net profit stood at ₹0.55 crore in FY 2023 as against ₹0.47 crore in FY 2022.

IV. SIDBI Swavalamban Foundation is a section 8 Company, Limited by Guarantee and is a subsidiary of the Bank. SSF takes up CSR (Corporate Social Responsibility) activities for SIDBI.

V. Credit Guarantee Fund Trust for Micro and Small Enterprises (Trust Jointly set up by Ministry of MSME and SIDBI)

VI. ASSOCIATE COMPANIES

- Acuité Ratings & Research Limited (Acuité) (erstwhile SMERA) (35.73% Shareholding)
- India SME Asset Reconstruction Company Ltd. (ISARC) (15% Shareholding)
- Receivables Exchange of India Ltd. (RXIL) (30 % Shareholding)
- India SME Technology Services Ltd. (ISTSL) (22.73% Shareholding)
- Online PSB Loans Ltd. (7.32% Shareholding)

However, in compliance to SEBI LODR Regulations, 2015, organisations where SIDBI is having more than 20% shareholding, except above are as under:

- Bihar State Financial Corporation (48.43% Shareholding)
- Delhi State Financial Corporation (23.66% Shareholding)

- Gujarat State Financial Corporation (28.41% Shareholding)
- Maharashtra State Financial Corporation (39.99% Shareholding)
- Punjab State Financial Corporation (25.92% Shareholding)
- Uttar Pradesh State Financial Corporation (24.18% Shareholding)
- Canbank Factors Ltd (20% Shareholding)
- KITCO Ltd. (49.77% Shareholding)
- Bihar Industrial and Technical Consultancy Organisation Ltd. (49.25% Shareholding)
- Rajasthan Asset Management Co. Pvt. Ltd. (24.50% Shareholding)
- Rajasthan Trustee Co. Pvt. Ltd. (24.50% Shareholding)
- Hyderabad Information Technology Venture Enterprises Ltd. (24.50% Shareholding)
- Cyberabad Trustee Co. Pvt Ltd (24.50% Shareholding)

N. MANAGEMENT DISCUSSION & ANALYSIS (MDA) REPORTS:

- (i) In terms of compliance with the SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations 2018, following ratios have changed by more than 25%, as per details given below:

Financial Ratios	FY 2023	FY 2022
Earnings Per Share (Basic & Diluted) (EPS)	58.81	36.79
Return on Equity		
- before tax	16.94%	10.55%
- after tax	12.88%	8.65%
Cost income (efficiency) ratio	13.55%	20.30%
Staff costs/total income	2.74%	4.05%
Other overheads/total income	1.71%	3.59%
Debt - Equity Ratio *	7.88	3.22
Total Debts to Total Assets (%)	49.87	30.61
Average yield	5.45%	4.35%
Average cost	4.13%	3.27%
% of Gross NPA	0.01	0.11
% of Net NPA	0.00	0.07

*Debt denotes total Borrowings (excluding Deposits).

- Profitability/ return/ cost ratios has improved by more than 25% due to increase in portfolio size, income, net profit, etc. along with deriving benefits of economy of scale.
- DER and Total Debt to Total Assets have increased due to increase in borrowings to support the increase in portfolio.

- Average yield/ average cost has increased due to increase in interest rates in the market on account of increase in policy rates by RBI.

- NPA Ratios have improved due to decline in NPAs and increase in portfolio.

- (ii) details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.

Return on Networth has improved in FY 2023 as compared to FY 2022 on account of increase in income and net profit.

Return ratios	FY 2023	FY 2022
Return on Equity		
- before tax	16.94%	10.55%
- after tax	12.88%	8.65%
Return on Capital Employed	12.97%	8.33%

- O. CORPORATE GOVERNANCE:** In compliance with Regulation no. 15 to 27 of SEBI (LODR) Regulations, 2015 and disclosure requirements of corporate governance norms as specified for the listed entities applicable to the Bank Corporate Governance report form part of this Annual Report.

- P. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:** The Bank has not entered into any materially significant related party transactions with its Promoters, Directors or Management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the Bank at large. The Bank has complied with applicable rules and regulations prescribed by stock exchanges, SEBI, RBI or any other statutory authority pertaining to contracts/ arrangements/ transactions entered by the bank with its related parties. Disclosure of transactions with related parties is set out in Note No.16 [c] of Standalone Financial Statements, forming part of the Annual Report & Annexures thereto.

- Q. AUDITORS AND AUDITORS REPORT:** M/s Borkar & Muzumdar (FRN 101569W), were re-appointed as Statutory Auditors of the Bank for FY 2023. There are no qualifications, reservations or adverse remarks in audit report for the period under review.

- R. SECRETARIAL AUDIT REPORT:** In terms of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board has appointed M/s Deep Shukla & Associates (FCS 5652), Practicing Company Secretaries to undertake the Secretarial Audit of the bank for the FY 2023. The Secretarial Audit report for the financial year ended March 31, 2023 as provided by CS Deep Shukla, Practicing Company Secretaries is enclosed as a part of Corporate Governance report. The Secretarial Auditor's report does not contain any qualifications, reservations or adverse remarks in their report.

S. Responsibility Statement

The Board of Directors hereby states that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- applicable accounting policies has been applied consistently and judgements and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank as on the 31st March 2023, and of the profit and loss of the Bank for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records, for safeguarding the assets of the Bank and preventing and detecting frauds and other irregularities;
- annual accounts have been prepared on going concern basis;
- the internal financial controls to be followed by the Bank have been laid down and that such internal financial controls are adequate and have been operating effectively; and

- proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENT

The Directors acknowledges the valuable support, guidance and co-operation received from the DFS, MoF and MoMSME, Government of India, RBI, SEBI and other government and regulatory agencies. The Directors thank all the valued clients, shareholders, bankers and financial institutions, World Bank, FCDO, JICA, KfW, GiZ, IFAD, AFD, ADB, for their patronage and support. The Directors also place on record their appreciation for the contributions made by outgoing directors Shri B. Sankar, Shri Lalit Kumar Chandel, Shri Shailesh Kumar Singh and Shri D.K. Singh. Directors also express their appreciation for the dedicated and committed team of employees of the Bank.

For and on behalf of Board of Directors of the Bank

Chairman & Managing Director

Corporate Governance Report

1. SIDBI Philosophy on Corporate Governance:

Small Industries Development Bank of India (SIDBI) is committed to values, ethical conduct, transparency in dealing, contribution towards social causes and considering stakeholder's interest in the fair conduct of business. SIDBI believes that good governance is an integral element for its business and growth. Governance goes beyond compliance with the statutory and regulatory requirements and aims to safeguard, maintain and enhance shareholders' wealth. SIDBI was established under SIDBI Act, 1989 and is a high value debt listed entity, and complied with SIDBI Act, 1989, SIDBI Regulations, 2000, regulation no. 15 to 27 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and RBI Circular dated April 26, 2021 on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board.

The Report on Corporate Governance for the financial year ended 31st March, 2023 containing, inter-alia, the matters as specified in Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is presented hereunder:

2. Board of Directors:

The Small Industries Development Bank of India Act, 1989 (the SIDBI Act) was enacted by the Parliament to establish the Small Industries Development Bank of India ('SIDBI') as the principal financial institution for the promotion, financing and development of industry in the small-scale sector and to co-ordinate the functions of the institutions engaged in the promotion, financing or developing industry in the small-scale sector and for matters connected therewith or incidental thereto. Later on, SIDBI was permitted to extend assistance to MSMEs as defined under MSMED Act. The Constitution of Board including procedure related to appointment of Executive and Non-executive directors their duties and function were prescribed under the Act.

The Board is headed by Chairman and Managing Directors appointed by Government of India, Department of Financial Services under the provision of the section 6 (1) (a) of the SIDBI Act. Two whole time directors designated as Deputy Managing Director are appointed under section 6 (1) (b) by Government of India. Government of India also nominates two government officials as nominee directors in the category of non-executive directors. Three directors are nominated by Shareholders of SIDBI under section 6 (1) (c) of the SIDBI Act. Three directors are nominated by Central Government under section 6 (1) (d) of the SIDBI Act and a maximum number of four directors in terms of percentage of shareholding to be elected by the shareholders under section 6 (1) (e) of the SIDBI Act, provided that Board may co-opt such number of Directors not exceeding four, in case of vacancy, under section 6 (1) (f) of the SIDBI Act. The SIDBI Act doesn't provide for 'retire by rotation' of its directors.

2.1 **Composition and Category of Directors:** As on March 31, 2023, SIDBI Board Comprised of 3 executive directors and 8 non-executive directors. The composition of the Board of SIDBI is compliant with regulation no. 17 (1) of LODR. There is no relationship amongst directors **inter-se**.

Name of Director & Category of Directorship	Date of Appointment	Membership/ Chairmanship of Committees of Board of SIDBI	No. of Equity Shares and non-Convertible Securities held
Shri Sivasubramanian Ramann Chairman and Managing Director/Executive Director (Appointed by Central Government u/s 6 (1) (a) of the SIDBI Act, 1989)	19/04/2021	1- Executive Committee- Chairman 2- Special Committee to Monitor Large Value Frauds- Chairman 3- Customer Service Committee- Chairman 4- Recovery Review Committee- Chairman 5- Review Committee on wilful defaulters & Non-cooperative borrowers- Chairman	NIL
Shri V. Satya Venkata Rao Deputy Managing Director/ Executive Director (Appointed by Central Government u/s 6 (1) (b) of the SIDBI Act, 1989)	05/06/2020	1- Executive Committee-Member 2- Risk Management Committee -Member 3- Special Committee to Monitor Large Value Frauds -Member 4- Customer Service Committee-Member 5- Recovery Review Committee-Member 6- DMD-Management Committee- Chairman 7- Committee on Sustainable Development Goals- Member 8- Audit Committee-Member 9- Stakeholders Relationship Committee-Member	NIL

Name of Director & Category of Directorship	Date of Appointment	Membership/ Chairmanship of Committees of Board of SIDBI	No. of Equity Shares and non-Convertible Securities held
Shri Sudatta Mandal Deputy Managing Director/ Executive Director (Appointed by Central Government u/s 6 (1) (b) of the SIDBI Act, 1989)	03/05/2021	1- Executive Committee-Member 2- Risk Management Committee -Member 3- Special Committee to Monitor Large Value Frauds -Member 4- Information Technology Strategy Committee-Member 5- Customer Service Committee-Member 6- Recovery Review Committee-Member 7- DMD-Management Committee- Member 8- Audit Committee-Member 9- Stakeholders Relationship Committee-Member	NIL
Dr. Rajneesh Non-Executive Director/ Independent Director (Officials of the Central Government nominated by the Central Government u/s 6 (1) (c) of the SIDBI Act, 1989)	22/02/2023	NIL	NIL
Shri Bhushan Kumar Sinha Non-Executive Director/ Independent Director (Officials of the Central Government nominated by the Central Government u/s 6 (1) (c) of the SIDBI Act, 1989)	06/01/2023	1- Audit Committee-Member 2- Special Committee to Monitor Large Value Frauds- Member 3- Recovery Review Committee- Member 4- Nomination & Remuneration Committee-Member	NIL
Shri K. Sampath Kumar Non-Executive Director/ Independent Director (Nominated by State Bank of India u/s 6 (1) (d) of the SIDBI Act, 1989)	20/07/2022	1- Audit Committee- Member 2- Executive Committee- Member 3- Risk Management Committee- Member 4- Special Committee to Monitor Large Value Frauds- Member 5- Customer Service Committee-Member 6- DMD-Management Committee- Member 7- Stakeholders Relationship Committee-Member	NIL
Shri Krishna Singh Nagnyal Non-Executive Director/ Independent Director (Nominated by Life Insurance Corporation of India u/s 6 (1) (d) of the SIDBI Act, 1989)	29/10/2021	1- Audit Committee- Member 2- DMD-Management Committee- Member 3- Nomination & Remuneration Committee-Member 4- Stakeholder Relationship Committee- Member	NIL
Shri Monomoy Mukherjee Non-Executive Director/ Independent Director (Nominated by National Bank for Agriculture and Rural Development u/s 6 (1) (d) of the SIDBI Act, 1989)	29/12/2021	1. Risk Management Committee- Member	NIL
Shri G. Gopalakrishna Non-Executive Director/ Independent Director (Co-opted by the Board of Directors of SIDBI u/s 6 (1) (f) of the SIDBI Act, 1989)	11/08/2021 (Initial Appointment on 11/08/2018)	1- Executive Committee- Member 2- Information Technology Strategy Committee-Member 3- Customer Service Committee-Member 4- Recovery Review Committee- Member 5- Review Committee on Wilful defaulters & Non-cooperative borrowers- Member 6- Nomination & Remuneration Committee-Member 7- Stakeholder Relationship Committee- Chairman	NIL

Name of Director & Category of Directorship	Date of Appointment	Membership/ Chairmanship of Committees of Board of SIDBI	No. of Equity Shares and non-Convertible Securities held
Smt. Nupur Garg Non-Executive Director/ Independent Director (Co-opted by the Board of Directors of SIDBI u/s 6 (1) (f) of the SIDBI Act, 1989)	04/02/2022 (Initial Appointment on 04/02/2019)	1- Audit Committee- Member 2- Special Committee to Monitor Large Value Frauds- member 3- DMD-Management Committee- Member 4- Nomination & Remuneration Committee- Member	NIL
Shri Amit Tandon Non-Executive Director/ Independent Director (Co-opted by the Board of Directors of SIDBI u/s 6 (1) (f) of the SIDBI Act, 1989)	08/08/2021	1- Committee on Sustainable Development Goals- Chairman 2- Risk Management Committee- Chairman	NIL

Note: Pursuant to and in accordance with explanation provided under Regulation no. 16 (1) (b) (Independent Director) it may be mentioned that SIDBI being a 'high' value debt listed entity and composition of the Board of SIDBI is mandated to constitute in terms of section 6 of the SDBI Act, 1989. Accordingly, the non- executive directors on the Board of SIDBI shall be treated as independent directors in SIDBI.

2.2 Details of Skills/ Expertise/ Competencies Possessed by the Directors who were part of the Board on 31st March 2023 were as follows:

SIDBI Board as on March 31, 2023 is heterogeneous and with mix of experience, qualifications, gender, skill set and expertise. The table below summarizes Board of Directors' skills sets and attributes.

Name	Qualifications	Skills/ Expertise/ Competencies
Shri S. Ramann	BA (Economics), MBA, M. Sc. in Regulations, L.LB, Certified Internal Auditor, and Diploma in Securities Law	Governance and Leadership, Management & Administration, Accountancy, Auditing, Law, Diplomacy, Economics, International exposure & Relationships, Finance, Industries and Banking.
Shri V. S. V. Rao	B. Com, Master of Law, PG Diploma in IRPM	Governance & Leadership, Finance, Law, Human resource management, Corporate Communication, Governance Banking/ Venture Capital/ real estate Industry exposure.
Shri Sudatta Mandal	B-Tech. (Electrical) and PGDM (Finance)	Asset & Risk Management, Compliances, Strategy, Accountancy, Finance, Banking, Trade and Investment Finances, Project Finance, SME lending, Cluster development, Management & Administration, Governance & Leadership.
Dr. Rajneesh	Masters in Economics & International Law and PhD	Finance, Commerce, Urban Development & Town Planning, Education and IT, International Law & Economics, Administration, Governance & Leadership, Management.
Shri B. K. Sinha	BA, LLB, MBA and PhD	Governance & Leadership, Capital Market, Disinvestment & Public Asset Management, Banking, Financial Inclusion (FI), credit to agriculture / rural sector, priority sector lending by banks and functioning of Regional Rural Banks (RRBs),
Shri K. S. Kumar	B. Com and MBA, CAIIB and ICWA (Inter).	Governance & Leadership, Finance, Account, Portfolio Management, Banking, Foreign Exchange, SME Retail Business, Transaction Banking and Corporate Credit.
Shri K. S. Nagnyal	BA	Governance & Leadership, Management, Personnel and Industrial relationship, Insurance Sector, Corporate Communications.
Shri Monomoy Mukherjee	Masters in Science, Masters in Technology, CAIIB, and Certified Consultant for Training Need Assessment and Design of Training	Governance & Leadership, Rural Development, Agriculture, Compliances, Microfinance, Banking, technology and Human Resource Development.
Shri G. Gopalakrishna	BA, LLB and CAIIB	Governance & Leadership, Financial Research & Learning, Banking, Finance, Information Security, Electronic Banking Technology, Risk Management and Cyber Frauds.
Ms. Nupur Garg	MBA and CA	Governance & Leadership, Investment advisory, Entrepreneurship Development, Mentorship, Social Services, Private Equity and Venture Capital Fund management.
Shri Amit Tandon	BA (Hons), MBA and M. Phil	Governance & Leadership, Merchant Banking, Project Finance, Economics, Management, Corporate Law matter.

2.3 The table below summarizes the key attributes and skills matrix, in line with SIDBI Act 1989 mapped in broad Parameter viz. industrial and technical knowledge, requisite experience and Governance & Leadership.

Name of Director	Industrial and technical Knowledge	Experience	Governance & Leadership
Shri S. Ramann	√	√	√
Shri V. S. Venkata Rao	√	√	√
Shri Sudatta Mandal	√	√	√
Dr. Rajneesh	√	√	√
Shri B. K. Sinha	√	√	√
Shri K. Sampath Kumar	√	√	√
Shri K. S. Nagnyal	√	√	√
Shri Monomoy Mukherjee	√	√	√
Shri G. Gopalakrishna	√	√	√
Smt. Nupur Garg	√	√	√
Shri Amit Tandon	√	√	√

2.4 **Details of Membership/ Chairmanship of Directors in the Board/ Committees of other listed entities:**

Name of Director	Name of Listed Entity other than SIDBI in which the Director is a member of the Board	Name of the Board/ Committee in other listed entity where the Director is chairman/ member	Category of Directorship in other listed entities
Shri S. Ramann	NIL	NA	NA
Shri V. S. V. Rao	NIL	NA	NA
Shri Sudatta Mandal	NIL	NA	NA
Dr. Rajneesh	NIL	NA	NA
Shri B. K. Sinha	Bank of India	Audit Committee- Member Nomination and remuneration Committee-Member	Non Executive
Shri K. Sampath Kumar	NIL	NA	NA
Shri K. S. Nagnyal	NIL	NA	NA
Shri Monomoy Mukherjee	NIL	NA	NA
Shri G. Gopalakrishna	NIL	NA	NA
Smt. Nupur Garg	Indigo Paints Limited	Audit Committee- Member Nomination & Remuneration Committee-Member Stakeholder Relationship Committee-Chairperson	Independent Director
Shri Amit Tandon	NIL	NA	NA

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 Directors/ 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 Committees, across all the companies in which he/ she is a Director.
- There is no relationship amongst directors inter-se.
- None of the Non-Executive Directors hold shares and Convertible Securities of SIDBI as on March 31, 2023.

2.5 **Change of Director during the Financial Year 2023:** The Changes in the composition of the Board during the year are given hereunder:

Name	Date of Appointment	Date of Cessation (in case of resignation)	Remarks (viz. Reasons for Change etc.)
Shri B. K. Sinha	06/01/2023	-	Appointment: Government of India, vide its notification dated January 6, 2023, nominated Shri Bhushan Kumar Sinha as a Director.
Shri K. Sampath Kumar	20/07/2022	-	Appointment: State Bank of India, vide its communication dated July 20, 2022, nominated Shri K. Sampath Kumar on the Board w.e.f. July 20, 2022 in place of Shri B. Sankar.

Name	Date of Appointment	Date of Cessation (in case of resignation)	Remarks (viz. Reasons for Change etc.)
Dr. Rajneesh	22/02/2023	-	Appointment: Government of India, vide its notification dated February 22, 2023, nominated Dr. Rajneesh as a Director.
Shri Shailesh Kumar Singh	20/06/2022	21/02/2023	Cessation: Consequent upon Government of India nominating Dr. Rajneesh on the Board in place of Shri Shailesh Kumar Singh, he ceased to be a member of the Board.
Shri Ashish Gupta	11/08/2018	21/03/2023	Cessation: Shri Ashish Gupta was appointed as a Chief Investment Officer in an Asset Management Company of a mutual fund where he will oversee the equity and debt investment and to avoid any conflict of interest, he has tendered his resignation in view of best governance practice. Further, he has confirmed that there were no other material reasons other than as disclosed hereinabove.
Shri Lalit Kumar Chandel	01/04/2022	05/01/2023	Cessation: Consequent upon Government of India nominating Shri Bhushan Kumar Sinha on the Board in place of Shri Lalit Kumar Chandel, he ceased to be a member of the Board.
Shri B. Sankar	29/06/2021	19/07/2022	Cessation: Consequent upon SBI nominating Shri K. Sampath Kumar on the Board in place of Shri B. Sankar, he ceased to be a member of the Board.
Shri Devendra Kumar Singh	05/06/2020	19/06/2022	Cessation: Consequent upon Government of India nominating Shri Shailesh Kumar Singh on the Board in place of Shri Devendra Kumar Singh, he ceased to be a member of the Board.

2.6 Meetings of the Board of Directors:

A meeting of the Board shall be held at least once in every quarter and at least four meetings shall be held every year and the meetings may be held at such places as may be prescribed.

No. of meetings held during the Financial Year: 04 (Four)

Date of meetings: 17/05/2022, 05/08/2022, 29/10/2022 and 06/02/2023

Name of Directors	Number of Meetings entitled to attend after Appointment / Nominations / Co-option	No. of Meetings Attended	Attendance in the last AGM held on 25/06/2022
Shri S. Ramann	4	4	Yes
Shri V. S. Venkata Rao	4	3	Yes
Shri Sudatta Mandal	4	4	Yes
Dr. Rajneesh	0	0	-
Shri B. K. Sinha	1	0	-
Shri K. Sampath Kumar	3	2	-
Shri K. S. Nagnyal	4	4	-
Shri Monomoy Mukherjee	4	4	-
Shri G. Gopalakrishna	4	4	-
Smt. Nupur Garg	4	3	-
Shri Amit Tandon	4	4	-
Name of Director who were part of the Board during the financial year and ceased to be members of SIDBI Board			
Shri S. K. Singh	3	1	-
Shri Ashish Gupta	4	4	-
Shri L. K. Chandel	3	3	-
Shri B. Sankar	1	0	-
Shri D. K. Singh	1	0	-

2.7 Board Level Committees:

In terms of the provisions of SIDBI Act, 1989, SIDBI General Regulations, 2000, SEBI (LODR), Government instructions/ guidelines, RBI Circulars and business requirement, Board of SIDBI has constituted twelve Committee of the Board viz. Audit Committee, Risk Management Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee, Executive Committee, Recovery Review Committee, Review Committee on Wilful Defaulters & Non Cooperative Borrowers, Special Committee to Monitor Large Value Frauds, Customer Service Committee, IT Strategy Committee, Deputy Managing Director – Management Committee, and Committee on 'Sustainable Development Goals'.

Board of Directors of SIDBI has approved the Charter of Committees including Composition, Functions of the Committee, Frequency of Meeting, quorum etc., and the same is placed on the website of SIDBI i.e., www.sidbi.in at its Corporate Governance Section.

I. Audit Committee: The Audit Committee of the Board was constituted in terms of RBI Circular and complies with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and SEBI (LODR) (Amendment) Regulations, 2018 and stricter provision of the two regulations were taken in the charter.

- a. The main function of Audit Committee of the Board of SIDBI is to overview of the SIDBI financial reporting process, significant adjustments made in the financial statements, to review changes, if any, in accounting policies and practices and reasons for the same; functioning of the whistle blower mechanism; review internal audit reports, approval of related party transactions. The Committee also review, with the management, the statement of uses/ application of funds raised through an issue including the statement of funds utilized for purposes other than those stated in the offer document and making appropriate recommendations to the board to take up steps in this matter, reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- b. No. of meetings held during the Financial Year: 04 (Four)
- c. Date of meetings: 17/05/2022, 05/08/2022, 29/10/2022 and 06/02/2023
- d. Composition, Meeting and Attendance of the Audit Committee:

Name of Directors and Designation (Chairperson*)	Number of Meetings held during the tenure	No. of Meetings Attended
Shri Ashish Gupta	4	4
Shri V. S. Venkata Rao	4	3
Shri Sudatta Mandal	4	4
Smt. Nupur Garg	4	4
Shri K. Sampath Kumar	2	2
Shri K. S. Nagnyal	2	2
Shri Lalit Kumar Chandel	3	3
Shri B. K. Sinha	1	0

*Presently Audit Committee of SIDBI doesn't have a regular chairperson, the committee elect an Independent Director as a chairperson during the meeting.

II. Nomination and Remuneration Committee: Nomination and Remuneration Committee has been in place and is in accordance with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with SIDBI Act, 1989.

- a. The role of the Nomination and remuneration Committee is to recommend to the Board to co-opt such number of directors, not exceeding four, under first provisos of section 6 (1) (f) of SIDBI Act, 1989, to recommend to the board regarding extension/ continuation of the term of such appointment of the co-opted directors, on the basis of the report of performance evaluation of such directors and to formulate the criteria for evaluation of director.
- b. No. of meetings held during the Financial Year: NIL
- c. Date of meetings: NA
- d. Composition, meetings, and attendance of the Nomination and Remuneration Committee

Name of Directors and Designation (Chairperson)	Number of Meetings held during the tenure	No. of Meetings Attended
Smt. Nupur Garg	0	0
Shri G. Gopalakrishna	0	0
Shri K. S. Nagnyal	0	0
Shri B. K. Sinha	0	0
Shri Lalit Kumar Chandel	0	0

III. Stakeholder Relationship Committee: The committee has been constituted in accordance with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

- The Role of stakeholder committee is to monitor the grievances of the shareholders and other security holder, Reviewing the measures taken for effective exercise of voting rights by shareholders, Reviewing the adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent. Reviewing the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividend and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Bank.
- No. of meetings held during the Financial Year: Nil
- Date of meetings: NA
- Stakeholder relationship committee meeting was held on May 3, 2023.
- Composition, meetings, and attendance of the stakeholder relationship Committee on May 3, 2023.

Name of Directors and Designation (Chairperson)	Number of Meetings held during the tenure on May 3, 2023	No. of Meetings Attended
Shri G. Gopalakrishna, Chairperson	1	1
Shri V. S. Venkata Rao	1	0
Shri Sudatta Mandal	1	1
Shri K. S. Nagnyal	1	1
Shri K. Sampath Kumar	1	1

- Name and designation of Compliance Officer: Shri Vishnu Kumar Sah (Company Secretary & Compliance Officer)
- Status of Investor Complaint during the financial Year 2023:

Security	Number of complaints received during the year	Number of complaints not solved to the satisfaction of security holder	Number of pending Complaints
Shareholders	NIL	NA	NA
Holder of Non-Convertible listed Securities	NIL	NA	NA

IV. Risk Management Committee: The Risk Management Committee (RiMC) of the Board was constituted in terms of RBI Circular and complies with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and SEBI (LODR) (Amendment) Regulations, 2018 and stricter provision of the two regulations were taken in the charter.

- The roles and responsibilities of RiMC shall be as per Enterprise Risk Management (ERM) policy as approved/ modified by the Board from time to time. As per present ERM policy, the role of the RiMC is to formulate Risk Management policies for Credit, Market and Operational risks and policies for ALM, Investment, ICAAP and such other policies having a bearing on the risks inter-alia including framework for identification of internal and external risks specifically faced by SIDBI, in particular including financial, operational, sectoral, sustainability, cyber security risks or any other risk. RiMC carries out periodic review of the risk policies and risk framework and ensures that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of SIDBI. RiMC also monitors and oversees implementation of the risk management policy, including evaluating the adequacy of risk management systems and define/ revise the roles and responsibilities of the other Risk Management Committees viz. Enterprise Risk Management Committee (ERMC) and Asset Liability Management Committee (ALCO) etc.
- No. of meetings held during the Financial Year: 04 (Four)
- Date of meetings: 09/05/2022, 02/08/2022, 31/10/2022 and 02/02/2023
- Composition, meetings, and attendance of the Risk Management Committee:

Name of Directors and Designation (Chairperson)	Number of Meetings entitled to attend after Nominations	No. of Meetings Attended
Shri Amit Tandon, Chairperson	4	4
Shri V. S. Venkata Rao	4	4
Shri Sudatta Mandal	4	4
Shri K. Sampath Kumar	3	2
Shri Monomoy Mukherjee	4	4
Shri B. Sankar	1	1

V. Executive Committee: Executive Committee of the Board is constituted in terms of the provision contained in the SIDBI Act, 1989.

- a. The Role of the committee is to approve credit and investments related proposals as per credit exposure norms/ delegation, sanction of refinance assistance to Banks/ SFB involving relaxation in norms beyond the relaxable caps prescribed under the scheme, sanction OTS, restructuring etc. to Banks and SFCs under Institutional Finance, to consider proposals for approval/ sanction of exposure and securitization/ assignment of specified portfolio w.r.t NBFCs under Institutional Finance, to consider proposals involving any relaxation in benchmark norms for sanction, eligibility parameters and other parameters for sanction as per DoP and proposals involving Connected Lending provisions and to discharge such functions as may be prescribed or as may be delegated to it by the Board from time to time.
- b. Executive committee has met 13 times during the year on 14/05/2022, 25/06/2022, 02/08/2022, 10/09/2022, 22/10/2022, 23/11/2022, 31/12/2022, 24/01/2023, 11/02/2023, 24/02/2023, 08/03/2023, 18/03/2023 and 23/03/2023.
- c. Composition, meetings, and attendance of Executive Committee:

Name of Directors and Designation (Chairperson)	Number of Meetings entitled to attend after Nominations	No. of Meetings Attended
Shri S. Ramann (Chairman)	13	13
Shri V. S. Venkata Rao	13	12
Shri Sudatta Mandal	13	12
Shri K. Sampath Kumar	11	6
Shri G. Gopalakrishna	13	12
Shri B. Sankar	2	0

VI. Recovery Review Committee: The role of the Recovery Review Committee is to review the NPA cases having principal outstanding of ₹5 crore and above and SMAs, restructured accounts. RRC has met 4 times during the year on 17/05/2022, 04/08/2022, 01/11/2022 and 28/02/2023.

VII. Review Committee on wilful Defaulters & Non-Cooperative Borrowers (RCWD&NCB): The role of the RCWD&NCB is to review the orders passed by the Committee for Identification of Wilful Defaulters & Non-Cooperative Borrowers for identifying cases as wilful defaulters & non-cooperative borrowers. The Committee also reviews, on half yearly basis, cases of wilful default and non-cooperative borrowers and declassification, if any, thereof.

VIII. Special Committee to Monitor Large Value Frauds (SCMLVF): The function of SCMLVF is to monitor and review all frauds of ₹1 crore and above and to monitor progress of recovery position, ensure the staff accountability is examined at all levels and to review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls. SCMLVF has met 4 times during the year on 17/05/2022, 04/08/2022, 01/11/2022 and 28/02/2023.

IX. Customer Service Committee (CSC): The function of CSC shall review the status of customer service in the Bank and suggest measures to improve quality of customer services. The Committee also monitors the customer grievances and timely resolution thereof. CSC has met 4 times during the year on 14/05/2022, 02/08/2022, 22/10/2022 and 24/01/2023.

X. IT Strategy Committee (ITSC): The function of ITSC is to approve IT vision, strategy and IT policy documents of the Bank, ensuring that the business and IT strategy are in alignment, IT organizational structure complements the business model and its direction. The Committee also act as apex committee for Information and Cyber Security, taking strategic and financial decisions on the information security plan to maintain a satisfactory level of information security. ITSC has met 5 times during the year on 09/05/2022, 04/08/2022, 04/10/2022, 23/12/2022, 01/02/2023.

XI. Committee on "Sustainable Development Goals" (CSDG) of SIDBI has met 2 times during the year on 22/07/2022 and 12/12/2022.

3. Remuneration of Directors for FY2023;

Name of Director	Salary as per section 17 (1) of IT Act	Other Benefit	Gross Salary
1	2	3	4=2+3
Shri S. Ramann (CMD)	₹40,66,126.00	₹9,27,681.00	₹49,93,807.00
Shri V S. V. Rao (DMD)	₹34,50,587.00	₹7,52,074.00	₹42,02,661.00
Shri S. Mandal (DMD)	₹34,20,717.00	₹8,87,168.00	₹43,07,885.00

Other Benefit includes medical reimbursement, furnishing of residence, utility bills, newspaper & periodical, etc.

4. Remuneration and Sitting Fees to the Non-Executive Directors:

SIDBI does not pay any remuneration to Non-Executive Directors except sitting fees, in terms of Government of India guidelines, for attending the meetings of the Board and its Committees. The fees payable is as under:

Meetings	Sitting fees payable per meeting
Board	₹40,000 (₹10,000 additional for chairing Board Meeting)
Committee	₹20,000 (₹5,000 additional for chairing Board Meeting)

Note: Executive directors and Govt officials on the Board of the SIDBI are not entitled for any sitting fees.

The total sitting fees paid to non-executive directors during the FY 2023.

Name of Directors	Amount
Shri B. Sankar(paid to SBI)	₹40,000
Shri K. Sampath Kumar (paid to SBI)	₹4,00,000
Shri Monomoy Mukherjee (Paid to NABARD)	₹2,40,000
Shri Krishna Singh Nagnyal	₹3,00,000
Shri G. Gopalakrishna	₹6,65,000
Shri Ashish Gupta	₹3,60,000
Smt. Nupur Garg	₹3,40,000
Shri Amit Tandon	₹3,10,000

5. General body meetings:

Financial Year	Date	Location of the Meeting	Time (IST)	Special Resolution (s) Passed
2019-20	July 2, 2020	Lucknow through VC/ OAVM	11.00 a.m.	NIL
2020-21	July 15, 2021	Lucknow through VC/ OAVM	11.00 a.m.	NIL
2021-22	June 25, 2022	Lucknow	10.30 a.m.	NIL

Postal Ballot: No Resolution was passed by SIDBI last year through Postal Ballot. None of the businesses proposed to be transacted at the ensuing AGM require passing a Resolution through Postal Ballot.

6. General information/ Affirmation and Disclosures.

6.1 Means of Communications: The quarterly and annual financial results are normally published in 'Financial Express' and 'Jansatta' and also uploaded on the SIDBIs' website viz. www.sidbi.in.

6.2 SIDBI has not made any presentation to institutional investors or to the analysts during FY 2023.

6.3 General Shareholder Information:

- 25th Annual General Meeting of SIDBI shall be held on Monday, June 26, 2023, 3:00 PM at Head Office for the financial year 2023.
- Dividend Payment Date: On or after June 26, 2023 (within 30 days from the date of AGM)
- Record Date: June 19, 2023

6.4 Equity shares of SIDBI are not listed in any of the Stock Exchanges. SIDBI is a high value debt listed entity and NCDs and CPs of SIDBI are listed in the National Stock Exchange of India Limited, Further, it is hereby confirmed that the annual listing fees (as applicable) of ₹6,01,800/- was paid on April 28, 2023 to NSE.

6.5 SIDBI confirms that the securities of SIDBI were not suspended from trading during the Financial Year 2023.

6.6 Distribution of Shareholding:

Name of the Shareholder	% 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
Total	100.00

We hereby confirm that electronic connectivity facility during the period April 1, 2022 to March 31, 2023 (both days inclusive) was provided by the Registrar and Share Transfer Agent, viz. Link Intime India Private Limited, which is registered as Registrar & Share Transfer Agent in Category - I with the Securities and Exchange Board of India vide

Registration Number: INR000004058. Address: C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai - 400083; Tel: 022-49186000; Fax: 022-49186060; Website: www.linkintime.co.in.

- 6.8 **Share Transfer System:** SIDBI is not an equity listed entity. Shares of SIDBI were issued in demat form only. Regulation 27 of SIDBI General Regulations, 2000 deals with the transfer of shares of SIDBI and SIDBI has appointed Link Intime as a registrar and share transfer agent. Further SIDBI securities (NCS) were listed in the National Stock Exchange of India Limited and issued in the demat form only.
- 6.9 Shares of SIDBI are dematerialized and are not listed in any of the stock exchanges. Hence equity shares of SIDBI are not tradeable in any of the Stock Exchanges.
- 6.10 Credit rating agencies and ratings: Care Ratings Limited, Crisil Ratings Limited, ICRA Limited and India Ratings & Research Pvt. Ltd. are the credit rating agencies for rating of the various instruments issued by SIDBI during the financial year under review, the ratings agencies have reaffirmed ratings and there was no change in rating of SIDBI.

Instruments	Rating	Rating Action
CARE Ratings Limited		
Long Term Bank Facilities	CARE AAA; Stable	Reaffirmed
MSE/RIDF Deposits	CARE AAA; Stable	Reaffirmed
Short Term Bank Facilities	CARE A1+	Reaffirmed
Unsecured Redeemable Bonds	CARE AAA; Stable	Reaffirmed
Long Term / Short Term Instrument – CD / CP program	CARE AAA; Stable / CARE A1+	Reaffirmed
Fixed Deposit	CARE AAA; Stable	Reaffirmed
CRISIL Ratings Limited		
Non-Convertible Debentures	CRISIL AAA/Stable	Reaffirmed
ICRA Limited		
Non-Convertible Debentures	ICRA AAA Stable	Reaffirmed
India Ratings & Research Pvt Ltd		
Commercial Paper	IND A1+	Reaffirmed

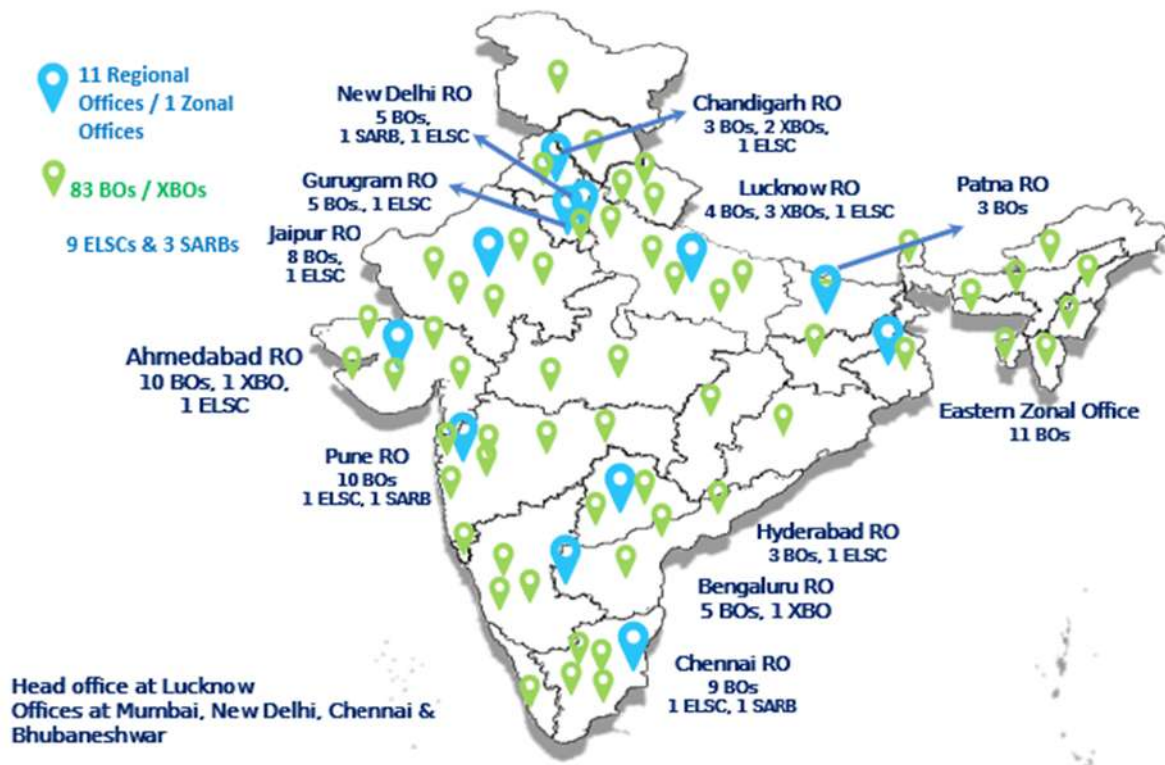
- 6.11 All transactions with the related parties are on arm's length basis and in the ordinary course of the business. Materially significant Related Party Transaction during the year under review as under:

Material Related Party Transactions during FY 2022-23					
Sl no.	Name	PAN	Relationship of the counter- party with the listed entity or its subsidiary	Type of related party transaction	Approx Value of transaction during the reporting period (in ₹ crore)
1	Credit Guarantee Fund Trust for Micro and Small Enterprises	AAATC2613D	Common Director	Fixed Deposit	2000
2	Bank of India	AAACB0472C	Common Director	Refinance	25277
3	AXIS Mutual Fund	AACTA5925A	Common director	Treasury Investment	1051 (Including Purchase and redemption)
4	National Housing Bank	AABCN2600H	Common director	Investment / Redemption in -NHB CP	1998
5	Bank of Maharashtra	AACCB0774B	Common Director	Refinance/ treasury investment	2101

In terms of Policy on Materiality of Related Party Transactions and on dealing With Related Party Transactions [Transaction(s) entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of listed entity as per the last audited financial statements of the listed entity, whichever is lower.] and [a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed {five} percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.]

10% Consolidated Turnover of SIDBI for FY 2023 being higher than ₹1000 crore, the limit for Material RPT is considered as ₹ 1000 crore, also no transaction has been reported in r/o brand Usage/ royalty.

- 6.12 During the year under review penalty, was imposed by NSE for the non-appointment of Company Secretary of SIDBI as a compliance officer and on representation in the matter, NSE has waived off the penalty.
- 6.13 The Board of Directors of SIDBI in their 217th Board meeting held on February 06, 2023 has approved the vigil mechanism/ whistle blower policy. In terms of requirement under regulation no. 22 of the SEBI (LODR) Regulations, 2015 and Regulation no. 9A(6) of SEBI (PIT) (Amendments) Regulations, 2018 which mandates to formulate a whistle blower policy. The policy aims at instilling confidence into the whistle blower for ensuring effective corporate governance by maintaining confidentiality, protection from any form of victimization. Complaints should be disposed of in a time-bound manner. The investigators should also be protected against victimization. The subject (accused) shall be provided with an opportunity of being heard, before a final conclusion is drawn. SIDBI reserves the right to initiate disciplinary action against the whistle blower, in case the complaint is found to be false or frivolous, after investigation. The policy is made available on the website of SIDBI i.e. www.sidbi.in. No personnel were denied access to the Audit Committee of the Board in terms of Whistle Blower Policy.
- 6.14 Policy on materiality of related party transactions and policy for determining 'material' subsidiaries are available on the website of SIDBI on www.sidbi.in under link: <https://www.sidbi.in/en/corporate-governance#section1>
- 6.15 The Bank uses derivatives for hedging of interest rate and exchange risk arising out of mismatch in the assets and liabilities. All derivatives undertaken by Bank are for hedging purposes with underlying as Foreign Currency borrowings, which are not MTM, but only translated. The Bank does not undertake trading in Derivatives. Internal Control guidelines and accounting policies are framed and approved by the Board. The Bank has put systems in place for mitigating the risk arising out of derivative deals. The Bank follows the accrual method for accounting the transactions arising out of derivative deals.
- 6.16 Details of Offices, Zonal/ Regional offices, branch



*map not to scale

- 6.17 Total fees paid to the Statutory Auditors (Borkar & Muzumdar) during FY 2023 was ₹52,52,230/-. Statutory Auditor of SIDBI is not an Auditor to any of its subsidiary. Total fees paid by the subsidiary company to their respective statutory auditor are provided in the table below.

Sr. No.	Name of the Subsidiaries	Name of the Statutory Auditor	Total Fees Paid
1	MUDRA	M/s V.C Shah and Co. Chartered Accountants FRN: 109818W	₹7,25,000/-
2	SVCL	M/s. R.B. Jain & Associates, FRN: 103951W	₹1,50,000/-
3	STCL	M/s. Shah & Modi, FRN: 112426W	₹71,000/-
4	SIDBI Swavalamban Foundation	Kumar Chandan & Associate (KCA) FRN: 025164N	₹1,70,000

- 6.18 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 : One

number of complaints disposed of during the financial year : Nil

number of complaints pending as on end of the financial year : One

- 6.19 Details of material subsidiaries of SIDBI; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries

Amount in ₹ crore.

Particulars	FY 2022		FY 2023	
	Total Income	Networth	Total Income	Networth
SIDBI (Consolidated)	10,133.06	24580.33	20002	27196
10% of total income /Net-worth	1013.30	2458.03	2002.20	2719.60
Material Listed Subsidiaries – No Listed Subsidiary				
Material unlisted Subsidiary				

Name of Subsidiaries	Total Income / Networth	Exceeds 10% Yes/No	Total Income / Networth	Exceeds 10% Yes/No	Material Subsidiary Yes/No
MUDRA	1018.74/2720.92	Yes	1541.66/3271.53	Yes	Yes
SVCL	11.60/44.71	No	11.56/47.64	No	No
STCL	0.67/8.33	No	0.77/8.88	No	No

MUDRA is material subsidiary of SIDBI which was incorporated at Mumbai on March 18, 2015 as wholly owned subsidiary of SIDBI. Statutory auditor of MUDRA is M/s V. C. Shah and Co. Chartered Accountants (FRN: 109818W).

- 6.20 SIDBI has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V to the extent that the requirements of the regulation do not violate the provisions of SIDBI Act, 1989, and regulations made there under. Further SIDBI complied with the directions and guidelines issued by the Reserve Bank of India.
- 6.21 SIDBI Board has accepted recommendation of various committees of the board which is mandatorily required during the financial year 2023. Corporate Governance approach of SIDBI is inclusive in nature and opinion of the members of the Board and external expert is duly recognized and included in the Board Decisions.

6.22 **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, Maharashtra.

Declaration of Chairman and Managing Director

I hereby declare that members of board of directors and senior management have affirmed compliance with the code of conduct of Board of Directors and senior management for Financial Year 2023.

Shri S. Ramann
Chairman & Managing Director

Annexure-I

Brief Profile of Executive and Non-executive Directors of SIDBI during Financial Year 2023.

Shri Sivasubramanian Ramann (CMD): Shri S. Ramann, belongs to 1991 batch of Indian Audit & Accounts Service (IA&AS). He joined as Chairman & Managing Director, Small Industries Development Bank of India (SIDBI) from 19th April 2021. Before joining SIDBI, he was MD & CEO of National E-Governance Services Limited (NeSL) from December 2016. Prior to joining NeSL, Shri Ramann was the Principal Accountant General (Audit), Jharkhand, Ranchi during 2015-2016. He worked with SEBI as CGM and later Executive Director between 2007 & 2013.

He held various positions in the offices under the C&AG of India in various States and also worked as Executive Secretary to the C&AG of India. He worked as First Secretary, at Indian High Commission, London for auditing the accounts of various Indian Embassies in Europe. He is BA (Hons) Economics from St Stephens College and MBA from FMS, Delhi University. He has done M. Sc. in Regulations from London School of Economics and Certified Internal Auditor from IIA Florida. He completed LLB from Mumbai University and Post Graduate Diploma in Securities Law.

Shri V. Satya Venkata Rao (DMD): He has more than 29 years of working experience in two All India Financial Institutions. He is a Post Graduate in Law with distinction of securing a Gold Medal from Andhra University in Masters of Law. He has handled several critical matters in areas such as Legal, Human Resource, Corporate Communications and also worked as Central Public Information Officer and Appellate Authority under the Right to Information Act. Shri Rao has participated in International Conferences in London and Beijing. He has also spent considerable time in the areas of legal matters with special emphasis on recovery through legal route and has been successful in resolution of huge NPAs. Shri Rao has functioned as a Nominee Director on the Boards of listed and non-listed Companies. He has also served as a Director on the Boards of Venture Capital Company, Real Estate Company and Societies registered under the Societies Registration Act.

Shri Sudatta Mandal (DMD): He joined as Deputy Managing Director, Small Industries Development Bank of India (SIDBI) on 3rd May 2021. Before joining SIDBI, he was the Chief General Manager & Chief Financial Officer of the Export-Import Bank of India (Exim Bank). He has experience of more than 25 years across different verticals (Assets, Liabilities, Risk Management, Compliance and Strategy) in Exim Bank including more than 20 years of operational experience in International Trade and Investment Finance, Project Finance, SME lending including Cluster Finance, Trade Finance, and cross-border Development Finance. He is a B-Tech. in Electrical Engineering from the Indian Institute of Technology, Kanpur, and holds a Post Graduate Diploma in Management with specialization in Finance from the Indian Institute of Management, Calcutta.

Dr. Rajneesh: Dr. Rajneesh belongs to the 1997 batch of Indian Administrative Service (IAS). He holds Master's degree in economics from Delhi School of Economics, Master's degree in International Law & Economics, from University of Bern, Switzerland and PhD in Economics from Indian Institute of Foreign Trade, New Delhi. Dr. Rajneesh has also

done Hubert Humphery Fellowship Program from University of North Carolina, USA. Presently as Additional Secretary and Development Commissioner, Ministry of MSME, Dr. Rajneesh is engaged in comprehensive policy for development of the MSME sector in India. He has over 25 years of experience as an IAS officer having worked in the field of Finance, Commerce, Urban Development & Town Planning, Education and IT etc. He has also worked as PS to the President of India (2012-2017) and Finance Minister of India (2011-12).

Shri Bhushan Kumar Sinha: Shri B. K. Sinha belongs to 1993 batch of Indian Economic Service. He holds Master's degree in Business Administration (MBA) from the National Graduate School of Management (NGSM), Australian National University (ANU). He also holds a degree in Law and Ph. D. in Financial Economics from Department of Financial Studies, University of Delhi. Dr. Sinha has worked primarily in the financial sector covering areas such as Capital Market, Disinvestment & Public Asset Management, Banking, etc. in the Ministry of Finance, GoI. He has also worked as Joint Development Commissioner in the Ministry of MSME. After joining as Joint Secretary in DFS in June 2018, Dr. Sinha has handled Financial Inclusion (FI), credit to agriculture / rural sector, priority sector lending by banks and functioning of Regional Rural Banks (RRBs). Currently, he is handling Development Financial Institutions (DFIs), including National Bank for Financing Infrastructure and Development (NaBFID), Small Industries Development Bank of India (SIDBI), Export-Import Bank (EXIM Bank), India Infrastructure Finance Company Ltd. (IIFCL), Industrial Finance Corporation of India Ltd. (IFCI), National Housing Bank (NHB), etc. He is also handling all infra-financing related matters as well as sectoral lending policies/ issues. Earlier, Dr Sinha was Economic Adviser in the Department of Investment & Public Asset Management (DIPAM) and Director in the Office of the Finance Minister. Dr. Sinha is also Government Nominee Director on the Boards of Bank of India (BoI) and India Infrastructure Finance Company Ltd. (IIFCL). Earlier, he has served as the Government Nominee Director on the Boards of Central Bank of India, NABARD, IFCI and Micro Units Development & Refinance Agency (MUDRA) Ltd.

Shri K. Sampath Kumar: He is a seasoned banker, with experience of more than 32 years in various capacities in State Bank of India. He is a commerce graduate and MBA (Finance). He has passed CAIIB and ICWA (Inter). He Joined State Bank of India in 1990 as a Probationary officer. He has exposure in foreign exchange, SME, Retail business, Transaction Banking and Corporate Credit in different capacities and across various geographies. His last assignment was General Manager, CAG Branch, Chennai handling Corporates like TCS group, Murugappa group, Ashok Leyland, MRF etc. Currently he is CGM (SME) at SBI Corporate Centre, Mumbai, responsible for the MSME portfolio of ₹2.75 lakh crore of SBI.

Shri Krishna Singh Nagnyal: He is a graduate from Ewings Christian College, Allahabad University. He joined LIC of India as an officer and has wide experience in LIC having worked in various zones handling varied assignments such as Sr. Divisional Manager and Regional Manager. He has served the Corporation in various capacities and held prestigious positions in different parts of the country. He was Regional Manager, Marketing of Eastern Zone, Regional Manager (OS) and Regional Manager, Personnel and Industrial Relations of North Zone. He has headed Central Zone, Bhopal and Eastern Zone Kolkata as Zonal Manager In charge. Thereafter, he was

posted to the Central Office as Executive Director, Corporate Communications. He has a special interest in sports and is inclined towards Social Service.

Shri Monomoy Mukherjee: He is Chief General Manager of National Bank for Agriculture and Rural Development (NABARD) and holds the charge of Secretarial Department. He is also the Chief Compliance Officer of NABARD and its First Appellate Authority under RTI Act. He has done his M. Sc in Chemistry from Delhi University and M. Tech (Catalysis Technology) from IIT, Kharagpur. He is Certified Associate of Indian Institute of Bankers and Certified Consultant for Training Need Assessment and Design of Training. He has experience of 34 years across various offices and departments of NABARD including Faculty Member for 6 years. He has experience in development finance across Non-Farm Sector, Microfinance & Climate Space, Banking Technology and Human Resource Development.

Shri G. Gopalakrishna: He was Director of Centre for Advanced Financial Research and Learning (CAFRAL) from 21st April 2014 to 20th April 2017. CAFRAL was set up by Reserve Bank of India to develop into a world class global institution for research and learning in banking and finance. Before joining CAFRAL, he was Executive Director, Reserve Bank of India (RBI). Shri Gopalakrishna, a career Central Banker for over 33 years, mainly worked in the area of Banking and Non-Banking Regulation and Supervision.

He was the Chairman and Member of several Working Groups set up by the RBI/ Government of India. During 2011, he chaired the Working Group on Information Security, Electronic Banking Technology, Risk Management and Cyber Frauds, the recommendations of which have been implemented April 2011. The RBI guidelines has become benchmark standard for the industry in information security, information audit, I.T. Governance and Cyber frauds. He authored the Central Credit Registry created by RBI in 2014 for reporting large value credits. In 2014 Shri Gopalakrishna chaired the Committee constituted to examine the recommendations of FSLRC relating to Capacity Building in Banks and non-banks. The report has been accepted and implemented by the Reserve Bank of India.

Ms. Nupur Garg: She is a leading investor in private equity and venture capital and an expert advisor to large institutional investors. She is the founder of WinPE (<https://winpeforum.com>), a not-for-profit initiative to enhance gender diversity in the investing ecosystem. Ms. Nupur serves as Chairperson

of the Board of Kids Clinic India Limited and an independent director on the Boards of companies including Indigo Paints Limited, Kerala Infrastructure Fund Management Limited. She is an independent member of the investment committee at the Fund of Funds managed by the National Investment and Infrastructure Fund (NIIFF), the quasi-sovereign wealth fund sponsored by the government of India, and an advisor to and a member of the investment committee for the Dutch Good Growth Fund (DGGF), an investment fund of Dutch government for investments in SMEs in frontier markets across 75 countries. She has served as an external expert on the investment committee for the INR 10,000 crore Fund of Fund for Start-ups for investing in the Indian start-up ecosystem. Ms. Nupur advises select fund managers on matters related to institutionalization, best practices and governance. She also mentors female entrepreneurs across various platforms. Ms. Nupur was listed in the BW VC World Most Influential Women 2022, Forbes W-Power list of Self Made Women 2020, among India's top 100 Women Leaders in Finance (AIWMI 2019), awarded the Women Empowerment Entrepreneur Award 2019-20 and the Business Excellence and Innovative Best Practices - Academia Award 2019. In her last full-time role, Ms. Nupur led the private equity and venture capital funds business in the region, for IFC and is widely credited with establishing IFC's brand and credibility as one of the most respected institutional investors in this space. Ms. Nupur is a CA and an MBA from MIT Sloan School of Management, with executive education from Harvard Business School.

Shri Amit Tandon: He is the founder Institutional Investor Advisory Services India Limited (IIAS) and its managing director since July 2011. Before IIAS, Shri Amit was the managing director and CEO of Fitch Ratings: India from October 2001 to June 2011. He also had oversight over Fitch Ratings Lanka. Prior to joining Fitch, he was with the ICICI group for 17 years (from May 1984 – September 2001), where he rotated through various roles and businesses including project finance, leasing, and the merchant banking division. His last role with the ICICI group was as head of investment banking at ICICI Securities. He has been a member of the Reserve Bank of India's Technical Advisory Committee on Money, Foreign Exchange and Government Securities Markets, a member of one of the working groups convened by the Ministry of Corporate Affairs to review comments received on the Companies Act and the Kotak Committee on Corporate Governance constituted by SEBI. Shri Amit studied economics at St Stephens College, Delhi and has an MBA from the Faculty of Management Studies, Delhi and has an MPhil degree from the University of Cambridge, UK.

Annexure-II
SECRETARIAL AUDIT REPORT
For the financial year ended March 31, 2023

[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 SIDBI during the conduct of secretarial audit, I hereby report that in my opinion, SIDBI has complied with the statutory provisions listed hereunder for the financial year ended on 31st March, 2023 and also that SIDBI has proper Board-processes and compliance-mechanism in place to the extent, in the manner:

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 31st March 2023 according to the provisions of:

- (i) The Small Industries Development Bank of India Act, 1989 (SIDBI Act, 1989)
- (ii) Small Industries Development Bank of India General Regulations, 2000;
- (iii) The Companies Act, 2013 (the Act) and the rules made thereunder as amended;(Not Applicable to SIDBI during the Audit Period)
- (iv) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as amended; (Not Applicable to SIDBI during the Audit Period)
- (v) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as amended; (Not Applicable to SIDBI during the Audit Period)
- (vi) 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;(to the extent Applicable to SIDBI during the Audit Period)
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable to SIDBI during the Audit Period)
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015; (Not Applicable to SIDBI during the Audit Period)
 - (d) 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);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (to the extent Applicable to SIDBI during the Audit Period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (to the extent Applicable to SIDBI during the Audit Period)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to SIDBI during the Audit Period); and
 - (h) 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:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India; (Not Applicable to SIDBI during the Audit Period)
- (b) The Listing Agreements entered into by 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 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 the majority of Directors.

I further report that:

- there are adequate systems and processes in SIDBI commensurate with the size and operations of 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 SIDBI's affairs in pursuance of the above referred laws, rules, guidelines and standards.

**For: M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES
(Peer Review Certificate No: 2093/2022)**

**DEEP SHUKLA
{PROPRIETOR}**

**FCS: 5652
CP NO.5364
UDIN: F005652E000126674**

Place: Mumbai

Date: 18/04/2023

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 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 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 SIDBI nor of the efficacy or effectiveness with which the management has conducted the affairs of 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 was established and is governed by SIDBI Act, 1989 and SIDBI General regulation, 2000. SIDBI is in compliance with the regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with SIDBI Act, 1989 and SIDBI General regulations, 2000.

**For: M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES
(Peer Review Certificate No: 2093/2022)**

**DEEP SHUKLA
{PROPRIETOR}**

**FCS: 5652
CP NO.5364
UDIN: F005652E000126674**

Place: Mumbai

Date: 18/04/2023

Annexure-III
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, 2023, 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.

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 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 SIDBI.

SIDBI is established and governed by SIDBI Act, 1989 and SIDBI General Regulation, 2000. Thus, Corporate Governance Structure and compliances are in accordance with applicability of the regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with SIDBI Act, 1989 and SIDBI General Regulations, 2000.

For: M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES
(Peer Review Certificate No: 2093/2022)

DEEP SHUKLA
{PROPRIETOR}

FCS: 5652
CP NO.5364
UDIN: F005652E000126619

Place: Mumbai
Date: 18/04/2023

Annexure-IV
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, 2023

We, Deep Shukla & Associates have examined:

- (a) all the documents and records made available to us and explanation provided by **SIDBI** ("the high value Debt Listed Entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchange(s),
- (c) website of the listed entity
- (d) other relevant document(s)/ filing, which has been relied upon to make this certification,

for the year ended March 31, 2023 ("Review Period") in respect of compliance with the provisions of:

- (a) The Small Industries Development Bank of India Act, 1989 (SIDBI Act, 1989);
- (b) Small Industries Development Bank of India General Regulations, 2000;
- (c) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder;
- (d) 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]**;
- (e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

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

- (a) Regulations to the extent as applicable as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; duly updated;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not applicable during the review period]**
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **[Not applicable during the review period]**
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **[Not applicable during the review period]**
- (g) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[Not applicable during the review period]**
- (h) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended; (to the extent as applicable)
- (i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **[Not applicable during the review period]**
- (j) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (k) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, as amended;
- (l) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 2022;
- (m) The Securities and Exchange Board of India (Intermediaries) Regulations, 2008; **[Not applicable during the review period]**
- (n) Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018; and circulars/guidelines issued thereunder;

We hereby report that, during the review period the compliance status of the listed entity is appended below:

Sr. No.	Particulars	Compliance status (Yes/ No/ NA)	Observations/ Remarks of the Practicing Company Secretary
1.	<u>Secretarial Standards:</u> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI)	NA	SIDBI is established and is governed by SIDBI Act, 1989 and SIDBI General regulation, 2000
2.	<u>Adoption and timely updation of the Policies:</u> <ul style="list-style-type: none"> All applicable policies under SEBI Regulations are adopted with the approval of Board of Directors of the listed entities All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/ circulars/ guidelines issued by SEBI 	Yes	-
3.	<u>Maintenance and disclosures on Website:</u> <ul style="list-style-type: none"> The Listed entity is maintaining a functional website. Timely dissemination of the documents/ information under a separate section on the website. Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website. 	Yes	-
4.	<u>Disqualification of Director:</u> None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	NA	SIDBI is established and governed by SIDBI Act, 1989 and SIDBI General Regulation, 2000
5.	<u>To examine details related to Subsidiaries of listed entities:</u> (a) Identification of material subsidiary companies (b) Requirements with respect to disclosure of material as well as other subsidiaries	Yes	-
6.	<u>Preservation of Documents:</u> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	-
7.	<u>Performance Evaluation:</u> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	No	Framing of such policies is in process
8.	<u>Related Party Transactions:</u> (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions (b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ ratified/rejected by the Audit committee	Yes	The SIDBI has ratified all the related party transactions for the period 1 st April, 2022 to 31 st December, 2022 and has taken the prior approval for the 4 th quarter.
9.	<u>Disclosure of events or information:</u> The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	NA	Reg. 30 of SEBI LODR is not applicable to SIDBI
10.	<u>Prohibition of Insider Trading:</u> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	-
11.	<u>Actions taken by SEBI or Stock Exchange(s), if any:</u> No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	The SIDBI has received penalty under Reg. 6(1)	SIDBI has submitted the waiver application to NSE and order is awaited
12.	<u>Additional Non-compliances, if any:</u> No additional non-compliance observed for all SEBI regulation / circular / guidance note etc.	No	No additional non-compliance observed for all SEBI regulation / circular / guidance note etc.

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification / Fine/ Show Cause Notice/ Warning, etc.	Detail is of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
NOT APPLICABLE										

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

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification / Fine/ Show Cause Notice/ Warning, etc.	Detail is of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
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 established and is governed by SIDBI Act, 1989 and SIDBI General regulation, 2000. SIDBI is in compliance with the regulations 15 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with SIDBI Act, 1989 and SIDBI General regulations, 2000.

**For: M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES**
(Peer Review Certificate No: 2093/2022)

**DEEP SHUKLA
{PROPRIETOR}**

**FCS: 5652
CP NO.5364
UDIN:F005652E000134869**

Place: Mumbai

Date: 18/04/2023

Appendix I

Audited Balance Sheet along with
Profit and Loss Account
and Cash Flow Statement of SIDBI

Independent Auditor's Report

The Board of Directors

Small Industries Development Bank of India

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Small Industries Development Bank of India** ('the Bank'), which comprise the standalone Balance Sheet as at March 31, 2023, the standalone Profit and Loss Account, the standalone Cash Flow statement for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required in accordance with Regulation 14(1) of the Small Industries Development Bank of India General Regulations, 2000 and give a true and fair view, in conformity with the Accounting Standards notified by the Institute of Chartered Accountants of India ("the ICAI") and accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2023, and its profit and its cash flows for the year ended on that date.

Description of Key Audit Matters

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>Classification of Advances, Identification of Non-Performing Advances, Income Recognition and Provision on Advances (Schedule VIII read with Note 6 of Schedule XV to the standalone financial statements)</p> <p>(i) Advances include Refinance loans to banks, Financial Institutions, Micro Finance Institutions and NBFCs; and Direct loans including Cash credits, Overdrafts, Loans repayable on demand and Term loans.</p> <p>The Reserve Bank of India ('RBI') has prescribed the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' in respect of advances for banks ('IRACP Norms').</p> <p>The identification of performing and non-performing advances (including advances restructured under applicable IRACP Norms) involves establishment of proper mechanism and the Bank is required to apply significant degree of judgement to identify and determine the amount of provision required against each advance applying both quantitative as well as qualitative factors prescribed by the regulations.</p>	<p>Our audit approach / procedures towards Classification of Advances, Identification of Non-performing Advances, Income Recognition and Provision on Advances included the following:</p> <ul style="list-style-type: none"> - Understanding and considering the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the prudential norms prescribed by the RBI (IRACP Norms), including the additional provisions and asset classification benefit extended on restructured advances. - Understanding the key controls (including system based automated controls) for identification and provisioning of impaired accounts based on the extant guidelines on IRACP laid down by the RBI.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ('SAs') issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>Significant judgements and estimates for NPA identification and provisioning could give rise to material misstatements on:</p> <ul style="list-style-type: none"> - Completeness and timing of recognition of non-performing assets in accordance with criteria as per IRACP norms; - Measurement of the provision for non-performing assets based on loan exposure, ageing and classification of the loan, realizable value of security; - Appropriate reversal of unrealized income on the NPAs. <p>Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions on restructured advances under applicable IRACP Norms) and income recognition on advances:</p> <ul style="list-style-type: none"> - Requires proper control mechanism and significant level of estimation by the Bank; - Has significant impact on the overall financial statements of the Bank; <p>we have ascertained this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> - Performing other procedures including substantive audit procedures covering the identification of NPAs by the Bank. These procedures included: <ul style="list-style-type: none"> (a) Considering testing of the exception reports generated from the application systems where the advances have been recorded. (b) Considering the accounts reported by the Bank and other banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress. (c) Reviewing account statements, drawing power calculation, security and other related information of the borrowers selected based on quantitative and qualitative risk factors (d) Reading of minutes of credit and risk committee meetings and performing inquiries with the Bank to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product. (e) Considering key observations arising out of Internal Audits and Concurrent Audits conducted as per the policies and procedures of the Bank. (f) Considering the RBI Financial Inspection report on the Bank, the Bank's response to the observations and other communication with RBI during the year (g) Reviewing the report submitted by external expert appointed by the Bank to verify compliance with the RBI circular on Automation of IRACP processes through the Bank's core banking system. (h) Examination of advances including stressed/restructured advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines. (i) Seeking independent confirmation of account balances for sample borrowers. (j) Visits to branches/offices and examination of documentation and other records relating to advances. <p>For Non- performing advances identified, we, based on factors including stressed sectors and account materiality, tested on a sample basis the asset classification dates, reversal of unrealized interest, value of available security and provisioning as per IRACP norms. We recomputed the provision for NPA on such samples after considering the key input factors and compared our measurement outcome to that prepared by management.</p>

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>(ii) Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule VII read with Note 3 of Schedule XV to the standalone financial statements)</p> <p>Investments are categorized under Treasury operations and Business Operations. Investments include investments made by the Bank in Central and State Governments Securities, Bonds, Debentures, Shares, Mutual Funds, VCFs and other approved securities. RBI Circulars and directives, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, non-recognition of income and provisioning against non-performing investments.</p> <p>The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FBIL/FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc.</p> <p>We identified valuation of investments and identification of NPI as a Key Audit Matter because of the management judgement involved in determining the value of certain investments (Bonds and Debentures, VCFs) based on applicable Regulatory guidelines and the Bank's policies, impairment assessment for HTM book based on management judgement, the degree of regulatory focus and the overall significance to the financial results of the Bank.</p>	<p>Our audit approach/procedures towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non-performing investments (NPIs) and provisioning/depreciation related to Investments. In particular -</p> <ul style="list-style-type: none"> - We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, reversal of income on NPIs and provisioning/depreciation related to investments; - We assessed and evaluated the process adopted for collection of information from various sources for determining market value of these investments; - For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security; - We carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained and if accrual of income is in accordance with the RBI Circular for those selected sample of NPIs.
<p>(iii) Information Technology ('IT') Systems and Controls for financial reporting</p> <p>The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>Due to the pervasive nature and complexity of the IT environment as well as its importance in relation to accurate and timely financial reporting, we have identified this area as a Key Audit Matter.</p>	<p>As a part of our audit procedures for review of the Bank's IT systems and related controls for financial reporting:</p> <ul style="list-style-type: none"> - We tested the design and operating effectiveness of the Bank's IT systems and controls that are critical to financial reporting. - The Bank has a system in place for getting application software audits for identified Application Systems at reasonable intervals. Information System (IS) Audit is done by Bank at reasonable intervals. - We reviewed key observations arising out of audits conducted on the Bank's IT systems during the year

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>(iv) Assessment of Provisions and Contingent Liabilities (Note 10 and Note 12 of Schedule XV to the standalone financial statements)</p> <p>Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct Taxes, various claims filed by other parties not acknowledged as debt (Schedule XI to the standalone financial statements) and various employee benefits schemes (Schedule V to the standalone financial statements) was identified as a significant audit area.</p> <p>There is high level of judgement involved in estimating the level of provisioning required as well as in the disclosure of both Provisions and Contingent Liabilities in respect of tax matters and other legal claims. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and state of affairs presented in the Balance Sheet.</p> <p>The valuations of the employee benefit liabilities are calculated with reference to multiple actuarial assumptions and inputs including discount rate, rate of inflation and mortality rates. The valuation of funded assets in respect of the same is also sensitive to changes in the assumptions.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of the matters which requires application of judgment in interpretation of law, circumstances of each case and estimates involved.</p>	<p>Our audit approach / procedures involved:</p> <ul style="list-style-type: none"> - Understanding the current status of the litigations/ tax assessments; - Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon; - Evaluating the merit of the subject matters identified as significant, with reference to the grounds presented therein and available independent legal / tax advice including opinion of the Bank's tax consultants; - Review and evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues; and - Ensuring completeness and accuracy of the data, the measurement of the fair value of the schemes' assets, understanding the judgements made in determining the assumptions used by management to value the employee liabilities with specific schemes and market practice. - Our audit procedures included an assessment of some assumptions used by the actuary by comparing life expectancy assumptions with relevant mortality tables, benchmarking inflation and discount rates against external market data. We verified the value of plan assets to the statements provided by asset management companies managing the plan assets. - Verification of disclosures related to significant litigations, taxation matters and Employee benefits liabilities in the standalone financial statements.

Information other than the standalone Financial Statements and Auditor's Report Thereon

The Bank's Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Bank's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the

standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Bank's annual report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the standalone Financial Statements

The Bank's Management is responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the Small Industries Development Bank of India General Regulations, 2000, and accounting principles generally accepted in India including the Accounting Standards issued

by ICAI, and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Bank's Management are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the audit of the standalone Financial Statements

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

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

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

purpose of expressing an opinion on the effectiveness.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

These standalone Financial Results incorporate the relevant returns of 26 branches visited/audited by us including Head Office which covers 96.30% of Advances, 99.30% of deposits and 100% of Borrowings as on 31st March 2023 and 95.09% of Interest income on advances, 99.19% of interest expense on deposits and 100% of interest expense on borrowings for the year ended 31st March 2023. These branches have been selected in consultation with the management of the Bank. In conduct of our audit, we have relied upon various information and returns received from remaining branches of the Bank not visited by us and generated through centralized database at Head Office.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

The standalone Balance Sheet and the standalone Profit and Loss Account have been drawn up in accordance with the provisions of Regulation 14 (i) of the Small Industries Development Bank of India General Regulations, 2000.

We report that:

- (a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

- (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
- (c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
- (d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- (e) The standalone Balance Sheet, the standalone Profit and Loss Account, the standalone Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (f) In our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards.

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

Darshit Doshi
Partner

Place: Mumbai
Date: May 12, 2023

Membership No. 133755
UDIN: 23133755BGQTYO2276

Balance Sheet

as at March 31, 2023

(Amount in ₹)

		March 31, 2023	March 31, 2022
CAPITAL AND LIABILITIES			
	Schedules		
Capital	I	5,68,54,11,690	5,68,54,11,690
Reserves, Surplus and Funds	II	2,72,40,69,75,549	2,40,14,53,18,104
Deposits	III	16,50,36,14,64,621	14,08,78,42,74,899
Borrowings	IV	20,06,57,92,03,549	7,57,12,43,67,199
Other Liabilities and Provisions	V	88,79,41,95,410	62,04,01,28,691
Deferred Tax Liability		-	74,55,585
Total		40,23,82,72,50,819	24,73,78,69,56,168
ASSETS			
Cash and Bank Balances	VI	1,21,08,82,02,380	1,79,18,31,07,719
Investments	VII	2,90,88,65,76,872	2,39,51,55,92,224
Loans & Advances	VIII	35,64,39,06,80,346	20,22,51,78,47,539
Fixed Assets	IX	2,96,39,45,951	2,93,12,40,397
Other Assets	X	44,49,78,45,270	29,63,91,68,289
Total		40,23,82,72,50,819	24,73,78,69,56,168
Contingent Liabilities	XI	45,13,44,11,010	53,37,90,27,297
Significant Accounting Policies	XV		
Notes to Accounts	XVI		

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

As per our report of even date

BY ORDER OF THE BOARD

For **Borkar & Muzumdar**
Chartered Accountants
FRN.101569W

Ajit Nath Jha
Chief Financial Officer

Sudatta Mandal
Deputy Managing Director

V. Satya Venkata Rao
Deputy Managing Director

Sivasubramanian Ramann
Chairman & Managing Director

Darshit Doshi
Partner
M.No. 133755

G Gopalakrishna
Director

Amit Tandon
Director

Place: Mumbai
Date: May 12, 2023

Profit & Loss Account

for the year ended March 31, 2023

(Amount in ₹)

		March 31, 2023	March 31, 2022
INCOME	Schedules		
Interest and Discount	XII	1,79,53,53,96,172	87,14,12,26,980
Other Income	XIII	5,31,27,81,800	4,25,05,99,071
Total		1,84,84,81,77,972	91,39,18,26,051
EXPENDITURE			
Interest & Financial charges		1,24,05,66,16,459	57,01,62,91,566
Operating Expenses	XIV	8,23,53,29,635	6,97,72,15,759
Provisions & Contingencies		8,58,14,07,506	3,51,81,16,045
Total		1,40,87,33,53,600	67,51,16,23,370
Profit before Tax		43,97,48,24,372	23,88,02,02,681
Provision for Income Tax		12,39,91,57,313	4,11,57,81,000
Deferred Tax Adjustment [(Asset) / Liability]		(1,86,00,74,573)	18,65,33,000
Profit after Tax		33,43,57,41,632	19,57,78,88,681
Profit brought forward		40,00,00,000	53,97,00,680
Total Profit / (Loss)		33,83,57,41,632	20,11,75,89,361
Appropriations			
Transfer to General Reserve		31,11,88,59,294	18,00,41,43,423
Transfer to Special reserve u/s 36(1)(viii) of The Income Tax Act, 1961		80,00,00,000	70,00,00,000
Others			
Transfer to Investment Fluctuation Reserve		-	10,96,07,912
Transfer to Staff Welfare Fund		11,11,00,000	10,56,54,000
Dividend on Shares		1,13,70,82,338	79,81,84,026
Tax on Dividend		-	-
Surplus in Profit & Loss account carried forward		66,87,00,000	40,00,00,000
Total		33,83,57,41,632	20,11,75,89,361
Basic/Diluted Earning Per Share		58.81	36.79
Significant Accounting Policies	XV		
Notes to Accounts	XVI		
The Schedules referred to above form an integral part of the Profit & Loss Account.			

As per our report of even date

BY ORDER OF THE BOARD

For **Borkar & Muzumdar** **Ajit Nath Jha**
Chartered Accountants Chief Financial Officer
FRN.101569W

Sudatta Mandal
Deputy Managing Director

V. Satya Venkata Rao
Deputy Managing Director

Sivasubramanian Ramann
Chairman & Managing Director

Darshit Doshi
Partner
M.No. 133755

G Gopalakrishna
Director

Amit Tandon
Director

Place: Mumbai
Date: May 12, 2023

Schedules to Balance Sheet

Capital and Liabilities

(Amount in ₹)

Schedule I: Capital	March 31, 2023	March 31, 2022
(a) Authorized Capital	10,00,00,00,000	10,00,00,00,000
- Equity Share Capital (75,00,00,000 Equity Shares of ₹10/- each)	7,50,00,00,000	7,50,00,00,000
- Preference Share Capital (25,00,00,000 Redeemable Preference Shares of ₹10/- each)	2,50,00,00,000	2,50,00,00,000
(b) Issued, Subscribed and Paid-up Capital :	5,68,54,11,690	5,68,54,11,690
- Equity Share Capital (56,85,41,169 Equity Shares of ₹10/- each)	5,68,54,11,690	5,68,54,11,690
- Preference Share Capital	-	-
Total	5,68,54,11,690	5,68,54,11,690

(Amount in ₹)

Schedule II: Reserves, Surplus and Funds	March 31, 2023	March 31, 2022
A) Reserves		
i) General Reserve		
- Opening Balance	1,87,23,92,80,623	1,69,23,51,37,200
- Additions during the year	31,11,88,59,294	18,00,41,43,423
- Utilisations during the year	-	-
- Closing Balance	2,18,35,81,39,917	1,87,23,92,80,623
ii) Share Premium		
- Opening Balance	30,54,25,88,310	16,68,07,79,690
- Additions during the year	-	13,86,18,08,620
- Utilisations during the year	-	-
- Closing Balance	30,54,25,88,310	30,54,25,88,310
iii) Specific Reserves		
a) Investment Reserve		
- Opening Balance	-	-
- Additions during the year	-	-
- Utilisations during the year	-	-
- Closing Balance	-	-
b) Special Reserve created and maintained u/s 36 (1) (viii) of The Income Tax Act, 1961		
- Opening Balance	17,72,00,00,000	17,02,00,00,000
- Additions during the year	80,00,00,000	70,00,00,000
- Utilisations during the year	-	-
- Closing Balance	18,52,00,00,000	17,72,00,00,000
c) Other Reserves		
i) Investment Fluctuation Reserve		
- Opening Balance	1,25,89,52,956	1,14,93,45,044
- Additions during the year	-	10,96,07,912
- Utilisations during the year	-	-
- Closing Balance	1,25,89,52,956	1,25,89,52,956

Schedules to Balance Sheet

(Amount in ₹)

Schedule II: Reserves, Surplus and Funds	March 31, 2023	March 31, 2022
B) Surplus in Profit and Loss Accounts	66,87,00,000	40,00,00,000
C) Funds		
a) National Equity Fund		
- Opening Balance	2,65,61,42,832	2,65,61,42,832
- Additions / Write back during the year	-	-
- Utilisations during the year	-	-
- Closing Balance	2,65,61,42,832	2,65,61,42,832
b) Staff Welfare Fund		
- Opening Balance	32,83,53,383	28,17,87,187
- Additions during the year	11,11,00,000	10,56,54,000
- Utilisations during the year	3,70,01,849	5,90,87,804
- Closing Balance	40,24,51,534	32,83,53,383
c) Others	-	-
Total	2,72,40,69,75,549	2,40,14,53,18,104

(Amount in ₹)

Schedule III: Deposits	March 31, 2023	March 31, 2022
A) Fixed Deposits	86,76,48,78,620	86,10,40,72,379
B) From Banks		
a) Under MSME Refinance Fund	15,28,76,15,16,000	12,74,31,35,25,000
b) Under MSME Risk Capital Fund	-	5,00,00,00,000
c) Others -From Foreign & Private Sector Banks	19,84,10,00,000	7,93,64,00,000
d) Under MSME India Aspiration Fund	14,99,40,70,001	10,43,02,77,520
e) Under Fund for Venture Capital in MSME sector 2014-15	-	25,00,00,00,000
Subtotal (B)	15,63,59,65,86,001	13,22,68,02,02,520
Total	16,50,36,14,64,621	14,08,78,42,74,899

(Amount in ₹)

Schedule IV: Borrowings	March 31, 2023	March 31, 2022
I) Borrowings in India		
1. From Reserve Bank of India	1,59,00,00,00,000	1,44,20,00,00,000
2. From Government of India (including Bonds subscribed by GOI)	5,17,27,06,344	5,62,06,57,105
3. Bonds & Debentures	4,67,55,00,00,000	1,62,85,00,00,000
4. From Other Sources		
- Commercial Paper	3,94,25,00,00,000	50,00,00,00,000
- Certificate of Deposits	2,46,35,00,00,000	1,49,00,00,00,000
- Term Loans from Banks	5,86,43,95,28,678	1,68,89,90,51,099
- Term Money Borrowings	-	-
- Others	1,05,40,96,07,622	25,66,91,30,100
Subtotal (I)	19,64,17,18,42,644	7,06,23,88,38,304

Schedules to Balance Sheet

(Amount in ₹)

Schedule IV: Borrowings	March 31, 2023	March 31, 2022
II) Borrowings outside India		
(a) KFW, Germany	3,70,76,76,702	5,60,16,04,462
(b) Japan International Cooperation Agency (JICA)	10,79,57,17,856	14,92,77,01,680
(c) IFAD, Rome	1,05,46,39,489	1,05,67,31,387
(d) World Bank	26,31,12,58,470	28,29,18,43,248
(e) Others	53,80,68,387	1,00,76,48,118
Subtotal (II)	42,40,73,60,905	50,88,55,28,895
Total (I & II)	20,06,57,92,03,549	7,57,12,43,67,199

(Amount in ₹)

Schedule V: Other Liabilities and Provisions:	March 31, 2023	March 31, 2022
Interest Accrued	27,67,89,02,900	15,72,51,17,292
Provision for SIDBI Employees' Provident Fund	3,93,85,26,360	3,61,97,08,540
Provision for SIDBI Pension Fund	44,04,31,465	16,01,409
Provision for Employees' Other Benefit	1,90,38,47,208	2,85,12,10,104
Provisions for Exchange Rate Fluctuation	1,53,73,62,766	1,53,73,62,766
Contingent provisions against standard assets	17,57,93,51,338	10,64,84,57,633
Proposed Dividend (including tax on dividend)	1,13,70,82,338	79,81,84,026
Funds viz. Aspire Fund, FoF for Startups, PRF, PRSF etc.	23,12,59,58,271	15,15,42,51,789
Floating provision	4,95,67,37,932	4,95,67,37,932
Others (including provisions)	6,49,59,94,832	6,74,74,97,200
Total	88,79,41,95,410	62,04,01,28,691

Schedules to Balance Sheet

Assets

(Amount in ₹)

Schedule VI: Cash & Bank Balances	March 31, 2023	March 31, 2022
1. Cash in Hand & Balances with Reserve Bank of India	6,02,342	7,18,409
2. Balances with other Banks		
(a) In India		
i) in current accounts	6,25,83,58,601	91,24,22,715
ii) in other deposit accounts	1,12,07,41,43,932	1,75,01,86,87,955
(b) Outside India		
i) in current accounts	4,89,40,573	1,63,27,034
ii) in other deposit accounts	2,70,61,56,932	3,23,49,51,606
Total	1,21,08,82,02,380	1,79,18,31,07,719

(Amount in ₹)

Schedule VII: Investments [net of provisions]	March 31, 2023	March 31, 2022
A) Treasury operations		
1. Securities of Central and State Governments	1,48,12,97,19,214	39,90,00,85,004
2. Bonds & Debentures of Banks & Financial Institutions	21,81,08,38,302	31,31,54,82,382
3. Stocks, Shares, Bonds & Debentures of Industrial Concerns	84,44,58,856	1,98,08,42,613
4. Mutual Funds	-	19,99,90,00,050
5. Commercial Paper	26,05,26,90,303	50,04,99,24,399
6. Certificate of Deposit	62,98,61,30,050	56,46,67,59,624
7. Others	-	9,00,00,00,000
Subtotal (A)	2,59,82,38,36,725	2,08,71,20,94,072
B) Business Operations		
1. Shares of Banks & Financial Institutions	1,61,51,09,702	1,84,97,71,142
2. Bonds & Debentures of Banks & Financial Institutions	-	-
3. Stocks, Shares, bonds & Debentures of Industrial Concerns	5,34,48,59,563	3,82,86,98,845
4. Investment in Subsidiaries	17,51,04,98,740	17,51,04,98,740
5. Investment in Venture Capital Fund - RCF	5,24,72,57,872	6,31,40,45,945
6. Others	1,34,50,14,270	1,30,04,83,480
Subtotal (B)	31,06,27,40,147	30,80,34,98,152
Total (A+B)	2,90,88,65,76,872	2,39,51,55,92,224

(Amount in ₹)

Schedule VIII: Loans & Advances [Net of Provisions]	March 31, 2023	March 31, 2022
A) Refinance to		
- Banks and Financial Institutions	29,81,73,24,72,128	16,68,31,69,50,653
- Micro Finance Institutions	48,99,64,96,339	31,17,68,62,498
- NBFC	3,34,14,66,70,997	1,79,35,18,01,997
- Bills Rediscounted	-	-
Subtotal (A)	33,64,87,56,39,464	18,78,84,56,15,148
B) Direct Loans		
- Loans and Advances	1,93,97,14,30,050	1,43,30,55,40,693
- Receivable Finance Scheme	9,23,64,439	3,07,84,956
- Bills Discounted	5,45,12,46,393	33,59,06,742
Subtotal (B)	1,99,51,50,40,882	1,43,67,22,32,391
Total (A+B)	35,64,39,06,80,346	20,22,51,78,47,539

Schedules to Balance Sheet

(Amount in ₹)

Schedule IX: Fixed Assets [Net of Depreciation]	March 31, 2023	March 31, 2022
1. Premises	2,92,87,49,254	2,89,84,36,991
2. Others	3,51,96,697	3,28,03,406
Total	2,96,39,45,951	2,93,12,40,397

(Amount in ₹)

Schedule X: Other Assets:	March 31, 2023	March 31, 2022
Accrued Interest	15,51,50,83,888	14,76,59,58,673
Advance Tax (Net of provision)	1,91,87,79,755	1,70,86,89,498
Staff Loans	1,95,26,21,807	1,79,12,15,676
Derivative Assets	5,41,20,83,018	4,29,61,53,456
Expenditure to the extent not written off	17,27,27,73,419	6,61,38,10,576
Others	2,42,65,03,383	46,33,40,410
Total	44,49,78,45,270	29,63,91,68,289

(Amount in ₹)

Schedule XI: Contingent Liabilities	March 31, 2023	March 31, 2022
i) Claims against the Bank not acknowledged as debts	9,64,85,12,907	6,56,25,72,519
ii) On account of Guarantees / Letters of Credit	42,97,75,967	31,50,24,390
iii) On account of Forward Contracts	16,78,26,751	6,51,81,80,889
iv) On account of Underwriting Commitments	-	-
v) On account of uncalled monies on partly paid shares, debentures & undrawn commitment under VCF etc.	1,27,42,87,728	95,64,22,740
vi) On account of derivative contracts	33,61,40,07,657	39,02,68,26,759
vii) Other items for which the Bank is contingently liable	-	-
Total	45,13,44,11,010	53,37,90,27,297

Schedules to Profit & Loss Account

(Amount in ₹)

Schedule XII: Interest and Discount	March 31, 2023	March 31, 2022
1. Interest and Discount on Loans, Advances and Bills	1,51,72,88,51,545	74,74,57,32,819
2. Income on Investments / Bank balances	27,80,65,44,627	12,39,54,94,161
Total	1,79,53,53,96,172	87,14,12,26,980

(Amount in ₹)

Schedule XIII: Other Income:	March 31, 2023	March 31, 2022
1. Upfront and Processing Fees	78,08,41,042	45,49,25,710
2. Commission and Brokerage	1,09,30,972	78,19,049
3. Profit on sale of Investments	44,63,03,402	70,43,74,178
4. Income earned by way of dividends etc. from Subsidiaries / Associates	27,14,88,889	28,62,08,148
5. Provision of Earlier Years written Back	-	-
6. Recoveries out of Bad Debts	2,86,91,76,097	2,03,12,69,846
7. Reversal of Provisions/ERFF under FCL	-	-
8. Others	93,40,41,398	76,60,02,140
Total	5,31,27,81,800	4,25,05,99,071

(Amount in ₹)

Schedule XIV: Operating Expenses:	March 31, 2023	March 31, 2022
Payments to and provisions for employees	5,06,67,84,567	3,69,97,48,021
Rent, Taxes and Lighting	18,17,03,219	15,78,39,382
Printing & Stationery, Postage/Courier & Tele and Insurance	2,10,30,252	1,33,07,053
Advertisement and Publicity	11,47,42,304	3,14,36,689
Depreciation / Amortisation on Bank's Property	26,23,28,294	36,18,71,759
Directors' fees, allowances and expenses	81,12,867	42,12,767
Auditor's Fees	32,92,016	44,59,176
Law Charges	2,97,91,239	2,31,71,360
Repairs and maintenance	27,60,81,381	12,04,79,601
Issue Expenses	5,60,22,041	1,21,01,863
Capital Commitment, Management Fees etc.	19,79,10,602	8,09,48,867
Input Tax Credit not Available	19,19,22,592	10,30,52,881
Other Expenditure	1,82,56,08,261	2,36,45,86,340
Total	8,23,53,29,635	6,97,72,15,759

SCHEDULE XV – SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

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

Use of Estimates:

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

2. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

A) Income:

- (i) Interest income including penal interest is accounted for on accrual basis, except in the case of non-performing assets where it is recognized upon realization.
- (ii) Income in the Profit & Loss Account is shown gross i.e. before provisions as per RBI guidelines and other provisions as per Bank's internal policy.
- (iii) Discount received in respect of bills discounted / rediscounted and on discounted instruments is recognized over the period of usage of the instruments on a constant yield basis.
- (iv) Commitment charges, service charges on seed capital / soft loan assistance and royalty income are accounted for on accrual basis in respect of standard (performing) assets.

- (v) Dividend on shares held in industrial concerns and financial institutions is recognized as income when the right to receive the dividend is established.
- (vi) Income from Venture Capital funds are accounted on realization basis. Redemption of unit/shares in Venture Capital fund, while in HTM category is not treated as a sale.
- (vii) Recovery in non-performing assets (NPA) is to be appropriated in the following order:
 - a) overdue interest upto the date of NPA,
 - b) principal,
 - c) cost & charges,
 - d) interest and
 - e) penal interest.
- (viii) Gain/loss on sale of loans and advances through direct assignment is recognized in line with the extant RBI guidelines.
- (ix) Amounts recovered against debts written-off in earlier years are recognized as income in the Profit and Loss account.
- (x) Profit or loss on sale of investments in any category is taken to profit & loss account. However, in case of profit on sale of investments under "Held to Maturity" category an equivalent amount net of applicable taxes is appropriated to Capital Reserves.
- (xi) Amount lying as unclaimed liabilities (other than statutory liabilities) for a period of more than seven years are recognized as income.
- (xii) The bank has accounted for interest on income tax refunds upon receipt of such refund orders / Order giving effects issued by Income Tax Department.
- (xiii) Recoveries of CGTMSE fees, Valuation charges, Advocate fee, Insurance, Upfront fee/ Processing fee etc. from Borrowers are accounted on cash basis.
- (xiv) Commission on LC/ BG are recognized on accrual basis proportionately over the period.

B) Expenditure:

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

3. Investments

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

- a) Government Securities,
- b) Other approved securities,
- c) Shares,
- d) Debentures & Bonds,
- e) Subsidiaries/ joint ventures and
- f) Others (Commercial Paper, Mutual Fund Units, Security Receipts, Certificate of Deposits etc.)

(a) Held to Maturity:

Investments acquired with the intention to hold till maturity are categorized under Held to Maturity. Such investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortized over the period remaining to maturity. Investments in subsidiaries classified as Held To Maturity.

Diminution, other than temporary, in the value of investments under this category is provided for each investment individually.

(b) Held for Trading:

Investments acquired for resale within 90 days with the intention to take advantage of the short-term price/ interest rate movements are categorized under Held for Trading. The investments in this category are revalued scrip-wise and net appreciation /depreciation is recognized in the profit & loss account, with corresponding change in the book value of the individual scrips.

In respect of traded/ quoted investments, the market price is taken from the trades/ quotes available on the stock exchanges.

(c) Available for Sale:

Investments which do not fall within the above two categories are categorized under Available for Sale. The individual scrip under this category is revalued and net depreciation under any of

the classification mentioned above is recognized in the profit & loss account. Net appreciation under any classification is ignored. The book value of individual scrip is not changed after the revaluation.

- (ii) An investment is classified as 'Held To Maturity', 'Available For Sale' or 'Held For Trading' at the time of its purchase and subsequent shifting amongst categories and its valuation is done in conformity with RBI guidelines.
- (iii) Treasury Bills, Commercial Papers and Certificates of Deposit being discounted instruments are valued at carrying cost.
- (iv) The quoted Government Securities are valued at market prices and unquoted/non-traded government securities are valued at prices declared by Financial Benchmark India Pvt. Ltd. (FBIL).
- (v) Investments which are made out of the Corpus or Funds provided by the Government of India and netted off from the related Fund balances are carried at cost and not subjected to RBI guidelines of valuation.
- (vi) Recording purchase and sale transactions in Investments is done following 'Settlement Date' accounting.
- (vii) The debentures / bonds / shares deemed to be in the nature of advance, are subject to the usual prudential norms applicable to loans & advances.
- (viii) Cost of investments is determined on the weighted average cost method.
- (ix) Brokerage, commission, etc. paid at the time of acquisition/ sale are recognized in the profit & loss account.
- (x) Broken period interest paid / received on debt investment is treated as interest expenses / income and is excluded from cost / sale consideration.
- (xi) In respect of unquoted investments in industrial concerns under Seed Capital Scheme, full provision has been made. (xii) Units of mutual fund are valued at repurchase price as per relevant RBI guidelines.
- (xiii) The unquoted fixed income securities (other than government securities) are valued on Yield to Maturity (YTM) basis with appropriate mark-up over the YTM rates for Central Government securities of equivalent maturity. Such mark-up and YTM rates applied are as per the relevant rates published by FBIL.
- (xiv) Unquoted Shares are valued at breakup value, if the latest Audited Financial Statements of the investee companies are available, or at ₹1/- per Company as per RBI guidelines.

4. Foreign Currency Transactions

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

- (i) Contingent liability in respect of outstanding forward exchange contracts, guarantees; acceptances, endorsements and other obligations are calculated at the closing exchange rates notified by Foreign Exchange Dealers' Association of India ('FEDAI').
- (ii) Foreign currency Assets and Liabilities are translated at the closing exchange rates notified by FEDAI as at the Balance Sheet date
- (iii) Foreign currency Income and Expenditure items are translated at monthly intervals through actual sale/purchase and recognized in the profit & loss account accordingly.
- (iv) The revaluation difference on foreign currency LoC is adjusted and recorded in a special account opened and maintained, in consultation with GOI for managing exchange risk.
- (v) The Bank follows hedge accounting in respect of foreign exchange contracts and derivative transactions as per RBI guidelines.
- (vi) Exchange differences arising on the settlement of monetary items are recognized as income or expense in the period in which they arise.
- (vii) Outstanding Forward Exchange Contracts which are not intended for trading are revalued at exchange rates notified by FEDAI.

5. DERIVATIVES

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

6. LOANS AND ADVANCES

- i. Assets representing loan and other assistance portfolios are classified as performing and non-performing based on the RBI guidelines. Provision for non-performing assets is made in accordance with the RBI guidelines.
- ii. Advances stated in the Balance Sheet are net of provisions made for non-performing advances, and restructured NPA assets.

- iii. General provision on Standard Assets is made as per RBI guidelines.
- iv. Floating provision is made and utilized as per RBI guidelines and Board approved policy.

7. Taxation

- (i) Tax expense comprises both current tax and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS).
- (ii) Deferred income taxes reflect the impact of the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.
- (iii) Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.
- (iv) Disputed taxes not provided for including departmental appeals are included under Contingent Liabilities.

8. Securitisation

- i. The Bank purchases credit rated Micro, Small and Medium Enterprises Asset pools from Banks / Non-Banking Finance Companies by way of pass-through certificates issued by the Special Purpose Vehicle. Such securitization transactions are classified as Investments under Held for Trading / Available for Sale category depending upon the investment objective.
- ii. The Bank purchases credit rated pool of Micro, Small and Medium Enterprises assets under bilateral direct assignment. Such direct assignment transactions are accounted for as 'advances' by the Bank.
- iii. The Bank enters into sale of Loans & Advances through direct assignment. In most of the cases, the Bank continues to service the Loans & Advances sold under these transactions and is entitled to the Residual interest on the Loans & Advances sold. Assets sold under direct assignment are derecognized in the books of the Bank based on the principle of surrender of control over the assets.

- iv. The residual income on the Loans & Advances sold is being recognized over the life of the underlying Loans & Advances.
- v. Security Receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time.

9. Sale of Financial Assets to Asset Reconstruction Companies (ARCs) :

- i. The sale of NPA's is on cash basis or investment in Security Receipt (SR) basis. In case of sale on SR basis, the sale consideration or part thereof is treated as investment in the form of SRs.
- ii. The assets if sold at a price below the Net Book Value (NBV) (i.e. book value less provisions held), the shortfall is debited to the Profit & Loss A/c. In case the sale value is higher than NBV, the excess provision held can be reversed to profit & loss account in the year the amounts are received. Reversal of excess provision is limited to the extent to which cash received exceeds the NBV of the asset.

10. Provisioning for Staff Benefits

A] Post retirement benefits:

- i. Provident Fund is a defined contribution scheme administered by the Bank and the contributions are charged to the Profit & Loss Account.
- ii. Gratuity liability and Pension liability are defined benefit obligations and other long-term employee benefits like compensated absences, post-retirement medical benefits etc. are provided based on the independent actuarial valuation as at the Balance Sheet date using the projected unit credit method as per AS 15 (Revised 2005) - Employee Benefits.
- iii. Actuarial gains or losses are recognized in the profit & loss account based on actuarial valuations for the period in which they occur.
- iv. New Pension Scheme is a defined contribution scheme and is applicable to employees who have joined bank on or after December 01, 2011. Bank pays fixed contribution at pre-determined rate and the obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit & Loss Account.
- v. Payments made under the Voluntary Retirement Scheme are charged to the Profit & Loss account in the year of expenses incurred.

B] Benefits (Short – term) while in service

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

11. Fixed Assets and Depreciation

- i) Fixed Assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any.
- ii) Cost of asset includes purchase cost and all expenditure incurred on the asset before put to use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefits from such assets or their functioning capability.
- iii) Depreciation for the full year, irrespective of date of capitalization, is provided on:
 - (a) Furniture and fixture: For assets owned by Bank @ 100 percent
 - (b) Computer and Computer Software @ 100 percent
 - (c) Building @ 5 percent on WDV basis
 - (d) Electrical Installations: For assets owned by Bank @ 50 percent on WDV basis.
 - (e) Motor Car - Straight Line Method @ 50 percent.
- iv) Depreciation on additions is provided for full year and no depreciation is provided in the year of sale/disposal.
- v) Leasehold land is amortized over the period of lease.

12. Provision for Contingent Liabilities and Contingent Assets.

In accordance with AS-29 Provisions, Contingent Liabilities and Contingent Assets, the Bank recognizes provisions involving substantial degree of estimation in measurement when it has a present obligation as a result of past event, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed in the balance sheet and details given by way of Schedule to the Balance Sheet. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

13. Grants and Subsidies

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

14. Operating Lease

Lease rentals is recognized as an expense/income in the Profit & Loss Account on a straight line basis over the lease term in accordance with AS-19.

15. Impairment of Assets

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

- the provision for impairment loss, if any required; or
- the reversal, if any, required for impairment loss recognized in the previous periods.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

16. Cash and Cash Equivalents

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

Schedule XVI - Notes to Accounts

1 Implementation of Ind-AS :

As per RBI letter dated May 15, 2019 issued to the Bank, implementation of Ind-AS for AIFIs has been deferred till further notice. Accordingly, financial statements of the Bank are continued to be prepared under IGAAP. However, the Bank would continue to submit Proforma Ind AS financial statements on half-yearly basis to RBI as hitherto as advised in RBI letter dated May 15, 2019. At present, SIDBI is making use of Excel Sheets for conversion of IGAAP financial statements into Proforma Ind-AS Financial Statements.

- 2.1 As per the Accounting Standard 22, Accounting for Taxes on Income, the Bank has reviewed Deferred Tax Assets / Liabilities and recognized an amount of ₹1,86,00,74,573 as Deferred Tax Assets (Previous year - Deferred Tax Liability was ₹18,65,33,000) in the Profit & Loss Account for the year ended March 31, 2023.

2.2 The Break up of Deferred Tax Asset/ (Liability) as on March 31, 2023 is as under :

(Amount in ₹)

Timing Difference	March 31, 2023	March 31, 2022
	Deferred Tax Asset/ (Liability)	Deferred Tax Asset/ (Liability)
a) Provision for Depreciation on fixed assets	2,96,73,234	2,79,20,651
b) Special Reserve u/s 36(1)(viii) of the Income Tax Act 1961	(4,07,64,80,346)	(3,87,65,37,167)
c) Provision for Non performing assets	6,23,93,197	45,75,76,825
d) Provision for Restructuring of Accounts	60,105	30,66,284
e) Provision for Non Performing Investment	83,40,09,746	-
f) Provision for Standard Assets	4,42,43,69,221	2,68,00,01,893
g) Others	57,85,93,831	70,05,16,219
Net deferred tax Asset/(Liability)	1,85,26,18,988	(74,55,295)

3 Provision for Income Tax includes:

(Amount in ₹)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
(i)	Current Income Tax Provision	12,39,91,57,313	4,11,57,81,000
(ii)	Short/(Excess) Income Tax Provision of Earlier Years	-	-

The Tax Liability has been vetted by the Tax consultant.

4 Contingent Liabilities referred to in Schedule XI

Contingent liabilities include "Claims against the Bank not acknowledged as debts" of ₹9,64,85,12,907 (Previous Year ₹6,56,25,72,519). These represents claims filed against the Bank in the normal course of business relating to various legal cases currently in progress and demands raised by income tax and other statutory authorities. These is being disputed by the Bank and based on expert's opinion, the provision is not considered necessary.

5 Bonds and Debentures' under Borrowings in schedule IV includes the following :

(Amount in ₹)

	March 31, 2023	March 31, 2022
a) Unsecured Bonds	4,67,55,00,00,000	1,62,85,00,00,000

6 Expenditure to the extent not written off under Other Assets in schedule X includes the following:

(Amount in ₹)

Particulars	March 31, 2023	March 31, 2022
a) Interest Paid In Advance On Borrowings	-	59,83,56,164
b) Discount paid in Advance - Certificate of Deposit	11,22,78,31,482	5,65,04,43,605
c) Discount paid in Advance - Commercial Paper	6,02,69,13,232	35,82,12,235
d) Expenditure on Issuance of Unsecured Bonds	1,80,28,705	67,98,571
Total	17,27,27,73,419	6,61,38,10,575

7 Interest and Financial Charges

(Amount in ₹)

Particulars	March 31, 2023	March 31, 2022
a) Interest on Borrowings	68,47,97,90,498	12,20,11,85,354
b) Interest on Deposits	53,28,58,38,256	41,39,59,35,526
c) Financial Charges	2,29,09,87,705	3,41,91,70,686
Total	1,24,05,66,16,459	57,01,62,91,566

(Amount in ₹)

	March 31, 2023	March 31, 2022
Estimated amount of contracts remaining to be executed on Capital Account not provided for (net of advance paid)	73,41,057	1,89,87,686

9 Premises in Schedule IX include advances towards acquisition of Premises ₹11,06,68,896 (Previous Year ₹11,06,68,896) and Capital Work in Progress ₹1,63,402,411.58(Previous Year ₹1,10,66,907). The advance of ₹11,06,68,896 was paid towards acquisition of office premises which was subsequently cancelled due to delay in implementation of the project. The Bank is in correspondence with the Agency for refund of the advance amount. The issue has been taken up with the concerned Govt. Department and as per the proposal given by agency for adjusting this amount against some other acceptable property at the same location, the Bank has identified the new property and proposal has been sent to the agency. However, as a prudential measure, full provision of ₹11,06,68,896 had already been made against this amount in FY 2020.

10 The borrowing of ₹43,60,88,890 (Previous Year ₹87,21,77,772) from Govt. of India under the JICA IV loan is carried forward in the 'Schedule IV - Borrowings' to the Balance Sheet at its historic rupee value since SIDBI's liability towards principal repayment under the agreement, is not expected to exceed the aggregate of rupee borrowings and the balance in the ERFF maintained for this loan. Applicable interest at 8% is credited to this ERFF account and interest payable in JPY (converted to equivalent INR) is debited out of this account. The balance as on March 31, 2023 in ERFF maintained for this loan is ₹12,80,09,250 (Previous Year ₹55,46,12,637).

- 11 The Bank has contracted a line of credit for USD 300 million from World Bank for scaling up Sustainable and Responsible Micro Finance Project including IDA portion aggregating SDR 65.9 million (equivalent of USD 100 million). Under IDA line, Govt. of India is the borrower and rupee funds are lent to SIDBI by GOI though the exchange risk on the underlying is required to be borne by SIDBI as per the terms of the agreement. Thus, though GOI released rupee funds to SIDBI, the same was recorded as SDR liability in the books of SIDBI to depict correct position so that revaluation difference gets suitably reflected in the year end figures. Accordingly, the drawl effected under the above line aggregating SDR 42.83 million (equivalent to ₹473.66 Crore) as on March 31, 2023 [Previous Year SDR 45.31 million (equivalent to ₹474.85 Crore)] from GOI is recorded as SDR liability and the underlying liability has been hedged by way of Cross Currency Interest Rate Swaps. The same has been grouped under Schedule IV - 'Borrowings in India'.
- 12 (a) ASPIRE Fund is a ₹310 crore Fund of Funds, allocated by Ministry of Micro, Small & Medium Enterprises, Government of India, to be managed by SIDBI. The Fund is being utilized to make investment in Venture Capital Funds targeting Start Ups/ early stage enterprises promoting Innovation, Entrepreneurship, Forward Backward linkage with multiple value chain of manufacturing and service delivery, accelerator support, etc. in the Agro based Industry and sectors to galvanize the rural economy. The investments (out of ASPIRE fund) are held by SIDBI in fiduciary capacity. The balance of ASPIRE Fund, net of investment is grouped under "Other Liabilities" in the Balance Sheet and all gains/ losses/income/expenditure are the part of the fund. The balance in the fund is ₹2,85,32,30,682 as on March 31, 2023 (Previous year ₹2,73,39,83,039).
- b) Government of India has formulated a Scheme for Fund of Funds for Start-ups (FFS) with the principal objective of enhancing the equity availability to Start-ups. Under the Scheme, an amount of ₹10,000 crore has been proposed as FFS to be managed by SIDBI. The Government has since released an amount of ₹27,91,29,44,000 and also permitted to take further commitments under FFS. During the year, Government has advised SIDBI to continue to make commitment to the Alternative Investment Fund (AIF). These investments (out of FFS) are held by SIDBI in fiduciary capacity. The fund balance of FFS, net of investment is grouped under "Other Liabilities" in the Balance Sheet and all gains/losses/income/expenditure are the part of the fund. The balance in the fund is ₹11,50,51,12,191 as on March 31, 2023 (Previous year ₹7,13,38,30,407).
- c) Under the UP IT & Start-Up Policy 2017, the Government of Uttar Pradesh shall establish an initial Corpus of INR 1,000 crore to promote start-ups to establish and flourish in the state. The fund shall be in the form of fund of funds. In this model, the fund shall not be invested directly into start-up companies, rather it shall participate in SEBI approved funds. The funds shall be professionally managed by SIDBI, the Fund Manager. The Government of Uttar Pradesh has since release an amount of ₹125 crore. These investments (out of UP Startup Fund) are/shall be held by SIDBI in fiduciary capacity. The fund balance of UP Startup Fund, net of investment is grouped under "Other Liabilities" in the Balance Sheet and all gains/losses/income/expenditure are the part of the fund. The balance in the fund is ₹1,19,10,28,364 as on March 31, 2023 (Previous year ₹17,72,80,628).
- 13 The Bank has pledged Government Securities aggregating to face value ₹1,45,95,00,00,000 (book value ₹1,43,69,82,11,825) [Previous Year ₹40,41,63,00,000 (book value ₹39,90,00,15,423)] with Clearing Corporation of India Ltd. for Triparty Repo Dealing and Settlement (TREPS).
- 14 IFAD had extended a foreign currency loan to SIDBI of SDR 16.35 million, vide loan agreement dated February 18, 2002. As per the terms of loan agreement, IFAD had disbursed loan in USD and it is to be repaid in USD equivalent to SDR. The Bank has accounted accordingly in the books of account. The balance as on March 31, 2023 for this loan is ₹1,05,46,39,489 (Previous Year ₹1,05,67,31,387)

15 Employee Benefits

In accordance with the Accounting Standard on "Employee Benefits" (AS 15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the Bank has classified the various benefits provided to the employees as under:

(a) Defined contribution plan

The Bank has recognized the following amounts in Profit & Loss Account:

(Amount in ₹)

Particulars	March 31, 2023	March 31, 2022
Employer's contribution to Provident fund	9,18,53,963	7,68,83,415
Employer's contribution to New Pension Scheme	8,95,82,393	3,17,67,054

(b) The Bank is having defined benefit Pension Plans and Gratuity Scheme which are managed by the Trust.

(₹ Crore)

	Pension		Gratuity	
	FY 2023	FY 2022	FY 2023	FY 2022
1. Assumptions				
Discount Rate	7.50%	7.25%	7.40%	6.90%
Rate of Return on Plan Assets	7.50%	7.25%	7.40%	6.90%
Salary Escalation	5.50%	5.50%	5.50%	5.50%
Attrition rate	2.00%	2.00%	2.00%	2.00%
2. Table showing change in Benefit Obligation				
Liability at the beginning of the year	576.93	553.50	108.95	106.70
Interest Cost	24.65	22.69	7.09	6.56
Current Service Cost	13.48	14.97	5.92	5.97
Past Service Cost (Non Vested Benefit)	0.00	0.00	0.00	0.00
Past Service Cost (Vested Benefit)	0.00	0.00	0.00	0.00
Liability Transferred in	0.00	0.00	0.00	0.00
(Liability Transferred out)	0.00	0.00	0.00	0.00
(Benefit Paid)	0.00	0.00	(12.44)	(6.61)
Actuarial (gain) / loss on obligations	64.74	(14.23)	(2.12)	(3.67)
Liability at the end of the year	679.80	576.93	107.40	108.95
3. Tables of Fair value of Plan Assets				
Fair Value of Plan Assets at the beginning of the year	589.61	501.50	105.92	105.73
Expected Return on Plan Assets	42.75	34.35	7.08	6.69
Contributions	0.00	0.00	0.04	0.33
Transfer from other company	0.00	0.00	0.00	0.00
(Transfer to other company)	0.00	0.00	0.00	0.00
(Benefit Paid)	0.00	0.00	(12.44)	(6.61)
Actuarial gain / (loss) on Plan Assets	3.40	53.76	1.70	(0.22)
Fair Value of Plan Assets at the end of the year	635.76	589.61	102.30	105.92
4. Table of Recognition of Actuarial Gains/ Losses				
Actuarial (Gains)/ Losses on obligation for the period	64.74	(14.23)	(2.12)	(3.67)
Actuarial (Gains)/ Losses on asset for the period	(3.40)	(53.76)	(1.70)	0.22
Actuarial (Gains)/ Losses recognized in Income & Expense Statement	61.34	(67.99)	(3.82)	(3.45)
5. Actual Return on Plan Assets				
Expected Return on Plan Assets	42.75	34.35	7.08	6.69
Actuarial Gain / (Loss) on Plan Assets	3.40	53.76	1.70	(0.22)
Actual Return on Plan Assets	46.15	88.11	8.78	6.47
6. Amount Recognised in the Balance Sheet				
Liability at the end of the year	(679.80)	(576.93)	(107.40)	(108.95)
Fair Value of Plan Assets at the end of the year	635.76	589.61	102.30	105.92
Difference	(44.04)	12.68	(5.10)	(3.03)
Unrecognised Past Service Cost at the end of the year	0.00	0.00	0.00	0.00
Unrecognised Transitional Liability at the end of the year	0.00	0.00	0.00	0.00
Net Amount recognised in the Balance Sheet	(44.04)	12.68	(5.10)	(3.03)

(₹ Crore)

	Pension		Gratuity	
	FY 2023	FY 2022	FY 2023	FY 2022
7. Expenses Recognised in the Income Statement				
Current Service Cost	13.48	14.97	5.92	5.97
Interest Cost	24.65	22.69	7.09	6.56
Expected Return on Plan Assets	(42.75)	(34.35)	(7.08)	(6.69)
Past Service Cost (Non Vested Benefit) recognised during the year	0.00	0.00	0.00	0.00
Past Service Cost (Vested Benefit) recognised during the year	0.00	0.00	0.00	0.00
Recognition of Transition Liability during the year	0.00	0.00	0.00	0.00
Actuarial (Gain) / Loss	61.34	(67.99)	(3.82)	(3.45)
Expense Recognised in Profit & Loss account	56.72	(64.68)	2.11	2.39
8. Balance Sheet Reconciliation				
Opening Net Liability	(12.68)	52.00	3.03	0.97
Expense as above	56.72	(64.68)	2.11	2.39
Employers Contribution	0.00	0.00	(0.04)	(0.33)
Amount recognised in the Balance Sheet	44.04	(12.68)	5.10	3.03
9. Other Details				
Salary escalation is considered in line with the industry practice considering promotion, demand and supply of the employees.				
10. Category of Assets				
Government of India Assets	0.00	0.00	0.00	0.00
Corporate Bonds	0.00	0.00	0.00	0.00
Special Deposits Scheme	0.00	0.00	0.00	0.00
Equity Shares of Listed Companies	0.00	0.00	0.00	0.00
Property	0.00	0.00	0.00	0.00
Insurer Managed Funds	635.76	589.61	102.30	105.92
Other	0.00	0.00	0.00	0.00
Total	635.76	589.61	102.30	105.92

11. Experience Adjustment:

	Pension					Gratuity				
	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
On Plan Liability (Gain)/ Loss	85.05	15.71	(1.14)	46.87	(22.03)	1.60	0.65	(0.43)	3.28	(19.7)
On Plan Asset (Loss)/ Gain	3.40	53.76	(1.15)	25.17	(2.32)	1.70	(0.22)	(0.13)	0.09	0.35

- (c) The following are the amount charged to Profit & Loss Account relating to other long term benefits plan based on the actuarial valuation provided by independent actuary.

(₹ Crore)

Sr. No	Particulars	March 31, 2023	March 31, 2022
1	Ordinary Leave Encashment	40.97	12.97
2	Sick Leave	1.86	0.47
3	Resettlement Expenses	0.46	0.30
4	Post Retirement Medical Scheme Facilities	0.79	9.84

16 Earnings Per Share(EPS) (AS-20):

The Bank reports basic and diluted Earnings Per Share in accordance with AS 20. Basic Earnings per Share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding at the year end. Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the period. Diluted Earnings per Share is computed by dividing the net profit after tax by the sum of the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

	(Amount in ₹)	
	March 31, 2023	March 31, 2022
Net Profit considered for EPS calculation (₹)	33,43,57,41,632	19,57,78,88,681
Weighted Average Number of equity shares of face value ₹10 each	56,85,41,169	53,21,22,684
Earning per share (₹)	58.81	36.79

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

17 The proposed dividend, if any, is accounted as liability in the books of accounts under Schedule V.

18 In the opinion of the Management, there is no material impairment of the fixed assets of the Bank in terms of Accounting Standard 28- Impairment of Assets.

19 Disclosures under Accounting Standard 29 for provisions in contingencies. The salary & allowances of the employees of the Bank are reviewed every five years. Such review is due from November 01, 2022.

	(Amount in ₹)	
Particulars	March 31, 2023	March 31, 2022
	Wage Arrears / Incentive	Wage Arrears / Incentive
Opening Balance	1,39,13,00,000	1,07,63,00,000
Additions:		
Arrears	65,69,31,704	31,50,00,000
Incentive		
Utilisations:	1,81,17,53,069	
Write back		
Closing Balance	23,64,78,635	1,39,13,00,000

20 The Bank has put in place a mechanism to manage credit risk arising out of unhedged foreign currency exposures (UFCE) of its borrowers. A review of the UFCE across its portfolio is undertaken by the Bank on periodic basis. In terms of RBI circular DBOD No. BP.BC.85/21.06.200/2013-14 dated 15.01.2014 & subsequent clarification vide circular DBOD NO.BP.BC. 116/21.06.200/2013-14 dated 03.06.2014, based on available data, the provision for UFCE works out to ₹9.48 crore as on March 31, 2023 (Previous year ₹1.65 crore) which has been included under provisions for standard assets under Schedule V.

21 As per the practice consistently followed, redemption in Venture Capital Funds is accounted as per the distribution letter received from Venture Capital Funds, irrespective of the appropriation policy as specified in the contribution agreement.

22 Investor's Complaints:

As on 1st April, 2022 the Bank had "01" pending investor's complaints for disposal, which was later on resolved on April 08, 2022. During the current financial year "17" complaints were received from Investors and "18" complaints (including the complaint pending on April 01, 2022) were disposed off during the year. Accordingly "Nil" complaint was pending for disposal as on March 31, 2023.

23 Divergence in Asset Classification and Provisioning for NPAs

As per RBI circular No. DBR.BP.BC. No.32/21.04.018/2018-19 dated April 1, 2019, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies and/or additional Gross NPAs identified by RBI exceeds 15% of published incremental Gross NPAs for the reference period then banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning. Divergence from prudential norms assessed by the RBI for the year ended 31st March 2022 are within threshold limits specified above hence the need for additional disclosure does not apply.

24 Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances for MSME Borrowers registered under Goods and Services Tax (GST):

As per RBI circular dated February 11, 2020 restructuring of advances was done for Micro, Small and Medium Enterprises (MSME) Borrowers registered under Goods and Services Tax (GST). The RBI, vide its Circular dated August 06, 2020 on 'Micro, Small and Medium Enterprises (MSME) Sector - Restructuring of Advances' extended the above scheme to support the viable MSME entities on account of the fallout of Covid19. Further RBI vide circular RBI/2021-22/32 DOR.STR. REC.12/21.04.048/2021-22 dated May 5, 2021 has advised Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs). The MSME accounts restructured under these guidelines are as under:

No. of accounts restructured	Amount (₹ in Crore)
1124	803.33

25 Disclosure relating to Resolution Plans implemented during the year in terms of RBI Circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019:

i) RPs Successfully implemented during the year ended March 31, 2023

No. of cases	Balance Outstanding* Amount (₹ in Crore)
1	380.04

*The account was technically written off as on the date of restructuring and was closed thereafter during the year.

ii) Details of Securities acquired due to conversion of debt to equity during a restructuring process:

Particulars	No of Shares/units	Face Value per share (in ₹)	Book Value(in ₹)
Compulsory Convertible Debentures (CCDs).	53045	1,00,000.00	1.00

iii) Details of resolution plans implemented under the RBI Resolution Framework for COVID-19 related stress as per RBI circular dated 6th August, 2020 (Resolution Framework 1.0) and 5th May 2021 (Resolution Framework 2.0) as at March 31, 2023 are given below :

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year \$	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	---	---	---	---	---
Corporate persons	31.09	---	0	3.07	28.02
Of which MSMEs	31.09	---	0	3.07	28.02
Others	---	---	---	---	---
Total	31.09	---	0	3.07	28.02

\$ Represents net movement in balance outstanding.

iv) The number of borrower accounts where Resolution Plan is implemented in terms of RBI circular no. DOR.STR. REC.11/21.04.048/2021-22 dated May 5, 2021 on Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses is nil. Further no modifications were sanctioned and implemented in respect of accounts which were implemented under Resolution Framework 1.0

- 26** The extent to which the COVID19 pandemic will impact the Bank's results will depend on ongoing as well as future developments.
- 27** During the year ended March 31, 2023, the Bank has made an additional provision on standard advances at rates higher than minimum stipulated under IRAC norms, as per Board approved Accelerated Provisioning Policy. Accordingly, the Bank holds additional provision on standard advances of ₹253.38 crore at March 31, 2023.
- 28** Details of loans transferred / acquired during the Year ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:
- During the quarter and Year ended March 31, 2023:
- i. the Bank has not acquired any loan not in default through assignment.
 - ii. the Bank has not transferred any non-performing assets (NPAs) to Asset Reconstruction Companies (ARCs)/ to permitted transferees/ to other transferees
 - iii. the bank has not acquired any stressed loans and not transferred any loan not in default / Special Mention Accounts (SMA).
 - iv. the bank has not invested in Security Receipts (SR) issued by Asset Reconstruction Companies (ARC) in respect of stressed loans transferred to ARCs.
- 29** In accordance with RBI Master Direction RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 – (Securitisation of Standard Assets) Directions, 2021, the outstanding amount of securitised assets as per books of the SPEs and total amount of exposures retained by the originator as on the date of balance sheet to comply with the MRR is NIL for Year ended March 31, 2023.
- 30** Regulation 14 of Small Industries Development Bank of India General Regulations, 2000 prescribes separate format for presentation of accounts under Small Industries Development Assistance Fund(SIDAF) and General Fund. As no separate SIDAF has been notified by the Central Government, the same is not being maintained by SIDBI.
- 31** Previous year's figures have been re-grouped and re-classified wherever necessary to make them comparable with the current year's figures.

Additional disclosures

as per RBI guidelines

1. Capital adequacy (As per Basel I)

(₹ Crore)

Sr. No.	Particulars	FY 2022-23	FY 2021-22
i)	Common Equity*	Not Applicable	Not Applicable
ii)	Additional Tier 1 capital*	Not Applicable	Not Applicable
(iii)	Total Tier 1 capital	24,589.43	22,621.82
(iv)	Tier 2 capital	623.95	15.41
v)	Total Capital (Tier 1+Tier 2)	25,213.38	22,637.23
vi)	Total Risk Weighted Assets (RWAs)	1,30,691.61	93,239.24
vii)	Common Equity Ratio (Common Equity as a percentage of RWAs) *	Not Applicable	Not Applicable
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	18.81%	24.26%
ix)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	19.29%	24.28%
x)	Percentage of the shareholding of the Government of India	20.85	20.85
xi)	Amount of equity capital raised	-	-
xii)	Amount of Additional Tier 1 capital raised; of which	-	-
	a.) Perpetual Non-Cumulative Preference Shares (PNCPS):	-	-
	b.) Perpetual Debt Instruments (PDI)	-	-
xiii)	Amount of Tier 2 capital raised; of which	-	-
	a.) Debt capital instruments:	-	-
	b.) Perpetual Cumulative Preference Shares (PCPS)	-	-
	c.) Redeemable Non-Cumulative Preference Shares (RNCPS)	-	-
	d.) Redeemable Cumulative Preference Shares (RCPS)	-	-

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

2. Free Reserves and Provisions

(a) Provision on Standard Assets

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
Provisions towards Standard Assets (cumulative)	1,757.94	1064.85

(b) Floating Provisions

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
Opening balance in the floating provisions account	495.67	1,099.96
The quantum of floating provisions made in the accounting year	0.00	0.00
Amount of draw down made during the accounting year*	0.00	604.29
Closing balance in the floating provisions account	495.67	495.67

* Amount utilised for making NPA provision in terms of RBI circular dated May 05, 2021 and as per Bank's Board approved policy on floating provision.

3. Asset Quality and specific provisions

(a) Non-Performing Advances

Particulars	(₹ Crore)	
	FY 2022-23	FY 2021-22
(i) Net NPAs to Net Advances (%)	0.00%	0.07%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	217.62	282.31
(b) Additions during the year	93.39	1,030.59
(c) Reductions during the year	277.66	1,095.28
(d) Closing balance	33.35	217.62
(iii) Movement of Net NPAs *		
(a) Opening balance	132.10	185.25
(b) Additions during the year	(82.66)	5.90
(c) Reductions during the year	40.88	59.05
(d) Closing balance	8.56	132.10
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	85.52	97.05
(b) Provisions made during the year	176.05	1,024.70
(c) Write of / write back of excess provisions	236.78	1,036.23
(d) Closing balance	24.79	85.52

*The Net NPA will be NIL for the current year and previous year, if the amount of floating provision is adjusted against the same.

(b) Non-Performing Investments

Particulars	(₹ Crore)	
	FY 2022-23	FY 2021-22
(i) Net NPIs to Net Investments (%)	0.00%	0.00%
(ii) Movement of NPIs (Gross)		
(a) Opening balance	350.16	344.62
(b) Additions during the year	0.00	5.54
(c) Reductions during the year	18.78	0.00
(d) Closing balance	331.38	350.16
(iii) Movement of Net NPIs		
(a) Opening balance	0.00	0.00
(b) Additions during the year	0.00	0.00
(c) Reductions during the year	0.00	0.00
(d) Closing balance	0.00	0.00
(iv) Movement of provisions for NPIs (excluding provisions on standard assets)		
(a) Opening balance	350.16	344.62
(b) Provisions made during the year	0.00	5.54
(c) Write of / write back of excess provisions	18.78	0.00
(d) Closing balance	331.38	350.16

*Includes security (Book Value stated at ₹1/-) acquired by way of conversion of debt in line with extent RBI guidelines and the same has been fully redembemd in the same year.

(c) Non-Performing Assets (a+b)

Particulars	(₹ Crore)	
	FY 2022-23	FY 2021-22
(i) Net NPAs to Net Assets (Advanced + investments) (%)	0.00	0.06%
(ii) Movement of NPAs (Gross Advances + Gross investments)		
(a) Opening balance	567.79	626.93
(b) Additions during the year	93.39	1,036.14
(c) Reductions during the year	296.44	1,095.28
(d) Closing balance	364.74	567.79
(iii) Movement of Net NPAs		
(a) Opening balance	132.10	185.25
(b) Additions during the year	(82.66)	5.90
(c) Reductions during the year	40.88	59.05
(d) Closing balance	8.56	132.10
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	435.69	441.68
(b) Provisions made during the year	176.05	1,030.24
(c) Write of / write back of excess provisions	255.56	1,036.23
(d) Closing balance	356.18	435.69

(d) Disclosure of Restructured Accounts

(₹ Crore)

Sl	Type of Restructuring → Asset Classification → Details ↓	Under CDR Mechanism				Under SME Debt Restructuring Mechanism					
		Standard	Sub- Standard	Doubtful	Loss	Total	Standard	Sub- Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)* No. of Borrowers Amount outstanding Provision thereon	0	0	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year No. of Borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured category during the FY standard No. of Borrowers Amount outstanding Provision thereon	0	0	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY No. of Borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY No. of Borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY No. of Borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures)* No. of Borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-

(d) Disclosure of Restructured Accounts

(₹ Crore)

Sl	Type of Restructuring →	Asset Classification →	Others				Total					
			Standard	Sub-Standard	Doubtful	Loss	Total Standard	Sub-Standard	Doubtful	Loss	Total	
Details ↓												
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of Borrowers	14	2	10	-	26	14	2	10	-	26
		Amount outstanding	69.95	6.36	32.68	-	108.99	69.95	6.36	32.68	-	108.99
		Provision thereon	0.18	0.02	0.05	-	0.25	0.18	0.02	0.05	-	0.25
2	Fresh restructuring during the year	No. of Borrowers	1	3	-	-	4.00	1	3	-	-	4
		Amount outstanding	0.27	4.18	-	-	4.45	0.27	4.18	-	-	4.45
		Provision thereon	0.01	-	-	-	0.01	0.01	-	-	-	0.01
3	Upgradations to restructured standard category during the FY	No. of Borrowers	1	(1)	-	-	-	1	(1)	-	-	-
		Amount outstanding	5.03	(5.03)	-	-	-	5.03	(5.03)	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	(4)	-	-	-	(4)	(4)	-	-	-	(4)
		Amount outstanding	(19.58)	-	-	-	(19.58)	(19.58)	-	-	-	(19.58)
		Provision thereon	(0.17)	-	-	-	(0.17)	(0.17)	-	-	-	(0.17)
5	Downgradations of restructured accounts during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of Borrowers	(4)	(4)	(10)	-	(18)	(4)	(4)	(10)	-	(18)
		Amount outstanding	(28.58)	(5.50)	(32.69)	-	(66.77)	(28.58)	(5.50)	(32.69)	-	(66.77)
		Provision thereon	-	(0.02)	(0.05)	-	(0.07)	-	(0.02)	(0.05)	-	(0.07)
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of Borrowers	8	-	-	-	8	8	0	0	-	8
		Amount outstanding	27.09	-	0.00	-	27.09	27.09	-	0.00	-	27.09
		Provision thereon	0.02	0.00	(0.00)	-	0.02	0.02	0.00	(0.00)	-	0.02

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

Note: Figures at Sr. No.6 includes increase in outstanding net of reduction / recovery of ₹6.76 crore in respect of existing restructured accounts and closure of 7 borrower amounting to ₹33.01 crore and provision of ₹0.05 crore. Further, during FY 2023 one account amounting to ₹0.27 crore and provision of ₹0.01 crore upgraded from writeoff to standard category and showing under addition.

(e) Movement of Non-performing assets

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
Gross NPAs as on April 01	217.62	282.31
Additions (Fresh NPAs) during the year	93.39	1,030.59
Sub total (A)	311.01	1,312.90
Less :-		
(i) Upgradations	35.01	37.62
(ii) Recoveries (excluding recoveries made from upgraded accounts)	23.84	46.93
(iii) Technical / Prudential Write offs	211.42	1,005.06
(iv) Write offs other than those under (iii) above	7.39	5.67
Sub-total (B)	277.66	1,095.28
Gross NPAs as on March 31 (A-B)	33.35	217.62

(f) Write-offs and recoveries

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
Opening balance of Technical / Prudential written off accounts as at April 01	3,389.19	2,624.88
Add : Technical / Prudential write offs during the year	211.42	1,005.06
Sub total (A)	3,600.61	3,629.94
Less : Actual write off	543.57	37.83
Less : Recoveries made from previously technical / prudential written off accounts during the year	288.81	202.92
Sub total (B)	832.38	240.75
Closing balance as at March 31 (A-B)	2,768.23	3,389.19

(g) Overseas Assets, NPAs and Revenue

Particulars	FY 2022-23	FY 2021-22
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

(h) Depreciation and provisions on investments

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
(1) Investments		
(i) Gross Investments	29,450.89	24,306.52
(a) In India	29,450.89	24,306.52
(b) Outside India	-	-
(ii) Provisions for Depreciation	362.23	354.96
(a) In India	362.23	354.96
(b) Outside India	-	-
(iii) Net Investments	29,088.66	23,951.56
(a) In India	29,088.66	23,951.56
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	4.80	19.45
(ii) Add: Provisions made during the year	26.05	-
(iii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	-	-
(iv) Less: Write off / write back of excess provisions during the year*	-	14.65
(v) Less: Transfer, if any, to Investment Fluctuation Reserve Account	-	-
(vi) Closing balance	30.85	4.80

*The Bank has appropriated ₹10.96 crore (net of applicable taxes) to Investment Fluctuation Reserve Account in FY 2022.

(i) Provisions and Contingencies

(₹ Crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	FY 2022-23	FY 2021-22
Provisions for depreciation/NPI on Investment	7.27	(9.11)
Provision towards NPA	157.78 @	402.58 @#
Provision made towards Income tax (Including Deferred Tax Assets/Liability)	1053.91	430.23
Other Provision and Contingencies (with details)	693.09 \$	(41.65)§

@ net of restructuring provision

Net of write back of floating provision.

\$ includes provision for standard asset.

(j) Provisioning Coverage Ratio (PCR)

Particulars	FY 2022-23	FY 2021-22
Provisioning Coverage Ratio (PCR)*	99.69%	96.22%

* Floating provision has not been considered while calculating PCR.

(k) Provisioning pertaining to Frauds

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
No. of frauds reported during the year	8	1
Amount involved in fraud	32.54	6.67
Amount involved in fraud net of recoveries/write offs/unrealised interest as at the end of the year	26.73	6.47
Provision made during the year	1.13	-
Provision held as at the end of the year for the above accounts	26.73	6.47
Amount of unamortised provision debited from "other reserves" as at the end of the year	-	-

4. Investment portfolio: constitution and operations

(a) Repo Transactions

(₹ Crore)

	Minimum outstanding during the year FY 2023	Maximum outstanding during the year FY 2023	Daily Average outstanding during the year FY 2023	Outstanding as on March 31, 2023
Securities sold under repo				
i. Government securities	-	13,673.20	2,720.28	10543.96
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	14,994.39	1,632.35	1,998.89
ii. Corporate debt securities	-	-	-	-

(₹ Crore)

	Minimum outstanding during the year FY 2022	Maximum outstanding during the year FY 2022	Daily Average outstanding during the year FY 2022	Outstanding as on March 31, 2022
Securities sold under repo				
i. Government securities	-	3,735.68	348.89	2568.91
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	21,610.09	6,450.69	299.89
ii. Corporate debt securities	-	-	-	-

(b) Disclosure of Issuer Composition for Investment in Debt Securities

(₹ Crore)

Issuer	Amount	Amount as on March 31, 2023			
		Investment made through private placement	Below Investment Grade Securities Held	Unrated securities held	Unlisted securities
(1)	(2)	(3)	(4)	(5)	(6)
(i) PSUs	363.31	278.25	-	-	-
(ii) FIs	2,795.10	2,795.10	-	189.83	189.83
(iii) Banks	8,302.72	8,302.72	-	103.50	103.50
(iv) Private Corporates	379.93	379.93	-	379.93	371.30
(v) Subsidiaries/Joint ventures	1,751.05	1,751.05	-	1,751.05	1,751.05
(vi) Others	1,045.81	1,045.81	-	1,045.81	1,045.81
(vii) Provision held towards depreciation	-362.23	-	-	-	-
Total	14,275.69	14,552.86	-	3,470.12	3,461.49

(c) Sale & transfers of securities to /from HTM category :

During the FY2023, the Bank shifted investments in Venture Capital Funds from HTM to AFS category in accordance with extant RBI guidelines. Except for the above, there was no shifting on investments to/from HTM category.

5. Details of Financial Assets purchased/ sold

(a) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(i) Details of Sales

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

(ii) Details of Book Value of Investments in Security Receipts

(₹ Crore)

Particulars	Book value of investments in security receipts	
	FY 2022-23	FY 2021-22
(i) Backed by NPAs sold by the AIFI as underlying	0.27	0.27
(ii) Backed by NPAs sold by banks / other financial institutions / non-banking financial companies as underlying	-	-
Total	0.27	0.27

(b) Details of Non Performing Financial Assets Purchased / Sold

(i) Details of non performing financial assets purchased:

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
1. (a) No. of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

(ii) Details of non performing financial assets sold:

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

6. Operating Results

Particulars	FY 2022-23	FY 2021-22
(i) Interest income as a percentage to average working funds(%)	5.37	4.28
(ii) Non-interest income as a percentage to average working funds(%)	0.16	0.21
(iii) Operating profit as a percentage to average working funds (before provisions)(%)	1.57	1.35
(iv) Return on average assets (before provisions for taxation)(%)	1.32	1.17
(v) Net Profit per employee (₹ crore)	3.22	1.99

7. Credit Concentration risk

(a) Capital market exposure

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	320.03	456.70
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) financing to stockbrokers for margin trading;	-	-
(x) all exposures to Venture Capital Funds (both registered and unregistered)	1,173.59	1,022.18
Total Exposure to Capital Market	1,493.62	1,478.88

(b) Exposure to Country risk

(₹ Crore)

Risk Category	FY 2022-23		FY 2021-22	
	Net Funded Exposure	Provision held	Net Funded Exposure	Provision held
Insignificant	10,902.69	26.40	11,269.51	27.66
Low	1,018.09	-	998.70	-
Moderate	15.90	-	1.00	-
High	5.64	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	11,942.32	26.40	12,269.21	27.66

(c) Prudential Exposure Limits - Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded.

(i) The number and amount of exposures in excess of the prudential exposure limits during the year.

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

ii) Credit exposure as percentage to capital funds and as percentage to total assets, in respect of :

S r. No.	Particulars	FY 2022-23		FY 2021-22	
		As % to Total Assets	As % to Capital funds	As % to Total Assets	As % to Capital funds
1	The largest single borrower	14.88%	237.41%	17.51%	191.31%
	The largest borrower group	As large borrowers are Primary lending Institutions, the concept of borrower group is not applicable.			
2	The 20 largest single borrowers	70.68%	1127.93%	65.53%	716.11%
	The 20 largest borrower group	As large borrowers are Primary lending Institutions the concept of borrower group is not applicable.			

iii) Credit exposure to the five largest industrial sectors as percentage to total loan assets :

(₹ Crore)

Name of Industry	FY 2022-23		FY 2021-22	
	Credit Exposure	% to total loan assets	Credit Exposure	% to total loan assets
TEXTILE PRODUCTS	1373.15	0.39	821.55	0.41
AUTO ANCILLARIES	1303.56	0.37	871.11	0.43
METAL PRODUCTS N.E.C.	1298.56	0.36	1072.24	0.53
PLASTIC MOULDED GOODS	707.12	0.20	601.17	0.30
METAL PRODUCTS PARTS EXCEPT MACHINERY	648.03	0.18	580.84	0.29

(iv) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is 'Nil'.

(v) The bank had no factoring exposure during the current year and previous year.

(vi) The bank had not exceeded the Prudential Exposure Limits during the current year and previous year.

(d) Concentration of borrowings /lines of credit, credit exposures and NPAs

(i) Concentration of borrowings and lines of credit

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
Total borrowings from twenty largest lenders	2,86,928.23	1,81,350.77
Percentage of borrowings from twenty largest lenders to total borrowings	78.46%	83.73%

(ii) Concentration of Exposures

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
Total advances to twenty largest borrowers	2,83,925.02	1,61,623.21
Percentage of advances to twenty largest borrowers to Total Advances	79.65%	79.88%
Total Exposure to twenty largest borrowers / customers	3,09,645.04	1,75,921.47
Percentage of exposures to twenty largest borrowers / customers to Total Exposure	74.35%	68.02%

(iii) Sector-wise concentration of exposures and NPAs

(₹ Crore)

Sr. No.	Sector	FY 2022-23			FY 2021-22		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
I.	Industrial sector	3,18,130.93	14.74	0.00%	1,81,265.82	199.00	0.11%
1	Central Government	-	-	-	-	-	-
2	Central PSUs	-	-	-	-	-	-
3	State Governments	1,541.63	-	-	180.83	-	-
4	State PSUs	-	-	-	-	-	-
5	Scheduled Commercial Banks	2,98,173.25	-	-	1,66,831.69	-	-
6	Regional Rural Banks	-	-	-	-	-	-
7	Co-operative banks	-	-	-	-	-	-
8	Private sector (excluding banks)	18,416.05	14.74	0.08%	14,253.30	199.00	1.38%
II.	Micro-finance sector	4,918.26	18.61	0.38%	3,136.30	18.62	0.01
III.	Others*	33,414.67	-	-	17,935.18	-	-
	Total (I+II+III)	3,56,463.86	33.35	0.01%	2,02,337.30	217.62	0.11%

* includes advances to NBFCs

8. Derivatives

(a) Forward Rate Agreement / Interest Rate Swap

(₹ Crore)

Sr. No	Particulars	FY 2022-23	FY 2021-22
i)	The notional principal of swap agreements	123.72	185.58
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	(1.91)	2.29
iii)	Collateral required by the bank upon entering into swaps	Nil	Nil
iv)	Concentration of credit risk arising from the swaps	-	3.25
v)	The fair value of the swap book	(1.91)	2.29

The nature and terms of the IRS as on March 31, 2023 are set out below:

Sl. no.	Nature	Nos.	Notional Principal	Benchmark	Terms
1	Hedging	1	INR 123,72,29,020.00	6 M USD LIBOR	Fixed receivable V/s floating payable

The nature and terms of the IRS as on March 31, 2022 are set out below

Sl. no.	Nature	Nos.	Notional Principal	Benchmark	Terms
1	Hedging	1	INR 185,58,43,530.00	6 M USD LIBOR	Fixed receivable V/s floating payable

(b) Exchange Traded Interest Rate Derivatives

(₹ Crore)

Sr. No	Particulars	FY 2022-23	FY 2021-22
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument - wise)	NIL	NIL
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31 (instrument - wise)	NIL	NIL
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument - wise)	NIL	NIL
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument - wise)	NIL	NIL

(c) Disclosures on risk exposure in derivatives**(i) Qualitative Disclosures**

- (1) The Bank uses Derivatives for hedging of interest rate and exchange risk arising out of mismatch in the assets and liabilities. All derivatives undertaken by Bank are for hedging purposes with underlying as Foreign Currency borrowings, which are not MTM, but only translated. The Bank does not undertake trading in Derivatives.
- (2) Internal Control guidelines and accounting policies are framed and approved by the Board. The derivative structure is undertaken only after approval of the competent authority. The particulars of derivative details undertaken are also reported to ALCO/Board.
- (3) The Bank has put systems in place for mitigating the risk arising out of derivative deals. The Bank follows the accrual method for accounting the transactions arising out of derivative deals.

(d) Disclosure on Credit default swap - Bank has not undertaken any credit default swap during the year.**(ii) Quantitative Disclosures**

(₹ Crore)

S r. No.	Particulars	FY 2022-23		FY 2021-22	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)	3,361.40	123.72	3,902.68	185.58
	(i) For hedging	3,361.40	123.72	3,902.68	185.58
	(ii) For trading	-	-	-	-
2	Marked to Market Positions [1]	535.51	(1.91)	296.35	2.29
	(i) Asset (+)	535.51		296.35	2.29
	(ii) Liability (-)	-	1.91	-	-
3	Credit Exposure [2]	730.12	-	557.49	3.25
4	Likely impact of one percentage change in interest rate (100* PV01)	1,681.43	(0.72)	56.18	(0.02)
	(i) On hedging derivatives	1,681.43	(0.72)	56.18	(0.02)
	(ii) On trading derivatives	-	-	-	-
5	Maximum and Minimum of 100*PV01 observed during the year				
	(i) On hedging	1912.87/0.56	(0.72)/(2.47)	88.26/56.18	(2.37)/(4.82)
	(ii) On trading	-	-	-	-

9. Disclosure of Letters of Comfort (LoCs) issued.

The particulars of Letters of Comfort (LoCs) issued during the year, assessed financial impact, and assessed cumulative financial obligations under the LoCs issued in the past and outstanding is as under:

(₹ Crore)

LoCs outstanding as on April 01, 2022		LoC issued during the year		LoCs redeemed during the year		LoCs outstanding as on March 31, 2023	
No of LoC	Amount	No of LoC	Amount	No of LoC	Amount	No of LoC	Amount
-	-	-	-	-	-	-	-

10. Asset Liability Management

(₹ Crore)

	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	34.63	28.75	1,616.06	375.23	40,178.28	1,17,330.89	2,791.15	2,681.16	1,65,036.15
Advances	6,997.81	3,988.66	50,914.03	65,123.20	65,005.05	1,50,447.99	12,202.58	1,759.75	3,56,439.07
Investments	12,067.13	893.26	9,319.83	10,471.73	-	266.20	2,082.81	3,218.56	38,319.52
Borrowings	15,640.96	3,600.00	73,581.99	26,684.22	34,913.39	44,652.76	836.77	747.83	2,00,657.92
Foreign Currency Assets	6.87	8.03	911.60	32.72	364.03	2,253.17	367.78	-	3,944.20
Foreign Currency Liabilities	13.20	6.43	530.98	47.71	482.50	2,051.84	693.42	563.67	4,389.75

11. Draw Down from Reserves

There is no draw down from Reserves during the current year and previous year.

12. Business Ratios

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
Return on average Equity (before provisions for taxation)(%)	16.98	10.55
Return on average assets (before provisions for taxation)(%)	1.32	1.17
Net Profit per employee (₹ crore)	3.22	1.99

13. Disclosure of Penalties imposed by RBI

RBI had not imposed any penalty on the Bank during the current year and previous year.

14. Customer Complaints

1. Complaints received by the bank from its customers

(₹ Crore)

Particulars	FY 2022-23	FY 2021-22
1 No. of complaints pending at the beginning of the year	1	7
2 No. of complaints received during the year	230	234
3 No. of complaints disposed during the year	230	240
3(i) Of which, number of complaints rejected by the Bank	83	19
4 No. of complaints pending at the end of the year	1	1

2. Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
(1)	(2)	(3)	(4)	(5)	(6)
FY 2023					
Loans and advances	-	35	(18.60)	-	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	35	34.62	-	-
Others	1	53	(67.88)	1	-
FY2022					
Loans and advances	-	43	(27.12)	-	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	26	160	-	-
Others	7	165	(42.71)	1	-

RBI vide their Circular CEPD.CO.PRD.Cir.No.01/13.01.013/2020-21 dated 27.01.2021 on Strengthening of Grievance Redress Mechanism in Banks had categorized grievances under 16 categories and had advised Banks to make disclosures accordingly.

15. Off-Balance Sheet SPVs Sponsored

The Bank had no Off-balance sheet SPVs sponsored during the current year and previous year.

16. Disclosure as per specific accounting standards

(a) Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in accounting policies

Income in schedule XIII - 'other income' includes Prior Period Income of ₹10,08,72,058 for FY 2022-23 [Previous Year ₹4,66,88,641] and Other expenditure in schedule XIV - 'Operating Expenses' for FY 2022-23 includes Prior Period Expenditure of ₹1,22,71,798 [Previous Year (₹2,58,64,368)].

(b) Accounting Standard 17 – Segment Reporting

As required under RBI master directions and Accounting Standard-17 'Segment Reporting' the Bank has disclosed "Business segment" as the Primary Segment. Since the Bank operates in India, there are no reportable geographical segments. Under Business Segment, the Bank has identified Whole Sale Operations (Direct Lending), Whole Sale Operations (Refinance) and Treasury as its three reporting segments. These segments have been identified after considering the nature and risk profile of the products and services, the organization structure and the internal reporting system of the Bank. Previous year's figures have been regrouped and reclassified to conform to the current year's methodology.

Part A: BUSINESS SEGMENTS

(Amount in ₹)

Business Segments	Wholesale Operations (Direct Lending)		Wholesale Operations (Refinance)		Treasury		Total	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
1 Segment Revenue	1,554.09	1,209.25	14,088.67	6,587.11	2,842.05	1,342.82	18,484.81	9,139.18
Exceptional Items							-	-
Total							18,484.81	9,139.18
2 Segment Results	379.02	340.18	3,109.40	1,689.44	1,238.47	600.94	4,725.89	2,629.56
Exceptional Items							-	-
Total							4,725.89	2,629.56
Unallocable Expenses							328.41	241.73
Operating profit							4,397.48	2,388.33
Income Tax (Net of write back)							1,053.91	430.23
Net profit after Tax							3,343.57	1,958.10
3 Other information								
Segment Assets	20,055.91	14,432.35	3,37,995.11	1,89,084.40	41,111.89	42,082.79	3,99,162.91	2,45,598.55
Unallocated Assets							3,219.82	1,779.14
Total Assets							4,02,382.73	2,47,377.69
Segment Liabilities	15,883.66	10,616.77	3,16,857.75	1,74,444.45	39,112.64	35,888.26	3,71,854.05	2,20,949.48
Unallocated Liabilities							3,025.62	2,144.58
Total							3,74,879.67	2,23,094.06
Capital / Reserves	4,155.25	3,752.69	21,028.09	14,472.02	2,319.03	6,059.92	27,502.37	24,284.63
Total							27,502.37	24,284.63
Total Liabilities							4,02,382.73	2,47,378.69

Part B: GEOGRAPHIC SEGMENTS - The operations of the Bank is confined to India only, hence no reportable geographic segments.

(c) Accounting Standard 18 – Related Party Disclosures**(i) Details of Related Parties**

Name of the entity	Nature of Relationship
SIDBI Venture Capital Ltd	Subsidiary
SIDBI Trustee Company Ltd	Subsidiary
Micro Units Development & Refinance Agency Ltd	Subsidiary
India SME Technology Services Limited	Associate
Acuite Ratings Pvt Ltd	Associate
Receivables Exchange of India Limited	Associate
India SME Asset Reconstruction Company Limited	Associate
APITCO LIMITED*	Associate
KITCO LIMITED	Associate

*Investment sold on November 20, 2021

(ii) Key management personnel

Shri Sivasubramanian Ramann	Chairman & Managing Director
Shri V. Satya Venkata Rao	Deputy Managing Director
Shri Sudatta Mandal	Deputy Managing Director

(iii) Significant transactions with related parties

(₹ Crore)

Items / Related Party	Sub-sidiaries	Associates/ Joint ventures	Key Management Personnel @	Relatives of Key Management Personnel	Total
Borrowings#	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-
Maximum during the year	-	-	-	-	-
Deposit#	-	-	-	-	-
Outstanding at the year end	-	11.50	-	-	11.50
Maximum during the year	-	11.50	-	-	11.50
Placement of deposits#	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-
Maximum during the year	-	-	-	-	-
Advances#	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-
Maximum during the year	-	-	-	-	-
Investments#	-	-	-	-	-
Outstanding at the year end	1,751.05	36.10	-	-	1,787.15
Maximum during the year	1,751.05	36.10	-	-	1,787.15
Non funded commitments#	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-
Maximum during the year	-	-	-	-	-
Leasing arrangements availed#	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-
Maximum during the year	-	-	-	-	-
Leasing arrangements provided#	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-
Maximum during the year	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-
Interest paid	-	0.45	-	-	0.45
Interest received	-	-	-	-	-
Dividend received	26.64	0.51	-	-	27.15
Dividend paid	-	-	-	-	-
Rendering of services*	11.76	2.75	-	-	14.51
Receiving of services*	-	-	-	-	-
Management contracts**	-	-	1.35	-	1.35

@Whole time directors of the Board

The outstanding at the year end and the maximum during the year are to be disclosed

* Contract services etc. and not services like remittance facilities, locker facilities etc.

** Remuneration to Key Management Personnel.

17. Unamortised Pension and Gratuity Liabilities

The pension and gratuity liability are provided for on the basis of an actuarial valuation made at the end of each financial year based on the projected unit credit method. The actuarial gains/ losses are taken to the profit & loss account and are not amortized.

As per our report of even date

BY ORDER OF THE BOARD

For **Borkar & Muzumdar**
Chartered Accountants
FRN.101569W

Ajit Nath Jha
Chief Financial Officer

Sudatta Mandal
Deputy Managing Director

V. Satya Venkata Rao
Deputy Managing Director

Sivasubramanian Ramann
Chairman & Managing Director

Darshit Doshi
Partner
M.No. 133755

G Gopalakrishna
Director

Amit Tandon
Director

Place: Mumbai
Date: May 12, 2023

Cash Flow Statement

for the year ended March 31, 2023

(Amount in ₹)

31.03.2022	Particulars	31.03.2023	31.03.2023
	1. Cash Flow from Operating Activities		
23,88,02,02,681	Net Profit before tax as per P & L Account		43,97,48,24,372
	Adjustments for :		
36,18,71,759	Depreciation	26,23,28,294	
5,53,33,454	Provision for net depreciation in investments	26,05,29,926	
3,98,31,68,645	Provisions made (net of write back)	9,19,41,00,782	
(70,43,74,178)	Profit on sale of investments (net)	(44,63,03,402)	
(14,25,891)	Profit on sale of fixed assets	(1,33,74,835)	
(47,78,14,759)	Income Received on Investments	(32,37,39,322)	8,93,35,41,443
27,09,69,61,711	Cash generated from operations		52,90,83,65,815
	(Prior to changes in operating Assets and Liabilities)		
	Adjustments for net changes in :		
(38,08,83,847)	Current assets	(12,79,59,67,735)	
(17,31,75,47,708)	Current liabilities	16,38,89,72,497	
(13,44,52,273)	Bills of Exchange	(5,17,69,19,134)	
(4,59,94,00,35,099)	Loans & Advances	(15,36,08,86,06,820)	
3,66,22,24,58,973	Net Proceeds of Bonds and Debentures & other borrowings	12,49,45,48,36,350	
1,64,66,31,03,814	Deposits received	2,41,57,71,89,722	
53,11,26,43,861			(46,64,04,95,120)
80,20,96,05,572			6,26,78,70,695
(5,04,41,76,103)	Payment of Tax	(12,60,92,47,571)	(12,60,92,47,571)
75,16,54,29,469	Net Cash flow from operating Activities		(6,34,13,76,876)
	2. Cash Flow from Investing Activities		
(51,84,59,830)	Net (Purchase)/Sale of fixed assets	(28,16,59,013)	
(1,42,32,30,93,515)	Net (Purchase)/sale/redemption of Investments	8,41,52,41,728	
47,78,14,759	Income Received on Investments	32,37,39,323	
(1,42,36,37,38,586)	Net cash used in Investing Activities		8,45,73,22,038
	3. Cash flow from Financing Activities		
14,22,80,00,000	Proceeds from issuance of share capital & share premium	-	
(1,06,38,44,062)	Dividend on Equity Shares & tax on Dividend	(79,81,84,026)	
13,16,41,55,938	Net cash used in Financing Activities		(79,81,84,026)
(54,03,41,53,179)	4. Net increase/(decrease) in cash and cash equivalents		1,31,77,61,136
79,09,84,37,487	5. Cash and Cash Equivalents at the beginning of the period		25,06,42,84,308
25,06,42,84,308	6. Cash and Cash Equivalents at the end of the period		26,38,20,45,444
	7. Cash and cash equivalents at the end of the period includes		
7,18,409	Cash in Hand		6,02,342
92,87,49,749	Current account balance with Bank		6,30,72,99,170
19,99,90,00,050	Mutual Funds		-
4,13,58,16,100	Deposits		20,07,41,43,932

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

Significant Accounting Policies XV

Notes to Accounts XVI

As per our report of even date

BY ORDER OF THE BOARD

For **Borkar & Muzumdar** **Ajit Nath Jha**
Chartered Accountants Chief Financial Officer
FRN.101569W

Sudatta Mandal
Deputy Managing Director

V. Satya Venkata Rao
Deputy Managing Director

Sivasubramanian Ramann
Chairman & Managing Director

Darshit Doshi
Partner
M.No. 133755

G Gopalakrishna
Director

Amit Tandon
Director

Place: Mumbai
Date: May 12, 2023

Appendix II

Consolidated Balance Sheet along
with Profit and Loss Account and
Cash Flow Statement of SIDBI

Independent Auditor's Report

The Board of Directors

Small Industries Development Bank of India

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Small Industries Development Bank of India** (hereinafter referred as the 'the Bank') and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group') and its associates which comprise the consolidated Balance Sheet as at March 31, 2023, the consolidated Profit and Loss Account and the consolidated Cash Flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements of Subsidiaries, the unaudited financial statements and the other financial information of the Associates as furnished by the management, the aforesaid consolidated financial statements give the information required in accordance with Regulation 14(1) of the Small Industries Development Bank of India General Regulations, 2000 and give a true and fair view, in conformity with the Accounting Standards notified by the Institute of Chartered Accountants of India ("the ICAI") and accounting principles generally accepted in India, of the state of affairs of the Group and its associates as at March 31, 2023, of its consolidated profit and consolidated cash flows for the year ended on that date.

Description of Key Audit Matters

Key Audit Matter	How our audit addressed the Key Audit Matters
Classification of Advances, Identification of Non-Performing Advances, Income Recognition and Provision on Advances (Schedule VIII read with Note 6 of Schedule XV to the consolidated financial statements)	
<p>(i) Advances include Refinance loans to banks, Financial Institutions, Micro Finance Institutions and NBFCs; and Direct loans including Cash credits, Overdrafts, Loans repayable on demand and Term loans.</p> <p>The Reserve Bank of India ('RBI') has prescribed the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' in respect of advances for banks ('IRACP Norms').</p>	<p>Our audit approach / procedures towards Classification of Advances, Identification of Non-performing Advances, Income Recognition and Provision on Advances included the following:</p> <ul style="list-style-type: none"> - Understanding and considering the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the prudential norms prescribed by the RBI (IRACP Norms) including the additional provisions and asset classification benefit extended on restructured advances.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated Financial Statements' section of our report. We are independent of the Group and its associates in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note Nos 2A (7), 2B and 2C of "Annexure I- Additional Notes" to Consolidated Financial Statements with regard to non-consolidation of 7 associates wherein as per the management the carrying amount of the investments are not realisable and are fully provided for.

Our opinion on the consolidated financial statements is not modified in respect of above matter.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>The identification of performing and non-performing advances (including advances restructured under applicable IRACP Norms) involves establishment of proper mechanism and the Bank is required to apply significant degree of judgement to identify and determine the amount of provision required against each advance applying both quantitative as well as qualitative factors prescribed by the regulations.</p> <p>Significant judgements and estimates for NPA identification and provisioning could give rise to material misstatements on:</p> <ul style="list-style-type: none"> - Completeness and timing of recognition of non-performing assets in accordance with criteria as per IRACP norms; - Measurement of the provision for non-performing assets based on loan exposure, ageing and classification of the loan, realizable value of security; - Appropriate reversal of unrealized income on the NPAs. <p>Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions on restructured advances under applicable IRACP Norms) and income recognition on advances:</p> <ul style="list-style-type: none"> - Requires proper control mechanism and significant level of estimation by the Bank; - Has significant impact on the overall financial statements of the Bank; <p>we have ascertained this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> - Understanding the key controls (including system based automated controls) for identification and provisioning of impaired accounts based on the extant guidelines on IRACP laid down by the RBI. - Performing other procedures including substantive audit procedures covering the identification of NPAs by the Bank. These procedures included: <ul style="list-style-type: none"> i. Considering testing of the exception reports generated from the application systems where the advances have been recorded. ii. Considering the accounts reported by the Bank and other banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress. iii. Reviewing account statements, drawing power calculation, security and other related information of the borrowers selected based on quantitative and qualitative risk factors iv. Reading of minutes of credit and risk committee meetings and performing inquiries with the credit department to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product. v. Considering key observations arising out of Internal Audits and Concurrent Audits conducted as per the policies and procedures of the Bank. vi. Considering the RBI Financial Inspection report on the Bank, the Bank's response to the observations and other communication with RBI during the year vii. Reviewing the report submitted by external expert appointed by the Bank to verify compliance with the RBI circular on Automation of IRACP processes through the Bank's core banking system. viii. Examination of advances including stressed/restructured advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines. ix. Seeking independent confirmation of account balances for sample borrowers x. Visits to branches/offices and examination of documentation and other records relating to advances. <p>For Non- performing advances identified, we, based on factors including stressed sectors and account materiality, tested on a sample basis the asset classification dates, reversal of unrealized interest, value of available security and provisioning as per IRACP norms. We recomputed the provision for NPA on such samples after considering the key input factors and compared our measurement outcome to that prepared by management.</p>

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>(ii) Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule VII read with Note 3 of Schedule XV to the consolidated financial statements)</p> <p>Investments are categorized under Treasury operations and Business Operations. Investments include investments made by the Bank in Central and State Governments Securities, Bonds, Debentures, Shares, Mutual Funds, VCFs and other approved securities. RBI Circulars and directives, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, non-recognition of income and provisioning against non-performing investments.</p> <p>The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FBIL/FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc.</p> <p>We identified valuation of investments and identification of NPI as a Key Audit Matter because of the management judgement involved in determining the value of certain investments (Bonds and Debentures, VCFs) based on applicable Regulatory guidelines and the Bank's policies, impairment assessment for HTM book based on management judgement, the degree of regulatory focus and the overall significance to the financial results of the Bank.</p>	<p>Our audit approach/procedures towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non-performing investments (NPIs) and provisioning/depreciation related to Investments. In particular -</p> <ul style="list-style-type: none"> - We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, reversal of income on NPIs and provisioning/depreciation related to investments; - We assessed and evaluated the process adopted for collection of information from various sources for determining market value of these investments; - For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security; - We carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained and if accrual of income is in accordance with the RBI Circular for those selected sample of NPIs;
<p>(iii) Information Technology ('IT') Systems and Controls for financial reporting</p> <p>The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>Due to the pervasive nature and complexity of the IT environment as well as its importance in relation to accurate and timely financial reporting, we have identified this area as a Key Audit Matter.</p>	<p>As a part of our audit procedures for review of the Bank's IT systems and related controls for financial reporting:</p> <ul style="list-style-type: none"> - We tested the design and operating effectiveness of the Bank's IT systems and controls that are critical to financial reporting. - The Bank has a system in place for getting application software audits for identified Application Systems at reasonable intervals. Information System (IS) Audit is done by the Bank at reasonable intervals. - We reviewed key observations arising out of audits conducted on the Bank's IT systems during the year.

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>(iv) Assessment of Provisions and Contingent Liabilities (Note 10 and Note 12 of Schedule XV to the consolidated financial statements)</p> <p>Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct Taxes, various claims filed by other parties not acknowledged as debt (Schedule XI to the consolidated financial statements) and various employee benefits schemes (Schedule V to the consolidated financial statements) was identified as a significant audit area.</p> <p>There is high level of judgement involved in estimating the level of provisioning required as well as in the disclosure of both Provisions and Contingent Liabilities in respect of tax matters and other legal claims. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and state of affairs presented in the Balance Sheet.</p> <p>The valuations of the employee benefit liabilities are calculated with reference to multiple actuarial assumptions and inputs including discount rate, rate of inflation and mortality rates. The valuation of funded assets in respect of the same is also sensitive to changes in the assumptions.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of the matters which requires application of judgment in interpretation of law, circumstances of each case and estimates involved.</p>	<p>Our audit approach / procedures involved:</p> <ul style="list-style-type: none"> - Understanding the current status of the litigations/ tax assessments; - Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon; - Evaluating the merit of the subject matters identified as significant, with reference to the grounds presented therein and available independent legal / tax advice including opinion of the Bank's tax consultants; - Review and evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues; and - Ensuring completeness and accuracy of the data, the measurement of the fair value of the schemes' assets, understanding the judgements made in determining the assumptions used by management to value the employee liabilities with specific schemes and market practice. - Our audit procedures included an assessment of some assumptions used by the actuary by comparing life expectancy assumptions with relevant mortality tables, benchmarking inflation and discount rates against external market data. We verified the value of plan assets to the statements provided by asset management companies managing the plan assets. - Verification of disclosures related to significant litigations, taxation matters and Employee benefits liabilities in the consolidated financial statements.

Information other than the consolidated Financial Statements and Auditor's Report Thereon

The Bank's Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Bank's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the

consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Bank's annual report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

The Bank's Management is responsible with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the Small Industries Development Bank of India General Regulations, 2000, and accounting principles

generally accepted in India including the Accounting Standards issued by ICAI, and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. The respective Management of the entities included in the Group and of its associates are responsible for maintenance of adequate accounting records for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Management of the entities included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Management of the entities included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibilities for the audit of the consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's Internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial statements made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of the Bank included in consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described under 'Other Matters' in this audit report.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- I. These Consolidated Financial Results incorporate the relevant returns of 26 branches of the Bank visited/ audited by us including Bank's Head Office which covers 96.30% of Advances, 99.30% of deposits and 100% of Borrowings of the Bank as on 31st March 2023 and 95.09% of Interest income on advances, 99.19% of interest expense on deposits and 100% of interest expense on borrowings of the Bank for the year ended 31st March 2023. These branches have been selected in consultation with the management of the Bank. In conduct of our audit, we have relied upon various information and returns received from remaining branches of the Bank not visited by us and generated through centralized data base at Bank's Head Office.
- II. We did not audit the financial statements of the Three Subsidiaries, whose financial statements reflect total assets of Rs 38,585.53 crore as at 31st March 2023, total revenues of Rs 1,553.98 crore and total net profit after tax of Rs 580.73 crore for the year ended 31st March 2023 and net cash outflow amounting to Rs 291.85 crore for the year ended on that date, as considered in the consolidated financial statements, which have been audited by other independent auditors, whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report is based solely on the report of the other auditors.
- III. The consolidated financial statements also include the Group's share of net profit of Rs. 33.81 crore for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of associates whose financial statements have not been audited by us. These

financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these associates, is based solely on such unaudited financial statements/financial information. We have relied on the management's written representation to us that the effect of the changes / adjustments, if any, required to be made to the reported numbers of these Associates consequent to their audit would not be material for the Group.

Our opinion on the consolidated financial statements and our Report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters and with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

The consolidated financial statements have been prepared by the Bank's Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

We report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Bank so far as it appears from our examination of those books and the reports of the other auditors;
- c) The consolidated Balance Sheet, the consolidated Profit and Loss Account, the consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with the applicable Accounting Standards.

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

Darshit Doshi

Partner

Place: Mumbai
Date: May 12, 2023

Membership No. 133755
UDIN: 23133755BGQTYP7110

Consolidated Balance Sheet

as at March 31, 2023

(Amount in ₹)

		March 31, 2023	March 31, 2022
CAPITAL AND LIABILITIES	Schedules		
Capital	I	5,68,54,11,689	5,68,54,11,689
Reserves, Surplus and Funds	II	2,88,76,87,36,216	2,50,62,78,84,150
Deposits	III	19,99,45,59,64,621	17,07,04,29,74,899
Borrowings	IV	20,06,57,92,03,549	7,57,12,43,67,200
Other Liabilities and Provisions	V	92,03,25,03,830	68,31,68,04,164
Deferred Tax Liability		-	-
Total		43,92,52,18,19,905	27,88,79,74,42,102
ASSETS			
Cash and Bank Balances	VI	2,86,03,90,96,059	3,07,71,86,06,790
Investments	VII	2,74,13,43,84,869	2,22,43,61,70,888
Loans & Advances	VIII	37,79,95,53,86,671	22,22,90,63,21,987
Fixed Assets	IX	2,97,51,82,162	2,93,91,01,100
Other Assets	X	49,41,77,70,144	32,79,72,41,337
Total		43,92,52,18,19,905	27,88,79,74,42,102
Contingent Liabilities	XI	45,13,44,11,010	53,37,90,27,297

Consolidated Significant Accounting Policies (Schedule XV) and Notes to Accounts (Annexure I)
The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date

BY ORDER OF THE BOARD

For **Borkar & Muzumdar**
Chartered Accountants
FRN.101569W

Ajit Nath Jha
Chief Financial Officer

Sudatta Mandal
Deputy Managing Director

V. Satya Venkata Rao
Deputy Managing Director

Sivasubramanian Ramann
Chairman & Managing Director

Darshit Doshi
Partner
M.No. 133755

G Gopalakrishna
Director

Amit Tandon
Director

Place: Mumbai
Date: May 12, 2023

Consolidated Profit & Loss Account

for the year ended March 31, 2023

(Amount in ₹)

		March 31, 2023	March 31, 2022
INCOME	Schedules		
Interest and Discount	XII	1,94,82,44,81,207	97,15,63,76,643
Other Income	XIII	5,18,98,24,336	4,17,42,36,689
Total		2,00,01,43,05,543	1,01,33,06,13,332
EXPENDITURE			
Interest & Financial charges		1,31,56,49,02,718	63,63,01,56,138
Operating Expenses	XIV	8,41,66,47,379	7,11,77,65,894
Provisions & Contingencies		8,54,07,24,817	3,78,96,12,908
Total		1,48,52,22,74,914	74,53,75,34,940
Profit before Tax		51,49,20,30,629	26,79,30,78,392
Provision for Income Tax		14,24,27,84,676	4,99,84,22,319
Deferred Tax Adjustment [(Asset) / Liability]		(1,72,73,59,844)	11,67,75,995
Share of (earning)/loss in associates		(33,81,07,081)	5,80,86,505
Profit after Tax		39,31,47,12,878	21,61,97,93,573
Profit brought forward		4,44,99,11,872	3,01,46,01,008
Total Profit / (Loss)		43,76,46,24,750	24,63,43,94,581
Appropriations			
Transfer to General Reserve		31,11,88,59,294	18,00,54,03,423
Transfer to Special reserve u/s 36(1)(viii) of The Income Tax Act, 1961		80,00,00,000	70,00,00,000
Transfer to Statutory Reserve u/s 45-IC of RBI Act, 1934		1,15,14,95,854	46,56,33,348
Others			
a) Transfer to Investment Fluctuation Reserve		-	10,96,07,912
Transfer to Staff Welfare Fund		11,11,00,000	10,56,54,000
Development Fund		-	-
Dividend on Shares		1,13,70,82,338	79,81,84,026
Tax on Dividend		-	-
Surplus in Profit & Loss account carried forward		9,44,60,87,264	4,44,99,11,872
Total		43,76,46,24,750	24,63,43,94,581
Basic/Diluted Earning Per Share		69.15	40.63

Consolidated Significant Accounting Policies (Schedule XV) and Notes to Accounts (Annexure I)

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

As per our report of even date

BY ORDER OF THE BOARD

For **Borkar & Muzumdar** **Ajit Nath Jha**
Chartered Accountants Chief Financial Officer
FRN.101569W

Sudatta Mandal
Deputy Managing Director

V. Satya Venkata Rao
Deputy Managing Director

Sivasubramanian Ramann
Chairman & Managing Director

Darshit Doshi
Partner
M.No. 133755

G Gopalakrishna
Director

Amit Tandon
Director

Place: Mumbai
Date: May 12, 2023

Schedules to Consolidated Balance Sheet

Capital and Liabilities

(Amount in ₹)

Schedule I: Capital	March 31, 2023	March 31, 2022
(a) Authorized Capital :		
- Equity Share Capital (75,00,00,000 Equity Shares of ₹10/- each)	7,50,00,00,000	7,50,00,00,000
- Preference Share Capital (25,00,00,000 Redeemable Preference Shares of ₹10/- each)	2,50,00,00,000	2,50,00,00,000
(b) Issued, Subscribed and Paid-up Capital :		
- Equity Share Capital (56,85,41,169 Equity Shares of ₹10/- each)	5,68,54,11,689	5,68,54,11,689
- Preference Share Capital	-	-
Total	5,68,54,11,689	5,68,54,11,689

(Amount in ₹)

Schedule II: Reserves, Surplus and Funds	March 31, 2023	March 31, 2022
A) Reserves		
i) General Reserve		
- Opening Balance	1,91,50,74,63,293	1,73,49,59,28,207
- Additions during the year	31,12,14,19,104	18,01,15,35,086
- Utilisations during the year	-	-
- Closing Balance	2,22,62,88,82,397	1,91,50,74,63,293
ii) Share Premium		
- Opening Balance	30,54,25,88,310	16,68,07,79,690
- Additions during the year	-	13,86,18,08,620
- Utilisations during the year	-	-
- Closing Balance	30,54,25,88,310	30,54,25,88,310
iii) Specific Reserves		
a) Investment Reserve		
- Opening Balance	-	-
- Additions during the year	-	-
- Utilisations during the year	-	-
- Closing Balance	-	-
b) Special Reserve created and maintained u/s 36 (1) (viii) of The Income Tax Act, 1961		
- Opening Balance	17,72,00,00,000	17,02,00,00,000
- Additions during the year	80,00,00,000	70,00,00,000
- Utilisations during the year	-	-
- Closing Balance	18,52,00,00,000	17,72,00,00,000
c) Statutory Reserve created u/s 45-IC of Reserve Bank of India Act.		
- Opening Balance	2,14,44,71,505	1,67,88,38,157
- Additions during the year	1,14,91,59,419	46,56,33,348
- Utilisations during the year	-	-
- Closing Balance	3,29,36,30,924	2,14,44,71,505
d) Other Reserves		
i) Investment Fluctuation Reserve		
- Opening Balance	1,25,89,52,955	1,14,93,45,043
- Additions during the year	-	10,96,07,912
- Utilisations during the year	-	-
- Closing Balance	1,25,89,52,955	1,25,89,52,955

Schedules to Consolidated Balance Sheet

(Amount in ₹)

Schedule II: Reserves, Surplus and Funds	March 31, 2023	March 31, 2022
B) Surplus in Profit and Loss account	9,44,60,87,264	4,44,99,11,872
C) Funds		
a) National Equity Fund		
- Opening Balance	2,65,61,42,832	2,65,61,42,832
- Additions / Write back during the year	-	-
- Utilisations during the year	-	-
- Closing Balance	2,65,61,42,832	2,65,61,42,832
b) Staff Welfare Fund		
- Opening Balance	32,83,53,383	28,17,87,187
- Additions during the year	11,11,00,000	10,56,54,000
- Utilisations during the year	3,70,01,849	5,90,87,804
- Closing Balance	40,24,51,534	32,83,53,383
c) Others	2,00,00,000	2,00,00,000
Total	2,88,76,87,36,216	2,50,62,78,84,150

(Amount in ₹)

Schedule III: Deposits	March 31, 2023	March 31, 2022
A) Fixed Deposits	86,76,48,78,620	86,10,40,72,379
B) From Banks		
a) Under MSME Refinance Fund	15,28,76,15,16,000	12,74,31,35,25,000
b) Under MSME Risk Capital Fund	-	5,00,00,00,000
c) Others -From Foreign & Private Sector Banks	19,84,10,00,000	7,93,64,00,000
d) Under MSME India Aspiration Fund	14,99,40,70,001	10,43,02,77,520
e) Under Fund for Venture Capital in MSME sector 2014-15	-	25,00,00,00,000
f) Under Priority Sector Shortfall	3,49,09,45,00,000	2,98,25,87,00,000
Subtotal (B)	19,12,69,10,86,001	16,20,93,89,02,520
Total	19,99,45,59,64,621	17,07,04,29,74,899

(Amount in ₹)

Schedule IV: Borrowings	March 31, 2023	March 31, 2022
I) Borrowings in India		
1. From Reserve Bank of India	1,59,00,00,00,000	1,44,20,00,00,000
2. From Government of India (including Bonds subscribed by GOI)	5,17,27,06,344	5,62,06,57,105
3. Bonds & Debentures	4,67,55,00,00,000	1,62,85,00,00,000
4. From Other Sources		
- Commercial Paper	3,94,25,00,00,000	50,00,00,00,000
- Certificate of Deposits	2,46,35,00,00,000	1,49,00,00,00,000
- Term Loans from Banks	5,86,43,95,28,678	1,68,89,90,51,099
- Term Money Borrowings	-	-
- Others	1,05,40,96,07,622	25,66,91,30,100
Subtotal (I)	19,64,17,18,42,644	7,06,23,88,38,304

Schedules to Consolidated Balance Sheet

(Amount in ₹)

Schedule IV: Borrowings	March 31, 2023	March 31, 2022
II) Borrowings outside India		
(a) KFW, Germany	3,70,76,76,702	5,60,16,04,462
(b) Japan International Cooperation Agency (JICA)	10,79,57,17,856	14,92,77,01,680
(c) IFAD, Rome	1,05,46,39,489	1,05,67,31,387
(d) World Bank	26,31,12,58,470	28,29,18,43,248
(e) Others	53,80,68,388	1,00,76,48,119
Subtotal (II)	42,40,73,60,905	50,88,55,28,896
Total (I & II)	20,06,57,92,03,549	7,57,12,43,67,200

(Amount in ₹)

Schedule V: Other Liabilities and Provisions	March 31, 2023	March 31, 2022
Interest Accrued	29,94,99,68,457	17,19,38,84,962
Provision for SIDBI Employees' Provident Fund	3,93,85,26,360	3,61,97,08,540
Provision for SIDBI Pension Fund	44,04,31,465	16,01,409
Provision for Employees' Other Benefit	1,93,80,18,213	2,85,85,20,654
Provisions for Exchange Rate Fluctuation	1,53,73,62,767	1,53,73,62,768
Contingent provisions against standard assets	18,44,16,10,163	11,44,67,32,156
Proposed Dividend (including tax on dividend)	1,13,70,82,338	79,81,84,026
Funds viz. Aspire Fund, FoF for Startups, PRF, PRSF etc.	23,12,59,58,271	15,15,42,51,789
Floating provision	4,95,67,37,932	4,95,67,37,932
Others (including provisions)	6,56,68,07,864	10,74,98,19,928
Total	92,03,25,03,830	68,31,68,04,164

Schedules to Consolidated Balance Sheet

Assets

(Amount in ₹)

Schedule VI: Cash & Bank Balances	March 31, 2023	March 31, 2022
1. Cash in Hand & Balances with Reserve Bank of India	6,14,370	7,23,087
2. Balances with other Banks		
(a) In India		
i) in current accounts	6,25,86,02,252	91,26,88,841
ii) in other deposit accounts	2,77,02,47,81,932	3,03,55,39,16,222
(b) Outside India		
i) in current accounts	4,89,40,573	1,63,27,034
ii) in other deposit accounts	2,70,61,56,932	3,23,49,51,606
Total	2,86,03,90,96,059	3,07,71,86,06,790

(Amount in ₹)

Schedule VII: Investments [net of provisions]	March 31, 2023	March 31, 2022
A) Treasury operations		
1. Securities of Central and State Governments	1,48,12,97,19,214	39,90,00,85,004
2. Bonds & Debentures of Banks & Financial Institutions	21,81,08,38,302	31,31,54,82,382
3. Stocks, Shares, Bonds & Debentures of Industrial Concerns	84,44,58,856	1,98,08,42,613
4. Mutual Funds	-	19,99,90,00,050
5. Commercial Paper	26,05,26,90,303	50,04,99,24,399
6. Certificate of Deposit	62,98,61,30,050	56,46,67,59,624
7. Others	-	9,00,00,00,000
Subtotal (A)	2,59,82,38,36,725	2,08,71,20,94,072
B) Business Operations		
1. Shares of Banks & Financial Institutions	1,61,51,09,702	1,84,97,71,142
2. Bonds & Debentures of Banks & Financial Institutions	5,65,33,000	5,65,33,000
3. Stocks, Shares, Bonds & Debentures of Industrial Concerns	5,45,48,59,563	3,93,64,98,845
4. Investment in Subsidiaries	-	-
5. Investment in Venture Capital Fund - RCF	5,24,72,57,872	6,31,40,45,945
6. Others	1,93,67,88,007	1,56,72,27,884
Subtotal (B)	14,31,05,48,144	13,72,40,76,816
Total (A+B)	2,74,13,43,84,869	2,22,43,61,70,888

(Amount in ₹)

Schedule VIII: Loans & Advances [Net of Provisions]	March 31, 2023	March 31, 2022
A) Refinance to		
- Banks and Financial Institutions	31,54,51,92,29,538	18,32,97,60,08,903
- Micro Finance Institutions	65,35,57,66,859	42,11,55,15,973
- NBFC	3,57,13,84,30,997	2,03,61,89,01,279
- Bills Rediscounted	-	-
- Others (Subscription to Pass Through Certificate (PTC))	3,42,69,18,395	52,36,63,441
Subtotal (A)	35,80,44,03,45,789	20,79,23,40,89,596
B) Direct Loans		
- Loans and Advances	1,93,97,14,30,050	1,43,30,55,40,693
- Receivable Finance Scheme	9,23,64,439	3,07,84,956
- Bills Discounted	5,45,12,46,393	33,59,06,742
Subtotal (B)	1,99,51,50,40,882	1,43,67,22,32,391
Total (A+B)	37,79,95,53,86,671	22,22,90,63,21,987

Schedules to Consolidated Balance Sheet

(Amount in ₹)

Schedule IX: Fixed Assets [Net of Depreciation]	March 31, 2023	March 31, 2022
1. Premises	2,92,87,49,254	2,89,84,36,991
2. Others	4,64,32,908	4,06,64,109
Total	2,97,51,82,162	2,93,91,01,100

(Amount in ₹)

Schedule X: Other Assets	March 31, 2023	March 31, 2022
Accrued Interest	20,06,49,05,484	17,14,85,64,429
Advance Tax (Net of provision)	1,94,01,91,139	1,71,25,78,669
Staff Loans	1,95,26,21,807	1,79,12,15,676
Derivative Assets	5,41,20,83,018	4,29,61,53,456
Expenditure to the extent not written off	17,27,27,73,418	6,61,38,10,576
Others	2,77,51,95,278	1,23,49,18,531
Total	49,41,77,70,144	32,79,72,41,337

(Amount in ₹)

Schedule XI: Contingent Liabilities	March 31, 2023	March 31, 2022
i) Claims against the Bank not acknowledged as debts	9,64,85,12,907	6,56,25,72,519
ii) On account of Guarantees / Letters of Credit	42,97,75,967	31,50,24,390
iii) On account of Forward Contracts	16,78,26,751	6,51,81,80,889
iv) On account of Underwriting Commitments	-	-
v) On account of uncalled monies on partly paid shares, debentures & undrawn commitment under VCF etc.	1,27,42,87,728	95,64,22,740
vi) On account of derivative contracts	33,61,40,07,657	39,02,68,26,759
vii) Other items for which the Bank is contingently liable	-	-
Total	45,13,44,11,010	53,37,90,27,297

Schedules to Consolidated Profit & Loss Account

(Amount in ₹)

Schedule XII: Interest and Discount	March 31, 2023	March 31, 2022
1. Interest and Discount on Loans, Advances and Bills	1,59,18,31,07,149	79,90,41,21,266
2. Income on Investments / Bank balances	35,64,13,74,058	17,25,22,55,377
Total	1,94,82,44,81,207	97,15,63,76,643

(Amount in ₹)

Schedule XIII: Other Income	March 31, 2023	March 31, 2022
1. Upfront and Processing Fees	89,51,11,922	56,15,83,560
2. Commission and Brokerage	1,09,30,972	78,19,049
3. Profit on sale of Investments	46,10,52,617	77,17,94,503
4. Income earned by way of dividends etc. from Subsidiaries / Associates	51,00,000	30,60,000
5. Provision of Earlier Years written Back	-	75,00,000
6. Recoveries out of Bad Debts	2,86,91,76,097	2,03,12,69,846
7. Reversal of Provisions/ERFF under FCL	-	-
8. Others	94,84,52,728	79,12,09,731
Total	5,18,98,24,336	4,17,42,36,689

(Amount in ₹)

Schedule XIV: Operating Expenses	March 31, 2023	March 31, 2022
Payments to and provisions for employees	5,12,63,88,812	3,73,19,04,827
Rent, Taxes and Lighting	18,07,59,949	15,68,56,386
Printing & Stationery, Postage/Courier & Tele and Insurance	2,26,92,930	1,41,95,518
Advertisement and Publicity	11,70,55,493	3,19,63,215
Depreciation / Amortisation on Bank's Property	26,67,08,148	36,43,50,321
Directors' fees, allowances and expenses	1,01,32,867	63,77,767
Auditor's Fees	44,86,516	52,87,176
Law Charges	3,57,41,963	4,06,12,250
Repairs and maintenance	28,98,84,437	13,04,14,423
Issue Expenses	5,60,22,041	1,21,01,863
Capital Commitment, Management Fees etc.	19,79,10,602	8,09,48,867
Input Tax Credit not Available	19,19,22,592	10,30,52,881
Other Expenditure	1,91,69,41,029	2,43,97,00,400
Total	8,41,66,47,379	7,11,77,65,894

Schedule XV – Consolidated Significant Accounting Policies

1. Basis of Preparation

The consolidated financial statements (CFS) have been prepared to comply in all material respects with the Small Industries Development Bank of India Act, 1989 (Parent) and regulations thereof, applicable prudential norms prescribed by Reserve Bank of India, applicable provisions of the Companies Act, 2013, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and practices prevailing in the Banking Industry. The consolidated financial statements have been prepared under the historical cost convention on an accrual basis, unless otherwise stated. Except otherwise mentioned, the accounting policies that are applied by the Small Industries Development Bank of India ("the Bank" or "SIDBI"), are consistent with those used in the previous year.

Use of Estimates:

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as on the date of the consolidated financial statements and the reported income and expenses for the reporting period. Management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods in accordance with the requirements of the respective accounting standard.

Consolidation Procedures:

Subsidiaries included in consolidated financial statements for FY 2022-23 and 2021-22 are:

- 1) Micro Units Development & Refinance Agency (MUDRA)
- 2) SIDBI Venture Capital Limited (SVCL)
- 3) SIDBI Trustee Company Limited (STCL)

Associates included in consolidated financial statements for FY 2022-23 are:

- 1) Acuite Ratings Pvt Ltd (Erstwhile SMERA)
- 2) India SME Asset Reconstruction Company Limited (ISARC)
- 3) Delhi Financial Corporation (DFC)
- 4) Receivables Exchange of India Limited (RXIL)
- 5) KITCO Limited

Associates included in consolidated financial statements for FY 2021-22 are:

- 1) Acuite Ratings Pvt Ltd (Erstwhile SMERA)
- 2) India SME Asset Reconstruction Company Limited (ISARC)
- 3) Delhi Financial Corporation (DFC)
- 4) Receivables Exchange of India Limited (RXIL)
- 5) KITCO Limited

Consolidated financial statements of the Group (comprising of 3 subsidiaries, 5 associates as per details given above) have been prepared on the basis of:

- a. Accounts of SIDBI (Parent).
- b. Line by line aggregation of each item of asset/liability/income/expense of 3 subsidiaries with the respective item of the Parent and after eliminating all material intra-group balances / transactions, unrealised profit/loss as per AS 21 (Consolidated Financial Statements) issued by the Institute of Chartered Accountants of India (ICAI).
- c. Investments in Associates are accounted for under the Equity Method as per AS 23 (Accounting for Investments in Associates in Consolidated Financial Statements) issued by ICAI based on the audited Financial Statements of the associates.
- d. In case of difference in Accounting Policies, the Financial Statements of Subsidiaries are adjusted, wherever necessary and practicable, to conform to the Accounting Policies of the Parent. In case of difference in Accounting Policies, the Financial Statements of associates, adjustments have not been made as in the opinion of Management of the Bank the same are not material.

2. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

A) Income:

- i. Interest income including penal interest is accounted for on accrual basis, except in the case of non-performing assets where it is recognized upon realization.
- ii. Income in the Profit & Loss Account is shown gross i.e. before provisions as per RBI guidelines and other provisions as per Bank's internal policy.
- iii. Discount received in respect of bills discounted / rediscounted and on discounted instruments is recognised over the period of usage of the instruments on a constant yield basis.

- iv. Commitment charges, service charges on seed capital / soft loan assistance and royalty income are accounted for on accrual basis in respect of standard (performing) assets.
- v. Dividend on shares held in industrial concerns and financial institutions is recognized as income when the right to receive the dividend is established.
- vi. Income from Venture Capital funds are accounted on realization basis. Redemption of unit/shares in Venture Capital fund, while in HTM category is not treated as a sale.
- vii. Recovery in non-performing assets (NPA) is to be appropriated in the following order :
 - a) overdue interest upto the date of NPA,
 - b) principal,
 - c) cost & charges,
 - d) interest and
 - e) penal interest.
- viii. Gain/loss on sale of loans and advances through direct assignment is recognized in line with the extant RBI guidelines.
- ix. Amounts recovered against debts written-off in earlier years are recognized as income in the Profit & Loss account.
- x. Profit or loss on sale of investments in any category is taken to profit & loss account. However, in case of profit on sale of investments under "Held to Maturity" category an equivalent amount net of applicable taxes is appropriated to Capital Reserves.
- xi. Amount lying as unclaimed liabilities (other than statutory liabilities) for a period of more than seven years are recognized as income.
- xii. The bank has accounted for interest on income tax refunds upon receipt of such refund orders / Order giving effects issued by Income Tax Department.
- xiii. Recoveries of CGTMSE fees, Valuation charges, Advocate fee, Insurance, Upfront fee/ Processing fee etc. from Borrowers are accounted on cash basis.
- xiv. Commission on LC/ BG are recognized on accrual basis proportionately over the period.
- xv. SVCL - Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably

measured. Revenue is not recognized where drawdowns in respective venture capital funds / alternative investments funds are not received as there is no certainty that economic benefits will flow to the Company and in such cases it will be accounted on receipt basis as and when received.

The Company accrues income by way of management fee on a quarterly basis / annual basis (as stipulated in the respective funds documents) from the Venture Capital Funds / Alternative Investments Funds managed by it.

The Company recognizes income @ 5% of the net profits received from sale of investments assigned by IIBI

- xvi. STCL - Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company accrues income by way of trusteeship fee on a quarterly basis / annual basis (as stipulated in the agreements with respective funds) from the venture capital funds / alternative investments funds managed by it.

B) Expenditure:

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

3. Investments:

- (i) In terms of extant guidelines of the Reserve Bank of India on investment classification and valuation, the entire investment portfolio is categorized as "Held to Maturity", "Available for Sale" and "Held for Trading". Investments are valued in accordance with RBI guidelines. The investments under each category are further classified as:
 - a) Government Securities,
 - b) Other approved securities,
 - c) Shares,
 - d) Debentures & Bonds,
 - e) Subsidiaries/ joint ventures and
 - f) Others (Commercial Paper, Mutual Fund Units, Security Receipts, Certificate of Deposits etc.)

(a) Held to Maturity:

Investments acquired with the intention to hold till maturity are categorized under Held to Maturity. Such investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortized over the period remaining to maturity. Investments in subsidiaries are classified as Held To Maturity. Diminution, other than temporary, in the value of investments under this category is provided for each investment individually.

(b) Held for Trading:

Investments acquired for resale within 90 days with the intention to take advantage of the short-term price/interest rate movements are categorized under Held for Trading. The investments in this category are revalued scrip-wise and net appreciation /depreciation is recognized in the profit & loss account, with corresponding change in the book value of the individual scrips. In respect of traded/quoted investments, the market price is taken from the trades/quotes available on the stock exchanges.

(c) Available for Sale:

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

- (ii) An investment is classified as Held To Maturity, Available For Sale or Held For Trading at the time of its purchase and subsequent shifting amongst categories and its valuation is done in conformity with RBI guidelines.
- (iii) Treasury Bills, Commercial Papers and Certificates of Deposit, being discounted instruments, are valued at carrying cost.
- (iv) The quoted Government Securities are valued at market prices and unquoted/non-traded government securities are valued at prices declared by Financial Benchmark India Pvt. Ltd.(FBIL).
- (v) Investments which are made out of the Corpus or Funds provided by the Government of India (GOI) and netted off from the related Fund balances are carried at cost and not subject to RBI guidelines of valuation.

- (vi) Recording purchase and sale transactions in Investments is done following 'Settlement Date' accounting.
- (vii) The debentures / bonds / shares deemed to be in the nature of advance, are subject to the usual prudential norms applicable to loans & advances.
- (viii) Cost of investments is determined on the weighted average cost method.
- (ix) Brokerage, commission, etc. paid at the time of acquisition/ sale are recognized in the profit & loss account.
- (x) Broken period interest paid / received on debt investment is treated as interest expenses / income and is excluded from cost / sale consideration.
- (xi) In respect of unquoted investments in industrial concerns under Seed Capital Scheme, full provision has been made.
- (xii) Units of mutual fund are valued at repurchase price as per relevant RBI guidelines.
- (xiii) The unquoted fixed income securities (other than government securities) are valued on Yield to Maturity (YTM) basis with appropriate mark-up over the YTM rates for Central Government securities of equivalent maturity. Such mark-up and YTM rates applied are as per the relevant rates published by FBIL.
- (xiv) Unquoted Shares are valued at breakup value, if the latest Audited Financial Statements of the investee companies are available, or at ₹1/- per Company as per RBI guidelines.

4. Foreign Currency Transactions

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

- i. Contingent liability in respect of outstanding forward exchange contracts, guarantees; acceptances, endorsements and other obligations are calculated at the closing exchange rates notified by Foreign Exchange Dealers' Association of India ('FEDAI').
- ii. Foreign currency Assets and Liabilities are translated at the closing exchange rates notified by FEDAI as at the Balance sheet date.
- iii. Foreign currency Income and Expenditure items are translated at monthly intervals through actual sale/purchase and recognized in the profit & loss account accordingly.

- iv. The revaluation difference on foreign currency LoC is adjusted and recorded in a special account opened and maintained, in consultation with GOI for managing exchange risk.
- v. The Bank follows hedge accounting in respect of foreign exchange contracts and derivative transactions as per RBI guidelines.
- vi. Exchange differences arising on the settlement of monetary items are recognized as income or expense in the period in which they arise.
- vii. Outstanding Forward Exchange Contracts which are not intended for trading are revalued at exchange rates notified by FEDAI.

5. Derivatives

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

6. Loans and Advances

- i. Assets representing loan and other assistance portfolios are classified as performing and non-performing based on the RBI guidelines. Provision for non-performing assets is made in accordance with the RBI guidelines.
- ii. Advances stated in the Balance Sheet are net of provisions made for non-performing advances and restructured NPA assets.
- iii. General provision on Standard Assets is made as per RBI guidelines.
- iv. Floating provision is made and utilized as per RBI guidelines and Board approved policy.
- v. MUDRA: MUDRA has been subscribing to Pass Through Certificates backed by loans receivables originated by various MFIs / Banks / Non-Banking Finance Companies. Such securitization transactions are classified as Loans and Advances and are shown in the Balance Sheet on gross basis, which at are Book value and provisions are shown separately. However, provision on Standard Assets are made as per RBI guidelines.

7. Taxation

- (i) Tax expense comprises both current tax and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS).

- (ii) Deferred income taxes reflects the impact of the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.
- (iii) Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.
- (iv) Disputed taxes not provided for including departmental appeals are included under Contingent Liabilities.

8. Securitisation

- (i) The Bank purchases credit rated Micro, Small and Medium Enterprises Asset pools from Banks / Non-Banking Finance Companies by way of pass-through certificates issued by the Special Purpose Vehicle. Such securitisation transactions are classified as investments under Held for Trading / Available for Sale category depending upon the investment objective.
- (ii) The Bank purchases credit rated pool of Micro, Small and Medium Enterprises assets under bilateral direct assignment. Such direct assignment transactions are accounted for as 'advances' by the Bank.
- (iii) The Bank enters into sale of Loans & Advances through direct assignment. In most of the cases, the Bank continues to service the Loans & Advances sold under these transactions and is entitled to the Residual interest on the Loans & Advances sold. Assets sold under direct assignment are derecognized in the books of the Bank based on the principle of surrender of control over the assets.
- (iv) The residual income on the Loans & Advances sold is being recognised over the life of the underlying Loans & Advances.
- (v) Security Receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time.

9. SALE OF FINANCIAL ASSETS TO ASSET RECONSTRUCTION COMPANIES (ARCs):

- (i) The sale of NPA's is on cash basis or investment in Security Receipt (SR) basis. In case of sale on SR basis, the sale consideration or part thereof is treated as investment in the form of SRs.
- (ii) The assets if sold at a price below the Net Book Value (NBV) (i.e. book value less provisions held), the shortfall is debited to the Profit & Loss A/c. In case the sale value is higher than NBV, the excess provision held can be reversed to profit & loss account in the year the amounts are received. Reversal of excess provision is limited to the extent to which cash received exceeds the NBV of the asset.

10. PROVISIONING FOR STAFF BENEFITS:

A] Post retirement benefits:

- (i) Provident Fund is a defined contribution scheme administered by the Bank and the contributions are charged to the Profit & Loss Account.
- (ii) Gratuity liability and Pension liability are defined benefit obligations and other long-term employee benefits like compensated absences, post-retirement medical benefits etc. are provided based on the independent actuarial valuation as at the Balance Sheet date using the projected unit credit method as per AS 15 (Revised 2005) - Employee Benefits
- (iii) Actuarial gains or losses are recognized in the profit & loss account based on actuarial valuations for the period in which they occur.
- (iv) New Pension Scheme is a defined contribution scheme and is applicable to employees who have joined bank on or after December 01, 2011. Bank pays fixed contribution at pre-determined rate and the obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit & Loss Account.
- (v) Payments made under the Voluntary Retirement Scheme are charged to the Profit & Loss account in the year of expenses incurred.

B] Benefits (Short – term) while in service

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

SVCL:

Employee Benefits

Defined Contribution Schemes:

Company's Contribution to Provident Fund, etc. is charged to the Statement of Profit & Loss as and when incurred.

Defined Benefit Plans:

The Company also provides for retirement benefits in the form of gratuity. Such benefits are provided for based on valuation, as at the balance sheet date, made by an independent actuary. Incremental liability based on actuarial valuation as per the projected unit credit method as per the reporting date is charged as expense to the Statement of Profit and Loss. The company has taken a group gratuity policy with Life Insurance Corporation of India ("LIC") and is funded.

Performance Pay:

Performance Pay is an annual incentive to employees based on the Company's financial performance and employees performance.

Leave Encashment:

The Company provides for retirement benefits in the form of leave encashment. Such benefits are provided for based on valuation, as at the balance sheet date, made by an independent actuary. The leave balance is classified as short term and long term based on the leave policy. The short term and long term leave have been valued on actuarial basis as per the projected unit credit method. Further, employees can also encash 15 days of their accumulated leave every financial year.

11. FIXED ASSETS AND DEPRECIATION

- i) Fixed Assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any.
- ii) Cost of asset includes purchase cost and all expenditure incurred on the asset before put to use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefits from such assets or their functioning capability.
- iii) Depreciation for the full year, irrespective of date of capitalization, is provided on:
 - a) Furniture and fixture: For assets owned by Bank @ 100 percent
 - b) Computer and Computer Software @ 100 percent

- c) Building @ 5 percent on WDV basis
 - d) Electrical Installations: For assets owned by Bank @ 50 percent on WDV basis.
 - e) Motor Car - Straight Line Method @ 50 percent.
- iv) Depreciation on additions is provided for full year and no depreciation is provided in the year of sale/ disposal.
 - v) Leasehold land is amortised over the period of lease.

MUDRA

Fixed assets are stated at cost of acquisition including incidental expenses. All costs directly attributable to bringing the asset to the working condition for its intended use including financing costs are also capitalized. Depreciation is provided on Straight Line Method on the basis of useful life under Schedule II to the Companies Act, 2013. In respect of computer software and software the cost is amortised based on accounting standard 26 issued by ICAI. Assets costing ₹5,000/- or less have been depreciated over period of one year.

SVCL

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Depreciation on Fixed Assets is provided on Written down Value Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013. Cost of mobile / telephone instruments / tablet devices purchased are fully charged to revenue in the year of purchase. Depreciation on assets whose actual cost is not more than five thousand rupees has been provided at the rate of 100%.

12. PROVISION FOR CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with AS-29 Provisions, Contingent

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

13. GRANTS AND SUBSIDIES

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

14. OPERATING LEASE

Lease rentals is recognized as an expense/income in the Profit & Loss Account on a straight line basis over the lease term in accordance with AS-19.

15. IMPAIRMENT OF ASSETS

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

- a) the provision for impairment loss, if any required; or
- b) the reversal, if any, required for impairment loss recognized in the previous periods.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

16. CASH AND CASH EQUIVALENTS

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

Additional Notes to Consolidated Accounts

Annexure - I

1 Details of Subsidiaries included in consolidated financial statements are:

(Amount in ₹)

Sr. No.	Name of the subsidiary	Country of Incorporation	Proportion of ownership*	Profit/Loss for the year ended	
				31-Mar-23	31-Mar-22
1	SIDBI Venture Capital Ltd.(SVCL)	India	100%	4,43,09,242	5,03,20,749
2	SIDBI Trustee Company Ltd.(STCL)	India	100%	54,64,545	46,52,056
3	Micro Units Development & Refinance Agency Ltd (Mudra Ltd)	India	100%	5,75,74,79,271	2,32,81,66,742
Total				5,80,72,53,058	2,38,31,39,547

Financial statements of all the subsidiaries are audited for FY 2023.

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

Note: As SIDBI Swavalamban Foundation (SSF) is a Not-for-Profit Company [incorporated under section 8 of Companies Act, 2013], SSF is not being considered for consolidation in preparation of Consolidated Financial statements as per Accounting Standard 21.

2.A Details of Associates included in consolidated financial statements in current and previous year are as follows :

(Amount in ₹)

Sr. No.	Name of the Associate	(%) Holding		Description	Investment (Face Value)	Investment		Share of Profit/(loss) for the year ended ^[1]		Share in reserves as at ^[1]	
		31-Mar-23	31-Mar-22			31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22		
1	Acuité Ratings Pvt Ltd (Erstwhile SMERA) ^[2]	35.73	35.73	Credit Rating Agency for SME's	5,10,00,000	5,10,00,000	5,10,00,000	5,72,58,397	5,18,19,174	21,10,90,339	15,36,09,345
2	India SME Asset Reconstruction Company Limited ^[3]	26.00 ^[3]	26.00 ^[3]	Asset Reconstruction Company	26,00,00,000	26,00,00,000	26,00,00,000	27,93,50,516	72,192	31,27,07,888	3,33,57,371
3	Delhi Finance Corporation ^[4]	23.76	23.66	State Financial Corporation	6,27,75,000	3,13,87,500	3,13,87,500	\$(89,47,164)	(2,20,74,735)	(3,13,87,500)	(2,24,41,109)
4	Receivables Exchange of India Limited ^[5]	30.00	30.00	Online platform for factoring / discounting of Trade Receivables (TReDS)	15,00,00,000	15,00,00,000	15,00,00,000	2,62,95,270	(7,04,071)	(5,19,67,200)	(7,82,62,470)
5	APITCO LIMITED ^[6]	0.00	0.00	Technical consultancy Organisation	-	-	-	-	(3,45,22,441)	-	-
6	KITCO LIMITED ^[6]	49.77	49.77	Technical consultancy Organisation	4,90,00,000	24,95,296	24,95,296	(1,58,49,938)	(5,26,76,624)	15,13,31,338	16,71,81,276
Total						49,48,82,796	49,48,82,796	33,81,07,081	(5,80,86,505)	59,17,74,865	25,34,44,413

1 (i) Share of Profit/(loss) of ₹33,81,07,081/- (Previous Year (₹5,80,86,505/-)) is debited to Consolidated Profit & Loss statement under the head "Share of (earning)/loss in associates" for year ending March 2023.

(ii) Share in Reserves of Associates of ₹59,17,74,865/- (Previous Year ₹25,34,44,413/-) is Included in Schedule II - Reserve, Surplus and Funds of the Consolidated Balance Sheet for year ending March 2023.

2. Acuite Ratings Pvt. Ltd. figures are based on unaudited financial statements for year ending March 2023.
 3. India SME Asset Reconstruction Company Limited's figures are based on unaudited financial statements for year ending March 2023. Includes 11% holding by SVCL (100% subsidiary of SIDBI).
 4. Delhi Finance Corporation figures are based on audited financial statements for the year ending March 31, 2022.
Share of loss of ₹89,47,164/- for the year ended March 2023 is calculated to the extent of book value of investment in the associate.
 5. Receivables Exchange of India Limited's and KITCO Ltd. figures are based on unaudited financial statements as per IND AS for the year ending March 2023 and March 2022 respectively.
 6. APITCO Ltd. which was considered for consolidation of accouts during FY 2021 has been disinvested during FY 2022.
 7. One of the associate viz. ISTSL is under liquidation and therefore, not being considered for consolidation in preparation of Consolidated Financial Statements as per Accounting Standard 21. SIDBI has made full provision on investment in this associate in its financial statements for year ending March 2021.
- B.** The results of the following associates are not included in the consolidated financial statements. However, full provision has been made in the financial statements for diminution in value of investment.

(Amount in ₹)

Sr. No.	Name of the Associate	(%) Holding		Description	Investment	Diminution in value of Investment	
		31-Mar-23	31-Mar-22			31-Mar-23	31-Mar-22
1	BSFC	48.43	48.43	State Financial Corporation	12,01,25,000	(12,01,25,000)	(18,84,88,500)
2	GSFC	28.41	28.41	State Financial Corporation	12,66,00,000	(12,66,00,000)	(12,66,00,000)
3	MSFC	39.99	39.99	State Financial Corporation	12,52,41,750	(12,52,41,750)	(12,52,41,750)
4	PFC	25.92	25.92	State Financial Corporation	5,23,51,850	(5,23,51,850)	(5,23,51,850)
5	UPSFC	24.18	24.18	State Financial Corporation	17,27,50,000	(17,27,50,000)	(21,67,59,000)
Total					59,70,68,600	(59,70,68,600)	(70,94,41,100)

The figures for GSFC are based on audited results for the year ended March 31,2022. Regarding PFC, BSFC and MSFC figures are based on audited results for the year ended March 31, 2020, March 31, 2019 and March 31, 2016 respectively. In respect of UPSFC, audited results are available for the year ended March 31, 2014.

- C.** In case of following entities, though the bank holds more than 20% of voting power, they are not treated as investment in associate under AS 23 'Accounting for Investment in Associates in Consolidated Financial Statements', as they are classified as NPI and accordingly book value of investment is taken at ₹1/- each.

(Amount in ₹)

Sr. No.	Name of the Associate	(%) Holding		Description	Investment	
		31-Mar-23	31-Mar-22		31-Mar-23	31-Mar-22
1	Bihar Industrial and Technical Consultancy Organisation Ltd.	49.25	49.25	Technical Consultancy Organisation	1	1

- 3 There are no significant transactions with Associates during the current year and previous year.
- 4 As against depreciation policy of SIDBI whereby assets are depreciated on SLM / WDV at pre-determined rates, the subsidiaries and associates compute depreciation on SLM/ WDV basis as per Schedule II of the Companies Act, 2013. Thus, out of the total depreciation of ₹26,67,08,148/- (Previous Year ₹36,43,50,321/-) included in Consolidated Financial Statements, ₹43,79,854/- being 1.64% (Previous Year ₹24,78,562/- being 0.68%) of the amount is determined based on Depreciation provided as per the Companies Act, 2013.

5 Employee Benefits

(i) SIDBI

In accordance with the Accounting Standard on "Employee Benefits" (AS 15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the Bank has classified the various benefits provided to the employees as under:

(a) Defined contribution plan

The Bank has recognized the following amounts in Profit & Loss Account:

(Amount in ₹)

Particulars	31-Mar-23	31-Mar-22
Employer's contribution to Provident fund	9,18,53,963	7,68,83,415
Employer's contribution to New Pension Scheme	8,95,82,393	3,17,67,054

(b) The Bank is having defined benefit Pension Plans and Gratuity Scheme which are managed by the Trust.

₹ crore

	Pension		Gratuity	
	FY 2023	FY 2022	FY 2023	FY 2022
1. Assumptions				
Discount Rate	7.50%	7.25%	7.40%	6.90%
Rate of Return on Plan Assets	7.50%	7.25%	7.40%	6.90%
Salary Escalation	5.50%	5.50%	5.50%	5.50%
Attrition rate	2.00%	2.00%	2.00%	2.00%
2. Table showing change in Benefit Obligation				
Liability at the beginning of the year	576.93	553.50	108.95	106.70
Interest Cost	24.65	22.69	7.09	6.56
Current Service Cost	13.48	14.97	5.92	5.97
Past Service Cost (Non Vested Benefit)	0.00	0.00	0.00	0.00
Past Service Cost (Vested Benefit)	0.00	0.00	0.00	0.00
Liability Transferred in	0.00	0.00	0.00	0.00
(Liability Transferred out)	0.00	0.00	0.00	0.00
(Benefit Paid)	0.00	0.00	(12.44)	(6.61)
Actuarial (gain) / loss on obligations	64.74	(14.23)	(2.12)	(3.67)
Liability at the end of the year	679.80	576.93	107.40	108.95
3. Tables of Fair value of Plan Assets				
Fair Value of Plan Assets at the beginning of the year	589.61	501.50	105.92	105.73
Expected Return on Plan Assets	42.75	34.35	7.08	6.69
Contributions	0.00	0.00	0.04	0.33
Transfer from other company	0.00	0.00	0.00	0.00
(Transfer to other company)	0.00	0.00	0.00	0.00
(Benefit Paid)	0.00	0.00	(12.44)	(6.61)
Actuarial gain / (loss) on Plan Assets	3.40	53.76	1.70	(0.22)
Fair Value of Plan Assets at the end of the year	635.76	589.61	102.30	105.92

	Pension		Gratuity	
	FY 2023	FY 2022	FY 2023	FY 2022
4. Table of Recognition of Actuarial Gains/ Losses				
Actuarial (Gains)/ Losses on obligation for the period	64.74	(14.23)	(2.12)	(3.67)
Actuarial (Gains)/ Losses on asset for the period	(3.40)	(53.76)	(1.70)	0.22
Actuarial (Gains)/ Losses recognized in Income & Expense Statement	61.34	(67.99)	(3.82)	(3.45)
5. Actual Return on Plan Assets				
Expected Return on Plan Assets	42.75	34.35	7.08	6.69
Actuarial Gain / (Loss) on Plan Assets	3.40	53.76	1.70	(0.22)
Actual Return on Plan Assets	46.15	88.11	8.78	6.47
6. Amount Recognised in the Balance Sheet				
Liability at the end of the year	(679.80)	(576.93)	(107.40)	(108.95)
Fair Value of Plan Assets at the end of the year	635.76	589.61	102.30	105.92
Difference	(44.04)	12.68	(5.10)	(3.03)
Unrecognised Past Service Cost at the end of the year	0.00	0.00	0.00	0.00
Unrecognised Transitional Liability at the end of the year	0.00	0.00	0.00	0.00
Net Amount recognised in the Balance Sheet	(44.04)	12.68	(5.10)	(3.03)
7. Expenses Recognised in the Income Statement				
Current Service Cost	13.48	14.97	5.92	5.97
Interest Cost	24.65	22.69	7.09	6.56
Expected Return on Plan Assets	(42.75)	(34.35)	(7.08)	(6.69)
Past Service Cost (Non Vested Benefit) recognised during the year	0.00	0.00	0.00	0.00
Past Service Cost (Vested Benefit) recognised during the year	0.00	0.00	0.00	0.00
Recognition of Transition Liability during the year	0.00	0.00	0.00	0.00
Actuarial (Gain) / Loss	61.34	(67.99)	(3.82)	(3.45)
Expense Recognised in Profit & Loss account	56.72	(64.68)	2.11	2.39
8. Balance Sheet Reconciliation				
Opening Net Liability	(12.68)	52.00	3.03	0.97
Expense as above	56.72	(64.68)	2.11	2.39
Employers Contribution	0.00	0.00	(0.04)	(0.33)
Amount recognised in the Balance Sheet	44.04	(12.68)	5.10	3.03
9. Other Details				

Salary escalation is considered in line with the industry practice considering promotion, demand and supply of the employees.

₹ crore

	Pension		Gratuity	
	FY 2023	FY 2022	FY 2023	FY 2022
10. Category of Assets				
Government of India Assets	0.00	0.00	0.00	0.00
Corporate Bonds	0.00	0.00	0.00	0.00
Special Deposits Scheme	0.00	0.00	0.00	0.00
Equity Shares of Listed Companies	0.00	0.00	0.00	0.00
Property	0.00	0.00	0.00	0.00
Insurer Managed Funds	635.76	589.61	102.30	105.92
Other	0.00	0.00	0.00	0.00
Total	635.76	589.61	102.30	105.92

11. Experience Adjustment:

Particular	Pension					Gratuity				
	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
On Plan Liability (Gain)/Loss	85.05	15.71	(1.14)	46.87	(22.03)	1.60	0.65	(0.43)	3.28	(19.71)
On Plan Asset (Loss)/Gain	3.40	53.76	(1.15)	25.17	(2.32)	1.70	(0.22)	(0.13)	0.09	0.35

- (c) The following are the amount charged to Profit & Loss Account relating to other long term benefits plan based on the actuarial valuation provided by independent actuary.

₹ crore

Sr. No	Particulars	As on	As on
		March 31, 2023	March 31, 2022
1	Ordinary Leave Encashment	40.97	12.97
2	Sick Leave	1.86	0.47
3	Resettlement Expenses	0.46	0.30
4	Post Retirement Medical Scheme Facilities	0.79	9.84

(ii) SVCL

During the period, the Company has contributed a sum of ₹3,47,753/- (previous year – ₹6,20,896/-) to the SIDBI Venture Capital Limited Employees' Group Gratuity Assurance Scheme (Trust) for its employees comprising ₹2,26,660/- (previous year - ₹6,20,896/-) for old employees and ₹1,21,093/- (previous year – NIL) for new employees

(Amount in ₹)

Details	Post Employment Benefits	Post Employment Benefits
	FY 2023	FY 2022
Nature of benefit	Gratuity	Gratuity
Assets & liabilities recognized in balance sheet		
Present value of unfunded defined benefit obligations	Nil	Nil
Present value of funded or partly funded defined benefit obligations	₹67,94,806	₹64,60,592
Fair value of plan assets	₹71,60,191	₹66,14,266
Past service cost not recognized in balance sheet	Nil	Nil
Any amount nor recognized as asset	Nil	Nil
Fair value of any reimbursement rights recognized as asset	Nil	Nil
Other amounts, if any, recognized in balance sheet	Nil	Nil
Amounts included in fair value of plan assets		
Own financial instruments	Nil	Nil
Property or other assets used	Nil	Nil
Insurer managed funds	₹71,60,191	₹66,14,266

(Amount in ₹)

Details	Post Employment Benefits	Post Employment Benefits
	FY 2023	FY 2022
Movement in net liability		
Opening net liability	(₹1,53,674)	₹1,70,938
Expenses	₹1,36,063	₹2,96,284
Contribution	(₹3,47,774)	(₹6,20,896)
Closing net liability	(₹3,65,385)	(₹1,53,674)
Expenses recognized in statement of profit & loss		
Current service cost	₹1,45,246	₹3,19,723
Interest cost	₹4,49,011	₹5,32,617
Expected return on plan assets	(₹4,59,691)	(₹5,20,908)
Expected return on reimbursement rights	N.A.	N.A.
Actuarial gains / (losses)	₹1,497	(₹35,148)
Total expenses recognized in statement of profit & loss	₹1,36,063	₹2,96,284
Past service cost	Nil	Nil
Effect of curtailment / settlement	Nil	Nil
Effect of limit in para 59(b)	N.A.	N.A.
Actual return of plan assets and on reimbursement rights recognized as asset	Nil	Nil
Actuarial Assumptions		
Discount rates	6.95%	6.85%
Expected rate of returns on plan assets	6.95%	6.85%
Expected rate of returns on reimbursement rights	Nil	Nil
Expected rate of salary increase	5.00%	5.00%
Medical cost trends	N.A.	N.A.
Mortality	Indian Assured Lives Mortality (2012-14) (Urban)	Indian Assured Lives Mortality (2006-08) (Urban)
Disability	Nil	Nil
Attrition	3.00%	3.00%
Retirement age	60 Years	60 Years

(iii) MUDRA

- (a) All the employees are on deputation from Small Industrial Development Bank of India (SIDBI), Gratuity, Leave Encashment and Arrears of Salary in respect of employees deputed to MUDRA are taken care by the employer, who have deputed the employees to this company except few employees which are on contract basis. Further, MUDRA has provided an amount of ₹30.32 Lakh (March 2022 : ₹12.18 Lakh) to P&L A/c during the current Year. The same would be paid to SIDBI, when such costs are demanded by the said companies. With respect to contract employees no post employees benefits are applicable.
- (b) Therefore no disclosures are required under 'Revised AS 15- Employees Benefit' issued under Companies Accounting Standard Rules, 2006'

6 Earning Per Share (EPS)*:

(Amount in ₹)

	March 31, 2023	March 31, 2022
Net Profit considered for EPS calculation	39,31,47,12,877	21,61,97,93,573
Weighted Average Number of equity shares of face value ₹10 each	56,85,41,169	53,21,22,684
Earning per share	69.15	40.63

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

- 7 As per the Accounting Standard 22, Accounting for Taxes on Income, the Bank has reviewed Deferred Tax Assets / Liabilities and recognized an amount of ₹172,73,59,844/- as Deferred Tax Liability (Previous year - Deferred Tax Asset was ₹11,67,75,995/-) in the Profit & Loss Account for the year ended March 31, 2023.

The Break up of Deferred Tax Asset/ (Liability) as on March 31, 2023 is as under :

Sr. No	Timing Difference	FY 2022-23 (₹)	FY 2021-22 (₹)
		Deferred Tax Asset/ (Liability)	Deferred Tax Asset/ (Liability)
1	Provision for Depreciation on fixed assets	2,99,66,550	2,79,93,040
2	Special Reserve u/s 36(1)(viii) of the Income Tax Act 1961	(4,07,64,80,346)	(3,87,65,37,167)
3	Provision for Non performing assets	11,70,13,876	66,39,15,061
4	Provision for Restructuring of Accounts	60,105	30,66,284
5	Provision for Non Performing Investment	83,40,09,746	-
6	Provision for Standard Assets	4,64,13,82,523	2,88,09,11,626
7	Others	58,56,57,558	70,49,01,616
Net deferred tax Asset/(Liability)		2,13,16,10,012	40,42,50,460

- 8 (i) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advance paid) is ₹73,41,057/- (Previous year ₹1,89,87,686/-).

9 **Disclosure relating to Resolution Plans implemented during the year in terms of RBI Circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019:**

- i) RPs Successfully implemented during the year ended March 31, 2023

No. of cases	Balance Outstanding*
1	380.04

*The account was technically written off as on the date of restructuring and was closed thereafter during the year.

- ii) Details of Securities acquired due to conversion of debt to equity during a restructuring process:

Particulars	No of Shares/units	Face Value per share (in ₹)	Book Value(in ₹)
Compulsory Convertible Debentures (CCDs).	53045	1,00,000.00	1.00

- iii) Details of resolution plans implemented under the RBI Resolution Framework for COVID-19 related stress as per RBI circular dated 6th August, 2020 (Resolution Framework 1.0) and 5th May 2021 (Resolution Framework 2.0) as at March 31, 2023 are given below :

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year \$	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	---	---	---	---	---
Corporate persons	31.09	---	0	3.07	28.02
<i>Of which MSMEs</i>	<i>31.09</i>	---	<i>0</i>	<i>3.07</i>	<i>28.02</i>
Others	---	---	---	---	---
Total	31.09	---	0	3.07	28.02

\$ Represents net movement in balance outstanding.

- iv. The number of borrower accounts where Resolution Plan is implemented in terms of RBI circular no. DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 on Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses is nil. Further no modifications were sanctioned and implemented in respect of accounts which were implemented under Resolution Framework 1.0.

10 Contingent Liabilities referred to in Schedule XI

Contingent liabilities include "Claims against the Bank not acknowledged as debts" of ₹9,64,85,12,907 (Previous Year ₹6,56,25,72,519). These represents claims filed against the Bank in the normal course of business relating to various legal cases currently in progress and demands raised by income tax and other statutory authorities. These is being disputed by the Bank and based on expert's opinion, the provision is not considered necessary.

- 11 In the opinion of the Management, there is no material impairment of the fixed assets of the Bank in terms of Accounting Standard 28- Impairment of Assets.
- 12 Disclosures under Accounting Standard 29 for provisions in contingencies. The salary & allowances of the employees of the Bank are reviewed every five years. Such review is due from November 01, 2022.

(Amount in ₹)

Particulars	FY 2023 Wage Arrears / Incentive	FY 2022 Wage Arrears / Incentive
Opening Balance	1,39,13,00,000	1,07,63,00,000
Additions:		
Arrears	65,69,31,704	31,50,00,000
Incentive	-	-
Utilisations	1,81,17,53,069	-
Write back	-	-
Closing Balance	23,64,78,635	1,39,13,00,000

13 Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances for MSME Borrowers registered under Goods and Services Tax (GST):

As per RBI circular dated February 11, 2020 restructuring of advances was done for Micro, Small and Medium Enterprises (MSME) Borrowers registered under Goods and Services Tax (GST). The RBI, vide its Circular dated August 06, 2020 on 'Micro, Small and Medium Enterprises (MSME) Sector - Restructuring of Advances' extended the above scheme to support the viable MSME entities on account of the fallout of Covid-19. Further RBI vide circular RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 has advised Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs). The MSME accounts restructured under these guidelines are as under:

No. of accounts restructured	Amount (₹ in crore)
1,124	803.33

- 14 The extent to which the Covid-19 pandemic will continue to impact the Bank's results will depend on ongoing as well as future developments.
- 15 During the year ended March 31, 2023, the Bank has made an additional provision on standard advances at rates higher than minimum stipulated under IRAC norms, as per Board approved Accelerated Provisioning Policy. Accordingly, the Bank holds additional provision on standard advances of ₹253.38 crore at March 31, 2023.
- 16 In accordance with RBI Master Direction RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 – (Securitisation of Standard Assets) Directions, 2021, the outstanding amount of securitised assets as per books of the SPEs and total amount of exposures retained by the originator as on the date of balance sheet to comply with the MRR is NIL for Year ended March 31, 2023.

17 MUDRA India Microfinance Equity Fund (IMEF): Government of India (GOI) has created "India Microfinance Equity Fund(IMEF)" with SIDBI with a corpus of ₹300 crore. The fund shall be utilised for extending equity or any other form of capital to Tier-II and Tier-III NBFC MFIs and all Non-NBFC MFIs, with a focus on smaller socially oriented MFIs with the objective of poverty alleviation and achieving long term sustainability of operations in unserved and underserved parts of the country. During FY 2019-20 the corpus fund of IMEF has been transferred from SIDBI to MUDRA. The fund was operated / managed by MUDRA for which 1% per annum administrative fee on the drawn amount charged to the fund and is received by MUDRA. Further, the inflows and outflows was credited / debited to the fund. The balance in the fund was ₹310,80,74,899/- as on March 31, 2023. The entire fund was transferred back to SIDBI on April 04, 2022.

18 Details of loans transferred / acquired during the Year ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

During the quarter and Year ended March 31, 2023:

- i. the Bank has not acquired any loan not in default through assignment.
- ii. the Bank has not transferred any non-performing assets (NPAs) to Asset Reconstruction Companies (ARCs)/ to permitted transferees/ to other transferees
- iii. the bank has not acquired any stressed loans and not transferred any loan not in default / Special Mention Accounts (SMA).
- iv. the bank has not invested in Security Receipts (SR) issued by Asset Reconstruction Companies (ARC) in respect of stressed loans transferred to ARCs.

19 Additional statutory information disclosed in separate financial statements of the parent and the subsidiaries have no bearing on the true and fair view of the Consolidated Financial Statements and also the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statements in view of the general clarification issued by the Institute of Chartered Accountants of India (ICAI).

20 Implementation of Ind-AS :

As per RBI letter dated May 15, 2019 issued to the Bank, implementation of Ind-AS for AIFIs has been deferred till further notice. Accordingly, financial statements of the Bank are continued to be prepared under IGAAP. However, the Bank would continue to submit Proforma Ind AS financial statements on half-yearly basis to RBI as hitherto as advised in RBI letter dated May 15, 2019. At present, SIDBI is making use of Excel Sheets for conversion of IGAAP financial statements into Proforma Ind-AS Financial Statements.

21 Regulation 14 of Small Industries Development Bank of India General Regulations, 2000 prescribes separate format for presentation of accounts under Small Industries Development Assistance Fund(SIDAF) and General Fund. As no separate SIDAF has been notified by the Central Government, the same is not being maintained by SIDBI.

22 Previous year's figures have been re-grouped and re-classified wherever necessary to make them comparable with the current year's figures.

Additional consolidated disclosures

as per RBI guidelines

1. Capital adequacy (As per Basel I)

(₹ crore)

Sr. No	Particulars	FY 2022-23	FY 2021-22
i)	Common Equity*	Not Applicable	Not Applicable
ii)	Additional Tier 1 capital*	Not Applicable	Not Applicable
(iii)	Total Tier 1 capital	26,956.57	24,425.84
(iv)	Tier 2 capital	1,585.69	1,007.56
v)	Total Capital (Tier 1+Tier 2)	28,542.26	25,433.40
vi)	Total Risk Weighted Assets (RWAs)	1,35,214.71	97,386.78
vii)	Common Equity Ratio (Common Equity as a percentage of RWAs) *	Not Applicable	Not Applicable
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	19.94%	25.08%
ix)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	21.11%	26.12%
x)	Percentage of the shareholding of the Government of India	20.85	20.85
xi)	Amount of equity capital raised	-	-
xii)	Amount of Additional Tier 1 capital raised; of which	-	-
	a.) Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
	b.) Perpetual Debt Instruments (PDI)	-	-
xiii)	Amount of Tier 2 capital raised; of which	-	-
	a.) Debt capital instruments	-	-
	b.) Perpetual Cumulative Preference Shares (PCPS)	-	-
	c.) Redeemable Non-Cumulative Preference Shares (RNCPS)	-	-
	d.) Redeemable Cumulative Preference Shares (RCPS)	-	-

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

2. Free Reserves and Provisions

(a) Provision on Standard Assets

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
Provisions towards Standard Assets (cumulative)	1,844.17	1,144.68

(b) Floating Provisions

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
Opening balance in the floating provisions account	495.67	1,099.96
The quantum of floating provisions made in the accounting year	0.00	0.00
Amount of draw down made during the accounting year *	0.00	604.29
Closing balance in the floating provisions account	495.67	495.67

* Amount utilised for making NPA provision in terms of RBI circular dated May 05, 2021 and as per Bank's Board approved policy on floating provision.

3. Asset Quality and specific provisions

(a) Non-Performing Advances

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
(i) Net NPAs to Net Advances (%)	0.00%	0.06%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	299.60	358.68
(b) Additions during the year	93.39	1,036.20
(c) Reductions during the year	337.94	1,095.28
(d) Closing balance	55.05	299.60
(iii) Movement of Net NPAs		
(a) Opening balance	132.10	185.25
(b) Additions during the year	(82.66)	11.51
(c) Reductions during the year	40.88	64.66
(d) Closing balance	8.56	132.10
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	167.50	173.42
(b) Provisions made during the year	176.05	1030.31
(c) Write of / write back of excess provisions	297.06	1036.23
(d) Closing balance	46.49	167.50

*The Net NPA will be NIL for the current year and previous year, if the amount of floating provision is adjusted against the same.

(b) Non-Performing Investments

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
(i) Net NPI to Net Advances (%)	0.00%	0.00%
(ii) Movement of NPI (Gross)		
(a) Opening balance	350.16	344.62
(b) Additions during the year	0.00	5.54
(c) Reductions during the year	18.78	0.00
(d) Closing balance	331.38	350.16
(iii) Movement of Net NPI		
(a) Opening balance	0.00	0.00
(b) Additions during the year	0.00	0.00
(c) Reductions during the year	0.00	0.00
(d) Closing balance	0.00	0.00
(iv) Movement of provisions for NPI (excluding provisions on standard assets)		
(a) Opening balance	350.16	344.62
(b) Provisions made during the year	0.00	5.54
(c) Write of / write back of excess provisions	18.78	0.00
(d) Closing balance	331.38	350.16

Includes security (Book Value stated at ₹1/-) acquired by way of conversion of debt in line with extant RBI guidelines and the same has been fully redeemed in the same year.

(c) Non-Performing Assets (a+b)

(₹ crore)		
Particulars	FY 2022-23	FY 2021-22
(i) Net NPAs to Net Assets (Advanced + investments) (%)	0.00%	0.05%
(ii) Movement of NPAs (Gross Advances + Gross investments)		
(a) Opening balance	649.76	703.31
(b) Additions during the year	93.39	1,041.73
(c) Reductions during the year	356.72	1,095.28
(d) Closing balance	386.43	649.76
(iii) Movement of Net NPAs		
(a) Opening balance	132.10	185.25
(b) Additions during the year	(82.66)	11.51
(c) Reductions during the year	40.88	64.66
(d) Closing balance	8.56	132.10
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	517.66	518.05
(b) Provisions made during the year	176.05	1,035.84
(c) Write of / write back of excess provisions	315.84	1,036.23
(d) Closing balance	377.87	517.66

(d) Disclosure of Restructured Accounts

(₹ Crore)

Sr. No.	Type of Restructuring →	Others						Total				
		Asset Classification →	Standard	Sub-Standard	Doubtful	Loss	Total Standard	Sub-Standard	Doubtful	Loss	Total	
Details ↓												
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of Borrowers	14	2	10	-	26	14	2	10	-	26
		Amount outstanding	69.95	6.36	32.68	-	108.99	69.95	6.36	32.68	-	108.99
		Provision thereon	0.18	0.02	0.05	-	0.25	0.18	0.02	0.05	-	0.25
2	Fresh restructuring during the year	No. of Borrowers	1	3	-	-	4	1	3	-	-	4.00
		Amount outstanding	0.27	4.18	-	-	4.45	0.27	4.18	-	-	4.45
		Provision thereon	0.01	-	-	-	0.01	0.01	-	-	-	0.01
3	Upgradations to restructured category during the FY	No. of Borrowers	1	(1.00)	-	-	-	1	(1.00)	-	-	-
		Amount outstanding	5.03	(5.03)	-	-	-	5.03	(5.03)	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	(4)	-	-	-	(4)	(4)	-	-	-	(4)
		Amount outstanding	(19.58)	-	-	-	(19.58)	(19.58)	-	-	-	(19.58)
		Provision thereon	(0.17)	-	-	-	(0.17)	(0.17)	-	-	-	(0.17)
5	Downgradations of restructured accounts during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY#	No. of Borrowers	(4)	(4)	(10)	-	(18)	(4)	(4)	(10)	-	(18)
		Amount outstanding	(28.58)	(5.50)	(32.69)	-	(66.77)	(28.58)	(5.50)	(32.69)	-	(66.77)
		Provision thereon	-	(0.02)	(0.05)	-	(0.07)	-	(0.02)	(0.05)	-	(0.07)
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of Borrowers	8	-	-	-	8	8	-	-	-	8
		Amount outstanding	27.09	-	0.00	-	27.09	27.09	-	0.00	-	27.09
		Provision thereon	0.02	0.00	(0.00)	-	0.02	0.02	0.00	(0.00)	-	0.02

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

Note: Figures at Sr. No.6 includes increase in outstanding net of reduction / recovery of ₹6.76 crore in respect of existing restructured accounts and closure of 7 borrower amounting to ₹33.01 crore and provision of ₹0.05 crore. Further, during FY 2023 one account amounting to ₹0.27 crore and provision of ₹0.01 crore upgraded from writeoff to standard category and showing under addition.

(e) Movement of Non-performing assets

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
Gross NPAs as on opening date of accounting period (Opening Balance)	299.60	358.68
Additions (Fresh NPAs) during the year	93.39	1,036.20
Sub total (A)	392.99	1,394.88
Less :-		
(i) Upgradations	35.01	37.62
(ii) Recoveries (excluding recoveries made from upgraded accounts)	32.79	46.93
(iii) Technical / Prudential Write offs	211.42	1,005.06
(iv) Write offs other than those under (iii) above	58.72	5.67
Sub-total (B)	337.94	1,095.28
Gross NPAs as on 31st March of following year (Closing Balance) (A-B)	55.05	299.60

(f) Write-offs and recoveries

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
Opening balance of Technical / Prudential written off accounts as at April 1	3,389.19	2,624.88
Add : Technical / Prudential write offs during the year	262.75	1,005.06
Sub total (A)	3,651.94	3,629.94
Less : Actual write off	594.90	37.83
Less : Recoveries made from previously technical / prudential written off accounts during the year	288.81	202.92
Sub total (B)	883.71	240.75
Closing balance as at March 31 (A-B)	2,768.23	3,389.19

(g) Overseas Assets, NPAs and Revenue

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

(h) Depreciation and provisions on investments

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
(1) Investments		
(i) Gross Investments	27,775.69	22,574.77
(a) In India	27,775.69	22,574.77
(b) Outside India		
(ii) Provisions for Depreciation	362.25	356.49
(a) In India	362.25	356.49
(b) Outside India		
(iii) Net Investments	27,413.44	22,218.28
(a) In India	27,413.44	22,218.28
(b) Outside India		
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	6.33	20.76
(ii) Add: Provisions made during the year	26.05	0.22
(iii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	-	-
(iv) Less: Write off / write back of excess provisions during the year*	1.51	14.65
(v) Less: Transfer, if any, to Investment Fluctuation Reserve Account	-	-
(vi) Closing balance	30.87	6.33

*The Bank has appropriated ₹10.96 crore (net of applicable taxes) to Investment Fluctuation Reserve Account in FY 2022.

(i) Provisions and Contingencies

(₹ crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	FY 2022-23	FY 2021-22
Provisions for depreciation/NPI on Investment	5.76	(8.89)
Provision towards NPA	148.83 @	408.19 @#
Provision made towards Income tax (Including Deferred Tax Assets/Liability)	1251.54	511.52
Other Provision and Contingencies (with details) [§]	699.49 [§]	(20.33) [§]

@ net of restructuring provision

§ includes provision for standard asset.

#Net of write back of floating provision.

(j) Provisioning Coverage Ratio (PCR)

Particulars	FY 2022-23	FY 2021-22
Provisioning Coverage Ratio (PCR)*	99.70%	96.30%

* Floating provision has not been considered while calculating PCR.

(k) Provisioning pertaining to Fraud Accounts

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
No. of frauds reported during the year	9	1
Amount involved in fraud (₹ in crore)	36.87	6.67
Amount involved in fraud net of recoveries/write offs/unrealised interest as at the end of the year (₹ in crore)	31.06	6.47
Provision made during the year (₹ in crore)	1.13	-
Provision held as at the end of the year for the above accounts (₹ in crore)	31.06	6.47
Amount of unamortised provision debited from "other reserves" as at the end of the year (₹ in crore)	-	-

4. Investment portfolio: constitution and operations

(a) Repo Transactions

(₹ crore)

Particulars	Minimum outstanding during the year FY 2023	Maximum outstanding during the year FY 2023	Daily Average outstanding during the year FY 2023	Outstanding as on March 31, 2023
Securities sold under repo				
i. Government securities	-	13,673.20	2,720.28	10,543.96
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government securities	-	14,994.39	1,632.35	1,998.89
ii. Corporate debt securities	Nil	Nil	Nil	Nil

(₹ crore)

Particulars	Minimum outstanding during the year FY 2022	Maximum outstanding during the year FY 2022	Daily Average outstanding during the year FY 2022	Outstanding as on March 31, 2022
Securities sold under repo				
i. Government securities	-	3,735.68	348.89	2,568.91
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government securities	-	21,610.09	6,450.69	299.89
ii. Corporate debt securities	Nil	Nil	Nil	Nil

(b) Disclosure of Issuer Composition for Investment in Debt Securities

(₹ crore)

Issuer	Amount	Amount of			
		Investment made through private placement	Below Investment Grade Securities Held	Unrated securities held	Unlisted securities
(1)	(2)	(3)	(4)	(5)	(6)
PSUs	368.96	278.25	-	-	-
FIs	2,795.10	2,795.10	-	189.83	189.83
Banks	8,302.72	8,302.72	-	103.50	103.50
Private Corporates	450.11	450.11	-	450.11	441.48
Subsidiaries/Joint ventures	0	0	-	0	0
Others	1,045.81	1,045.81	-	1,045.81	1,045.81
Provision held towards depreciation	(362.23)	-	-	-	-
Total	12,600.47	12,871.99	-	1,789.25	1,780.62

(c) Sale & transfers of securities to /from HTM category:

During the current FY, the Bank shifted investments in Venture Capital Funds from HTM to AFS category in accordance with extant RBI guidelines. Except for the above, there was no shifting on investments to/from HTM category.

5. Details of Financial Assets purchased/ sold

(a) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(i) Details of Sales

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
(i) No. of accounts (borrower)	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

(ii) Details of Book Value of Investments in Security Receipts

(₹ crore)

Particulars	Book value of investments in security receipts	
	FY 2022-23	FY 2021-22
(i) Backed by NPAs sold by the AIFI as underlying	0.27	0.27
(ii) Backed by NPAs sold by banks / other financial institutions / non-banking financial companies as underlying	0.00	0.00
Total	0.27	0.27

(b) Details of Non Performing Financial Assets Purchased / Sold

(i) Details of non performing financial assets purchased:

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
1. (a) No. of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

(ii) Details of non performing financial assets sold:

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
No. of accounts sold	Nil	Nil
Aggregate outstanding	Nil	Nil
Aggregate consideration received	Nil	Nil

6. Operating Results

Particulars	FY 2022-23	FY 2021-22
(i) Interest income as a percentage to average working funds	5.30	4.21
(ii) Non-interest income as a percentage to average working funds	0.14	0.18
(iii) Operating profit as a percentage to average working funds (before provisions)	1.63	1.33
(iv) Return on average assets (before provisions for taxation)	1.40	1.16
(v) Net Profit per employee (₹ crore)	3.66	2.13

7. Credit Concentration risk

(a) Capital market exposure

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	320.03	456.70
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) financing to stockbrokers for margin trading;	-	-
(x) all exposures to Venture Capital Funds (both registered and unregistered)	1,173.61	1,024.82
Total Exposure to Capital Market	1,493.64	1,481.52

(b) Exposure to Country risk

(₹ crore)

Risk Category	FY 2022-23		FY 2021-22	
	Net Funded Exposure	Provision held	Net Funded Exposure	Provision held
Insignificant	10,902.69	26.40	11,269.51	27.66
Low	1,018.09	-	998.70	-
Moderate	15.90	-	1.00	-
High	5.64	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	11,942.32	26.40	12,269.21	27.66

(c) Prudential Exposure Limits - Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded.

- (i) The number and amount (not the name of the borrower) of exposures in excess of the prudential exposure limits during the year.

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

ii) Credit exposure as percentage to capital funds and as percentage to total assets, in respect of :

Sr. No.	Particulars	FY 2022-23		FY 2021-22	
		As % to Total Assets	As % to Capital funds	As % to Total Assets	As % to Capital funds
1	The largest single borrower	13.63	209.72	15.53	170.28
	The largest borrower group	As large borrowers are Primary lending Institutions, the concept of borrower group is not applicable.			
2	The 20 largest single borrowers	67.94	1,045.64	61.06	669.47
	The 20 largest borrower group	As large borrowers are Primary lending Institutions the concept of borrower group is not applicable.			

iii) Credit exposure to the five largest industrial sectors as percentage to total loan assets :

(₹ crore)

Name of Industry	FY 2022-23		FY 2021-22	
	Amount. Outstanding	% to total loan assets	Amount. Outstanding	% to total loan assets
TEXTILE PRODUCTS	1,373.15	0.36	821.55	0.37
AUTO ANCILLARIES	1,303.56	0.34	871.11	0.39
METAL PRODUCTS N.E.C.	1,298.56	0.34	1,072.24	0.48
PLASTIC MOULDED GOODS	707.12	0.19	601.17	0.27
METAL PRODUCTS PARTS EXCEPT MACHINERY	648.03	0.17	580.84	0.26

- (iv) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is 'Nil'.
- (v) The bank had no factoring exposure during the current year and previous year.
- (vi) The bank had not exceeded the Prudential Exposure Limits during the current year and previous year..

(d) Concentration of borrowings /lines of credit, credit exposures and NPAs

(i) Concentration of borrowings and lines of credit

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
Total borrowings from twenty largest lenders	3,16,623.42	2,07,923.53
Percentage of borrowings from twenty largest lenders to total borrowings	79.04%	84.38%

(ii) Concentration of Exposures

(₹ crore)

Particulars	FY 2022-23	FY 2021-22
Total advances to twenty largest borrowers	2,98,449.36	1,69,786.49
Percentage of advances to twenty largest borrowers to Total Advances	74.56%	76.35%
Total Exposure to twenty largest borrowers / customers	3,33,833.93	2,06,873.95
Percentage of exposures to twenty largest borrowers / customers to Total Exposure	73.38%	70.82%

(iii) Sector-wise concentration of exposures and NPAs

(₹ crore)

Sr. No.	Sector	FY 2022-23			FY 2021-22		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
I.	Industrial sector	3,35,409.61	14.74	0.00%	1,97,731.72	199.00	0.10%
1	Central Government	-	-	-	-	-	-
2	Central PSUs	-	-	-	-	-	-
3	State Governments	1,541.63	-	-	-	-	-
4	State PSUs	-	-	-	-	-	-
5	Scheduled Commercial Banks	3,14,619.21	-	-	1,82,705.34	-	-
6	Regional Rural Banks	832.72	-	-	592.25	-	-
7	Co-operative banks	-	-	-	-	-	-
8	Private sector (excluding banks)	18,416.05	14.74	0.08%	14,434.13	199.00	1.38%
II.	Micro-finance sector	6,575.89	40.31	0.61%	4,230.17	40.32	0.95%
III.	Others*	36,056.54	-	-	20,414.26	60.28	0.30%
	Total (I+II+III)	3,78,042.04	55.05	0.01%	2,22,376.15	299.60	0.13%

* includes advances to NBFCs

8. Derivatives

(a) Forward Rate Agreement / Interest Rate Swap

(₹ crore)

Sr. No	Particulars	FY 2022-23	FY 2021-22
i)	The notional principal of swap agreements	123.72	185.58
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	(1.91)	2.29
iii)	Collateral required by the bank upon entering into swaps	Nil	Nil
iv)	Concentration of credit risk arising from the swaps	Nil	3.25
v)	The fair value of the swap book	(1.91)	2.29

The nature and terms of the IRS as on March 31, 2023 are set out below:

Sr. No.	Nature	Nos.	Notional Principal	Benchmark	Terms
1	Hedging	1	INR 123,72,29,020.00	6 M USD LIBOR	Fixed receivable V/s floating payable

The nature and terms of the IRS as on March 31, 2022 are set out below:

Sr. No.	Nature	Nos.	Notional Principal	Benchmark	Terms
1	Hedging	1	INR 185,58,43,530.00	6 M USD LIBOR	Fixed receivable V/s floating payable

(b) Exchange Traded Interest Rate Derivatives

(₹ crore)

Sr. No	Particulars	FY 2022-23	FY 2021-22
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument - wise)	NIL	NIL
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31 (instrument - wise)	NIL	NIL
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument - wise)	NIL	NIL
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument - wise)	NIL	NIL

(c) Disclosures on risk exposure in derivatives**(i) Qualitative Disclosures**

- (1) The Bank uses Derivatives for hedging of interest rate and exchange risk arising out of mismatch in the assets and liabilities. All derivatives undertaken by Bank are for hedging purposes with underlying as Foreign Currency borrowings, which are not MTM, but only translated. The Bank does not undertake trading in Derivatives.
- (2) Internal Control guidelines and accounting policies are framed and approved by the Board. The derivative structure is undertaken only after approval of the competent authority. The particulars of derivative details undertaken are also reported to ALCO/Board.
- (3) The Bank has put systems in place for mitigating the risk arising out of derivative deals. The Bank follows the accrual method for accounting the transactions arising out of derivative deals.

(d) Disclosure on Credit default swap - Bank has not undertaken any credit default swap during the year.**(ii) Quantitative Disclosures**

(₹ crore)

Sr. No.	Particulars	FY 2022-23		FY 2021-22	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)	3,361.40	123.72	3,902.68	185.58
	(i) For hedging	3,361.40	123.72	3,902.68	185.58
	(ii) For trading	-	-	-	-
2	Marked to Market Positions [1]	535.51	(1.91)	296.35	2.29
	(i) Asset (+)	535.51	-	296.35	2.29
	(ii) Liability (-)	-	1.91	-	-
3	Credit Exposure [2]	730.12	-	557.49	3.25
4	Likely impact of one percentage change in interest rate (100* PV01)	1,681.43	(0.72)	56.18	(0.02)
	(i) On hedging derivatives	1,681.43	(0.72)	56.18	(0.02)
	(ii) On trading derivatives	-	-	-	-
5	Maximum and Minimum of 100*PV01 observed during the year	-	-	-	-
	(i) On hedging	1912.87/0.56	(0.72)/(2.47)	88.26/56.18	(2.37)/(4.82)
	(ii) On trading	-	-	-	-

9. Disclosure of Letters of Comfort (LoCs) issued by AIFs

The particulars of Letters of Comfort (LoCs) issued during the year, assessed financial impact, and assessed cumulative financial obligations under the LoCs issued in the past and outstanding is as under:

(₹ crore)

LoCs outstanding as on April 01, 2022		LoC issued during the year		LoCs redeemed during the year		LoCs outstanding as on March 31, 2023	
No of LoC	Amount	No of LoC	Amount	No of LoC	Amount	No of LoC	Amount
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

10. Asset Liability Management

(₹ crore)

Particulars	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	34.63	28.75	1,636.46	5,354.83	45,130.93	1,42,287.69	2,791.15	2,681.16	1,99,945.60
Advances	6,997.81	4,269.79	52,090.15	68,561.71	70,644.41	1,61,467.47	12,204.45	1,759.75	3,77,995.54
Investments	12,067.13	1,368.00	10,402.43	15,454.58	4,956.77	5,220.20	2,082.81	1,467.51	53,019.43
Borrowings	15,640.96	3,600.00	73,581.99	26,684.22	34,913.39	44,652.76	836.77	747.83	2,00,657.92
Foreign Currency assets	6.87	8.03	911.60	32.72	364.03	2,253.17	367.78	-	3,944.20
Foreign Currency liabilities	13.20	6.43	530.98	47.71	482.50	2,051.84	693.42	563.67	4,389.75

ALM includes figures of SIDBI and MUDRA only.

11. Draw Down from Reserves

There is no draw down from Reserves during the current year and previous year.

12. Business Ratios

Particulars	FY 2022-23	FY 2021-22
Return on average Equity (before provisions for taxation) (%)	18.91	11.47
Return on average assets (before provisions for taxation) (%)	1.40	1.16
Net Profit per employee (₹ crore)	3.66	2.13

13. Disclosure of Penalties imposed by RBI

RBI had not imposed any penalty on the Bank during the current year and previous year.

14. Customer Complaints

1. Complaints received by the bank from its customers

Particulars	FY 2022-23	FY 2021-22
1 No. of complaints pending at the beginning of the year	1	7
2 No. of complaints received during the year	230	234
3 No. of complaints redressed during the year	230	240
3(i) Of which, number of complaints rejected by the Bank	83	19
4 No. of complaints pending at the end of the year	1	1

2. Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
FY 2023					
Loans and advances	-	35	(18.60)	-	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	35	34.62	-	-
Others	1	53	(67.88)	1	-
FY 2022					
Loans and advances	-	43	(27.12)	-	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	26	160.00	-	-
Others	7	165	(42.71)	1	-

RBI vide their Circular CEPD.CO.PRD.Cir.No.01/13.01.013/2020-21 dated 27.01.2021 on Strengthening of Grievance Redress Mechanism in Banks had categorized grievances under 16 categories and had advised Banks to make disclosures accordingly.

15. Off-Balance Sheet SPVs Sponsored

The Bank had no Off-balance sheet SPVs sponsored during the current year and previous year.

16. Disclosure as per specific accounting standards

(a) Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in accounting policies

Income in schedule XIII - 'other income' includes Prior Period Income of ₹10,08,72,058 for FY 2022-23 [Previous Year ₹4,66,88,641] and Other expenditure in schedule XIV - 'Operating Expenses' for FY 2022-23 includes Prior Period Expenditure of ₹1,22,71,798 [Previous Year (₹2,58,64,368)].

(b) Accounting Standard 17 – Segment Reporting

As required under RBI master directions and Accounting Standard-17 'Segment Reporting' the Bank has disclosed "Business segment" as the Primary Segment. Since the Bank operates in India, there are no reportable geographical segments. Under Business Segment, the Bank has identified Whole Sale Operations (Direct Lending), Whole Sale Operations (Refinance) and Treasury as its three reporting segments. These segments have been identified after considering the nature and risk profile of the products and services, the organization structure and the internal reporting system of the Bank. Previous year's figures have been regrouped and reclassified to conform to the current year's methodology.

Part A: BUSINESS SEGMENTS

(₹ crore)								
Business Segments	Wholesale Operations (Direct Lending)		Wholesale Operations (Refinance)		Treasury		Total	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
1 Segment Revenue	1,554.09	1,209.26	15,619.60	7,597.02	2,827.74	1,327.28	20,001.43	10,132.56
Exceptional Items							-	-
Total							20,001.43	10,132.56
2 Segment Results	378.01	338.88	3,878.35	2,000.18	1,219.55	580.48	5,475.91	2,919.54
Exceptional Items							-	-
Total							5,475.91	2,919.44
Unallocable Expenses							326.70	240.58
Operating profit							5,149.21	2,678.86
Income Tax (Net of write back)							1,251.54	511.42
Share of profit in associates							33.81	(5.91)
Net profit							3,931.48	2,161.53
3 Other information								
Segment Assets	20,055.91	14,433.10	3,76,514.65	2,22,253.25	39,426.65	40,390.79	4,35,997.21	2,77,077.14
Unallocated Assets							3,255.31	1,803.30
Total Assets							4,39,252.52	2,78,880.44
Segment Liabilities	15,883.66	10,617.77	3,51,767.20	2,04,270.42	39,121.93	35,894.26	4,06,772.79	2,50,782.45
Unallocated Liabilities							3,340.17	2,764.61
Total							4,10,112.96	2,53,546.80
Capital / Reserves	4,155.25	3,752.69	24,326.26	17,193.94	658.05	4,385.75	29,139.56	
Total							29,139.56	25,333.38
Total Liabilities							4,39,252.52	2,78,880.44

Part B: GEOGRAPHIC SEGMENTS - The operations of the Bank is confined to India only, hence no reportable geographic segments.

(c) Accounting Standard 18 – Related Party Disclosures**(i) Key management personnel**

Shri Sivasubramanian Ramann	Chairman & Managing Director
Shri V. Satya Venkata Rao	Deputy Managing Director
Shri Sudatta Mandal	Deputy Managing Director

(ii) Significant transactions with related parties

(₹ crore)

Items / Related Party	Key Management Personnel @	Relatives of Key Management Personnel	Total
Borrowings#	-	-	-
Outstanding at the year end	-	-	-
Maximum during the year	-	-	-
Deposit#	-	-	-
Outstanding at the year end	-	-	-
Maximum during the year	-	-	-
Placement of deposits#	-	-	-
Outstanding at the year end	-	-	-
Maximum during the year	-	-	-
Advances#	-	-	-
Outstanding at the year end	-	-	-
Maximum during the year	-	-	-
Investments#	-	-	-
Outstanding at the year end	-	-	-
Maximum during the year	-	-	-
Non funded commitments#	-	-	-
Outstanding at the year end	-	-	-
Maximum during the year	-	-	-
Leasing arrangements availed#	-	-	-
Outstanding at the year end	-	-	-
Maximum during the year	-	-	-
Leasing arrangements provided#	-	-	-
Outstanding at the year end	-	-	-
Maximum during the year	-	-	-
Purchase of fixed assets	-	-	-
Sale of fixed assets	-	-	-
Interest paid	-	-	-
Interest received	-	-	-
Dividend received	-	-	-
Dividend paid	-	-	-
Rendering of services*	-	-	-
Receiving of services*	-	-	-
Management contracts**	1.35	-	1.35

@Whole time directors of the Board

The outstanding at the year end and the maximum during the year are to be disclosed

* Contract services etc. and not services like remittance facilities, locker facilities etc.

** Remuneration to Key Management Personnel.

17. Unamortised Pension and Gratuity Liabilities

The pension and gratuity liability are provided for on the basis of an actuarial valuation made at the end of each financial year based on the projected unit credit method. The actuarial gains/ losses are taken to the profit & loss account and are not amortized.

As per our report of even date

BY ORDER OF THE BOARD

For **Borkar & Muzumdar**
Chartered Accountants
FRN.101569W

Ajit Nath Jha
Chief Financial Officer

Sudatta Mandal
Deputy Managing Director

V. Satya Venkata Rao
Deputy Managing Director

Sivasubramanian Ramann
Chairman & Managing Director

Darshit Doshi
Partner
M.No. 133755

G Gopalakrishna
Director

Amit Tandon
Director

Place: Mumbai
Date: May 12, 2023

Consolidated Cash Flow Statement

for the year ended March 31, 2023

March 31, 2022	Particulars	March 31, 2023	March 31, 2023
	1. Cash Flow from Operating Activities		
26,79,30,78,392	Net Profit before tax as per P & L Account		51,49,20,30,632
	Adjustments for :		
36,43,50,321	Depreciation	26,67,08,148	
5,53,33,454	Provision for net depreciation in investments	24,53,96,517	
4,25,62,57,499	Provisions made (net of write back)	9,16,74,09,694	
(5,61,92,51,814)	Profit on sale of investments (net)	(8,27,32,54,340)	
(14,17,772)	Profit on sale of fixed assets	(1,33,74,835)	
(19,46,66,611)	Income Received on Investments	(7,99,78,141)	1,31,29,07,043
25,65,36,83,469	Cash generated from operations		52,80,49,37,675
	(Prior to changes in operating Assets and Liabilities)		
	Adjustments for net changes in :		
(1,69,73,67,138)	Current assets	(14,93,03,26,041)	
81,68,99,06,362	Current liabilities	64,91,97,74,553	
(13,44,52,273)	Bills of Exchange	(5,17,69,19,133)	
(5,24,06,31,06,808)	Loans & Advances	(15,51,99,51,48,710)	
3,66,23,05,27,707	Net Proceeds of Bonds and Debentures & other borrowings	12,49,45,48,36,350	
1,46,00,55,73,814	Deposits received	2,02,30,06,99,722	
68,03,10,81,664			(55,42,70,83,259)
93,68,47,65,133			(2,62,21,45,584)
(5,95,87,95,346)	Payment of Tax	(14,18,16,41,591)	(14,18,16,41,591)
87,72,59,69,787	Net Cash flow from operating Activities		(16,80,37,87,175)
	2. Cash Flow from Investing Activities		
(52,08,63,542)	Net (Purchase)/Sale of fixed assets	(28,94,14,376)	
(1,37,41,19,14,844)	Net (Purchase)/sale/redemption of Investments	16,23,33,23,888	
47,78,14,760	Income Received on Investments	5,73,50,433	
(1,37,45,49,63,626)	Net cash used in Investing Activities		16,00,12,59,945
	3. Cash flow from Financing Activities		
14,22,80,00,000	Proceeds from issuance of share capital & share premium	-	
(1,34,69,92,211)	Dividend on Equity Shares & tax on Dividend	(79,81,84,026)	
12,88,10,07,789	Net cash used in Financing Activities		(79,81,84,026)
(36,84,79,86,050)	4. Net increase/(decrease) in cash and cash equivalents		(1,60,07,11,256)
80,50,09,58,431	5. Cash and Cash Equivalents at the beginning of the period		43,65,29,72,381
43,65,29,72,381	6. Cash and Cash Equivalents at the end of the period		42,05,22,61,125
	7. Cash and cash equivalents at the end of the period includes		
7,23,087	Cash in Hand		6,14,370
92,90,15,875	Current account balance with Bank		6,30,75,42,823
19,99,90,00,050	Mutual Funds		-
22,72,42,33,369	Deposits		35,74,41,03,932

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

Significant Accounting Policies XV

Notes to Accounts Annexure 1

As per our report of even date

BY ORDER OF THE BOARD

For **Borkar & Muzumdar**
Chartered Accountants
FRN.101569W

Ajit Nath Jha
Chief Financial Officer

Sudatta Mandal
Deputy Managing Director

V. Satya Venkata Rao
Deputy Managing Director

Sivasubramanian Ramann
Chairman & Managing Director

Darshit Doshi
Partner
M.No. 133755

G Gopalakrishna
Director


Amit Tandon
Director

Place: Mumbai
Date: May 12, 2023



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