

Annual Report (Part-I)  
2019-20



# **STRENGTHENING OUR SUPPORT**

**For Vibrant Economy through Strong MSMEs**



## SIDBI Vision 2.0

To play the role of a catalyst and facilitator for the development of Micro and Small industries by way of:

1. Policy advocacy
2. Coordination among credit institutions
3. Promotional and Developmental activities through organised efforts
4. Making available relevant decision points based on data and research to policy makers and lending institutions
5. Developing institutional mechanism on behalf of credit institutions to ease the flow of credit through new and innovative models leveraging new-age technologies
6. Driving initiatives to encourage entrepreneurship among youth of the nation by working with broader ecosystem of government, regulators, startups, funding agencies and financial institutions



To view our report online, please visit  
**[www.sidbi.in](http://www.sidbi.in)**



## Strengthening our Support

MSMEs are vital drivers of economic growth and essential to building healthy and prosperous communities. Being the apex financial institution of the sector, the Bank is strengthening its support to the sector in terms of financing, promotion, development and effective coordination among stakeholders, with an aim to create robust underlying ecosystem in which MSMEs operate. The challenging times of COVID pandemic demand for more joined-up approach of the stakeholders to support the MSMEs.



## LETTER OF TRANSMITTAL

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

July 20, 2020

Dear Sir,

**Annual Accounts and Report of the Board on the working of SIDBI – FY 2019-20.**

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

- (1) Copy of Annual Accounts of Small Industries Development Bank of India for the financial year ended March 31, 2020; and
- (2) A report on the working of the Small Industries Development Bank of India during the financial year ended March 31, 2020.

Yours faithfully,



**(Mohammad Mustafa)**

Chairman & Managing Director

Encl.: As Above

## BOARD OF DIRECTORS

(As on July 31, 2020)



**Shri Mohammad Mustafa**  
Chairman & Managing Director



**Shri Manoj Mittal**  
Deputy Managing Director



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



**Shri Devendra Kumar Singh**



**Shri Pankaj Jain**



**Shri G.K. Kansal**



**Shri V. Sathya Kumar**



**Shri L.R. Ramachandran**



**Shri G. Gopalakrishna**



**Shri Ashish Gupta**



**Smt Nupur Garg**

**The Board held five meetings during FY 2020.**

## COMMITTEES OF THE BOARD

(As on July 31, 2020)

### Executive Committee (6 meetings)\*

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- 1 Shri Mohammad Mustafa, Chairman
- 2 Shri Manoj Mittal
- 3 Shri V. Satya Venkata Rao
- 4 Shri G.K. Kansal
- 5 Shri V. Sathya Kumar

### Risk Management Committee (6 meetings)

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- 1 Shri V. Sathya Kumar, Chairman
- 2 Shri Manoj Mittal
- 3 Shri V. Satya Venkata Rao
- 4 Shri G.K. Kansal

### Information Technology Strategy Committee (3 meetings)

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- 1 Shri V. Sathya Kumar, Chairman
- 2 Shri Manoj Mittal
- 3 Shri V. Satya Venkata Rao
- 4 Shri Pushpinder Singh (External Expert)

### HR Steering Committee

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- 1 Shri Mohammad Mustafa, Chairman
- 2 Shri Manoj Mittal
- 3 Shri V. Satya Venkata Rao
- 4 Shri Pankaj Jain
- 5 Shri G.K. Kansal
- 6 Dr. Chitra Rao (External Expert)

### DMD-Management Committee (5 meeting)

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- 1 Shri Manoj Mittal, Chairman
- 2 Shri V. Satya Venkata Rao
- 3 Shri G.K. Kansal
- 4 Shri V. Sathya Kumar
- 5 Smt. Nupur Garg

### Nomination & Remuneration Committee

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- 1 Shri Pankaj Jain

### Audit Committee (4 meetings)

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- 1 Shri V. Sathya Kumar, Chairman
- 2 Shri Manoj Mittal
- 3 Shri V. Satya Venkata Rao
- 4 Shri Pankaj Jain
- 5 Shri Ashish Gupta

### Special Committee to Monitor Large Value Frauds (3 meetings)

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- 1 Shri Mohammad Mustafa, Chairman
- 2 Shri Manoj Mittal
- 3 Shri V. Satya Venkata Rao
- 4 Shri Pankaj Jain
- 5 Shri G.K. Kansal
- 6 Shri V. Sathya Kumar

### Customer Service Committee (1 meeting)

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- 1 Shri Mohammad Mustafa, Chairman
- 2 Shri Manoj Mittal
- 3 Shri V. Satya Venkata Rao
- 4 Shri G.K. Kansal
- 5 Shri V. Sathya Kumar

### Recovery Review Committee (2 meeting)

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- 1 Shri Mohammad Mustafa, Chairman
- 2 Shri Manoj Mittal
- 3 Shri V. Satya Venkata Rao
- 4 Shri Pankaj Jain
- 5 Shri G. Gopalakrishna

### Review Committee on Wilful defaulters & Non-cooperative borrowers

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- 1 Shri Mohammad Mustafa, Chairman
- 2 Shri Ashish Gupta

### Committee On P&D Activities (1 meeting)

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- 1 Shri Devendra Kumar Singh
- 2 Shri Pankaj Jain
- 3 Shri V. Satya Venkata Rao

\*Number in bracket shows the meetings of the committee held during FY 2020.

## ABBREVIATIONS USED

<b>AIF</b> – Alternate Investment Fund	<b>MSF</b> – Marginal Standing Facility
<b>ALM</b> – Asset Liability Management	<b>MSME</b> – Micro, Small and Medium Enterprises
<b>ASPIRE</b> – A Scheme for Promotion of Innovation and Rural Entrepreneurship	<b>NBFC</b> – Non-Banking Financial Company
<b>BCM</b> – Business Continuity Management	<b>NER</b> – North Eastern Region
<b>CFC</b> – Common Facility Centre	<b>NIM</b> – Net Interest Margin
<b>CLCSS</b> – Credit Linked Capital Subsidy Scheme	<b>NLSC</b> – National Level Steering Committee
<b>CPUs</b> – Central Public Sector Undertakings	<b>NSDC</b> – National Skill Development Corporation
<b>CRMS</b> – Credit Risk Management System	<b>NULM</b> – National Urban Livelihoods Mission
<b>CRR</b> – Cash Reserve Ratio	<b>OEM</b> – Original Equipment Manufacturer
<b>CSCs</b> – Common Service Centres	<b>ORM</b> – Operational Risk Management
<b>CSOC</b> – Cyber Security Operations Center	<b>PLIs</b> – Primary Lending Institutions
<b>CTEO</b> – Chief Technical Examiners’ Organisation	<b>PMGKP</b> – Pradhan Mantri Garib Kalyan Package
<b>CTF</b> – Clean Technology Fund	<b>PMKK</b> – Pradhan Mantri Kaushal Kendra
<b>CVPC</b> – Centralized Vendor Payment Cell	<b>PMKVY</b> – Pradhan Mantri Kaushal Vikas Yojana
<b>DCS</b> – Direct Credit Scheme	<b>PSB</b> – Public Sector Banks
<b>DFID</b> – Department for International Development	<b>ROA</b> – Return on Assets
<b>DFS</b> – Department of Financial Services	<b>ROCE</b> – Return on Capital Employed
<b>DICCI</b> – Dalit Indian Chamber of Commerce and Industry	<b>ROE</b> – Return on Equity
<b>DPIIT</b> – Department for Promotion of Industry and Internal Trade	<b>RRC</b> – Recovery Review Committee
<b>EESL</b> – Energy Efficiency Services Limited	<b>RSETI</b> – Rural Self Employment Training Institutes
<b>ELSCs</b> – Express Loan Service Centres	<b>SAFE</b> – SIDBI Assistance to Facilitate Emergency response against corona virus
<b>EPF</b> – Employee Provident Fund	<b>SARB</b> – Specialized Asset Recovery Branch
<b>ESCOs</b> – Energy Service Companies	<b>SD-WAN</b> – Software Defined Wide Area Network
<b>FPTUFS</b> – Food Processing Industry Technology Upgradation Fund Scheme	<b>SFB</b> – Small Finance Bank
<b>GCF</b> – Green Climate Fund	<b>SMA</b> – Special Mention Accounts
<b>GEF</b> – Global Environment Facility	<b>SMART</b> – SIDBI Multifunctional Appraisal and Rating Tool
<b>HFCs</b> – Housing Finance Companies	<b>SMILE</b> – SIDBI Make in India Soft Loan Fund for Micro, Small and Medium Enterprises
<b>ICAAP</b> – Internal Capital Adequacy Assessment Process	<b>SWIFT</b> – Society for Worldwide Interbank Financial Telecommunications
<b>IDLSS</b> – Integrated Development of Leather Sector Scheme	<b>TAT</b> – Turn Around Time
<b>IMF</b> – International Monetary Fund	<b>TEQUP</b> – Technology and Quality Upgradation
<b>IRMS</b> – Integrated Risk Management System	<b>TLTRO</b> – Targeted Long-Term Repo Operation
<b>LIQUID</b> – Liquidity-support by Urgent Infusion of funds through Direct-finance-window	<b>TReDS</b> – Trade Receivables Discounting System
<b>MDP</b> – Management Development Programme	<b>TRMV</b> – Treasury and Resource Management Vertical
<b>MFI</b> – Microfinance Institution	<b>TUFS</b> – Technology Upgradation Fund Scheme
<b>MSEs</b> – Micro and Small Enterprises	<b>TWARIT</b> – Timely Working Capital Assistance to Revitalise Industries in Times of corona crisis
<b>MSE-CDP</b> – Micro and Small Enterprises – Cluster Development Programme	<b>VCF</b> – Venture Capital Fund
	<b>WCTL</b> – Working Capital Term Loan

## CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT



**The Bank would engage deeply with MSMEs to support the sector during these challenging times. The Bank's vision and initiatives would always remain aligned with the national goals of empowering MSMEs and make them globally competitive.**



### The year that was

The Bank scaled new heights in FY 2020 in its endeavor to support MSMEs. It gives me pride in saying that the transformation journey that we started with Vision 2.0 has begun yielding fruit on the operational front, while adding new dimensions to our role of financing, promoting and developing the MSME sector, and coordinating its activities. Some highlights of the Bank's performance during the year are:

- Asset Base registered Y-o-Y growth of 20.3% and reached a new peak of ₹1,87,539 crore (₹1,55,861 crore in FY 2019) as of the end of FY 2020, continuing the upward trend of FY 2018 and FY 2019.
- Loans and Advances grew by 21.4%, and was ₹1,65,422 crore as of the end of FY 2020.
- Total income of the Bank increased by 21.9% and was ₹12,090 crore. Net Interest Income (NII) clocked a remarkable 27.9% Y-o-Y growth in FY 2020, as compared to 23% in FY 2019.
- The Bank also improved NIM by 5 basis points from 1.89% in FY 2019 to 1.94% in FY 2020, while reducing the Cost to Income ratio to 14% in FY 2020 from 17% in FY 2019.
- Net Profit, which continued to scale up, hit a new milestone; the Bank realized its highest ever Net Profit of ₹2,314.5 crore, with an 18.6% Y-o-Y growth, in FY 2020.

- The returns to shareholders have improved, viz., ROE, ROCE and EPS have increased from 12.59%, 12.57% & ₹36.7 respectively of the previous FY, to 13.19%, 12.83% & ₹43.5 respectively in FY 2020.

### Growth pillars

During FY 2020, the Institutional Finance loan book breached the landmark figure of ₹1.5 lakh crore and was at ₹1,55,429 crore, with 22.6% Y-o-Y growth. To ensure uninterrupted flow of credit to MSEs, the Bank disbursed ₹94,798 crore to Banks and SFBs during FY 2020. Apart from Banks and SFBs, NBFCs played a significant role in delivering credit to underserved segments and geographies. To address liquidity concerns of the NBFC sector, the Bank disbursed ₹3,650 crore during FY 2020, taking the total outstanding to NBFCs to ₹10,375 crore with a 10.7% Y-o-Y growth. New Age Fintech NBFCs also emerged as major player in the MSME lending space, and considering their potential reach, the Bank has piloted a scheme for New Age Fintech NBFCs and onboarded 10 Fintechs. As much as ₹75 crore was disbursed to Fintechs under the scheme during FY 2020.

Direct Finance operations of the Bank were reinvigorated by introducing new credit delivery models of Express Loan Service Centres (ELSCs) and Specialised Asset Recovery Branches (SARBs) to adopt a more focused approach to enhance efficiency and productivity.



Further, to ensure faster credit delivery at affordable interest rates, the Bank launched 13 new Non-SMILE products during the year. An effective credit delivery model, clubbed with new products, has resulted in a 10.9% growth in direct credit outstanding, accompanied by a 26.8% growth in customer base.

While ensuring a smooth credit flow to MSMEs, the Bank has also focused on micro-entrepreneurs at the bottom of the pyramid. Through the PRAYAAS scheme, the Bank has reached out to these entrepreneurs, and sanctioned ₹161.11 crore to 14,000 micro-entrepreneurs under partnership arrangements.

The Bank has scaled up its operations under the Government of India sponsored Fund of Funds to support the start-up ecosystem. Through Fund of Funds operations, the Bank has assisted 140 AIFs under various funds with a cumulative sanction of ₹6,154.71 crore and disbursements of ₹2,848.13 crore as on March 31, 2020. Disbursement under Fund of Funds for Start-ups has resulted in total investments of ₹3,582 crore to 338 start-ups and 158 growth companies.

In its endeavour to ease funding access to startups, the Bank organised the 2<sup>nd</sup> Investors' Day to bring together all stakeholders. It is heartening to note that out of 37 start-ups selected in 2 Investors' Day programmes, 31 attracted expression of interest from VC/PEs. To scale up the efforts in coming year, the Bank envisages organising a Global Investors' Summit; more than 500 startups, along with AIFs and Venture Capital industry experts, are expected to join in from all over the world.

### Impact on MSME sector

- Over the years, the initiatives of the Bank have created a significant impact on MSME sector in terms of enhancing credit flow, reducing cost of credit, encouraging MSMEs to onboard on digital platforms, tech upgradations and encouraging budding entrepreneurs.

- The Institutional Finance outstanding of the Bank accounts for 13.5% of the total MSE outstanding in country as of March 2020. During FY 2020, ₹94,798 crore disbursed to Banks has benefitted 14.17 lakh MSEs thereby providing employment generation of 15.18 lakh. Out of the said disbursement, ₹3,444 crore was disbursed to Banks for assistance to MSEs in 109 aspirational districts, providing employment generation of 1.52 lakh and ₹25,184 crore disbursed to Banks for assistance to MSEs in 453 backward districts providing employment generation of 7.36 lakh.
- The Bank has continuously revamped its direct credit operations with an aim to provide customized products to larger number of MSMEs and increased its customer base to 6,595 as on March 31, 2020. Under Promotion and Development activities, the Bank has touched 5 lakh beneficiaries through 30 initiatives, especially in economically poor states.

### COVID 19 pandemic and MSMEs

MSMEs are the backbone of the Indian economy, contributing approximately 30% and 50% respectively to GDP and overall exports. There is no denying the fact that MSMEs will play a key role in India's vision of growing into a \$5-trillion economy. Even though the COVID 19 pandemic has affected the scale of MSME operations and their profitability, especially small businesses, the steps taken by the Government are expected to greatly hasten the process of recovery and revival. The Hon'ble Prime Minister's vision of Self-reliant India and Vocal for Local will provide the much-needed impetus to help MSME products emerge as national and global brands in times to come. Further, the change in definition of MSMEs will bring mid-size service sectors units under sectoral cover, which will go a long way in helping MSMEs to register vertical growth at the standalone enterprise level.

The Bank has continued to be a trusted agency for implementing several Government of India initiatives towards quick response to COVID 19. To help MSMEs during this crisis, the Bank has undertaken several initiatives through Direct Finance, Institutional Finance, Fund of Funds and Promotion and Development operations. The timely and targeted efforts of the Bank, such as liquidity support to Banks, NBFCs & MFIs under the ₹15,000-crore Special Liquidity Facility, support to MSMEs through SAFE, SAFE Plus, TWARIT and LIQUID schemes, and supporting livelihoods through activities under P&D and CSR, have helped MSMEs in this challenging period.

The Bank is pleased to play an important role in the national endeavor of supporting millions of street vendors under the PM SVANidhi scheme, being the scheme's implementation partner. The Bank shall engage deeply with stakeholders to make the scheme a success. Further, the Bank has set up Swavalamban Crisis Responsive Fund under the Swavalamban Resource Facility to partially offset the cost of joining/registration fee on the TReDS platform, thus providing MSMEs a much-needed breather from squeezed cash flow.

## Promotional and Developmental Initiatives

The Bank has undertaken a slew of initiatives under themes of Sampark, Samwad, Suraksha and Sampreshan. Under Mission Swavalamban, the Bank has taken forward the mandate of inducing the entrepreneurship culture amongst youth, unserved/underserved segments and geographies, including those at the bottom of the pyramid, by disseminating information on entrepreneurship. Educational institutions are the best places to attract young minds to choose the path of entrepreneurship. In order to reach out to youth, the Bank has set up 118 Swavalamban walls and 15 Swavalamban clubs in educational institutes, and a short-term MDP for MSEs at IIM,

Lucknow. The Bank has also setup 100 Swavalamban Connect Kendras (SCKs) in five states for profiling of aspiring entrepreneurs and to handhold them on an end-to-end basis in their entrepreneurship journey.

Apart from focus on youths, the Bank has also undertaken several initiatives to support micro-entrepreneurs, especially women, to take next leap of growth. Through the Swavalamban Bazar in 12 cities, the Bank has provided a platform to 600+ micro-entrepreneurs to showcase their skills with a judicious blend of credit connect, market connect, financial literacy, design connect etc. Among other such initiatives, the Bank organised a Swavalamban Utsav for women beneficiaries of SIDBI's Mahila Udyami Sashaktikaran Project (MUSP), to showcase their products and generate new orders through networking. The Bank plans to organise 30 pan-India programmes under the Swavalamban Sankalp, in partnership with DICCI, to give a fillip to Standup India scheme. These demonstrative institutional measures not only benefit micro-entrepreneurs at the bottom of the pyramid, but also provide an opportunity to stakeholders to closely connect and to take these initiatives forward.

In line with the recommendation of the RBI Committee on MSME chaired by Sh U.K. Sinha, the Bank organised 10 state outreach programmes to enable a closer connect with state Governments on MSME issues and to disseminate information on digital platforms. Going forward, the Bank plans to organise 10 differentiated cluster outreach programmes.

I take pride in conveying that Swavalamban Silai School initiatives have been a huge success. Under this programme 1,000 silai (stitching) schools were established in 10 districts of 5 states, which has created and promoted 1,000 rural women as "Homepreneurs". The best part of this is that each Homepreneur has enrolled three other women, creating a multiplier effect that took overall enrollments

to 3,273 as of March 2020. Countering the pandemic challenge, these Homepreneurs have demonstrated resilience and emerged as COVID warriors, supplying masks for the rural populace. Going forward, 700 more silai schools are planned in three states in Phase 2.

SIDBI ET India MSE Awards emerged as a unique national MSE award, with tremendous participation. The 2<sup>nd</sup> edition of the awards witnessed 13,000+ registrations and 500+ participants. The winning MSEs were benefited under MDP and mentorship programme of the Bank.

### Thought Leader

The Bank has undertaken several initiatives to address information asymmetry through a bouquet of Knowledge Products. While making its existing knowledge products, viz., MSME PULSE & CriSidEx, more comprehensive by incorporating additional parameters, the Bank launched Microfinance Pulse to provide data-backed policy insights for Microfinance sector stakeholders. In line with the recommendations of RBI's Expert Committee on MSME that knowledge products need to be brought out in vernacular language, MSME Pulse is available in Hindi, Marathi and Tamil apart from English. The Bank envisages publishing more knowledge products to provide data points on emerging aspects such as Fintech Lending and major industry sectors.

Further, to bring together all practitioners and stakeholders from Microfinance sector on one platform, the Bank successfully organised the 2<sup>nd</sup> edition of its Microfinance Congress that discussed emerging challenges, developing possible strategies and creating a vision for the Microfinance sector. It is heartening to note that the event witnessed significant participation from various stakeholders. Going forward, we will continue to undertake such initiatives.

### Contribution by group companies

The associate and subsidiary network of the Bank has contributed significantly in holistic development of the MSME ecosystem, and catered to various needs of the sector. CGTMSE has created 43.07 lakh MSE loan accounts, with a loan amount of ₹2.21 lakh crore. MUDRA has provided refinance support of ₹4,000 crore during FY 2020, with special focus on NBFCs and NBFC-MFIs. RXIL operates the TReDS platform, which has a registered base of 489 buyers, 1,787 MSME vendors and 35 financiers as on March 31, 2020. The RXIL TReDS platform has financed over 94,342 invoices aggregating ₹3,816.39 crore as of FY 2020-end. SVCL at present acts as the investment manager of eight funds with a drawable corpus of ₹1,754.24 crore. SVCL has also established the New Horizon Fund (NHF), and is in the process of establishing the Ubharte Sitaare Fund (USF). ACUITÉ Ratings has assigned 50,000+ SME ratings and 8,000+ Bank Loan Ratings up to March 31, 2020.

### Future Endeavors

Going forward, the Bank would engage deeply with MSMEs to support the sector during these challenging times. The Bank's vision and initiatives would always remain aligned with the national goals of empowering MSMEs and make them globally competitive. The Bank is focusing on strengthening its IT framework so that its workforce can serve MSMEs even more effectively in times to come.



**Mohammad Mustafa**

Chairman & Managing Director





**Shri Manoj Mittal**  
Deputy Managing Director



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

The Board of Directors of the Bank takes pleasure in presenting its Report on the overall business and operations of your Bank for the financial year ended March 31, 2020.

The transformation strategy under its Vision 2.0 has started yielding encouraging results on operational as well as financial fronts. After a successful FY 2019, the Bank continued to achieve new milestones with an accelerated pace in this fiscal. The Bank has been effective in its efforts for ensuring last-mile credit flow through focus on Institutional lending activities and introduction of new credit delivery models, enlarging product bouquet and ensuring quicker credit delivery in Direct Lending operations.

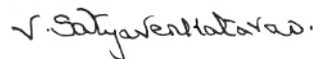
In line with Vision 2.0, the Bank has played the role of Thought Leader, Facilitator and Aggregator through various innovative and

disruptive initiatives aimed at addressing information asymmetry and facilitating digital interventions. The efforts of the Bank received due acknowledgement, and the Bank was conferred the BML Munjal Award for "Business Excellence through Learning and Development" for the year 2019 in the Public Sector Undertaking (PSU) category. Your Bank would continue to strengthen each of its pillars, viz., Institutional Finance, Direct Lending, Promotional & Developmental initiatives, Subsidiary Network, Aggregator Platforms and Fund of Funds with key enablers of People, Process, Technology and Finance to create a sea change in the respective focus areas.

The performance of the Bank for FY 2020 has been enumerated in detail in the following chapters of the Annual Report.



**(Manoj Mittal)**  
Dy. Managing Director



**(V. Satya Venkata Rao)**  
Dy. Managing Director

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**The highlights of the performance of the Bank during FY 2020 are indicated in the Part-I and the Audited Financials for FY 2020 are enclosed in Part-II.**

## PROGRESS AT A GLANCE

(₹ crore)

As on March 31	1991	2016	2017	2018	2019	2020
Total Asset	5,309.19	76,478.47	79,682.33	1,08,869.45	1,55,860.83	1,87,538.98
Outstanding Portfolio	5,176.8	65,632.1	68,289.6	95,290.7	1,36,230.37	1,65,421.56
Capital - Authorised	500.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
- Paid-up	450.0	487.0	531.92	531.92	531.92	531.92
Reserves and Funds	44.9	11,108.3	13,069.5	14,359.98	16,153.16	18,465.54
Total Income (Net of provisions)	425.1	5,559.5	6,266.5	6,556	9,919	11,137.32
Net Profit	35.6	1,177.5	1,120.2	1,429.2	1,952.21	2,314.52
Dividend to Shareholders	5.0	94.7	93.9	137.7	165.12	0
Return on Avg. Outstanding Portfolio (%)	0.7	2.9	2.5	2.56	2.06	1.89
Standard Assets as percentage of net outstanding portfolio	100	99.27	99.56	99.74	99.79	99.60
Capital to Risk Assets Ratio (%)	13.9	29.86	28.42	26.73	27.11	26.62

## PERFORMANCE FOR THE YEAR

(₹ crore)

Particulars	Outstanding amount as on March 31, 2019	Outstanding amount as on March 31, 2020
<b>I. Indirect Credit</b>		
a. Refinance to Banks, SFB, FIs	1,16,277	1,43,233
b. Assistance to MFIs	1,172	1,821
c. Assistance to NBFCs	9,370	10,375
<b>Total Indirect Credit</b>	<b>1,26,819</b>	<b>1,55,429</b>
<b>II. Direct Credit</b>		
a. Loans and Advances	8,897	9,867
b. Receivable Finance Scheme & Bill Discounted	514	126
<b>Total Direct Credit</b>	<b>9,411</b>	<b>9,993</b>
<b>Grand Total</b>	<b>1,36,230</b>	<b>1,65,422</b>

## Global Economy

World Bank<sup>1</sup> and IMF<sup>2</sup> projected a contraction of 5.2% and 3% in global economy during calendar year (CY) 2020 due to COVID pandemic

World Bank and IMF continue to be optimistic for CY 2021 and envision growth of 4.2% and 5.8% respectively for the global economy

## Domestic Economy

India's GDP<sup>3</sup> growth during FY 2020 estimated at 4.2%, as compared to 6.1% in 2018-19

On the trade front, exports in rupee terms declined by 3.52% and imports by 7.98% during FY 2020 with exports to USA and China declined by 19.35% and 32.21% respectively in March 2020<sup>4</sup>

During the first quarter of FY 2021, economic activity remained subdued, with exports shrinking by 29.98% in March and 56.39% in April 2020. Imports also came down by 23.72% and 54.59% in March and April 2020 respectively<sup>4</sup>

## MSME Today

**63million**  
MSMEs



Provide employment to  
**110million**  
people



Contribute  
**30.3%** of the  
national GDP during  
FY 2019<sup>5</sup>



Contribute  
**49.81%**<sup>6</sup> of all-  
India exports in the first  
three quarters of FY 2020  
(up to Dec 2019).



MSME definitions have been revised with additional criterion of turnover and upward revision of investment limits. Further, distinction between manufacturing and service sector has been eliminated. The revised definition will not include exports in the overall turnover for MSME classification.

The revised criteria<sup>7</sup> for classification as MSME is given below:

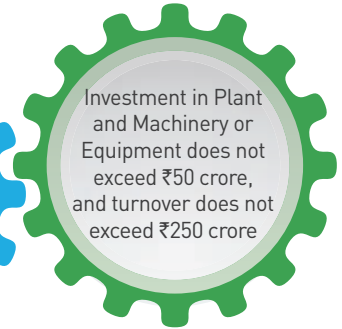
### MICRO ENTERPRISE



### SMALL ENTERPRISE



### MEDIUM ENTERPRISE

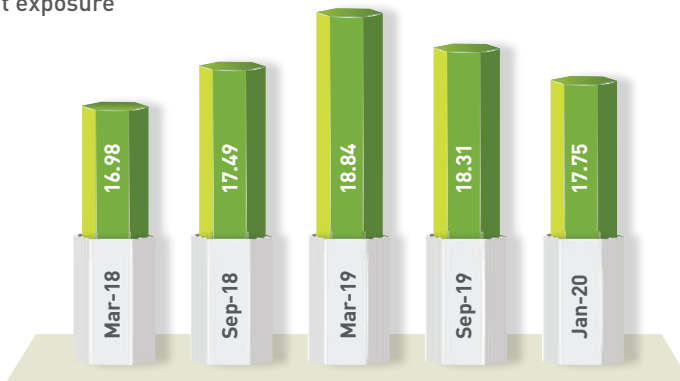


## MSME Credit

As per MSME Pulse Report - April 2020, credit to MSMEs (credit exposure up to ₹50 crore) stood at ₹17.75 lakh crore as of January 2020.

### MSME credit exposure

(₹ lakh crore)



<sup>1</sup> Global Economic Prospect, June 2020

<sup>2</sup> World Economic Outlook, April 2020

<sup>3</sup> Ministry of Statistics and Programme Implementation (MOSPI)

<sup>4</sup> India's Foreign Trade - Ministry of Commerce & Industry

<sup>5</sup> Question answered in Parliament on March 12, 2020

<sup>6</sup> Question answered in Parliament on March 19, 2020

<sup>7</sup> MoMSME notification dated June 01, 2020

## Present state of MSME sector and relief measures

Relief measures under the Atmanirbhar Bharat Abhiyan or Self-Reliant India Mission to help MSMEs during COVID pandemic.

Major initiatives undertaken by the Government<sup>8</sup> are as below:

01

₹3 lakh crore collateral-free automatic loans to businesses including MSMEs, estimated to benefit approximately 45 lakh MSMEs

02

₹20,000 crore subordinate debt for stressed MSMEs, aimed to benefit approximately 2 lakh MSMEs

03

₹50,000 crore equity infusion in MSMEs through Fund of Funds with ₹10,000 crore corpus

04

Tenders up to ₹200 crore not to be made global, to support Make in India

05

₹2,500 crore provision towards EPF support for Business and Workers for 6 months (March-August 2020), under PMGKP

06

For workers not eligible for PMGKP, ₹6,750 crore liquidity support towards reducing EPF contribution for businesses and workers

07

₹5,000 crore towards providing working capital facility to street vendors under PM SVANidhi Yojana

08

Promote e-market linkages in the MSME sector to substitute/phase out physical trade fairs and exhibitions



## RBI measures to ensure liquidity and regulatory support<sup>8</sup>

- Loan moratorium on Term Loan installments and Working Capital interest for a period of six months up to August 31, 2020
- Reduction in CRR to ensure fresh liquidity and reduction in Repo Rate to ensure cheaper credit
- TLTROs of ₹1.5 lakh crore to enhance liquidity
- Increased bank limit for borrowing under MSF
- Special refinance facility of ₹50,000 crore through NABARD, SIDBI and NHB
- Easing of Working Capital Financing by reducing the margin

## CHAMPIONS Portal

- Tech-driven control room-cum-management information system is a one-stop solution for MSMEs
- Encourage, support and handhold MSMEs to march into the big league as global champions
- Fully integrated with the main grievance portal of Gol



## MSME Outlook

The long-term growth prospects of MSME sector remains positive despite severely impacted by COVID pandemic. Facts/parameters that support optimism:

An analysis of MSME credit data in terms of credit leverage and liquidity position shows that almost 2 out of 3 MSMEs are well placed to surge through lockdown, and 30% are very strongly positioned<sup>9</sup>

Going forward, reform measures undertaken by the Government of India are expected to surely fast-track the sector's recovery and revival. 'Vocal for Local', a measure to further boost products made in India, will provide a much-needed growth stimulus for the sector.

The benefit of various relief measures, policies and programmes of state as well as central government aim to encourage vertical growth of MSMEs

Under Atmanirbhar Bharat Mission, stimulus packages totaling ₹3.7 lakh crore<sup>10</sup>, consisting of ₹3 lakh crore collateral-free credit, ₹20,000 crore subordinate debt and ₹50,000 crore equity infusion through Fund of Funds, will enable faster recovery of MSMEs

<sup>8</sup> <https://champions.gov.in/>

<sup>9</sup> MSME Pulse April 2020

<sup>10</sup> <https://champions.gov.in/>





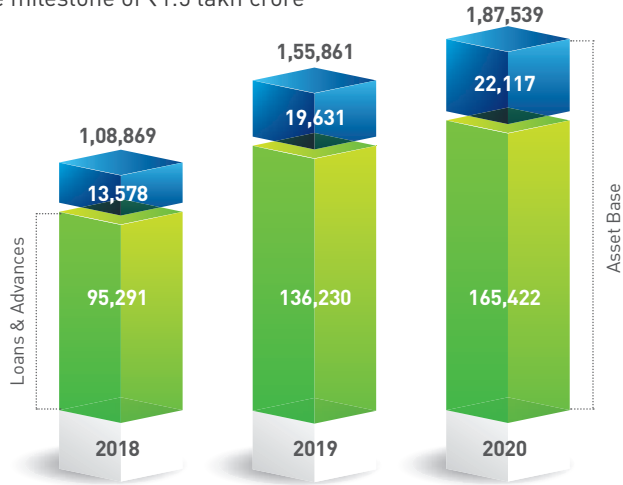
## CHAPTER 2 ▶ Business Initiatives and overall operations

### Financial Performance

#### Balance Sheet Metrics

The Asset Base clocked Y-o-Y growth of 20.3%, while Loans & Advances crossed the milestone of ₹1.5 lakh crore

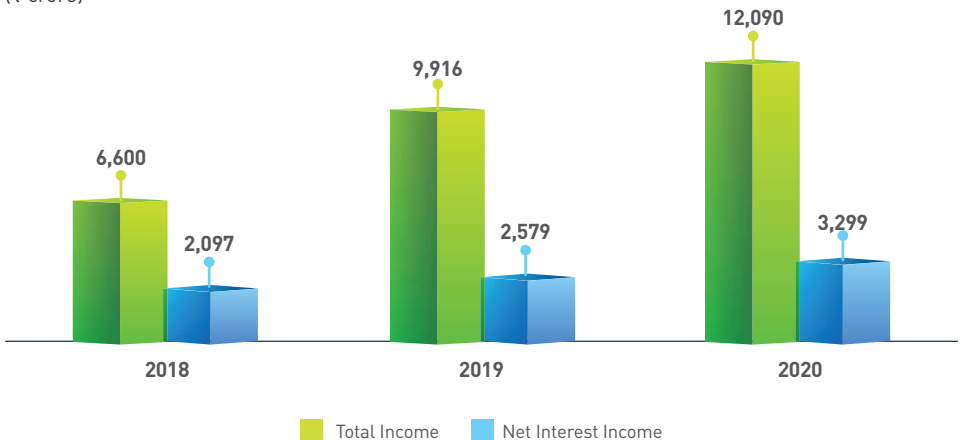
(₹ crore)



#### Profit and loss metrics

Total income registered Y-o-Y growth of 21.9% with 27.9% growth in Net Interest Income (NII)

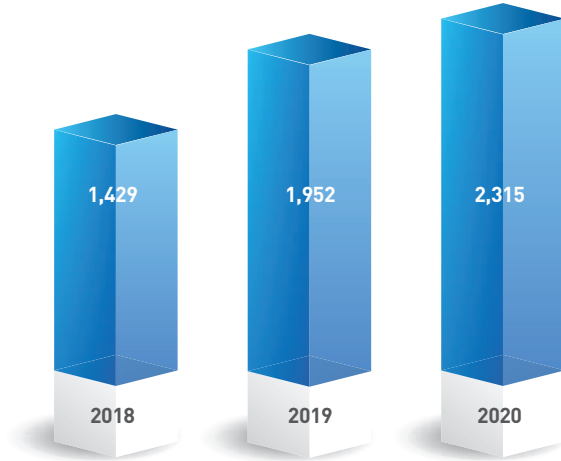
(₹ crore)



## Net Profit

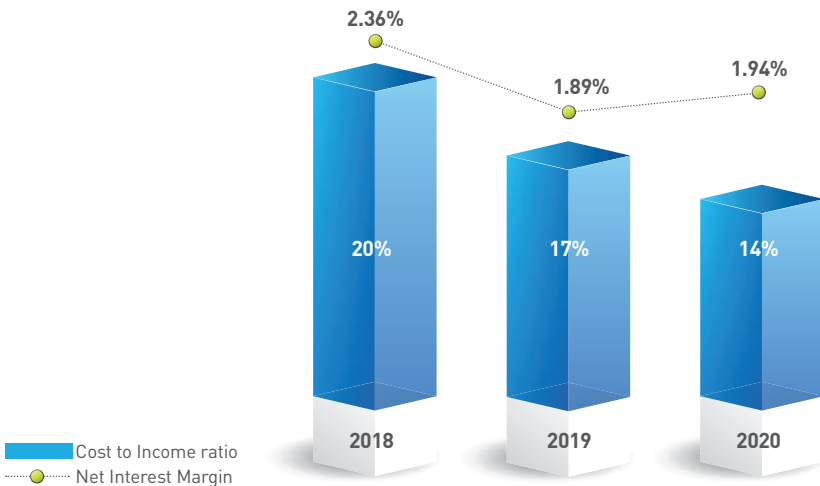
Net profit recorded a growth of 18.6% with highest ever Net Profit of ₹2,314.5 crore in FY 2020

(₹ crore)



## Efficiency metrics

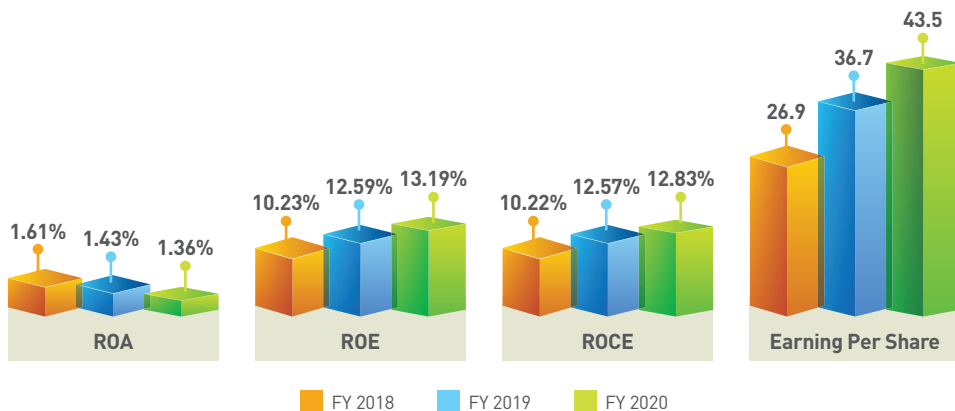
Net Interest Margin (NIM) increased by 5 bps and Cost to Income ratio has improved by 300 basis points to 14% during FY 2020



■ Cost to Income ratio  
● Net Interest Margin

## Shareholders' Return metrics

Earnings per Share (EPS) increased to ₹43.5 in FY 2020 from ₹36.7 in FY 2019.



### ASSET QUALITY

The Gross Non-Performing Assets ratio stood at 0.63% in FY 2020.

Net NPA ratio increased by 19 bps Y-o-Y from 0.21% to 0.40% as of March 2020.

### BALANCE SHEET STRENGTH

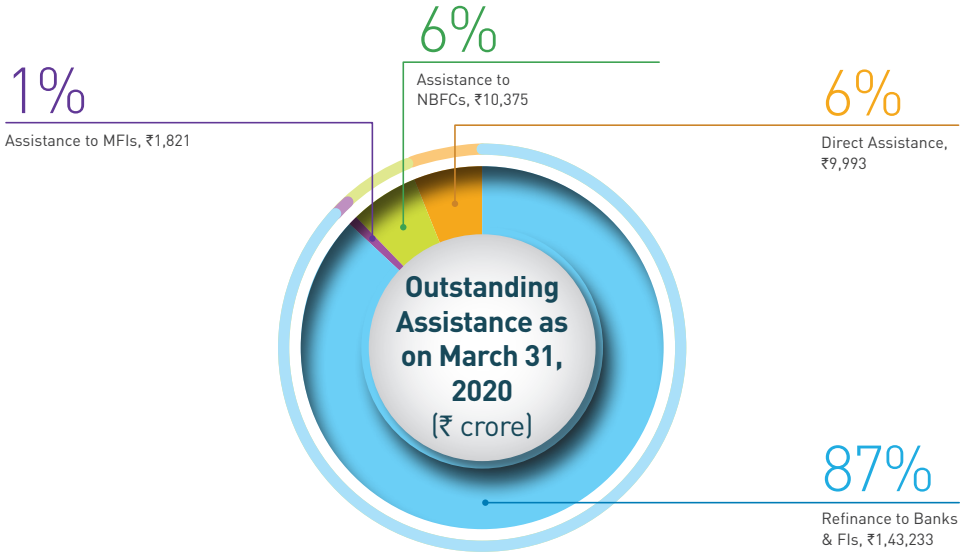
Provision Coverage Ratio (PCR) was at 78% as of March 2020, as compared to 87% as of March 2019.

Capital Adequacy Ratio as on March 31, 2020 stood at 26.62% as compared to 27.11% as of March 2019.

### RESOURCE MANAGEMENT

Resources aggregating ₹78,394 crore raised during FY 2019-20, as against ₹84,483 crore during FY 2018-19.

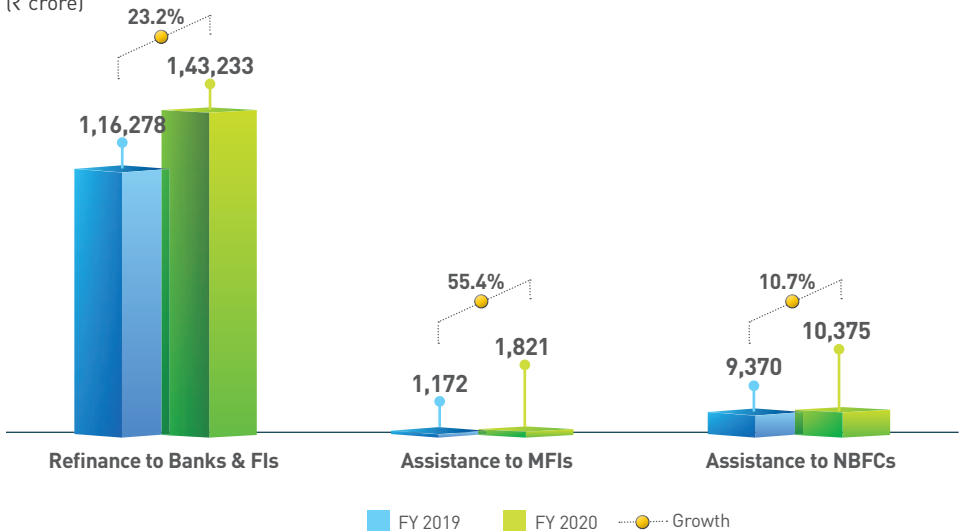
## Business Performance



## Institutional Finance

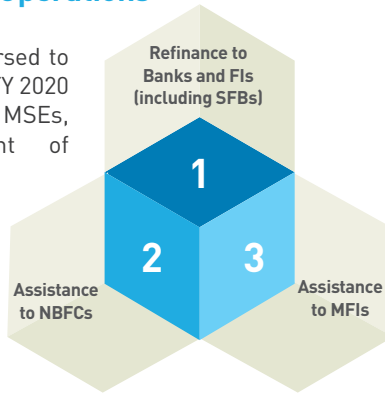
The Bank's Institutional Finance asset book crossed the landmark figure of ₹1.5 lakh crore and stood at ₹1,55,429 crore as on March 31, 2020, recording a growth of 22.6%.

(₹ crore)



## Institutional Finance Operations

- ₹94,798 crore was disbursed to Banks and SFBs during FY 2020 benefiting 14.17 lakh MSEs, generating employment of 15.18 lakh



- Disbursements to NBFCs during the year stood at ₹3,650 crore

- Disbursed ₹1,093 crore to MFIs during FY 2020

### COVID RESPONSE

#### Special Liquidity Facility (SLF) from RBI to provide liquidity support to MSMEs

- RBI provided SLF of ₹15,000 crore to support MSMEs during COVID pandemic through Banks, NBFCs and MFIs
- Assistance sanctioned to 16 Banks, 50 NBFCs and 39 MFIs, as of July 31, 2020, at Repo-linked rates to tide over the crisis

### Impact accrued to MSMEs- Institutional Finance

- ✓ Provided refinance to 44 Banks and 30 NBFCs operating in the market
- ✓ 60 MFIs are live clients as of March 2020
- ✓ Institutional finance outstanding accounts for 13.5% of the total MSE outstanding in the country as of March 2020
- ✓ Cumulative sanctions and disbursements to MFIs as on March 2020 aggregated to ₹19,871 crore and ₹17,951 crore respectively
- ✓ Assistance to MFIs has cumulatively benefited approximately 390 lakh disadvantaged people, mostly women, transforming their lives leading to economic development and social empowerment

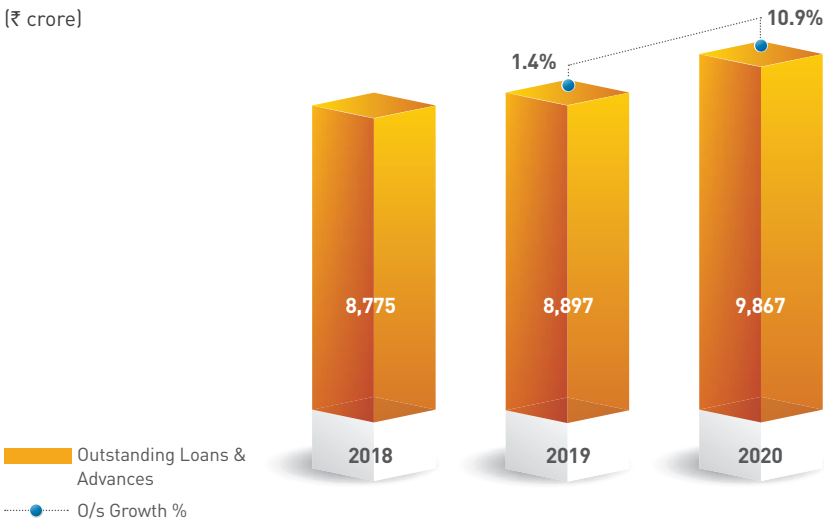


## Direct Lending

During FY 2020, several new initiatives were undertaken to deepen the outreach viz (i) initiating new partnerships (ii) launching new simplified products with reduced TAT (iii) simplifying processes (iv) digitizing products/ processes (v) enhancing customer engagement (vi) a timely response to macro-factors.

**Initiatives undertaken have resulted in a 10.9% growth** in the Direct finance portfolio with 19.7% growth in disbursements.

(₹ crore)



## Strategic reorientation of Direct Lending business has resulted in

### WIDENING REACH

Number of customers registered Y-o-Y growth of 26.8%

### DIVERSIFYING BASE

Bank clocked a growth of 46.5% in new customer base during FY 2020

### FASTER DELIVERY

New dispensation model has resulted in an improvement of overall TAT to 11 days and TAT of 5 days for new/ quick delivery products

## Business enablers and process improvements

- Tie-ups with 44 national-level reputed OEMs and 5 Industry Associations
- Operationalised Working Capital platforms with City Union Bank & Yes Bank Limited
- 13 new products launched during FY 2020, contributed sanctions aggregating to ₹926 crore and disbursements of ₹652 crore
- Restructured credit delivery model
- SMART appraisal tool upgraded to make it more user-friendly and better integrated

## COVID RESPONSE

### Initiatives for MSMEs to meet COVID 19 challenges

- As on June 30, 2020, 3,252 Term Loan customers received relief under the COVID 19 measures
- Recovery of interest dues under 199 WC accounts was also deferred up to August 2020
- New schemes launched –
  - LIQUID scheme to provide assistance up to ₹1.5 crore in the form of WCTL
  - SAFE to provide Capex and WC support to MSMEs at 5% with target TAT of 48 hours
  - SAFE Plus Scheme for immediate WC assistance for undertaking orders from Government or Government agencies
  - Special facility for Capex financing needs of the healthcare sector under SMILE
  - Emergency Ad-hoc Limit under WC Scheme and Emergency TL under DCS





## Focused initiatives under Direct Finance – Sustainable Development



### Financing Energy Efficiency at MSMEs, World Bank project financed by GEF

- Implemented in 26 cluster
- Loans being extended under 'End-to-End Energy Efficiency (4E) Scheme'
- Rated 'Highly Satisfactory' by World Bank



### Partial Risk Sharing Facility for Energy Efficiency

- Guarantee Fund with a corpus of around ₹251 crore and technical assistance of ₹41 crore
- GEF, CTF and World Bank supported project implemented by EESL and SIDBI
- Guaranteed loan amount of ₹113 crore to Banks/FIs for the loans given to 10 ESCOs
- Projects covered increased from 14 to 24, and guaranteed loan amount doubled from ₹42 crore to ₹84 crore



The Bank is "National Implementing Entity" with GCF, pursuant to nomination by MOEF, GoI



### TIFAC-SIDBI (Srijan) Scheme

- Sanctioned ₹25.88 crore
- Supported 30 innovative technology-based projects



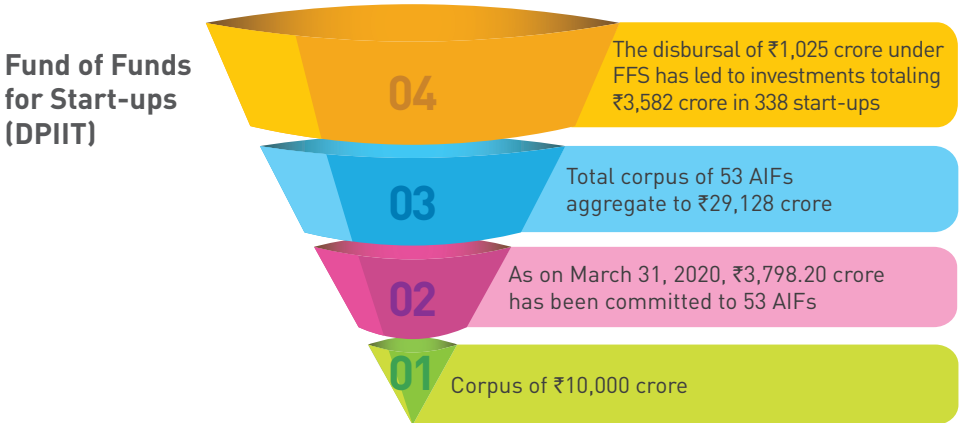
## Fund of Funds operations

### Supporting Innovative and Disruptive Business Models

The Bank has been operating Fund of Funds programmes, viz. Fund of Funds for Start-ups (FFS), ASPIRE Fund (AF), All India Funds, Regional Funds, MSME-RCF and India Aspiration Fund (IAF), in which contributions are made to Alternative Investment Funds (AIFs) for investments in companies at different stages of business cycles viz. Seed, Series "A", Early stage etc.

While commitments under All India Funds, Regional Funds, MSME-RCF and IAF are under divestment/exit stage, commitments are being considered under FFS and AF.

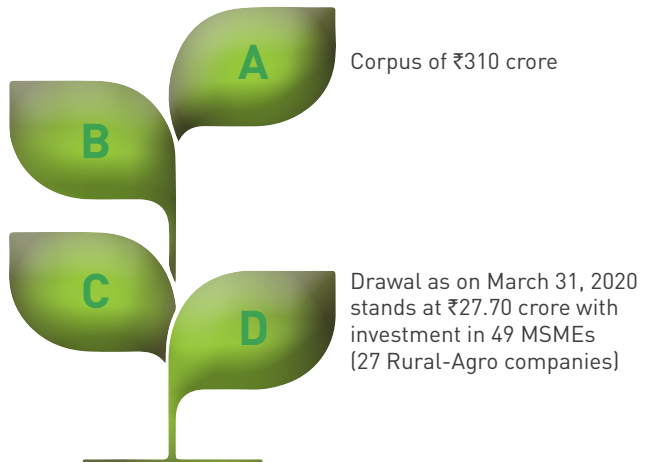
#### BRIEF DETAILS OF ACTIVE FUNDS



### ASPIRE Fund

Contribution made to VCFs that focus on start-up and early stage enterprises in Rural and Agro Industries

As on March 31, 2020, the Bank has committed ₹47.50 crore to five AIFs





### Impact accrued to MSMEs- Fund of Funds

- ✓ 140 AIFs have been assisted with a cumulative sanction of ₹6,154.71 crore and disbursements of ₹2,848.13 crore as on March 31, 2020
- ✓ Generated employment of approx 30,000 under FFS

## Strengthening Risk Management



Introduced Score cards for 3 new products



Introduced SME rating for exposures beyond ₹7.5 crore under Direct lending



External consultant engaged to undertake a gap study and evaluation of existing risk management framework and recommendations are being implemented



Initiated the process of implementing the CSOC to continuously monitor and mitigate IT/Cyber risks

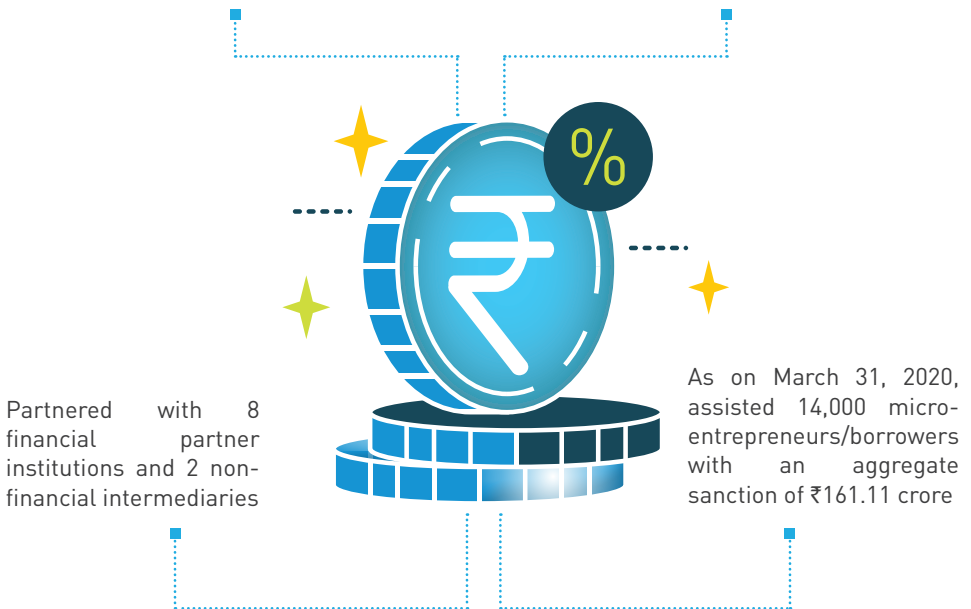


Awareness Programme on BCM, Cyber and IT Security

## Micro Lending/Missing Middle- PRAYAAS

Aimed at improving livelihood opportunities for the micro-entrepreneurs at low-cost capital thereby improving their viability

Being implemented in partnership model in different geographies and segments to have demonstrative effect



### Impact accrued to MSMEs - PRAYAAS

- ✓ PRAYAAS Scheme helped micro-entrepreneurs in upscaling their businesses/ improvement in their livelihood opportunities as also in job creation
- ✓ ₹126 crore disbursed to 11,000 micro-entrepreneurs as on March 31, 2020
- ✓ Women and rural beneficiaries constitute 74% and 88% respectively of total beneficiaries



## Structural Initiatives

Bank has undertaken various initiatives to address the information asymmetry and directional support to policy makers.

MSME Pulse, a SIDBI-Transunion CIBIL initiative, is a health tracker of MSMEs, based on over 5 million credit-active MSMEs. Published in English, Hindi, Marathi and Tamil. 8 editions released till March 2020

CriSidEx, a SIDBI-CRISIL joint knowledge product, is a sentiment index based on the qualitative survey of around 1,100 MSEs for the survey quarter and expectations for the next quarter. 9 editions released till March 2020

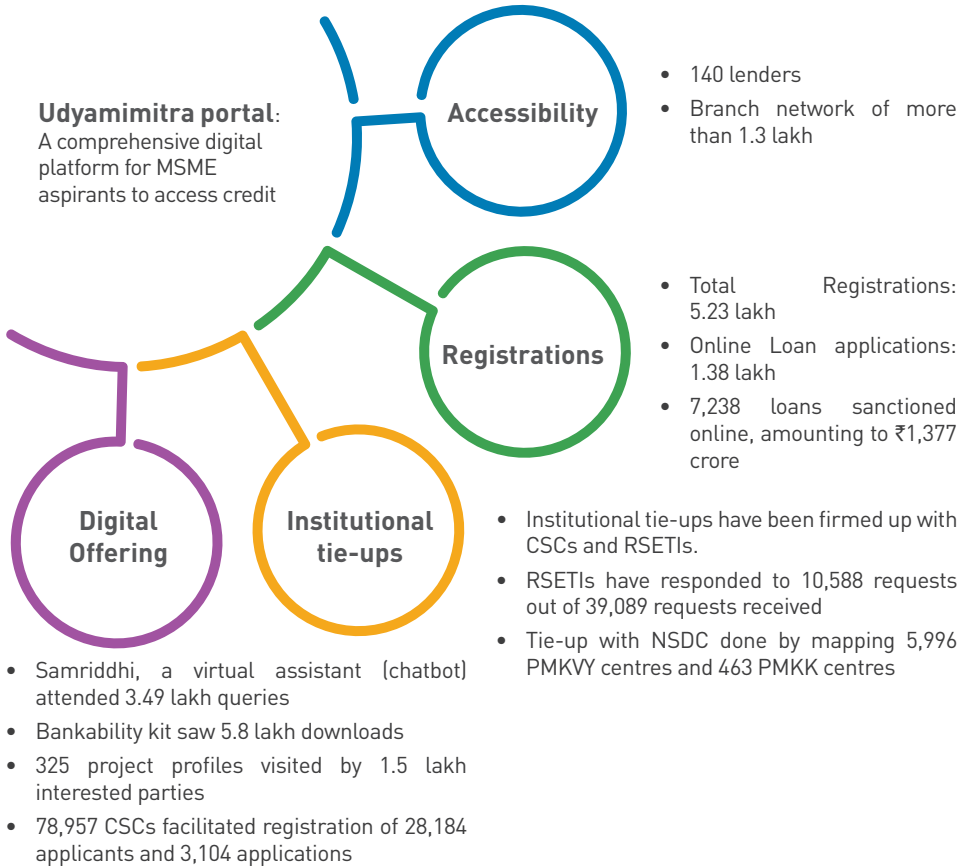
Microfinance Pulse, a joint initiative of SIDBI- Equifax to provide credit trends and other insights in the Microfinance sector. 4 editions released till March 2020

SIDBI National Microfinance Congress: 2<sup>nd</sup> edition of the Congress was organised to bring together practitioners and stakeholders from the Microfinance sector. 300 delegates from 200+ organisations participated in the event

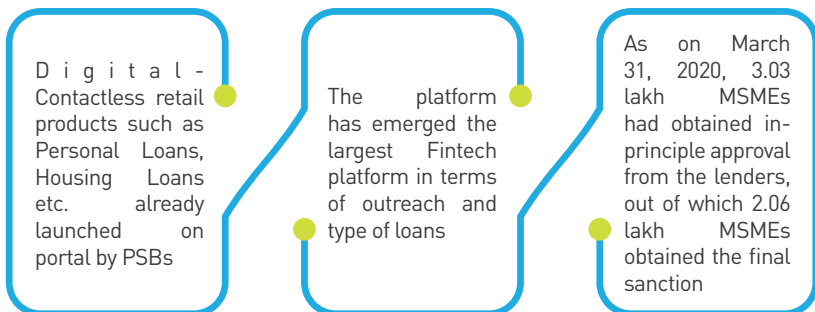
Exploring strategic alliances with reputed Institutions for bringing out knowledge products on identified Industry sector, Fintech lending space etc



## Digital Lending initiatives



## PSBLoansin59minutes





## Facilitator role

The Bank has been assigned the nodal agency role by the Government of India for implementing various Government subsidy schemes viz CLCSS, TUFs, IDLSS, FPTUFs and TEQUP.

### Operations during FY 2020-

Subsidy of ₹60.90 crore released to 691 MSMEs

Cumulatively, facilitated the release of subsidy to the tune of ₹3,427.08 crore, to 40,692 MSMEs

Under TUFs, 212 subsidy claims amounting to ₹2.78 crore released for SIDBI's directly assisted units and 489 subsidy claims aggregating to ₹3.68 crore in respect of co-opted PLIs

Under TEQUP, 691 claims aggregating ₹54.44 crore were released. The TEQUP scheme has since been subsumed by CLCS-TUS

Under MSE-CDP, 60 proposals of CFC and industrial Infrastructure appraised by the Bank were cleared by NLSC. 12 proposals forwarded to NLSC for approval

Ministry of MSME announced the continuation of the CLCSS component under a recently formulated CLCS-TUS scheme, for 3 years from 2017-18 to 2019-20

#### Interest subvention Scheme (ISS) for Incremental Credit to MSMEs – 2018

- Nodal implementation agency for "Interest subvention Scheme for Incremental Credit to MSMEs 2018"
- As on March 31, 2020, out of ₹625 crore received from MoMSME, GoI, settled the claims to the tune of ₹604.69 crore, pertaining to 59 eligible institutions
- 9.58 lakh MSMEs have benefitted under the scheme

#### Partial Credit Guarantee Scheme

- Guarantee offered by GoI to PSBs for purchase of highly rated pools of NBFCs/HFCs
- The Bank has been delegated the work of evaluation of proposals and keeping records of transactions, and determination of guarantee headroom, examination of claims and monitoring of recoveries

#### MSME Saksham

- Joint credit awareness initiative of SIDBI & TransUnion CIBIL to enable the MSMEs to be loan-ready
- Digital multi-channel content portal having various touchpoints for educating, interacting and engaging with MSMEs
- Enables access to CIBIL rank and credit report
- Portal launched on July 30, 2020

## CHAPTER 3 ▶ Promotional & Developmental Initiatives

The Promotional and Developmental initiatives of the Bank are undertaken under the four guiding themes of Sampark, Samwad, Suraksha, Sampreshan (4S), to address various non-financial challenges of the MSME sector.

### SAMPARK – signifying “connect with MSMEs and Entrepreneurs”

#### SWAVALAMBAN INFO SERIES

- Four volumes and one compendium covering information on entrepreneurship, setting up/stepping up of enterprises, their development cycles released in six vernacular languages
- Financial literacy films, radio jingles, entrepreneurship anthem and emblem released for kindling entrepreneurship
- SIDBI Youtube channel “SIDBIOfficial” has 155 informative videos classified into various categories
- Circulated publications/online material, benefitting 25,000+ potential/existing entrepreneurs

#### SWAVALAMBAN WALLS AND CLUBS

- Swavalamban Walls created in 118 colleges in eight states to educate the youth on entrepreneurship
- 15 Swavalamban clubs set up with an average of 35 members per club

#### SWAVALAMBAN BAZAR+

- Platform for micro-entrepreneurs and local artisans to showcase their skills and products and provided credit, design, market connect, financial literacy etc
- Organised at 12 cities in nine states with an overall participation of 600+ artisans/ micro-entrepreneurs and 3.25 lakh footfalls
- Each mela recorded sales to the tune of ₹13.28 lakh, on an average

#### UDYAM SANGYAN (EXPOSURE VISIT)

- Exposure visits of Micro & Small enterprises to Medium and Large-scale industries
- During FY 2020, 22 such visits were organized, which benefited 573 MSMEs

#### STATE OUTREACH PROGRAMME

- To promote MSMEs to get on digital platforms and facilitate cross-mapping of the good practices of one state with others.
- Organised in 10 states, with overall participation of 2,106 stakeholders
- Process initiated to set up Project Management Units (PMUs) in 13 states

## SAMWAD – dialogue to strengthen relations among various stakeholders of the MSME Sector

### THEMATIC METRO STATION AT HAUZ-KHAS

- The Metro station at Hauz Khas in New Delhi has been adopted for a period of 10 years to spread awareness on SIDBI and Government schemes
- Two kiosks have been set up at the station to tend to queries
- The station has an average daily footfall of more than 1 lakh

- 170 SIDBI officers met 456 roadside vendors and micro unit-holders on SIDBI Foundation day to understand their daily issues and challenges
- Around 110 potential role models were identified and 35 were supported under the Role Model initiative

### SWAVALAMBAN SAMWAD

- 2-day event organized for women micro-entrepreneurs, supported under SIDBI's Mahila Udyami Sashaktikaran Project (MUSP), to showcase their products, and to network and generate new orders
- 700 out of 10,000 women micro-entrepreneurs assisted under MUSP participated in the initiative
- Swavalamban Utsav received appreciation message from the Hon'ble Prime Minister of India

### SWAVALAMBAN UTSAV

- 30 pan-India programmes envisaged through DICCI for mainstreaming potential SC/ST entrepreneurs
- Nine Sankalp programmes already conducted

### SWAVALAMBAN SANKALP

## SURAKSHA – to create an enabling environment for the growth of MSMEs

### SWAVALAMBAN CONNECT KENDRAS (SCKs)

- SCKs set up in Uttar Pradesh, Bihar, Jharkhand, Odisha and Telangana to handhold aspiring entrepreneurs on an end-to-end basis
- 100 SCKs established under the programme
- Basic profiling for 4,426 aspirants and advanced profiling of 3,158 aspirants
- 49 aspirants have been skill-trained and 39 enterprises have been set-up

### SWAVALAMBAN SILAI SCHOOLS

- Creating and promoting Homepreneur role models in partnership with USHA International
- 1000 silai (stitching) schools established, benefiting 1,000 rural women in 10 districts of five states. 59% belong to women from the BPL category, and 45% belong to women from the SC/ST category
- Each Homepreneur has enrolled three more women, taking the overall enrollments to 3,273 as of March 2020
- 700 more schools are planned in three states in phase 2 of the initiative

### CO-WORKING SPACE

- “Workspaze” was launched at the Bank’s Delhi office premises, in partnership with Incuspaze Solutions Pvt. Ltd., benefiting 39 enterprises
- Another Co-working space is being established at BKC, Mumbai

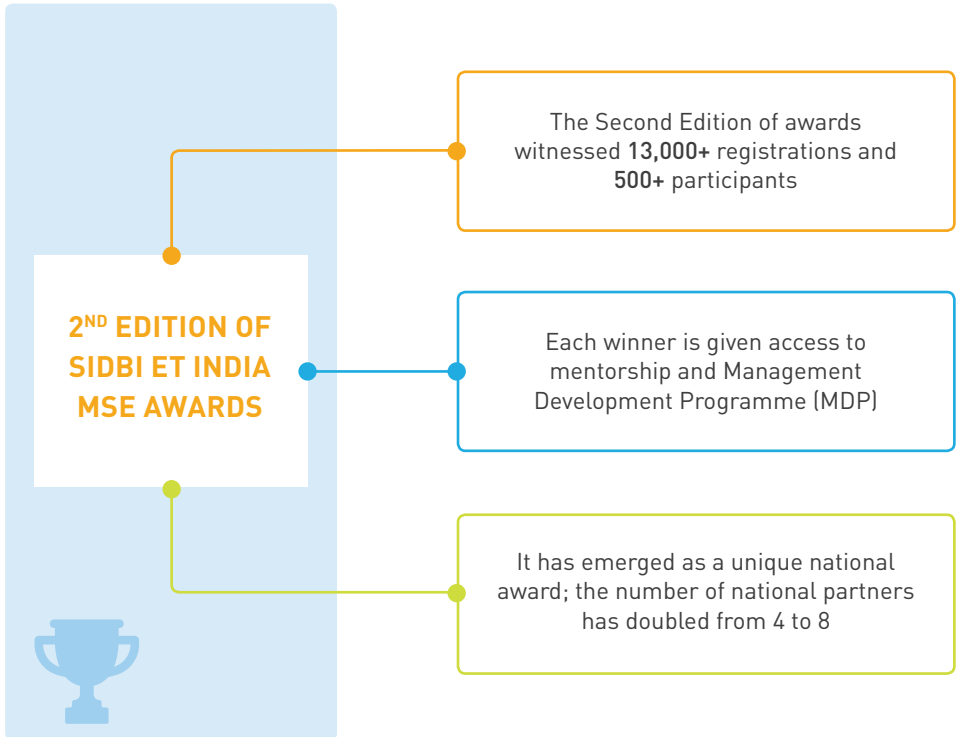
### UDYAM GYANSHALA (MDP AT IIM LUCKNOW)

- 11-day workshop has been designed as “by MSE for MSE”
- The programme, in its second year, benefitted 34 MSEs in FY 2020

### EU-SWITCH ASIA BAMBOO PROJECT

- Aims at promoting bamboo-based enterprises and generating green jobs
- Implemented in nine states of the country including five in the North East
- Cumulatively 2,734 artisans have been guided on setting up bamboo-based enterprises
- During FY 2020, 1,000+ units were established or upgraded
- Supported Swavalamban Lab in Meghalaya to shape the entrepreneurial zeal of freshers/potential entrepreneurs

## SAMPRESHAN – constructive engagement with policy makers & MSME entrepreneurs



### AWARDS AND RECOGNITIONS



### CORPORATE IMAGE ENHANCEMENT (CIE)

The Bank’s visibility in the MSME ecosystem got substantially enhanced with regular and frequent coverage in the print media, social media, national television and radio.



Partnered with 11 agencies/NGOs working in 9 states for:

Distribution of over

**60,000**  
masks

Distribution of dry ration  
(food) and sanitisers to

**2,000+** families

Support to

**100**  
livelihood  
entrepreneurs

to withstand the  
lockdown

Assistance to  
support food  
distribution to

**5,000**  
migrant  
labours,

daily  
wage earners

Support to

**45** SHGs and  
**65** Homepreneurs

for mask-making

Suraksha Kawach in NER  
and Tamil Nadu reaching

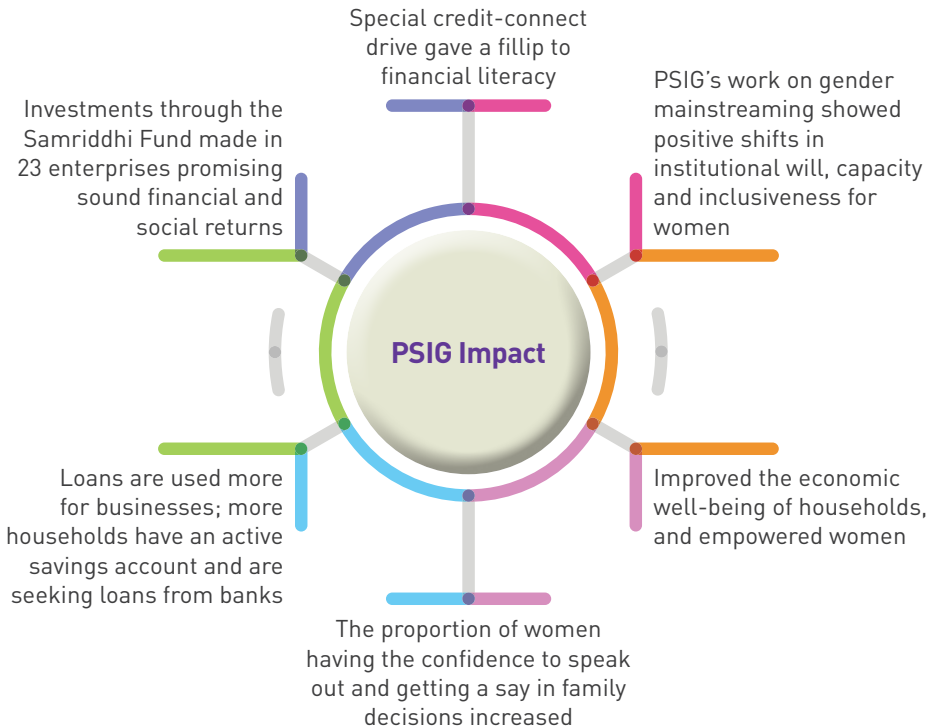
**900+** livelihood  
vendors

The Bank donated ₹15 crore to PM CARES fund and ₹5 crore to UP CM Relief fund to support fight against COVID pandemic



## Poorest State Inclusive Growth (PSIG) Programme

Funded by UKAid through DFID, UK, to enhance income and employment opportunities of the poor, especially women, in states with high incidence of poverty. The programme concluded on March 31, 2020.



### Impact accrued to MSMEs- Promotion and Development

- ✓ 5 lakh beneficiaries touched through 30 Promotional and Developmental initiatives with focus on economically poor states
- ✓ More than 30 CSR activities undertaken in FY 2020, touching lives of 30,000+ people in the field of education, health, hygiene, skilling, environment conservation, safe drinking water etc



## Subsidiaries/Associates

– driving impact at national level

### SIDBI Venture Capital Limited (SVCL) (1999)

- Investment Management Company presently acting as Investment Manager for eight funds with aggregate drawable corpus of ₹1,754.24 crore
- New Horizon Fund with target corpus of ₹500 crore was setup during FY 2020 to focus on Fintech, consumer-focused innovative products, Green Technology and Agri & Food Processing
- Ubharte Sitaare Fund with corpus of ₹250 crore to focus on export-oriented units is under process of formation

### Micro Units Development & Refinance Agency (MUDRA) (2015)

- MUDRA provide refinance support of ₹4,000 crore during FY 2020 and had outstanding portfolio of ₹9,090 crore as on March 31, 2020
- Cumulative sanctions and disbursements by MUDRA as on March 31, 2020, stood at ₹27,141 crore and ₹25,495 crore respectively

### Credit Guarantee Fund Trust for MSEs (CGTMSE) branded as UDAAN (2000)

- Credit Guarantee Scheme for MSEs in respect of credit facilities up to ₹2 crore
- Achievements during FY 2020:
  - i. Guarantees approved stood at ₹45,852 crore, registering Y-o-Y growth of 52%
  - ii. Number of guarantees has increased from 4.36 lakh in FY 2019 to 8.47 lakh in FY 2020, registering a growth of over 94%

### Receivables Exchange of India Limited (RXIL) (2016)

- SIDBI-NSE joint venture operating the MSME online Trade Receivables Discounting Platform (TReDS)
- Registered 1,787 MSME Vendors, 489 Buyers (including 102 CPSUs) and 35 financiers (including 21 PSBs) as on March 31, 2020
- Cumulative factoring on the platform stood at ₹3,816.39 crore with over 94,342 invoices financed through RXIL TReDS platform, as on March 31, 2020



### Impact accrued to MSMEs - Subsidiaries/Associates

- ✓ CGTMSE has approved 43.07 lakh guarantees covering loans amounting to over ₹2.21 lakh crore and settled 2.59 lakh claims amounting ₹6,370.04 crore on a cumulative basis





#### Acuite Ratings & Research Limited (Acuite) (2005)

- India's first MSME-focused rating agency and is now a full-service credit rating agency.
- Acuite has assigned 50,000+ MSME ratings and 8,000+ Bank Loan Ratings as on March 31, 2020.

#### India SME Asset Reconstruction Company Ltd (ISARC) (2008)

- Assets Under Management (AUM) is approx. ₹402.18 crore, as on March 31, 2020

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

- Provides technology advisory & consultancy services for MSME EE projects
- ISTSL also provides information on technology options, matchmaking, finance syndication and business collaborations

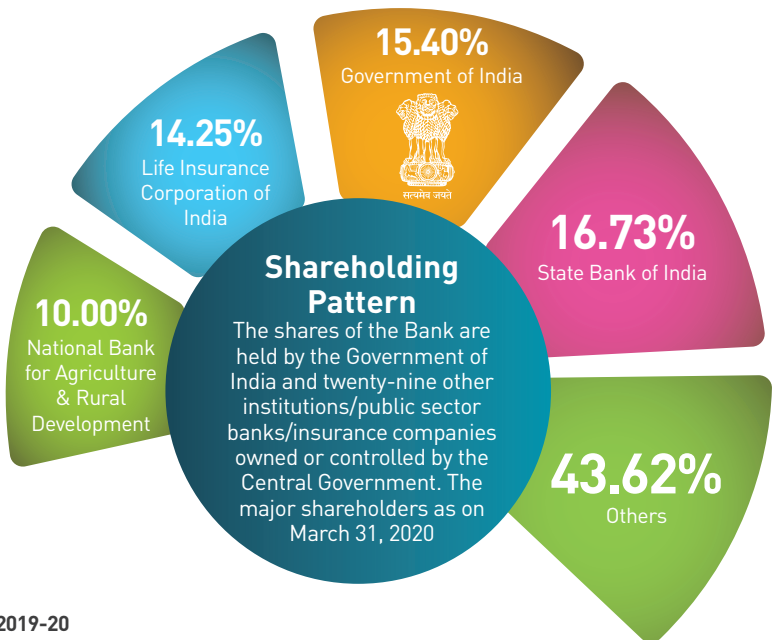
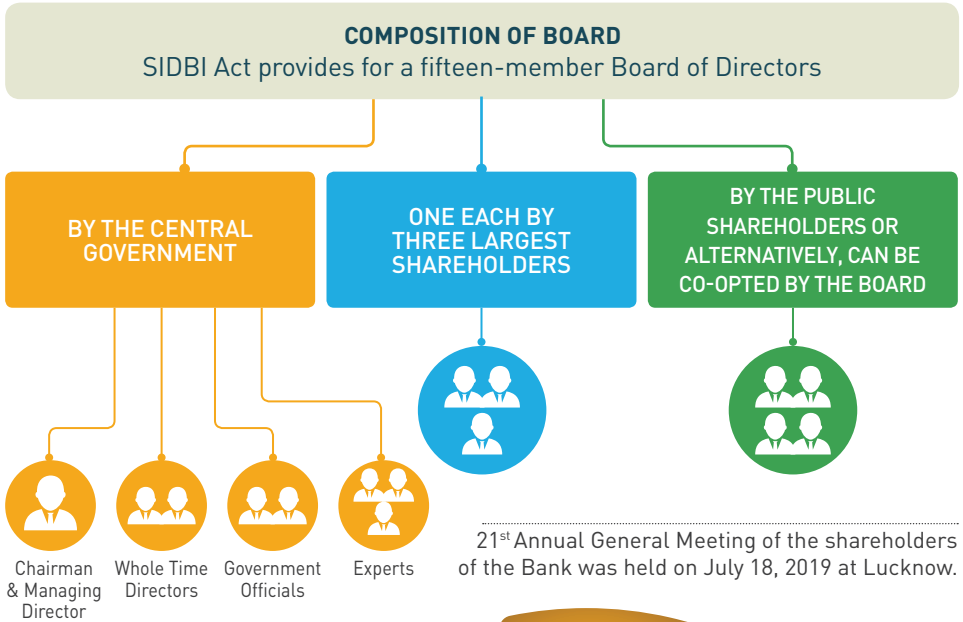
#### ONLINE PSB LOANS Ltd PSBLoansin59minutes

- largest Fintech platform in terms of outreach and type of loans extended
- As on March 31, 2020, 3.03 lakh MSMEs have obtained in-principle approval from lenders using the platform as compared to 50,706 MSMEs as on March 31, 2019
- 2.06 lakh MSMEs got final sanction, as on March 31, 2020, as compared to 27,983 MSMEs as on March 31, 2019

- ✓ Units supported by CGTMSE have generated employment to the tune of 127 lakh and contributed ₹14,648 crore towards exports
- ✓ RXIL has helped MSMEs bring down interest costs of MSMEs by up to 5% p.a. - Lowest interest rate discovered on the platform @ 6.60% p.a.

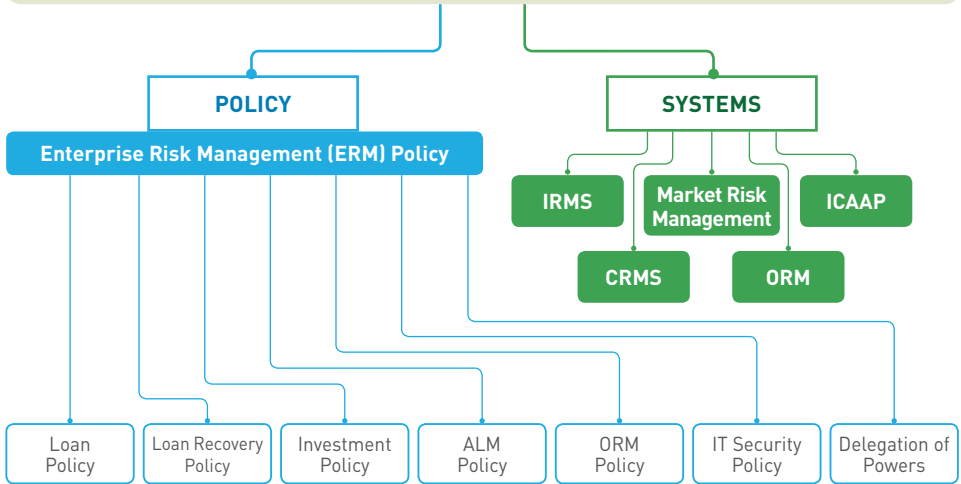
## CHAPTER 4 Management and Corporate Governance

The Bank has adopted and adhered to best corporate governance practices, ensuring transparency and accountability while maintaining exemplary standards of ethics.



**RISK MANAGEMENT**

The framework for risk management encompasses policies, organisation structure, IT systems, assessment, measurement, mitigation and monitoring of various risks.



Implemented a Comprehensive Operational Risk Evaluator (CORE) system for Loss Data Capture, Key Risk Indicator (KRI), and Risk and Control Self-Assessment (RCSA).

**Internal Committees (number of meetings during FY)**



## NPA Management

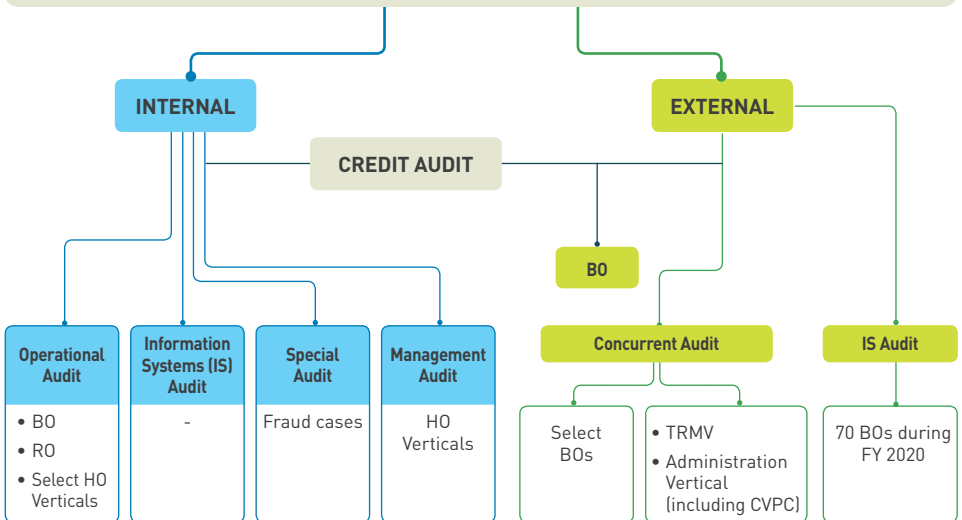
### New Initiatives

- 7 Specialised Assets Recovery Branch (SARB) and 1 Recovery Cell to focus on NPA portfolio
- Loan Recovery Policy made more pragmatic, efficient and result-oriented

### Operational Measures

- Board-level RRC - review all NPA cases of ₹3 crore and above
- Periodic interaction between HO and Field offices
- Regional Level Committees constituted under RBI's framework for revival and rehabilitation of MSMEs
- Stressed Asset Monitoring Committee for fortnightly review of SMA accounts.
- System automation and Daily alerts introduced

### INTERNAL AUDIT MANAGEMENT



## Human Resource

### Human Resource Initiatives

- Advisory firm engaged to conduct independent evaluation/review of the Bank's Board and its Committees
- Manpower analysis done by Deloitte Touche Tohmatsu India LLP and presented to the Board
- Implemented Performance Management Systems (PMS) to facilitate a competitive and goal-oriented work culture
- Ensured unhindered operations of the Bank during COVID 19 pandemic and the subsequent lockdown
- Sensitisation of employees on Prevention of Sexual Harassment through e-learning modules
- Introduced TEAM for digital management of roles and responsibilities
- Employee-friendly initiatives
  - ▶ transportation arrangement for women employees working late hours
  - ▶ cashless hospitalisation for retired officers/employees
  - ▶ gifting of plants to staff members on birthdays

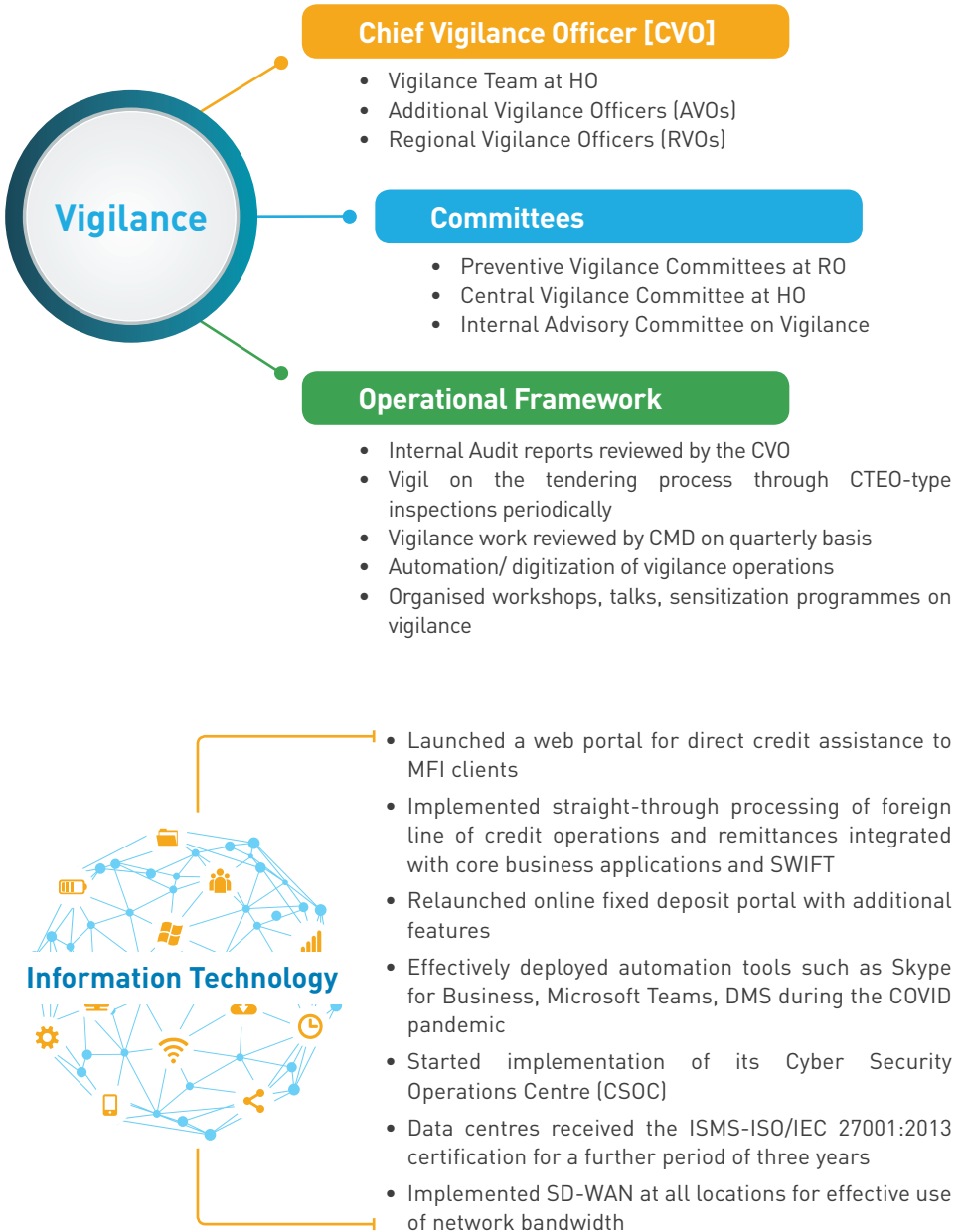


### Human Resource Strength (March 31, 2020)

- Total staff- 1,048
- Officers- 916 officers
- Class III staff- 93
- subordinate staff - 39
- SC- 182, ST- 79, OBC- 206
- Ex-servicemen- 5, PwD- 31, PwD ex-serviceman-1
- Women employees - 240 (23%)

### Learning & Development

- 1,271 nominations – In-house and renowned training/academic institutions of country
  - ▶ In-house nominations- 1,201
  - ▶ Renowned training/academic institutions- 70
  - ▶ Women- 272
  - ▶ SC/ST/OBC- 600
- Major in-house programmes
  - ▶ Marketing programmes for officers in ELSC & BO
  - ▶ Programme on Advanced Credit Appraisal and Recovery-related aspects
  - ▶ Awareness programme on BCM, Cyber Security and IT Security etc
  - ▶ 3 programmes on Working Capital Management for 95 officers
  - ▶ Orientation Programme for overall 126 officers
  - ▶ Introduces 3 new modules on e-learning portal



## Implementation of the Official Language Policy in the Bank

2<sup>nd</sup> prize in the Rajbhasha Keerti Puraskar category under region 'A' by Rajbhasha Vibhag, Gol

1<sup>st</sup> prize for implementation of the Official Language Hindi in region 'A' by DFS, Gol

88 Official Language Implementation Committees constituted in various offices

Hindi correspondence stood at 93%, 91% and 73% in regions 'A', 'B' and 'C' respectively

Hindi notings stood at 83%, 76% and 52% in regions 'A', 'B' and 'C' respectively

Hindi magazine 'Sankalp' completed 92 issues

44 Hindi workshops were organised

Introduced in-house software for submission of Quarterly Hindi Reports

Hindi libraries have been set up in all offices and its budget has been utilised for purchase of Hindi books

44 offices and 8 verticals were visited to carry out Official Language inspections

Organised 15<sup>th</sup> All-India SIDBI Hindi essay competition and All-India Conference for Hindi officers

Second All India SIDBI Online Rajbhasha Quiz Competition was conducted.

### Implementation of Right to Information Act, 2005

- 254 RTI applications received during FY 2020 and all were disposed of as per the provisions of the Act
- 23 appeals were made to the First Appellate Authority (FAA), against the decisions taken by FAA, no appeal was preferred before the Central Information Commission

## Head Office

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# Branch Network

as on July 31, 2020

## Ahmedabad RO

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



## Chandigarh RO

Chandigarh BO, Chandigarh SARB, Jalandhar BO, Jammu RRO, Ludhiana BO, Shimla RRO, Yamuna Nagar BO



## Chennai RO I

Chennai SARB, Coimbatore BO, Erode BO, Kochi BO, Madurai BO, Tirupur BO



## Chennai RO II

Ambattur BO, Chennai BO, Kanchipuram BO, Puducherry BO, Chennai ELSC



## Guwahati RO

Agartala BO, Aizawl BO, Dimapur BO, Gangtok BO, Guwahati BO, Imphal BO, Itanagar BO, Kolkata BO, Shillong BO



## Hyderabad RO

Balanagar BO, Bengaluru BO, Bhubaneswar BO, Hosur BO, Hubballi RRO, Hyderabad BO, Hyderabad ELSC, Hyderabad SARB, Mysore BO, Peenya BO, Raipur BO, Vijayawada BO, Visakhapatnam BO



## Jaipur RO

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



## Lucknow RO

Bhopal BO, Dehradun BO, Haridwar BO, Kanpur BO, Lucknow BO, Lucknow ELSC, Lucknow SARB, Patna BO, Prayagraj RRO, Ranchi BO, Rudrapur BO, Varanasi BO



## New Delhi RO

Bahadurgarh BO, Ballabgarh BO, Faridabad BO, Gurugram BO, Kundli BO, New Delhi BO, New Delhi ELSC, New Delhi SARB, Noida BO



## Pune RO

Ahmednagar BO, Aurangabad BO, Chinchwad BO, Indore BO, Kolhapur BO, Mumbai ELSC, Mumbai SARB, Nagpur BO, Nasik BO, Panaji BO, Pune BO, Thane BO, Vasai BO





## Acknowledgement

The Board acknowledges the valuable support received from the Government of India and the Reserve Bank of India. The Board is also thankful to the World Bank Group; Japan International Cooperation Agency (JICA); Department for International Development (DFID), U.K., Kreditanstalt für Wiederaufbau (KfW), Germany; The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany; International Fund for Agricultural Development (IFAD), Rome; Agence Française de Développement (Afd), France; and Asian Development Bank (ADB) for their resource support and technical cooperation. The Board places on record its appreciation for the co-operation extended by Banks, State-level institutions, Industry associations and other stakeholders engaged in the promotion and development of the MSME sector.

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



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