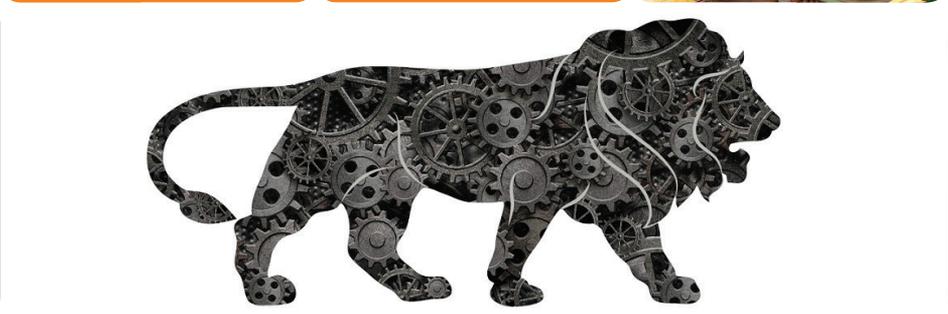




Empowering MSMEs.

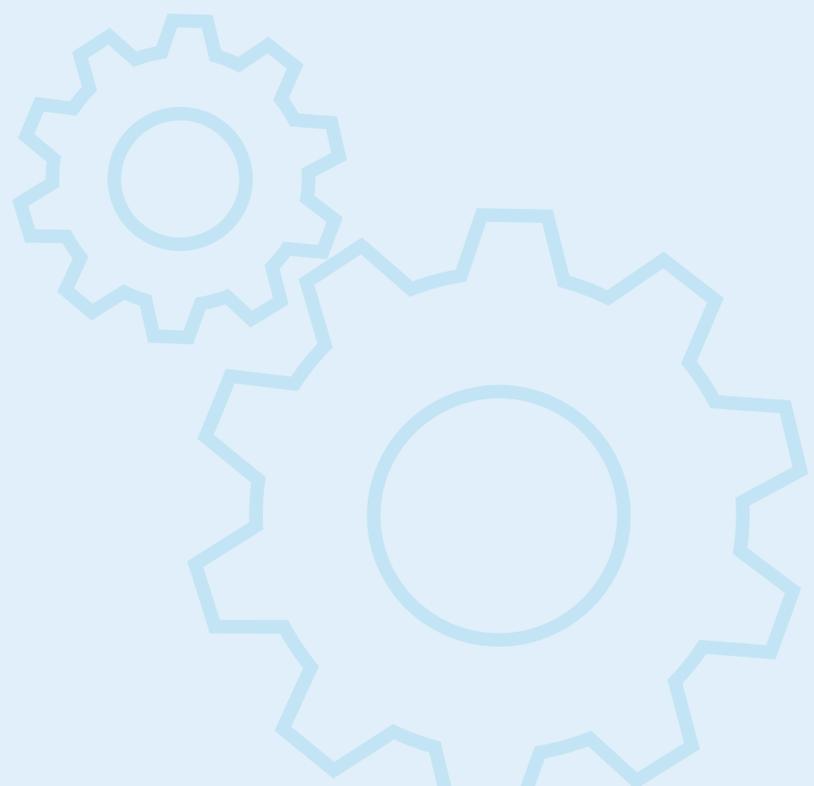


Enabling Atmanirbhar Bharat.





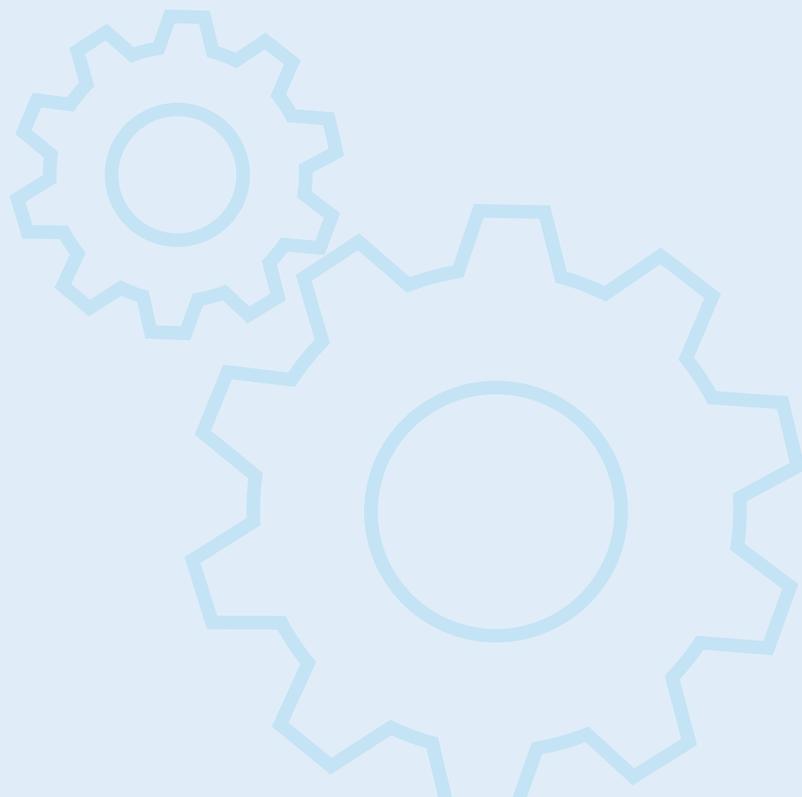
INSIDE	
APPENDIX I.....	PG 01-44
APPENDIX II.....	PG 45-91





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, 2021, 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, 2021, and its profit and its cash flows for the year ended on that date.

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.

Emphasis of Matter

We draw attention to Note No. 29 of Schedule XVI to the Standalone financial statements regarding the impact of COVID-19 pandemic on the Bank's operations and asset quality, which would depend on the future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

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, 2021. 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.

Description of Key Audit Matters

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>(i) 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>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'), including circulars in relation to COVID-19 Regulatory Package – Asset Classification and Provisioning.</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 made on advances considering the current uncertain economic environment arising out of COVID-19 pandemic.

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>The identification of performing and non- performing advances 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 non-performing asset ('NPA') 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>Further, due to the various COVID-19 pandemic restrictions imposed by the Government / Local Authorities during the period of our audit, audit could not be conducted by physically visiting the premises of certain verticals/ offices and Branches of the Bank. Accordingly, our audit procedures were required to be modified to carry out the audit remotely.</p> <p>Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions arising out of COVID-19 pandemic) 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; • Could not be entirely covered through personal visits/ physical interaction with relevant branch staff as originally planned; <p>We have ascertained this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> • Understanding the key controls (including application 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"> (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 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 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. (e) Considering Internal Audit and Concurrent Audit as per the policies and procedures of the Bank. (f) Examination of advances including stressed advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines. <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 after considering the key input factors and compared our measurement outcome to that prepared by management.</p> <p>Wherever physical access to branches was not possible due to restrictions arising from COVID-19 pandemic, we modified our audit procedures to cover review of sample advances based on scanned records/ reports/ documents/ certificates made available to us by the Bank through digital medium, emails and remote access to CBS and other relevant application software over Bank's network. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period. These audit procedures were supplemented, where relevant, by gathering further evidence through enquiries and discussions with relevant Bank staff using Video Conferencing/ phone calls/ emails and similar communication channels.</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 at Branches by officers of the Bank at reasonable intervals. • We have reviewed and relied on the Application Systems Audits carried by external consultants and IS audits done at the branches.

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 matter under consideration with reference to the grounds presented therein and available independent legal/tax advice including opinion of the Bank's tax consultants; • Review and analysis of 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 the 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.

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, 2021 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 standalone Financial Results incorporate the relevant returns of 32 branches visited/audited by

us including Head Office which covers 95.52% of Advances, 99.52% of deposits and 100% of Borrowings as on 31st March 2021 and 95.14% of Interest income on advances, 99.34% of interest expense on deposits and 98.62% of interest expense on borrowings for the year ended 31st March 2021. 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.

- (ii) The standalone financial statements of the Bank for the year ended March 31, 2020 were audited by predecessor auditors whose report dated May 15, 2020 expressed an unmodified opinion on those standalone financial statements.

Our opinion is not modified in respect of the above matters

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 25, 2021

Membership No. 133755
UDIN: 21133755AAAAABW9847

Balance Sheet

as at March 31, 2021

(Amount in ₹)

		March 31, 2021	March 31, 2020
CAPITAL AND LIABILITIES			
	Schedules		
Capital	I	5,31,92,20,310	5,31,92,20,310
Reserves, Surplus and Funds	II	2,07,56,28,92,633	1,84,65,53,87,321
Deposits	III	12,44,12,11,71,085	10,59,71,64,39,231
Borrowings	IV	3,90,90,19,08,226	5,57,03,38,37,542
Other Liabilities and Provisions	V	75,31,92,47,651	68,64,97,19,422
Deferred Tax Liability		-	1,52,32,715
Total		19,23,22,44,39,905	18,75,38,98,36,541
ASSETS			
Cash and Bank Balances	VI	1,38,07,95,68,421	64,83,38,91,127
Investments	VII	1,91,53,46,78,481	1,11,17,85,33,236
Loans & Advances	VIII	15,62,32,79,99,814	16,54,21,56,14,553
Fixed Assets	IX	2,77,32,26,435	2,86,71,15,169
Other Assets	X	28,50,89,66,754	42,29,46,82,456
Total		19,23,22,44,39,905	18,75,38,98,36,541
Contingent Liabilities	XI	59,50,61,36,098	76,13,98,91,761
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

Rajendra Agrawal
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

Ashish Gupta
Director

Place: Bengaluru
Date: May 25, 2021

Profit & Loss Account

for the year ended March 31, 2021

(Amount in ₹)

		March 31, 2021	March 31, 2020
INCOME	Schedules		
Interest and Discount	XII	1,02,21,35,67,271	1,10,20,93,69,739
Other Income	XIII	9,44,26,93,251	10,69,36,41,116
Total		1,11,65,62,60,522	1,20,90,30,10,855
EXPENDITURE			
Interest & Financial charges		65,42,87,64,888	77,22,05,87,193
Operating Expenses	XIV	5,60,00,42,556	6,07,45,88,592
Provisions & Contingencies		9,15,23,84,536	9,52,98,06,119
Total		80,18,11,91,980	92,82,49,81,904
Profit before Tax		31,47,50,68,542	28,07,80,28,951
Provision for Income Tax		7,68,66,09,000	5,17,47,06,878
Deferred Tax Adjustment [(Asset) / Liability]		(19,43,10,130)	(24,18,96,000)
Profit after Tax		23,98,27,69,672	23,14,52,18,073
Profit brought forward		96,17,75,070	49,99,16,015
Total Profit / (Loss)		24,94,45,44,742	23,64,51,34,088
Appropriations			
Transfer to General Reserve		22,50,00,00,000	22,10,00,00,000
Transfer to Special reserve u/s 36(1)(viii) of The Income Tax Act, 1961		80,00,00,000	55,00,00,000
Others			
Transfer to Investment Fluctuation Reserve		-	33,59,018
Transfer to Staff Welfare Fund		4,10,00,000	3,00,00,000
Dividend on Shares		1,06,38,44,062	-
Tax on Dividend		-	-
Surplus in Profit & Loss account carried forward		53,97,00,680	96,17,75,070
Total		24,94,45,44,742	23,64,51,34,088
Basic/Diluted Earning Per Share		45.09	43.51
Significant Accounting Policies	XV		
Notes to Accounts	XVI		
The Schedules referred to above form an integral part of the Profit & Loss Account.			

As per our report of even date

BY ORDER OF THE BOARD

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

Rajendra Agrawal
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

Ashish Gupta
Director

Place: Bengaluru
Date: May 25, 2021

Schedules to Balance Sheet

CAPITAL AND LIABILITIES

(Amount in ₹)

Schedule I: Capital	March 31, 2021	March 31, 2020
(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 :	5,31,92,20,310	5,31,92,20,310
- Equity Share Capital (53,19,22,031 Equity Shares of ₹10/- each)	5,31,92,20,310	5,31,92,20,310
- Preference Share Capital	-	-
Total	5,31,92,20,310	5,31,92,20,310

(Amount in ₹)

Schedule II: Reserves, Surplus and Funds	March 31, 2021	March 31, 2020
A) Reserves		
i) General Reserve		
- Opening Balance	1,46,73,51,37,200	1,24,63,51,37,200
- Additions during the year	22,50,00,00,000	22,10,00,00,000
- Utilisations during the year	-	-
- Closing Balance	1,69,23,51,37,200	1,46,73,51,37,200
ii) Share Premium		
- Opening Balance	16,68,07,79,690	16,68,07,79,690
- Additions during the year	-	-
- Utilisations during the year	-	-
- Closing Balance	16,68,07,79,690	16,68,07,79,690
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	16,22,00,00,000	15,67,00,00,000
- Additions during the year	80,00,00,000	55,00,00,000
- Utilisations during the year	-	-
- Closing Balance	17,02,00,00,000	16,22,00,00,000
c) Other Reserves		
i) Investment Fluctuation Reserve		
- Opening Balance	1,14,93,45,044	1,14,59,86,026
- Additions during the year	-	33,59,018
- Utilisations during the year	-	-
- Closing Balance	1,14,93,45,044	1,14,93,45,044

Schedules to Balance Sheet

(Amount in ₹)

Schedule II: Reserves, Surplus and Funds	March 31, 2021	March 31, 2020
B) Surplus in Profit and Loss account	53,97,00,680	96,17,75,070
C) Funds		
a) National Equity Fund		
- Opening Balance	2,65,61,42,832	2,65,23,89,862
- Additions / Write back during the year	-	37,52,970
- Utilisations during the year	-	-
- Closing Balance	2,65,61,42,832	2,65,61,42,832
b) Staff Welfare Fund		
- Opening Balance	25,22,07,485	24,74,30,617
- Additions during the year	4,10,00,000	3,00,00,000
- Utilisations during the year	1,14,20,298	2,52,23,132
- Closing Balance	28,17,87,187	25,22,07,485
c) Others	-	-
Total	2,07,56,28,92,633	1,84,65,53,87,321

(Amount in ₹)

Schedule III: Deposits	March 31, 2021	March 31, 2020
A) Fixed Deposits	50,04,64,96,085	31,77,53,39,231
B) From Banks		
a) Under MSME Refinance Fund	11,26,05,11,50,000	9,39,05,30,50,000
b) Under MSME Risk Capital Fund	10,00,00,00,000	10,00,00,00,000
c) Others -From Foreign & Private Sector Banks	-	-
d) Under MSME India Aspiration Fund	8,02,35,25,000	7,02,35,25,000
e) Under Fund for Venture Capital in MSME sector 2014-15	50,00,00,00,000	71,86,45,25,000
Subtotal (B)	11,94,07,46,75,000	10,27,94,11,00,000
Total	12,44,12,11,71,085	10,59,71,64,39,231

(Amount in ₹)

Schedule IV: Borrowings	March 31, 2021	March 31, 2020
I) Borrowings in India		
1. From Reserve Bank of India	-	-
2. From Government of India (including Bonds subscribed by GOI)	20,40,09,88,429	21,07,48,45,249
3. Bonds & Debentures	1,70,87,50,00,000	1,75,62,50,00,000
4. From Other Sources		
- Commercial Paper	38,75,00,00,000	49,50,00,00,000
- Certificate of Deposits	42,85,00,00,000	1,98,90,00,00,000
- Term Loans from Banks	48,14,20,83,006	14,36,35,43,399
- Term Money Borrowings	-	-
- Others	4,99,94,82,245	4,74,98,02,338
Subtotal (I)	3,26,01,75,53,680	4,64,21,31,90,986

Schedules to Balance Sheet

(Amount in ₹)

Schedule IV: Borrowings	March 31, 2021	March 31, 2020
II) Borrowings outside India		
(a) KFW, Germany	7,92,50,08,344	11,60,28,09,154
(b) Japan International Cooperation Agency (JICA)	20,87,89,58,963	34,07,23,44,393
(c) IFAD, Rome	1,10,10,79,766	1,15,34,15,466
(d) World Bank	33,21,79,18,293	43,46,01,15,739
(e) Others	1,76,13,89,180	2,53,19,61,804
Subtotal (II)	64,88,43,54,546	92,82,06,46,556
Total (I & II)	3,90,90,19,08,226	5,57,03,38,37,542

(Amount in ₹)

Schedule V: Other Liabilities and Provisions	March 31, 2021	March 31, 2020
Interest Accrued	20,83,21,62,892	27,16,74,34,630
Provision for SIDBI Employees' Provident Fund	3,26,55,18,260	3,09,97,41,738
Provision for SIDBI Pension Fund	13,50,36,000	62,60,20,000
Provision for Employees' Other Benefit	2,48,86,71,702	1,93,65,85,000
Provisions for Exchange Rate Fluctuation	1,53,73,62,766	1,53,73,62,766
Contingent provisions against standard assets	11,06,49,47,151	6,55,00,89,506
Proposed Dividend (including tax on dividend)	1,06,38,44,062	-
Funds viz. Aspire Fund, FoF for Startups, PRF, PRSF etc.	12,33,11,61,527	8,49,58,08,897
Floating provision	10,99,96,00,000	10,99,96,00,000
Others (including provisions)	11,60,09,43,291	8,23,70,76,885
Total	75,31,92,47,651	68,64,97,19,422

ASSETS

(Amount in ₹)

Schedule VI: Cash & Bank Balances	March 31, 2021	March 31, 2020
1. Cash in Hand & Balances with Reserve Bank of India	6,54,935	6,16,569
2. Balances with other Banks		
(a) In India		
i) in current accounts	92,06,46,927	31,01,91,553
ii) in other deposit accounts	1,34,15,99,19,330	60,47,58,45,836
(b) Outside India		
i) in current accounts	1,90,00,930	5,19,09,337
ii) in other deposit accounts	2,97,93,46,299	3,99,53,27,832
Total	1,38,07,95,68,421	64,83,38,91,127

Schedules to Balance Sheet

(Amount in ₹)

Schedule VII: Investments [net of provisions]	March 31, 2021	March 31, 2020
A) Treasury operations		
1. Securities of Central and State Governments	36,25,12,72,542	4,91,62,54,874
2. Bonds & Debentures of Banks & Financial Institutions	5,24,16,82,049	7,39,95,25,696
3. Stocks, Shares, Bonds & Debentures of Industrial Concerns	1,98,08,42,613	1,99,92,72,771
4. Mutual Funds	37,50,81,24,592	34,10,00,00,001
5. Commercial Paper	65,68,39,65,908	5,99,41,36,088
6. Certificate of Deposit	13,97,08,63,310	25,67,58,49,839
7. Others	-	-
Subtotal (A)	1,60,63,67,51,014	80,08,50,39,269
B) Business Operations		
1. Shares of Banks & Financial Institutions	1,84,97,71,142	1,82,22,71,142
2. Bonds & Debentures of Banks & Financial Institutions	-	-
3. Stocks, Shares, bonds & Debentures of Industrial Concerns	4,46,46,49,681	4,63,89,03,959
4. Investment in Subsidiaries	17,51,04,98,740	17,51,04,98,740
5. Investment in Venture Capital Fund - RCF	6,42,18,48,997	6,45,75,11,219
6. Others	65,11,58,907	66,43,08,907
Subtotal (B)	30,89,79,27,467	31,09,34,93,967
Total (A+B)	1,91,53,46,78,481	1,11,17,85,33,236

(Amount in ₹)

Schedule VIII: Loans & Advances [Net of provisions]	March 31, 2021	March 31, 2020
A) Refinance to		
- Banks and Financial Institutions	13,16,64,02,14,298	14,32,32,64,04,547
- Micro Finance Institutions	16,72,32,44,874	18,21,00,01,621
- NBFC	1,12,92,14,25,624	1,03,74,97,12,032
- Bills Rediscounted	-	-
Subtotal (A)	14,46,28,48,84,796	15,54,28,61,18,200
B) Direct Loans		
- Loans and Advances	1,15,81,08,75,592	98,66,91,14,927
- Receivable Finance Scheme	23,22,39,426	1,26,03,81,426
- Bills Discounted	-	-
Subtotal (B)	1,16,04,31,15,018	99,92,94,96,353
Total (A+B)	15,62,32,79,99,814	16,54,21,56,14,553

(Amount in ₹)

Schedule IX: Fixed Assets [Net of Depreciation]	March 31, 2021	March 31, 2020
1. Premises	2,75,92,83,828	2,83,87,18,310
2. Others	1,39,42,607	2,83,96,859
Total	2,77,32,26,435	2,86,71,15,169

Schedules to Balance Sheet

(Amount in ₹)

Schedule X: Other Assets:	March 31, 2021	March 31, 2020
Accrued Interest	17,39,56,29,640	20,69,30,66,262
Advance Tax (Net of provision)	78,02,94,395	3,88,74,70,623
Staff Loans	1,69,52,27,467	1,58,42,29,160
Derivative Assets	5,83,74,04,868	9,06,83,52,248
Expenditure to the extent not written off	1,94,24,53,524	5,52,43,75,071
Others	85,79,56,860	1,53,71,89,092
Total	28,50,89,66,754	42,29,46,82,456

(Amount in ₹)

Schedule XI: CONTINGENT LIABILITIES	March 31, 2021	March 31, 2020
i) Claims against the Bank not acknowledged as debts	5,06,41,82,735	5,74,27,63,852
ii) On account of Guarantees / Letters of Credit	20,23,30,137	46,99,22,915
iii) On account of Forward Contracts	21,81,77,727	5,79,87,607
iv) On account of Underwriting Commitments	-	-
v) On account of uncalled monies on partly paid shares, debentures & undrawn commitment under VCF etc.	17,46,36,734	5,19,13,80,042
vi) On account of derivative contracts	53,84,68,08,765	64,67,78,37,345
vii) Other items for which the Bank is contingently liable	-	-
Total	59,50,61,36,098	76,13,98,91,761

Schedules to Profit & Loss Account

(Amount in ₹)

Schedule XII: Interest and Discount	March 31, 2021	March 31, 2020
1. Interest and Discount on Loans, Advances and Bills	90,55,19,84,990	1,03,92,13,18,393
2. Income on Investments / Bank balances	11,66,15,82,281	6,28,80,51,346
Total	1,02,21,35,67,271	1,10,20,93,69,739

(Amount in ₹)

Schedule XIII: Other Income:	March 31, 2021	March 31, 2020
1. Upfront and Processing Fees	35,38,16,367	47,71,19,491
2. Commission and Brokerage	83,89,829	1,25,57,895
3. Profit on sale of Investments	1,25,88,60,175	3,98,46,25,620
4. Income earned by way of dividends etc. from Subsidiaries / Associates	25,39,38,889	4,97,93,519
5. Provision of Earlier Years written Back	-	-
6. Recoveries out of Bad Debts	1,42,52,18,289	1,02,21,91,305
7. Reversal of Provisions/ERFF under FCL	5,17,85,60,369	3,71,15,35,404
8. Others	96,39,09,333	1,43,58,17,882
Total	9,44,26,93,251	10,69,36,41,116

(Amount in ₹)

Schedule XIV: Operating Expenses:	March 31, 2021	March 31, 2020
Payments to and provisions for employees	3,87,77,13,208	3,93,57,01,040
Rent, Taxes and Lighting	14,97,56,156	16,53,46,313
Printing & Stationery, Postage/Courier & Tele and Insurance	1,23,90,186	1,76,97,415
Advertisement and Publicity	2,84,12,385	9,89,69,313
Depreciation / Amortisation on Bank's Property	24,03,93,728	18,27,17,393
Directors' fees, allowances and expenses	36,23,666	42,99,620
Auditor's Fees	28,66,387	29,24,757
Law Charges	1,41,97,202	1,52,91,720
Repairs and maintenance	11,20,92,010	17,21,34,109
Issue Expenses	42,82,499	12,45,45,493
Capital Commitment, Management Fees etc.	1,49,78,690	7,70,27,713
Input Tax Credit not Available	9,30,45,281	12,40,21,740
Other Expenditure	1,04,62,91,158	1,15,39,11,966
Total	5,60,00,42,556	6,07,45,88,592

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 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:

- (i) 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,

- 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.

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 Ind-AS Financial Statements. The Bank has already submitted IGAAP converted proforma Ind AS financial statements to RBI up to HYE September 30, 2020 as per the above circular.

- 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 ₹19,43,10,130 as Deferred Tax Asset (Previous year - Deferred Tax Asset was ₹24,18,96,000) in the Profit & Loss Account for the year ended March 31, 2021.

2.2 The Break up of Deferred Tax Asset/ (Liability) as on March 31, 2021 is as under :

(Amount in ₹)

Timing Difference	March 31, 2021	March 31, 2020
	Deferred Tax Asset/(Liability)	Deferred Tax Asset/(Liability)
a) Provision for Depreciation	63,32,997	37,17,630
b) Special Reserve u/s 36(1)(viii) of the Income Tax Act 1961	(3,71,54,81,342)	(3,52,02,16,577)
c) Provisions for Bad & Doubtful Debts	46,46,70,676	1,20,50,72,585
d) Amortisation of Premium on GOI Bonds	(1,06,49,427)	(2,12,98,854)
e) Provision for Restructuring of Accounts	54,95,443	1,63,22,587
f) Brought Forward Long Term Capital Loss	-	-
g) Provision for Non Performing Investment	-	-
h) Provision for Standard Assets	2,78,48,23,976	1,64,85,24,603
i) Others	64,38,85,092	65,26,45,311
Net deferred tax Asset/(Liability)	17,90,77,415	(1,52,32,715)

3 Provision for Income Tax includes:

(Amount in ₹)

Sl. No.	Particulars	March 31, 2021	March 31, 2020
(i)	Current Income Tax Provision	7,68,66,09,000	5,18,46,80,000
(ii)	Short/(Excess) Income Tax Provision of Earlier Years	-	(99,73,122)

The Tax Liability has been vetted by the Tax consultant.

4 Contingent Liabilities referred to in Schedule XI

Contingent liabilities of ₹5,06,41,82,735 (Previous Year ₹574,27,63,852) represents income tax /service tax /legal cases filed against SIDBI. This is being disputed by the Bank and based on expert's opinion, the provision is not considered necessary. It includes an amount of ₹239,54,59,323 (Previous Year ₹173,22,02,927) pertaining to appeals filed by Income Tax Department against the Bank.

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

(Amount in ₹)

	March 31, 2021	March 31, 2020
a) Unsecured Bonds	1,70,87,50,00,000	1,75,62,50,00,000

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

(Amount in ₹)

Particulars	March 31, 2021	March 31, 2020
a) Premium on transfer of RBI NIC(LTO) to GoI Bonds	4,23,13,364	8,46,26,725
b) Discount paid in Advance - Certificate of Deposit	1,64,39,75,891	4,72,11,42,319
c) Discount paid in Advance - Commercial Paper	24,13,15,527	67,03,00,288
d) Expenditure on Issuance of Unsecured Bonds	1,48,48,742	4,83,05,739
Total	1,94,24,53,524	5,52,43,75,071

7 Interest and Financial Charges

(Amount in ₹)

	March 31, 2021	March 31, 2020
a) Interest on Borrowings	15,86,39,50,186	21,44,36,98,531
b) Interest on Deposits	45,38,88,60,026	51,17,75,96,026
c) Financial Charges	4,17,59,54,676	4,59,92,92,636
Total	65,42,87,64,888	77,22,05,87,193

(Amount in ₹)

8	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on Capital Account not provided for (net of advance paid)	75,66,907	21,02,888

- 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 ₹75,66,907 (Previous Year ₹21,02,888). 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. However, as a prudential measure, full provision of ₹11,06,68,896 had already been made against this amount in FY 2020.
- 10 In respect of foreign currency borrowings of JPY 30 billion under Line V from Japan International Cooperation Agency (JICA) (previously known as Japan Bank of International Cooperation-JBIC), Exchange Rate Fluctuation Fund (ERFF) was created as per terms agreed with Government of India (GOI) and included in Foreign Currency Fluctuation Reserve Fund. Applicable interest at notified rate was credited to this ERFF account and interest payable to JICA at contracted rate was debited out of this account. Also, half yearly compounding was calculated on the opening balance in ERFF account at notified rate. The Bank, after approval from the GoI, prepaid the outstanding borrowing under JICA V in May 2020. After adjusting the prepayment, there was a surplus credit balance of ₹517.86 crore in the ERFF-JICA V account which was no longer required to be carried in the books and hence the same was written back with the approval of Govt of India. The amount has been included under 'Other Income in Schedule XIII'.
- 11 The borrowing of ₹1,30,82,66,654 (Previous Year ₹1,74,43,55,536) 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, 2021 in ERFF maintained for this loan is ₹1,05,25,55,521 (Previous Year ₹161,64,60,277).
- 12 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 46.95 million (equivalent to ₹486.47 crore) as on March 31,2021 [Previous Year SDR 49.43 million (equivalent to ₹510.25 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'.
- 13 (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 ₹2,72,83,53,833 as on March 31, 2021 (Previous year ₹283,15,39,259).

- (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 ₹14,61,29,44,000 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 ₹1,69,55,48,687 as on March 31, 2021 (Previous year ₹157,78,06,412).
- (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 participated 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 ₹15 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 ₹13,55,51,948 as on March 31, 2021 (Previous year Nil).

- 14** The Bank has pledged Government Securities aggregating to face value ₹30,32,82,00,000 (book value ₹30,00,18,54,173) [Previous Year ₹497,82,00,000 (book value ₹491,62,54,874)] with Clearing Corporation of India Ltd. for Triparty Repo Dealing and Settlement (TREPS).
- 15** As a part of hedging strategy, the Bank has placed foreign currency deposits with scheduled commercial banks out of the funds drawn under various lines of credit and have availed overdraft facility in INR against these foreign currency deposits. Outstanding balances under these overdraft facility aggregated to ₹5,79,16,994 (Credit) as on March 31, 2021 (Previous Year ₹11,35,47,446).
- 16** 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, 2021 for this loan is ₹1,10,10,79,766 (Previous Year ₹115,34,15,466).

17 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, 2021	March 31, 2020
Employer's contribution to Provident fund	7,90,27,233	8,01,88,984
Employer's contribution to New Pension Scheme	2,69,44,564	2,47,85,687

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

(₹ crore)

	Pension		Gratuity	
	FY 2021	FY 2020	FY 2021	FY 2020
1. Assumptions				
Discount Rate	6.85%	7.00%	6.35%	7.00%
Rate of Return on Plan Assets	6.85%	7.00%	6.35%	7.00%
Salary Escalation	5.50%	5.50%	5.50%	5.50%
Attrition rate	2.00%	2.00%	2.00%	2.00%

(₹ crore)

	Pension		Gratuity	
	FY 2021	FY 2020	FY 2021	FY 2020
2. Table showing change in Benefit Obligation				
Liability at the beginning of the year	529.88	439.65	99.64	91.36
Interest Cost	30.78	34.20	6.54	6.63
Current Service Cost	14.92	13.79	5.68	5.18
Past Service Cost (Non Vested Benefit)	0.00	0.00	0.00	0.00
Past Service Cost (Vested Benefit)	0.00	0.00	0.00	0.00
Liability Transferred in	0.00	0.00	0.00	0.00
(Liability Transferred out)	0.00	0.00	0.00	0.00
(Benefit Paid)	(32.86)	(35.02)	(9.75)	(11.07)
Actuarial (gain) / loss on obligations	10.78	77.26	4.59	7.54
Liability at the end of the year	553.50	529.88	106.70	99.64
3. Tables of Fair value of Plan Assets				
Fair Value of Plan Assets at the beginning of the year	468.69	410.23	108.15	110.98
Expected Return on Plan Assets	33.96	33.28	7.24	8.06
Contributions	32.86	35.02	0.22	0.09
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)	(32.86)	(35.02)	(9.75)	(11.07)
Actuarial gain / (loss) on Plan Assets	(1.15)	25.18	(0.13)	0.09
Fair Value of Plan Assets at the end of the year	501.50	468.69	105.73	108.15
4. Table of Recognition of Actuarial Gains/ Losses				
Actuarial (Gains)/ Losses on obligation for the period	10.78	77.26	4.59	7.54
Actuarial (Gains)/ Losses on asset for the period	1.15	(25.18)	0.13	(0.09)
Actuarial (Gains)/ Losses recognized in Income & Expense Statement	11.93	52.08	4.72	7.45
5. Actual Return on Plan Assets				
Expected Return on Plan Assets	33.96	33.28	7.24	8.06
Actuarial Gain / (Loss) on Plan Assets	(1.15)	25.18	(0.13)	0.09
Actual Return on Plan Assets	32.81	58.46	7.11	8.15
6. Amount Recognised in the Balance Sheet				
Liability at the end of the year	(553.50)	(529.88)	(106.70)	(99.64)
Fair Value of Plan Assets at the end of the year	501.50	468.69	105.73	108.15
Difference	(52.00)	(61.19)	(0.97)	8.51
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	(52.00)	(61.19)	(0.97)	8.51

(₹ crore)

	Pension		Gratuity	
	FY 2021	FY 2020	FY 2021	FY 2020
7. Expenses Recognised in the Income Statement				
Current Service Cost	14.92	13.79	5.68	5.18
Interest Cost	30.78	34.20	6.54	6.63
Expected Return on Plan Assets	(33.96)	(33.28)	(7.24)	(8.06)
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	11.93	52.08	4.72	7.45
Expense Recognised in Profit & Loss account	23.67	66.79	9.70	11.20
8. Balance Sheet Reconciliation				
Opening Net Liability	61.19	29.42	(8.51)	(19.62)
Expense as above	23.67	66.79	9.70	11.20
Employer's Contribution	(32.86)	(35.02)	(0.22)	(0.09)
Amount recognised in the Balance Sheet	52.00	61.19	0.97	(8.51)

9. Other Details

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

	Pension		Gratuity	
	FY 2021	FY 2020	FY 2021	FY 2020
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	501.50	468.69	105.73	108.15
Other	0.00	0.00	0.00	0.00
Total	501.50	468.69	105.73	108.15

11. Experience Adjustment:

	Pension					Gratuity				
	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
On Plan Liability (Gain)/Loss	(1.14)	46.87	(22.03)	66.81	(5.53)	(0.43)	3.28	(19.71)	10.18	(7.91)
On Plan Asset (Loss)/Gain	(1.15)	25.17	(2.32)	0.32	0.58	0.13	(0.09)	(0.35)	(0.10)	0.29

(c) The following are the amounts charged to Profit & Loss Account relating to other long term benefits plan based on the actuarial valuation provided by Independent Actuary.

(₹ crore)

Sl. No.	Particulars	March 31, 2021	March 31, 2020
1	Ordinary Leave Encashment	25.26	23.43
2	Sick Leave	0.34	(4.91)
3	Resettlement Expenses	(0.29)	0.12
4	Post Retirement Medical Scheme Facilities	4.16	10.50

18 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.

	March 31, 2021	March 31, 2020
Net Profit considered for EPS calculation (₹)	23,98,27,69,672	23,14,52,18,073
Weighted Average Number of equity shares of face value ₹10 each	53,19,22,031	53,19,22,031
Earning per share (₹)	45.09	43.51

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

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

20 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.

21 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, 2017.

(Amount in ₹)

Particulars	FY 2021	FY 2020
	Wage Arrears / Incentive ₹	Wage Arrears / Incentive ₹
Opening Balance	76,00,00,000	34,00,00,000
Additions:		
Arrears	31,63,00,000	42,00,00,000
Incentive	-	-
Utilisations:		
Write back	-	-
Closing Balance	1,07,63,00,000	76,00,00,000

22 The Bank has put in place a mechanism to manage credit risk arising out of unhedged foreign currency exposures (UFCE) of its borrowers. A review of the UFCE across its portfolio is undertaken by the Bank on periodic basis. In terms of RBI circular DBOD No. BP.BC.85/21.06.200/2013-14 dated 15.01.2014 & subsequent clarification vide circular DBOD NO.BP.BC. 116/21.06.200/2013-14 dated 03.06.2014, based on available data, the provision for UFCE works out to ₹0.02 crore as on March 31, 2021 (Previous year ₹0.07 crore) which has been included under provisions for standard assets under Schedule V.

23 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.

24 Investors' Complaints:

As on 1st April, 2020 the Bank had "No" pending investors' complaints for disposal. During the current financial year "22" complaints were received from Investors and "22" complaints (including the complaint pending on April 01, 2020) were disposed off during the year. Thus, no complaint is pending for disposal as on March 31, 2021.

25 Divergence in Asset Classification and Provisioning for NPAs

As required under RBI Circulars DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and DBR.BP.BC No.32/21.04.018/2018-19 dated April 1, 2019 on 'Divergence in the asset classification and provisioning', there has been no divergence in 'Gross NPA and Provisions' observed by RBI for FY 2020.

26 In respect of a borrower, which has otherwise become NPA but has not been classified as NPA as per order of Hon'ble NCLT, as a prudent measure, Bank has made provision of ₹277.75 crore on entire outstanding of ₹925.84 crore under 'Standard Assets Provision' and has also not recognized the unrealized interest income.

27 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. The MSME accounts restructured under these guidelines are as under:

No. of accounts restructured	Amount (₹ crore)
743	703.01

28 Prudential Framework for Resolution of Stressed Assets:

- The number of cases where the Bank has implemented the Resolution Plan (RP) as per RBI circular dated June 7, 2019 for Prudential Framework for Resolution of Stressed Assets is "NIL". Further, the accounts, where the resolution period was extended in terms of RBI Circular dated April 17, 2020 on "COVID-19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets" is "Nil".
- In terms of RBI Circular dated August 06, 2020 on "Resolution Framework for COVID-19 related Stress" where the Bank has implemented resolution plan, disclosures as per the format prescribed in Format-A of said circular for the quarter ending March 31, 2021 is as below:-

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	---	---	---	---	---
Corporate persons*	7 Accounts (pertaining to a single Borrower)	17.30	0	1.55 (FITL)	3.46
Of which MSMEs	7 Accounts (pertaining to a single Borrower)	17.30	0	1.55 (FITL)	3.46
Others					
Total	7 Accounts (pertaining to a single Borrower)	17.30	0	1.55 (FITL)	3.46

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

29 The extent to which the COVID-19 pandemic, including the current "second wave" witnessed in India, will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain.

30 In view of the above, the Bank, as a prudent measure has made additional standard assets provisions of ₹174 crore on certain segments of the portfolio which were considered as stressed based on its internal assessment.

31 In accordance with the COVID-19 Regulatory Packages announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Bank, in accordance with its Board approved policy, offered a moratorium on the repayment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period. The disclosures as required by RBI circular dated April 17, 2020 are given below:

Particulars	(₹ in crore)
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular (as of February 29, 2020)	620.66
Respective amount where asset classification benefit is extended (Position as on September 30, 2020)	53.47
Provisions made in terms of para 5 of the circular	27.99
Residual provisions as of March 31, 2021 in terms of paragraph 6 of the circular	-

32 In terms of Hon'ble Supreme Court interim order dated September 03, 2020, the Bank did not classify any account which was not NPA as on August 31, 2020 as per the RBI Prudential norms on IRAC pertaining to advances as NPA after August 31, 2020. Pending disposal of the case, the Bank, as a matter of prudence, had made in respect of these accounts a contingent provision.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

33 In accordance with the instructions contained in RBI circular dated April 07, 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not. Accordingly, an amount of ₹4.72 crore to be refunded / adjusted to such borrowers as per the methodology finalised by the Indian Banks Association (IBA) for calculation of the amount of such 'interest on interest' is recognised as a charge in Profit and Loss Account for the year ended March 31, 2021.

34 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.

35 The Bank has long term contracts mainly in nature of derivative contracts which are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required, for material foreseeable losses on such long term contracts in the books of account.

36 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

(₹ crore)

Sl. No.	Particulars	FY 2020-21	FY 2019-20
i)	Common Equity*	Not Applicable	Not Applicable
ii)	Additional Tier 1 capital*	Not Applicable	Not Applicable
iii)	Total Tier 1 capital	21,021.12	18,366.02
iv)	Tier 2 capital	0.00	0.00
v)	Total Capital (Tier 1+Tier 2)	21,021.12	18,366.02
vi)	Total Risk Weighted Assets (RWAs)	76,473.15	68,996.21
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)	27.49%	26.62%
ix)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	27.49%	26.62%
x)	Percentage of the shareholding of the Government of India	15.40	15.40
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 2020-21	FY 2019-20
Provisions towards Standard Assets (cumulative)	1,106.49	655.01

(b) Floating Provisions

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
Opening balance in the floating provisions account	1,099.96	1,348.53
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	248.57*
Closing balance in the floating provisions account	1,099.96	1,099.96

* Amount was utilised for making NPA/NPI provisions as per the Bank's Board approved policy on floating provision

3 Asset Quality and Specific Provisions

(a) Non-Performing Advances

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(i) Net NPAs to Net Advances (%)	0.12%	0.40%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1,040.84	867.91
(b) Additions during the year	135.11	871.56
(c) Reductions during the year	893.64	698.63
(d) Closing balance	282.31	1,040.84
(iii) Movement of Net NPAs*		
(a) Opening balance	658.64	292.55
(b) Additions during the year	(354.78)	445.77
(c) Reductions during the year	118.61	79.68
(d) Closing balance	185.25	658.64
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	382.19	575.35
(b) Provisions made during the year	489.89	429.11
(c) Write-off / write back of excess provisions	775.03	622.27
(d) Closing balance	97.05	382.19

* 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 2020-21	FY 2019-20
(i) Net NPIs to Net Investments (%)	0.00%	0.00%
(ii) Movement of NPIs (Gross)		
(a) Opening balance	343.62	1,292.17
(b) Additions during the year	1.00	0.01
(c) Reductions during the year	0.00	948.56
(d) Closing balance	344.62	343.62
(iii) Movement of Net NPIs		
(a) Opening balance	0.00	708.44
(b) Additions during the year	0.00	0.00
(c) Reductions during the year	0.00	708.44
(d) Closing balance	0.00	0.00
(iv) Movement of provisions for NPIs (excluding provisions on standard assets)		
(a) Opening balance	343.62	583.73
(b) Provisions made during the year	1.00	708.45
(c) Write-off / write back of excess provisions	0.00	948.56
(d) Closing balance	344.62	343.62

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

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(i) Net NPAs to Net Assets (Advances + Investments) (%)	0.11%	0.37%
(ii) Movement of NPAs (Gross Advances + Gross Investments)		
(a) Opening balance	1,384.46	2,160.08
(b) Additions during the year	136.11	871.57
(c) Reductions during the year	893.64	1,647.19
(d) Closing balance	626.93	1,384.46
(iii) Movement of Net NPAs		
(a) Opening balance	658.64	1,000.99
(b) Additions during the year	(354.78)	445.77
(c) Reductions during the year	118.61	788.12
(d) Closing balance	185.25	658.64
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	725.82	1,159.09
(b) Provisions made during the year	490.89	1,137.56
(c) Write-off / write back of excess provisions	775.03	1,570.83
(d) Closing balance	441.68	725.82

3 (d) Disclosure of Restructured Accounts

[₹ in crore]

Sl. No.	Type of Restructuring →	Under SME Debt Restructuring Mechanism						Others			Total					
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details ↓															
1	Restructured Accounts as on April 1 of the FY (opening figures)*	-	-	-	-	-	15	10	14	-	39	15	10	14	-	39
	Amount outstanding	-	-	-	-	-	42.14	46.63	48.32	-	137.09	42.14	46.63	48.32	-	137.09
	Provision thereon	-	-	-	-	-	0.56	2.03	0.23	-	2.82	0.56	2.03	0.23	-	2.82
2	Fresh restructuring during the year	-	-	-	-	-	8	7	1	-	16	8	7	1	-	16
	Amount outstanding	-	-	-	-	-	43.53	20.82	4.59	-	68.94	43.53	20.82	4.59	-	68.94
	Provision thereon	-	-	-	-	-	-	1.09	-	-	1.09	-	1.09	-	-	1.09
3	Upgradations to restructured standard category during the FY	-	-	-	-	-	1	(1)	-	-	-	1	(1)	-	-	-
	Amount outstanding	-	-	-	-	-	1.83	(1.83)	-	-	-	1.83	(1.83)	-	-	-
	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	-	-	-	-	-	(8)	-	-	-	(8)	(8)	-	-	-	(8)
	Amount outstanding	-	-	-	-	-	(34.20)	-	-	-	(34.20)	(34.20)	-	-	-	(34.20)
	Provision thereon	-	-	-	-	-	(0.01)	-	-	-	(0.01)	(0.01)	-	-	-	(0.01)
5	Downgradations of restructured accounts during the FY	-	-	-	-	-	(2)	(5)	7	-	-	(2)	(5)	7	-	-
	Amount outstanding	-	-	-	-	-	(1.59)	(33.29)	34.88	-	-	(1.59)	(33.29)	34.88	-	-
	Provision thereon	-	-	-	-	-	(0.01)	(2.44)	2.45	-	-	(0.01)	(2.44)	2.45	-	-
6	Write-offs of restructured accounts during the FY#	-	-	-	-	-	(4)	(1)	(11)	-	(16)	(4)	(1)	(11)	-	(16)
	Amount outstanding	-	-	-	-	-	(6.85)	(1.50)	(12.10)	-	(20.45)	(6.85)	(1.50)	(12.10)	-	(20.45)
	Provision thereon	-	-	-	-	-	(0.16)	(0.05)	(2.05)	-	(2.26)	(0.16)	(0.05)	(2.05)	-	(2.26)
7	Restructured Accounts as on March 31 of the FY (closing figures)*	-	-	-	-	-	44.86	30.83	75.69	-	151.38	44.86	30.83	75.69	-	151.38
	Amount outstanding	-	-	-	-	-	44.86	30.83	75.69	-	151.38	44.86	30.83	75.69	-	151.38
	Provision thereon	-	-	-	-	-	0.38	0.63	0.63	-	1.64	0.38	0.63	0.63	-	1.64

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

#including reduction in restructured accounts.

(e) Movement of Non-performing Assets

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
Gross NPAs as on April 01	1,040.84	867.91
Additions (Fresh NPAs) during the year	135.11	871.55
Sub total (A)	1,175.95	1,739.46
Less :-		
(i) Upgradations	20.04	50.90
(ii) Recoveries (excluding recoveries made from upgraded accounts)	112.98	88.43
(iii) Technical / Prudential Write-offs	760.62	558.18
(iv) Write-offs other than those under (iii) above	-	1.11
Sub total (B)	893.64	698.62
Gross NPAs as on March 31 (A-B)	282.31	1,040.84

(f) Write-offs and Recoveries

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
Opening balance of Technical / Prudential written off accounts as at April 01	2,007.01	1,563.29
Add : Technical / Prudential Write-offs during the year	760.62	558.18
Sub total (A)	2,767.63	2,121.47
Less : Actual Write-off	0.00	12.24
Less : Recoveries made from previously technical / prudential written off accounts during the year	142.75	102.22
Sub total (B)	142.75	114.46
Closing balance as at March 31 (A-B)	2,624.88	2,007.01

(g) Overseas Assets, NPAs and Revenue

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

(h) Depreciation and Provisions on Investments

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(1) Investments		
(i) Gross Investments	19,517.54	11,466.32
(a) In India	19,517.54	11,466.32
(b) Outside India	-	-
(ii) Provisions for Depreciation	364.07	348.48
(a) In India	364.07	348.48
(b) Outside India	-	-
(iii) Net Investments	19,153.47	11,117.83
(a) In India	19,153.47	11,117.83
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	4.83	5.16
(ii) Add: Provisions made during the year	14.62	-
(iii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	-	-
(iv) Less: Write-off / write back of excess provisions during the year	-	-
(v) Less: Transfer, if any, to Investment Fluctuation Reserve Account	-	0.33
(vi) Closing balance	19.45	4.83

(i) Provisions and Contingencies

(₹ crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	FY 2020-21	FY 2019-20
Provisions for depreciation/NPI on Investment	15.62	703.89
Provision towards NPA	434.14 [@]	118.50 [#]
Provision made towards Income tax (Including Deferred Tax Assets/Liability)	749.23	493.28
Other Provision and Contingencies (with details)	465.48 ^{\$}	130.59 ^{\$}

[@] net of restructuring provision

[#] Net of write back of floating provision.

^{\$} includes provision for standard asset.

(j) Provisioning Coverage Ratio (PCR)

	FY 2020-21	FY 2019-20
Provisioning Coverage Ratio (PCR)*	93.24%	78.35%

* Floating provision has not been considered while calculating PCR.

(k) Provisioning pertaining to Frauds

	FY 2020-21
No. of frauds reported during the year	5
Amount involved in fraud (₹ in crore)	323.54
Amount involved in fraud net of recoveries/write-offs/unrealised interest as at the end of the year (₹ in crore)	285.28
Provision made during the year (₹ in crore)	183.60
Provision held as at the end of the year for the above accounts (₹ in crore)	285.28
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)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2021
Securities sold under repo				
i. Government securities	0	1,024.92	59.11	499.95
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government securities	0	17,677.11	5,132.33	4,054.99
ii. Corporate debt securities	Nil	Nil	Nil	Nil

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2020
Securities sold under repo				
i. Government securities	0	529.93	71.52	474.98
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government securities	0	10,795.99	2,435.11	50
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)
(i) PSUs	631.89	438.44	-	-	-
(ii) FIs	250.56	147.67	-	78.55	103.00
(iii) Banks	8,093.98	10.00	-	103.50	103.50
(iv) Private Corporates	394.66	175.80	-	364.05	355.16
(v) Subsidiaries/Joint ventures	1,751.05	1,751.05	-	1,751.05	1,751.05
(vi) Others	4,770.27	1,019.46	-	1,019.46	4,770.27
(vii) Provision held towards depreciation	(364.07)	-	-	-	-
Total	15,528.34	3,542.42	-	3,316.61	7,082.98

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

During the current FY, there was no shifting of investments to/from HTM category.

5 Details of Financial Assets purchased/ sold

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

(i) Details of Sales

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(i) No. of accounts	Nil	1
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	0.56#
(iii) Aggregate consideration	Nil	3.72 (Cash-0.56)
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	5.24
(v) Aggregate gain / loss over net book value	Nil	5.80

only cash component has been considered.

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

(₹ crore)

Particulars	Book value of investments in security receipts	
	FY 2020-21	FY 2019-20
(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 2020-21	FY 2019-20
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 2020-21	FY 2019-20
1. No. of accounts sold	Nil	1
2. Aggregate outstanding	Nil	6.77
3. Aggregate consideration received	Nil	3.72 (Cash-0.56)

6 Operating Results

Particulars	FY 2020-21	FY 2019-20
(i) Interest income as a percentage to average working funds(%)	5.67	6.47
(ii) Non-interest income as a percentage to average working funds(%)	0.52	0.63
(iii) Operating profit as a percentage to average working funds (before provisions)(%)	2.25	2.21
(iv) Return on average assets (before provisions for taxation)(%)	1.74	1.65
(v) Net Profit per employee (₹ crore)	2.37	2.21

7 Credit Concentration Risk

(a) Capital Market Exposure

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(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;	457.59	459.43
(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)	1,136.61	1,541.26
Total Exposure to Capital Market	1,594.20	2,000.69

(b) Exposure to Country Risk

The net funded exposure of SIDBI with each country is within 1% of the total assets of the Bank and hence no provision is required to be made in respect of country risk as per the RBI guidelines.

(c) Prudential Exposure Limits - Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the AIFI

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

(₹ crore)

Sl. 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 :

Sl. No.	Particulars	FY 2020-21		FY 2019-20	
		As % to Total Assets	As % to Capital funds	As % to Total Assets	As % to Capital funds
1	The largest single borrower The largest borrower group	9.20%	84.16%	9.32%	95.20%
2	The 20 largest single borrowers The 20 largest borrower group	61.24%	560.26%	68.47%	699.18%

As large borrowers are Primary Lending Institutions, the concept of borrower group is not applicable.

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 2020-21		FY 2019-20	
	Credit Exposure	% to total loan assets	Credit Exposure	% to total loan assets
METAL PRODUCTS N.E.C.	977.27	0.63	865.67	0.52
AUTO ANCILLARIES	694.96	0.44	602.87	0.36
PLASTIC MOULDED GOODS	537.01	0.34	439.20	0.26
METAL PRODUCTS PARTS EXCEPT MACHINERY	515.72	0.33	473.29	0.29
TEXTILE PRODUCTS	475.59	0.30	338.89	0.20

(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 2020-21	FY 2019-20
Total borrowings from twenty largest lenders	1,33,870.69	1,24,109.00
Percentage of borrowings from twenty largest lenders to total borrowings	81.88%	76.99%

(ii) Concentration of Exposures

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
Total advances to twenty largest borrowers	1,17,479.65	1,24,205.94
Percentage of advances to twenty largest borrowers to Total Advances	75.15%	74.91%
Total Exposure to twenty largest borrowers / customers	1,17,855.32	1,28,411.56
Percentage of exposures to twenty largest borrowers / customers to Total Exposure	68.99%	69.99%

(iii) Sector-wise concentration of exposures and NPAs

(₹ crore)

Sl. No.	Sector	FY 2020-21			FY 2019-20		
		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	1,43,365.40	282.31	0.20%	1,53,362.14	340.45	0.22%
1	Central Government	-	-	-	-	-	-
2	Central PSUs	-	-	-	-	-	-
3	State Governments	-	-	-	-	-	-
4	State PSUs	31.92	-	-	112.92	-	-
5	Scheduled Commercial Banks	1,31,632.10	-	-	1,43,119.72	-	-
6	Regional Rural Banks	-	-	-	-	-	-
7	Co-operative Banks	-	-	-	-	-	-
8	Private sector (excluding banks)	11,701.38	282.31	2.41%	10,129.50	340.45	3.36%
II.	Micro-finance sector	1,672.32	-	0.00%	1,821.80	0.80	0.04%
III.	Others*	11,292.14	-	0.00%	10,619.83	699.59	6.59%
	Total (I+II+III)	1,56,329.86	282.31	0.18%	1,65,803.77	1,040.84	0.63%

* includes advances to NBFCs

8 Derivatives

(a) Forward Rate Agreement / Interest Rate Swap

(₹ crore)

Sl. No.	Particulars	FY 2020-21	FY 2019-20
i)	The notional principal of swap agreements	215.67	256.84
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	9.73	12.93
iii)	Collateral required by the bank upon entering into swaps	Nil	Nil
iv)	Concentration of credit risk arising from the swaps	10.97	14.46
v)	The fair value of the swap book	9.73	12.93

The nature and terms of the IRS as on March 31, 2021 are set out below:

Sl. No.	Nature	Nos.	Notional Principal	Benchmark	Terms
1	Hedging	1	INR 215,66,65,938.00	6 M USD LIBOR	Fixed receivable V/s floating payable

The nature and terms of the IRS as on March 31, 2020 are set out below:

Sl. No.	Nature	Nos.	Notional Principal	Benchmark	Terms
1	Hedging	1	INR 256,84,00,022.00	6 M USD LIBOR	Fixed receivable V/s floating payable

(b) Exchange Traded Interest Rate Derivatives

Sl. No.	Particulars	FY 2020-21	FY 2019-20
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.

(ii) Quantitative Disclosures

(₹ crore)

Sl. No.	Particulars	FY 2020-21		FY 2019-20	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)	5,384.68	215.67	6,467.78	256.84
	(i) For hedging	5,384.68	215.67	6,467.78	256.84
	(ii) For trading	-	-	-	-
2	Marked to Market Positions [1]	360.81	9.73	645.81	12.93
	(i) Asset (+)	423.85	9.73	686.73	12.93
	(ii) Liability (-)	(63.04)	-	(40.92)	-
3	Credit Exposure [2]	635.21	10.96	999.34	14.46
4	Likely impact of one percentage change in interest rate (100* PV01)	86.83	(4.75)	131.06	(7.87)
	(i) On hedging derivatives	86.83	(4.75)	131.06	(7.87)
	(ii) On trading derivatives	-	-	-	-
5	Maximum and Minimum of 100*PV01 observed during the year				
	(i) On hedging	467.38/1.09	(4.75)/(7.99)	186.29/131.05	(10.48)/(8.93)
	(ii) On trading	-	-	-	-

9 Disclosure of Letters of Comfort (LoCs) issued by AIFIs

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

(₹ crore)

LoCs outstanding as on April 01, 2020		LoC issued during the year		LoCs redeemed during the year		LoCs outstanding as on March 31, 2021	
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	16	12	5,725	18,298	15,610	83,947	512	366	1,24,486
Advances	13,523	2,409	21,914	14,802	36,387	62,438	4,426	431	1,56,330
Investments	3,552	3,238	4,033	8,016	5,505	402	243	3,515	28,504
Borrowings	5,320	1,050	8,678	1,968	8,800	10,128	1,963	1,352	39,259
Foreign Currency assets	9	0	1,133	648	683	2,047	2,464	19	7,003
Foreign Currency liabilities	7	0	557	107	639	2,282	1,861	1,062	6,515

11 Draw Down from Reserves

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

12 Business Ratios

Particulars	FY 2020-21	FY 2019-20
Return on average Equity (before provisions for taxation)(%)	15.86	16.00
Return on average assets (before provisions for taxation)(%)	1.74	1.65
Net Profit per employee (₹ crore)	2.37	2.21

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 2020-21	FY 2019-20
1 No. of complaints pending at the beginning of the year	3	10
2 No. of complaints received during the year	357	216
3 No. of complaints disposed during the year	353	223
3(i) Of which, number of complaints rejected by the Bank	27	11
4 No. of complaints pending at the end of the year	7	3

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
Current Year					
Others	3	288	57.38	7	4
Loans and advances	-	59	126.92	-	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	10	42.86	-	-
Previous Year					
Others	-	183	41.72	3	2
Loans and advances	4	26	(29.73)	-	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	6	7	(12.50)	-	-

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. For this purpose, grievances received during FY 2019-20 and FY 2020-21 have been reclassified as per the RBI guidelines.

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 ₹517,47,91,918 for FY 2020-21 [Previous Year ₹372,25,52,439] and Other expenditure in schedule XIV - 'Operating Expenses' for FY 2020-21 includes Prior Period Expenditure of (₹3,48,09,052) [Previous Year (₹1,66,93,694)].

(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 re-grouped and re-classified 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 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
1 Segment Revenue	1,162	1,048	8,580	9,633	906	1,038	10,648	11,719
Exceptional Items							518	371
Total							11,166	12,090
2 Segment Results	190	165	2,391	2,832	276	(317)	2,857	2,680
Exceptional Items							518	371
Total							3,375	3,051
Unallocable Expenses							227	243
Operating profit							3,148	2,808
Income Tax (Net of write back)							750	493
Net profit							2,398	2,315
3 Other information								
Segment Assets	11,678	10,121	1,46,141	1,57,312	33,116	17,675	1,90,935	1,85,108
Unallocated Assets							1,387	2,431
Total Assets							1,92,322	1,87,539
Segment Liabilities	8,387	7,281	1,34,556	1,45,082	26,501	15,092	1,69,444	1,67,455
Unallocated Liabilities							1,884	1,377
Total							1,71,328	1,68,832
Capital / Reserves	3,261	2,848	11,414	12,078	6,319	3,781	20,994	18,707
Total							20,994	18,707
Total Liabilities							1,92,322	1,87,539

Part B: GEOGRAPHIC SEGMENTS - Nil

(c) Accounting Standard 18 – Related Party Disclosures

(₹ crore)

Items / Related Party	Parent (as per ownership or control)	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	-	-	8.92	1.00	-	9.92
Maximum during the year	-	177.12	4.00	-	-	181.12
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	-	1,751.50	36.10	-	-	1,787.60
Maximum during the year	-	1,751.50	36.10	-	-	1,787.60
Non funded commitments#	-	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-
Leasing arrangements availed#	-	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-
Leasing arrangements provided#	-	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-	-
Maximum during the year	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Interest paid	-	2.70	0.11	0.02	-	2.83
Interest received	-	-	-	-	-	-
Rendering of services*	-	7.74	0.90	-	-	8.64
Receiving of services*	-	0.90	0.07	-	-	0.97
Management contracts**	-	-	-	0.92	-	0.92

@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

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

Rajendra Agrawal
Chief Financial Officer

Sudatta Mandal
Deputy Managing Director

V. Satya Venkata Rao
Deputy Managing Director

BY ORDER OF THE BOARD

Sivasubramanian Ramann
Chairman & Managing Director

Darshit Doshi
Partner
M.No. 133755

G Gopalakrishna
Director

Ashish Gupta
Director

Place: Bengaluru
Date: May 25, 2021

Cash Flow Statement

for the year ended March 31, 2021

(Amount in ₹)

March 31, 2020	Particulars	March 31, 2021	March 31, 2021
	1. Cash Flow from Operating Activities		
28,07,80,28,951	Net Profit before tax as per P & L Account		31,47,50,68,542
	Adjustments for :		
18,27,17,393	Depreciation	24,03,93,728	
7,03,89,36,030	Provision for net depreciation in investments	15,61,67,178	
3,39,32,25,949	Provisions made (net of write back)	9,69,17,38,961	
(3,98,46,25,620)	Profit on sale of investments (net)	(1,25,88,60,175)	
(44,18,584)	Profit on sale of fixed assets	(7,63,220)	
(48,48,52,951)	Dividend Received on Investments	(4,53,97,66,761)	4,28,89,09,711
34,21,90,11,168	Cash generated from operations		35,76,39,78,253
	(Prior to changes in operating Assets and Liabilities)		
	Adjustments for net changes in :		
9,07,18,25,569	Current assets	10,85,76,16,887	
(19,77,01,32,561)	Current liabilities	(6,94,89,88,288)	
3,96,15,78,214	Bills of Exchange	1,39,26,20,479	
(2,93,93,81,01,120)	Loans & Advances	93,34,65,07,455	
(39,96,40,70,330)	Net Proceeds of Bonds and Debentures & other borrowings	(1,66,13,19,29,316)	
3,40,49,16,89,558	Deposits received	1,84,40,47,31,854	
(14,72,10,670)			1,16,92,05,59,071
34,07,18,00,498			1,52,68,45,37,324
(5,32,52,53,205)	Payment of Tax	(4,57,94,32,771)	(4,57,94,32,771)
28,74,65,47,293	Net Cash flow from operating Activities		1,48,10,51,04,553
	2. Cash Flow from Investing Activities		
(19,13,21,393)	Net (Purchase)/Sale of fixed assets	(14,57,41,774)	
2,63,38,96,495	Net (Purchase)/sale/redemption of Investments	(1,54,33,87,55,349)	
48,48,52,951	Dividend Received on Investments	4,53,97,66,761	
2,92,74,28,053	Net cash used in Investing Activities		(1,49,94,47,30,362)
	3. Cash flow from Financing Activities		
-	Proceeds from issuance of share capital & share premium	-	
(1,65,12,44,935)	Dividend on Equity Shares & tax on Dividend	-	
(1,65,12,44,935)	Net cash used in Financing Activities		-
30,02,27,30,411	4. Net increase/(decrease) in cash and cash equivalents		(1,83,96,25,809)
50,91,53,32,885	5. Cash and Cash Equivalents at the beginning of the period		80,93,80,63,296
80,93,80,63,296	6. Cash and Cash Equivalents at the end of the period		79,09,84,37,487
	Cash and cash equivalents at the end of the period includes		
6,16,569	Cash in Hand		6,54,935
36,21,00,890	Current account balance with Bank		93,96,47,857
34,10,00,00,001	Mutual Funds		37,50,81,24,592
46,47,53,45,836	Deposits		40,65,00,10,103

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

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

Rajendra Agrawal
Chief Financial Officer

Sudatta Mandal
Deputy Managing Director

V. Satya Venkata Rao
Deputy Managing Director

BY ORDER OF THE BOARD

Sivasubramanian Ramann
Chairman & Managing Director

Darshit Doshi
Partner
M.No. 133755

G Gopalakrishna
Director

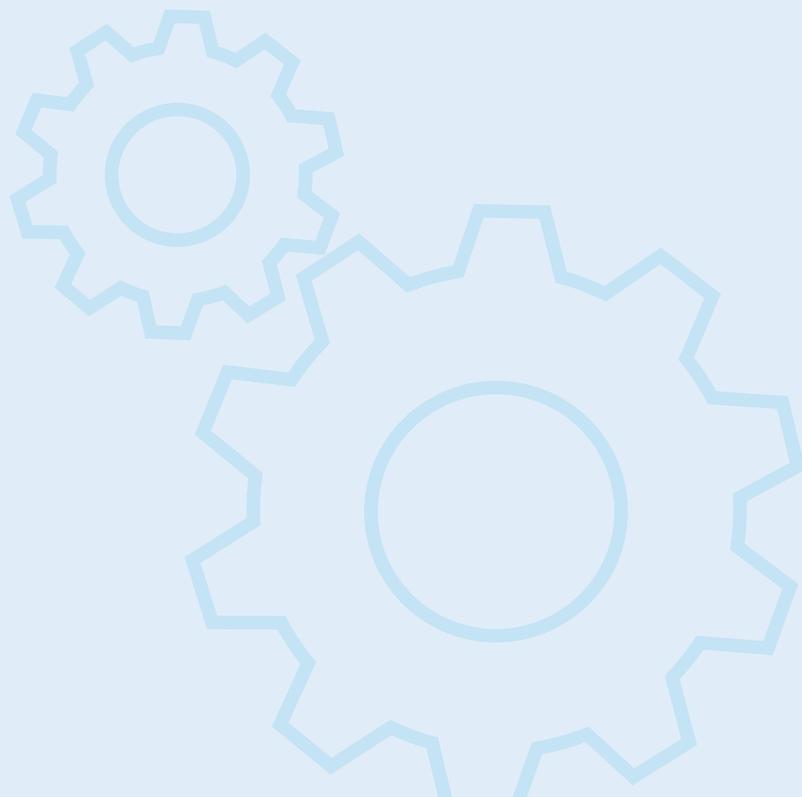
Ashish Gupta
Director

Place: Bengaluru
Date: May 25, 2021



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' or 'Holding Bank') and its subsidiaries (Holding Bank and subsidiaries together referred to as 'the Group') and its associates which comprise the consolidated Balance Sheet as at March 31, 2021, 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 and Associates, the unaudited financial statements and the other financial information of Subsidiary and 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, 2021, of its consolidated profit and consolidated cash flows for the year ended on that date.

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

- I. We draw attention to Note No. 15 of "Annexure I- Additional Notes" to the consolidated financial statements regarding the impact of COVID-19 pandemic on the Bank's operations and asset quality, which would depend on the future developments, which are highly uncertain.
- II. 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 9 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 matters.

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, 2021. 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.

Description of Key Audit Matters

Sl. No.	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)	
(i)	<p>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'), including circulars in relation to COVID-19 Regulatory Package – Asset Classification and Provisioning.</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 made on advances considering the current uncertain economic environment arising out of COVID-19 pandemic.

Sl. No.	Key Audit Matter	How our audit addressed the Key Audit Matters
	<p>The identification of performing and nonperforming advances 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 non-performing asset ('NPA') 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>Further, due to the various COVID-19 pandemic restrictions imposed by the Government / Local Authorities during the period of our audit, audit could not be conducted by physically visiting the premises of certain verticals/offices and Branches of the Bank. Accordingly, our audit procedures were required to be modified to carry out the audit remotely.</p> <p>Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions arising out of COVID-19 pandemic) 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; • Could not be entirely covered through personal visits/ physical interaction with relevant branch staff as originally planned; <p>We have ascertained this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> • Understanding the key controls (including application 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 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 Internal Audit and Concurrent Audit as per the policies and procedures of the Bank. vi. Examination of advances including stressed advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines. <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 after considering the key input factors and compared our measurement outcome to that prepared by management.</p> <p>Wherever physical access to branches was not possible due to restrictions arising from COVID-19 pandemic, we modified our audit procedures to cover review of sample advances based on scanned records/ reports/ documents/ certificates made available to us by the Bank through digital medium, emails and remote access to CBS and other relevant application software over Bank's network. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period. These audit procedures were supplemented, where relevant, by gathering further evidence through enquiries and discussions with relevant Bank staff using Video Conferencing/ phone calls/ emails and similar communication channels.</p>

Sl. No.	Key Audit Matter	How our audit addressed the Key Audit Matters
(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>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;
(iii)	Information Technology ('IT') Systems and Controls for financial reporting	<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 at Branches by officers of the Bank at reasonable intervals. • We have reviewed and relied on the Application Systems Audits carried by external consultants and IS audits done at the branches.
(iv)	Assessment of Provisions and Contingent Liabilities (Note 10 and Note 12 of Schedule XV to the consolidated financial statements)	<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;

Sl. No.	Key Audit Matter	How our audit addressed the Key Audit Matters
	<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>	<ul style="list-style-type: none"> Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice including opinion of the Bank's tax consultants; Review and analysis of 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 the 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.
- 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 such entities 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.

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, 2021 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 32 branches of the Holding Bank visited/audited by us including Bank's Head office which covers 95.52% of Advances, 99.52% of deposits and 100% of Borrowings of the Holding Bank as on 31st March 2021 and 95.14% of Interest income on advances, 99.34% of interest expense on deposits and 98.62% of interest expense on borrowings of the Holding Bank for the year ended 31st March 2021. These branches have been selected in consultation with the management of the Holding Bank. In conduct of our audit, we have

relied upon various information and returns received from remaining branches of the Holding Bank not visited by us and generated through centralized database at Bank's Head Office.

- II. We did not audit the financial statements of the Two Subsidiaries, whose financial statements reflect total assets of ₹56,48,13,230 as at March 31, 2021, total revenue of ₹12,80,94,170 and net cash flows amounting to ₹4,31,89,427 for the year then ended, as considered in the consolidated financial statements. The consolidated financial statements include Group's share of net loss of ₹12,21,69,927 for the year ended March 31, 2021 as considered in the consolidated financial statements, in respect of Three associates whose financial statements have not been audited by us. These financial statements/ financial information have been audited by other auditors, for the year ended March 31, 2021 in respect of the Two Subsidiaries and One Associate and for the year ended March 31, 2020 in respect of the Two Associates, whose reports 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 subsidiaries and associates, and our report is based solely on the report of the other auditors.
- III. We did not audit the financial statements of the One Subsidiary, whose financial statements reflect total assets of ₹2,30,33,57,81,555 as at March 31, 2021, Total revenue of ₹10,05,49,44,000 and net negative cash flows amounting to ₹40,75,09,93,455 for the year then ended, as considered in the consolidated financial statements. The consolidated financial statements also include share of Net loss of ₹1,80,27,355 for the year ended March 31, 2021 as considered in the consolidated financial statements, in respect of Three 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 subsidiaries and associates, is based solely on such unaudited financial statements. 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 Subsidiary and Associates consequent to their audit would not be material for the Group.
- IV. The consolidated financial statements of the Bank for the year ended March 31, 2020 were audited by

predecessor auditors whose report dated May 15, 2020 expressed an unmodified opinion on those consolidated financial statements.

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 25, 2021

Membership No. 133755
UDIN: 21133755AAAABX2637

Consolidated Balance Sheet

as at March 31, 2021

(Amount in ₹)

	March 31, 2021	March 31, 2020
CAPITAL AND LIABILITIES	Schedules	
Capital	I 5,31,92,20,310	5,31,92,20,310
Reserves, Surplus and Funds	II 2,15,99,74,22,124	1,90,99,72,09,992
Deposits	III 14,43,64,76,71,085	12,28,46,64,39,231
Borrowings	IV 3,90,90,19,08,226	5,55,26,26,04,342
Other Liabilities and Provisions	V 81,04,70,88,307	73,90,24,11,267
Deferred Tax Liability	-	-
Total	21,36,91,33,10,052	20,53,94,78,85,142
ASSETS		
Cash and Bank Balances	VI 2,30,76,75,40,365	1,67,48,39,13,036
Investments	VII 1,74,51,74,80,720	94,31,56,18,297
Loans & Advances	VIII 16,98,59,34,02,553	17,45,11,06,62,486
Fixed Assets	IX 2,78,11,70,106	2,87,28,92,360
Other Assets	X 30,25,37,16,308	44,16,47,98,963
Total	21,36,91,33,10,052	20,53,94,78,85,142
Contingent Liabilities	XI 59,50,61,36,098	76,13,98,91,761

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

Rajendra Agrawal
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

Ashish Gupta
Director

Place: Bengaluru
Date: May 25, 2021

Consolidated Profit & Loss Account

for the year ended March 31, 2021

(Amount in ₹)

		March 31, 2021	March 31, 2020
INCOME	Schedules		
Interest and Discount	XII	1,12,14,30,74,986	1,21,19,65,15,276
Other Income	XIII	9,29,57,83,352	10,79,07,90,942
Total		1,21,43,88,58,338	1,31,98,73,06,218
EXPENDITURE			
Interest & Financial charges		71,90,88,70,723	83,70,61,45,787
Operating Expenses	XIV	5,71,33,89,306	6,51,78,02,426
Provisions & Contingencies		9,43,00,01,542	10,13,16,71,331
Total		87,05,22,61,571	1,00,35,56,19,544
Profit before Tax		34,38,65,96,767	31,63,16,86,674
Provision for Income Tax		7,82,66,84,203	6,25,50,50,250
Deferred Tax Adjustment [(Asset) / Liability]		33,54,64,587	(9,68,48,721)
Share of (earning)/loss in associates		14,89,71,485	2,48,98,992
Profit after Tax		26,07,54,76,492	25,44,85,86,153
Profit brought forward		1,83,56,07,154	1,04,83,25,536
Total Profit / (Loss)		27,91,10,83,646	26,49,69,11,689
Appropriations			
Transfer to General Reserve		22,50,12,00,000	23,60,00,00,000
Transfer to Special reserve u/s 36(1)(viii) of The Income Tax Act, 1961		80,00,00,000	55,00,00,000
Transfer to Statutory Reserve u/s 45-IC of RBI Act, 1934		49,04,38,576	46,79,71,244
Others			
a) Transfer to Investment Fluctuation Reserve		-	33,59,018
Transfer to Staff Welfare Fund		4,10,00,000	3,00,00,000
Development Fund		-	-
Dividend on Shares		1,06,38,44,062	-
Tax on Dividend		-	99,74,273
Surplus in Profit & Loss account carried forward		3,01,46,01,008	1,83,56,07,154
Total		27,91,10,83,646	26,49,69,11,689
Basic/Diluted Earning Per Share		49.02	47.84
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**
Chartered Accountants
FRN.101569W

Rajendra Agrawal
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

Ashish Gupta
Director

Place: Bengaluru
Date: May 25, 2021

Schedules to Consolidated Balance Sheet

CAPITAL AND LIABILITIES

(Amount in ₹)

Schedule I: Capital	March 31, 2021	March 31, 2020
(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 (53,19,22,031 Equity Shares of ₹10/- each)	5,31,92,20,310	5,31,92,20,310
- Preference Share Capital	-	-
Total	5,31,92,20,310	5,31,92,20,310

(Amount in ₹)

Schedule II: Reserves, Surplus and Funds	March 31, 2021	March 31, 2020
A) Reserves		
i) General Reserve		
- Opening Balance	1,50,99,47,28,207	1,27,39,01,55,390
- Additions during the year	22,50,12,00,000	23,60,45,72,817
- Utilisations during the year	-	-
- Closing Balance	1,73,49,59,28,207	1,50,99,47,28,207
ii) Share Premium		
- Opening Balance	16,68,07,79,690	16,68,07,79,690
- Additions during the year	-	-
- Utilisations during the year	-	-
- Closing Balance	16,68,07,79,690	16,68,07,79,690
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	16,22,00,00,000	15,67,00,00,000
- Additions during the year	80,00,00,000	55,00,00,000
- Utilisations during the year	-	-
- Closing Balance	17,02,00,00,000	16,22,00,00,000
c) Statutory Reserve created u/s 45-IC of Reserve Bank of India Act.		
- Opening Balance	1,18,83,99,581	72,04,28,337
- Additions during the year	49,04,38,576	46,79,71,244
- Utilisations during the year	-	-
- Closing Balance	1,67,88,38,157	1,18,83,99,581

Schedules to Consolidated Balance Sheet

(Amount in ₹)

Schedule II: Reserves, Surplus and Funds	March 31, 2021	March 31, 2020
d) Other Reserves		
i) Investment Fluctuation Reserve		
- Opening Balance	1,14,93,45,043	1,14,59,86,025
- Additions during the year	-	33,59,018
- Utilisations during the year	-	-
- Closing Balance	1,14,93,45,043	1,14,93,45,043
B) Surplus in Profit and Loss account	3,01,46,01,008	1,83,56,07,154
C) Funds		
a) National Equity Fund		
- Opening Balance	2,65,61,42,832	2,65,23,89,862
- Additions / Write back during the year	-	37,52,970
- Utilisations during the year	-	-
- Closing Balance	2,65,61,42,832	2,65,61,42,832
b) Staff Welfare Fund		
- Opening Balance	25,22,07,485	24,74,30,617
- Additions during the year	4,10,00,000	3,00,00,000
- Utilisations during the year	1,14,20,298	2,52,23,132
- Closing Balance	28,17,87,187	25,22,07,485
c) Others	2,00,00,000	2,00,00,000
Total	2,15,99,74,22,124	1,90,99,72,09,992

(Amount in ₹)

Schedule III: Deposits	March 31, 2021	March 31, 2020
A) Fixed Deposits	50,04,64,96,085	31,77,53,39,231
B) From Banks		
a) Under MSME Refinance Fund	11,26,05,11,50,000	9,39,05,30,50,000
b) Under MSME Risk Capital Fund	10,00,00,00,000	10,00,00,00,000
c) Others -From Foreign & Private Sector Banks	-	-
d) Under MSME India Aspiration Fund	8,02,35,25,000	7,02,35,25,000
e) Under Fund for Venture Capital in MSME sector 2014-15	50,00,00,00,000	71,86,45,25,000
f) Under Priority Sector Shortfall	1,99,52,65,00,000	1,68,75,00,00,000
Subtotal (B)	13,93,60,11,75,000	11,96,69,11,00,000
Total	14,43,64,76,71,085	12,28,46,64,39,231

Schedules to Consolidated Balance Sheet

(Amount in ₹)

Schedule IV: Borrowings	March 31, 2021	March 31, 2020
I) Borrowings in India		
1. From Reserve Bank of India	-	-
2. From Government of India (including Bonds subscribed by GOI)	20,40,09,88,429	21,07,48,45,249
3. Bonds & Debentures	1,70,87,50,00,000	1,75,62,50,00,000
4. From Other Sources		
- Commercial Paper	38,75,00,00,000	49,50,00,00,000
- Certificate of Deposits	42,85,00,00,000	1,97,12,87,66,800
- Term Loans from Banks	48,14,20,83,006	14,36,35,43,399
- Term Money Borrowings	-	-
- Others	4,99,94,82,245	4,74,98,02,338
Subtotal (I)	3,26,01,75,53,680	4,62,44,19,57,786
II) Borrowings outside India		
(a) KFW, Germany	7,92,50,08,344	11,60,28,09,154
(b) Japan International Cooperation Agency (JICA)	20,87,89,58,963	34,07,23,44,393
(c) IFAD, Rome	1,10,10,79,766	1,15,34,15,466
(d) World Bank	33,21,79,18,293	43,46,01,15,739
(e) Others	1,76,13,89,180	2,53,19,61,804
Subtotal (II)	64,88,43,54,546	92,82,06,46,556
Total (I & II)	3,90,90,19,08,226	5,55,26,26,04,342

(Amount in ₹)

Schedule V: Other Liabilities and Provisions:	March 31, 2021	March 31, 2020
Interest Accrued	22,14,73,99,407	28,57,11,85,566
Provision for SIDBI Employees' Provident Fund	3,26,55,18,260	3,09,97,41,738
Provision for SIDBI Pension Fund	13,50,36,000	62,60,20,000
Provision for Employees' Other Benefit	2,50,67,34,898	1,94,40,37,449
Provisions for Exchange Rate Fluctuation	1,53,73,62,766	1,53,73,62,766
Contingent provisions against standard assets	11,65,00,62,425	6,91,08,26,929
Proposed Dividend (including tax on dividend)	1,06,38,44,062	-
Funds viz. Aspire Fund, FoF for Startups, PRF, PRSF etc.	12,33,11,61,527	8,49,58,08,897
Floating provision	10,99,96,00,000	10,99,96,00,000
Others (including provisions)	15,41,03,68,962	11,71,78,27,922
Total	81,04,70,88,307	73,90,24,11,267

(Amount in ₹)

Schedule VI: Cash & Bank Balances	March 31, 2021	March 31, 2020
1. Cash in Hand & Balances with Reserve Bank of India	6,63,600	6,30,354
2. Balances with Other Banks		
(a) In India		
i) in current accounts	93,19,80,206	31,51,18,718
ii) in other deposit accounts	2,26,83,65,49,330	1,63,12,09,26,795
(b) Outside India		
i) in current accounts	1,90,00,930	5,19,09,337
ii) in other deposit accounts	2,97,93,46,299	3,99,53,27,832
Total	2,30,76,75,40,365	1,67,48,39,13,036

Schedules to Consolidated Balance Sheet

(Amount in ₹)

Schedule VII: Investments [net of provisions]	March 31, 2021	March 31, 2020
A) Treasury operations		
1. Securities of Central and State Governments	36,25,12,72,542	4,91,62,54,874
2. Bonds & Debentures of Banks & Financial Institutions	5,24,16,82,049	7,39,95,25,696
3. Stocks, Shares, bonds & Debentures of Industrial Concerns	1,98,08,42,613	1,99,92,72,771
4. Mutual Funds	37,50,81,24,592	34,10,00,00,001
5. Commercial Paper	65,68,39,65,908	5,99,41,36,088
6. Certificate of Deposit	13,97,08,63,310	25,67,58,49,839
7. Others	-	-
Subtotal (A)	1,60,63,67,51,014	80,08,50,39,269
B) Business Operations		
1. Shares of Banks & Financial Institutions	1,84,97,71,142	1,82,22,71,142
2. Bonds & Debentures of Banks & Financial Institutions	5,65,33,000	5,65,33,000
3. Stocks, Shares, bonds & Debentures of Industrial Concerns	4,46,46,49,681	4,63,89,03,959
4. Investment in Subsidiaries	-	-
5. Investment in Venture Capital Fund - RCF	6,42,18,48,997	6,45,75,11,219
6. Others	1,08,79,26,886	1,25,53,59,708
Subtotal (B)	13,88,07,29,706	14,23,05,79,028
Total (A+B)	1,74,51,74,80,720	94,31,56,18,297

(Amount in ₹)

Schedule VIII: Loans & Advances [Net of Provisions]	March 31, 2021	March 31, 2020
A) Refinance to		
- Banks and Financial Institutions	14,31,27,54,73,388	14,95,23,02,04,547
- Micro Finance Institutions	26,99,06,19,241	29,33,28,48,488
- NBFC	1,24,28,41,94,906	1,20,61,81,13,099
- Bills Rediscounted	-	-
Subtotal (A)	15,82,55,02,87,535	16,45,18,11,66,134
B) Direct Loans		
- Loans and Advances	1,15,81,08,75,592	98,66,91,14,926
- Receivable Finance Scheme	23,22,39,426	1,26,03,81,426
- Bills Discounted	-	-
Subtotal (B)	1,16,04,31,15,018	99,92,94,96,352
Total (A+B)	16,98,59,34,02,553	17,45,11,06,62,486

Schedules to Consolidated Balance Sheet

(Amount in ₹)

Schedule IX: Fixed Assets [Net of Depreciation]	March 31, 2021	March 31, 2020
1. Premises	2,75,92,83,828	2,83,87,18,309
2. Others	2,18,86,278	3,41,74,051
Total	2,78,11,70,106	2,87,28,92,360

(Amount in ₹)

Schedule X: Other Assets	March 31, 2021	March 31, 2020
Accrued Interest	18,48,06,59,934	21,60,56,24,776
Advance Tax (Net of provision)	78,40,01,791	4,08,79,40,451
Staff Loans	1,69,52,27,467	1,58,42,29,160
Derivative Assets	5,83,74,04,868	9,06,83,52,248
Expenditure to the extent not written off	1,94,24,53,524	5,52,43,75,070
Others	1,51,39,68,724	2,29,42,77,258
Total	30,25,37,16,308	44,16,47,98,963

(Amount in ₹)

Schedule XI: CONTINGENT LIABILITIES	March 31, 2021	March 31, 2020
i) Claims against the Bank not acknowledged as debts	5,06,41,82,735	5,74,27,63,852
ii) On account of Guarantees / Letters of Credit	20,23,30,137	46,99,22,915
iii) On account of Forward Contracts	21,81,77,727	5,79,87,607
iv) On account of Underwriting Commitments	-	-
v) On account of uncalled monies on partly paid shares, debentures & undrawn commitment under VCF etc.	17,46,36,734	5,19,13,80,042
vi) On account of derivative contracts	53,84,68,08,765	64,67,78,37,345
vii) Other items for which the Bank is contingently liable	-	-
Total	59,50,61,36,098	76,13,98,91,761

Schedules to Consolidated Profit & Loss Account

(Amount in ₹)

Schedule XII: Interest and Discount	March 31, 2021	March 31, 2020
1. Interest and Discount on Loans, Advances and Bills	95,55,49,76,984	1,10,02,35,82,062
2. Income on Investments / Bank balances	16,58,80,98,002	11,17,29,33,214
Total	1,12,14,30,74,986	1,21,19,65,15,276

(Amount in ₹)

Schedule XIII: Other Income:	March 31, 2021	March 31, 2020
1. Upfront and Processing Fees	40,28,86,367	57,92,69,491
2. Commission and Brokerage	83,89,829	1,25,57,895
3. Profit on sale of Investments	1,27,43,88,726	4,01,85,64,459
4. Income earned by way of dividends etc. from Subsidiaries / Associates	25,50,000	12,75,000
5. Provision of Earlier Years written Back	5,96,524	-
6. Recoveries out of Bad Debts	1,42,52,18,289	1,02,21,91,305
7. Reversal of Provisions/ERFF under FCL	5,17,85,60,369	3,71,15,35,404
8. Others	1,00,31,93,248	1,44,53,97,388
Total	9,29,57,83,352	10,79,07,90,942

(Amount in ₹)

Schedule XIV: Operating Expenses	March 31, 2021	March 31, 2020
Payments to and provisions for employees	3,90,39,87,544	3,94,77,42,252
Rent, Taxes and Lighting	15,10,55,154	17,31,83,525
Printing & Stationery, Postage/Courier & Tele and Insurance	1,39,17,644	1,99,94,705
Advertisement and Publicity	2,91,30,216	38,31,97,069
Depreciation / Amortisation on Bank's Property	24,08,96,441	18,36,84,906
Directors' fees, allowances and expenses	56,65,658	56,56,120
Auditor's Fees	36,96,387	33,64,757
Law Charges	1,90,74,526	1,84,04,109
Repairs and maintenance	12,09,70,459	17,23,03,019
Issue Expenses	42,82,499	12,40,21,740
Capital Commitment, Management Fees etc.	1,49,78,690	7,70,27,713
Input Tax Credit not Available	9,30,45,281	12,40,21,740
Other Expenditure	1,11,26,88,807	1,28,52,00,771
Total	5,71,33,89,306	6,51,78,02,426

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 2020-21 and 2019-20 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 2020-21 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
- 6) APTICO Limited

Associates included in consolidated financial statements for FY 2019-20 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
- 6) APTICO Limited
- 7) India SME Technology Services Limited (Under liquidation in FY 21)

Consolidated financial statements of the Group (comprising of 3 subsidiaries, 6 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 usance 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 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 etc. from Borrowers are accounted on cash basis.
- xiv. Commission on LC/ BG are recognized on accrual basis proportionately over the period.
- xv. MUDRA - Administrative income on Interest Subvention Scheme is accounted for on accrual basis as percentage of work completed.
- xvi. 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.
- xvii. 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 ₹)

Sl. No.	Name of the subsidiary	Country of Incorporation	Proportion of ownership*	Profit/Loss for the year ended	
				31-Mar-21	31-Mar-20
1	SIDBI Venture Capital Ltd.(SVCL)	India	100%	4,75,54,472	3,18,16,213
2	SIDBI Trustee Company Ltd.(STCL)	India	100%	50,02,018	51,13,156
3	Micro Units Development & Refinance Agency Ltd (Mudra Ltd)	India	100%	2,45,21,92,879	2,32,81,74,046
Total				2,50,47,49,369	2,36,51,03,415

Financial statements of all the subsidiaries are audited for FY 2021 except Mudra Ltd. unaudited for FY 2021.

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

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

(Amount in ₹)

Sl. 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-21	31-Mar-20			31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
1	Acuite 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	3,60,22,888	2,75,32,675	9,56,58,508	5,96,35,620
2	India SME Asset Reconstruction Company Limited ^[2]	26.00 [3]	26.00 [3]	Asset Reconstruction Company	26,00,00,000	26,00,00,000	26,00,00,000	16,43,292	(2,22,31,686)	3,32,85,178	3,16,41,887
3	Delhi Finance Corporation ^[4]	23.71	23.71	State Financial Corporation	3,13,87,500	3,13,87,500	3,13,87,500	(10,04,72,015)	(51,43,321)	(3,66,375)	10,01,05,640
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	11,25,00,000	(1,64,89,459)	(2,37,70,722)	(7,75,58,399)	(6,10,68,940)
5	APITCO LIMITED ^[4]	41.29	41.29	Technical consultancy Organisation	80,10,000	54,70,975	54,70,975	(52,08,453)	30,96,682	3,45,22,441	3,97,30,893
6	KITCO LIMITED ^[5]	49.77	49.77	Technical consultancy Organisation	4,90,00,000	24,95,296	24,95,296	(5,56,93,535)	(41,60,282)	21,98,57,900	27,55,51,435
7	India SME Technology Services Limited (included in consolidated financial statements of previous financial year 2019- 20) ^[7]	22.73	22.73	Technology Support to SME's	1,00,00,000	1	1,00,00,000	(87,74,203)	(2,22,338)	-	87,74,203
Total						50,03,53,772	47,28,53,771	(14,89,71,485)	(2,48,98,992)	30,53,99,253	45,43,70,738

- 1 (i) Share of Profit/(loss) of (₹ 14,89,71,485) (Previous Year ₹ 2,48,98,992/-) is debited to Consolidated Profit & Loss statement under the head "Share of (earning)/loss in associates" for year ending March 2021.
- (ii) Share in Reserves of Associates of ₹30,53,99,253 (Previous Year ₹45,43,70,738/-) is Included in Schedule II - Reserve, Surplus and Funds of the Consolidated Balance Sheet for year ending March 2021.

2. Acuite Ratings Pvt. Ltd and India SME Asset Reconstruction Company Limited's figures are based on unaudited financial statements for year ending March 2021.
 3. Includes 11% holding by SVCL (100% subsidiary of SIDBI).
 4. Delhi Finance Corporation and APITCO Limited's figures are based on audited financial statements for the year ending March 31, 2020.
 5. Receivables Exchange of India Limited's figures are based on audited financial statements as per IND AS for the year ending March 2021.
 6. KITCO Limited's figures are based on un-audited financial statements as per IND AS for the year ending March 2021.
 7. India SME Technology Services Limited., an associate in which SIDBI is having 22.73% stake (Investment Cost: ₹1,00,00,000), is under liquidation and therefore, not being considered for consolidation in preparation of Consolidated Financial Statements for FY 2020-21 as per Accounting Standard 21. SIDBI has made full provision on investment in this associate in its financial statements for year ending March 2021. Further, as a matter of prudence, the carried forward Share of reserves in this associate of ₹87,74,203 is debited to Consolidated Profit & Loss statement 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 ₹)

Sl. No.	Name of the Associate	(%) Holding		Description	Investment	Diminution in value of Investment	
		31-Mar-21	31-Mar-20			31-Mar-21	31-Mar-20
1	BSFC	48.43	48.43	State Financial Corporation	18,84,88,500	(18,84,88,500)	(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	21,67,59,000	(21,67,59,000)	(21,67,59,000)
Total					70,94,41,100	(70,94,41,100)	(70,94,41,100)

The figures for SFC's other than MSFC, PFC and UPSFC are based on audited results for the year ended March 31,2020. Regarding MSFC and PFC, figures are based on audited results for the year ended March 31, 2016 and March 31, 2018 respectively. In respect of UPSFC, provisional 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 ₹)

Sl. No.	Name of the Associate	(%) Holding		Description	Investment	
		31-Mar-21	31-Mar-20		31-Mar-21	31-Mar-20
1	Bihar Industrial and Technical Consultancy Organisation Ltd.	49.25	49.25	Technical Consultancy Organisation	1	1
2	North Eastern Industrial and Technical Consultancy Organisation	43.44	43.44	Technical Consultancy Organisation	1	1
3	Orissa Industrial and Technical Consultancy Organisation Ltd.	49.42	49.42	Technical Consultancy Organisation	1	1
					3	3

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 ₹24,08,96,441/- (Previous Year ₹18,36,84,906/-) included in Consolidated Financial Statements, ₹5,02,713/- being 0.21% (Previous Year ₹9,67,513/- being 0.53%) 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-21	31-Mar-20
Employer's contribution to Provident fund	7,90,27,233	8,01,88,984
Employer's contribution to New Pension Scheme	2,69,44,564	2,47,85,687

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

(₹ crore)

	Pension		Gratuity	
	FY 2021	FY 2020	FY 2021	FY 2020
1. Assumptions				
Discount Rate	6.85%	7.00%	6.35%	7.00%
Rate of Return on Plan Assets	6.85%	7.00%	6.35%	7.00%
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	529.88	439.65	99.64	91.36
Interest Cost	30.78	34.20	6.54	6.63
Current Service Cost	14.92	13.79	5.68	5.18
Past Service Cost (Non Vested Benefit)	0.00	0.00	0.00	0.00
Past Service Cost (Vested Benefit)	0.00	0.00	0.00	0.00
Liability Transferred in	0.00	0.00	0.00	0.00
(Liability Transferred out)	0.00	0.00	0.00	0.00
(Benefit Paid)	(32.86)	(35.02)	(9.75)	(11.07)
Actuarial (gain) / loss on obligations	10.78	77.26	4.59	7.54
Liability at the end of the year	553.50	529.88	106.70	99.64
3. Tables of Fair value of Plan Assets				
Fair Value of Plan Assets at the beginning of the year	468.69	410.23	108.15	110.98
Expected Return on Plan Assets	33.96	33.28	7.24	8.06
Contributions	32.86	35.02	0.22	0.09
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)	(32.86)	(35.02)	(9.75)	(11.07)
Actuarial gain / (loss) on Plan Assets	(1.15)	25.18	(0.13)	0.09
Fair Value of Plan Assets at the end of the year	501.50	468.69	105.73	108.15

(₹ crore)

	Pension		Gratuity	
	FY 2021	FY 2020	FY 2021	FY 2020
4. Table of Recognition of Actuarial Gains/ Losses				
Actuarial (Gains)/ Losses on obligation for the period	10.78	77.26	4.59	7.54
Actuarial (Gains)/ Losses on asset for the period	1.15	(25.18)	0.13	(0.09)
Actuarial (Gains)/ Losses recognized in Income & Expense Statement	11.93	52.08	4.72	7.45
5. Actual Return on Plan Assets				
Expected Return on Plan Assets	33.96	33.28	7.24	8.06
Actuarial Gain / (Loss) on Plan Assets	(1.15)	25.18	(0.13)	0.09
Actual Return on Plan Assets	32.81	58.46	7.11	8.15
6. Amount Recognised in the Balance Sheet				
Liability at the end of the year	(553.50)	(529.88)	(106.70)	(99.64)
Fair Value of Plan Assets at the end of the year	501.50	468.69	105.73	108.15
Difference	(52.00)	(61.19)	(0.97)	8.51
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	(52.00)	(61.19)	(0.97)	8.51
7. Expenses Recognised in the Income Statement				
Current Service Cost	14.92	13.79	5.68	5.18
Interest Cost	30.78	34.20	6.54	6.63
Expected Return on Plan Assets	(33.96)	(33.28)	(7.24)	(8.06)
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	11.93	52.08	4.72	7.45
Expense Recognised in Profit & Loss account	23.67	66.79	9.70	11.20
8. Balance Sheet Reconciliation				
Opening Net Liability	61.19	29.42	(8.51)	(19.62)
Expense as above	23.67	66.79	9.70	11.20
Employers Contribution	(32.86)	(35.02)	(0.22)	(0.09)
Amount recognised in the Balance Sheet	52.00	61.19	0.97	(8.51)

9. Other Details

Salary escalation is considered as advised by the Bank which is in line with the industry practice considering promotion, demand and supply of the employees.

(₹ crore)

	Pension		Gratuity	
	FY 2021	FY 2020	FY 2021	FY 2020
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	501.50	468.69	105.73	108.15
Other	0.00	0.00	0.00	0.00
Total	501.50	468.69	105.73	108.15

11. Experience Adjustment

(₹ crore)

Particulars	Pension					Gratuity				
	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
On Plan Liability (Gain)/ Loss	(1.14)	46.87	(22.03)	66.81	(5.53)	(0.43)	3.28	(19.71)	10.18	(7.91)
On Plan Asset (Loss)/Gain	(1.15)	25.17	(2.32)	0.32	0.58	0.13	(0.09)	(0.35)	(0.10)	0.29

- (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)

Sl. No.	Particulars	As on March 31, 2021	As on March 31, 2020
1	Ordinary Leave Encashment	25.26	23.43
2	Sick Leave	0.34	(4.91)
3	Resettlement Expenses	(0.29)	0.12
4	Post Retirement Medical Scheme Facilities	4.16	10.50

(ii) SVCL

During the year, the Company has contributed a sum of ₹4,21,596/- (previous year - ₹6,41,977/-) to the SIDBI Venture Capital Limited Employees' Group Gratuity Assurance Scheme (Trust) for its employees.

(Amount in ₹)

Details	Post Employment Benefits	Post Employment Benefits
	FY 2021	FY 2020
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	77,75,429	69,31,504
Fair value of plan assets	76,04,491	70,32,386
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	76,04,491	70,32,386

(Amount in ₹)

Details	Post Employment Benefits	Post Employment Benefits
	FY 2021	FY 2020
Movement in net liability:		
Opening net liability	(1,00,882)	(2,39,914)
Expenses	6,93,416	7,81,009
Contribution	(4,21,596)	(6,41,977)
Closing net liability	1,70,938	(1,00,882)
Expenses recognized in statement of profit & loss		
Current service cost	3,16,508	3,75,677
Interest cost	4,80,353	4,60,142
Expected return on plan assets	(4,87,344)	(4,79,191)
Expected return on reimbursement rights	N.A.	N.A.
Actuarial gains / (losses)	(3,83,899)	(4,24,381)
Total expenses recognized in statement of profit & loss	6,93,416	7,81,009
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	6.93%	7.94%
Expected rate of returns on plan assets	6.93%	7.94%
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 (2006-08)	Indian Assured Lives Mortality (2006-08)
Disability	Nil	Nil
Attrition	2.00%	2.00%
Retirement age	60 Years	60 Years

(iii) MUDRA

- (a) All the employees are on deputation from Small Industries 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 ₹19.61 Lakh (March 2020 : ₹20.54 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 there is 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, 2021	March 31, 2020
Net Profit considered for EPS calculation	26,07,54,76,492	25,44,85,86,153
Weighted Average Number of equity shares of face value ₹10 each	53,19,22,031	53,19,22,031
Earning per share	49.02	47.84

*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 ₹33,54,64,587 as Deferred Tax Liability (Previous year - Deferred Tax Asset was ₹9,68,48,720/-) in the Profit & Loss Account for the year ended March 31, 2021.

The Break up of Deferred Tax Asset/ (Liability) as on March 31, 2021 is as under :

(Amount in ₹)

Sl. No.	Timing Difference	FY 2020-21 (₹)	FY 2019-20 (₹)
		Deferred Tax Asset/(Liability)	Deferred Tax Asset/(Liability)
1	Provision for Depreciation	67,00,765	37,17,630
2	Special Reserve u/s 36(1)(viii) of the Income Tax Act 1961	(3,71,54,81,342)	(3,52,02,16,577)
3	Provisions for Bad & Doubtful Debts	65,68,80,198	1,20,50,72,585
4	Amortisation of Premium on GOI Bonds	(1,06,49,427)	(2,12,98,854)
5	Provision for Restructuring of Accounts	54,95,443	1,63,22,587
6	Brought Forward Long Term Capital Loss	-	-
7	Provision for Non Performing Investment	-	-
8	Provision for Standard Assets	2,93,20,85,788	1,64,85,24,603
9	Others	64,59,94,738	1,52,43,68,776
	Net deferred tax Asset/(Liability)	52,10,26,163	85,64,90,750

- 8 Estimated amount of contracts remaining to be executed on capital account not provided for (net of advance paid) is ₹75,66,907/-(Previous year ₹21,02,888/-)

9 Prudential Framework for Resolution of Stressed Assets:

The number of cases where the Bank has implemented the Resolution Plan (RP) as per RBI circular dated June 7, 2019 for Prudential Framework for Resolution of Stressed Assets is "NIL". Further, the accounts, where the resolution period was extended in terms of RBI Circular dated April 17, 2020 on "COVID-19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets" is "Nil".

In terms of RBI Circular dated August 06, 2020 on "Resolution Framework for COVID-19-related Stress" where the Bank has implemented resolution plan, disclosures as per the format prescribed in Format-A of said circular for the quarter ending March 31, 2021 is as below:-

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	---	---	---	---	---
Corporate persons*	7 Accounts (pertaining to a single Borrower)	17.30	0	1.55 (FITL)	3.46
Of which MSMEs	7 Accounts (pertaining to a single Borrower)	17.30	0	1.55 (FITL)	3.46
Others					
Total	7 Accounts (pertaining to a single Borrower)	17.30	0	1.55 (FITL)	3.46

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

- 10 In accordance with the COVID-19 Regulatory Packages announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Bank, in accordance with its Board approved policy, offered a moratorium on the repayment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period. The disclosures as required by RBI circular dated April 17, 2020 are given below:

Particulars	Amount (₹ in crore)
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular (as of February 29, 2020)	620.66
Respective amount where asset classification benefit is extended (Positions as on September 30, 2020)	53.47
Provisions made in terms of para 5 of the circular	27.99
Provisions adjusted against slippages in terms of paragraph 6 of the circular	27.99
Residual provisions as of March 31, 2021 in terms of paragraph 6 of the circular	-

11 Contingent Liabilities referred to in Schedule XI

Contingent liabilities of ₹5,06,41,82,735 (Previous Year ₹574,27,63,852) represents income tax /service tax /legal cases filed against SIDBI. This is being disputed by the Bank and based on expert's opinion, the provision is not considered necessary. It includes an amount of ₹239,54,59,323 (Previous Year ₹173,22,02,927) pertaining to appeals filed by Income Tax Department against the Bank.

- 12 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.
- 13 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, 2017.

(Amount in ₹)

Particulars	FY 2021	FY 2020
	Wage Arrears / Incentive	Wage Arrears / Incentive
Opening Balance	76,00,00,000	34,00,00,000
Additions:		
Arrears	31,63,00,000	42,00,00,000
Incentive	-	-
Utilisations:		
Write back	-	-
Closing Balance	1,07,63,00,000	76,00,00,000

14 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. The MSME accounts restructured under these guidelines are as under:

No. of accounts restructured	Amount (₹ in crore)
743	703.01

- 15 The extent to which the COVID-19 pandemic, including the current "second wave" witnessed in India, will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain.
- 16 In view of the above, the Bank, as a prudent measure has made additional standard assets provisions of ₹174 crore on certain segments of the portfolio which were considered as stressed based on its internal assessment.

- 17** In terms of Honourable Supreme Court interim order dated September 03, 2020, the Bank did not classify any account which was not NPA as on August 31, 2020 as per the RBI Prudential norms on IRAC pertaining to advances as NPA after August 31, 2020. Pending disposal of the case, the Bank, as a matter of prudence, had made in respect of these accounts a contingent provision.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms. "

- 18** In accordance with the instructions contained in RBI circular dated April 07, 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not. Accordingly, an amount of ₹4.72 crore to be refunded / adjusted to such borrowers as per the methodology finalised by the Indian Banks Association (IBA) for calculation of the amount of such 'interest on interest' is recognised as a charge in Profit and Loss Account for the year ended March 31, 2021.

- 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 Ind-AS Financial Statements. The Bank has already submitted IGAAP converted proforma Ind AS financial statements to RBI up to HYE September 30, 2020 as per the above circular.

- 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

(₹ crore)

Sl. No.	Particulars	FY 2020-21	FY 2019-20
i)	Common Equity*	Not Applicable	Not Applicable
ii)	Additional Tier 1 capital*	Not Applicable	Not Applicable
(iii)	Total Tier 1 capital	22,650.64	19,873.61
(iv)	Tier 2 capital	740.56	691.08
v)	Total Capital (Tier 1+Tier 2)	23,391.20	20,564.69
vi)	Total Risk Weighted Assets (RWAs)	78,712.08	72,454.94
vii)	Common Equity Ratio (Common Equity as a percentage of RWAs) *	Not Applicable	Not Applicable
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	28.78%	27.43%
ix)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	29.72%	28.38%
x)	Percentage of the shareholding of the Government of India	15.40	15.40
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 2020-21	FY 2019-20
Provisions towards Standard Assets (cumulative)	1,165.01	691.08

(b) Floating Provisions

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
Opening balance in the floating provisions account	1,099.96	1,348.53
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	248.57*
Closing balance in the floating provisions account	1,099.96	1,099.96

*Amount was utilised for making NPA/NPI provisions as per the Bank's Board approved policy on floating provision.

3 Asset Quality and specific provisions

(a) Non-Performing Advances

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(i) Net NPAs to Net Advances (%)	0.11%	0.42%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1,111.91	867.91
(b) Additions during the year	147.11	942.63
(c) Reductions during the year	900.34	698.63
(d) Closing balance	358.68	1,111.91
(iii) Movement of Net NPAs		
(a) Opening balance	729.71	292.55
(b) Additions during the year	(413.85)	516.84
(c) Reductions during the year	130.61	79.68
(d) Closing balance	185.25	729.71
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	453.26	575.35
(b) Provisions made during the year	495.19	500.18
(c) Write-off / write back of excess provisions	775.03	622.27
(d) Closing balance	173.42	453.26

(b) Non-Performing Investments

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(i) Net NPIs to Net Investments (%)	0.00%	3.02%
(ii) Movement of NPIs (Gross)		
(a) Opening balance	628.62	1,577.17
(b) Additions during the year	1.00	0.01
(c) Reductions during the year	285.00	948.56
(d) Closing balance	344.62	628.62
(iii) Movement of Net NPIs		
(a) Opening balance	285.00	993.44
(b) Additions during the year	0.00	0.00
(c) Reductions during the year	285.00	708.44
(d) Closing balance	0.00	285.00
(iv) Movement of provisions for NPIs (excluding provisions on standard assets)		
(a) Opening balance	628.62	868.73
(b) Provisions made during the year	1.00	708.45
(c) Write-off / write back of excess provisions	285.00	948.56
(d) Closing balance	344.62	628.62

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

(₹ crore)

Particulars	FY 2020-21	FY2019-20
(i) Net NPAs to Net Assets (Advances + Investments) (%)	0.10%	0.55%
(ii) Movement of NPAs (Gross Advances + Gross Investments)		
(a) Opening balance	1,740.54	2,445.08
(b) Additions during the year	148.11	942.64
(c) Reductions during the year	1,185.34	1,647.18
(d) Closing balance	703.31	1,740.54
(iii) Movement of Net NPAs		
(a) Opening balance	1,014.70	1,285.98
(b) Additions during the year	(698.84)	516.84
(c) Reductions during the year	130.61	788.12
(d) Closing balance	185.25	1,014.70
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	1,081.89	1,444.09
(b) Provisions made during the year	502.89	1,208.63
(c) Write-off / write back of excess provisions	1,066.73	1,570.83
(d) Closing balance	518.05	1,081.89

3 (d) Disclosure of Restructured Accounts

₹ in crore

Sl. No.	Type of Restructuring → Asset Classification →	Under SME Debt Restructuring Mechanism			Others			Total				
		Standard	Sub-Standard	Total	Standard	Sub-Standard	Total	Standard	Sub-Standard	Total		
	Details ↓											
1	Restructured Accounts as on April 1 of the FY (opening figures)*	-	-	-	15	10	14	-	15	14	-	39
	Amount outstanding	-	-	-	42.14	46.63	48.32	-	137.09	48.32	-	137.09
	Provision thereon	-	-	-	0.56	2.03	0.23	-	2.82	0.23	-	2.82
2	Fresh restructuring during the year	-	-	-	8	7	1	-	16	8	1	16
	Amount outstanding	-	-	-	43.53	20.82	4.59	-	68.94	43.53	4.59	68.94
	Provision thereon	-	-	-	-	1.09	-	-	1.09	-	-	1.09
3	Upgradations to restructured standard category during the FY	-	-	-	1	(1)	-	-	-	1	(1)	0
	Amount outstanding	-	-	-	1.83	(1.83)	-	-	-	1.83	(1.83)	-
	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	-	-	-	(8)	-	-	-	(8)	(8)	-	(8)
	Amount outstanding	-	-	-	(34.20)	-	-	-	(34.20)	(34.20)	-	(34.20)
	Provision thereon	-	-	-	(0.01)	-	-	-	(0.01)	(0.01)	-	(0.01)
5	Downgradations of restructured accounts during the FY	-	-	-	(2)	(5)	7	-	-	(2)	(5)	7
	Amount outstanding	-	-	-	(1.59)	(33.29)	34.88	-	-	(1.59)	(33.29)	34.88
	Provision thereon	-	-	-	(0.01)	(2.44)	2.45	-	-	(0.01)	(2.44)	2.45
6	Write-offs of restructured accounts during the FY#	-	-	-	(4)	(1)	(11)	-	(16)	(4)	(11)	(16)
	Amount outstanding	-	-	-	(6.85)	(1.50)	(12.10)	-	(20.45)	(6.85)	(1.50)	(20.45)
	Provision thereon	-	-	-	(0.16)	(0.05)	(2.05)	-	(2.26)	(0.16)	(0.05)	(2.26)
7	Restructured Accounts as on March 31 of the FY (closing figures)*	-	-	-	44.86	30.83	75.69	-	151.38	44.86	30.83	75.69
	Amount outstanding	-	-	-	44.86	30.83	75.69	-	151.38	44.86	30.83	75.69
	Provision thereon	-	-	-	0.38	0.63	0.63	-	1.64	0.38	0.63	1.64

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

including reduction in restructured accounts.

(e) Movement of Non-performing assets

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
Gross NPAs as on opening date of accounting period (Opening Balance)	1,396.91	1,152.91
Additions (Fresh NPAs) during the year	147.11	942.62
Sub total (A)	1,544.02	2,095.53
Less :-		
(i) Upgradations	20.04	50.90
(ii) Recoveries (excluding recoveries made from upgraded accounts)	119.68	88.43
(iii) Technical / Prudential Write-offs	760.62	558.18
(iv) Write-offs other than those under (iii) above	285.00	1.11
Sub total (B)	1,185.34	698.62
Gross NPAs as on 31st March of following year (Closing Balance) (A-B)	358.68	1,396.91

(f) Write-offs and recoveries

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
Opening balance of Technical / Prudential written off accounts as at April 1	2,007.01	1,563.29
Add : Technical / Prudential write-offs during the year	760.62	558.18
Sub total (A)	2,767.63	2,121.47
Less : Actual write-off	0.00	12.24
Less : Recoveries made from previously technical / prudential written off accounts during the year	142.75	102.22
Sub total (B)	142.75	114.46
Closing balance as at March 31 (A-B)	2,624.88	2,007.01

(g) Overseas Assets, NPAs and Revenue

Particulars	FY 2020-21	FY 2019-20
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

(h) Depreciation and provisions on investments

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(1) Investments		
(i) Gross Investments	17,786.59	10,066.31
(a) In India	17,786.59	10,066.31
(b) Outside India		
(ii) Provisions for Depreciation	365.38	634.74
(a) In India	365.38	634.74
(b) Outside India		
(iii) Net Investments	17,421.21	9,431.57
(a) In India	17,421.21	9,431.57
(b) Outside India		

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	291.12	291.25
(ii) Add: Provisions made during the year	14.64	7.28
(iii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	-	7.08
(iv) Less: Write-off / write back of excess provisions during the year	(285.00)	-
(v) Less: Transfer, if any, to Investment Fluctuation Reserve Account*	-	7.41
(vi) Closing balance	20.76	291.12

(i) Provisions and Contingencies

(₹ crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	FY 2020-21	FY 2019-20
Provisions for depreciation/NPI on Investment [#]	15.64	704.09
Provision towards NPA [@]	439.44	189.57
Provision made towards Income tax (Including Deferred Tax Assets/Liability)	816.21	615.81
Other Provision and Contingencies (with details) [§]	487.92	119.28

@ net of restructuring provision

§ includes provision for standard asset.

(j) Provisioning Coverage Ratio (PCR)

	FY 2020-21	FY 2019-20
Provisioning Coverage Ratio (PCR)*	93.41%	80.35%

* Floating provision has not been considered while calculating PCR.

(k) Provisioning pertaining to Fraud Accounts

	FY 2020-21
No. of frauds reported during the year	6
Amount involved in fraud (₹ in crore)	335.54
Amount involved in fraud net of recoveries/write-offs/unrealised interest as at the end of the year (₹ in crore)	297.28
Provision made during the year (₹ in crore)	195.60
Provision held as at the end of the year for the above accounts (₹ in crore)	297.28
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

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2021
Securities sold under repo				
i. Government securities	-	1,024.92	59.11	499.95
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government securities	-	17,677.11	5,132.33	4,054.99
ii. Corporate debt securities	Nil	Nil	Nil	Nil

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2020
Securities sold under repo				
i. Government securities	-	529.93	71.52	474.98
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government securities	-	10,795.99	2,435.11	50.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil

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

(₹ crore)

Issuer	Amount	Amount of			Unlisted securities
		Investment made through private placement	Below Investment Grade Securities Held	Unrated securities held	
(1)	(2)	(3)	(4)	(5)	(6)
PSUs	637.55	438.44	-	-	-
FIs	250.56	147.67	-	78.55	103.00
Banks	8,093.98	10.00	-	103.50	103.50
Private Corporates	426.08	175.80	-	364.05	355.16
Subsidiaries/Joint ventures	0.00	0.00	-	0.00	0.00
Others	4,783.40	1,019.46	-	1,019.46	4,770.27
Provision held towards depreciation	(364.07)	-	-	-	-
Total	13,827.50	1,791.37	-	1,565.56	5,331.93

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

During the current FY, there was no shifting of investments to/from HTM category.

5 Details of Financial Assets purchased/ sold

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

(i) Details of Sales

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(i) No. of accounts (borrower)	Nil	1
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	0.56#
(iii) Aggregate consideration	Nil	3.72 (Cash-0.56)
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	5.24
(v) Aggregate gain / loss over net book value	Nil	5.80

only cash component has been considered.

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

(₹ crore)

Particulars	Book value of investments in security receipts	
	FY 2020-21	FY 2019-20
(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:

Particulars	FY 2020-21	FY 2019-20
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 2020-21	FY 2019-20
No. of accounts sold	Nil	1
Aggregate outstanding	Nil	6.77
Aggregate consideration received	Nil	3.72 (Cash-0.56)

6 Operating Results

Particulars	FY 2020-21	FY 2019-20
(i) Interest income as a percentage to average working funds	5.57	6.47
(ii) Non-interest income as a percentage to average working funds	0.46	0.58
(iii) Operating profit as a percentage to average working funds (before provisions)	2.18	2.23
(iv) Return on average assets (before provisions for taxation)	1.71	1.69
(v) Net Profit per employee (₹ crore)	2.50	2.43

7 Credit Concentration risk

(a) Capital market exposure

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
(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;	468.59	470.43
(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)	1,140.06	1,546.36
Total Exposure to Capital Market	1,608.65	2,016.79

(b) Exposure to Country risk

The net funded exposure of SIDBI with each country is within 1% of the total assets of the Bank and hence no provision is required to be made in respect of country risk as per the RBI guidelines.

(c) Prudential Exposure Limits - Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the AIFI

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

Sl. No.	PAN Number	Borrower Name	Industry Code	Industry Name	Sector	Amount Funded	Amount Non-Funded	Exposure as %age 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 :

Particulars	FY 2020-21		FY 2019-20	
	As % to Total Assets	As % to Capital funds	As % to Total Assets	As % to Capital funds
1 The largest single borrower	8.28	75.63	9.89	98.79
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	59.73	545.63	70.28	701.97
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)

Particulars	FY 2020-21		FY 2019-20	
	Amount. Outstanding	% to total loan assets	Amount. Outstanding	% to total loan assets
METAL PRODUCTS N.E.C.	977.27	0.63	865.67	0.52
AUTO ANCILLARIES	694.96	0.44	602.87	0.36
PLASTIC MOULDED GOODS	537.01	0.34	439.20	0.26
METAL PRODUCTS PARTS EXCEPT MACHINERY	515.72	0.33	473.29	0.29
TEXTILE PRODUCTS	475.59	0.30	338.89	0.20

(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 2020-21	FY 2019-20
Total borrowings from twenty largest lenders	1,51,599.34	1,34,526.27
Percentage of borrowings from twenty largest lenders to total borrowings	82.64%	75.42%

(ii) Concentration of Exposures

(₹ crore)

Particulars	FY 2020-21	FY 2019-20
Total advances to twenty largest borrowers	1,27,260.75	1,29,917.94
Percentage of advances to twenty largest borrowers to Total Advances	74.88%	74.45%
Total Exposure to twenty largest borrowers / customers	1,36,729.01	1,44,358.89
Percentage of exposures to twenty largest borrowers / customers to Total Exposure	70.49%	70.72%

(iii) Sector-wise concentration of exposures and NPAs

(₹ crore)

Sl. No.	Sector	FY 2020-21			FY 2019-20		
		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	1,54,828.92	282.31	0.18%	1,59,652.52	340.45	0.21%
	1 Central Government	-	-	-	-	-	-
	2 Central PSUs	-	-	-	-	-	-
	3 State Governments	-	-	-	-	-	-
	4 State PSUs	31.92	-	-	112.92	-	-
	5 Scheduled Commercial Banks	1,42,840.85	-	-	1,49,136.32	-	-
	6 Regional Rural Banks	254.77	-	-	273.78	-	-
	7 Co-operative banks	-	-	-	-	-	-
	8 Private sector (excluding banks)	11,701.38	282.31	2.41%	10,129.50	340.45	3.36%
II.	Micro-finance sector	2,699.06	16.09	0.60%	2,938.16	4.88	0.17%
III.	Others*	12,428.42	60.28	0.49%	12,373.66	766.58	6.20%
	Total (I+II+III)	1,69,956.40	358.68	0.21%	1,74,964.34	1,111.91	0.64%

* includes advances to NBFCs.

8 Derivatives

(a) Forward Rate Agreement / Interest Rate Swap

(₹ crore)

Sl. No.	Particulars	FY 2020-21	FY 2019-20
i)	The notional principal of swap agreements	215.67	256.84
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	9.73	12.93
iii)	Collateral required by the bank upon entering into swaps	Nil	Nil
iv)	Concentration of credit risk arising from the swaps	10.97	14.46
v)	The fair value of the swap book	9.73	12.93

The nature and terms of the IRS as on March 31, 2021 are set out below:

Sl. No.	Nature	Nos.	Notional Principal	Benchmark	Terms
1	Hedging	1	INR 215,66,65,938.00	6 M USD LIBOR	Fixed receivable V/s floating payable

The nature and terms of the IRS as on March 31, 2020 are set out below

Sl. No.	Nature	Nos.	Notional Principal	Benchmark	Terms
1	Hedging	1	INR 256,84,00,022.00	6 M USD LIBOR	Fixed receivable V/s floating payable

(b) Exchange Traded Interest Rate Derivatives

(₹ crore)

Sl. No.	Particulars	FY 2020-21	FY 2019-20
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

- 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 derivative structure is undertaken only after approval of the competent authority. The particulars of derivative details undertaken are also reported to ALCO/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.

(ii) Quantitative Disclosures

(₹ crore)

Sl. No.	Sector	FY 2020-21		FY 2019-20	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)	5,384.68	215.67	6,467.78	256.84
	(i) For hedging	5,384.68	215.67	6,467.78	256.84
	(ii) For trading	-	-	-	-
2	Marked to Market Positions [1]	360.81	9.73	645.81	12.93
	(i) Asset (+)	423.85	9.73	686.73	12.93
	(ii) Liability (-)	(63.04)	-	(40.92)	-
3	Credit Exposure [2]	635.21	10.96	999.34	14.46
4	Likely impact of one percentage change in interest rate (100* PV01)	86.83	(4.75)	131.06	(7.87)
	(i) On hedging derivatives	86.83	(4.75)	131.06	(7.87)
	(ii) On trading derivatives	-	-	-	-
5	Maximum and Minimum of 100*PV01 observed during the year	-	-	-	-
	(i) On hedging	467.38/1.09	(4.75)/(7.99)	186.29/131.05	(10.48)/(8.93)
	(ii) On trading	-	-	-	-

9 Disclosure of Letters of Comfort (LoCs) issued by AIFIs

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

(₹ crore)

LoCs outstanding as on April 01, 2020		LoC issued during the year		LoCs redeemed during the year		LoCs outstanding as on March 31, 2021	
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	148	12	5,725	19,126	22,163	85,666	512	366	1,33,718
Advances	13,633	2,519	23,572	16,739	39,780	68,787	4,427	431	1,69,888
Investments	3,552	3,238	4,033	8,016	5,505	402	243	3,515	28,504
Borrowings	5,320	1,050	8,678	1,968	13,800	25,081	1,963	1,352	59,212
Foreign Currency assets	9	-	1,133	648	683	2,047	2,464	19	7,003
Foreign Currency liabilities	7	-	557	107	639	2,282	1,861	1,062	6,515

11 Draw Down from Reserves

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

12 Business Ratios

Particulars	FY 2020-21	FY 2019-20
Return on average Equity (before provisions for taxation) (%)	16.60	17.55
Return on average assets (before provisions for taxation) (%)	1.71	1.69
Net Profit per employee (₹ crore)	2.50	2.43

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

Sl. No.	Particulars	FY 2020-21	FY 2019-20
1	No. of complaints pending at the beginning of the year	3	10
2	No. of complaints received during the year	357	216
3	No. of complaints redressed during the year	353	223
3(i)	Of which, number of complaints rejected by the Bank	27	11
4	No. of complaints pending at the end of the year	7	3

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
Current Year					
Others	3	288	57.38	7	4
Loans and advances	-	59	126.92	-	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	10	42.86	-	-
Previous Year					
Others	-	183	41.72	3	2
Loans and advances	4	26	(29.73)	-	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	6	7	(12.50)	-	-

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. For this purpose, grievances received during FY 2019-20 and FY 2020-21 have been reclassified as per the RBI guidelines.

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 ₹517,47,91,918/- for FY 2020-21 [Previous Year ₹372,25,52,439] and Other expenditure in schedule XIV - 'Operating Expenses' for FY 2020-21 includes Prior Period Expenditure of (₹3,48,13,281/-) [Previous Year (₹1,66,97,194)].

(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)

Particulars	Wholesale Operations (Direct Lending)		Wholesale Operations (Refinance)		Treasury		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
1 Segment Revenue	1,161	1,048	9,570	10,235	895	1,545	11,626	12,828
Exceptional Items							518	371
Total							12,144	13,199
2 Segment Results	190	165	2,699	2,975	258	(58)	3,147	3,082
Exceptional Items							518	371
Total							3,665	3,453
Unallocable Expenses							227	290
Operating profit							3,438	3,163
Income Tax (Net of write back)							816	616
Share of profit in associates							(15)	(2)
Net profit							2,607	2,545
3 Other information								
Segment Assets	11,678	10,121	1,69,174	1,66,227	31,421	26,520	2,12,273	2,02,868
Unallocated Assets							1,418	2,527
Total Assets							2,13,691	2,05,395
Segment Liabilities	8,387	7,281	1,55,074	1,53,997	26,509	22,886	1,89,970	1,84,164
Unallocated Liabilities							1,883	1,905
Total							1,91,853	1,86,069
Capital / Reserves	3,261	2,848	13,931	10,373	4,646	6,105	21,838	19,326
Total							21,838	19,326
Total Liabilities							2,13,691	2,05,395

Part B: GEOGRAPHIC SEGMENTS - Nil

(c) Accounting Standard 18 – Related Party Disclosures

(₹ crore)

Items / Related Party	Parent (as per ownership or control)	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	-	-	-	-	-	-
Maximum during the year	-	-	8.92	1.00	-	9.92
Placement of deposits#	-	-	4.00	-	-	4.00
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	-	-	36.10	-	-	36.10

Items / Related Party	Parent (as per ownership or control)	Sub- sidiaries	Associates/ Joint ventures	Key Management Personnel @	Relatives of Key Management Personnel	Total
Maximum during the year	-	-	36.10	-	-	36.10
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	-	-	0.11	0.02	-	0.13
Interest received	-	-	-	-	-	-
Rendering of services*	-	-	0.90	-	-	0.90
Receiving of services*	-	-	0.07	-	-	0.07
Management contracts**	-	-	-	0.92	-	0.92

@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

Rajendra Agrawal
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

Ashish Gupta
Director

Place: Bengaluru
Date: May 25, 2021

Consolidated Cash Flow Statement for the year ended March 31, 2021

(Amount in ₹)

March 31, 2020	Particulars	March 31, 2021	March 31, 2021
	1. Cash Flow from Operating Activities		
31,63,16,86,674	Net Profit before tax as per P & L Account		34,38,65,96,767
	Adjustments for :		
18,36,84,906	Depreciation	24,08,96,441	
7,03,89,36,030	Provision for net depreciation in investments	15,61,67,178	
3,98,96,93,639	Provisions made (net of write back)	9,96,54,25,918	
(8,98,38,31,402)	Profit on sale of investments (net)	(6,26,11,65,982)	
(44,18,585)	Profit on sale of fixed assets	(7,76,607)	
(43,63,34,432)	Dividend Received on Investments	(4,28,83,77,871)	(18,78,30,923)
33,41,94,16,830	Cash generated from operations		34,19,87,65,844
	(Prior to changes in operating Assets and Liabilities)		
	Adjustments for net changes in :		
9,13,18,71,240	Current assets	10,78,68,65,477	
1,93,54,28,554	Current liabilities	23,82,87,52,411	
3,96,15,78,214	Bills of Exchange	1,39,26,20,479	
(2,66,36,38,25,532)	Loans & Advances	47,97,61,52,650	
(41,73,53,03,530)	Net Proceeds of Bonds and Debentures & other borrowings	(1,66,13,19,29,316)	
3,40,49,16,89,558	Deposits received	1,53,62,00,55,791	
47,42,14,38,504			71,47,25,17,492
80,84,08,55,334	Payment of Tax	(4,83,84,41,797)	1,05,67,12,83,336
(6,54,77,52,940)	Net Cash flow from operating Activities		1,00,83,28,41,539
74,29,31,02,394			
	2. Cash Flow from Investing Activities		
(19,13,56,938)	Net (Purchase)/Sale of fixed assets	(14,84,01,808)	
(21,88,40,35,324)	Net (Purchase)/sale/redemption of Investments	(1,47,57,92,56,439)	
48,48,52,951	Dividend Received on Investments	4,53,97,66,761	
(21,59,05,39,311)	Net cash used in Investing Activities		(1,43,18,78,91,486)
	3. Cash flow from Financing Activities		
-	Proceeds from issuance of share capital & share premium	-	
(1,70,97,37,727)	Dividend on Equity Shares & tax on Dividend	(25,13,88,890)	
(1,70,97,37,727)	Net cash used in Financing Activities		(25,13,88,890)
50,99,28,25,356	Net increase/(decrease) in cash and cash equivalents		(42,60,64,38,837)
72,11,45,71,912	5. Cash and Cash Equivalents at the beginning of the period		1,23,10,73,97,268
1,23,10,73,97,268	6. Cash and Cash Equivalents at the end of the period		80,50,09,58,431
	7. Cash and cash equivalents at the end of the period includes		
6,30,354	Cash in Hand		6,63,600
36,70,28,055	Current account balance with Bank		95,09,81,136
34,10,00,00,001	Mutual Funds		37,50,81,24,592
88,63,97,38,858	Deposits		42,04,11,89,103

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**
Chartered Accountants
FRN.101569W

Rajendra Agrawal
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

Ashish Gupta
Director

Place: Bengaluru
Date: May 25, 2021

Debenture Trustees

Following are the contact details of the debenture trustees for SIDBI's outstanding unsecured bond issuances under Rupee Borrowings:

FY 2019-20 and FY 2020-21

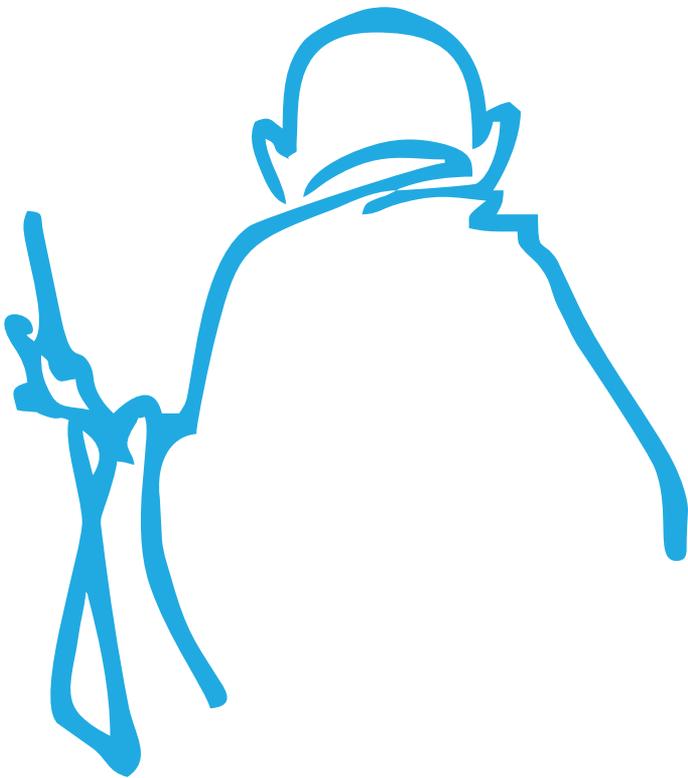
Name of Debenture Trustee : IDBI Trusteeship Services Ltd. (ITSL)
Address Details and Address : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001
Contact Person : Mr. Ritobrata Mitra.
Contact No. (Direct) : +91 22 40807023
Contact No. (Mobile) : +91 9892258709
Fax : +91 22 66311776
Email : itsl@idbitrustee.com / response@idbitrustee.com
Website : <http://www.idbitrustee.com>

Rating of Debt Instruments raised by SIDBI

The short-term and long-term debt instruments of the Bank are rated by CARE Ratings, ICRA Limited and India Ratings & Research.

During FY 2020-21:

- CARE Limited has reaffirmed rating of:
 - CARE AAA; Stable (Triple A; Outlook: Stable) for MSE/RIDF Deposits of ₹1,25,000 crore; and Unsecured Bonds of ₹34,489 crore,
 - CARE AAA (FD); Stable (Triple A; Outlook: Stable) for Fixed Deposits of ₹8,000 crore,
 - CARE AAA; Stable [Triple A; Outlook: Stable] / CARE A1+ [A One Plus] for Certificate of Deposit/ Commercial Paper programme of ₹46,000 crore.
 - CARE AAA for Bank Loan of ₹30,000 crore
- ICRA Ltd. has reaffirmed rating of ICRA AAA/ Stable for the Unsecured Bonds Issuance Programme aggregating ₹5,000 crore.
- India Ratings & Research reaffirmed rating of IND A1+ for the Commercial Paper Programme of ₹21,600 crore.



Small Industries Development Bank of India

www.sidbi.in |  @sidbiofficial  SidbiOfficial  SidbiOfficial