



20<sup>th</sup>  
ANNUAL REPORT  
2019-20



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# Letter of TRANSMITTAL

Credit Guarantee Fund Trust for Micro and Small Enterprises,  
Swavalamban Bhavan, SIDBI, 7<sup>th</sup> Floor,  
C-11, G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051.

September 04, 2020

To,  
The Additional Secretary & Development Commissioner (MSME)  
Ministry of Micro, Small and Medium Enterprises,  
Government of India  
Office of the Development Commissioner (MSME)  
Nirman Bhavan, 7<sup>th</sup> Floor, “A” Wing  
Maulana Azad Road,  
New Delhi – 110108

The Chairman and Managing Director  
Small Industries Development Bank of India  
Head Office, SIDBI Tower, 15, Ashok Marg  
Lucknow- 226001

Dear Sir,

In terms of Clause 14.2 of the Declaration of Trust executed by the Government of India and Small Industries Development Bank of India, the Settlers, I forward herewith the following documents:

- (i) A copy of audited accounts of the Trust for the financial year ended March 31, 2020 together with Auditor's Report, and
- (ii) A copy of the report on the working of Credit Guarantee Fund Trust for Micro and Small Enterprises for the period ended March 31, 2020.

Yours faithfully

Sd/-

(Sandeep Varma)

Chief Executive Officer

Place: Mumbai





## Message from **CHAIRMAN**

It gives me immense pleasure to report that CGTMSE has successfully completed two decades of dedicated service to the Indian MSE Sector by facilitating access to finance to MSE Entrepreneurs through Lending Institutions. FY 2020 will be remembered as a remarkable year for CGTMSE in terms of operational growth taking the cumulative guarantees approved under the Scheme to over 43 lakh for an aggregate loan amount of ₹2.21 lakh crore. During FY 2020, guarantee coverage has increased by 52% in terms of amount and 94% in terms of number, which, I say with pride, is the highest ever since its inception.

In order to cover large number of MSEs and improve the ease of delivery, we have been bringing about continuous modifications in the product line of CGTMSE. The year gone by was no exception and many major policy changes in the credit guarantee products were introduced. The trust has leveraged technology to improve operational efficiencies which is reflected in not only in increase in business volume but also in its financial self-sustainability. CGTMSE has been able to instil confidence and encourage

banks to lend more to MSEs by providing increasing guarantee cover to credit facilities extended by these institutions as well as by providing improved quality of service.

We hope to maintain the growth momentum in future also. CGTMSE on its part is deeply committed to pursuing this development agenda by accelerating guarantee coverage and providing the requisite stimulus for institutional lending to the MSEs. As part of its efforts to broaden the canvas of guarantee to be provided to the MSE Sector, CGTMSE has also included Scheduled Urban Co-operative Banks as Member Lending Institutions along with NBFCs, including Fin-Tech NBFCs and SFBs in the recent past. These broadening would give further impetus to entrepreneurship and flow of credit to MSEs.

I am grateful to Ministry of MSME, Govt. of India, the Reserve Bank of India, Indian Banks' Association and the Small Industries Development Bank of India for their valuable, timely and continuous support in the CGTMSE's endeavour at creating an enabling environment for the MSE sector. I would also like to express my appreciation for the co-operation extended by the MLIs as well as all partner institutions of CGTMSE for their dedicated efforts and support to upscale the operations of CGTMSE.

With regards

Sd/-

**Mohammad Mustafa, I.A.S.**  
Chairman, CGTMSE

# Board of Trustees of CGTMSE

*(Status as on August 06, 2020)*



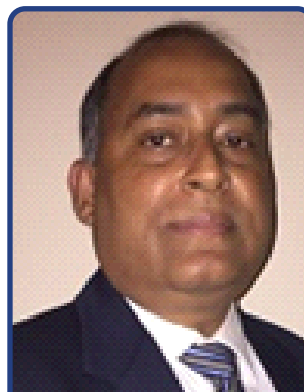
**Shri Mohammad Mustafa, I.A.S., Chairman (Ex-Officio)**  
Chairman & Managing Director  
Small Industries Development Bank of India,  
Head Office: "SIDBI Tower"  
15, Ashok Marg, Lucknow-226 001



**Shri Devendra Kumar Singh, I.A.S., Vice-Chairman (Ex-officio)**  
Additional Secretary and Development Commissioner (MSME)  
Ministry of MSME, Government of India  
"A" Wing, 7<sup>th</sup> Floor, Nirman Bhavan,  
Maulana Azad Road, New Delhi – 110 108



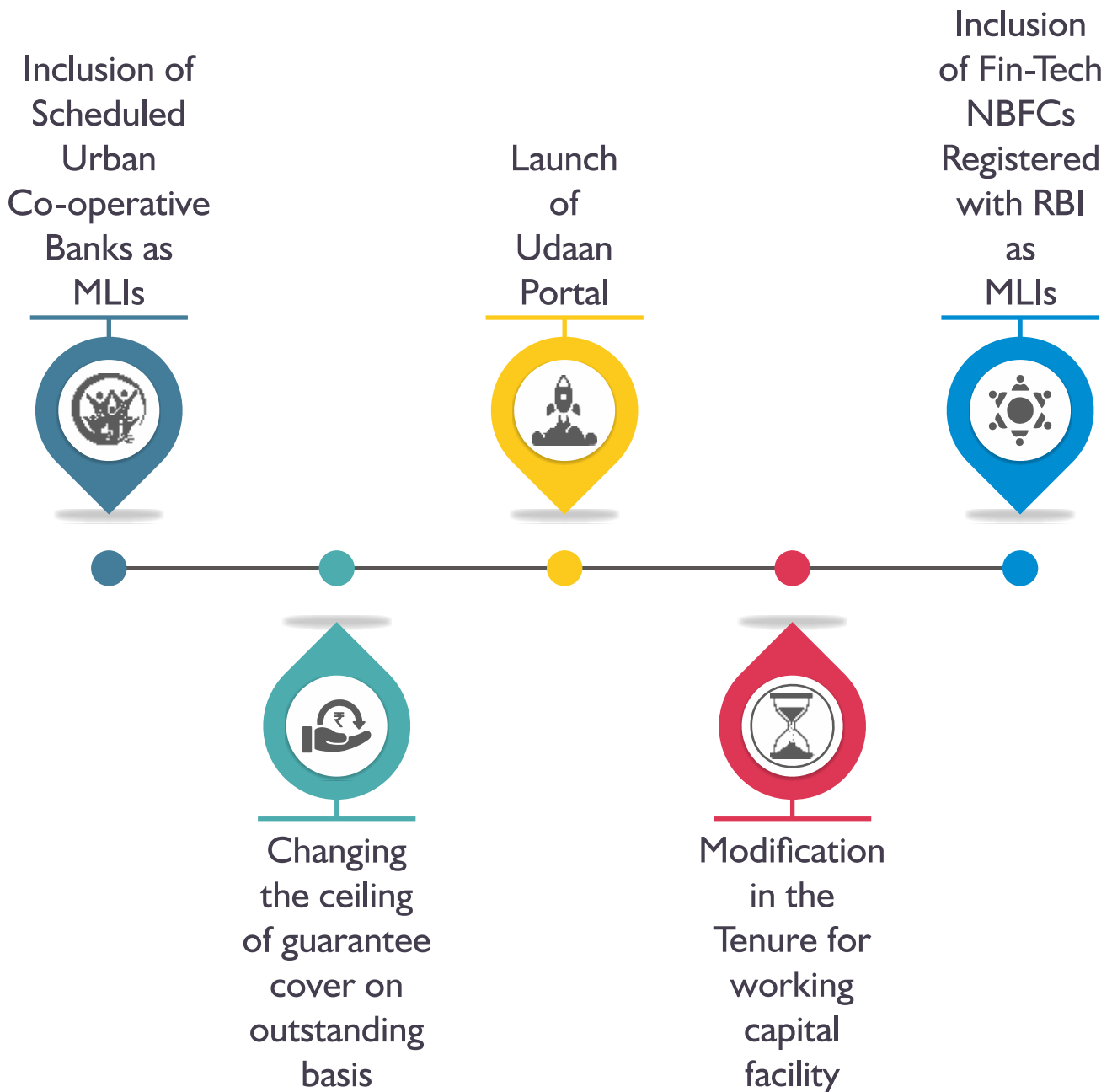
**Shri Rajnish Kumar, Member (Ex-officio)**  
Chairman, Indian Banks' Association (IBA),  
Chairman, State Bank of India,  
State Bank Bhavan, Madam Cama Road,  
Nariman Point, Mumbai – 400 021



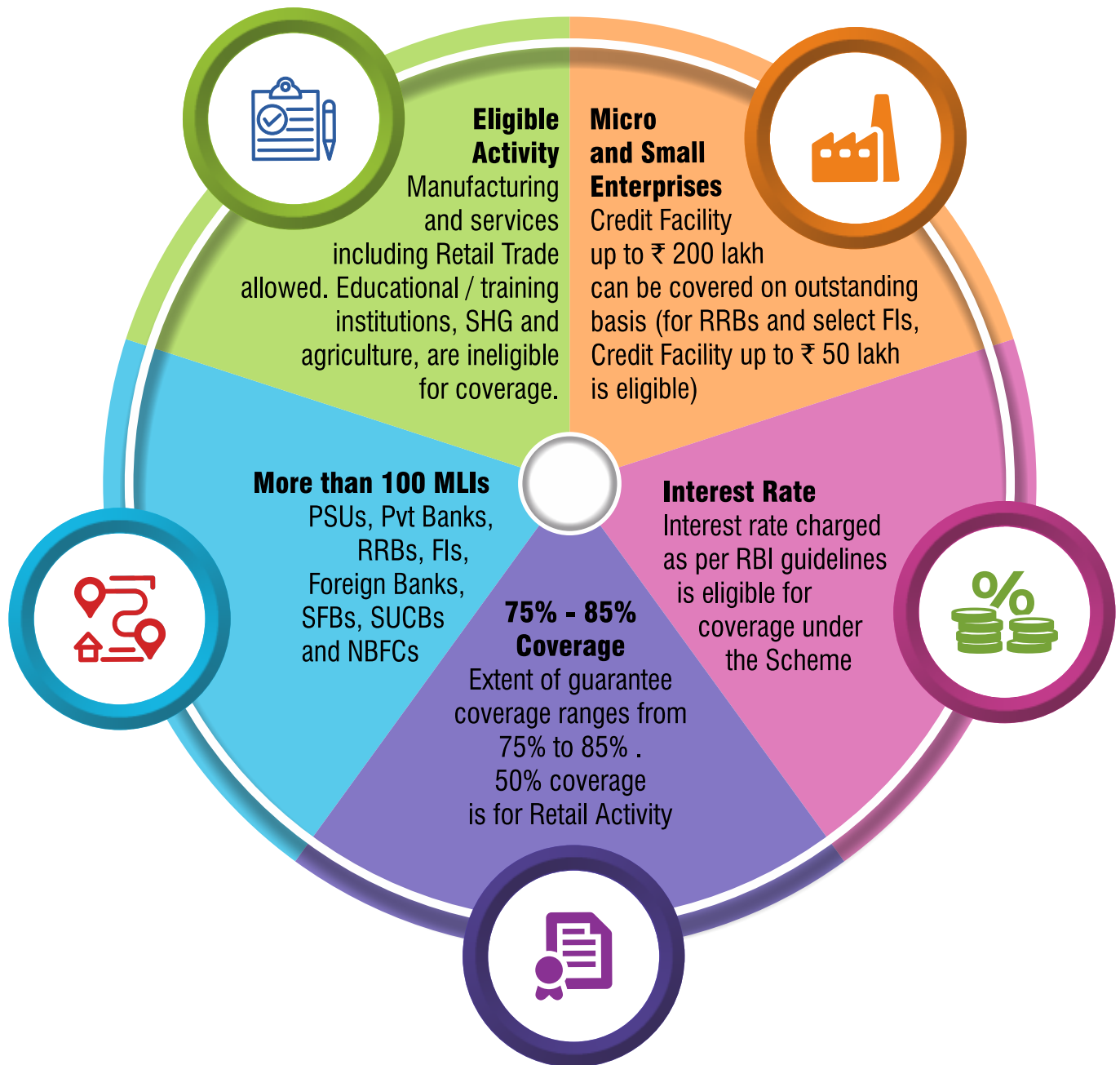
**Shri Sandeep Varma, Member Secretary**  
Chief Executive Officer  
Credit Guarantee Fund Trust for Micro and Small Enterprises,  
7<sup>th</sup> Floor, Swavalamban Bhavan, SIDBI,  
C-11, G-Block, BKC, Bandra (E), Mumbai - 400 051

# IMPORTANT DEVELOPMENTS AND INITIATIVES

## CGT MSE



# SALIENT FEATURES



# OPERATIONAL HIGHLIGHTS

01

Guarantees  
approved during FY 2020

₹ **45,851** crore

02

Growth in coverage  
in terms of amount

**52%**

03

Significant growth  
of New products - Retail & Hybrid

₹ **16,103** crore

04

Guarantees approved during FY 2020  
for 23 new registered NBFCs

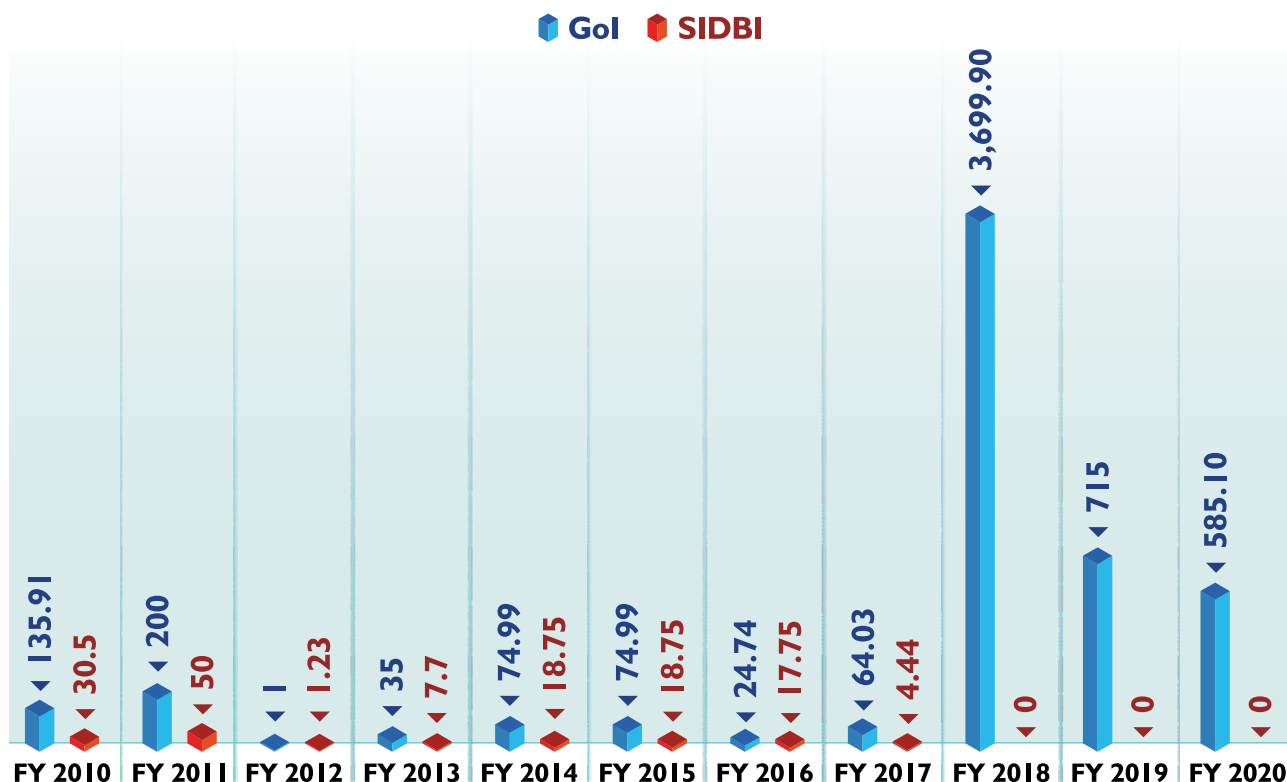
₹ **17,349** crore

# PERFORMANCE SNAPSHOT FOR FY-2020

## I. Corpus Fund of CGTMSE

The initial corpus fund of ₹2,500 crore of the Trust was contributed by the Ministry of MSME, Government of India (GoI) and Small Industries Development Bank of India (SIDBI) in the ratio of 4:1. The committed corpus of the Trust has been enhanced to ₹7,500 crore contributed by GoI (₹7,000 crore) and SIDBI (₹500 crore). During

FY 2020, the Trust received ₹585.10 crore towards Corpus contributed by GoI, taking the aggregate corpus amount of individual contributions of GoI and SIDBI to ₹7,000 crore and ₹500.00 crore respectively. Thus, as on March 31, 2020, the total contributed Corpus was ₹7,500 crore. Year wise corpus contribution for last 10 years is given in the chart below:



### I.1 Member Lending Institutions (MLIs)

During the period under review, CGTMSE included Scheduled Urban Co-operative Banks as Member Lending Institutions (MLIs). Consequent upon amalgamation of number of Regional Rural Banks (RRBs) beginning FY 2013 and based on the mergers of Public Sector Banks, during the period under review, the overall

number of MLIs of the Trust is 126 where, 19 Public Sector Banks, 20 Private Sector Banks, 38 Regional Rural Banks, 5 Foreign Banks, 9 other Financial Institutions, 27 Non-Banking Financial Companies, 3 Small Finance Banks and 5 Schedule Urban Co-Operative Banks are registered MLIs for availing guarantee cover from the Trust.

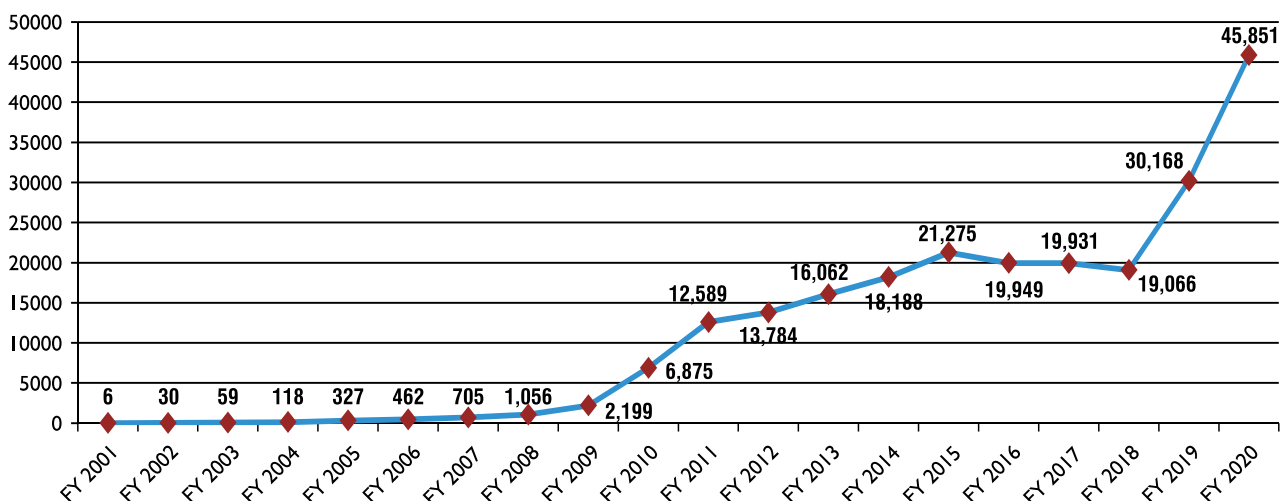


## 2. Operations under CGS

2.1 As at end of March 31, 2020 and after considering the mergers of the banks there were total 115 active MLIs

which were availing guarantee cover. The graph shows year-wise guarantee approvals since inception till March 31, 2020:

**Year-wise Guarantees Approved Amount (₹ crore)**



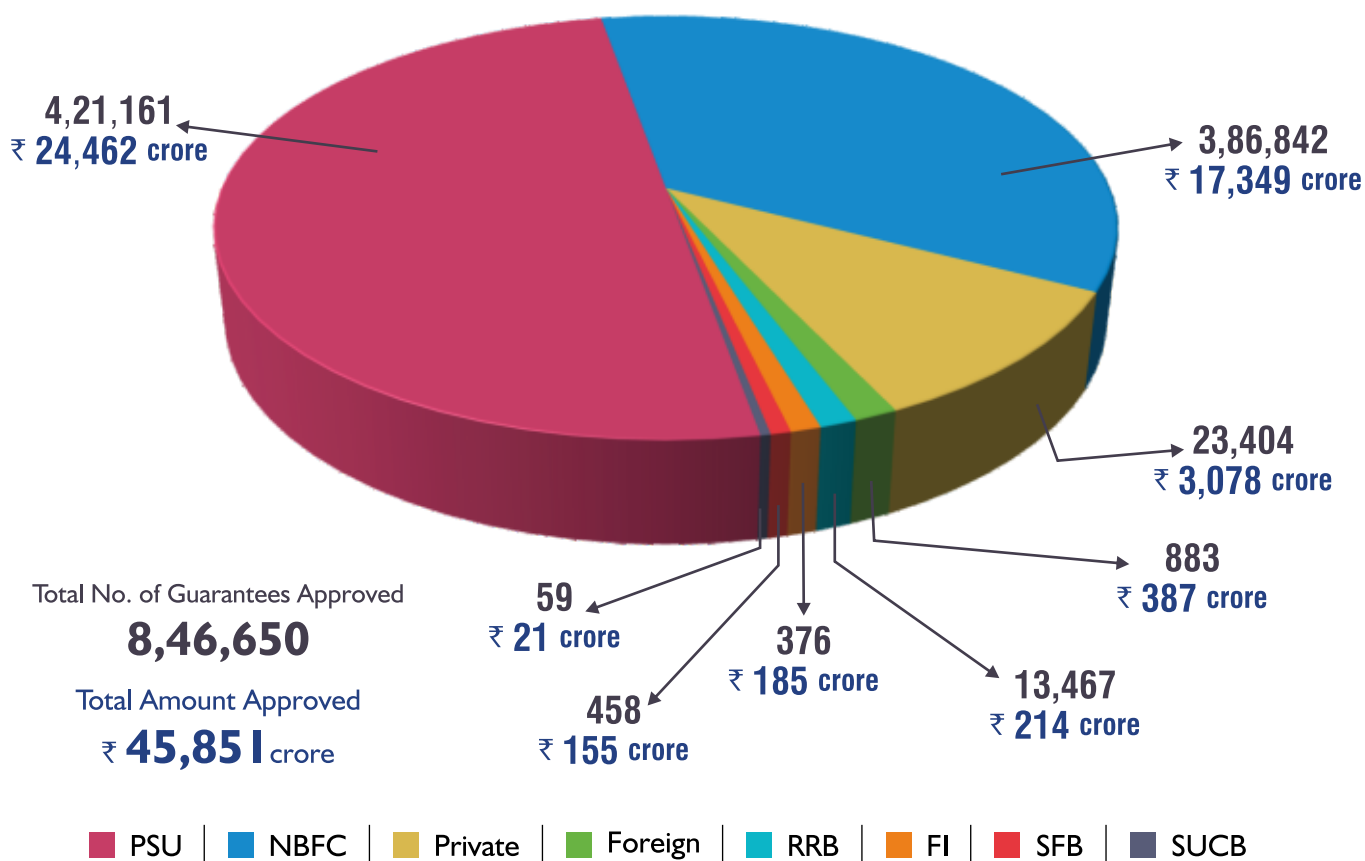
2.2 During FY 2020, a total of 8,46,650 guarantees were approved for an amount of ₹45,851 crore as compared to approval of 4,35,520 guarantees for ₹30,168 crore in the previous year. Cumulatively, as at March 31, 2020, a total of 43,07,082 accounts have been accorded guarantee approvals for ₹2,21,812 crores. Guarantee coverage has increased by 52% in terms of amount and 94% in terms of number which is highest ever since inception. There has been a significant rise in the guarantee coverage under Retail Trade and Hybrid Security Model. During FY 2020, total guarantees covered under Retail Trade were 4,03,439 for an amount of ₹14,806 crore as compared to 93,871 guarantees for ₹4,641 crore during previous year. During FY 2020, under Hybrid Security Model, 5,081 guarantees were covered for ₹1,297 crore as compared to 1,387 guarantees for ₹378

crore in the previous year.

2.3 There has been a significant rise in the guarantee coverage taken by NBFCs during the financial year. During FY 2020, CGTMSE has registered 23 NBFCs (including 11 Fintech NBFCs). In terms of amount, NBFCs have recorded more than 100% growth where total guarantee covered during FY 2020 were for an amount of ₹17,349 crore as compared to ₹5,964 crore in the previous year. This substantial growth has been achieved as a result of continuous modification and upgradation of the Scheme to make it more user friendly for both MLIs as well as MSEs.

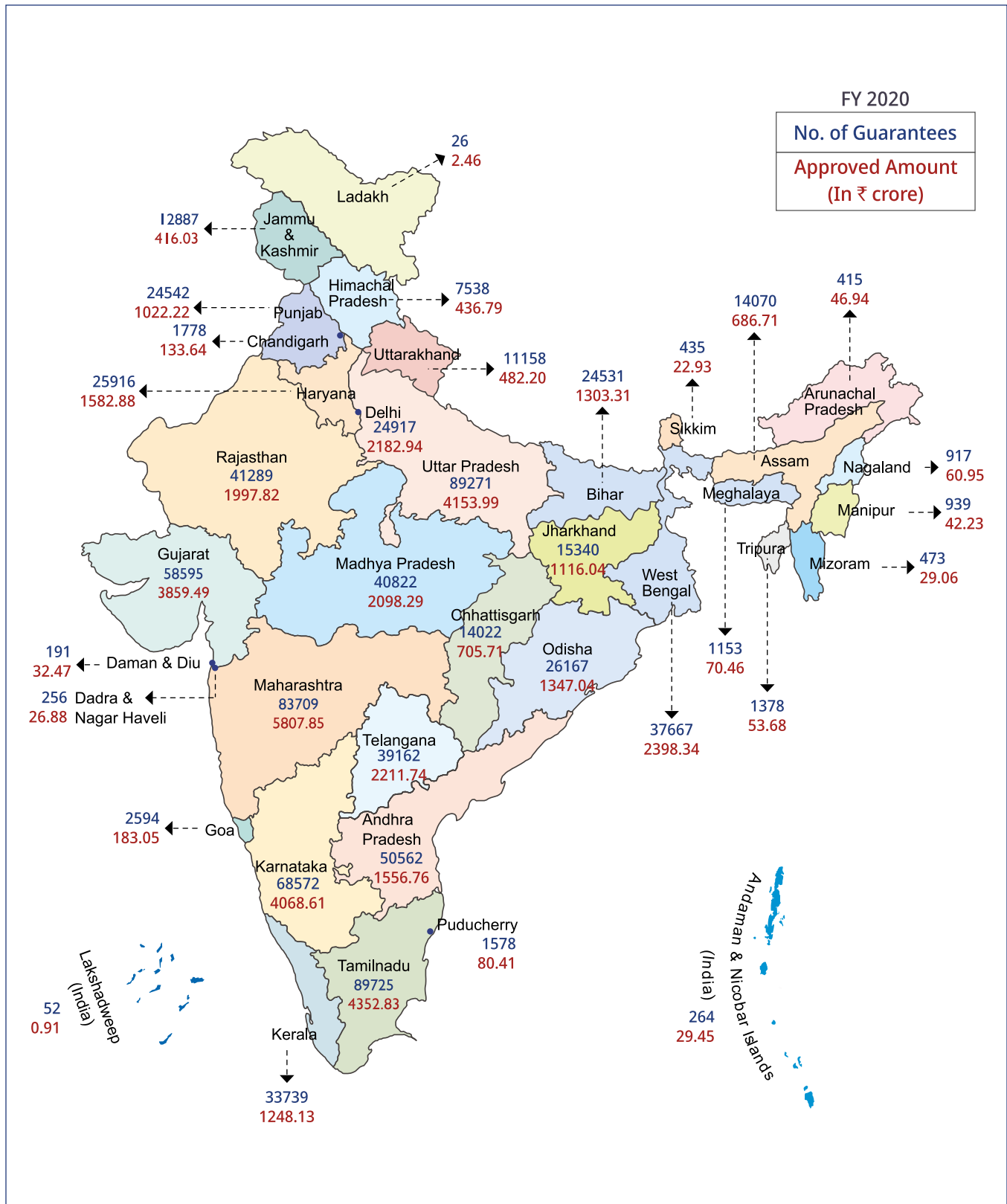
2.4 During the period under review, CGTMSE has included 5 Scheduled Urban Co-operative Banks (SUCBs) as Member Lending Institutions (MLIs) under CGTMSE.

## 2.5 Guarantee coverage in FY 2020 – MLIs' Category wise





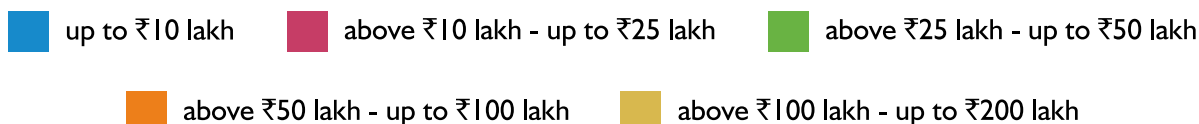
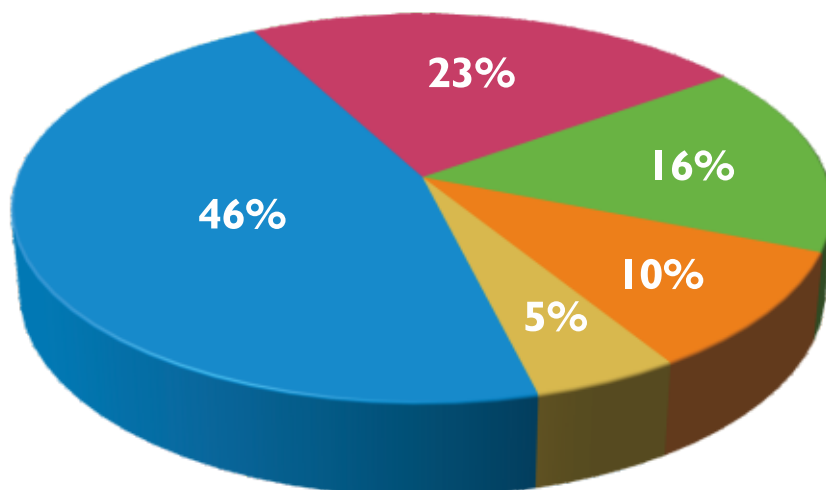
## 2.6 State wise coverage



## 2.7 Slab-wise Coverage

Of the 8,46,650 guarantees for ₹45,851 crore approved in FY 2020, proposals for an amount of ₹21,238 crore (46%) pertained to credit facilities up to ₹10 lakh, proposals for an amount of ₹10,662 crore (23%) are having credit facilities in the

range of ₹10 - 25 lakh, proposals for an amount of ₹7,074 crore (16%) are in the range of ₹25 – 50 lakh, proposals for an amount of ₹4,445 crore (10%) are in the range of ₹50 - 100 lakh and proposals for an amount of ₹2,431 crore (5%) are in the range of ₹100 lakh - 200 lakh.



## 2.8 Claim Settlement

During FY 2020, total claims in respect of 43,333 accounts were settled for an amount of ₹945.83 crore for CGS-I (Banks) and 1865 accounts were settled for an amount of ₹55.75 crore for CGS-II

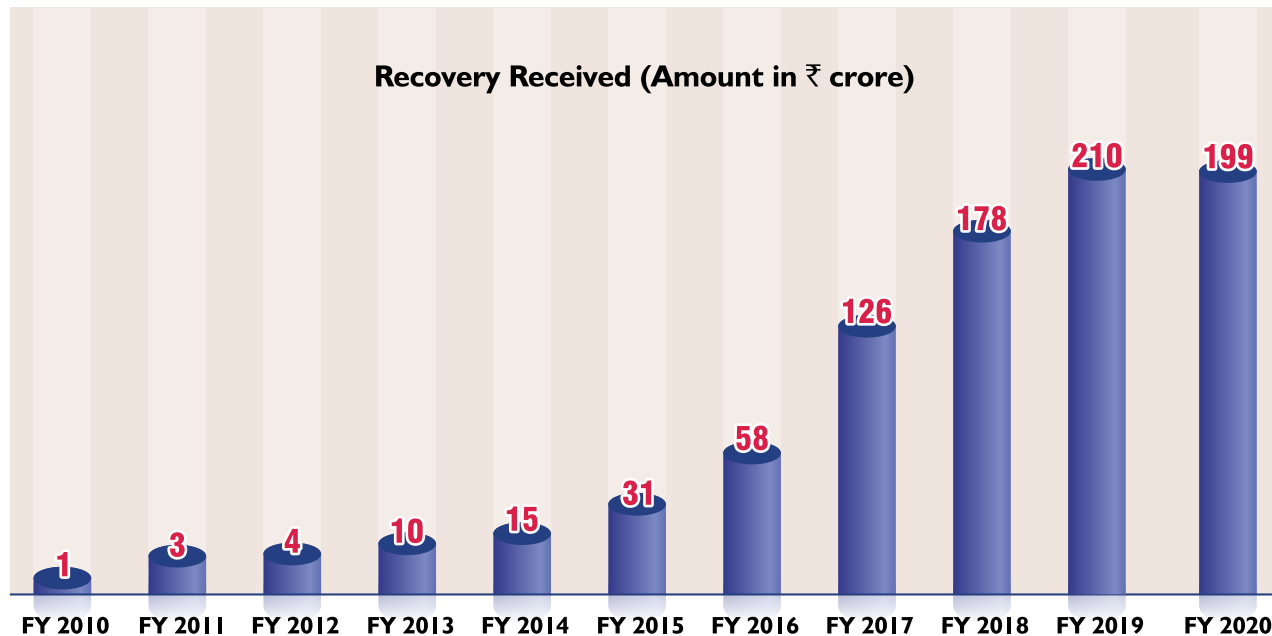
(NBFCs). Total number of claims settled during FY 2020 were 45,198 for an amount of ₹1001.58 crore. CGTMSE has so far settled 2,59,860 number of claims amounting to ₹6,370.04 crore, cumulatively till March 31, 2020.



## 2.9 Post claim settlement recoveries

During FY 2020, the Trust received ₹198.89 crore as recoveries from

the MLIs post settlement of first claim as against ₹209.62 crore received during FY 2019.



## 2.10 Constant interactions with MLIs

In order to deepen and widen the reach of the Scheme, CGTMSE conducted and attended various workshops / training sessions for the bank officials of its Member Lending Institutions at various levels including Circle Office, Regional Office, Staff Training Centres, etc., to disseminate information on the revamped Credit Guarantee Scheme (CGS) of CGTMSE to enable eligible Micro and Small Enterprises to avail the benefit of the Scheme. During FY 2020, CGTMSE participated in 44 Seminars/ Workshops/ Bankers' meet and has conducted 234 Business Development Meetings and made presentations to sensitize bank officials/ small enterprises on the various aspects of the Credit Guarantee Scheme.

### 2.11 Auditors

- a. M/s. Kochar & Associates, Mumbai, a firm of Chartered Accountants, was appointed as internal auditors of

CGTMSE, for FY 2020. The Auditors undertook a comprehensive review of the entire systems as also undertook audit covering revenue, expenses, investment, etc.

- b. As recommended by the Comptroller and Auditor General of India, the Board appointed M/s. Jain Tripathi & Co., Mumbai, a firm of Chartered Accountants, as Statutory Auditors of CGTMSE for FY 2020.

### 2.12 Accounts

The Trust earned gross income of ₹2,005.64 crore, comprising mainly Annual Guarantee Fee for fresh guarantees (₹403.44 crore) and Annual Guarantee Fee for existing guarantees (₹558.69 crore), Income earned on investments (₹841.65 crore) and Recoveries from MLIs (₹198.89 crore). Trust incurred an amount of ₹8.43 crore towards various operational and administrative expenditure. Yearly

provisioning is being made on the basis of actuarial valuation of liability of the Trust since FY 2009. The details of the provision for FY 2020 are given below:

Particulars	Amount (₹ crore)
Opening balance as on April 01, 2019	2,936.52
Less: Claim paid during the year	1,001.37
Add: Provision made during the year	1,912.23
Closing Balance as on March 31, 2020	3,847.38

As on March 31, 2020, the cumulative provision is estimated at ₹3,847.38 crore. The excess of income over expenditure was ₹84.78 crore after provision for claims as per the Actuarial valuation.

During FY 2020, the Trust received corpus contribution from GoI to the extent of ₹585.10 crore. This, together with the corpus contributions already received and the net income earned by the Trust so far, had been invested in FDs of banks / institutions and MFs. The size of the corpus fund as on March 31, 2020 stood at ₹7,500 crore. The total fund as at March 31, 2020 stood at ₹12,848.15 crore

(net of accrued interest) as against ₹10,517.31 crore as at the end of the previous year.

### 2.13 Management & Organization

During FY 2020, the Board of Trustees comprised of Chairman & Managing Director of SIDBI as ex-officio Chairman, Additional Secretary & Development Commissioner (MSME), Ministry of Micro, Small and Medium Enterprises (MSME), Government of India as ex-officio Vice-Chairman, the Chairman, Indian Banks' Association (IBA) as ex-officio Member and Chief Executive Officer of CGTMSE as Member Secretary. During FY 2020, three meetings (including one meeting through circular resolution) of the Board of Trustees were held. As on March 31, 2020 four officers including the CEO were on deputation with CGTMSE from SIDBI.

The Board of Trustees of CGTMSE appreciates the support and cooperation received from Office of DC (MSME), Ministry of MSME, Government of India, , SIDBI, RBI, IBA, MLIs of CGTMSE, various International, National and State-level institutions and MSE Industry Associations.

The image is a composite of two photographs. The top photograph shows a hand holding a red pen, poised to write in a white spiral-bound notebook. The bottom photograph shows a hand using a black calculator, with fingers pressing the 'x' and '=' keys. The text 'FINANCIAL STATEMENTS' is overlaid in the center in a bold, dark blue font.

# **FINANCIAL STATEMENTS**



**JAIN TRIPATHI & CO.**

CHARTERED ACCOUNTANTS

HEAD OFFICE: 204-B, RUBY APARTMENTS, SIR M.V.MARG, ANDHERI (EAST), MUMBAI-400069

Tel. No: 022-26830868 Cell: 0932102875 I/9869217845 E-mail: admin@jaintripathi.com

To  
The Board of Trustees  
Credit Guarantee Fund Trust for Micro and Small Enterprises  
Mumbai

1. We have audited the attached Balance Sheet of Credit Guarantee Fund Trust for Micro and Small Enterprises as at 31 March 2020, the Income and Expenditure Account and the Cash Flow Statement for the year ended. The financial statements are the responsibility of the Trust's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Accounting Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.
3. We report that
  - a. We have obtained all the necessary information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
  - b. In our opinion, proper books of accounts, as required by the Trust so far as it appears from our examination of those books.
  - c. The Balance Sheet, Income and Expenditure Account and the Cash Flow Statement dealt with by the report are in agreement with the books of accounts.
  - d. In our opinion, the financial statements, read together with the notes thereon, give true and fair view in conformity with the accounting principles generally accepted in India.
    - i. In the case of Balance Sheet, of the state of affairs of the Trust as at 31<sup>st</sup> March, 2020
    - ii. In the case of Income and Expenditure Account, of the excess of income over expenditure of the Trust for the year ended on that date.
    - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For JAIN TRIPATHI & CO.**  
**Chartered Accountants**  
**FRN: 103979W**

Sd/-

**D. P. TRIPATHI**  
**Partner**  
**M.No. 013593**

**Place : Mumbai**  
**Date : 06/08/2020**

## Credit Guarantee Fund Trust For Micro And Small Enterprises

# BALANCE SHEET

as on March 31, 2020

Particulars	Schedules	As on 31.03.2020		As on 31.03.2019	
		(₹)	(₹)	(₹)	(₹)
<b>Sources of Funds</b>					
Corpus Fund	1		86,82,23,05,718		80,12,35,25,329
General Reserve	2		74,20,662		74,20,662
Current Liabilities & Provisions	3		49,88,02,87,148		33,00,86,77,684
<b>Total</b>			<b>1,36,71,00,13,528</b>		<b>1,13,13,96,23,675</b>
<b>Application of Funds</b>					
<b>Fixed Assets</b>					
Computer & Software		2,98,65,045		2,85,69,407	
Less : Depreciation Reserve		2,34,67,099	63,97,946	2,17,41,772	68,27,635
Furniture & Fixture		10,31,191		11,85,682	
Less : Depreciation Reserve		4,92,025	5,39,166	4,42,832	7,42,850
Motor Car		12,66,029		12,66,029	
Less : Depreciation Reserve		8,66,623	3,99,406	7,16,282	5,49,747
Electrical Items		9,86,592		9,86,592	
Less : Depreciation Reserve		5,17,932	4,68,660	4,24,432	5,62,160
			<b>78,05,178</b>		<b>86,82,392</b>
<b>Investments</b>	4		1,32,44,33,74,825		1,10,00,09,63,081
<b>Current Assets</b>					
Cash in hand			4,716		1,461
Bank Balance	5		48,54,09,531		7,32,33,411
Receivable	6		16,10,44,550		15,85,05,409
Amount Recoverable from Tax Authority	7		3,61,23,74,728		2,89,82,37,921
<b>Total</b>			<b>1,36,71,00,13,528</b>		<b>1,13,13,96,23,675</b>
Notes forming parts of Accounts	9		-		-

AS PER OUR REPORT OF EVEN DATE

For Jain Tripathi & Co.  
Chartered Accountants  
ICAI Firm Reg. No. 103979W

Sd/-  
(D.P. Tripathi)  
Partner  
M.No.013593

Place: Mumbai  
Date: 06/08/2020

THE ABOVE BALANCE SHEET TOGETHER WITH SCHEDULES  
ANNEXED THERETO IS HEREBY AUTHENTICATED BY US.

On behalf of the Board of Trustees

Sd/-  
(Mohammad Mustafa, I.A.S.)  
Chairman

Sd/-  
(Devendra Kumar Singh, I.A.S.)  
Vice Chairman

Sd/-  
(Sandeep Varma)  
Member Secretary

# Credit Guarantee Fund Trust For Micro And Small Enterprises

## INCOME AND EXPENDITURE ACCOUNT

for the Year Ended March 31, 2020

Particulars	Schedules	Amount (₹)	
		Current Year	Previous Year
<b>INCOME</b>			
Interest on Fixed Deposit		8,29,99,48,042	6,88,55,43,318
Income from Mutual Fund		11,65,53,875	13,79,18,313
Guarantee Fees		4,03,44,36,882	2,07,79,96,524
Annual Guarantee Fees		5,56,26,84,047	5,08,68,55,149
Annual Service Fees		2,42,17,690	9,63,48,288
Miscellaneous Income		1,73,802	16,23,716
Penal Interest Income		6,40,018	25,20,710
Recoveries by MLI's on Claim Paid Account		1,98,89,26,944	2,09,62,93,289
Interest on Income Tax Refund		2,88,47,115	62,46,68,697
		<b>20,05,64,28,415</b>	<b>17,00,97,68,004</b>
<b>EXPENDITURE</b>			
Operating and Other Administrative Expenses	8	8,42,63,063	9,78,55,510
Provisions for Guarantee Claims		19,12,23,00,000	16,07,58,00,000
Bank Charges		11,899	14,301
Depreciation		20,73,064	23,26,719
		<b>19,20,86,48,026</b>	<b>16,17,59,96,530</b>
<b>EXCESS OF INCOME OVER EXPENDITURE</b>		<b>84,77,80,389</b>	<b>83,37,71,474</b>
Add / (Less) : Prior Period Items		-	-
<b>Surplus Before Tax</b>		<b>84,77,80,389</b>	<b>83,37,71,474</b>
Add:- Income Tax Provision W/Back		-	-
Less: Provisions for Income tax		-	-
<b>Surplus After Tax</b>		<b>84,77,80,389</b>	<b>83,37,71,474</b>
Less: Transfer to General Reserve		-	-
<b>Surplus of Income Over Expenditure Carried to Corpus Fund</b>		<b>84,77,80,389</b>	<b>83,37,71,474</b>
<b>Notes forming parts of Accounts</b>	9		

AS PER OUR REPORT OF EVEN DATE

THE ABOVE INCOME AND EXPENDITURE A/C  
TOGETHER WITH SCHEDULES  
ANNEXED THERETO IS HEREBY AUTHENTICATED BY US.

For Jain Tripathi & Co.  
Chartered Accountants  
ICAI Firm Reg. No. 103979W

On behalf of the Board of Trustees

Sd/-  
(D.P. Tripathi)  
Partner  
M.No.013593

Sd/-  
(Mohammad Mustafa, I.A.S.)  
Chairman

Place: Mumbai  
Date: 06/08/2020

Sd/-  
(Devendra Kumar Singh, I.A.S.)  
Vice Chairman

Sd/-  
(Sandeep Varma)  
Member Secretary



# Credit Guarantee Fund Trust For Micro And Small Enterprises

## CASH FLOW STATEMENT

for the year ended 31 March 2020

Particulars		31 March 2020 (₹)		31 March 2019 (₹)	
	<b>Cash flow from Operating Activities</b>				
	Excess of Income over expenditure, after tax as per Income and Expenditure Statement		84,77,80,389		83,37,71,474
	Add: Depreciation debited to Income and Expenditure A/c	20,73,064		23,26,719	
	Provision on guarantee claims debited to Income and Expenditure A/c	19,12,23,00,000		16,07,58,00,000	
	Less: Interest on fixed deposit	(8,29,99,48,042)		(6,88,55,43,318)	
	Less: Interest on income tax refund	(2,88,47,115)		(62,46,68,697)	
	Less: Income from mutual fund	(11,65,53,875)		(13,79,18,313)	
			10,67,90,24,032		8,42,99,96,391
	Cash flow before changes in working capital		11,52,68,04,421		9,26,37,67,865
	<b>Changes in working capital</b>				
	(Increase)/decline in receivable	(25,39,141)		18,82,92,114	
	(Increase) / decline in other	-		70,20,000	
	(Increase) / decline in amount recoverable from tax authorities	11,58,49,352		2,35,32,45,280	
	Increase / (decline) in current liabilities	7,76,29,96,857		1,52,21,55,420	
			7,87,63,07,068		4,07,07,12,814
	<b>Changes in cash flow after changes in working capital</b>		19,40,31,11,489		13,33,44,80,679
	Less: Claims paid during the year	(10,01,36,87,393)		(8,16,55,55,066)	
	Advance tax paid	(82,99,86,159)		(69,06,66,009)	
			(10,84,36,73,552)		(8,85,62,21,075)
	<b>Net Cash Flow Generated/ (Used) From Operating Activities (A)</b>		8,55,94,37,937		4,47,82,59,604
	<b>Cash flow from Investing Activities</b>				
	(Acquisition) / disposals of fixed assets during the year	(11,95,850)		3,11,329	
	Addition to investments during the year	(22,44,24,11,744)		(19,29,74,39,557)	

	Particulars	31 March 2020 (₹)		31 March 2019 (₹)	
	<b>Net Cash Flow Used In Investing Activities (B)</b>		<b>(22,44,36,07,594)</b>		<b>(19,29,71,28,228)</b>
	<b>Cash flow from Financing Activities</b>				
	Increase in corpus fund during the year	5,85,10,00,000		7,15,00,00,000	
	Income from Mutual Funds	11,65,53,875		13,79,18,313	
	Interest on income tax refund	2,88,47,115		62,46,68,697	
	Interest income on fixed deposit	8,29,99,48,042		6,88,55,43,318	
	<b>Net Cash Flow Generated From Financing Activities (C)</b>		<b>14,29,63,49,032</b>		<b>14,79,81,30,328</b>
	<b>Net Increase Cash Flow During The Year (A) + (B) + (C)</b>		<b>41,21,79,375</b>		<b>(2,07,38,296)</b>
	Opening balance of Cash and Cash Equivalents		7,32,34,872		9,39,73,168
	<b>Closing balance of Cash and Cash Equivalents</b>		<b>48,54,14,247</b>		<b>7,32,34,872</b>
<b>Notes:</b>					
1	Cash and Cash Equivalents include cash and bank balance				
2	Figures in brackets indicate cash outflow				
3	The Cash and Cash Equivalents as at 31 March 2020 comprise		<b>31 March 2020</b>		<b>31 March 2019</b>
	Cash		4,716		1,461
	Bank balance		48,54,09,531		7,32,33,411
	<b>Total</b>		<b>48,54,14,247</b>		<b>7,32,34,872</b>
4	Figures of the previous year have been regrouped, wherever necessary.				

For Jain Tripathi & Co.  
Chartered Accountants  
ICAI Firm Reg. No. 103979W

On behalf of the Board of Trustees

Sd/-  
(D.P. Tripathi, M.No.013593)  
Partner

Sd/-  
(Mohammad Mustafa, I.A.S.)  
Chairman

Place: Mumbai  
Date: 06/08/2020

Sd/-  
(Devendra Kumar Singh, I.A.S.)  
Vice Chairman

Sd/-  
(Sandeep Varma)  
Member Secretary

# Credit Guarantee Fund Trust For Micro And Small Enterprises

## SCHEDULES FORMING PART OF THE BALANCE SHEET

as on 31st March, 2020

Particulars	As on 31.03.2020 (₹)	As on 31.03.2019 (₹)
<b>Schedule : I</b>		
<b>Corpus Fund</b>		
Received from :		
Government of India	70,00,00,33,000	64,14,90,33,000
SIDBI	5,00,00,00,000	5,00,00,00,000
(Including the Corpus of ₹25,00,00,000/- & ₹7,77,50,000/- for RSF - I & 2 respectively)		
(a)	<b>75,00,00,33,000</b>	<b>69,14,90,33,000</b>
<b>Surplus of Income over expenditure</b>		
Balance B/F	10,97,44,92,329	10,14,07,20,855
Add: Surplus of Current year	84,77,80,389	83,37,71,474
(b)	<b>11,82,22,72,718</b>	<b>10,97,44,92,329</b>
(a + b)	<b>86,82,23,05,718</b>	<b>80,12,35,25,329</b>
<b>Schedule : 2</b>		
<b>General Reserve</b>		
<b>Balance B/F</b>	74,20,662	74,20,662
Add: Transfer from Income and Expenditure A/c	-	-
	<b>74,20,662</b>	<b>74,20,662</b>
<b>Schedule : 3</b>		
<b>Current Liabilities and Provisions</b>		
Provision Towards Guarantee Claims (also see Note no 7 in Schedule 9)	38,47,38,05,854	29,36,51,93,247
Outstanding Liabilities Towards Expenses	1,14,64,552	87,87,367
Guarantee Claim Payable	8,55,33,902	14,86,626
TDS Payable	14,99,333	11,63,967
Professional Tax Payable	2,400	2,000
Guarantee Fees Refundable	44,77,279	22,73,569
Annual Service / Guarantee Fees Refundable	72,31,850	37,21,946
Advance Received Towards GF & ASF from D C (Handicraft & Handloom), GOI	23,38,301	23,38,301
Advance Received Towards Guarantee Fees	3,18,70,65,101	1,63,51,45,465
GST Payable	1,25,50,99,852	34,71,00,800
GF Appropriation Account	7,59,820	7,59,819
ASF Appropriation Account	21,96,629	10,12,196
Advance Received Annual Guarantee Renewal Fees	6,84,62,01,275	1,63,96,92,381
EMD for Contracts	26,11,000	-
	<b>49,88,02,87,148</b>	<b>33,00,86,77,684</b>

Particulars	As on 31.03.2020 (₹)	As on 31.03.2019 (₹)
<b>Schedule : 4</b>		
<b>Investments</b>		
1) Investment in Fixed Deposits with Banks		
i) Investment of D C (Handicraft & Handloom), GOI Advance	23,29,459	23,30,859
ii) Investment of Corpus & Other Funds	1,30,04,38,58,845	1,08,85,44,44,869
2) Investment in Mutual Funds	2,39,71,86,521	1,14,41,87,353
[Market value of investments in Mutual Funds: ₹ 240,44,80,913]		
	<b>1,32,44,33,74,825</b>	<b>1,10,00,09,63,081</b>
<b>Schedule : 5</b>		
<b>Bank Balance</b>		
Current Accounts with:		
IDBI Bank Ltd.,	7,31,78,237	1,14,20,795
IDBI Bank Ltd., - D C (Handicraft ),GOI,	13,299	13,299
IDBI Bank Ltd., - D C (Handloom ), GOI,	3	3
Corporation Bank	41,18,77,537	65,58,632
State Bank of India	3,40,455	5,52,40,682
	<b>48,54,09,531</b>	<b>7,32,33,411</b>
<b>Schedule : 6</b>		
<b>Receivables</b>		
Prepaid Expenses	1,89,510	3,25,655
Fee Receivable	21,87,242	14,03,792
Input Tax Credit	30,35,421	10,22,086
Service Tax (EC/SHCE)	31,36,145	31,36,145
Service Tax Recoverable	15,24,96,232	15,26,17,731
	<b>16,10,44,550</b>	<b>15,85,05,409</b>
<b>Schedule : 7</b>		
<b>Amount Recoverable from Tax Authority</b>		
Income Tax refundable 31/3/10	39,86,08,031	39,86,08,031
Income Tax refundable 31/3/11	12,13,84,436	8,99,51,264
Income Tax refundable 31/3/12	1,38,88,000	1,38,88,000
Income Tax refundable 31/3/13	13,25,69,729	13,25,69,729
Income Tax Refundable 31/3/15	43,95,61,396	43,95,61,396
Income Tax refundable 31/3/16	-	20,61,75,313
Income Tax refundable 31/3/17	41,68,81,816	41,69,70,680
Income Tax refundable 31/3/18	50,98,47,499	50,98,47,499
Income Tax refundable 31/3/19	68,98,86,766	69,06,66,009
TDS Paid 31/3/2020	82,99,86,159	-
Pre- Deposit against Service Tax Demand	5,97,60,896	-
<b>Amount Recoverable from Tax Authority</b>	<b>3,61,23,74,728</b>	<b>2,89,82,37,921</b>

**Credit Guarantee Fund Trust For Micro And Small Enterprises**  
**SCHEDULES FORMING PART OF**  
**INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31st March, 2020

Particulars	CURRENT YEAR (₹)	PREVIOUS YEAR (₹)
<b>Schedule : 8</b>		
<b>Operating and Other Administrative Expenses</b>		
ACSIC Expenses	-	51,79,892
Advertisement & Publicity Expenses	7,20,184	15,70,529
Auditors' Remuneration	3,35,000	3,35,000
Conveyance Expenses	2,14,122	5,23,026
Courier/Postage Charges	25,852	36,878
Electricity Expenses	-	1,93,300
Insurance Charges	27,957	60,874
Internal Auditors Remuneration	2,80,000	2,80,000
IT service	1,90,90,365	2,13,28,000
Membership Fees	2,50,000	-
Miscellaneous Expenses	10,69,519	12,42,829
Office Expenses	10,03,929	10,40,771
Office Rent	90,12,120	1,56,70,580
Personnel Cost & Expenses	4,27,95,187	4,50,47,443
Printing & Stationery	7,37,133	4,41,240
Advocate Fees	55,000	1,40,176
Professional Fee	83,14,340	37,10,084
Security Expenses	-	55,454
Telephone Expenses	36,397	83,654
Travelling Expenses	2,95,958	9,15,780
	<b>8,42,63,063</b>	<b>9,78,55,510</b>

## Credit Guarantee Fund Trust For Micro And Small Enterprises

# GROUPING FORMING PART OF INCOME & EXPENDITURE

for the year ended 31st March 2020

Particulars	As at 31.03.2020 (₹)	As at 31.03.2019 (₹)
<b>List 1: Personnel Expenses</b>		
Salaries & Allowances to Employees (SIDBI)	2,10,94,580	2,87,28,058
Salaries & Allowances to Contract Staff	2,04,58,435	1,51,32,806
Coupon Expenses (Sodexo)	12,42,172	11,86,579
	<b>4,27,95,187</b>	<b>4,50,47,443</b>
<b>List 2: Miscellaneous Expenses</b>		
Appeal Fees	1,000	3,000
Repair & Maintenance	83,646	1,39,940
Loss on Sale of Fixed Asset	70,846	2,21,722
Staff Welfare	91,092	28,846
Miscellaneous Exp	8,22,935	8,49,321
	<b>10,69,519</b>	<b>12,42,829</b>
<b>List 3: Printing &amp; Stationery</b>		
Printing Expenses	5,70,234	2,05,960
Stationery & Computer Consumables	1,66,899	2,35,280
	<b>7,37,133</b>	<b>4,41,240</b>
<b>List 4: Miscellaneous Income</b>		
Miscellaneous Receipts	71,735	50,196
Miscellaneous Income	27,836	20,377
Registration, Tender & Search Fee	74,231	15,53,143
	<b>1,73,802</b>	<b>16,23,716</b>
<b>List 5: Outstanding Liabilities Towards Expenses</b>		
Agrawal & Friends Co.	-	69,447
A.P. Sanzgiri & Co.	-	32,817
Bharti Airtel & Co.	-	1,97,100
B. Rattan & Associates	-	8,776
Chaturvedi & Co.	-	30,145
Chetan T Shah & Co.	1,35,000	1,53,363
Convents Technologies Pvt Ltd	-	10,800
CVS Balachandra Rao & Co.	-	8,777
Globalcom IDC Ltd	13,07,082	8,90,852
Jain Tripathi & Co.	3,01,500	3,01,500
JCR & Co.	-	13,737
Khandelwal Jain & Co.	4,05,000	4,05,000

Particulars	As at 31.03.2020 (₹)	As at 31.03.2019 (₹)
Kirti Stationery & Printers	-	36,178
Kochar & Associates	63,000	63,000
K.S. Sangvhi & Co.	4,500	4,500
Kyocera Documents Solution India Pvt	-	2,387
M M Nissim & Co.	24,803	24,803
Orient Technologies	-	1,58,127
Path Infotech	29,50,224	29,21,051
Reliance Communications Ltd	3,91,811	2,83,811
Shyamlal Dadhichi & Associates	3,06,045	2,35,811
SIDBI	45,97,013	21,88,028
S.K. Basu & Co.	-	23,850
Sumat Gupta & Co.	-	19,461
The Professional Couriers	-	1,237
T&M Services Con. Pvt Ltd	8,65,931	6,39,094
Outstanding Liabilities	60,727	63,715
Wysetek Systems Tech Pvt Ltd	51,916	-
	<b>1,14,64,552</b>	<b>87,87,367</b>

# SCHEDULE FORMING PART OF THE BALANCE SHEET AND INCOME AND EXPENDITURE ACCOUNT

## Schedule: 9: - NOTES ON ACCOUNTS:

### I. Significant Accounting Policies

#### a) Accounting Conventions

The accompanying financial statements have been prepared keeping in view the generally accepted accounting principles including historical cost accounting.

#### b) Recognition of Income and Expenditure

The Trust follows mercantile basis of accounting, unless otherwise mentioned. The income recognition of major sources of income of the Trust are as under:

##### **Guarantee Fee**

Income from Guarantee Fee is recognized when the payment from the respective Member Lending Institutions is received and credited in the Bank Account.

##### **Interest Income on Fixed Deposits**

Interest income on Fixed Deposits is recognized on accrual basis.

##### **Recoveries from MLLs on claim paid**

Income from recoveries made from Member Lending Institutions is recognized when the amount is recovered.

##### **Income from Mutual Fund**

The cost of the mutual fund, for the purpose of calculating capital gains at the time of redemption of units of the mutual fund is computed on weighted average basis. The gains are recognized on redemption.

#### c) Fixed Assets

Fixed Assets have been recognized in the financial statements at cost. Cost includes the cost of purchase, freight, transportation and all other costs incurred to bring the asset to its present location and condition. Depreciation is charged on the Fixed Assets as per the Straight-Line Method based on the basis of estimated useful lives as prescribed under the Companies Act, 2013.

#### d) Investments

Investments of the Trust comprise investments in Fixed Deposits with Banks / Financial Institutions and Investments in Mutual Funds. Investments in mutual funds are stated at weighted average cost less impairment, if any, during the year or market value, whichever is lower. Investments in Fixed Deposits have been stated at cost along with accrued interest thereon. Investments relating to fund received from the offices of DC (Handloom) and DC (Handicraft), Government of India have been separately stated in the Balance Sheet.



#### e) Retirement Benefits

Retirement benefits are provided by SIDBI for its employees on deputation to the Trust and charged to revenue account annually on reimbursement basis.

(₹ in crores)

2. Particulars	As on 31-03-20	As on 31-03-19
Guarantee approval	2,21,812	1,75,961
Guarantee issued	1,99,106	1,75,801
Guarantee sanctioned, pending execution	22,706	160
Outstanding Guarantee	99,492	74,330
Overall Liability of CGTMSE out of O/s Guarantee	72,986	55,526
Liability of CGTMSE towards first claim Installment	54,739	41,644

Over and above the provision for claims held, the Trust is contingently liable for guarantee given/sanctioned in the event of non-performance of the MSE for whose protection such guarantee is given/ sanctioned.

- The Trust is availing facility of staff and IT services from SIDBI. As per the Memorandum of Understanding entered into between SIDBI and the Trust on October 04, 2001, the Trust paid service charge @ 20% on the expenses incurred by SIDBI on behalf of the Trust towards administrative expenses directly attributable to the functioning of the Trust till July 2009. However, with mutual decision, the same was withdrawn w.e.f. August 2009.
- The Trust pays 75% of the settled claim amount in the first instance, leaving balance amount to be paid after the conclusion of recovery proceedings. In 3,324 cases (P.Y. 2,596 cases) subsequent payment of 25% has been made for an amount of ₹ 62.55 crore (P.Y. ₹ 58.38 crore). However, in other cases, the MLIs are yet to report status of conclusion of recovery proceedings which makes them eligible for the receipt of the balance claim. Further vide circular no. 138/2017-18, the trust has introduced a cap on total claim settlement (i.e. settlement of 1st & 2nd instalments of claim), based on fee and recovery remitted by the MLI. Claims of the respective MLI are settled to the extent of 2 times of the fee including recovery remitted during the previous financial year.
- Auditor's Remuneration ₹3,35,000/- (P.Y. ₹3,35,000/-). The fees are exclusive of taxes.

(Amount in ₹)

Particulars	Current Year	Previous Year
Audit Fees	2,75,000	2,75,000
Tax Audit Fees	60,000	60,000
<b>Total</b>	<b>3,35,000</b>	<b>3,35,000</b>

#### 6. Taxation

##### 6.1 Direct Taxation

The Trust was notified u/s. 10(23EB) of the Income Tax Act, 1961 ("the Act") by Finance Act 2002 w.e.f. 01.04.2002 and accordingly the income of the Trust was exempt u/s. 10(23EB) of the Act for a period of five years commencing from Assessment Year (A.Y.) 2002-03 to A.Y. 2006-07.

The Trust was registered u/s 12A of the Income Tax Act 1961 and accordingly it had claimed exemption u/s 11 of the Act for A.Y. 2007-08 and A.Y. 2008-09. The Finance Act, 2008 amended section 2(15) with effect from 1-4-2008 i.e. A.Y. 2009-2010. Accordingly, the Trust had not claimed the benefit of section 11 from A.Y. 2009-2010 onwards. However, the trust has made claim of deduction of 15% u/s 11(1)(a) of the Act during the assessment proceedings.

The Director of Income Tax (Exemptions) – [DIT (E)] had vide order dated 07.12.2011 held that the activities carried out by the assessee trust are in the nature of trade, commerce or business and referring to the amended provisions of section 2(15) of the Act, cancelled the registration granted u/s 12A to the Trust with effect from A.Y. 2009-10. The Trust had preferred an appeal against this order before the Income Tax Appellant Tribunal (ITAT) which got decided in favour of the Trust vide order dated 28.05.2014 and registration of the Trust u/s 12A of IT Act was restored. Against the said order of ITAT, the department had filed a petition before the High Court of Judicature at Bombay which was dismissed vide order dated 02.08.2017. Thus, the Registration of the trust u/s 12A/12AA is continuing.

The year wise details of status of assessment, demands and appeals are as under:

- a) While concluding the assessment proceedings for the A.Y. 2009-10, the assessing officer (A.O.) passed the order u/s 143(3) wherein he disallowed the claim of deduction of 15% u/s 11(1)(a) of the Act made during the assessment proceedings. Against the said order, the Trust has filed an appeal before CIT(A) and the same is pending for disposal. No demand is outstanding for this year.
- b) While concluding the assessment proceedings for the A.Y. 2010-11, the assessing officer had made an addition of ₹94,38,84,008/- and ₹154,61,77,037/-, being the amount accumulated under section 11(2) during A.Y. 2007-08 and A.Y. 2008-09, respectively and also made an addition of ₹166,41,00,000/- being contributions received towards Corpus from the Settlers of the Trust namely, Ministry of MSME, Government of India (GOI) and Small Industries Development Bank of India (SIDBI) during the year on the reasoning that as the registration u/s.12A of the Trust was withdrawn by the DIT(E), Mumbai w.e.f. A.Y.2009-10, the Trust is not eligible for any benefit of section 11 of the Act. Against the said additions, the Trust had filed an appeal before Commissioner of Income Tax (Appeals) who upheld the order of the AO vide order dated 28.07.2014. However, the Hon'ble ITAT vide order dated 20.01.2017 has allowed the claim of the trust for exemption under section 11 & 12 of the Act. The Hon'ble ITAT has also held that as the claim of assessee for benefits of sections 11 & 12 of the Act is upheld, the assessee also succeeds on the issue of addition of contribution made by settlers towards the corpus. Against the said ITAT's Order, the department has filed the petition before the High Court of Judicature at Bombay which is pending for disposal. Subsequently, the order dated 25.07.2017 giving effect to the order of the ITAT has been received on 09.08.2017. The trust has received refund of ₹16,73,47,440/- vide Demand Draft dated 11.04.2018 after adjustment of certain demands for other year The Trust has filed letter dated 13.02.2019 for issue of balance refund along with interest u/s.244A of the Act and is being followed up.

- c) While concluding the assessment proceedings for the A.Y. 2011-12, the assessing officer in the order passed u/s 143(3) of the Act made an addition of ₹2,50,00,00,000/- being contribution received towards corpus from the Settlers of the Trust during the year by treating it as income on account of voluntary contribution u/s 2(24)(iia) of the Act and thereby raising a demand of ₹1,02,96,29,110/-. Against the said addition, the Trust had filed an appeal before CIT(A) which was dismissed following the order of CIT(A) for A.Y. 2010-11. Out of the demand raised of ₹1,02,96,29,110/-, the trust had paid ₹51,48,14,555/- in installments upto 31.03.2015. Aggrieved by the order of CIT (A), trust had preferred an appeal before the Hon'ble ITAT. The Hon'ble ITAT vide order dated 26.02.2018 allowed the appeal of the assessee trust by following the order for A.Y.2010-11 in assessee's own case. Subsequently the order dated 07.08.2018 giving effect to the order of the ITAT has been received on 20.02.2019 and the trust has received a refund of ₹1,40,99,80,850/- vide demand draft dated 05.09.2018 after adjustment of certain demands for other assessment years. However, the A.O. did not grant the deduction of 15% u/s. 11(1)(a) of the Act in the order dated 07.08.2018. The trust vide letter dated 13.03.2019 has requested the A.O. to pass a rectification order. In this regard the trust has also filed an appeal before the CIT(A) on 15.03.2019 which is pending for disposal.
- The A.O. had also levied a penalty of ₹77,25,00,000/- by passing an order u/s. 271(1)(c) of the Act and had adjusted the said penalty demand out of the refund due for A.Y. 2010-11. Against said order, the trust had filed an appeal before the CIT(A) and the Hon'ble CIT(A) has vide order dated 01.03.2019 disposed of the appeal in the favour of the trust and deleted the said penalty of ₹77,25,00,000/-. The trust has vide letter dated 11.05.2019, requested the learned Assessing Officer to pass an order giving effect to the order of the CIT(A) and issue the resultant refund.
- d) While concluding the assessment proceedings for the A.Y. 2012-13, the assessing officer made an addition of ₹2,22,50,000/- being contribution received towards corpus from the Settlers of the Trust by treating it as income on account of voluntary contribution u/s 2(24)(iia) of the Act and thereby raising a demand of ₹10,40,35,270/- which was rectified to ₹69,44,000/-vide order dated 13.10.2015 passed u/s 154 of the Act. Against the said addition, the Trust has filed an appeal before CIT(A) which has been heard on various dates and order is awaited.
- e) While concluding the assessment proceedings for the A.Y. 2013-14, the assessing officer has made an addition of ₹42,77,50,000/- being contribution received towards corpus from the Settlers of the Trust during the year by treating it as income on account of voluntary contribution u/s 2(24)(iia) of the Act 1961 and determining refund of ₹10,48,59,600/- which was adjusted against the demand due for A.Y. 2011-12. Against the said addition, the Trust has filed an appeal before CIT(A) which is pending for disposal.
- f) While concluding the assessment proceedings for the A.Y. 2014-15, the assessing officer had made an addition of ₹93,73,75,000/- being the contribution from settlers to the corpus of the trust by treating the same as voluntary contribution u/s 2(24)(iia) of the Act and determining refund of ₹52,17,58,560/-. Further, the Id.AO has considered

returned income at ₹NIL as against the returned loss/ deficit of ₹55,02,16,378/-. Against the said order, the Trust had filed an appeal before CIT(A) who vide order dated 27.12.2017 has allowed the appeal of the assessee Trust. Subsequently the order dated 05.04.2018 giving effect to the order of the CIT(A) was passed by the A.O. wherein he did not allow the claim of carry forward of deficit. Against the said order of the A.O., the Trust has preferred an appeal before the CIT(A) which is pending for disposal. The Trust has received refund of ₹1,22,87,44,100/- vide demand draft dated 13.04.2018. The Income Tax Department has preferred an appeal before the Hon'ble ITAT against the order of the CIT(A) which has been dismissed by Hon'ble ITAT vide order dated 30.07.2019.

- g) While concluding the assessment proceedings for the A.Y. 2015-16, the assessing officer has made an addition of ₹93,73,75,000/- being contribution received towards corpus from the Settlers of the Trust by treating it as income on account of voluntary contribution u/s 2(24)(ia) of the Act 1961. Further, the Id.AO has considered returned income at ₹NIL as against the returned loss of ₹179,15,20,936/-. Against the said order, the Trust has filed an appeal before CIT(A) which is pending disposal. The AO has not given credit of TDS of ₹11,02,47,956/- for which an application for rectification has been filed on 15.01.2018 which is pending for disposal.
- h) While concluding the assessment proceedings for the A.Y. 2016-17, the assessing officer has made an addition of ₹42,48,75,000/- being contribution received towards corpus from the Settlers of the Trust by treating it as income on account of voluntary contribution u/s 2(24)(ia) of the Act 1961. Further, the Id.AO has not granted deduction of 15% u/s. 11(1)(a) and has considered returned income at ₹50,43,34,946/- as against the returned income of ₹7,94,59,946/-. Against the said order, the Trust has filed an appeal before CIT(A) which is pending disposal. Out of total refund of ₹43,67,74,164/-, the trust had received a refund of ₹17,18,41,511/- (including interest of ₹3,14,33,172/-) vide demand draft dated 07.06.2018. Further AO adjusted ₹12,15,34,819/- against demand of A.Y. 2011-12. During the Financial Year 2019-20, the Trust has received balance refund of ₹20,36,78,121/- (including interest of ₹2,88,47,115/-).
- i) While concluding the assessment proceedings for the A.Y. 2017-18, the assessing officer has made an addition of ₹4,44,41,750/- being contribution received towards corpus from the Settlor, Small Industries Development Bank of India (SIDBI) in terms of the Trust Deed of the Trust by treating it as income on account of voluntary contribution u/s 2(24)(ia) of the Act 1961 and disallowed deduction of provision for guarantee claims of ₹63,83,60,843/- made on the basis of actuarial valuation by restricting the same to the actual payments during the year. The Id. AO did not reduce the amount of depreciation of ₹27,37,771/- written back in the books on account of reworking made by the Trust. The Id. AO also did not grant deduction of 15% u/s. 11(1)(a). Against the said order, the Trust has filed an appeal before CIT(A) which is pending disposal. The trust has not yet received a refund of ₹10,41,28,573/- determined by the Id AO in ITNS 150 accompanying assessment order for A.Y. 2017-18 till date.

- i) For A.Y. 2018-19 and A.Y. 2019-20, the Trust has filed returns of income claiming refund of ₹50,98,47,499/- and ₹68,99,01,960/- respectively. The assessments for these years are pending.

## 6.2 Indirect Taxation

- a) The Directorate General of Central Excise Intelligence, Chennai vide show cause notice dated 14.10.2014 had asked the trust to show cause as to why Guarantee Fee and Annual Service Fees received by the trust should not be considered as "Support service for Business or Commerce" under Section 65(104c) read with Section 65(105)(zzzq) of Finance Act, 1994 and demand of ₹79,68,11,936/- plus interest u/s. 75 and penalty u/s. 76, 77 and 78 should not be imposed for the period from FY 2009-10 till June 30, 2012. In response to the same, the trust has made written submission on 17.12.2014 and attended personal hearings on 17.04.2015 and 06.12.2018. Order in Original dated 28.05.2019 from the office of the Hon'ble Commissioner of GST & CX., Bhiwandi confirming the demand of Service Tax of ₹79,68,11,936/- along with interest and penalty has been received. The Trust has preferred an appeal against the said order before in the Custom, Central Excise and Service Tax Appellate Tribunal, Mumbai on 29.10.2019 by making the pre-deposit of ₹5,97,60,896/-. The appeal is yet to be heard.
- b) Audit was conducted on the trust for the period from F.Y. 2010-11 to 2014-15 under Rule 5A of Service Tax Rules, 1994. On the basis of the observations made in the Final Audit Report, Assistant Commissioner of Service Tax, Mumbai had issued show cause notice dated 18.04.2016 asking the trust to explain as to why-
1. The activity of sharing of staff with M/s. SIDBI should not be classified under "Business Support Service" and Service Tax of ₹52,156/- along with Interest u/s. 75 should not be demanded and recovered;
  2. Service Tax amounting ₹1,74,760/- along with Interest u/s. 75 on the unutilized portion of advances received from the Development Commissioner should not be demanded and recovered.
  3. Interest u/s. 75 of Finance Act, 1994 on delayed payment of Service Tax on adjusted portion of advances received from the Development Commissioner should not be demanded and recovered.
  4. Penalty u/s. 76 for failure to pay service tax within prescribed time and penalty u/s. 78 for suppressing and mis-declaring the taxable activities and true nature and value of taxable services, with intend to evade payment of Service Tax should not be demanded and recovered.

The last reply in the matter was filed by the assessee trust on 23.08.2016. No order / communication with regard to the same has been received till date. Subsequently the Dy. Commissioner of Service tax vide letter dated 24.03.2017 sought clarification as to whether in relation to the points mentioned hereinabove under sub-clause 1) and 2) of Clause B), the same practice continued post 2015. The reply in response thereto has also been filed by Trust vide letter dated 18.04.2017. The Personal hearing is yet to take place.

- c) In Response to the Appeal filed with regard to claim of Refund of the Service Tax paid on services provided to MLI's located in Jammu and Kashmir amounting to ₹1,07,71,826/- for the

period July, 2012 to June, 2014, the Commissioner (Appeals) vide his Order in Appeal dated 28.08.2018 had remanded back the matter to the original authority (the Assistant Commissioner (Refund -II), Service Tax -IV, Mumbai ) with the direction to verify all the relevant documents to be produced by CGTMSE for substantiating their claim of Refund. Personal hearing notice is awaited from the Original Authority.

- d) The application dated 02.04.2018 for claiming refund of ₹7,54,06,280/- being service tax and cesses paid in advance on the basis of DAN for which ultimately no guarantee services have been rendered and which could not be adjusted against service tax payable. The same was rejected vide Order in Original dated 07.12.2018 by Assistant Commissioner CGST & Central Excise, Division-I, Mumbai. Trust has preferred an appeal against the said order before the Hon'ble Commissioner of Service Tax (Appeals)-II, Mumbai on 07.02.2019. The Appeal is yet to be heard.

7. The Trust has obtained Actuarial Valuation Report of Expected Pay out due to Default in Loans. Accordingly, the additional provision suggested by Actuary in his report is ₹1,912.23 crore as on 31.03.2020. Details of provision for such claims are as under:

(Amount in ₹)

Particulars	Current Year	Previous Year
Opening balance as on 1st April	2,936,51,93,247	21,45,49,48,313
Less: Claim paid during the year	1,001,36,87,393	816,55,55,066
Add: Provision made during the year	1,912,23,00,000	1,607,58,00,000
Closing Balance as on 31st March	3,847,38,05,854	2,936,51,93,247

8. Figures of previous year have been regrouped, reclassified and rearranged where ever necessary.

For Jain Tripathi & Co.  
Chartered Accountants  
ICAI Firm Reg. No. 103979W

On behalf of the Board of Trustees

Sd/-  
(D.P. Tripathi, M.No.013593)  
Partner

Sd/-  
(Mohammad Mustafa, I.A.S.)  
Chairman

Place: Mumbai  
Date: 06/08/2020

Sd/-  
(Devendra Kumar Singh, I.A.S.)  
Vice Chairman

Sd/-  
(Sandeep Varma)  
Member Secretary







*En route to fulfilling  
Mahatma Gandhi's vision  
for small scale sector*



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