



The Trust India Trusts

Credit Guarantee Fund Trust for Micro and Small Enterprises
(Set up by Ministry of MSME, Government of India and SIDBI)

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Letter of TRANSMITTAL

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

August 31, 2021

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, 7th 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, we forward herewith the following documents:

1. A copy of audited accounts of the Trust for the financial year ended March 31, 2021 together with Auditor's Report and
2. A copy of the report on the working of Credit Guarantee Fund Trust for Micro and Small Enterprises for the period ended March 31, 2021.

Yours faithfully

Sd/-

(Sandeep Varma)
Chief Executive Officer

Place: Mumbai



Message from **CHAIRMAN**

CGTMSE, **The Trust India trusts**, has always been deeply committed to the growth of the MSE Sector and we are all set to reach out to support the MSEs during the crisis period. To survive in the wake of unparalleled global economic crises meant reinventing dreams once envisioned. The road to recovery rested not only on courage and strength, but also on the capacity to bounce back. The economic slowdown due to the Covid-19 pandemic has put the entire economy of the country under stress. The MSE sector, however, has showed great resilience by weathering the recent pandemic. In order to revive the economy, the Government of India has announced various economic and financial relief measures to support the MSMEs.

During these tough times, CGTMSE has been a major contributor that has been able to instill confidence in the MSMEs by facilitating two new Schemes, 'Credit Guarantee Scheme for Subordinate Debt (CGSSD)' and 'PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi)'. Both these Schemes are dedicated to the MSMEs that are adversely impacted due to Covid-19 pandemic. CGSSD is focused to revive the stressed MSMEs by way of infusing equity / quasi equity in their businesses whereas PM SVANidhi supports the Street Vendors by facilitating working capital loan up to ₹10,000/-. Considering the challenging uncertainties, CGTMSE responded and performed well during FY 2021 in terms of operational growth taking the cumulative guarantees approved under the Schemes to 65 lakh for an aggregate loan amount of ₹2.60 lakh core.

In the coming years, CGTMSE would continue to strive relentlessly to bring about a transformation in the bank's lending to MSE sector by providing overwhelming support and incorporating confidence building measures in its operations to make collateral-free lending to MSEs, the most preferred and profitable option.

I would like to thank the 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 to create 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/-

(Sivasubramanian Ramann, IA&AS)

Chairman, CGTMSE

Board of Trustees of CGTMSE

(Status as on August 06, 2021)



Shri Sivasubramanian Ramann, IA&AS, 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, 7th Floor, Nirman Bhavan,
Maulana Azad Road, New Delhi – 110 108



Shri. Rajkiran Rai G., Member (Ex- officio)

Chairman, Indian Banks' Association (IBA),
Managing Director & CEO of Union 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,
7th Floor, Swavalamban Bhavan, SIDBI,
C-11, G-Block, BKC, Bandra (E), Mumbai - 400 051

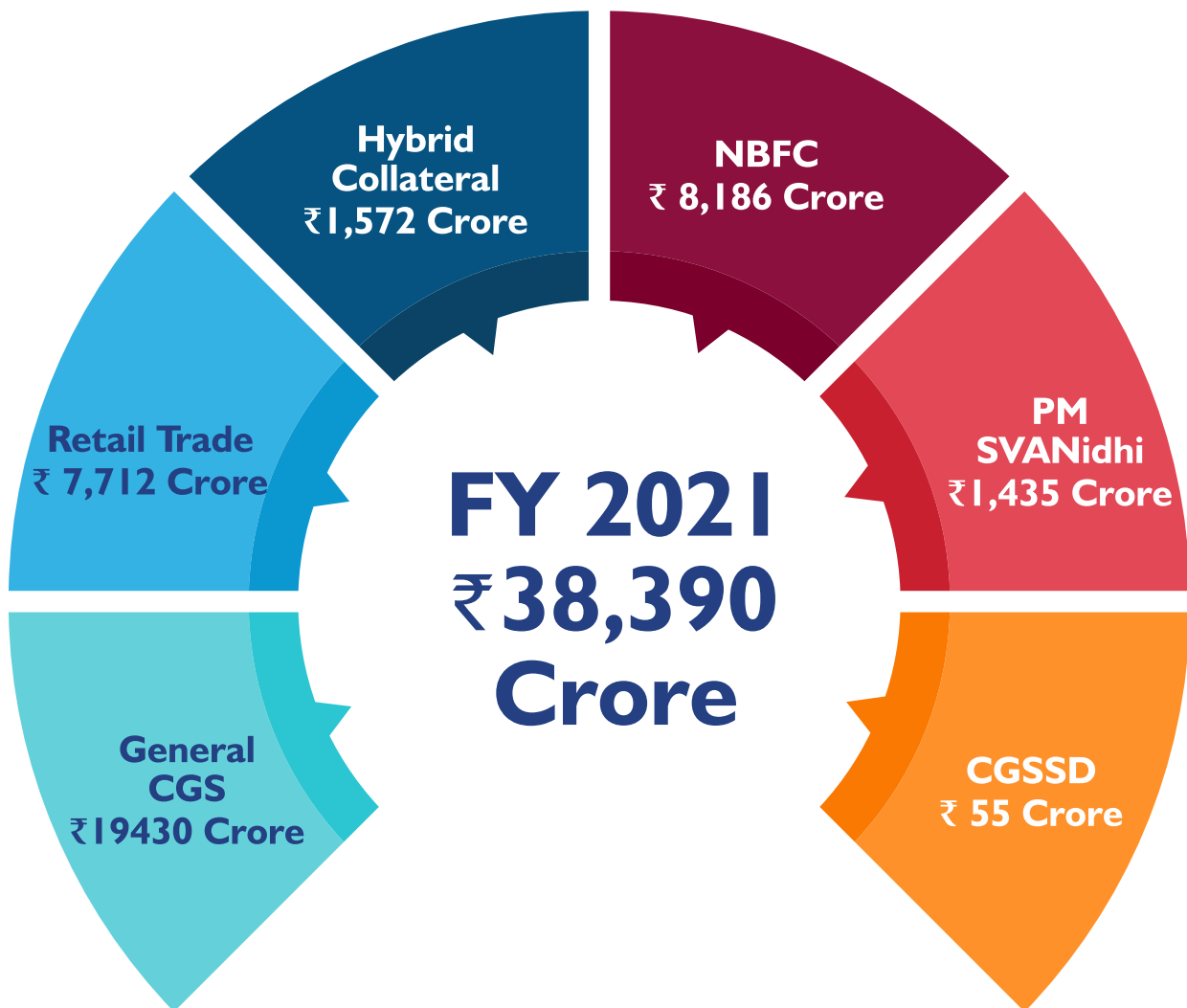


OVERVIEW

SALIENT FEATURES



OPERATIONAL HIGHLIGHTS FOR FY 2021



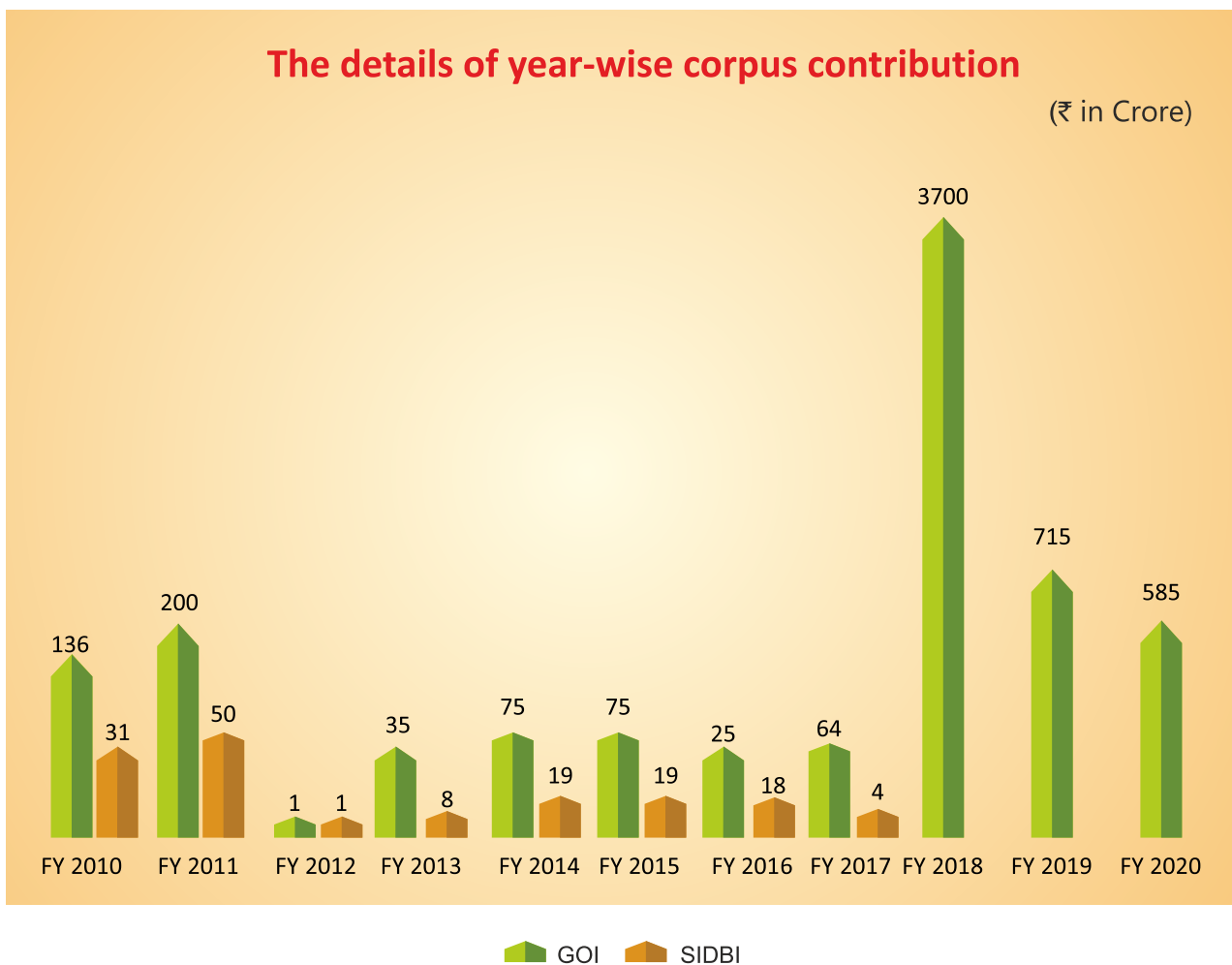
Performance Snapshot for FY 2021

1. Corpus Fund of CGTMSE

1.1 The initial corpus fund of ₹2,500 Crore of the Trust was contributed by the Government of India (GoI) and Small Industries Development Bank of India (SIDBI) in the ratio of 4:1. The committed corpus of the Trust is now enhanced to ₹7,500 Crore contributed by GoI (₹7,000 Crore) and SIDBI (₹500 Crore). Trust has received the entire enhanced committed corpus from Government of India (GoI) taking the aggregate corpus amount to ₹7,500 Crore.

1.2 During FY 2021, the Trust received funds of ₹157.41 crore from Ministry of MSME, GoI, towards Credit Guarantee Scheme for Subordinate Debt (CGSSD) and funds of ₹62.50 crore were received from Ministry of Housing and Urban Affairs for operations of PM SVANidhi Scheme as both the Schemes are being operated by CGTMSE.

1.3 Details of year-wise corpus contribution are given below:



2. Member Lending Institutions (MLIs)

During the period under review CGTMSE included Co-operative Banks as Member Lending Institutions (MLIs). Consequent upon amalgamation of number of Regional Rural Banks (RRBs) beginning FY 2012-13 and based on the mergers of Public Sector Banks, during the period under review, the number of MLIs of the Trust for CGS - I is 107 where, 12 Public Sector Banks, 22 Private Sector Banks, 38 Regional Rural Banks, 6 Foreign Banks, 9 other Financial Institutions, 6 Small Finance

Banks and 14 Co-Operative Banks are registered MLIs for availing guarantee cover from the Trust. 39 Non-Banking Financial Companies have been registered as MLIs under CGS – II. Further, 36 Scheduled Commercial Banks have got registered as MLIs of CGTMSE under Credit Guarantee Scheme for Sub-ordinate Debt (CGSSD) and 122 Lending Institutions (LI) have been registered with CGTMSE under PM SVANidhi. Total number of MLIs of CGTMSE as at the end of the FY 2021 was 304 for all the Schemes.



3. Operations under all Guarantee Schemes

- 3.1 As at end of March 31, 2021 and after considering the mergers of the banks there were total 143 active MLIs which were availing guarantee cover. There are four Credit Guarantee Schemes (CGS) being operated by CGTMSE viz., CGS – I for Banks and Financial Institutions, CGS – II for NBFCs, Credit Guarantee Scheme for Sub-ordinate Debt (CGSSD) and PM SVANidhi.
- 3.2 During FY 2020-21, under CGS – I a total of 5,82,543 guarantees were

approved for an amount of ₹28,714 Crore as compared to approval of 4,59,808 guarantees for ₹28,503 crore in the previous year. Cumulatively, as at March 31, 2021, a total of 44,39,055 accounts have been accorded guarantee approvals for ₹2,27,213 crore.

- 3.3 During FY 2021, CGTMSE registered 10 new NBFCs. Total number of applications guaranteed under CGS–II during FY 2021 was 2,53,049 for an amount of ₹8,186 crore. Cumulatively, as at March 31, 2021, a total of 7,03,619 accounts have been accorded

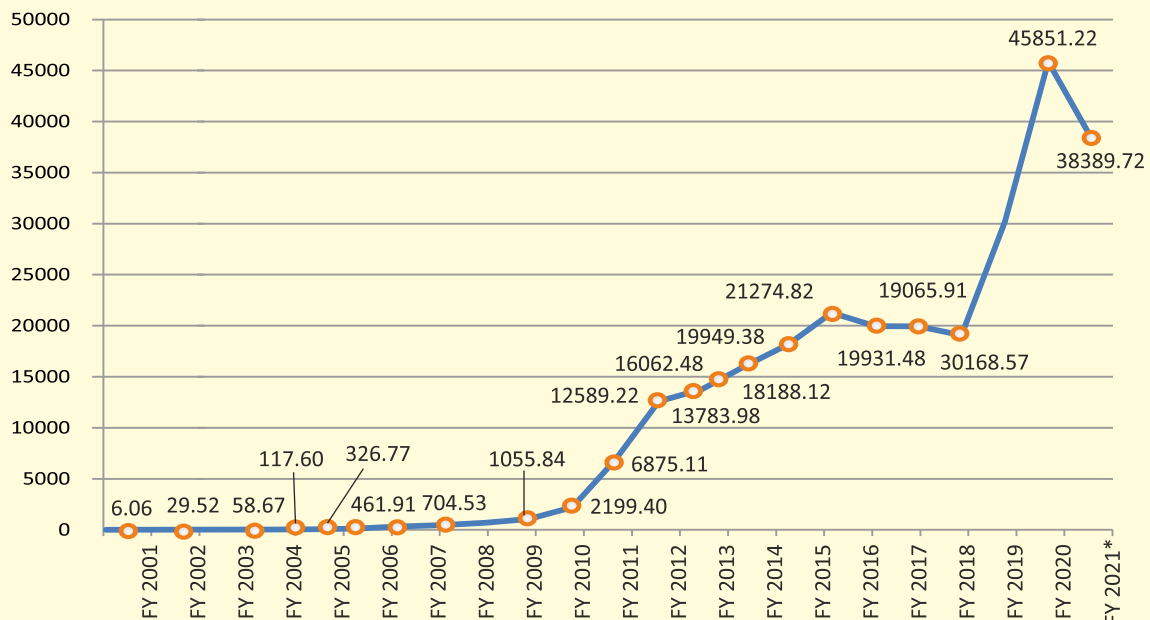
guarantee approvals for ₹31,499 crore under CGS-II.

- 3.4 During FY 2021 CGTMSE has successfully facilitated two new Schemes viz., Credit Guarantee Scheme for Subordinate Debt (CGSSD) and Credit Guarantee Scheme for PM SVANidhi (CGS-PMS). During the period under review guarantee coverage for 473 applications have been approved for an amount of ₹55 crore under CGSSD and 14,47,266

applications have been covered under PMSVANidhi for ₹1435 Crore.

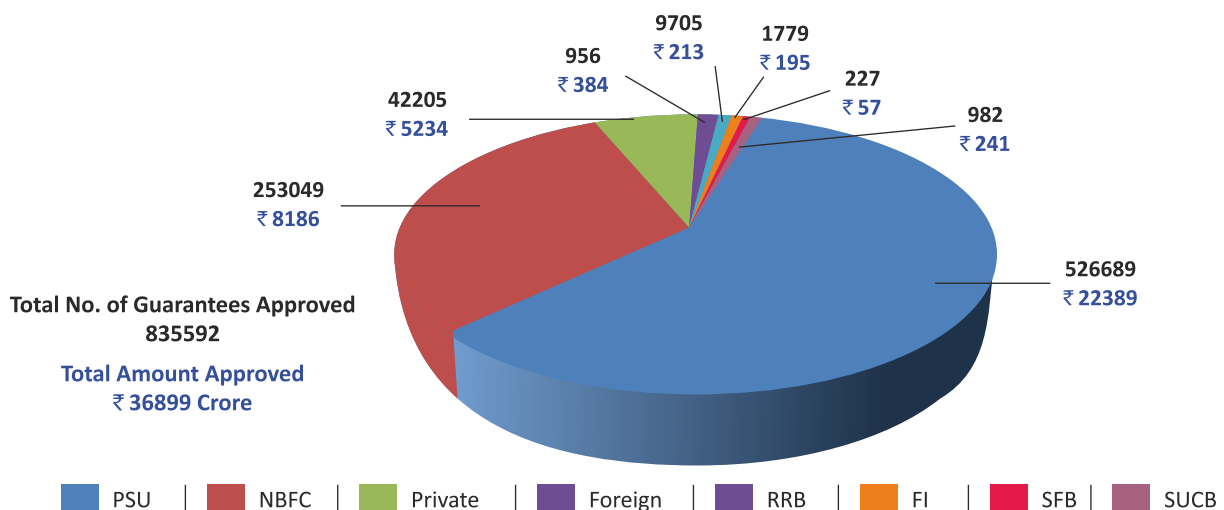
- 3.5 Hence, during FY 2020-21, for all the Schemes, a total of 22,83,331 guarantees were approved for an amount of ₹38,390 Crore. Cumulatively, as at March 31, 2021, a total of 65,90,413 accounts have been accorded guarantee approvals for ₹2,60,202 crore by CGTMSE under all the guarantees schemes.

Guarantees Approved Amount-Financial Years Wise (₹ Crore)

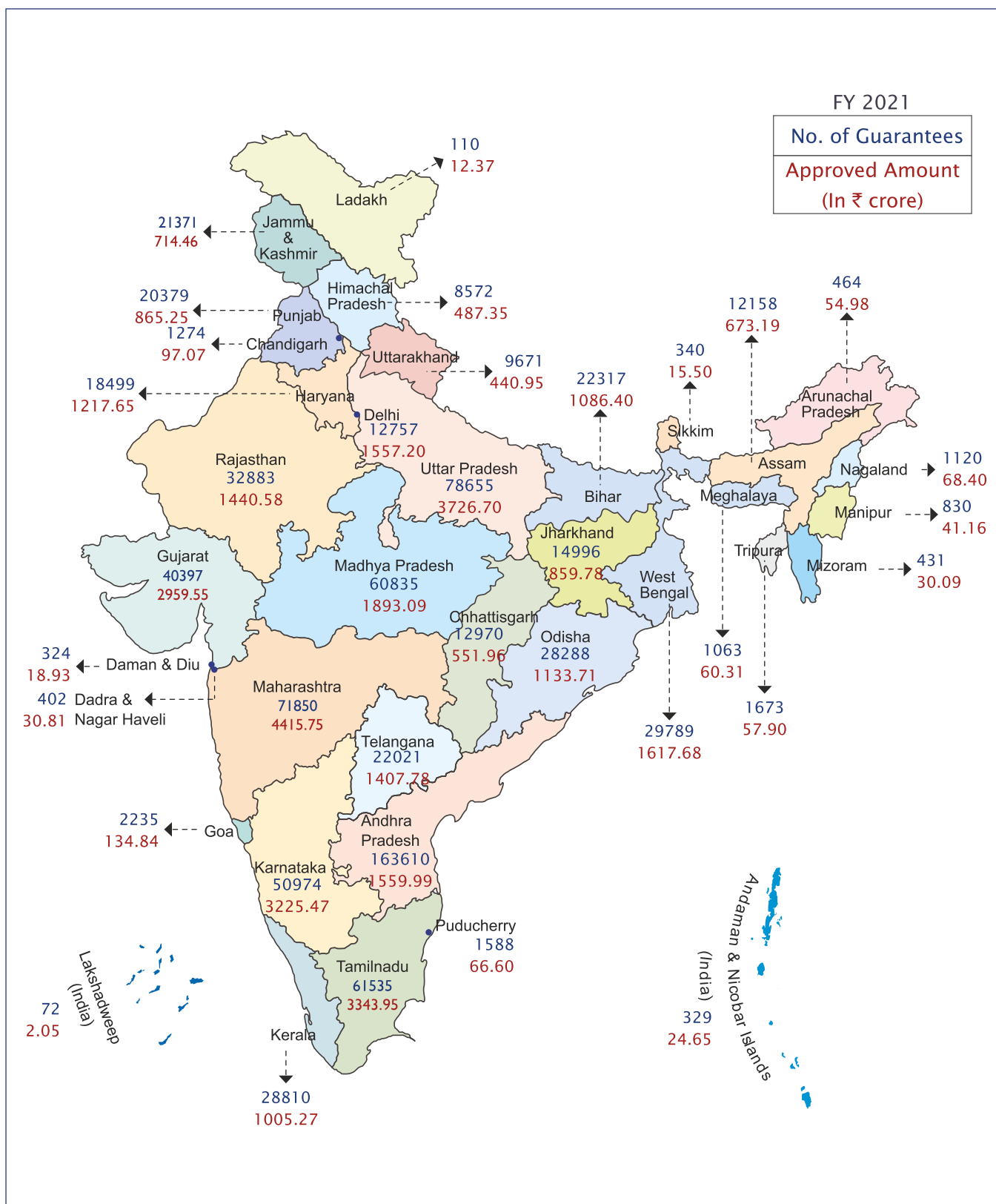


*Data for FY 2020-21 is for all the four Schemes

Guarantee coverage for CGS – I & II in FY 2021 – MLIs' Category wise (₹ in crore)



State wise coverage for CGS – I & II in FY 2021:



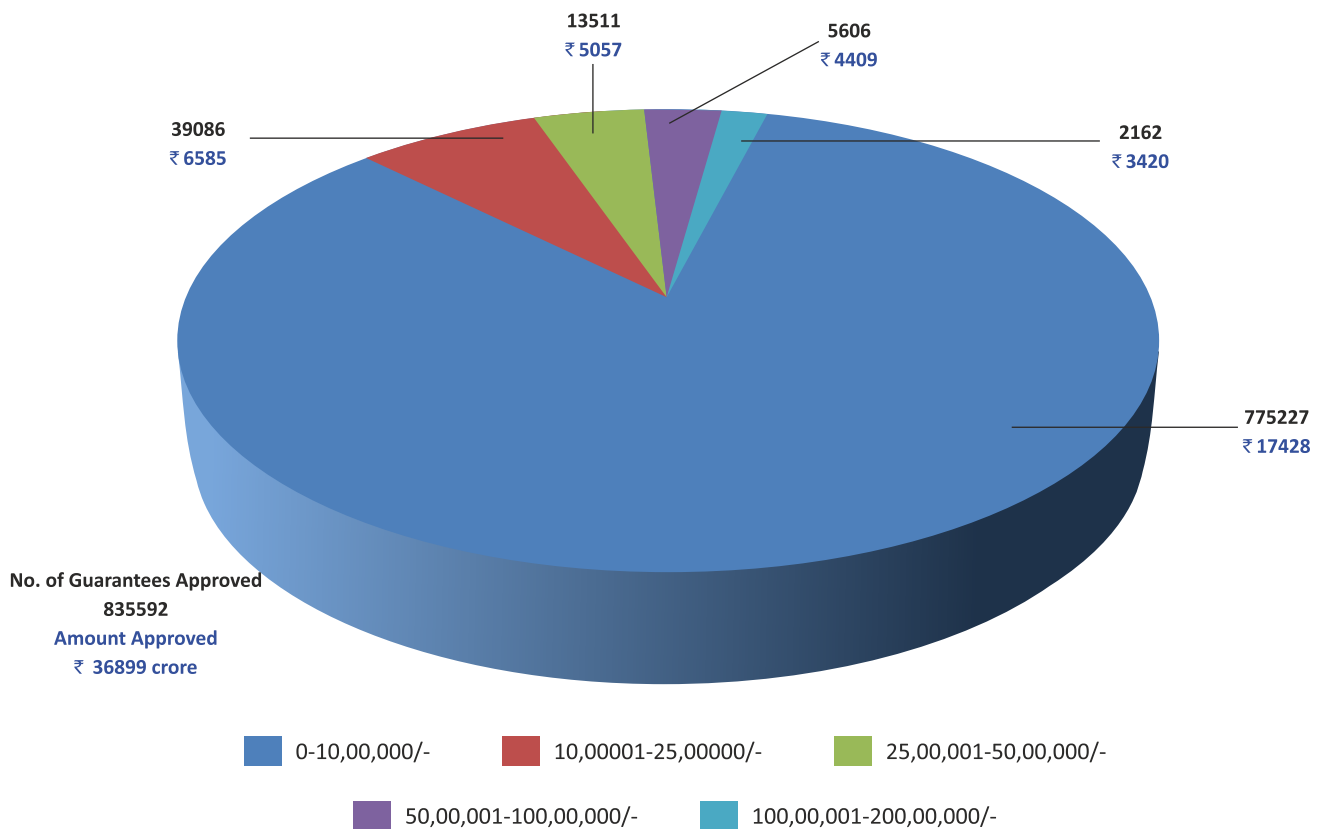
Map not to scale. For illustrative purposes only.

4. Slab-wise Coverage for CGS I & II

Of the 8,35,592 proposals for ₹36,899 Crore approved in FY 2021, proposals for an amount of ₹17,428 crore (47%) pertained to credit facilities up to ₹10 lakh, proposals for an amount of ₹6585 crore (18%) are having credit facilities in the range of ₹10 - 25 lakh, proposals

for an amount of ₹5,057 crore (14%) are in the range of ₹25 – 50 lakh, proposals for an amount of ₹4,409 crore (12%) are in the range of ₹50 -100 lakh and proposals for an amount of ₹3,420 Crore (9%) are in the range of ₹100 lakh - 200 lakh.

Slab wise Guarantee Approved Details in CGS I & II (₹ in crore)



5. Average size of loans covered

The overall average size of loans covered under the scheme during FY 2021 was ₹4.42 Lakh.

6. Claim Settlement & Closure

During FY 2020-21, 31,497 number of claims were settled for an amount of ₹716.41 crore. Claims in respect of 28,163 units were settled for an amount of ₹610.93 crore towards first instalment of claim under CGS-I and for 2,227 units for

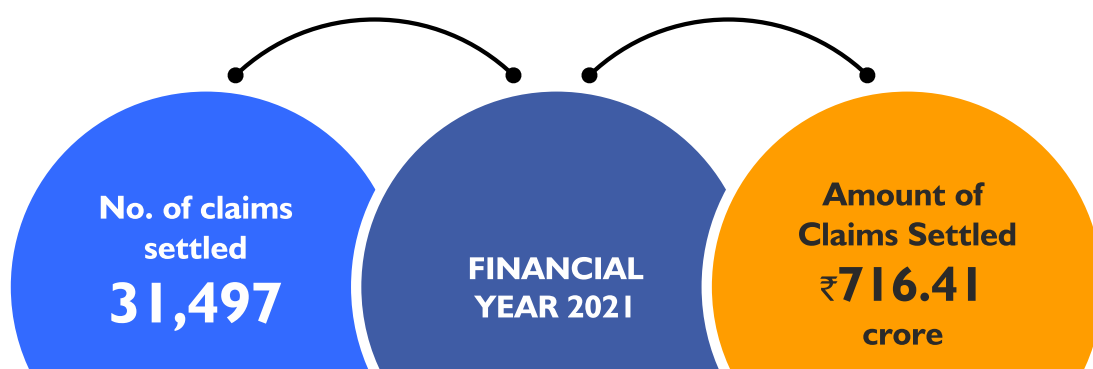
an amount of ₹82.26 crore under CGS-II during the year. Further, 1107 claims for an amount of ₹23.23 crore were settled towards 2nd / final installment of claim during the year. Cumulatively till March 31, 2021, CGTMSE has so far settled 2,91,358 number of claims amounting to ₹7,085.66 crore. As on March 31, 2021, cumulatively, guarantee claims in respect of 9053 units for ₹634 crore have been rejected as they were not

conforming to CGTMSE guidelines and guarantee claims in respect of 1567 units for ₹80.16 Crore have been withdrawn by MLIs.

7 Post claim settlement recoveries

During FY 2020-21, the Trust received

₹143.77 crore as recoveries from the MLIs after settlement of first claim as against ₹198.99 crore received during FY 2019-20. The receipt of recovery is mainly on account of post claim settlement monitoring mechanism.



8 Important developments during FY 2021:

8.1 Credit Guarantee Scheme for Subordinate Debt (CGSSD):

Considering the economic significance of MSME reviving the sector has been the top priority of the Government. Subsequent to the announcement made by Hon'ble Finance Minister, Ministry of MSME had launched 'Distressed Assets Fund - Subordinate Debt for Stressed MSMEs' with a view to help the stressed MSMEs revive their business which suffered due to slow down in the economy caused by pandemic COVID 19. For providing Credit Guarantee to the credit facilities provided by the eligible MLIs to the stressed/NPA MSMEs under the above scheme a 'Credit Guarantee Scheme for Subordinate Debt (CGSSD) has been

launched by CGTMSE. During this challenging times CGTMSE has successfully implemented the CGSSD for banks to help the NPA/SMA-2 MSME borrowers overcome the financial crisis inflicted upon them by COVID-19.

A separate Online Portal for Sub-debt Guarantee Operations has been developed by CGTMSE and is made available to all the users. To address the queries related to CGSSD, an exclusive mail ID has been created.

36 Scheduled Commercial Banks have got registered as MLIs of CGTMSE under CGSSD. During FY 2021, guarantee coverage for 473 applications have been approved for an amount of ₹55 crore.

8.2 Credit Guarantee Scheme for PM SVANidhi (CGS-PMS): The Ministry of

Housing and Urban Affairs (MoHUA), Government of India, has implemented a scheme titled "PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi)", for providing credit to Street Vendors on July 02, 2020. For facilitating credit under the PM SVANidhi Scheme, a guarantee scheme viz. Credit Guarantee Scheme for PMSVANidhi was envisaged, which is operated by CGTMSE.

A separate online portal has been developed by CGTMSE to operationalize the Scheme and distinct email id has been assigned to address with the queries of the Lending Institutions. As on March 31, 2021, 122 Scheduled Commercial Banks (SCBs) have been registered with CGTMSE under PM SVANidhi. As on March 31, 2021, 14,47,266 applications have been covered under the Scheme for ₹1435 Crore.

Additionally, with a view to promote the Scheme, CGTMSE conducted 30 training programs, Pan-India, to disseminate information on CGSSD and PMSVANidhi to all the Bankers. CGTMSE had also conducted 2 Outreach Events and 3 workshops exclusively on CGSSD for Industry Associations as well as Bankers and 4 workshops exclusively for PMSVANidhi for dissemination of information on the Scheme.

8.3 Relaxation given due to COVID: The year witnessed one of the most difficult periods in history of mankind in the form of COVID 19 pandemic. The economy in

general, and MSE Sector in particular, had been severely affected. CGTMSE has provided relaxation in the form of extension in various important timelines for those who were affected due to COVID 19 pandemic and nationwide lockdown.

- **Extension in lodgment of guarantee application:** MLIs are required to lodge guarantee applications by the end of subsequent quarter from the date of sanction of a credit facility. Relaxation in time for lodgment of guarantee applications was granted in those cases where time for lodgment had lapsed.
- **Extension in timeline for NPA marking:** Extension of timeline was granted for marking of NPA in CGTMSE portal for the Lending Institutions as they were not allowed to declare NPAs due to RBI / Hon'ble Supreme Court's stay order. CGTMSE has given relaxation of time upto July 31, 2021 for marking NPA.
- **Extension in timeline for Claim lodgment:** As per the guidelines, claim can be lodged within three years from the date of NPA after initiating legal action against the MSE borrower. As MLIs were not able to initiate legal action due to non-functioning of DRTs and other legal forums, relaxation by way of extension of time for lodgment of claim was granted where time for the same had lapsed.
- **Extension in the tenure for guarantee application:** Cases were MLIs extended repayment period of the MSE borrowers

who were not in a position to pay their instalments, corresponding tenure extension was granted by CGTMSE for the validity of guarantee also.

9 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 Centers, etc., to disseminate information on the revamped Credit Guarantee Scheme (CGS) of CGTMSE and also to impress upon the MLI to make use of the special guarantee schemes launched

to enable eligible micro and small enterprises to avail the benefit of these Schemes. During FY 2021, CGTMSE participated in 79 Seminars/Workshops/Bankers' meet and has conducted 296 Business Development Meetings and made presentations to sensitize bank officials/small enterprises on the various aspects of the Credit Guarantee Scheme.

10 Overall impact of CGS operations

CGTMSE's operations had a positive impact on the economy in terms of turnover, exports and employment of credit guaranteed MSEs as given in the Table..

Particulars	As on 31/03/2021	As on 31/03/2020
Cumulative Guarantees approved for all the Schemes (in Numbers)	65,90,413	43,07,082
Loan Amount (extended by MLIs) for all the Schemes (Crore)	2,60,202	2,21,812
Estimated turnover of guaranteed units (₹ Crore)	45,58,501	34,22,643
Estimated exports by guaranteed units (₹ Crore)	16541	14,648
Estimated employment generation (Nos. lakh)	132	127
Number of MLIs for all the Schemes	304	126
Women beneficiary (% to total guarantee amount)	14	15
NER (%)	3	3.2

N.B.: Actuals may vary due to intervening cancellations / modifications.

11 Auditors

M/s. Kochar & Associates, Mumbai, a firm of Chartered Accountants, was appointed as internal auditors of CGTMSE, for the FY 2020-21. The Auditors undertook a comprehensive review of the entire systems as also undertook audit covering revenue, expenses, investment, etc. 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 2020-21

12 Accounts

The Trust earned gross income of ₹2174.26 Crore, comprising mainly Guarantee Fee (₹565.64 Crore) and Annual Guarantee and Service Fee (₹733.34 Crore), Income earned on investments (₹722.71 Crore) and Recoveries from MLIs (₹143.77 Crore). Trust incurred an amount of ₹9.57 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 2020-21 are given below:

Particulars	Amount (₹ Crore)
Opening balance as on April 01, 2020	3,847.38
Less: Claim paid during the year	703.30
Add: Provision made during the year	2,073.04
Closing Balance as on March 31, 2021	5,217.12

As on March 31, 2021, the cumulative provision is estimated at ₹5,217.12 Crore. The excess of income over expenditure (before tax) was ₹91.38 Crore after provision for claims as per the Actuarial valuation. The size of the Corpus of the fund as on March 31, 2021 stood at ₹7500 Crore. This 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 total fund as at March 31, 2021 stood at ₹14,665.93 Crore as against ₹12,848.15 Crore as at the end of the previous year.

13 Management & Organization

13.1 During FY 2020-21, 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 2020-21, two meetings (including one meeting through circular resolution) of the Board of Trustees were held. As on March 31, 2021, four officers including the CEO were on deputation with CGTMSE from SIDBI.

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



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: 09321028751/9869217845 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 2021, 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 31st March 2021
 - 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 : July 28, 2021

Credit Guarantee Fund Trust For Micro And Small Enterprises

BALANCE SHEET

as on March 31, 2021

Particulars	Schedules	As on 31.03.2021		As on 31.03.2020	
		(₹)	(₹)	(₹)	(₹)
Sources of Funds					
Corpus Fund	1		87,39,94,08,787		86,82,23,05,718
General Reserve	2		74,20,662		74,20,662
Current Liabilities & Provisions	3		67,99,96,81,322		49,88,02,87,148
Total			1,55,40,65,10,771		1,36,71,00,13,528
Application of Funds					
Fixed Assets					
Computer & Software		3,07,70,623		2,98,65,045	
Less : Depreciation Reserve		2,57,80,225	49,90,398	2,34,67,099	63,97,946
Furniture & Fixture		9,77,224		10,31,191	
Less : Depreciation Reserve		5,53,651	4,23,573	4,92,025	5,39,166
Motor Car		12,66,029		12,66,029	
Less : Depreciation Reserve		10,16,964	2,49,065	8,66,623	3,99,406
Electrical Items		9,00,126		9,86,592	
Less : Depreciation Reserve		5,11,354	3,88,772	5,17,932	4,68,660
			60,51,808		78,05,178
Investments	4		151,97,39,84,801		1,32,44,33,74,825
Current Assets					
Cash in hand			4,552		4,716
Bank Balance	5		72,36,79,780		48,54,09,531
Receivable	6		16,03,62,292		16,10,44,550
Amount Recoverable from Tax Authority	7		2,54,24,27,538		3,61,23,74,728
Total			1,55,40,65,10,771		1,36,71,00,13,528
Notes forming parts of Accounts	9		-		

AS PER OUR REPORT OF EVEN DATE

THE ABOVE BALANCE SHEET 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/-
(Sandeep Varma)
Member Secretary

Sd/-
(Sivasubramanian Ramann, IA&AS)
Chairman

Place: Mumbai
Date: July 28, 2021

Credit Guarantee Fund Trust For Micro And Small Enterprises

INCOME AND EXPENDITURE ACCOUNT

for the Year Ended March 31, 2021

Particulars	Schedules	Amount (₹)	
		Current Year	Previous Year
INCOME			
Interest on Fixed Deposits		7,15,01,83,820	8,29,99,48,042
Income from Mutual Funds		7,68,75,815	11,65,53,875
Guarantee Fees		5,65,64,33,557	4,03,44,36,882
Annual Guarantee/Service Fees		7,33,33,62,470	5,58,69,01,737
Miscellaneous Income		4,63,805	8,13,820
Recoveries by MLI's on Claim Paid Account		1,43,76,87,147	1,98,89,26,944
Interest on Income Tax Refund		8,75,88,041	2,88,47,115
		21,74,25,94,655	20,05,64,28,415
EXPENDITURE			
Operating and Other Administrative Expenses	8	9,57,02,303	8,42,63,063
Provisions for Guarantee Claims		20,73,04,00,000	19,12,23,00,000
Bank Charges		12,647	11,899
Depreciation		26,76,636	20,73,064
		20,82,87,91,586	19,20,86,48,026
EXCESS OF INCOME OVER EXPENDITURE		91,38,03,069	84,77,80,389
Add / (Less) : Prior Period Items		-	-
Surplus Before Tax		91,38,03,069	84,77,80,389
Add:- Income Tax Provision W/Back		-	-
Less: Provisions for Income tax		(33,67,00,000)	-
Surplus After Tax		57,71,03,069	84,77,80,389
Less: Transfer to General Reserve		-	-
Surplus of Income Over Expenditure Carried to Corpus Fund		57,71,03,069	84,77,80,389
Notes forming parts of Accounts	9		

AS PER OUR REPORT OF EVEN DATE

THE ABOVE INCOME & EXPENDITURE ACCOUNT
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/-
(Sandeep Varma)
Member Secretary

Sd/-
(Sivasubramanian Ramann, IA&AS)
Chairman

Place: Mumbai
Date: July 28, 2021

Credit Guarantee Fund Trust For Micro And Small Enterprises
CASH FLOW STATEMENT
for the year ended 31 March 2021

	Particulars	31 March 2021 (₹)		31 March 2020 (₹)	
	Cash flow from Operating Activities				
	Excess of Income over expenditure, before tax as per Income and Expenditure Statement		91,38,03,069		84,77,80,389
Add:	Depreciation debited to Income and Expenditure A/c	26,76,636		20,73,064	
	Provision on guarantee claims debited to Income and Expenditure A/c	20,73,04,00,000		19,12,23,00,000	
Less:	Interest on fixed deposits	(7,15,01,83,820)		(8,29,99,48,042)	
Less:	Interest on income tax refund	(8,75,88,041)		(2,88,47,115)	
Less:	Income from mutual fund	(7,68,75,815)		(11,65,53,875)	
			13,41,84,28,960		10,67,90,24,032
	Cash flow before changes in working capital		14,33,22,32,029		11,52,68,04,421
	Changes in working capital				
	(Increase)/decline in receivable	6,82,258		(25,39,141)	
	(Increase)/decline in amount recoverable from tax authorities	1,27,10,60,083		11,58,49,352	
	Increase / (decline) in current liabilities	4,42,20,08,881		7,76,29,96,857	
			5,69,37,51,222		7,87,63,07,068
	Changes in cash flow after changes in working capital		20,02,59,83,251		19,40,31,11,489
Less:	Claims paid during the year	(7,03,30,14,707)		(10,01,36,87,393)	
	Advance tax paid	(53,78,12,893)		(82,99,86,159)	
			(7,57,08,27,600)		(10,84,36,73,552)
	Net Cash Flow Generated / (Used) From Operating Activities (A)		12,45,51,55,651		8,55,94,37,937
	Cash flow from Investing Activities				
	(Acquisition) / disposals of fixed assets during the year	(9,23,266)		(11,95,850)	
	Addition to investments during the year	(19,53,06,09,976)		(22,44,24,11,744)	

	Particulars	31 March 2021 (₹)		31 March 2020 (₹)	
	Net Cash Flow Used In Investing Activities (B)		(19,53,15,33,242)		(22,44,36,07,594)
	Cash flow from Financing Activities				
	Increase in corpus fund during the year	-		5,85,10,00,000	
	Interest income on Mutual Funds	7,68,75,815		11,65,53,875	
	Interest on income tax refund	8,75,88,041		2,88,47,115	
	Interest income on investments	7,15,01,83,820		8,29,99,48,042	
	Net Cash Flow Generated From Financing Activities(c)		7,31,46,47,676		14,29,63,49,032
	Net Increase Cash Flow During The Year (A) + (B) + (C)		23,82,70,085		41,21,79,375
	Opening balance of Cash and Cash Equivalents		48,54,14,247		7,32,34,872
	Closing balance of Cash and Cash Equivalents		72,36,84,332		48,54,14,247
Notes:					
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 2021 comprise		31 March 2021		31 March 2020
	Cash		4,552		4,716
	Bank balance		72,36,79,780		48,54,09,531
	Total		72,36,84,332		48,54,14,247
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)
Partner
M.No.013593

Sd/-
(Sandeep Varma)
Member Secretary

Sd/-
(Sivasubramanian Ramann, IA&AS)
Chairman

Place: Mumbai
Date: July 28, 2021

Credit Guarantee Fund Trust For Micro And Small Enterprises

SCHEDULES FORMING PART OF THE BALANCE SHEET

as on 31st March, 2021

Particulars	As on 31.03.2021 (₹)	As on 31.03.2020 (₹)
Schedule : 1		
Corpus Fund		
Received from :		
Government of India	70,00,00,33,000	70,00,00,33,000
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 - 1 & 2 respectively)		
(a)	75,00,00,33,000	75,00,00,33,000
Surplus of Income over expenditure		
Balance B/F	11,82,22,72,718	10,97,44,92,329
Add: Surplus of Current year	57,71,03,069	84,77,80,389
(b)	12,39,93,75,787	11,82,22,72,718
(a + b)	87,39,94,08,787	86,82,23,05,718
Schedule : 2		
General Reserve		
Balance B/F	74,20,662	74,20,662
Add: Transfer from Income and Expenditure A/c	-	-
	74,20,662	74,20,662
Schedule : 3		
Current Liabilities and Provisions		
Provision Towards Guarantee Claims (also see Note no 7 in Schedule 9)	52,17,11,91,147	38,47,38,05,854
Outstanding Liabilities Towards Expenses	1,74,46,127	1,14,64,552
Guarantee Claim Payable	3,48,550	8,55,33,902
TDS Payable	17,17,878	14,99,333
Professional Tax Payable	2,200	2,400
Guarantee Fees Refundable	64,25,823	44,77,279
Annual Service / Guarantee Fees Refundable	32,20,084	72,31,850
Advance Received Towards GF & ASF from D C (Handicraft & Handloom), GOI	22,99,875	23,38,301
Advance Received Towards Guarantee Fees	2,46,34,49,029	3,18,70,65,101
GST Payable	1,59,13,85,707	1,25,50,99,852
Fund from Ministry of Housing and Urban, GoI Towards "PM SVANidhi"	63,68,84,944	-
TDS Payable Ministry of Housing and Urban, GoI Towards "PM SVANidhi"	9,63,644	-
Fund from Ministry of MSME, GoI, Towards "CGSSD"	1,57,41,00,000	-
GF Appropriation Account	8,09,913	7,59,820
ASF Appropriation Account	60,34,377	21,96,629
Advance Received Annual Guarantee Renewal Fees	9,52,15,98,024	6,84,62,01,275
EMD for Contracts	18,04,000	26,11,000
	67,99,96,81,322	49,88,02,87,148

Particulars	As on 31.03.2021 (₹)	As on 31.03.2020 (₹)
Schedule : 4		
Investments		
1) Investment in Fixed Deposits with Banks		
i) Investement of D C (Handicraft & Handloom), GOI Advance	22,89,450	23,29,459
ii) Investement of the MHOU Fund (PM SVANidhi), GOI	63,68,84,944	-
iii) Investment of Ministry of MSME Fund, (CGSSD), GOI	1,57,54,52,169	-
iv) Investment of Corpus & Other Funds	147,11,20,48,238	130,04,38,58,845
2) Investment In Mutual funds	2,64,73,10,000	2,39,71,86,521
[Market value of investments in Mutual Funds: Rs 264,99,06,108]		
	1,51,97,39,84,801	1,32,44,33,74,825
Schedule : 5		
Bank Balance		
Current Accounts with:		
IDBI Bank Ltd.,	4,00,25,340	7,31,78,237
IDBI Bank Ltd., - D C (Handicraft),GOI,	24,873	13,299
IDBI Bank Ltd., - D C (Handloom), GOI,	3	3
Corporation Bank	68,23,13,066	41,18,77,537
State Bank of India	13,16,498	3,40,455
	72,36,79,780	48,54,09,531
Schedule : 6		
Receivables		
Prepaid Expenses	1,87,500	1,89,510
Fee Receivable	55,278	21,87,242
Input Tax Credit	44,87,137	30,35,421
Service Tax (EC/SHCE)	31,36,145	31,36,145
Service Tax Recoverable	15,24,96,232	15,24,96,232
	16,03,62,292	16,10,44,550
Schedule : 7		
Amount Recoverable from Tax Authority		
Income Tax refundable 31/3/10	39,86,08,031	39,86,08,031
Income Tax refundable 31/3/11	12,13,84,436	12,13,84,436
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 31/3/17	32,39,09,904	41,68,81,816
Income Tax refundable 31/3/18	2,16,46,094	50,98,47,499
Income Tax refundable 31/3/19	-	68,98,86,766
Income Tax refundable 31/3/20	82,99,86,159	82,99,86,159
TDS Paid 31/3/2021	53,78,12,893	-
Pre- Deposit against Service Tax Demand	5,97,60,896	5,97,60,896
(a)	2,87,91,27,538	3,61,23,74,728
Provision for Income Tax FY 2020-21	(b) (33,67,00,000)	-
Amount Recoverable from Tax Authority (a) - (b)	2,54,24,27,538	3,61,23,74,728

Credit Guarantee Fund Trust For Micro And Small Enterprises
SCHEDULES FORMING PART OF
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31st March, 2021

Particulars	CURRENT YEAR (₹)	PREVIOUS YEAR (₹)
Schedule : 8		
Operating and Other Administrative Expenses		
Advertisement & Publicity Expenses	4,81,037	7,20,184
Auditors' Remuneration	3,35,000	3,35,000
Conveyance Expenses	1,74,039	2,14,122
Courier/Postage Charges	19,795	25,852
Insurance Charges	75,076	27,957
Internal Auditors Remuneration	2,80,000	2,80,000
IT service	3,23,28,116	1,90,90,365
Membership Fees	-	2,50,000
Miscellaneous Expenses	4,32,942	10,69,519
Office Expenses	8,28,080	10,03,929
Office Rent	81,39,210	90,12,120
Personnel Cost & Expenses	4,43,96,058	4,27,95,187
Printing & Stationery	1,71,469	7,37,133
Advocate Fees	75,000	55,000
Professional Fee	77,27,500	83,14,340
Telephone Expenses	22,310	36,397
Travelling Expenses	2,16,671	2,95,958
	9,57,02,303	8,42,63,063

Credit Guarantee Fund Trust For Micro And Small Enterprises
GROUPING FORMING PART OF
INCOME & EXPENDITURE
for the year ended 31st March 2021

Particulars	As at 31.03.2021 (₹)	As at 31.03.2020 (₹)
List 1: Personnel Expenses		
Salaries & Allowances to Employees (SIDBI)	1,75,28,182	2,10,94,580
Salaries & Allowances to Contract Staff	2,55,22,107	2,04,58,435
Coupon Expenses (Sodexo)	13,45,769	12,42,172
	4,43,96,058	4,27,95,187
List 2: Miscellaneous Expenses		
Repair & Maintenance	63,754	83,646
Write-Off / Loss on Sale of Fixed Asset	36,312	70,846
Staff Welfare	97,795	91,092
Miscellaneous Expenses	2,35,081	8,23,935
	4,32,942	10,69,519
List 3: Printing & Stationery		
Printing Expenses	-	5,70,234
Stationery & Computer Consumables	1,71,469	1,66,899
	1,71,469	7,37,133
List 4: Miscellaneous Income		
Miscellaneous Receipts	25,926	99,571
Tender & Search Fee	42,279	74,231
Penal Interest	3,95,600	6,40,018
	4,63,805	8,13,820
List 5: Outstanding Liabilities Towards Expenses		
Chetan T Shah & Co.	1,35,000	1,35,000
Adaequare Info Pvt Ltd	6,726	-
Globalcom IDC Ltd	10,79,286	13,07,082
Jain Tripathi & Co.	3,01,500	3,01,500
Khandelwal Jain & Co.	4,05,000	4,05,000
Kochar & Associates	63,000	63,000
K.S. Sangvhi & Co.	4,500	4,500
M M Nissim & Co.	-	24,803

Particulars	As at 31.03.2021 (₹)	As at 31.03.2020 (₹)
Sai Cuisine Hospitaly Services Pvt Ltd.	8,652	-
Path Infotech Ltd.	35,32,110	29,50,224
Reliance Communications Ltd.	3,05,410	3,91,811
Shyamlal Dadhichi & Associates	-	3,06,045
SIDBI	23,31,576	45,97,013
T&M Service Consulting Pvt Ltd.	8,02,994	8,65,931
Dynacons System & Soluation	60,727	60,727
Wysetek Systems Tech Pvt Ltd	-	51,916
Astute System Pvt Ltd	82,058	-
ESDS Software Solution Pvt Ltd	2,00,172	-
Tata Commincation Limited	77,17,016	-
Tata Tel Service Ltd	4,10,400	-
	1,74,46,127	1,14,64,552

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

Schedule: 9: - NOTES ON ACCOUNTS:

1. 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 MLIs 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), DC (Handicraft), Ministry of Housing and Urban Affairs, GoI and Ministry of MSME, GoI 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 crore)

2. Particulars	As on 31-03-21	As on 31-03-20
Guarantee approval	2,58,712	2,21,812
Guarantee issued	2,30,520	1,99,106
Guarantee sanctioned, pending execution	28,244	22,706
Outstanding Guarantee	1,09,955	99,492
Overall Liability of CGTMSE out O/s Guarantee	78,924	72,986
Liability of CGTMSE towards first claim Instalment	59,193	54,739

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 1,107 Cases (P.Y. 3,324 cases), subsequent payment of 25% has been made. 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
Total	3,35,000	3,35,000

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. Order giving effect to ITAT order dated 28.05.2014 was passed by the office of CIT (Exemption) vide order dated 09.03.2021.

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 AY 2007-08 and AY 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 ₹250,00,00,000/- 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 ₹102,96,29,110/-. 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 ₹102,96,29,110/-, 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 settlors 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)(iia) 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)(iia) 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 AY 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)(iia) 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. During the Financial Year 2020-21, the trust has received a refund of ₹10,41,28,573/- (including interest of ₹1,11,56,628/-).
- j) While conducting the assessment proceedings for A.Y. 2018-19, the assessing officer has disallowed deduction of provision for guarantee claims of ₹3,47,04,32,777/- made on the basis of actuarial valuation by restricting the same to the actual payments during the year. The Id. AO did not grant deduction of 15% u/s. 11(1)(a) of ₹9,92,75,616/-. Against the said order, the Trust is in the process of filing appeal before CIT(A) in due course. During the Financial Year 2020-21, the trust has received a refund of ₹53,70,21,544/- (including interest of ₹4,88,20,140/-).
- k) For A.Y. 2019-20 and A.Y. 2020-21, the Trust has filed returns of income claiming refund of ₹68,99,01,960/- and ₹82,99,98,551/- respectively. The assessments for these years are pending. During the Financial Year 2020-21, the trust has received a refund of ₹71,74,98,041/- (including interest of ₹2,75,11,273/-) for AY 2019-20..

6.2 Indirect Taxation

- a) The Directorate General of Central Excise Intelligence, Chennai had vide show cause notice dated 14.10.2014 sought explanation as to why Guarantee Fee and Annual Service Fees received by them during the period from FY 2009-10 till 30.06.2012 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 accordingly service tax of ₹79,68,11,936/- should not be demanded and recovered from them along with interest u/s. 75 of the Finance Act and why penalty should not be imposed u/s. 76, 77 and 78 of the Finance Act. In response to the same, the trust has made written submission on 17.12.2014 and attended the personal hearing before the Commissioner of GST & CX., Bhiwandi on 17.04.2015 and 06.12.2018, who thereafter adjudicated the SCN, vide Order in Original dated 28.05.2019 confirming the demand of Service Tax of ₹79,68,11,936/- along with applicable interest and penalty. The Trust has preferred appeal against the said OIO 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/-, which is yet to be heard.

- b) Audit was conducted on the record of 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 and penalty 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.
- The response thereto was filed by the trust on 23.08.2016. 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. Personal hearing of the SCN was attended on 04.03.2021 through Web-ex platform before of The Assistant Commissioner, CGST and Central Excise (Division IV), Mumbai. The Adjudication Order disposing the SCN is awaited.
- c) CGTMSE had received Show Cause Notice from the Commissioner of Service Tax -Audit II, Mumbai on 22.07.2016 demanding service tax amount of ₹1,78,47,373/- plus applicable interest and penalty, for non- payment of service tax on DAN issued before 30.06.2012 but the fee in respect of such DANs were received post 01.07.2012. The written submission in response thereto were submitted on 23.08.2016 by the Trust. On 24.03.2021 the personal hearing on web-ex platform was conducted by the Joint Commissioner, CGST and Central Excise, Mumbai East Commissioner which was attended. Further written submissions were also made at the time of personal hearing. The Adjudication Order disposing the SCN is awaited.
- d) The first appeal preferred against the OIO of the Assistant Commissioner (Refund – II), Service Tax, Mumbai 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, was disposed of in favour of the Trust by the Commissioner (Appeals) CGST vide his Order in Appeal dated 28.08.2018 remanding back the matter to the original adjudicating authority with the direction to grant the refund after verification of the relevant documents to be produced by the Trust in support of their claim of Refund. No notice is received for verification of documents for processing the refund claim of the Trust from the Original Authority.
- e) The refund application dated 02.04.2018 for claiming refund of ₹7,54,06,280/- for the period March – June, 2017 in respect of service tax paid in advance on the basis of DANs

raised for which ultimately no guarantee services have been rendered and which could also 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. The Trust has preferred appeal against the said OIO before the Hon'ble Commissioner of Service Tax (Appeals)-II, Mumbai on 07.02.2019. Further, the Commissioner (Appeal-I) GST & CX, Mumbai vide dated 20.08.2020 was allowed the appeal with consequential relief, subject to detailed verification. No notice is received for verification of documents for processing the refund claim of the Trust from the Authority

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 ₹2,073.04 Crore as on 31.03.2021. Details of provision for such claims are as under:

(Amount in ₹)

Particulars	Current Year	Previous Year
Opening balance as on 1st April	38,47,38,05,854	29,36,51,93,247
Less: Claim paid during the year	7,03,30,14,707	10,01,36,87,393
Add: Provision made during the year	20,73,04,00,000	19,12,23,00,000
Closing Balance as on 31st March	52,17,11,91,147	38,47,38,05,854

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

Sd/-

(D.P. Tripathi)
Partner
M.No.013593

Place: Mumbai
Date: July 28, 2021

On behalf of the Board of Trustees

Sd/-
(Sandeep Varma)
Member Secretary

Sd/-
(Sivasubramanian Ramann, IA&AS)
Chairman



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



Registered Office of CGTMSE

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