

S³IDF

Small Scale Sustainable
Infrastructure Development Fund

www.s3idf.org

Annual Report
2006 - 2007





Our Mission

To provide infrastructure and related services by facilitating finance, business development and technical services for poverty alleviation.

Our Model

We facilitate creation of micro-enterprises and related investment that provide infrastructure services such as energy, water, sanitation, transport and telecommunications necessary for poverty alleviation using our “Social Merchant Bank” model. The approach involves:

- Environmental and financial sustainability
- Innovative “gap-filling” financing to induce participation of local financial institutions
- Partnering and linkages approach
- Highly replicable business models

S³IDF is a non-profit company registered in India, since 2003, under section 25 of the Indian Companies Act 1956. S³IDF is registered as 12A (a) under India Tax Act which helps Indian donors claim tax exemption under section 80G.

Dear Friends,

As S³IDF moves into its fourth year of operation, we have progressed beyond our expectations, thanks to support from you.

The founders of S³IDF conceived its innovative, explicitly pro-poor “Social Merchant Bank” business model to be widely applicable and developed two interlinked objectives to achieve its mission. First, verify the model through a diverse portfolio of small-scale infrastructure investments in South India. Second, use our lessons and experience for a much broader impact by spreading the word about S³IDF’s approach so as to change the mindsets and behavior of larger development entities. S³IDF is clearly succeeding in meeting its first objective and beginning to succeed in its second. Despite being very young and still in the pioneering stage, S³IDF has fully verified its model proving two key elements: i) Small-scale infrastructure services can be provided to poor people within their ability to pay; and once an investment is established a project can operate in financially viable manner; and ii) Local banks will now co-finance small-scale infrastructure projects when presented with well prepared documentation detailing the deal structure, ownership and operational model.

S³IDF projects have utilized different organizational ownership structures such as individual entrepreneurs, women’s Self Help groups (SHGs), and non-governmental organizations (NGOs). We have also recently opened a satellite office in Hyderabad, Andhra Pradesh with a focus of last mile energy projects and projects with poor, urban slum dwelling communities.

S³IDF has had good success with fundraising and increasing its partner network. This has been partly due to its dissemination efforts and through introductions by partners. S³IDF has also commenced publishing a bi-annual newsletter, which I hope you have been receiving. S³IDF continues to expand into additional geographic areas in its evolving South India market-shed of Karnataka and adjacent states (Kerala, Tamil Nadu, and Andhra Pradesh), increasing diversity in its portfolio with regard to technology, organizational setups, financial institutions as well as financial structuring, with greater emphasis on last mile projects.

I look forward to your continued support.

Sincerely,



Russell J. deLucia
Founder & Chairman
S³IDF, India



Our Projects

S³IDF is producing a stream of financially self-sustaining micro-enterprises that can supply infrastructure services to poor people in ways that tap into existing sources of small-scale finance. It also supports other enterprises whose role is critical to these infrastructure services such as the small-scale suppliers of technology and know-how. By ensuring the creation of such locally owned small/micro-enterprises run by poor/ marginalized/ disabled people, women, NGOs, SHGs etc., S³IDF helps start fundable business ventures in poor communities that benefit the poor both as consumers and owners/operators.

During the financial year 2006-2007, a total of 28 projects were implemented in different categories as under:

- Lighting
- Biomass Energy
- Last mile energy
- Information & Communication Technology
- Silk Sector
- Small/Micro Enterprises
- Water Projects (potable, irrigation and SME process requirements)
- Sanitation and Other Environmental Service Projects.

*Shivappa Hosahalli, honahally taluk, Shimoga District
with improved cooking oven for arecanut processing*



Highlights of the year are:

Household Lighting

In the Lighting sector, there were 13 projects either for household purposes or as micro-enterprises. S³IDF's most replicated model of Solar or grid-based battery charged lights for street vendors was modified to suit small households as well. In the slum households of B K Guda in Hyderabad, the rag-picking migrant communities now enjoy the benefit of LED lanterns in their make shift homes.

Similarly, with the help of our NGO partner, Chaitanya Rural Women & Children Welfare Society (CRWCWS), many petty shops and households in Chitradurga district now have access to different models of LED and PV lanterns. The procurement of these products has been assisted under a lease-towards-purchase model. Similar lights have been made available to the households in Bidar, Haveri and Bellary districts.

Access to ICT facilities

In the Shivajinagar hamlet of Tumkur district, S³IDF provided assistance to Mr. Siva kumar, who runs the only petty shop in the hamlet, in order to install a coin phone in his shop. This meant extra income for Siva Kumar while the residents of the hamlet benefited from having the facility of coin phone for their communications. There is a big need for one rupee coin phones in the villages since they can be used to reach any mobile phone across India and also the land lines within a radius of 150 km. Besides they can also provide facilities such as STD (Subscribers Trunk Dialing) and ISD (International Subscriber Dialing).

Similarly, S³IDF assisted an entrepreneur to establish a solar powered ICT services center in Chintapally village of Nalagonda district in Andhra Pradesh. Mr. Shafiuddin had earlier experience in operating a photocopy center and phone booth and has sufficient training in operating computers. He has now added on a computer kiosk and expanded his business to cater computer services including email, computerized bill payment, land records, printing etc. to the residents in the area.

Hawkers Light Point Enterprise

With assistance from S³IDF, Mr. Vijaykumar, our pioneer entrepreneur of Hawkerc Lighting project, attempted creation of supply chain for similar lighting products. He was highly successful in his experimenting of different batteries and light sources and devised new products as good as company made. Thus, not only has he expanded his existing business of providing lights on daily rental to hawkers in Bangalore, but has also become a technology supplier for other similar projects.

Manju a vegetable seller in Madiwala Bangalore has better lighting facility now for selling vegetables after sun set



Energy Efficient Stoves for Arecanut processing

Arecanut is among the most important cash crops (along with coconut and paddy) of most farmers in the Malnad and Western Ghats regions in Karnataka. A significant number of them are poor farmers with small land holding between 1 to 5 acres. The post harvest processing of arecanut that gives significant value addition consists of de-shelling, boiling followed by sun drying. Typically, the boiling is done on traditional stoves as a batch process using locally available biomass (usually dried arecanut shell) as fuel. These traditional stoves typically have around 70 kg capacity and are relatively heavy in fuel consumption, hence there is scope for introducing fuel efficient stoves for the purpose. S³IDF created a small enterprise by providing financial assistance to Mr. Nataraj - a local entrepreneur who was trained to manufacture energy efficient stoves by TIDE - now fabricates and installs energy efficient stoves in the region that require only 30 – 40% of original fuel consumption for the same capacity of arecanut processing.

Lighting for Silk Reeling

Karnataka is known for its silk production. However, different stages of silk processing still lack adequate infrastructure to make them more efficient. For example, because of unreliable grid connections due to frequent power outages, Silkworm rearers lack proper lighting for the rearing process. S³IDF provided these enterprises with financial assistance and technology linkages to acquire Solar-based lighting systems in Malliahnadoddi village of Mandya district.



Solar Lighting helps Narayanswamy a silk rearing farmer in Yeliyur, Devanahalli during feeding

Donors and Partners

We are highly thankful to all our donors who have supported us through the years. Major funding support for this year came from the following:

- ▶ Électricité de France
- ▶ Shell Foundation
- ▶ Marcléd Foundation
- ▶ REEEP (Renewable Energy and Energy Efficiency Partnership)
- ▶ The Bluemoon Fund
- ▶ The Energy Collaborative
- ▶ UNOPS
- ▶ USAID - SARI/E

We take this opportunity to also express our heartfelt gratitude to many individual supporters who have helped furthering our cause with their generous contribution in cash or kind. Thank you all!

We also like to thank our various partners who have been associated in successful implementation of S³IDF projects. Our partners include 25 banks (including branches of 7 different banks), 23 technology suppliers and 5 NGOs across 18 districts of South India.



Financial Statements

Small Scale Sustainable Infrastructure Development Fund
(A Company Incorporated under section 25 of the Companies Act)
800, 14th Cross, 1st Phase, J.P.Nagar, Bangalore- 560 078

BALANCE SHEET AS ON 31ST MARCH, 2007

PARTICULARS	Schedule	AS ON 31/3/2007	AS ON 31/3/2006
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	A	9,946,310.00	8,946,310.00
		9,946,310.00	8,946,310.00
APPLICATION OF FUNDS			
Fixed Assets	B		
Gross Block		964,841.00	849,724.00
Less: Depreciation		175,785	116,565.00
Net Block		789,056.00	733,159.00
Investments	C	2,097,676.00	2,269,331.00
Current Assets, Loans & Advances	D	3,131,594.00	2,928,919.00
Less Current Liabilities & Provisions	E	2,371,697.00	190,509.00
Net Current Assets		759,897.00	2,738,410.00
Excess of Expenditure over Income	F	6,299,681.00	3,205,410.00
		9,946,310.00	8,946,310.00

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31ST MARCH,2007

PARTICULARS	Schedule	AS ON 31/3/2007	AS ON 31/3/2006
INCOME	G	788,557.00	571,724.00
		788,557.00	571,724.00
EXPENDITURE	H	3,882,828.00	2,765,595.00
		3,882,828.00	2,765,595.00
Excess of Expenditure over Income		(3,094,271.00)	(2,193,871.00)
Excess of Expenditure over Income		(3,094,271.00)	(2,193,871.00)
Opening Balance		(3,205,410.00)	(1,011,539.00)
Balance Carried to Balance sheet		(6,299,681.00)	(3,205,410.00)
Significant Accounting Policies & Notes to Accounts	I		

Above is a summary extract from audited accounts 2006-2007. Full report can be made available on request.

India: Bangalore

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