

S³IDF

Small Scale Sustainable
Infrastructure Development Fund

www.s3idf.org

Annual Report
2008 - 2009





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 this report will further detail, S³IDF in 2008 – 2009 saw a steady growth in terms of projects implemented, diversity achieved and deployment of funds to ensure appropriate co-financing.

Our project portfolio of 135 projects has over 33,000 direct and indirect beneficiaries, most of who are living on under \$2 a day, with around 450 part-time and full time employment opportunities created. A significant development has been the implementation of our first last mile electricity franchisee in Andhra Pradesh, through our now-fully operational Hyderabad office. This project is particularly exciting due to its large scope (this single project will improve electricity services for about 1300 households), and its potential for replication.

S³IDF's partners now include 38 banks which handle transactions (including branches of 12 different banks), 29 technology suppliers, and 13 NGOs in a total of 31 districts in South India. With additional partners and especially partners that participate in multiple deals, we are increasing operational efficiencies and have greater access to the poor communities that our projects benefit. In addition to improving our own practices, lessons learned from our Monitoring and Evaluation helps disseminate our model.



In 2008, S³IDF received a Top Innovation Award for “Clean Energy Finance Solutions” at the Asia Clean Energy Forum (ACEF); a joint effort of the Asian Development Bank, USAID, Asia-Pacific Partnership on Clean Development & Climate, Asia-Pacific Economic Cooperation, and co-sponsors including the governments of Australia, Japan, Spain and Norway.

The sustainability of the India operations continues to be one of our main targets. In order to achieve the same the focus is on increased fundraising, scaling-up of operations especially the Social Merchant Bank type projects, leveraging from other sources such as banks and end-users etc. There is a proposed corporate evolution that will involve the creation of a separate complementary for-profit investment entity that would become a non-bank financial corporation.

Sincerely

Handwritten signature of Russell J. deLucia

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.

The projects in S³IDF's portfolio operate under following categories:

- Lighting including Lighting for Productive Uses
- Productive Use/ Livelihood & Transportation
- Very Small Household Energy/Infrastructure Device
- Biomass Energy
- Information & Communication Technology
- Enterprise Support Transactions [for Supply Chain Players]
- Modern Energy & Fuels supply



Community kitchen at Osmania General Hospital in Hyderabad

Highlights of the year are:

Community Kitchen/Rasoi Ghars in Hospitals

Community Kitchen/Rasoi Ghars is a common kitchen opened by S³IDF on the campus of Hyderabad's Osmania General Hospital (OGH). OGH is a government hospital that treats an average of 250 inpatients and 1000 outpatients per day, most of them coming from the poor and economically backward class. While the patients are provided with free food from the hospital, the caretakers/relatives accompanying the patients are not entitled to such facilities. This community kitchen enables them to prepare meals in a clean and safe environment as opposed to buying food or cooking outside on firewood. Supplied with LPG cylinders, stoves, pressure cookers, water and utensils on a pay-for-use basis, the kitchen is already a success and serves up to 90 families a day. The other key players under this project include the Hospital administration which provided necessary space and HPCL, which provides gas connections at subsidized rates.

Infrastructure Shops

For many of the poor and especially those living in rural areas, there are no shops or outlets selling energy-efficient appliances like pressure cookers, LPG stoves, solar lanterns and such small household products used in everyday life. As a result, people are unaware of the availability of range of such products that have many benefits in terms of time, cost and energy savings and convenient in usage. S³IDF is working with entrepreneurs, NGOs and micro-finance institutions (MFI) to set up multiple "infrastructure" shops where products such as water filters, pressure cookers, efficient stoves, flourmills, grinders, sewing machines, CFL and LED lights can be purchased. In some villages, S³IDF is also working with groups of women who are selling such energy-efficient appliances door-to-door. In this model, S³IDF provides large-scale sourcing of products, training in business development and marketing, and facilitates financing for both entrepreneurs and consumers by working with local banks and MFIs.

A patient's relative counting money to pay for the use of Community kitchen at Osmania General Hospital in Hyderabad



Rajendra runs an infrastructure shop in the outskirts of Mysore

Hawkers' Light Points

For its Hawkers' Lighting Projects, S³IDF creates small enterprises locally to operate as battery-charging stations powered by solar photovoltaic panels and/ or electric grids to supply batteries to the poor street vendors or "hawkers." The hawkers use it for lighting purposes during their evening/ night business hours. The entrepreneur drops off the batteries early in the evening and collects back the same for recharging and delivery the next day. The hawkers are charged on a pay-for-use basis and at a competitive price compared to their expenses over traditional fuel source like kerosene or LPG.

S³IDF locates the technology supplier to provide appropriate, small-scale lighting solutions to entrepreneurs at prices that are affordable. Examples of the technologies include solar panels, lanterns, CFL & LED lights powered by solar or grid-based uninterrupted power supply systems. S³IDF also facilitates the bank financing by working with local banks to prove that small-scale projects are bankable.

In 2008 - 09, Syndicate Bank agreed to finance S³IDF's lighting initiatives throughout Karnataka. The Bank also offered to consider implementation under various employment guarantee schemes where S³IDF will continue to provide entrepreneurs with technology linkages and business development assistance.

Supply Chain Enterprises

S³IDF creates or assists small enterprises and/or supply chain players in order to enhance the outreach and access of RE/EE products & related services. In such an attempt, S³IDF provided a partial guarantee of fixed deposit collateral against the working capital assistance by Punjab National Bank to launch a supply chain enterprise "Energy Elevations" in Karnataka. Energy Elevation's business objective is to incubate and manage a network of 10-12 entrepreneurs from poor/low income background to serve as supply chain for RE/EE products across the state. They are now working in the Malnad area with solar-charged LED light systems. Energy Elevations has tied up with Sri Kshetra Dharmasthala Rural Development Programme (SKDRDP) - a popular welfare programme in the state - to offer micro-credits to poor families for procurement of these products.

Babu a kabab vendor in Naganathpura is provided with lighting service by Ramesh an entrepreneur



Solar LED lighting lights lives of Shabeena from Kenchanala village, Shimoga district

Donors and Partners

We like to express our sincere gratitude and acknowledge the generous support of our various donors through the years. The major donors for the current year are:

- ▶ The Deshpande Foundation
- ▶ Renewable Energy and Energy Efficiency Partnership (REEEP)
- ▶ Blue Moon Fund
- ▶ Global Village Energy Partnership International (GVEP/I)
- ▶ The Marclad Foundation
- ▶ Shell Foundation
- ▶ USAID-Global Development Alliance Program
- ▶ TPW Energy Collaborative via the Tides Foundation
- ▶ USAID South Asia Regional Initiative for Energy (SARI-E)

As on date, we foster successful partnership with 39 banks that have financed these transactions (including branches of 12 different banks), 30 technology suppliers and 13 NGOs in about 31 districts of South India. Some of our prominent partners include:

Finance Partners:

Pragathi Grameen Bank
Canara Bank
Syndicate Bank
Punjab National Bank ...

Technology Partners:

Selco
CST
Shakti
Innova
HPCL ...

NGOs:

Chaitanya
MASARD
BAIF
SKDRDP
Spoothi ...



Financial Statements

Small Scale Sustainable Infrastructure Development Fund
(A Company Incorporated under section 25 of the Companies Act)
456A-1, 9th Cross, 17th Main, J.P.Nagar 2nd Phase, Bangalore-560078

BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	Schedule	AS ON 31/3/2009	AS ON 31/3/2008
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	A	24,404,550.00	9,946,310.00
Secured Loans			
Loans from Banks		540,461.00	
		24,945,011.00	9,946,310.00
APPLICATION OF FUNDS			
Fixed Assets	B		
Gross Block		2,803,637.00	2,305,061.00
Less: Depreciation		701,205.00	348,971.00
Net Block		2,102,432.00	1,956,090.00
Work In Progress		404,900.00	102,000.00
Investments	C	6,848,359.00	1,397,676.00
Current Assets, Loans & Advances	D	10,388,360.00	10,996,235.00
Less Current Liabilities & Provisions	E	12,883,665.00	14,774,052.00
Net Current Assets		(2,495,305.00)	(3,777,817.00)
Excess of Expenditure over Income	F	18,084,625.00	10,268,361.00
		24,945,011.00	9,946,310.00

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31ST MARCH,2009

PARTICULARS	Schedule	AS ON 31/3/2009	AS ON 31/3/2008
INCOME	G	2,186,050.00	2,133,504.00
		2,186,050.00	2,133,504.00
EXPENDITURE	H	10,002,314.00	6,102,184.00
		10,002,314.00	6,102,184.00
Excess of Expenditure over Income		(7,816,264.00)	(3,968,680.00)
Excess of Expenditure over Income		(7,816,264.00)	(3,968,680.00)
Opening Balance		(10,268,361.00)	(6,299,681.00)
Balance Carried to Balance sheet		(18,084,625.00)	(10,268,361.00)
Significant Accounting Policies & Notes to Accounts	I		

Above is a summary extract from audited accounts 2008-2009. Full report can be made available on request.

India: Bangalore

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