

x PRIVATE & CONFIDENTIAL - FOR ADDRESSEE ONLY

(THIS PLACEMENT MEMORANDUM IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS). THIS PLACEMENT MEMORANDUM IS PREPARED IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON CONVERTIBLE SECURITIES) REGULATIONS, 2021, THE OPERATIONAL CIRCULAR FOR ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES, SECURITISED DEBT INSTRUMENTS, SECURITY RECEIPTS, MUNICIPAL DEBT SECURITIES AND COMMERCIAL PAPER ISSUED VIDE CIRCULAR NO. SEBI/HO/DDHS/P/CIR/2021/613 DATED AUGUST 10, 2021, THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND THE RESERVE BANK OF INDIA'S MASTER CIRCULAR - BASEL III CAPITAL REGULATIONS ISSUE VIDE CIRCULAR NO. RBI/2015-16/58 DBR.NO.BP.BC.1/21.06.201/2015-16 DATED JULY 1, 2015 AND CLARIFICATIONS AND AMENDMENTS THERETO ISSUED FROM TIME TO TIME.



Name: SBM Bank (India) Ltd
CIN: U65999MH2017FLC293229; **Bank Regn No:** MUM:137 (License No.); **PAN:** AAYCS4336A
Registered Address: 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra
Corporate Address: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai-400051, Maharashtra
Tele No.: +91 22 4302 8888; +91 22 4007 1500; **Email:** secretarial@sbmbank.co.in
Date and place of incorporation: 30/03/2017 at ROC-Mumbai
Company Secretary & Compliance Officer: Ms. Bhavana Alankar Shinde
Contact number and email ID of Compliance Officer: +91 22 4007 1626 and Bhavana.shinde@sbmbank.co.in

Chief Financial Officer: Mr. Saileshkumar Shah
Contact number and email ID of Chief Financial Officer: 91 22 4007 1524 and Saileshkumar.shah@sbmbank.co.in
Promoter: SBM (Bank) Holdings Ltd
Contact number and email ID of Promoter: (230) 202 1111 And sbm@sbmgroup.mn Website: <https://www.sbmbank.co.in>

PLACEMENT MEMORANDUM

PLACEMENT MEMORANDUM FOR PRIVATE PLACEMENT OF BASEL III COMPLIANT UNSECURED, SUBORDINATED, REDEEMABLE, NON CONVERTIBLE, TAXABLE, FULLY PAID UP BASEL III COMPLIANT TIER 2 BONDS IN THE NATURE OF DEBENTURES (SERIES I) OF FACE VALUE OF RS. 1,00,00,000 EACH (FOR CASH AT PAR) ("BONDS" OR "DEBENTURES") AND COUPON OF 9.75% PAYABLE ANNUALLY, WITH A BASE ISSUE SIZE OF RS. 125 CRORE AND A GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION UP TO RS. 25 CRORE AGGREGATING TO TOTAL ISSUE SIZE NOT EXCEEDING RS. 150 CRORE BY SBM BANK (INDIA) LTD (the "Issuer"/ the "Bank"), FOR INCLUSION IN TIER 2 CAPITAL OF THE BANK.

GENERAL RISK

For taking an investment decision, investors must rely on their own examination of the Issuer and the Offer including the risks involved. The Bonds have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Placement Memorandum. The Bonds are capital instruments and not deposits of the Bank and they cannot be used as collateral for any loan made by the Bank or any of its Subsidiaries or Associates. The Bonds are different from Fixed Deposits and are not covered by Deposit Insurance. Unlike the Fixed Deposits which are repaid at the option of Deposit Holder, the Bonds are not redeemable at the option of the Bondholders or without prior consent of RBI. The Bonds are subject to features (including write off at the Bank's PONV, as determined by RBI) as per RBI Guidelines on Basel III, which may impact payment of Interest and Principal.

COMPLIANCE CLAUSE OF EBP

This Offer is made on the Electronic Book Building Mechanism of NSE in compliance with SEBI Debt Regulations and circulars issued by SEBI. A draft of this Placement Memorandum has been uploaded on the EBP of NSE on March 24, 2022.

CREDIT RATING AGENCY



Name: ICRA Limited
CIN: L74999DL1991PLC042749
Address: B-710, Statesman House 148, Barakhamba Road, New Delhi-110001
Tele No.: +91-11-23357940
Contact Person: Mr. L. Shiva Kumar
Email Id: Anil Gupta <shivakumar@icraindia.com>
Website: <https://www.icra.in>

ICRA Limited has assigned "A(+)" Stable" rating to these Debentures.

Rated Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The above ratings are not recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future.

LISTING

The Debentures are proposed to be listed on the Wholesale Debt Market ("WDM") Segment of NSE.

ELIGIBLE INVESTORS

The offer is made to only those eligible investors who are categorized as "Qualified Institutional Buyers" as per SEBI Debt Regulations. For details, please refer Term Sheet.

DEBENTURE TRUSTEE TO THE ISSUE



Name: Axis Trustee Services Limited
CIN: U74999MH2008PLC182264
Address: The Ruby, 2nd Floor, SW, Senapati Bapat Marg, Dadar W, Mumbai - 400028
Tele No.: 022- 22 62300451
Fax No.: +91 22 62300700
Contact Person: Mr. Anil Grover
Email Id: anil.grover@axistrustee.in
Website: <https://www.axistrustee.com>

REGISTRAR TO THE ISSUE



Name: KFin Technologies Limited
(earlier known as KFin Technologies Private Limited)
CIN: U72400TG2017PTC117649
Address: Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District Nanakramguda, Hyderabad- 500 032, Telangana, India
Tele No.: +91 40 6716 2222, 3321 1000
Fax No.: 040-23001153
Contact Person: Mr. SP Venugopal
Email Id: venu.sp@kfinetech.com
Website: <https://www.kfinetech.com>

ISSUE PROGRAMME

Issue Opening Date	March 31, 2022	Issue Closing Date	March 31, 2022
Issue Pay In Date	April 05, 2022	Issue Allotment Date	April 05, 2022

The issue of Bonds shall be subject to the applicable provisions of SEBI Debt Regulations, SEBI LODR Regulations and other applicable SEBI Guidelines, the terms and conditions of this Placement Memorandum filed with the Designated Stock Exchange, the Application Form, the Debenture Trust Deed and other Transaction Documents in relation to such Issue. The Issue is not underwritten. Capitalized terms used here have the meaning ascribed to them in this Placement Memorandum.

The Issuer reserves the right to pre pone the Issue earlier from the aforesaid date or post pone the Issue at its sole and absolute discretion without giving any reasons or prior notice. In the event of any change in the above Issue programme, the Issuer will intimate the Investors about the revised Issue programme.

SBM BANK (INDIA) LTD

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CIN No. : U65999MH2017FLC293229



Sl.No.	INDEX	Page No.
*	ISSUER'S ABSOLUTE RESPONSIBILITY	5
*	DEFINITIONS & ABBREVIATIONS	5
*	DISCLAIMERS	8
*	FORWARD LOOKING STATEMENTS	13
A	ISSUER INFORMATION	14
B	BRIEF SUMMARY OF BUSINESS/ACTIVITIES OF ISSUER AND ITS LINE OF BUSINESS	16
(i)	OVERVIEW	16
(ii)	RISK FACTORS	17
(iii)	CORPORATE STRUCTURE	28
(iv)	KEY OPERATIONAL & FINANCIAL PARAMETERS FOR THE LAST 3 YEARS ON STANDALONE BASIS	28
(v)	KEY OPERATIONAL & FINANCIAL PARAMETERS FOR THE LAST 3 YEARS ON CONSOLIDATED BASIS	30
(vi)	AUDITED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021	32
(vii)	PROJECT COST AND MEANS OF FINANCING, IN CASE OF FUNDING OF NEW PROJECTS	35
(viii)	SUBSIDIARIES	35
(ix)	DETAILS OF CONTINGENT LIABILITIES BASED ON THE LAST AUDITED FINANCIAL STATEMENTS INCLUDING AMOUNT AND NATURE OF LIABILITY	36
C	BRIEF HISTORY OF ISSUER SINCE INCEPTION, DETAILS OF ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS	37
(i)	DETAILS OF SHARE CAPITAL AS ON LAST QUARTER END	37
(ii)	CHANGES IN ITS CAPITAL STRUCTURE AS ON LAST QUARTER END, FOR THE LAST THREE YEARS	37
(iii)	EQUITY SHARE CAPITAL HISTORY OF THE COMPANY	37
(iv)	DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST 1 YEAR	38
(v)	DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 YEAR	38
D	DETAILS OF THE SHAREHOLDING OF THE COMPANY AS ON THE LATEST QUARTER END	38
(i)	SHAREHOLDING PATTERN OF THE COMPANY AS ON LAST QUARTER END	38
(ii)	LIST OF TOP 10 HOLDERS OF EQUITY SHARES OF THE COMPANY AS ON THE LATEST QUARTER END	38
E	FOLLOWING DETAILS REGARDING THE DIRECTORS OF THE COMPANY	39
(i)	DETAILS OF THE CURRENT DIRECTORS OF THE COMPANY	41
(ii)	DETAILS OF CHANGE IN DIRECTORS SINCE LAST THREE YEARS	41
F	FOLLOWING DETAILS REGARDING THE AUDITORS OF THE COMPANY	42
(i)	DETAILS OF THE AUDITORS OF THE COMPANY	42
(ii)	DETAILS OF CHANGE IN AUDITOR SINCE LAST THREE YEARS	42
G	DETAILS OF BORROWINGS OF THE COMPANY, AS ON THE LATEST QUARTER END	42
(i)	DETAILS OF OUTSTANDING SECURED LOAN FACILITIES	42
(ii)	DETAILS OF OUTSTANDING UNSECURED LOAN FACILITIES	43
(iii)	DETAILS OF NCDS AND OTHER NON- CONVERTIBLE SECURITIES	43



Sl.No.	INDEX	Page No.
(iv)	LIST OF TOP 10 DEBENTURE HOLDERS	43
(v)	THE AMOUNT OF CORPORATE GUARANTEE ISSUED BY THE ISSUER ALONG WITH NAME OF THE COUNTERPARTY (LIKE NAME OF THE SUBSIDIARY, JV ENTITY, GROUP COMPANY, ETC) ON BEHALF OF WHOM IT HAS BEEN ISSUED.	43
(vi)	DETAILS OF COMMERCIAL PAPER: - THE TOTAL FACE VALUE OF COMMERCIAL PAPERS OUTSTANDING AS ON THE LATEST QUARTER	43
(vii)	DETAILS OF REST OF THE BORROWING (IF ANY INCLUDING HYBRID DEBT LIKE FCCB, OPTIONALLY CONVERTIBLE DEBENTURES/PREFERENCE SHARES	43
(viii)	DETAILS OF ALL DEFAULT/S AND/OR DELAY IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE COMPANY, IN THE PAST 5 YEARS	44
(ix)	DETAILS OF ANY OUTSTANDING BORROWINGS TAKEN/ DEBT SECURITIES ISSUED WHERE TAKEN / ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (II) AT A PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF AN OPTION	44
(x)	DETAILS OF CERTIFICATES OF DEPOSIT OUTSTANDING	44
H	DETAILS OF PROMOTERS OF THE COMPANY	47
(i)	DETAILS OF PROMOTER HOLDING IN THE COMPANY AS ON THE LATEST QUARTER END	47
I	ABRIDGED VERSION OF AUDITED STANDALONE FINANCIAL INFORMATION (PROFIT & LOSS STATEMENT, BALANCE SHEET AND CASH FLOW STATEMENT) FOR LAST THREE YEARS AND AUDITOR QUALIFICATIONS	47
J	ABRIDGED VERSION OF LATEST LIMITED REVIEW HALF YEARLY STANDALONE FINANCIAL INFORMATION AND AUDITOR'S QUALIFICATIONS	47
K	ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS/CREDIT QUALITY (E.G. ANY MATERIAL REGULATORY PROCEEDINGS AGAINST THE ISSUER/PROMOTERS, TAX LITIGATIONS RESULTING IN MATERIAL LIABILITIES, CORPORATE RESTRUCTURING EVENT ETC) AT THE TIME OF ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR'S DECISION TO INVEST/CONTINUE TO INVEST IN THE DEBT SECURITIES	48
L	WHERE THE ISSUER IS A NON-BANKING FINANCE COMPANY OR HOUSING FINANCE COMPANY THE FOLLOWING DISCLOSURES ON ASSET LIABILITY MANAGEMENT SHALL BE PROVIDED FOR THE LATEST AUDITED FINANCIALS	49
M	IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT, A COPY OF THE SAME SHALL BE DISCLOSED. IN CASE SUCH DOCUMENT DOES NOT CONTAIN DETAILED PAYMENT STRUCTURE (PROCEDURE OF INVOCATION OF GUARANTEE AND RECEIPT OF PAYMENT BY THE INVESTOR ALONG WITH TIMELINES), THE SAME SHALL BE DISCLOSED IN THE OFFER DOCUMENT.	49
N	DETAILS OF THE ISSUER FOR FOLLOWING DISCLOSURES ON ASSET LIABILITY MANAGEMENT SHALL BE PROVIDED FOR THE LATEST AUDITED FINANCIALS	49
O	DISCLOSURES PERTAINING TO WILFUL DEFAULTER	49
P	UNDERTAKING BY THE ISSUER	49
Q	THE NAMES OF THE DEBENTURE TRUSTEE(S) SHALL BE MENTIONED WITH STATEMENT TO THE EFFECT THAT DEBENTURE TRUSTEE(S) HAS GIVEN HIS CONSENT TO THE ISSUER FOR HIS APPOINTMENT UNDER REGULATION 4 (4) AND IN ALL THE SUBSEQUENT PERIODICAL COMMUNICATIONS SENT TO THE HOLDERS OF DEBT SECURITIES	50



Sl.No.	INDEX	Page No.
R	DETAILED RATING RATIONALE	51
S	THE SECURITY BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT/LETTER WITH SIMILAR INTENT	51
T	COPY OF CONSENT LETTER FROM THE DEBENTURE TRUSTEE	51
U	NAMES OF ALL THE RECOGNISED STOCK EXCHANGES WHERE THE DEBT SECURITIES ARE PROPOSED TO BE LISTED CLEARLY INDICATING THE DESIGNATED STOCK EXCHANGE	51
V	OTHER DETAILS	52
(i)	DRR CREATION	52
(ii)	ISSUE/INSTRUMENT SPECIFIC REGULATIONS - RELEVANT DETAILS	52
(iii)	DEFAULT IN PAYMENT	52
(iv)	DELAY IN LISTING	52
(v)	DELAY IN ALLOTMENT OF SECURITIES	52
(W)	APPLICATION PROCESS	52
(i)	WHO CAN APPLY	52
(ii)	NO PERSON OTHER THAN ELIGIBLE INVESTORS CAN APPLY	53
(iii)	APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES	54
(iv)	APPLICATIONS UNDER POWER OF ATTORNEY	54
(v)	SUBMISSION OF DOCUMENTS	54
(vi)	PROCEDURE FOR APPLYING FOR DEMAT FACILITY	55
(vii)	HOW TO APPLY	56
(viii)	INVESTOR GRIEVANCE AND REDRESSAL SYSTEMS	56
X	TERM SHEET: ISSUE DETAILS	57
Y	DISCLOSURE OF CASH FLOWS	68
Z	MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER	69
	DECLARATION	70
	ANNEXURES	
	1. FINANCIAL STATEMENTS OF LAST 3 YEARS	72
	2. RATING LETTER	255
	3. RATING RATIONALE	257
	4. BOARD RESOLUTION	266
	5. SHAREHOLDER'S RESOLUTION	270
	6. DEBENTURE TRUSTEE CONSENT LETTER	272
	7. IN-PRINCIPLE APPROVAL LETTER	273
	8. FORM PAS-4	275
	9. APPLICATION FORM	288



ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue, which is material in the context of the issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading.

* DEFINITIONS/ ABBREVIATIONS

"SBM Bank"/ "Company"/ "Issuer"	SBM Bank (India) Ltd, is a Company registered under the provisions of the Companies Act, 2013
Allotment/Allot/ Allotted	The issue and allotment of the Bonds to successful Applicants in relation to the Issue
Application	An application to subscribe to the Bonds offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Money by any of the modes as prescribed under this Offer Document
Application Form	The form in terms of which the Eligible Investors shall make an offer to subscribe to the Bonds and which will be considered as the Application for Allotment of Bonds in terms of this Offer Document
Application Money	The aggregate value of the Bonds applied for, as indicated in the Application Form for the Issue
Articles	The articles of association of the Issuer
AY	Assessment Year
BASEL III Guidelines	Circular no. CIR/IMD/DF1/48/2016 dated April 21, 2016 and SEBI Operational Circular each as amended from time to time
Beneficial Owner(s)	Bondholder (s) holding Bond (s) in dematerialized form (Beneficial Owner of the Debenture(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996)
Board/ Board of Directors	The Board of directors of SBM Bank (India) Limited or Committee thereof, unless otherwise specified
Bondholder(s)	Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositories
BR ACT, 1949	Banking Regulation Act, 1949
BSE	BSE Limited
CAR	Capital Adequacy Ratio
CDSL	Central Depository Services (India) Limited
Companies Act, 1956	The Companies Act, 1956 along with the rules made thereunder, as amended from time to time (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 along with the rules made thereunder, to the extent in force pursuant to the notification of the Notified Sections and as amended from time to time
Coupon / Interest Payment Date	As mentioned in the Term Sheet
Debentures / Bonds	Basel III Compliant Unsecured, Subordinated, Redeemable Non Convertible Fully Paid Up Taxable Tier 2 Bonds in the nature of Debenture
Debenture Holder	The holder of the Debentures
Debenture Trustee/ Trustee to the Issue	Axis Trustee Services Limited
Debenture Trusteeship Appointment Agreement	The debenture trusteeship appointment agreement entered into between the Issuer and the Debenture Trustee for appointing the Debenture Trustee
Debenture Trust Deed	The debenture trust deed to be entered into between the Debenture Trustee and the Issuer within the prescribed timelines
Deemed Date of Allotment	The cut-off date declared by the Bank with effect from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholder(s). The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment



Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) registered with SEBI under the SEBI (Depositories and Participants) Regulations, 2018, as amended from time to time
DIN	Director Identification Number
DP	Depository Participant as defined under Depositories Act
DRR	Bond/ Debenture Redemption Reserve
EBP Guidelines	Guidelines for Electronic Bidding Platform issued by NSE, as amended and modified from time to time.
FII	Foreign Institutional Investors
FY	Financial Year
FI	Financial Institutions
FPI	Foreign Portfolio Investors
FRN	Firm Registration Number
GIR	General Index Registration Number
GoI	Government of India/ Central Government
ICRA	ICRA Limited
I.T. Act	The Income Tax Act, 1961, as amended from time to time
IFSC	Indian Financial System Code
Issue/Offer/ Offering	Basel III Compliant Unsecured, Subordinated, Redeemable Non-Convertible Fully Paid-Up Taxable Tier 2 Bonds in the nature of Debenture
IT Act	The Income Tax Act, 1961 (as amended from time to time)
Listing Agreement	Listing Agreement entered into/to be entered into by the Issuer with the NSE, in relation to the listing of the Bonds, as per the format issued by Securities and Exchange Board of India in its circular dated October 13, 2015 (bearing reference CIR/CFD/CMD/6/2015) read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations dated September 2, 2015, as amended from time to time.
Loss Absorbency	As defined in Term Sheet
Market Lot	Means one Bond
MF	Mutual Fund
MoF	Ministry of Finance
NEFT	National Electronic Funds Transfer
NPAs	Non-performing Assets
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Operational Guidelines	Refers to, collectively the SEBI EBP Guidelines and the EBP Guidelines
PAN	Permanent Account Number
PONV	The Bonds, at the option of the Reserve Bank of India, can be permanently written off upon occurrence of the trigger event, called the Point of Non- Viability Trigger ("PONV Trigger").
R&TA	Registrar and Transfer Agent
RBI	Reserve Bank of India



RBI Norms / RBI Guidelines / Basel III Guidelines	Please refer to RBI Master Circular on Basel III Capital Regulations, RBI/2015- 16/58 DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 & amendments thereof on time to time
Record Date	As mentioned in the Term Sheet
Registrars to the Issue/ Registrar & Transfer Agent	KFin Technologies Limited (earlier known as KFin Technologies Private Limited)
Rs. / INR	Indian National Rupee
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time)
SEBI EBP Circular	Circular no. CIR/IMD/DF1/48/2016 dated April 21, 2016 and SEBI Operational Circular each as amended from time to time
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time read with SEBI Operational Circular as amended from time to time
SEBI Operational Circular	SEBI operational circular dated August 10, 2021 bearing reference SEBI /HO/DDHS/P/CIR/2021/613 as amended from time to time.
TDS	Tax Deducted at Source as per the provisions of the Income Tax Act-and rules there under modified from time to time.
The Companies Act	Companies Act, 2013, as amended and to the extent notified by the Government of India and Companies Act, 1956 (to the extent applicable)
Trustees	Trustees for the Bondholders in this case being Axis Trustee Services Limited
Working Days	<p>"working day" means all days on which commercial banks in the city, as specified in the offer document, are open for business;</p> <p>Explanation: For the purpose of this definition, in respect of -</p> <p>(i) Announcement of bid /issue period: working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in the city as notified in the offer document are open for business;</p> <p>(ii) the time period between the bid/ issue closing date and the listing of the non-convertible securities on the stock exchanges:</p> <p>working day shall mean all trading days of the stock exchanges for non-convertible securities, excluding Saturdays, Sundays and bank holidays, as specified by the Board;</p>
All other words and expressions used but not defined in these regulations, shall have the same meanings respectively assigned to them in the Act or the Companies Act, 2013 (18 of 2013) or the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Depositories Act, 1996 (22 of 1996) and/or the rules and regulations made thereunder or any statutory modification or re-enactment thereto, unless the context requires otherwise.	



**** DISCLAIMER(S)****DISCLAIMER OF THE ISSUER**

This Placement Memorandum is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in accordance with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI circular number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 ("SEBI Operational Circular") and all other relevant circulars issued by SEBI and RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 read with RBI circular DBR.No.BP.BC.71/21.06.201/2015-16 dated January 14, 2016, each as amended from time to time. This Placement Memorandum does not constitute an offer to public in general to subscribe for or otherwise acquire the Bonds to be issued by ("SBM Bank (India) Ltd"/ "SBM Bank"/ the "Issuer"/ the "Bank"). This Placement Memorandum is for the exclusive use of the addressee and it should not be circulated or distributed to third party(ies). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This bond issue is made strictly on private placement basis. Apart from this Placement Memorandum, no offer document or prospectus has been prepared in connection with the offering of this bond issue or in relation to the issuer.

The bond issue will be under the electronic book mechanism as required in terms of Chapter VI of the Securities and Exchange Board of India ("SEBI") Operational Circular dated August 10, 2021 bearing reference SEBI/HO/DDHS/P/CIR/2021/613 read with operational guidelines for Electronic Bidding Platform issued by NSE and any amendments thereto, collectively referred to as the "EBP Guidelines").

This Placement Memorandum and the contents hereof are restricted for only the Investors who have been specifically addressed through a communication by the Issuer, and only such Identified Investors are eligible to apply for the Debentures. All Identified Investors are required to comply with the relevant regulations/ guidelines applicable to them, including but not limited to the EBP Guidelines for investing in this issue. The contents of this Placement Memorandum and any other information supplied in connection with this Placement Memorandum or the bonds are intended to be used only by those Identified Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced or disseminated by the recipient.

This Placement Memorandum is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the bonds issued by SBM Bank. This Placement Memorandum has been prepared to give general information regarding the Bonds, to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. SBM Bank believes that the information contained in this Placement Memorandum is true and correct as of the date hereof.

SBM Bank does not undertake to update this Placement Memorandum to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with SBM Bank. However, SBM Bank reserves its right for providing the information at its absolute discretion. SBM Bank accepts no responsibility for statements made in any advertisement or any other material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility. Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscriber to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscriber to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Placement Memorandum should be construed as advice or recommendation by the Issuer or by the Arrangers, if any to the Issue to subscribers to the Bonds. The prospective subscribers also





acknowledge that the Arrangers, if any to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

This Placement Memorandum is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The securities mentioned herein are being issued on private placement Basis and this offer does not constitute a public offer/ invitation.

The Issuer reserves the right to withdraw the private placement of the bond issue prior to the issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law.

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Placement Memorandum has not been filed with Securities & Exchange Board of India ("SEBI"). The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Placement Memorandum. It is to be distinctly understood that this Placement Memorandum should not, in any way, be deemed or construed to mean that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Placement Memorandum. The Issue of Bonds being made on private placement basis, filing of this Placement Memorandum is not required to be filed with SEBI.

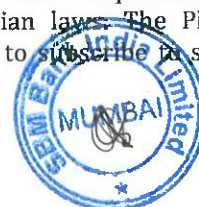
DISCLAIMER OF THE STOCK EXCHANGE

As required, a copy of this Placement Memorandum has been submitted to National Stock Exchange of India Limited (hereinafter referred to as "NSE"). It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref. No.: NSE/LIST/4754 dated March 29, 2022 or hosting the same on website of NSE in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, should not in any way be deemed or construed that the Placement Memorandum has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER IN RESPECT OF JURISDICTION

The private placement of Debentures is made in India to Companies, Corporate Bodies, Trusts registered under the Indian Trusts Act, 1882, Societies registered under the Societies Registration Act, 1860 or any other applicable laws, provided that such Trust/ Society is authorised under constitution/ rules/ byelaws to hold Debentures in a Company, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Insurance Companies, Commercial Banks including Regional Rural Banks and Cooperative Banks, Provident, Pension, Gratuity, Superannuation Funds as defined under Indian laws. The Placement Memorandum does not, however, constitute an offer to sell or an invitation to subscribe to securities





offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Placement Memorandum comes is required to inform him about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of courts and tribunals of Mumbai. All information considered adequate and relevant about the Issuer has been made available in this Placement Memorandum for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever.

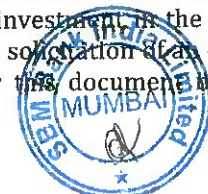
DISCLAIMER OF THE ARRANGER TO THE ISSUE:

The role of the Arranger in the assignment is confined to marketing and placement of the Bonds on the basis of this Placement Memorandum as prepared by the Bank. The Arranger has neither scrutinized nor vetted nor reviewed nor has it done any due-diligence for verification of the contents of this Placement Memorandum. The Arranger shall use this Placement Memorandum for the purpose of soliciting subscription(s) from Eligible Investors in the Bonds to be issued by the Bank on a private placement basis. It is to be distinctly understood that the aforesaid use of this Placement Memorandum by the Arranger should not in any way be deemed or construed to mean that the Placement Memorandum has been prepared, cleared, approved, reviewed or vetted by the Arranger; nor should the contents to this Placement Memorandum in any manner be deemed to have been warranted, certified or endorsed by the Arranger so as to the correctness or completeness thereof.

Nothing in this Placement Memorandum constitutes an offer of securities for sale in the United States of America or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation. No action is being taken to permit an offering of the bonds in the nature of debentures or the distribution of this Placement Memorandum in any jurisdiction where such action is required. The distribution/taking/sending/dispatching/transmitting of this Placement Memorandum and the offering and sale of the Bonds may be restricted by law in certain jurisdictions, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

The Issuer has prepared this Placement Memorandum and the Issuer is solely responsible and liable for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental, corporate and other necessary approvals for the issuance of the Bonds. The Bank confirms that all the information contained in this Placement Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or their affiliates for the accuracy, completeness, reliability, correctness or fairness of this Placement Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaims any responsibility or liability to the fullest extent for the contents of this Placement Memorandum, whether arising in tort or contract or otherwise, relating to or resulting from this Placement Memorandum or any information or errors contained therein or any omissions there from. Neither Arranger and its affiliates, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of this document. By accepting this Placement Memorandum, the Eligible Investor accepts terms of this Disclaimer Clause of Arranger, which forms an integral part of this Placement Memorandum and agrees that the Arranger will not have any such liability.

The Eligible Investors should carefully read this Placement Memorandum. This Placement Memorandum is for general information purposes only, without regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation and the Eligible Investors are not to construe the contents of this Placement Memorandum as investment, legal, accounting, regulatory or Tax advice, and the Eligible Investors should consult with its own advisors as to all legal, accounting, regulatory, Tax, financial and related matters concerning an investment in the Bonds. This Placement Memorandum should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities mentioned therein, and neither this document nor anything





contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

This Placement Memorandum is confidential and is made available to potential investors in the Bonds on the understanding that it is confidential. Recipients are not entitled to use any of the information contained in this Placement Memorandum for any purpose other than in assisting to decide whether or not to participate in the Bonds. This document and information contained herein or any part of it does not constitute or purport to constitute investment advice in publicly accessible media and should not be printed, reproduced, transmitted, sold, distributed or published by the recipient without the prior written approval from the Arranger and the Bank. This Placement Memorandum has not been approved and will or may not be reviewed or approved by any statutory or regulatory authority in India or by any stock exchange in India. This document may not be all inclusive and may not contain all of the information that the recipient may consider material.

Each person receiving this Placement Memorandum acknowledges that:

Such person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein; and

Has not relied on the Arranger and/or its affiliates that may be associated with the Bonds in connection with its investigation of the accuracy of such information or its investment decision.

Issuer hereby declares that the Issuer has exercised due-diligence to ensure complete compliance of applicable disclosure norms in this Placement Memorandum. The Arranger: (a) is not acting as trustee or fiduciary for the investors or any other person; and (b) is under no obligation to conduct any "know your customer" or other procedures in relation to any person. The Arranger is not responsible for (a) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Issuer or any other person in or in connection with this Placement Memorandum; or (b) the legality, validity, effectiveness, adequacy or enforceability of this Placement Memorandum or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with this Placement Memorandum; or (c) any determination as to whether any information provided or to be provided to any investor is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

The Arranger or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this document. By accepting this Placement Memorandum, investor(s) agree(s) that the Arranger will not have any such liability.

Please note that:

The Arranger and/or their affiliates may, now and/or in the future, have other investment and commercial banking, trust and other relationships with the Issuer and with other persons ("Other Persons");

As a result of those other relationships, the Arranger and/or their affiliates may get information about Other Persons, the Issuer and/or the Issue or that may be relevant to any of them. Despite this, the Arranger and/or their affiliates will not be required to disclose such information, or the fact that it is in possession of such information, to any recipient of this Placement Memorandum;

The Arranger and/or their affiliates may, now and in the future, have fiduciary or other relationships under which it, or they, may exercise voting power over securities of various persons. Those securities may, from time to time, include securities of the Issuer; and





The Arranger and/or their affiliates may exercise such voting powers, and otherwise perform its functions in connection with such fiduciary or other relationships, without regard to its relationship to the Issuer and/or the securities."

DISCLAIMER BY DEBENTURE TRUSTEE

Investors should carefully read and note the contents of the Placement Memorandum. Each prospective investor should make its own independent assessment of the merit of the investment in Bonds and the issuer Bank. Prospective investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Bonds and should possess the appropriate resources to analyze such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgement before making the investment and are believed to be experienced in Investing in debt markets and are able to bear the economic risk of investing in such instruments

DISCLAIMER IN RESPECT OF CREDIT RATING

ICRA A+ (Stable) rating reflects ICRA's current opinion on the likelihood of timely payment of the obligation under rated instrument and does not contribute an audit of the rated entity by ICRA. ICRA ratings are based on the information provided by the issuer or obtained by ICRA from sources it considers reliable. ICRA does not guarantee the completeness or accuracy of the information on which the rating is based. A ICRA A+ (Stable) rating is not a recommendation to buy, sell or hold the rated instrument, it does not comment on the market price or suitability for a particular investor. All ICRA ratings are under surveillance. ICRA or its associates may have other commercial transactions with the company/entity. Ratings are revised as and when circumstances so warrant. ICRA is not responsible for any errors and especially, states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. ICRA Ratings rating criteria are available without charge to the public on the website [https://www.icra.in/Rationale/Index?CompanyName=SBM%20Bank%20\(India\)%20Ltd](https://www.icra.in/Rationale/Index?CompanyName=SBM%20Bank%20(India)%20Ltd).

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security.

DISCLAIMER IN RESPECT OF THE BANKING REGULATION ACT, 1949 AS AMENDED FROM TIME TO TIME ("RBI REGULATIONS"):

The company is having a valid certificate of Registration No MUM:137 (License No.) dated 6th December, 2017 issued by the Reserve Bank of India ("RBI") the Banking Regulation Act, 1949 as amended from time to time ("RBI REGULATIONS") (RBI). The RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/discharge of liabilities by the Company.



FORWARD LOOKING STATEMENTS

The Bank has included statements in this Placement Memorandum which contain words or phrases such as "will", "would", "aim", "aimed", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "estimating", "intend", "plan", "contemplate", "seek to", "seeking to", "trying to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may", "will pursue", "our judgment" and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Bank's expectations with respect to, but not limited to, the actual growth in demand for banking and other financial products and services, its ability to successfully implement its strategy, including its use of the internet and other technology and its rural expansion, its ability to integrate recent or future mergers or acquisitions into its operations, its ability to manage the increased complexity of the risks the Bank faces following its rapid international growth, future levels of impaired loans, its growth and expansion in domestic and overseas markets, the adequacy of its allowance for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions the Bank is or will become a party to, the future impact of new accounting standards, its ability to implement its dividend policy, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on the Bank, including on the assets and liabilities of SBM Bank, its ability to roll over its short-term funding sources and its exposure to credit, market and liquidity risks. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward- looking statements contained in this Placement Memorandum include, but are not limited to, the monetary and interest rate policies of India and the other markets in which the Bank operates, natural calamities, general economic, financial or political conditions, instability or uncertainty in India, southeast Asia, or any other country, caused by any factor including terrorist attacks in India or elsewhere, military action or social unrest in any part of India, inflation, deflation, unanticipated turbulence in interest rates, changes or volatility in the value of the rupee, instability in the subprime credit market and liquidity levels in the foreign exchange rates, equity prices or other market rates or prices, the performance of the financial markets in general, changes in domestic and foreign laws, regulations and taxes, changes in the competitive and pricing environment in India, and general or regional changes in asset valuations.




A. ISSUER INFORMATION:
NAME AND ADDRESS OF THE FOLLOWING:

SR. No	PARTICULARS	:	DETAILS
(i)	REGISTERED OFFICE OF THE ISSUER		
•	Name	:	SBM Bank (India) Ltd
•	CIN	:	U65999MH2017FLC293229
•	RBI Reg. No	:	MUM:137 (License No.)
•	Address	:	101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra
•	Tele No	:	+91 22 4302 8888
•	Email	:	secretarial@sbmbank.co.in
•	Website	:	https://www.sbmbank.co.in
•	Date and place of Incorporation	:	Incorporated on 30/03/2017 and registered at ROC-Mumbai
•	PAN	:	AAYCS4336A
(ii)	CORPORATE OFFICE OF THE ISSUER		
•	Name	:	SBM Bank (India) Ltd
•	Address	:	306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
•	Tele No	:	+91 22 4007 1500
•	Email	:	secretarial@sbmbank.co.in
•	Website	:	https://www.sbmbank.co.in
(iii)	COMPANY SECRETARY & COMPLIANCE OFFICER OF THE ISSUER		
•	Name	:	Ms. Bhavana Alankar Shinde
•	Address	:	306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
•	Tele No	:	+91 22 4007 1626
•	Email	:	Bhavana.shinde@sbmbank.co.in
•	Website	:	https://www.sbmbank.co.in
(iv)	CHIEF FINANCIAL OFFICER OF THE ISSUER		
•	Name	:	Mr. Saileshkumar Shah
•	Address	:	306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
•	Tele No	:	+91 22 4007 1524
•	Email	:	Saileshkumar.shah@sbmbank.co.in
•	Website	:	https://www.sbmbank.co.in



(v) DEBENTURE TRUSTEE OF THE ISSUE		
•	Name	: Axis Trustee Services Limited
•	Address	: Registered office: Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025 Corporate office: The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai - 400028
•	Contact Person and designation	Mr. Anil Grover
•	Tele No	: +91 22 62300451
•	Fax No	: +91 22 62300700
•	Email	: anil.grover@axistrustee.in
•	Website	: https://www.axistrustee.com 
(vi) REGISTRAR TO THE ISSUE		
•	Name	: KFin Technologies Limited (earlier known as KFin Technologies Private Limited)
•	Address	: Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana, India - 500 032.
•	Contact Person and designation	Mr. S P Venugopal, General Manager
•	Tele No	: +91 40 6716 2222, 3321 1000
•	Fax No.	: +91 40-23001153
•	Email	: venu.sp@kfintech.com
•	Website	: https://www.kfintech.com 
(vii) CREDIT RATING AGENCY		
A	Name	: ICRA Limited
•	Address	: B-710, Statesman House 148, Barakhamba Road New Delhi-110001
•	Contact Person	: Mr. L Shivakumar
•	Tele No	: +91-11-23357940
•	Email	: shivakumar@icraindia.com
•	Website	: https://www.icra.in  ICRA



(viii) ARRANGERS TO THE ISSUE		
A	Name	: TRUST INVESTMENT ADVISORS PVT. LTD.
•	Logo	: 
•	Address	: 109/110, 1st Floor, Balarama, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
•	Contact Person	: Mr. Sanjeev Jain
•	Tele No	: 91-22- 40845000
•	Fax No	: 91-22- 40845007
•	Email	: mbd.trust@trustgroup.in
•	Website	: www.trustgroup.in
(ix) AUDITORS OF THE ISSUER		
A	Name	: K. S. Aiyar & Co
•	Address	: F-7 Laxmi Mills Shakti Mills Lane (Off Dr. E Moses, Mahalaxmi, Mumbai 400011
•	Tele No	: 91 22 2493 2502 / 6655 1770
•	Fax No	: 91 22 6655 1774
•	Contact person	: Rajesh Joshi
•	Email	: rjoshi@KSAiyar.com
•	Website	: www.KSAiyar.com

B. BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF COMPANY, ITS SUBSIDIARIES WITH THE DETAILS OF ITS DETAILS OF BRANCHES OR UNITS, IF ANYAND ITS LINE OF BUSINESS CONTAINING ATLEAST FOLLOWING INFORMATION: -

- (i) **OVERVIEW:** - SBM Bank (India) Limited is a wholly owned subsidiary ("WOS") of SBM (Bank) Holdings Ltd. (in accordance with the Companies Act 2013). SBM (Bank) Holdings Ltd. in turn is 100% owned by SBM Holdings Ltd., a Group holding entity largely comprising banking and non-banking financial subsidiary companies. SBM Holdings Ltd. is listed on the Stock Exchange of Mauritius.

SBM Bank (India) Limited ("SBMBI" or "Bank") commenced operations on 1st December, 2018, pursuant to obtainment of a universal banking license through the WOS mode, thereby becoming the first Bank to be awarded such a license under the WOS mode in the country. Simultaneous to the license award, the Scheme of Amalgamation, under Section 44A of the Banking Regulation, 1949 was sanctioned allowing for the amalgamation of the business of SBM Bank (Mauritius) Limited, India (branch operations of SBM Bank (Mauritius) Limited in India, operational since 1994) with the business of the newly formed SBMBI

SBMBI currently offers a complete suite of wholesale, consumer and retail banking services in addition to providing Treasury and Trade Financing Products and Services.

SBMBI's branch network comprises 8 branches located in Mumbai, New Delhi, Bengaluru, Chennai, Hyderabad, Ahmedabad, Palghar and Ramachandrapuram. The Bank's distribution channels also include various Banking-as-a-Service focused partnerships entered into with Fin-Techs and neo-



banks (in line with Bank's strategy of being agile, cost & capital efficient and digitally enabled banking services provider).

The Bank's Registered Office is located at 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai- 400021, Maharashtra while it's Corporate Office is located at 306-A, The Capital, G-Block, Bandra-Kurla Complex, Bandra East, Mumbai- 400051, Maharashtra

(ii) RISK FACTORS:-

➤ **If the level of our non-performing assets increases and the overall quality of our loan portfolio deteriorates, our business will suffer.**

Our gross non-performing assets ("NPAs") represented 2.59% of our gross loans as of September 30, 2021. Our NPAs net of specific provisions represented 0.29% of our net loan portfolio as of September 30, 2021. Our management of credit risk involves having appropriate credit policies, underwriting standards, approval processes, loan portfolio monitoring, remedial management and the overall architecture for managing credit risk. In the case of our secured loan portfolio, the frequency of the valuation of collateral may vary based on the nature of the loan and the type of collateral, which is prudent and conforms to the regulatory guidelines at present. A decline in the value of collateral or an inappropriate collateral valuation increases the risk in the secured loan portfolio because of inadequate coverage of collateral. As of September 30, 2021, 93.60% of our loan book was partially or fully secured by collateral or Bank/Government Guarantee. There is still a possibility that our risk mitigation and risk monitoring techniques may not be accurate or appropriately implemented and we may not be able to anticipate future economic and financial events, leading to an increase in our NPAs.

The determination of an appropriate level of loan losses and provisions required inherently involves a degree of subjectivity and requires that we make estimates of current credit risks and future trends, all of which may undergo material changes. Our provisions may not be adequate to cover any further increase in the amount of non-performing loans which may be triggered by the deterioration of the credit profile of our clients or the change in the economic / business cycle, level of disruption caused by new technology, products, customer behaviour, unexpected events like socio political events, pandemics etc or any further deterioration in our non-performing loan portfolio. However, as part of its supervision process, the RBI assesses our asset classification and provisioning requirements on an ongoing basis. In the event that additional provisioning is mandated by the RBI, our profits, balance sheet and capital adequacy could be affected, which could have a material adverse impact on our business, future financial performance. At present, the regulator has not prescribed additional provisions for the bank over and above the regulatory requirements. Any imposition in the future of more stringent regulatory requirements or any directives by the RBI on the methodology of classification of non-performing loans may result in a significant increase in our non-performing loans and resultant additional provision in the future.

A number of factors outside of our control affect our ability to control and reduce NPAs. These factors include developments in the broad economy, domestic or global turmoil, global competition, changes in interest rates and exchange rates and changes in regulations, including with respect to regulations requiring us to lend to certain sectors identified by the RBI or the Government of India. These factors, coupled with other factors such as volatility in commodity markets, declining business and consumer confidence and decreases in business and consumer spending, could impact the operations of our customers and in turn impact their ability to fulfil their obligations under the loans granted to them by us. In addition, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate. If our NPAs increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would have been and would adversely affect our financial condition.



The impact of the Covid-19 pandemic is uncertain as the situation is still evolving and could adversely affect our business.

The rapid spread of the recent coronavirus (COVID-19) and global health concerns relating to this outbreak have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on our Bank's business, cash flows, results of operations and financial condition, including liquidity, asset quality and growth.

The COVID-19 pandemic may affect the Bank in several ways and the Bank expects the potential magnitude and duration of each to be severe:

- The Bank's corporate, commercial and consumer borrowers, particularly its small/medium enterprise may default on loan and other payments or other commitments. Further, there may also be defaults by some of the Bank's large borrowers. The Bank's delinquency ratios may substantially increase and its asset quality may deteriorate;
- We may be required to recognise higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to COVID-19, which may adversely impact our asset quality and profitability in future periods.
- COVID-19 has disproportionately affected borrowers in certain sectors such as travel, airlines, hospitality, real estate, logistics, transportation and entertainment or borrowers that have high fixed costs or high leverage, leading to restructuring of their loans and additional stress;
- Large scale furloughs, or terminations of employees or reductions in salaries may lead to defaults by the Bank's retail borrowers;
- An overall deterioration in the economy may also lead to a reduction in the value of collateral provided for our loans, leading to higher than anticipated losses on default. Further, as our unsecured loan portfolio is not supported by any collateral, in the event of non-payment by borrowers under these loans, we may be unable to collect the unpaid balance;
- During periods of uncertainty, people avoid higher risk assets and shift to safer assets such as bank deposits. Further, we believe that depositors also shift to larger banks that are considered safer, better capitalized and better able to withstand economic shock. This tends to result in a tightening of liquidity in smaller Indian banks during periods of uncertainty. There may be challenges due to numerous requests to restructure loans across the industries and segments, especially from SMEs, mid-corporates and large corporates. Such restructuring would be expected to result in deferrals of interest and principal payments, and Indian banks (including the Bank) would require substantial liquidity to compensate for such deferrals. The RBI has undertaken measures to support liquidity (such as the reduction of the repo rate, cash reserve ratio and liquidity ratio). The banking system at present has excess liquidity which is placed with the RBI through the reverse repo window and we also place a large part of our excess liquidity in LAF of RBI. If the RBI recalibrates its liquidity stance, it may result in a loss of return to banks or increase interest cost depending on the changed liquidity management policy of the RBI.
- In particular, we face heightened cyber-security risks with a large proportion of our employees working from home. Though the Bank has taken all adequate and prudent steps to mitigate this risk in this regard, any unforeseen weaknesses in these processes exposes us to operational risk.

Any of these factors could have a material adverse effect on our Bank's results of operations and financial condition, including its revenues, costs structure, liquidity, cash flows, asset quality and growth. Further, our Statutory Auditors have included emphasis of matters in their audit reports on our standalone financial statements for fiscal year 2021, noting that in view of the uncertainties due to the outbreak of COVID-19, the impact on the Bank's standalone financial statements is significantly dependent on future developments.



- **We have a high concentration of loans to certain customers, borrower groups and sectors and if a substantial portion of these loans become non-performing, the overall quality of our loan portfolio, our business and the prices of our equity shares could be adversely affected.**

Our loan portfolio and non-performing asset portfolio have a concentration in certain types of customers/sectors. Bank's policy is to limit its exposure to any industry. As on September 30, 2021, Bank's exposure to few industries namely Infrastructure, NBFC, Other Services, was more than 10% of the total gross credit exposure. Further Bank's concentration of exposures to twenty largest borrowers/customers constituted 27.75% of total exposures of the bank on borrowers/ customers. The Bank diligently follows the Large Exposure Framework of the Reserve Bank of India and has set internal guard-rails to control the concentration risk. Further, Bank has also been following RBI guidelines on Loan Delivery Mechanism as well as all other relevant guidelines stipulated by other regulatory bodies. However, despite the efforts made by the Bank, change in the macro-economic situation and business profile may expose the Bank to the risks. Further, if any of the top 20 largest borrowers were to become non-performing, it could have a material adverse effect on our liquidity and profitability.

- **If regulatory and legal changes continue to impose increasingly stringent requirements regarding nonperforming loans and provisioning for such loans, our business will suffer.**

The Reserve Bank of India has substantially expanded its guidance relating to the identification and classification of non-performing assets over the last few years, which resulted in an increase in our loans classified as non-performing and an increase in provisions. Nevertheless, these provisions may not be adequate to cover further increases in the amount of non-performing loans or further deterioration in our non-performing loan portfolio. In addition, the Reserve Bank of India's annual supervisory process may assess higher provisions than we have made.

Our Bank operates in a highly regulated environment in which the RBI extensively supervises and regulates all banks. The business could be directly affected by any changes in policies for banks in respect of directed lending, NPA classification, provisioning requirements, reserve requirements and other areas. In addition, we could be subject to other changes in laws and regulations, such as those affecting the extent to which we can engage in specific business, those that reduce our income through a cap on either fees or interest rates chargeable to our customers, or those affecting foreign investment in the banking industry, as well as changes in other Government policies and enforcement decisions, income tax laws, foreign investment laws and accounting principles. Laws and regulations governing the banking sector may change in the future and any changes may adversely affect our business, our future financial performance and the price of our Equity Shares.

- **We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in meeting these requirements may be required to be invested in Government schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio, our business and the prices of our equity shares.**

The RBI prescribes guidelines on priority sector lending ("PSL") in India. Under these guidelines, banks in India are required to lend 40.0% of their adjusted net bank credit ("ANBC") or the credit equivalent amount of off-balance sheet exposures ("CEOB"), whichever is higher, as defined by the RBI and computed in accordance with Indian GAAP figures, to certain eligible sectors categorised as priority sectors. From Fiscal Year 2017, PSL achievement is required to be evaluated at the end of the financial year based on the average of priority sector target / sub-target achievement as at the end of each quarter of that financial year. Under the guidelines, scheduled commercial banks having any shortfall in lending to the priority sector shall be allocated amounts for contribution to the Rural Infrastructure Development Fund ("RIDF") established with National Bank for Agriculture and Rural Development ("NABARD") and other Funds with NABARD, National Housing Bank ("NHB"), Small Industries Development Bank of India ("SIDBI") or Micro Units Development & Refinance Agency Limited ("MUDRA"), as decided by the RBI from time to time. The interest rates on such deposits may be substantially lower than the interest rates which the Bank would have obtained by investing these funds



at its discretion. The Bank is required to comply with the priority sector lending requirements as applicable to domestic banks as laid down in RBI circular on Priority Sector Lending. Relaxation, upto a maximum period of five years from date of conversion into WOS, has been granted to the Bank to achieve the priority sector targets and sub-targets. We have been continuously working towards achieving this objective in line with the action plan submitted to RBI.

We may experience a higher level of NPAs in our PSL lending portfolio, particularly in loans to the small enterprises and weaker sections, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. In addition to the PSL requirements, the RBI has encouraged banks in India to have a financial inclusion plan for expanding banking services to rural and unbanked centres and to customers who currently do not have access to banking services. The expansion into these markets involves significant investments and recurring costs. Future changes by the RBI in the directed lending norms may result in our inability to meet the PSL requirements as well as require us to increase our lending to relatively more risky segments and may result in an increase in non-performing loans.

- **Our exposure to the securities of asset reconstruction companies could generally affect our business, financial condition and results of operations.**

We also have investments in security receipts arising from the sale of non-performing assets by us to reconstruction companies registered with the Reserve Bank of India. At September 30, 2021, the Bank had an outstanding net investment of ₹ 97 million in security receipts issued by asset reconstruction companies. There can be no assurance that reconstruction companies will be able to recover these assets and redeem our investments in security receipts and that there will be no reduction in the value of these investments. Any such inability to recover assets or redeem our investments without a diminution in value could generally affect our business, financial condition, and results of operations.

- **The value of our collateral may decrease, or we may experience delays in enforcing our collateral when borrowers default on their obligations to us which may result in failure to recover the expected value of collateral security exposing us to a potential loss.**

Among other factors, we consider a mix of cash flow and availability of collateral while taking lending decisions. Many of our loans to corporate customers are secured by various assets, including property, plant and equipment. Loans to corporate customers also include working capital credit facilities that are typically secured by a first charge on inventory, receivables and other current assets. In some cases, we may have taken further security of a first or second charge on fixed assets and a pledge of financial assets including marketable securities, corporate guarantees and personal guarantees. A significant portion of our loans to retail customers is also secured by the underlying assets financed, mainly property. As of September 30, 2021, 93.60% of our Bank advances were secured by tangible assets or covered by the Bank/Government guarantees.

Despite the availability of tools like SARFAESI Act, DRT, Insolvency and Bankruptcy Code 2016 etc, we may not be able to realise the full value of the collateral, due to, among other things, economic downturn, fall in the values of relevant collateral, stock market volatility, changes in economic policies of the Indian government, obstacles and delays in legal proceedings, borrowers and guarantors not being traceable, the Bank's records of borrowers' and guarantors addresses being ambiguous or outdated and defects in the perfection of collateral and fraudulent transfers by borrowers. In the event that a specialised regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed. In addition, the value of collateral may be less than we expect or may decline. If we are unable to foreclose on our collateral or realise adequate value, our losses will increase and our net profits will decline.

- **Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance.**





Our results depend to a great extent on our net interest income as one of our primary revenue sources is interest income, and our investments in interest-earning securities. During fiscal year 2021, interest earned for the Bank represented 73.97% of its total income (interest earned plus other income) on a standalone basis.

Changes in market interest rates affect the interest rates charged on our interest earning assets differently from the interest rates paid on our interest-bearing liabilities and also affect the value of our investments. An increase in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our advances, which would lead to a reduction in our net interest income and net interest margin. Further, an increase in interest rates could negatively affect demand for our loans and credit substitutes and we may not be able to achieve our volume growth, which could materially adversely affect our net profits. A decrease in interest rates could result in a decrease in interest income relative to interest expense due to the repricing of our loans at a pace faster than the rates we pay on our interest bearing liabilities. The quantum of the changes in interest rates for our assets and liabilities may also be different. If the interest rate were to fluctuate, this could materially and adversely affect our net interest margin. Though the Bank has, instituted various guard-rails to contain the interest rate risk, and measures the impact of possible changes in interest rates on its earnings and capital, a sudden change in interest rate regimen can create impact on the profitability and net-worth.

- **Our inability to effectively manage credit, market and liquidity risk and inaccuracy of our valuation models and accounting estimates may have an adverse effect on our earnings, capitalization, credit ratings and cost of funds.**

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk (including fraud) and legal risk (including actions taken by our own employees). The effectiveness of our risk management is limited by the quality and timeliness of available data and other factors outside of our control. For example, our hedging strategies and other risk management techniques may not be fully effective in mitigating risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated.

Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

As part of our credit sanctioning process, we rely on credit rating models for arriving at probability of default of a prospective borrower. These models are based on historical data and supplemented with managerial input and comments. There are no assurances that these models and the data being analysed are accurate or adequate to guide our strategic and operational decisions and protect us from risks. Any deficiencies or inaccuracies in the models or the data might have a material adverse effect on our business, financial condition or results of operation.

Additionally, management of operational, legal or regulatory risk requires, among other things, policies and procedures to ensure certain prohibited actions are not taken and to properly record and verify a number of transactions and events. Although we believe we have established such policies and procedures, they may not be fully effective and subject to human or manual error. It is not possible to ascertain that all our employees will follow these policies and procedures in all circumstances. Unexpected shortcomings in these policies and procedures or a failure to follow them may have a materially adverse effect on our business, financial position or results of operations.

Our future success will depend, in part, on our ability to respond to new technological advances and emerging banking and finance industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt its





transaction-processing systems to customer requirements or emerging market standards. Failure to properly monitor, assess and manage risks, could lead to losses which may have an adverse effect on our future business, financial position or results of operations.

- **Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected.**

Most of our funding requirements are met through short-term and medium-term funding sources, primarily in the form of retail and corporate deposits. Short-term deposits are those with a maturity not exceeding one year. Medium-term deposits are those with a maturity of greater than one year but not exceeding three years. Further as on September 30, 2021, total deposits of top 20 depositors constitute 35.64% of our total deposits.

However, a portion of our assets have long-term maturities, which sometimes causes funding mismatches. As of September 30, 2021, 26% of our loans are expected to mature within the next one year. As of September 30, 2021, 66% of our deposits are expected to mature within the next year. In our experience, a substantial portion of our customer deposits has been rolled over upon maturity and has been, over time, a stable source of funding. However, if a substantial number of our depositors do not roll over deposited funds upon maturity, our liquidity position will be adversely affected and we may be required to seek more expensive sources of funding to finance our operations, which would result in a decline in our net profits and have a material adverse effect on our financial condition. Any sudden or large withdrawals by such large depositors may impact our liquidity position.

- **We are subject to capital adequacy requirements and liquidity requirements stipulated by the Reserve Bank of India, including Basel III, as well as general market expectations regarding the level of capital adequacy large Indian private sector banks should maintain, and any inability to maintain adequate capital or liquidity ratios due to changes in regulations, a lack of access to capital markets, or otherwise may impact our ability to grow and support our businesses.**

As of September 30, 2021, the RBI requires a minimum capital adequacy ratio of 11.875% (including capital conservation buffer) of our total risk-weighted assets in addition to a minimum paid-up equity of Rs.5 billion. Our capital adequacy ratio was 18.23% as of September 30, 2021. Our CET-I ratio was 17.11% as of September 30, 2021. Further, the regulatory requirement has increased to 12.50% w.e.f 01/10/2021 on account of phasing in of last tranche of capital conservation buffer. Further the increasing asset size of the Bank is likely to increase the risk weighted assets of the Bank which will put downward pressure on our capital adequacy ratios. Our ability to support and grow our business would be limited by a declining capital adequacy ratio. While we have various measures at our disposal to offset declines in our capital adequacy ratio, we may be unable to raise capital at the appropriate time or the terms of any such financing may be unattractive due to various reasons attributable to changes in the general environment, including political, legal and economic conditions.

Additionally, the Basel III Liquidity Coverage Ratio ("LCR"), which is a measure of the Bank's high quality liquid assets compared to its anticipated cash outflows over a 30-day stressed period, are also applicable on Bank. It is required of the Bank to maintain a minimum LCR of 100% effective from 01/04/2021. In addition to this, Net Stable Funding Ratio (NSFR) has also become applicable on Bank w.e.f. 01/10/2021. Though the Bank has been able to meet the LCR and NSFR requirement on an ongoing basis, these various requirements including requirements to increase capital to meet increasing capital adequacy ratios could require us to forego certain business opportunities.

- **We and our customers are exposed to fluctuations in foreign exchange rates.**

Foreign currency exchange rates depend on various factors and can be volatile and difficult to predict. We enter into foreign exchange contracts with our borrowers to manage their foreign currency exchange risk exposure. Volatility in these exchange rates may lead to losses in derivative transactions for our borrowers. Some of our borrowers with foreign exchange and derivative exposures may be adversely impacted by volatility in Foreign exchange market. The failure of our borrowers to manage





their exposures to foreign exchange and derivative risk, particularly adverse movements and volatility in foreign exchange rates, may adversely affect our borrowers and consequently the quality of our exposure to our borrowers and our business volumes and profitability.

- **We may be subject to fines, restrictions or other sanctions for past instances of regulatory failures, which may adversely affect our financial position or our ability to expand our activities.**

Failure to comply with applicable regulations, including unauthorized actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and ensuing inquiries or investigations or proceedings by regulatory and enforcement authorities may result in the future, in regulatory actions, including financial penalties and restrictions on or suspension of the related business operations though the Bank has instituted guard-rails to control such events. Whenever it is appropriate and the regulatory guidelines so permit, we may seek to settle or compound regulatory inquiries or investigations or proceedings through consensual process with the concerned regulator entailing monetary payment by us or non-monetary terms being agreed upon. The non-monetary terms may include suspension or cessation of business activities for a specified period; change in key management personnel or restrictions being placed on key management personnel; disgorgement; implementation of enhanced policies and procedures to prevent future violations; appointing or engaging an independent consultant to review internal policies, processes and procedures; providing enhanced training and education; and/or submitting to enhanced internal audit, concurrent audit or reporting requirements. We cannot predict the timing or form of any current or future regulatory or law enforcement initiatives. In the financial year 2020-21, no penalty has been imposed on our Bank by RBI.

- **Commission, exchange and profit on foreign exchange transactions and other sources of fee income are important elements of our profitability, and regulatory changes and market conditions could cause these income streams to decline and adversely impact our financial performance.**

We earn commission, exchange and brokerage income from a variety of activities, including loan processing for corporate clients with respect to their acquisition and project financing, transaction banking and retail credit products. Our commission, exchange and brokerage income is therefore impacted by the level of corporate activity including new financing proposals, the demand for retail financial products and the overall level of economic and trade activity. Our commission, exchange and brokerage income is also impacted by applicable regulations governing various products and segments of financial services and changes in these regulations may adversely impact our ability to grow in this area.

Our commission, exchange and brokerage income is also impacted by the level of corporate investment activity and new financing proposals. Our ability to earn fees in the near term may be impacted by the Covid-19 pandemic as the Bank continues to move further in digital banking mode where income and commission earnings faces stiff competition in market.



➤ **Our industry is very competitive and our strategy depends on our ability to compete effectively.**

We face strong competition in all areas of our business, and some of our competitors are larger than we are. We compete directly with large public and private sector banks, some of which are larger than we are based on certain metrics such as customer assets and deposits, branch network and capital. These banks are becoming more competitive as they improve their customer services and technology. We may face increased competition with participation of foreign ownership in the Indian banking industry, and the entry of new banks in the private sector, on tap, which could cause us to lose existing business or be unable to compete effectively for new business.

In order to grow our business, Bank has focussed on tie-ups with Fintech Companies. However, with the entry of many new Fintechs, offering a wide variety of services through digital platforms, into the financial services industry, competition is likely to be intensified in the business environments, in which we operate. There can be no assurance that we will be able to respond effectively and timely to current or future competition or that the technological investments we make in response to such competition will be successful. Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services (whether current or new offerings) at reasonable returns and this may adversely impact our business. If we are unable to retain and attract new customers, our revenue and net profits will decline, which could materially adversely affect our financial condition.

➤ **We face security risks, including denial of service attacks, hacking, social engineering attacks targeting our colleagues and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect our business or reputation, and create significant legal and financial exposure.**

We offer a variety of banking services to our customers which include multiple services such as electronic funds transfer, bill payment services, usage of credit cards on-line, requesting account statements, and requesting check books. Working in a highly automated environment and making use of the latest technologies to support various operations exposes the banks to various threats including:

- a) phishing and trojans targeting our customers, whereby fraudsters send unsolicited mails to our customers seeking account-sensitive information or infecting customer computers in an attempt to search and export account-sensitive information;
- b) hacking, whereby attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services;
- c) data theft whereby cyber criminals attempt to intrude into our network with the intention of stealing our data or information or to extort money; and
- d) leaking, whereby sensitive internal Bank data or customer information is inappropriately disclosed by parties entitled to access it.

Further, the Bank has engaged with multiple Fintech partners which is one of its key strategies for growth. Being in the services sector, Information Security and Data Protection are of paramount importance. Third parties with which we do business or that facilitate our business activities could also be sources of operational and information security risk to us, including from breakdowns or failures of their own systems or capacity constraints. We, our customers, regulators and other third parties, including other financial services institutions and companies engaged in data processing, have been subject to, and are likely to continue to be the target of, cyberattacks.

The Bank has put in place a governance framework and a board-approved information security policy and Cyber security policy to mitigate information technology-related risks. While cyber threats and cyber-attacks like hacking, phishing, ransomware and other means, resulting in disruption of services or theft or leak of sensitive internal data or customer information are growing, our Bank has invested in preventing and protecting against such attacks. The Bank has also invested in detect, respond, and recovery mechanisms for any eventualities. Controls such as firewalls, anti-malware, anti-advance persistent threats, Intrusion prevention/detection, 24*7 security operation centre, honeypot solutions, etc. have been put in place.



Further the Bank conducts vulnerability assessment, penetration testing, application security testing, secure configuration reviews, source code review and red teaming exercises of its IT systems and environment through an external entity. Gaps reported by such exercises are remediated by the IT team. The Bank has a robust third-party risk assessment process which is conducted before the on-boarding of any new Fintech partners.

We have a governance framework in place for security and have implemented information security policies, procedures and technologies. The Bank has an independent information security team headed by a Chief Information Security Officer reporting to the Chief Risk Officer. The Information Security Steering Committee (ISSC) chaired by the MD of the Bank is the apex decision-making body in the Bank for information security-related issues and meets monthly. The ISSC reports to the IT steering committee of the Board.

However, considering that technology is currently in a phase of rapid evolution and that the methods used for cyber-attacks are also changing frequently or, in some cases, are not recognized until an actual attack, we may not be able to anticipate or to implement effective preventive measures against all security breaches. Further, circumstances such as the Covid-9 pandemic requiring a large number of our employees to work from home may increase our vulnerability to cyber attacks. Any third-party technology failure, cyber-attack or other information or security breach, termination or constraint could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our business. Our customers could also be exposed to increased phishing and vishing attacks that could result in a financial loss to them, and in turn lead to claims for compensation from the Bank or reputation loss for the Bank.

As the sophistication of cyber incidents continues to evolve, we will likely be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. There is also the risk of our customers incorrectly blaming us and terminating their accounts with us for a cyber-incident which might have occurred on their own system or with that of an unrelated third party. Any cyber security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

➤ **Adoption of a different basis of accounting or new accounting standards may result in changes in our reported financial position and results of operations for future and prior periods.**

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of IND-AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. However, the RBI, by its notification dated March 22, 2019 has deferred the implementation of Ind-AS for required all scheduled banks until further notice.

The possible impact of IND-AS on our financial reporting, the nature and extent of such impact is still uncertain. Further, the new accounting standards will change, among other things, our methodology for estimating allowances for expected loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy. For estimation of expected loan losses, the new accounting standards will require us to calculate the present value of the expected future cash flows realisable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This will result in us recognising allowances for expected loan losses in the future which may be higher or lower than under current Indian GAAP. There can be no assurance, therefore, that our financial condition, cash flows, results of operations or cash flows will not appear materially worse under IND-AS than under Indian GAAP. In our transition to IND-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our adoption of IND-AS will not adversely affect our reported results of operations or financial condition and any failure to





successfully adopt IND-AS could materially adversely affect our business, cash flows, financial condition and results of operations.

- **We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law.**

In order to expand our business, Bank has adopted the model of outsourcing and tie-ups with third party service providers. These tie-ups and arrangements have been made in in compliance with the RBI guidelines on outsourcing. These vendors provide services which include, among others, Fintech firms for loan book development, cash management services, software services, client sourcing, debt recovery services and call centre services. However, we cannot guarantee that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third party service providers discontinue their service agreement with us, our business, cash flows, financial condition and results of operations will be adversely affected.

Given the increasing use of technology, our Bank is required to work with a number of interconnected service providers such as aggregators, merchants and payment systems to provide solutions to customers. Any weaknesses in the systems, processes or robustness of security in any part of this network exposes our Bank to potential losses due to transactional errors, cyber events and other technical errors. In case of any dispute, we cannot assure that the terms of such agreements will not be breached, which may result in litigation costs. We may also suffer from reputational and legal risks if our third-party service providers act unethically or unlawfully, including mis-selling, which could materially and adversely affect our business, cash flows, financial condition and results of operations in addition to penalties.

- **Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, cash flows, financial condition and results of operations.**

Our operations are subject to various risks inherent in the banking industry, as well as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. Our insurance cover includes, among other things, professional indemnity, banker indemnity, personnel accident (including accidental death), general commercial liability. We maintain insurance for our operations in India largely through third party insurers in India. None of our insurance policies are assigned in favour of any third party.

We may not have identified every risk and further may not be insured against every risk, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could materially harm our financial condition, cash flows and future results of operations. There can be no assurance that any claims filed will be honoured fully or timely under our insurance policies. Also, our financial condition may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all.





- **Any failure of a bank in India or one of our key overseas correspondent banks would materially and adversely affect our business.**

Our clearing and treasury business relies heavily on our domestic and overseas correspondent banks to facilitate our market related and international transactions. In India, the banking industry is also inter-dependent to facilitate domestic transactions. There is no assurance that our overseas correspondent banks or our domestic banking partners will not fail or face financial problems. If any bank in India, or any of our key overseas correspondent banks were to fail, this would materially and adversely affect our business, cash flows, financial condition and results of operations.

- **We may experience difficulties in expanding its business into new regions and markets which may adversely affect its business prospects, financial conditions and results of operations.**

At present, Bank has started working in WOS mode since 2018 and has limited number of branches and ATMS. Being a new bank, Bank is making all the concentrated efforts to increase its visibility in new areas and regions within the country to further expand our customer base, reach and balance sheet. However, we may face difficulty in gaining the confidence of customers particularly in Tier-2 and Tier-3 cities which will affect our future plans and efforts for expanding into these areas. This may result or force us to revisit our strategy for business development which will result in additional costs ultimately putting strain on our financial condition and overall profitability.

- **Deficiencies in accuracy and completeness of information about customers and counterparties may adversely impact us.**

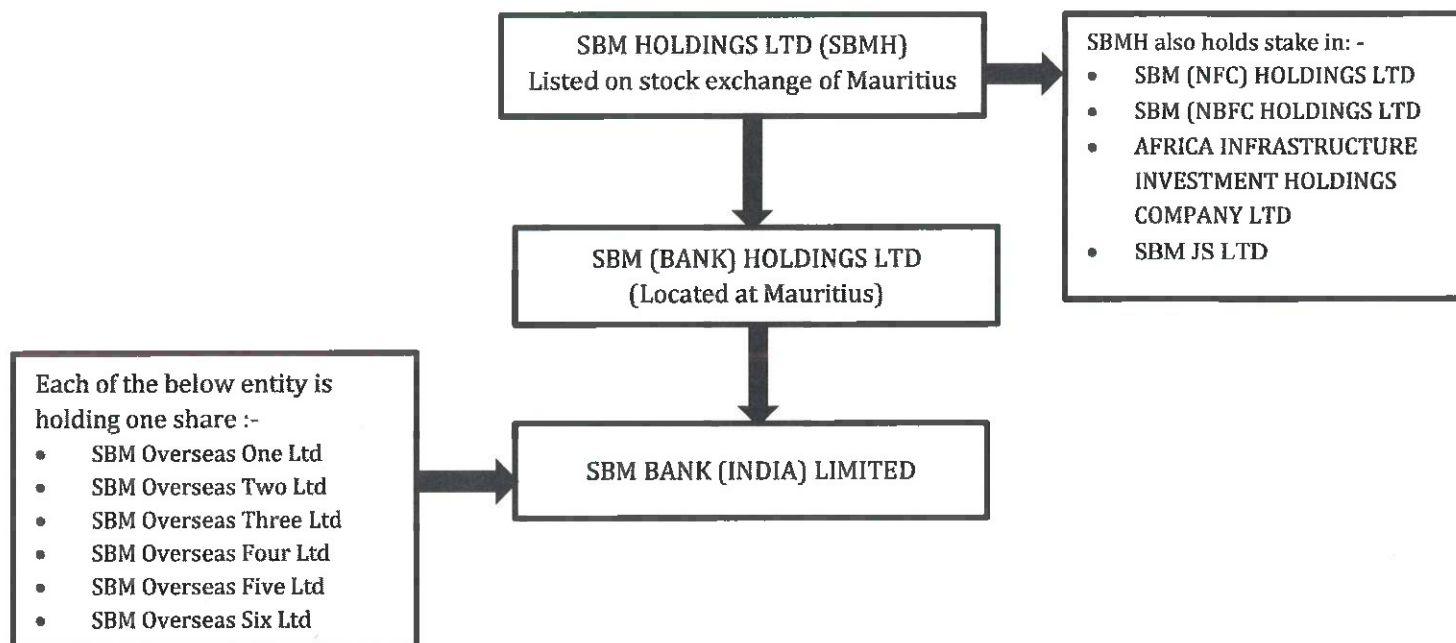
We rely on the accuracy and completeness of information about our customers and counterparties, and on representations by them or third parties as to the accuracy and completeness of such information, while carrying out transactions with these entities or on their behalf. For example, when deciding whether or not to extend credit to a customer, we may rely on reports of independent auditors with respect to the financial statements of the customer. We also rely on credit ratings assigned to our customers. Further, with respect to some of our loans, we do not have any direct control over how the customer actually utilizes the loan proceeds. Although our credit appraisal system conducts a due diligence during its underwriting process and exercises caution in its lending, any use of loan proceeds for purposes outside those stated on the application may negatively affect the repayment capacity of the borrowers to repay the loan. Any failure to repay such loans could have an adverse effect on our financial condition, results of operations and cash flows. Our business, cash flows, financial condition and results of operations could be negatively impacted by such reliance on information that is inaccurate or materially misleading. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a consequence, our ability to effectively manage our credit risk may be adversely affected.

- **The Bank may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation.**

The Bank is required to comply with applicable anti-money-laundering ("AML") and anti-terrorism laws and other regulations in India and in other jurisdictions where it has operations. These laws and regulations require the Bank, among other things, to adopt and enforce know-your-customer ("KYC") policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. While the Bank has adopted policies and procedures aimed at detecting and preventing the use of its banking networks for money laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where the Bank may be used by other parties to engage in money laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures.



(iii) CORPORATE STRUCTURE:-



(iv) KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS:-

STANDALONE BASIS:

(Rs. in crores)					
Parameters	FY 2018-19 (Note 1)	FY 2019-20	FY 2020-21	30 th September 2021 (Audited)	Remarks
Balance Sheet					
Net Fixed Assets	62.21	61.50	57.78	55.90	
Current Assets	832.03	934.10	1,096.82	1,394.81	Note 3
Non-current assets	704.09	1,505.83	3,584.70	4,357.85	Note 4
Total Assets	1,598.33	2,501.43	4,739.30	5,808.56	
Non-current Liabilities	848.90	1,581.49	3,182.97	3,893.26	
(including maturities of long-term borrowings and short term borrowings)					
Financial (borrowings, trade payables and other financial liabilities)	848.90	1,581.49	3,182.97	3,893.26	Note 5
Provisions	NA	NA	NA	NA	
Deferred tax liabilities (net)	NA	NA	NA	NA	
Other non-current liabilities	NA	NA	NA	NA	
Current Liabilities (including maturities of long term borrowings)	221.64	338.92	957.34	1,304.23	



(Rs. in crores)

Parameters	FY 2018-19 (Note 1)	FY 2019-20	FY 2020-21	30 th September 2021 (Audited)	Remarks
Financial (borrowings, trade payables and other financial liabilities)	135.22	263.55	841.19	1,158.54	Note 6
Provisions	NA	NA	NA	NA	
Current tax liabilities (net)	NA	NA	NA	NA	
Other current liabilities	86.42	75.37	116.15	145.69	Note 7
Equity (equity and other equity)	527.79	581.02	598.99	611.07	
Total equity and liabilities	1,598.33	2,501.43	4,739.30	5,808.56	-
Profit and loss					
Total revenue	16.85	116.52	160.23	111.09	
From Operations	13.27	48.18	78.17	60.27	
Other income	3.58	68.34	82.06	50.82	
Total Expenses	63.83	114.62	141.59	98.67	
Total comprehensive income	NA	NA	NA	NA	Note 8
Profit/ (Loss)	(46.98)	1.90	18.64	12.42	-
Other comprehensive income	NA	NA	NA	NA	Note 8
Profit/ (loss) after tax	(46.98)	1.90	18.64	12.42	
Earnings per equity share: (a) basic; and (b) diluted					
Continuing Operations					
(a) basic;	(2.15)	0.03	0.25	0.16	
(b) diluted	(2.15)	0.03	0.25	0.16	
Discontinued operations					
(a) basic;	0	0	0	0	
(b) diluted	0	0	0	0	
Total continuing and discontinued operations					
(a) basic;	(2.15)	0.03	0.25	0.16	
(b) diluted	(2.15)	0.03	0.25	0.16	
Cash flow					
Net cash generated from operating activities	34.89	2.09	198.72	515.58	
Net cash used in/ generated from investing activities	(6.61)	(11.96)	(441.83)	(280.82)	
Net cash used in financing activities	48.00	52.00	153.98	(149.98)	
Cash and cash equivalents (at the beginning of the year)	393.95	470.23	512.36	423.23	
Balance as per statement of cash flows	470.23	512.36	423.23	508.01	



(Rs. in crores)

Parameters	FY 2018-19 (Note 1)	FY 2019-20	FY 2020-21	30 th September 2021 (Audited)	Remarks
Additional information					
Net worth (Capital + Reserves and Surplus)	527.79	581.02	598.99	579.23	
Cash and cash equivalents	470.23	512.36	423.23	508.01	
Current investments	273.10	328.22	559.15	728.02	Note 9
Assets under management	1,598.33	2,501.43	4,739.30	5,808.56	Note 10
Off balance sheet assets	996.96	2,238.89	5,696.04	5,777.51	
Total debts to total assets	-	0.01	0.04	0.00	Note 11
Debt service coverage ratio	NA	0.94	0.21	1.07	Note 12
Interest income	32.41	126.70	233.19	179.53	
Interest expense	19.14	78.52	155.02	119.27	
Interest service coverage ratio	(21.10)	9.21	14.01	15.66	
Provisioning and write offs (including tax)	3.95	26.79	15.91	21.19	
Bad debts to accounts receivables ratio	0.03	0.02	(0.00)	0.01	Note 13
Gross NPA (%)	22.17%	8.59%	2.97%	2.59%	
Net NPA (%)	8.81%	2.90%	0.90%	0.29%	
Tier I Capital Adequacy ratio (%)	47.17%	31.48%	19.46%	17.11%	
Tier II Capital Adequacy ratio (%)	1.67%	0.96%	1.26%	1.12%	

(v) KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS:-

CONSOLIDATED BASIS - Consolidation is not applicable as the Bank do not have any subsidiaries companies in India.

Note:

- Pursuant to approval of the Scheme of Amalgamation, between the SBM Bank (India) Ltd and SBM Bank (Mauritius) Ltd. – Indian Operations (the 'Indian Operations'), by the Reserve Bank of India on October 30, 2018, under section 44A of the Banking Regulations Act, 1949, the undertaking of the Indian Operations are amalgamated with the SBM Bank (India) Ltd. Accordingly, the SBM Bank (India) Ltd. has commenced its banking operations on December 01, 2018 and Profit and Loss for FY 2018-19 is prepared for four months ended 31 March 2019.
- The financial statements of the Bank are prepared in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) and the relevant provisions of the Act read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act and Companies (Accounting Standard) Amendment Rules 2016 in so far as they apply to the Bank and practices prevailing within the banking industry in India. Classifying assets and liabilities as current and non-current is not defined in the applicable regulations for the Bank, and accordingly the same has been computed as per Notes described below.



3. Current assets comprise of Cash and Balances with Reserve Bank of India, Balance with Banks and Money at Call and Short Notice, Investments classified as Available for Sale (AFS) and Held for Sale (HFT) and Other Assets.
4. Non-current assets comprise of Advances and Investments other than AFS and HFT securities.
5. Financial non-current liabilities comprise of Term Deposits and Borrowings from Other Institutions and Agencies.
6. Financial current liability comprises of Current Accounts and Saving Accounts under Deposits, and Borrowings from RBI and Other Banks.
7. Other current liabilities comprise of Other Liabilities and Provisions.
8. Information relating to Total Comprehensive Income and Other Comprehensive Income are not furnished as Ind AS is not yet made applicable to banks.
9. Current Investment comprises of Investments classified as AFS and HFT securities.
10. Assets under management represents total assets of the Issuer.
11. Total debts comprise borrowings of the issuer.
12. Debts Service Coverage Ratios is computed as percentage of earnings before interest, tax and depreciation to total borrowing of the issuer up to 1 year.
13. Bad debts to Account receivable ratio is computed as percentage of sum of amount charged to the Profit and Loss account towards provision for non-performing assets and bad debts written off, to Net Advances of the Issuer.



(vi) **AUDITED FINANCIAL INFORMATION ALONG WITH LIMITED AUDIT REVIEW REPORT FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2021: -**

The audited financial information along with limited audit review report for the half year ended 30th September, 2021 is as follows:

STANDALONE BASIS:

(Rs. in crores)

Parameters	FY 2018-19 (Note 1)	FY 2019-20	FY 2020-21	30 th September 2021 (Audited)	Remarks
Balance Sheet					
Net Fixed Assets	62.21	61.50	57.78	55.90	
Current Assets	832.03	934.10	1,096.82	1,394.81	Note 3
Non-current assets	704.09	1,505.83	3,584.70	4,357.85	Note 4
Total Assets	1,598.33	2,501.43	4,739.30	5,808.56	
Non-current Liabilities	848.90	1,581.49	3,182.97	3,893.26	
(including maturities of long-term borrowings and short term borrowings)					
Financial (borrowings, trade payables and other financial liabilities)	848.90	1,581.49	3,182.97	3,893.26	Note 5
Provisions	NA	NA	NA	NA	
Deferred tax liabilities (net)	NA	NA	NA	NA	
Other non-current liabilities	NA	NA	NA	NA	
Current Liabilities (including maturities of long term borrowings)	221.64	338.92	957.34	1,304.23	



(Rs. in crores)

Parameters	FY 2018-19 (Note 1)	FY 2019-20	FY 2020-21	30 th September 2021 (Audited)	Remarks
Financial (borrowings, trade payables and other financial liabilities)	135.22	263.55	841.19	1,158.54	Note 6
Provisions	NA	NA	NA	NA	
Current tax liabilities (net)	NA	NA	NA	NA	
Other current liabilities	86.42	75.37	116.15	145.69	Note 7
Equity (equity and other equity)	527.79	581.02	598.99	611.07	
Total equity and liabilities	1,598.33	2,501.43	4,739.30	5,808.56	-
Profit and loss					
Total revenue	16.85	116.52	160.23	111.09	
From Operations	13.27	48.18	78.17	60.27	
Other income	3.58	68.34	82.06	50.82	
Total Expenses	63.83	114.62	141.59	98.67	
Total comprehensive income	NA	NA	NA	NA	Note 8
Profit/ (Loss)	(46.98)	1.90	18.64	12.42	-
Other comprehensive income	NA	NA	NA	NA	Note 8
Profit/ (loss) after tax	(46.98)	1.90	18.64	12.42	
Earnings per equity share: (a) basic; and (b) diluted					
Continuing Operations					
(a) basic;	(2.15)	0.03	0.25	0.16	
(b) diluted	(2.15)	0.03	0.25	0.16	
Discontinued operations					
(a) basic;	0	0	0	0	
(b) diluted	0	0	0	0	
Total continuing and discontinued operations					
(a) basic;	(2.15)	0.03	0.25	0.16	
(b) diluted	(2.15)	0.03	0.25	0.16	
Cash flow					
Net cash generated from operating activities	34.89	2.09	198.72	515.58	
Net cash used in/ generated from investing activities	(6.61)	(11.96)	(441.83)	(280.82)	
Net cash used in financing activities	48.00	52.00	153.98	(149.98)	
Cash and cash equivalents (at the beginning of the year)	393.95	470.23	512.36	423.23	
Balance as per statement of cash flows	470.23	512.36	423.23	508.01	



(Rs. in crores)

Parameters	FY 2018-19 (Note 1)	FY 2019-20	FY 2020-21	30 th September 2021 (Audited)	Remarks
Additional information					
Net worth (Capital + Reserves and Surplus)	527.79	581.02	598.99	579.23	
Cash and cash equivalents	470.23	512.36	423.23	508.01	
Current investments	273.10	328.22	559.15	728.02	Note 9
Assets under management	1,598.33	2,501.43	4,739.30	5,808.56	Note 10
Off balance sheet assets	996.96	2,238.89	5,696.04	5,777.51	
Total debts to total assets	-	0.01	0.04	0.00	Note 11
Debt service coverage ratio	NA	0.94	0.21	1.07	Note 12
Interest income	32.41	126.70	233.19	179.53	
Interest expense	19.14	78.52	155.02	119.27	
Interest service coverage ratio	(21.10)	9.21	14.01	15.66	
Provisioning and write offs (including tax)	3.95	26.79	15.91	21.19	
Bad debts to accounts receivables ratio	0.03	0.02	(0.00)	0.01	Note 13
Gross NPA (%)	22.17%	8.59%	2.97%	2.59%	
Net NPA (%)	8.81%	2.90%	0.90%	0.29%	
Tier I Capital Adequacy ratio (%)	47.17%	31.48%	19.46%	17.11%	
Tier II Capital Adequacy ratio (%)	1.67%	0.96%	1.26%	1.12%	

CONSOLIDATED BASIS: Consolidation is not applicable to us as the Bank do not have any subsidiaries companies in India.

Note:

1. Pursuant to approval of the Scheme of Amalgamation, between the SBM Bank (India) Ltd and SBM Bank (Mauritius) Ltd. – Indian Operations (the ‘Indian Operations’), by the Reserve Bank of India on October 30, 2018, under section 44A of the Banking Regulations Act, 1949, the undertaking of the Indian Operations are amalgamated with the SBM Bank (India) Ltd. Accordingly, the SBM Bank (India) Ltd. has commenced its banking operations on December 01, 2018 and Profit and Loss for FY 2018-19 is prepared for four months ended 31 March 2019.
2. The financial statements of the Bank are prepared in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) and the relevant provisions of the Act read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act and Companies (Accounting Standard) Amendment Rules 2016 in so far as they apply to the Bank and practices prevailing within the banking industry in India. Classifying assets and liabilities as current and non-current is not defined in the applicable regulations for the Bank, and accordingly the same has been computed as per Notes described below.



3. Current assets comprise of Cash and Balances with Reserve Bank of India, Balance with Banks and Money at Call and Short Notice, Investments classified as Available for Sale (AFS) and Held for Sale (HFT) and Other Assets.
4. Non-current assets comprise of Advances and Investments other than AFS and HFT securities.
5. Financial non-current liabilities comprise of Term Deposits and Borrowings from Other Institutions and Agencies.
6. Financial current liability comprises of Current Accounts and Saving Accounts under Deposits, and Borrowings from RBI and Other Banks.
7. Other current liabilities comprise of Other Liabilities and Provisions.
8. Information relating to Total Comprehensive Income and Other Comprehensive Income are not furnished as Ind AS is not yet made applicable to banks.
9. Current Investment comprises of Investments classified as AFS and HFT securities.
10. Assets under management represents total assets of the Issuer.
11. Total debts comprise borrowings of the issuer.
12. Debts Service Coverage Ratios is computed as percentage of earnings before interest, tax and depreciation to total borrowing of the issuer up to 1 year.
13. Bad debts to Account receivable ratio is computed as percentage of sum of amount charged to the Profit and Loss account towards provision for non-performing assets and bad debts written off, to Net Advances of the Issuer.

Gross Debt: Equity Ratio of the Company*:

Before the issue of debt securities (as on 30 th September, 2021)	0.03
After the issue of debt securities**	0.17

*The Gross Debt Equity Ratio is computed as = Total Debt/Total Paid up Equity Share Capital. Debts represent total borrowing.

**Computed considering debt issue size of INR 125 crore.

(vii) **PROJECT COST AND MEANS OF FINANCING, IN CASE OF FUNDING OF NEW PROJECTS: -**
Not applicable

(viii) **SUBSIDIARIES OF THE COMPANY (If any): None**



(ix) **DETAILS OF CONTINGENT LIABILITIES BASED ON THE LAST AUDITED FINANCIAL STATEMENTS INCLUDING AMOUNT AND NATURE OF LIABILITY**

➤ The details of contingent liabilities of the issuer on a standalone basis as on 30.09.2021 is as follows:

Particulars	Rs in crores As on 30 Sept 2021 (Audited)
Claims against the Bank not acknowledged as Debts	9
Liability for Partly Paid Investments	-
Liability on account of outstanding Forward Exchange Contracts & Derivatives	4,499
Guarantees given on behalf of Constituents	-
a) In India	385
b) Outside India	104
Acceptances, Endorsements and Other Obligation	332
Other items for which the Bank is Contingently Liable	448
Total	5,777

Claims against the Bank not acknowledged as Debts' item of Contingent Liability includes Income Tax of Rs. 87,430 thousand (Previous Year: 86,960 thousand) and Service tax of Rs. 5,091 thousand (Previous Year: 5,091 thousand). The Bank has gone in appeal to Income Tax Appellate Tribunal (ITAT) and High Court against the income tax assessment order of the department for AY 1996-97, 1997-98, 1999-00 to 2008-09, 2012-13 and 2013-14. The appeals are pending for the final outcome of the ITAT and high court and the Bank is expecting favorable judicial decisions.

➤ The details of contingent liabilities of the issuer on a consolidated basis as on 30.09.2021 is as follows:
Consolidation is not applicable as the Bank do not have any subsidiaries companies in India.

(C) **A BRIEF HISTORY OF THE ISSUER SINCE ITS INCORPORATION GIVING DETAILS OF IT'S FOLLOWING ACTIVITIES:-**

I. DETAILS OF SHARE CAPITAL AS ON LAST QUARTER END (I.E 31ST DECEMBER 2021): -

Share Capital	Rs. In Crores
Authorized Share Capital	1000
Issued, Subscribed and Paid-up Share Capital (Prior to the offer)	823.6250840
Issued, Subscribed and Paid-up Share Capital (After the offer)	823.6250840

II. CHANGES IN ITS CAPITAL STRUCTURE AS ON LAST QUARTER END (I.E 31ST DECEMBER 2021), FOR THE LAST THREE YEARS: -

Date of change (AGM/EGM)	Rs in Crores	Particulars
EGM 27.07.2018	1000	Authorized Share Capital was increased from Rs 500 crore (Rupees five hundred crores) to Rs. 1000 crore (Rupees One thousand crore)



III. EQUITY SHARE CAPITAL HISTORY OF THE COMPANY AS ON LAST QUARTER END (I.E 31ST DECEMBER 2021), FOR THE LAST THREE YEARS: -

Date of Allotment	No of Equity Shares	Face Value (Rs.)	Issue Price (In Rs)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity share capital (Rs.)	Equity share premium (in Rs.)	
30.03.2017	50,00,00,000	10	10	Cash	Subscribers to MOA	50,00,00,000	500,00,00,000		**
01.12.2018	15,69,58,418	10	10	Other than Cash	Pursuant to scheme of amalgamation and RBI Order	65,69,58,418	656,95,84,180	NIL	***
30.03.2019	48000000	10	10	Cash	Rights Issue	70,49,58,418	704,95,84,180	NIL	
27.08.2019	52000000	10	10	Cash	Rights Issue	75,69,58,418	756,95,84,180	NIL	
16.12.2021	6,66,66,666	10	15	Cash	Rights Issue	82,36,25,084	823,62,50,840	33,33,33,330	

** 500,000,000 equity shares of face value of Rs. 10/- each were allotted to the subscribers of memorandum of association

***15,69,58,418 equity shares of face value of Rs. 10/- each aggregating to Rs. 156,95,84,180/- issued and allotted pursuant to scheme of amalgamation and RBI's order with regard to capital requirements of the RBI WOS Scheme (The total paid-up share capital of Rs. 656,95,84,180/- includes the initial paid-up share capital of Rs. 5,00,00,00,000/- comprising of 500,000,000 equity shares of face value of Rs. 10/- each allotted to the subscribers of memorandum of association).



IV. DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST 1 YEAR:-

NIL

V. DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 YEAR:-

Type of Event	Date of Announcement	Date of Completion	Details
NIL	NIL	NIL	NIL

(D) DETAILS OF THE SHAREHOLDING OF THE COMPANY AS ON THE LATEST QUARTER END
I. SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST DECEMBER 2021

Sl No.	Name	Category of shareholder	No. of shares held in Demat	No. of shares held in Physical	Total No. of shares held	%
1	SBM (Bank) Holdings Ltd	Body Corporate	NIL	82,36,25,078	82,36,25,078	99.9999
2	SBM Overseas One Ltd	Body Corporate	NIL	1	1	0.0001
3	SBM Overseas Two Ltd	Body Corporate	NIL	1	1	0.0001
4	SBM Overseas Three Ltd	Body Corporate	NIL	1	1	0.0001
5	SBM Overseas Four Ltd	Body Corporate	NIL	1	1	0.0001
6	SBM Overseas Five Ltd	Body Corporate	NIL	1	1	0.0001
7	SBM Overseas Six Ltd	Body Corporate	NIL	1	1	0.0001
	TOTAL			82,36,25,084	82,36,25,084	100.00

Notes: - Shares pledged or encumbered by the promoters (if any): Nil

II. LIST OF TOP 10 HOLDERS OF EQUITY SHARES OF THE COMPANY AS ON 31ST DECEMBER 2021

Please refer the table inserted in D(I) above.



(E) FOLLOWING DETAILS REGARDING THE DIRECTORS OF THE COMPANY: -

i. DETAILS OF THE CURRENT DIRECTORS OF THE COMPANY

Name, Designation and DIN	Age (in years)	Address	Date of appointment	Details of other Directorship	Whether wilful defaulter (Yes/No)
Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula (Part Time Chairman) DIN - 01724586	62	2 Remy Ollier Avenue, Phoenix, Mauritius	09.07.2020	<ol style="list-style-type: none"> 1. W.S.I Holdings Limited 2. Palm Residences Ltd 3. Universal Business Solutions Ltd 4. Grant Thornton (Advisory Services) Ltd 5. Grant Thornton Ltd 6. Grant Thornton (Business School) Ltd 7. Grant Thornton (BPO) Ltd 8. Caroline House Ltd 9. City Screen Investments Ltd 10. Coniston Investments Ltd 11. Shah Institute Of Technology & Co. Ltd 12. Societe City Screen 13. Grant Thornton (Indian Ocean) Ltd 14. Receptoria Administrator Ltd 15. Societe Duchess Of Bath 16. Island Life Assurance Co Ltd 17. The Damson Plum Foundation 18. SBM Holdings Ltd 19. SBM (NBFC) Holdings Ltd 20. SBM Capital Markets Ltd 21. SBM Leasing Co. Ltd 22. SBM Factors Ltd 23. SBM 3S Ltd 24. SBM eBusiness Ltd 25. SBM Africa Holdings Ltd 26. SBM Infrastructure General Partner Ltd (under winding-up) 27. AutoXpress International Ltd 28. AutoXpress Holdings Mauritius Limited 29. Starlight Real Estate Mauritius Ltd 30. Starlight Real Estate (Ascot) Mauritius Ltd 31. Richmond (Middle East) Holdings Ltd 32. Inter Global Shipping Limited 33. Richmerc Holdings Ltd 34. TAHA Holding Limited 35. Richmond International (Mauritius) Limited 36. Richmond Asia Holdings Limited 37. GTMC (Mauritius) Limited 	No



Name, Designation and DIN	Age (in years)	Address	Date of appointment	Details of other Directorship	Whether wilful defaulter (Yes/No)
Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula (Part Time Chairman) DIN - 01724586	62	2 Remy Ollier Avenue, Phoenix, Mauritius	09.07.2020	(Directorships ... contd.) 38. BASAN LTD 39. BREMAR (BREVETS ET MARQUES) LTD (INT) 40. Ham Soham Limited 41. Lecofruit Mauritius 42. Nomadisms International Ltd (indirect directorship through Hebdomad Ltd) 43. Seminomad Group Ltd (indirect directorship through Hebdomad Ltd) 44. Hebdomad Ltd 45. Le Morne Investment Ltd 46. Emirates Real Estate Ltd 47. Centaur Investors Ltd 48. Ocean Gulf Property Enterprises Ltd. 49. SBM Bank (Seychelles) Ltd. (under winding-up) 50. SBM Bank (Kenya) Ltd 51. Banque SBM Madagascar SA 52. Kelper Limited	
Mr. Sidharth Rath (MD & CEO) DIN - 00682901	52	Flat No. 901, Block No. B, Jagat Vidya CHS, BKC, Bandra East, Mumbai - 400051	01.10.2018	None	No
Mrs. Sudha Ravi (Independent Director) DIN - 06764496	66	704/A, 7 th Floor, Joanna CHS, Manuel Gonsalves Road, Bandra West Mumbai - 400050	30.03.2017	1. Goodyear India Ltd 2. Alkem Laboratories Limited 3. Baroda Medicare Private Limited 4. Enzene Biosciences Limited	No
Mr. Ameet Patel (Independent Director) DIN - 00726197	59	701, Vogue, Vimal Kunj CHS Ltd., Meera Baug, Santacruz West, Mumbai - 400054	26.02.2019	LIC Housing Finance Ltd.	No
Mr. Shyam Sundar Barik (Independent Director) DIN - 08184820	64 yrs	Flat No. C-504, Pinnacolo, RBK School Lane, Near Gaurav Residency Phase 2, Mira - Bhayandar, Mira Road East, Thane - 401107	26.02.2019	India Sme Asset Reconstruction Company Limited	No



Name, Designation and DIN	Age (in years)	Address	Date of appointment	Details of other Directorship	Whether wilful defaulter (Yes/No)
Mr. Umesh Jain (Independent Director) DIN - 06432749	51 yrs	C 101, Lodha Bellissimo, N M Joshi Marg, Mahalaxmi, Mumbai - 400 011	14.10.2020	1. Digital Citizen Technologies Pvt Ltd. 2. Dragonfly Consumer Insights LLP 3. M/s Dragonfly Market Research 4. Diginsights Technologies LLP	No
Mr. Raoul Gufflet (Non-Executive Director) DIN - 09194722	53 yrs	Eureka Road, 80819, Moka, Mauritius	16.06.2021	1. SBM (Bank) Holdings Limited 2. SBM Bank (Mauritius) Limited 3. SBM Bank (Kenya) Limited 4. Banque SBM Madagascar.	No
Mr. Amalorpavanathan (Independent Director) DIN - 06941432	62 yrs	B-106, Srivatsa Srilakshmi Apartment, CODISSIA Road, Peelamedu, Coimbatore, Tamil Nadu - 6410045	16.09.2021	Finblend Development Consultants Private Limited.	No
Ms. Sharon Ramdenee (Additional Director (Non Executive & Independent)) DIN-09342424	41 yrs	Ave Dr Leclezio, Mount Ory, Moka, Mauritius - 80825	16.12.2021	1. SBM Holdings Limited 2. SBM (NFC) Holdings Limited	No

ii. DETAILS OF CHANGE IN DIRECTORS SINCE LAST THREE YEARS: -

Name, Designation and DIN	Date of appointment	Date of cessation if applicable	Date of resignation if applicable	Remarks
Mr. Moses Harding John	30.03.2017	-	08.10.2018	
Mr. Azim Currimjee	25.01.2019	-	12.03.2020	
Mr. Vidianand Lutchmeeparsad	25.01.2019	-	10.03.2020	
Mr Andrew Bainbridge	01.03.2019	-	05.08.2021	
Mr. Sanjay Bhattacharyya	30.03.2017	27.01.2022		Cessation due to death.



(F) FOLLOWING DETAILS REGARDING THE AUDITORS OF THE COMPANY: -

i. DETAILS OF THE AUDITOR OF THE COMPANY: -

Name of the Auditor	Address	Auditor since
K. S. Aiyar & Co	F-7 Laxmi Mills Shakti Mills Lane (Off Dr. E Moses, Mahalaxmi, Mumbai 400011	16/09/2021

ii. DETAILS OF CHANGE IN AUDITOR SINCE LAST THREE YEARS: -

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of Resignation, if applicable
M/s G. D. Apte & Co.	Office No. 83-87, 8th Floor, Mittal Tower, B Wing, Nariman Point, Mumbai 400021	24/12/2018	--	29/01/2019
M/s S.R. Batliboi and Associates LLP	2nd and 3rd Floor, Golf View, Corporate Tower B, Sector 42, Sector Road, Gurugram - 122002, Haryana	01/03/2019	27/07/2019	--
M/s M. P. Chitale & Co	Hamam House Ambalal Doshi Marg, Fort Mumbai - 400001	20/09/2019	18.06.2021 (Withdrawn of consent by the firm pursuant to eligibility requirements in terms of RBI regulations)	--
K. S. Aiyar & Co	F-7 Laxmi Mills Shakti Mills Lane (Off Dr. E Moses, Mahalaxmi, Mumbai 400011	16/09/2021	--	--

(G) DETAILS OF BORROWINGS OF THE COMPANY, AS ON THE LATEST QUARTER END: DECEMBER 31, 2021:-

(i) DETAILS OF OUTSTANDING SECURED LOAN FACILITIES: NIL

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date /Schedule	Security
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable



(ii) DETAILS OF OUTSTANDING UNSECURED LOAN FACILITIES:

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount outstanding	Repayment Date Schedule
Nil	Nil	Nil	Nil	Nil

(iii) DETAILS OF NCDS AND OTHER NON- CONVERTIBLE SECURITIES

NIL

(iv) LIST OF TOP 10 DEBENTURE HOLDERS (AS ON 31ST DECEMBER, 2021)

NOT APPLICABLE

(v) THE AMOUNT OF CORPORATE GUARANTEE ISSUED BY THE ISSUER ALONG WITH NAME OF THE COUNTERPARTY (LIKE NAME OF THE SUBSIDIARY, JV ENTITY, GROUP COMPANY, ETC) ON BEHALF OF WHOM IT HAS BEEN ISSUED:

NIL

(vi) DETAILS OF COMMERCIAL PAPER: - THE TOTAL FACE VALUE OF COMMERCIAL PAPERS OUTSTANDING AS ON THE LATEST QUARTER END TO BE PROVIDED AND ITS BREAKUP IN FOLLOWING TABLE:

Maturity date	Amount outstanding
Not Applicable	Not Applicable

(vii) DETAILS OF REST OF THE BORROWING (IF ANY INCLUDING HYBRID DEBT LIKE FCCB, OPTIONALLY CONVERTIBLE DEBENTURES / PREFERENCE SHARES) AS ON 31ST DECEMBER, 2021-

Party Name (in case of Facility) / Instrument Name	Type of Facility / Instrument	Amount Sanctioned/ Issued	Principal Amount outstanding	Repayment Date/ Schedule	Credit Rating	Secured / Unsecured	Security
Reserve Bank of India	Term LAF Borrowing	3	3	16-02-2023	NA	Secured	G-sec/ T Bills
Reserve Bank of India	Term LAF Borrowing	3	3	01-03-2023	NA	Secured	G-sec/ T Bills
Reserve Bank of India	Term LAF Borrowing	7	7	07-03-2023	NA	Secured	G-sec/ T Bills
Reserve Bank of India	Term LAF Borrowing	6	6	07-04-2023	NA	Secured	G-sec/ T Bills



(viii) DETAILS OF ALL DEFAULT/S AND/OR DELAY IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE COMPANY, IN THE PAST 3 YEARS.

NIL

(ix) DETAILS OF ANY OUTSTANDING BORROWINGS TAKEN/ DEBT SECURITIES ISSUED WHERE TAKEN / ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (II) AT A PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF AN OPTION;

NIL

(x) DETAILS OF CERTIFICATES OF DEPOSIT OUTSTANDING AS ON 31st DECEMBER, 2021:-

S. No.	ISIN of Certificate of Deposit	Maturity Date	Amount Outstanding
1	INE07PX16202	07/01/2022	25
2	INE07PX16210	09/02/2022	25
3	INE07PX16244	11/02/2022	25
4	INE07PX16228	14/02/2022	50

(H) DETAILS OF PROMOTERS OF THE COMPANY:

Individual Promoter: Not Applicable

Corporate Promoter:

(1) Name	SBM (Bank) Holdings Ltd
Date of Incorporation	11.10.2013
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroup.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	- Investment Holding Company
Photograph	NA
Permanent Account Number	NA

(2) Name	SBM Overseas One Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroup.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA



Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

(3) Name	SBM Overseas Two Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroup.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

(4) Name	SBM Overseas Three Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroup.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

(5) Name	SBM Overseas Four Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroup.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA



Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

(6) Name	SBM Overseas Five Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroup.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

(7) Name	SBM Overseas Six Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroup.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

Declaration: We hereby declare that the Promoter(s) are corporate entities incorporated at Mauritius and hence does not have Permanent Account Number, Aadhaar Number, Driving License Number and Passport Number. The Bank Account Number of Promoter(s) and Permanent Account Number of directors shall be submitted to the stock exchanges on which the non-convertible securities are proposed to be listed, at the time of filing the Placement Memorandum.



(i) DETAILS OF PROMOTER HOLDING IN THE COMPANY AS ON THE LATEST QUARTER END (DECEMBER 31, 2021):-

Sl. No.	Name of the Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares pledged with respect to shares owned
1	SBM (Bank) Holdings Ltd	82,36,25,078	NIL	99.9999	NIL	NIL
2	SBM Overseas One Ltd	1	NIL	0.0001	NIL	NIL
3	SBM Overseas Two Ltd	1	NIL	0.0001	NIL	NIL
4	SBM Overseas Three Ltd	1	NIL	0.0001	NIL	NIL
5	SBM Overseas Four Ltd	1	NIL	0.0001	NIL	NIL
6	SBM Overseas Five Ltd	1	NIL	0.0001	NIL	NIL
7	SBM Overseas Six Ltd	1	NIL	0.0001	NIL	NIL
	Total	82,36,25,084		100.00		

(I) ABRIDGED VERSION OF AUDITED CONSOLIDATED (WHEREVER AVAILABLE) AND STANDALONE FINANCIAL INFORMATION (LIKE PROFIT & LOSS STATEMENT, BALANCE SHEET AND CASH FLOW STATEMENT) FOR AT LEAST LAST THREE YEARS AND AUDITOR QUALIFICATIONS, IF ANY. *

*** BALANCE SHEET FOR THE LAST THREE YEARS**

Annexure 1

***PROFIT AND LOSS ACCOUNT FOR THE LAST 3 YEARS**

Annexure 1

***STATEMENT OF CASH FLOW FOR THE LAST 3 YEARS**

Annexure 1

*** AUDITOR QUALIFICATIONS - Standalone**

Financial Year	Auditors' Qualifications
2018-19	Nil
2019-20	Nil
2020-21	Nil

(I) ABRIDGED VERSION OF LATEST AUDITED/ LIMITED REVIEW HALF YEARLY CONSOLIDATED (WHEREVER AVAILABLE) AND STANDALONE FINANCIAL INFORMATION (LIKE PROFIT & LOSS STATEMENT, AND BALANCE SHEET) AND AUDITORS QUALIFICATIONS, IF ANY.

Refer point B (iv)



(K) ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS/CREDIT QUALITY (E.G. ANY MATERIAL REGULATORY PROCEEDINGS AGAINST THE ISSUER/PROMOTERS, TAX LITIGATIONS RESULTING IN MATERIAL LIABILITIES, CORPORATE RESTRUCTURING EVENT ETC) AT THE TIME OF ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR'S DECISION TO INVEST / CONTINUE TO INVEST IN THE DEBT SECURITIES.

None, except the outstanding litigation and material developments stated in this placement memorandum.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

S. No.	Petitioner	Case No. and forum	Summary
1	Coastal Projects Limited	W.P. No. 1704 of 2021 at High Court of Telangana	SBM Bank had disbursed loan under consortium arrangement. This Loan had become NPA and pursuant to forensic audit the account was declared fraud in line with RBI regulations. Mr. Sabbineni Surendra, Promoter and Director of the Company has filed the writ petition in the High Court of Telangana against all the existing lenders, RBI, CBI and ED Challenging the criminal action taken by the lenders against him and the Company.
2	Vibha Agrotech Limited	W.P. No. 21507 of 2021 at High Court of Telangana	SBM Bank had disbursed loan under consortium arrangement. This Loan had become NPA and pursuant to forensic audit the account was declared fraud in line with RBI regulations. The Promoter of the Company has filed the writ petition in the High Court of Telangana on the grounds that the act for declaring the account as fraud in violation of Article 14 (Equality Before the Law), Article 19 (Freedom of Speech & Expression) and, Article 21 (Protection of Life & Personal Liberty) of the Constitution of India and set aside the forensic audit report.
3	Tushar Chaudhary against Himadri Industries Private Limited.	Case No. CP/95(KB)/2021	SBM Bank had disbursed loan to one of the group companies of the respondent wherein respondent company was required to provide collateral. Mr. Tushar Chaudhary being one of the shareholder had challenged this action of respondent company on the ground of mismanagement. SBM Bank along with other lenders were made respondent in the petition. SBM Bank has already waived the requirement of providing this security for its loan and the affidavit to that effect has been filed in the court.
4	Deputy Director, Enforcement of Directorate	FIR No. 151/2021	Some of the customers of SBM Bank are being investigated. Since these customers hold account with the SBM Bank, SBM Bank has been made Accused in the FIR along with SBI. However, FIR does not mention any charge against SBM Bank or its employees. Matter is still being investigated and chargesheet is yet to be filed.
5	K. Madhav Rao	O.S. No. 1758/2021	Mr. K. Madhav Rao was issued a prepaid credit card by one of the partners of SBM Bank, Stashfin. A suit has been initiated against the partner and SBM Bank has been erroneously made a party in the case. SBM Bank has engaged a lawyer to represent SBM Bank.

Details of default and non-payment of statutory dues

NIL

- (L) WHERE THE ISSUER IS A NON-BANKING FINANCE COMPANY OR HOUSING FINANCE COMPANY THE FOLLOWING DISCLOSURES ON ASSET LIABILITY MANAGEMENT SHALL BE PROVIDED FOR THE LATEST AUDITED FINANCIALS**

Not Applicable

- (M) IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT, A COPY OF THE SAME SHALL BE DISCLOSED. IN CASE SUCH DOCUMENT DOES NOT CONTAIN DETAILED PAYMENT STRUCTURE (PROCEDURE OF INVOCATION OF GUARANTEE AND RECEIPT OF PAYMENT BY THE INVESTOR ALONG WITH TIMELINES), THE SAME SHALL BE DISCLOSED IN THE OFFER DOCUMENT.**

Not Applicable

- (N) DETAILS OF THE ISSUER FOR FOLLOWING DISCLOSURES ON ASSET LIABILITY MANAGEMENT SHALL BE PROVIDED FOR THE LATEST AUDITED FINANCIALS:**

Not Applicable

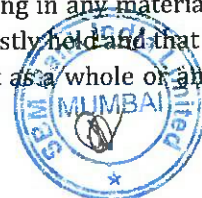
- (O) DISCLOSURES PERTAINING TO WILFUL DEFAULTER:**

Our Company, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

- (P) UNDERTAKING BY THE ISSUER:**

The Issuer undertakes that:

- (i) Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by the any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of
- (ii) The Issuer having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Issuer and the issue, that the information contained in this Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such



information or the expression of any such opinions or intentions misleading in any material respect.

- (iii) The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the offer document/Placement Memorandum. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

'Risk Factors' given under point B (ii) under the Section 'General Risks'.

- (Q) THE NAMES OF THE DEBENTURE TRUSTEE(S) SHALL BE MENTIONED WITH STATEMENT TO THE EFFECT THAT DEBENTURE TRUSTEE(S) HAS GIVEN HIS CONSENT TO THE ISSUER FOR HIS APPOINTMENT UNDER REGULATION 4 (4) AND IN ALL THE SUBSEQUENT PERIODICAL COMMUNICATIONS SENT TO THE HOLDERS OF DEBT SECURITIES.**

Debenture Trustee

Name : Axis Trustee Services Limited
Registered Address: Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025
Contact Person : Mr. Anil Grover
Tel No : 022- 22 62300451
Email id : anil.grover@axistrustee.in
Website : <https://www.axistrustee.com>

In accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021 issued vide Circular No. SEBI/LAD-NRO/GN/2021/39 dated August 9, 2021, the Issuer has appointed Axis Trustee Services Limited to act as Trustees to the Bondholder(s).

Copy of letter from Axis Trustee Services Limited dated October 06, 2021, conveying their consent to act as Trustees for the current issue of Bonds is enclosed as Annexure 6 in this Placement Memorandum.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustee may in its absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds. Any payment made by the Issuer to the Trustee on behalf of the Bondholder(s) shall discharge the Issuer pro -tanto to the Bondholder(s). No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to proceed, fail to do so.

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Placement Memorandum and all other related transaction documents, with due care, diligence and loyalty.



- (R) THE DETAILED RATING RATIONALE (S) ADOPTED (NOT OLDER THAN ONE YEAR ON THE DATE OF OPENING OF THE ISSUE)/ CREDIT RATING LETTER ISSUED (NOT OLDER THAN ONE MONTH ON THE DATE OF OPENING OF THE ISSUE) BY THE RATING AGENCIES SHALL BE DISCLOSED.**

The detailed rating rationale from ICRA Limited are attached as Annexure 3.

RATING SCALE AND RATING AGENCY.

ICRA Limited vide its letter dated September 17, 2021 has assigned a credit rating of "ICRA A+ (Stable)" for the proposed issue of Basel III Tier 2 Bonds aggregating to Rs. 250 crores. ICRA Limited vide its letter dated March 16, 2022 has revalidated and confirmed the aforesaid credit rating of "ICRA A+ (Stable)" for the proposed issuance of Basel III Tier 2 Bonds.

Copy of rating letter from ICRA Limited are enclosed as Annexure 2 in this Placement Memorandum.

Other than the credit ratings mentioned herein above, the Issuer has not accepted any other credit rating from any other credit rating agency(ies) for the Bonds offered for subscription under the terms of this Placement Memorandum. However, the Issuer reserves the right to get the issue rated by any other credit rating agency at a later date, should it feel the necessity.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

- (S) IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT, A COPY OF THE SAME SHALL BE DISCLOSED. IN CASE SUCH DOCUMENT DOES NOT CONTAIN DETAILED PAYMENT STRUCTURE (PROCEDURE OF INVOCATION OF GUARANTEE AND RECEIPT OF PAYMENT BY THE INVESTOR ALONG WITH TIMELINES); THE SAME SHALL BE DISCLOSED IN THE OFFER DOCUMENT.**

NOT APPLICABLE

- (T) COPY OF CONSENT LETTER FROM THE DEBENTURE TRUSTEE SHALL BE DISCLOSED.**

Copy of letter dated October 06, 2021, conveying their consent to act as Trustee for the current issue of Bonds is enclosed in Annexure 6 in this Placement Memorandum.

- (U) NAMES OF ALL THE RECOGNISED STOCK EXCHANGES WHERE THE DEBT SECURITIES ARE PROPOSED TO BE LISTED CLEARLY INDICATING THE DESIGNATED STOCK EXCHANGE.**

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the National Stock Exchange Limited ("NSE"). The Company has obtained the in-principle approval from the NSE for listing of said Bonds on its Wholesale Debt Market (WDM) Segment. NSE shall be the designated stock exchange for the purpose of this Issue.

The Company shall create recovery expense fund with NSE.



(V) OTHER DETAILS:

i. Debenture Redemption Reserve (DRR) Creation

The Debenture Redemption Reserve, if and as applicable, shall be created as per the applicable laws.

ii. Issue/Instrument Specific Regulations - Relevant Details (Companies Act, RBI Guidelines, etc).

The debentures are offered and issued pursuant to the provisions of the Companies Act, 2013, the Companies(Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014, the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, relevant SEBI circulars, The Banking Regulation Act, 1949, Basel III Regulations, each as amended from time to time ("RBI Regulations").

iii. Default in payment.

In the event of default in payment, Debenture Trustee shall have all the rights to take necessary actions under the Applicable Laws after obtaining consent of majority Debenture holders in accordance with Transaction Documents.

In case of default (including delay) in payment of interest and/ or redemption of principal on the due dates for debt securities issued, additional interest of at least @ 2% p.a. over the coupon rate shall be payable by the issuer for the defaulting period.

iv. Delay in listing.

The Company shall be in compliance with SEBI (Issue and Listing of Non- Convertible Securities) Regulations 2021 as amended from time to time. Further the Company shall also adhere to any other guidelines / regulations applicable for private placement of listed debt securities.

In case of delay in listing of the debt securities beyond the timelines specified by SEBI NCS Operational circular, the issuer will pay penal interest of at least 1 % p.a. over the coupon rate for the delay of period to the investor (i.e. from the deemed date of allotment till the listing of such debt securities).

v. Delay in allotment of securities.

The Company shall be in compliance with SEBI (Issue and Listing of Non- Convertible Securities) Regulations 2021 and Companies Act, 2013, each as amended from time to time. Further the Company shall also adhere to any other guidelines / regulations applicable for private placement of listed debt securities.

(W) APPLICATION PROCESS:

(i) Who can apply:

Only those investors who are permitted to invest in this issue as per RBI Guidelines and SEBI Debt Regulations, applicable for issuance and listing of these Bonds.



The following class of investors who fall under the definition of “Qualified Institutional Buyers” under Regulation 2 (ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, are eligible to participate in the offer (being “Eligible Investors”):

- (i) a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI;
- (ii) a foreign portfolio investor (“FPIs”) other than Individuals, corporate bodies and family offices;
- (iii) a Public Financial Institution;
- (iv) a Scheduled Commercial Bank ;
- (v) a multilateral and bilateral developmental financial institution ;
- (vi) a state industrial development corporation ;
- (vii) an Insurance Company registered with the Insurance Regulatory and Development Authority of India ;
- (viii) a Provident Fund with minimum corpus of Rs. 25 crores ;
- (ix) a Pension Fund with minimum corpus of Rs. 25 crores ;
- (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- (xi) insurance funds set up and managed by army, navy or air force of the Union of India; and insurance funds set up and managed by the Department of Posts, India;
- (xii) Systemically important non-banking financial companies.

All investors are required to comply with the relevant regulations / guidelines applicable to them for investing in this Issue.

(ii) NO PERSON OTHER THAN ELIGIBLE INVESTORS CAN APPLY

The following class of investors are not eligible to participate in the offer:

- (i) Resident Individual Investors;
- (ii) Foreign Nationals;
- (iii) any related party over which the Bank exercises control or significant influence (as defined under the relevant accounting standards (“Accounting Standards”);
- (iv) Persons resident outside India, other than FPIs;
- (v) Partnership firms formed under applicable laws in India in the name of the partners;
- (vi) Hindu Undivided Families through Karta; and
- (viii) Person ineligible to contract under applicable statutory/ regulatory requirements.

*Investment by FPIs in these Bonds raised in Indian Rupees shall be within an overall limit of 49% of the issue size subject to the restriction that investment by each FPI shall not exceed 10% of the issue size.

Further, investment by FPIs in these Bonds raised in Indian Rupees shall be subject to compliance with terms and conditions stipulated by the RBI, SEBI or any other regulatory authorities on investment in these Bonds.

The issuance being a private placement through the EBP Platform, the investors who have bid on its own account or through arrangers, if any, appointed by Issuer, in the issue through the said platform and in compliance with SEBI circulars on the above subject and EBP Platform operating guidelines are only eligible to apply. Any other application shall be at the sole discretion of the Issuer.

Further, notwithstanding anything contained above, only eligible investors who have been addressed through the application form are eligible to apply.



Prior to making any investment in these Bonds, each Eligible Investor should satisfy and assure himself/herself/itself that he/she/it is authorized and eligible to invest in these Bonds. The Bank shall be under no obligation to verify the eligibility/authority of the Eligible Investor to invest in these Bonds. Further, mere receipt of this Placement Memorandum (and/or any Transaction Document in relation thereto and/or any draft of the Transaction Documents and/or this Placement Memorandum) by a person shall not be construed as any representation by the Bank that such person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Bank shall not be responsible in any manner.

Notwithstanding any acceptance of bids by the Bank on and/or pursuant to the bidding process on the Electronic Book Platform, (a) if a person, in the Bank's view, is not an Eligible Investor, the Bank shall have the right to refuse allotment of Bonds to such person and reject such person's application; (b) if after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Issuer shall not be responsible in any manner.

(iii) APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES

In case of applications made under a power of attorney or by a limited company or a body corporate or registered society or mutual fund, and scientific and/or industrial research organizations or trusts etc., the relevant power of attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the memorandum and articles of association and/or bye-laws as the case may be must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the Application Form, quoting the serial number of the Application Form and the bank's branch where the application has been submitted, at the office of the registrars to the Issue after submission of the Application Form to the bankers to the Issue or any of the designated branches as mentioned on the reverse of the Application Form, failing which the applications are liable to be rejected. Such authority received by the registrars to the Issue more than 10 days after closure of the subscription list may not be considered.

(iv) APPLICATIONS UNDER POWER OF ATTORNEY

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to its registrars or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

(v) SUBMISSION OF DOCUMENTS

Investors need to submit the certified true copies of the following documents, along-with the Application Form, as applicable:

- Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed/ other constitutional document;



- Government notification/ certificate of incorporation (in case of Primary Co-operative Bank and RRBs);
- SEBI registration certificate, if applicable;
- RBI registration certificate, if applicable;
- Board Resolution authorizing investment along with operating instructions;
- Power of Attorney/ relevant resolution/ authority to make application;
- Form 15AA granting exemption from TDS on interest, if any;
- Form 15G/ 15H for claiming exemption from TDS on interest on application money, if any;
- Order u/s197 of Income Tax Act, 1961;
- Order u/s10 of Income Tax Act, 1961;
- Copy of PAN card issued by the Income Tax Department;
- Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority.

(vi) PROCEDURE FOR APPLYING FOR DEMAT FACILITY

- (i) The Applicant must have at least one beneficiary account with any of the DPs of NSDL/ CDSL prior to making the application.
- (ii) The Applicant must necessarily fill in the details (including the beneficiary account number and DPs ID appearing in the Application Form under the heading 'Details for Issue of debentures in Electronic/ Dematerialized Form'.)
- (iii) Bonds allotted to an applicant will be credited directly to the applicant's respective Beneficiary Account(s) with the DP.
- (iv) For subscribing the Bonds names in the Application Form should be identical to those appearing in the account details in the depository. In case of joint holders the names should necessarily be in the same sequence as they appear in the account details in the depository.
- (v) Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrars to the Issue.
- (vi) If incomplete/incorrect details are given under the heading 'Details for Issue of Bonds in Electronic/ Dematerialized Form' in the Application Form it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
- (vii) For allotment of Bonds the address, nomination details and other details of the Applicant as registered with his/her DP shall be used for all correspondence with the Applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient the Issuer would not be liable for losses, if any.
- (viii) Payment of Interest or repayment of principal would be made to those Bond Holders whose names appear on the list of Beneficial Owners given by the Depositories to the Issuer as on Record Date/ book closure date. In case of those Bonds for which the Beneficial Owner is not identified by the Depository as on the Record Date/ book closure date, the Issuer would keep in abeyance the payment of Interest or repayment of principal, till such time that the Beneficial Owner is identified by the Depository and conveyed to the Issuer, whereupon the Interest or principal would be paid to the beneficiaries, as identified, within a period of 30 (thirty) days.
- (ix) The Bonds shall be directly credited to the beneficiary account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the Applicant by the Registrars to the Issue but the



confirmation of the credit of the Debentures to the Applicants Depository account will be provided to the Applicant by the Depository Participant of the Applicant.

(vii) HOW TO APPLY

For this SEBI Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, on 'Electronic book mechanism for issuance of securities on private placement basis' and as amended from time to time, may be referred to along with the operating guideline of Stock Exchange on the same.

Further, this being a private placement offer, only the investors who have been addressed through this Private Placement Offer Letter are eligible to apply.

Applications for the Bonds must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein. Applications not completed in the prescribed manner are liable to be rejected. The name of the applicant's bank, type of account and account number, total amount & face value of Bonds applied for must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

Applications along with details of payment of requisite amount and other necessary documents may be submitted to Issuer's head office on or before the closure of the issue or to the Arrangers to the Issue.

For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Term Sheet and the Application Form.

(viii) INVESTOR GRIEVANCE AND REDRESSAL SYSTEMS

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Issuer endeavors to resolve the investor's grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at registered office of the Issuer. All investors are hereby informed that the Issuer has appointed a Compliance Officer who may be contracted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this PLACEMENT MEMORANDUM.

Investor Relations Officer	Ms. Bhavana Alankar Shinde
Designation/ Dept	Company Secretary and Compliance Officer, Secretarial Department
Address	SBM Bank (India) Ltd., 306-A, The Capital, G-Block, Behind ICICI Tower, Bandra Kurla Complex, Bandra East, Mumbai - 400 051
Ph No	+91 22 4007 1626
Email	Bhavana.shinde@sbmbank.co.in
Website	https://www.sbmbank.co.in



(X) TERM SHEET:
ISSUE DETAILS

Security Name	9.75% SBM Bank (India) Ltd Basel III Tier 2 Bonds (Series I – 2022)
Issuer	SBM Bank (India) Ltd
Type of Instrument	Unsecured, subordinated, Non Convertible, fully paid up, taxable, redeemable, Basel III compliant Tier 2 bonds which will qualify as tier 2 capital of the Issuer (Bonds)
Nature of Instrument & Seniority	Unsecured & Subordinated The Bonds are neither secured nor covered by a guarantee of the Issuer nor related entity or other arrangements that legally or economically enhances the seniority of the claim vis-à-vis other creditors of the Issuer. Bondholders will not be entitled to receive notice of or attend or vote at any meeting of shareholders of the Issuer or participate in management of the Issuer.
Mode of Issue	Private placement through NSE-EBP platform and in dematerialized form
Eligible Investors	<p>In terms of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("NCS Regulations") along with the Operational Circular for issue and listing of non-convertible securities, securitised debt instruments, security receipts, municipal debt securities and commercial papers dated 10 August 2021 ("Operational Circular"), only Qualified Institutional Buyers ("QIBs") are allowed to participate in the issuance of the Bonds.</p> <p>The following class of investors who fall under the definition of "Qualified Institutional Buyers" under Regulation 2 (ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, are eligible to participate in the offer (being "Eligible Investors"):</p> <ul style="list-style-type: none"> (i) a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI (ii) a foreign portfolio investor ("FPIs") other than Individuals, corporate bodies and family offices, (iii) a Public Financial Institution; (iv) a Scheduled Commercial Bank (v) a multilateral and bilateral developmental financial institution (vi) a state industrial development corporation (vii) an Insurance Company registered with the Insurance Regulatory and Development Authority of India (viii) a Provident Fund with minimum corpus of Rs. 25 crores (ix) a Pension Fund with minimum corpus of Rs. 25 crores (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India (xi) insurance funds set up and managed by army, navy or air force of the Union of India; and insurance funds set up and managed by the Department of Posts, India; and (xii) systemically important non-banking financial companies. <p>Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue. The issuance being a private placement through the Electronic Bidding Platform of NSE, the investors who have bid on its own account or through arrangers, if any, appointed by Issuer, in the issue through the said platform and in compliance with SEBI circulars on the above subject and NSE EBP operating guidelines are only eligible to apply. Any other application shall be at the sole discretion of the Issuer.</p> <p>Further, notwithstanding anything contained above, only eligible investors who have been addressed through the application form are eligible to apply.</p>



	<p>Prior to making any investment in these Bonds, each Eligible Investor should satisfy and assure himself/herself/itself that he/she/it is authorized and eligible to invest in these Bonds. The Bank shall be under no obligation to verify the eligibility/authority of the Eligible Investor to invest in these Bonds. Further, mere receipt of the Placement Memorandum (and/or any Transaction Document in relation thereto and/or any draft of the Transaction Documents and/or the Placement Memorandum) by a person shall not be construed as any representation by the Bank that such person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Bank shall not be responsible in any manner.</p> <p>Notwithstanding any acceptance of bids by the Bank on and/or pursuant to the bidding process on the Electronic Book Platform, (a) if a person, in the Bank's view, is not an Eligible Investor, the Bank shall have the right to refuse allotment of Bonds to such person and reject such person's application; (b) if after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Issuer shall not be responsible in any manner.</p>
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	<p>The Bonds are Proposed to be listed Wholesale Debt Market ("WDM") segment of the National Stock Exchange Limited ("NSE").</p> <p>The Issuer shall make an application to the stock exchange to list the Bonds and shall obtain such listing approval within T+4 days from the closure of the issue (T day).</p> <p>In case of delay in listing of the debt securities beyond above said period, the issuer will pay penal interest of at least 1 % p.a. over the coupon rate for the delay of period to the investor (i.e. from the deemed date of allotment till the listing of such debt securities)</p>
Rating of the Instrument	"ICRA A+ (Stable)" by ICRA Ltd
Issue Size	Total issue size amounting to Rs. 125 Crores
Minimum subscription	Not applicable since the Issue is by way of private placement
Objects of the Issue	Augmenting Tier 2 capital (as the term is defined in the Basel III Guidelines) and the overall capital of the Issuer to strengthen its capital adequacy and to enhance its long term resources in accordance with RBI Guidelines.
Details of the utilization of the Proceeds	The Issuer shall utilize the proceeds of the issue for augmenting Tier 2 capital and overall capital base and for the purpose of its regular business activities and other associated business objectives.
Coupon Rate	9.75% per annum
Step Up/Step Down Coupon Rate	N.A.
Coupon Payment Frequency	Annual, subject to relevant RBI Guidelines
Coupon payment dates	05 April, 2023 (On the anniversary of the Deemed Date of Allotment every year till redemption of Bonds) subject to the relevant RBI Guidelines and up to the Call Option Date, where applicable.
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	N.A.



Day Count Basis	<p>Interest shall be computed on an "Actual/Actual basis" in accordance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 notified vide SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021 read with SEBI Operational Circular bearing number SEBI/ HO/ DDHS/ CIR/ 2021/ 613 dated August 10, 2021.</p> <p>Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis.</p>
Working Day Convention	<p>'Working Day' shall be a day on which the money market is functioning in Mumbai. If the date of payment of interest/redemption of principal does not fall on a Working Day, the payment of interest/principal shall be made in accordance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 notified vide SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021.</p> <p>If any of the Coupon Payment Date(s), falls on a day that is not a Working Day, the payment shall be made by the Issuer on the immediately succeeding Working Day, which becomes the Coupon Payment Date for that coupon. However, the future coupon payment date(s) would continue as per the schedule originally stipulated at the time of issuing the Debentures.</p> <p>If the Redemption Date of the Bond (also being the last Coupon Payment Date) falls on a day that is not a Working Day, the redemption amount shall be paid by the Issuer on the immediately preceding Working Day along with interest accrued on the Debentures until but excluding the date of such payment.</p> <p>It is clarified that Interest and/or Redemption Amount with respect to the Debentures shall be made only on the days when the money market is functioning in Mumbai.</p> <p>If the Record Date falls on a day which is not a Working Day, the immediately succeeding Working Day will be considered as the Record Date.</p>
Interest on Application Money	<p>Interest at the Coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or reenactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in the Designated Bank Account up to one day prior to the Date of Allotment.</p> <p>The Interest on Application Money will be computed as per Actual/Actual Day count convention. Such Interest would be paid on all the valid applications including the refunds. For the application amount that has been refunded, the Interest on Application Money will be paid along with the refund orders and for the application amount against which Bonds have been allotted, the Interest on Application Money will be paid within ten working days from the Deemed Date of Allotment. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the Interest on refunded money. TDS (tax deducted at source) will be deducted at the applicable rate on Interest on Application money.</p> <p>Provided that, notwithstanding anything contained herein above, the Issuer shall not be liable to pay any interest on monies liable to be refunded in case of invalid applications or applications liable to be rejected including applications made by persons ineligible to apply for and/or hold the Bonds.</p>
Default Interest Rate	<p>Default in Payment of Interest and/or Redemption Amount: The Company shall be in compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations 2021 as amended from time to time. Further the Company shall also adhere to any other guidelines / regulations applicable for private placement of listed debt securities</p>



	<p>In case of default (including delay) in payment of interest and/ or redemption of principal on the due dates for debt securities, additional interest of at least @ 2% p.a. over the coupon rate shall be payable by the issuer for the defaulting period</p> <p>Delay in Listing: The Company shall be liable to the default interest rate(s) and/ or other default conditions in case of delay in listing of the NCDs, in compliance with SEBI (Issue and Listing of Non- Convertible Securities) Regulations 2021 as amended from time to time. Further the Company shall also adhere to any other guidelines / regulations applicable for private placement of listed debt securities</p> <p>In case of delay in listing of the debt securities beyond the timelines specified by SEBI NCS Operational Circular, the issuer will pay penal interest of at least 1 % p.a. over the coupon rate for the delay of period to the investor (i.e. from the deemed date of allotment till the listing of such debt securities).</p> <p>Delay in execution of Trust Deed: The Company shall be liable to the default interest rate(s) and/ or other default conditions in case of delay in execution of the Debenture Trust Deed, in compliance with SEBI (Issue and Listing of Non- Convertible Securities) Regulations 2021 as amended from time to time. Further the Company shall also adhere to any other guidelines / regulations applicable for private placement of listed debt securities.</p>
Execution of Debenture Trust Deed	The Issuer shall ensure that the Debenture Trust Deed is executed prior to making listing application for the Debentures.
Tenor	10 years from the Deemed Date of Allotment, subject to the exercise of any Call Option by the Issuer as may be permitted by RBI.
Redemption Date	05 April 2032. The Bond shall be redeemed at par 10 (ten) years from the Deemed Date of Allotment, 05 April 2022; subject to the exercise of any Call Option by the Issuer as may be permitted by RBI.
Redemption Amount	Bullet repayment at par, at ₹ 1,00,00,000 (Rupees One Crore) per Bond along with the Coupon payable on the Redemption Date. No incentives shall be payable at the time of redemption.
Redemption Premium /Discount	N.A.
Issue Price	₹ 1,00,00,000/- (Rupees One Crore) per Bond
Face Value	₹ 1,00,00,000/- (Rupees One Crore) per Bond
Discount at which security is issued and the effective yield as a result of such discount.	N.A.
Put option Date	N.A.
Put option Price	N.A.
Call Option Date	<p>The Issuer shall have the right (but not the obligation) to exercise the Call Option in respect of the Bond at the end of 5 years from the Deemed Date of Allotment ("Call Option") or any anniversary date thereafter with prior approval of RBI, subject to "Tax call"/ "Regulatory Call"</p> <p>Any notices to Bond Holders, the Debenture Trustee or stock exchanges will be provided in accordance with applicable laws.</p>
Condition for exercise of Call Option	<p>Exercise of Tax Call or Regulatory Call on the Bonds by the Issuer will be subject to the Basel III Guidelines, as amended from time to time.</p> <p>In terms of the extant Basel III Guidelines, exercise of Tax Call option or Regulatory Call option on the Bonds by the Issuer will be subject to all the conditions mentioned below:</p> <ol style="list-style-type: none"> 1. To exercise a Tax Call option or Regulatory Call option the Issuer must receive prior approval of RBI (Department of Banking Regulation); and 2. The Issuer must not do anything which creates an expectation that the Tax Call option or Regulatory Call option will be exercised. For example, to preclude such expectation of the instrument being called, the Dividend / Coupon Reset Date need not be co-terminus with the call



	<p>date. The Issuer may, at their discretion, consider having an appropriate gap between Dividend / Coupon Reset Date and call date; and</p> <p>3. The Issuer shall not exercise a call option unless:</p> <p>(a) The Bond is replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Issuer; or</p> <p>(b) The Issuer demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised.</p> <p>Minimum capital requirement refers to Common Equity Tier 1 of 8% of risk weighted assets (including capital conservation buffer of 2.5%) and total capital of 11.5% of risk weighted assets including any additional capital requirement identified under Pillar 2.</p>
Tax Call	<p>If there is any change in or amendment to the laws affecting taxation (or regulations or rulings promulgated thereunder) in India or any change in the official application of such laws, regulations or rulings (a "Tax Event") the Issuer will no longer being entitled to claim a deduction in respect of computing its taxation liabilities with respect to coupon on the Bonds, and the Issuer may at its option, redeem the Bonds in whole but not in part, at par along with interest subject to the terms specified herein and/or substitute the bonds with new bonds having tax deductible coupons.</p> <p>Any redemption upon the occurrence of a Tax Event will be subject to the provisions described under "Call Notification Time" and conditions 1 to 3 enumerated under "Condition for exercise of Call Option". ("Tax Call Date")</p> <p>The RBI may permit the Issuer to exercise the Tax Call only if the RBI is convinced that the Issuer was not in a position to anticipate the Tax Event at the time of issuance of the Bonds.</p> <p>Potential Investors may note that approvals to be obtained from the RBI to exercise Tax Call option are not routine and are subject to the discretion of the RBI. Further, the RBI shall, before providing such approvals, thoroughly consider the financial and capital position of the Issuer or any other criteria or basis it deems fit.</p>
Regulatory Call	<p>If there is a change in the regulatory classification of the Bonds that occurs on or after the issue date of the Bonds (a "Regulatory Event"), the Issuer may, at its option, redeem the Bonds, in whole but not in part, at par along with Interest, subject to the terms specified herein and/or substitute the bonds so that the new bonds have better regulatory classification, with prior approval of the RBI. Any redemption upon the occurrence of a Regulatory Event will be subject to the provisions described under "Call Notification Time" and conditions 1 to 3 enumerated under "Condition for exercise of Call Option" ("Regulatory Call Date").</p> <p>RBI may permit the Issuer to exercise the Regulatory Call only if the RBI is convinced that the Issuer was not in a position to anticipate the Regulatory Call at the time of issuance of the Bonds.</p> <p>Potential investors may note that approvals to be obtained from the RBI to exercise Regulatory Call option are not routine and are subject to the discretion of the RBI. Further, RBI shall before providing such approvals, thoroughly consider the financial and capital position of the Issuer or any other criteria or basis it deems fit.</p>
Call Option Price	Redemption for any Bond will be at par at ₹ 1,00,00,000/- (Rupees One Crore) per Bond. No incentives or premium shall be paid on exercise of Call Option or for any early redemption.
Put Notification Time	N.A.



Call Notification Time	<p>Any redemption of the Bonds on account of exercise of Call Option shall be subject to the Issuer giving a prior notice of not less than 21 days before the date from which such call option right becomes exercisable.</p> <p>The Issuer shall also provide a copy of such notice to the stock exchange(s) where such non-convertible securities are listed and shall make an advertisement in an English national daily and regional daily having wide circulation, in accordance with the NCS Regulations</p>
Minimum Application and in multiples of Debt securities thereafter	The minimum application shall be 1 Bond having face value of ₹ 1,00,00,000/- (Rupees One Crore) and in multiples of 1 (One) Bond thereafter.
Basis of Allotment (if any)	The allotment will be done on uniform yield basis in line with the SEBI EBP Circular and NSE EBP Guidelines.
Manner of settlement	<p>Successful bidders should ensure the funds pay-in from their same bank account which is updated by them in NSE-EBP. Payment should be made by the deadline specified in the EBP Guidelines.</p> <p>Successful bidders should do the funds pay-in to the bank account of the NSE Clearing Limited, appearing on the NSE-EBP.</p>
Settlement cycle	T+1 days
Issuance mode of the Instrument	In dematerialized form.
Trading mode of the Instrument	In dematerialized form.
Settlement mode of the Instrument	Payment of Interest and Redemption Amount will be made by way of RTGS / NEFT / any other electronic mode / any other permissible mode of payment.
Effect of holidays	<p>If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday.</p> <p>If the Redemption Date and Coupon Payment Date of the Bonds falls together on a day that is not a Working Day, the redemption proceeds shall be paid by the Issuer on previous Working Day along with interest accrued on the Bonds until but excluding the date of such payment.</p> <p># If any Coupon/ Interest Payment Date falls on a day that is not a Working Day, the payment shall be made on the immediately following Working Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon/ Interest Payment Date.</p> <p>If the Redemption Date of any Series of the Debentures falls on a day that is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the Debentures until but excluding the date of such payment.</p> <p>In the event the Record Date/ Payment Date or Due Date falls on a day which is not a Working Day, the immediately succeeding Working Day will be considered as the Record Date/ Payment Date or Due Date.</p>
Record Date	<p>15 (fifteen) days prior to each Coupon Payment Date, Call Option Date, or Redemption Date.</p> <p>In the event the Record Date for Coupon Payment Date falls on a day which is not a Working Day, the immediately succeeding Working Day will be considered as the Record Date. In the event the Record Date for Call Option Date or Redemption Date falls on a day which is not a Working Day, the immediately preceding Working Day will be considered as the Record Date.</p>



Repurchase/Buyback/ Redemption	<p>The Issuer may at the, subject to the following conditions having been satisfied and such repayment being otherwise permitted by then prevailing BASEL III Guidelines, repay the principal amount of the Bonds by way of repurchase, Buy-back or redemption:</p> <ul style="list-style-type: none"> a) the prior approval of RBI shall be obtained. b) the Issuer has not assumed or created any market expectations that RBI approval for such repurchase/ redemption/buy-back shall be given: c) Issuer: <ul style="list-style-type: none"> (i) replace the Bond with capital of the same or better quality and the replacement of this Bond is done at the conditions which are sustainable for the income capacity of the Issuer; or (ii) demonstrates that its capital position is well above the minimum capital requirements after the repurchase / buy- back / redemption; d) any other preconditions specified in Basel III Guidelines at such time have been satisfied. <p>Such Bonds may be held, reissued, resold, extinguished or surrendered, at the option of the Issuer.</p>
Loss Absorption	<p>The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) are issued subject to Loss Absorbency features applicable for non-equity capital instruments issued in terms of Basel III Guidelines including in compliance with the requirements of Annex 5 thereof and are subject to certain Loss Absorbency features as described herein and required of Tier-II instruments at the Point of Non-Viability as provided for in Annex 16 of the aforesaid circular.</p> <p>Accordingly, the Bond and the Bondholders' claims, if any, against Bank, wherever situated, may at the option of RBI be permanently written-off, in whole or in part, upon the occurrence of the trigger event called Point of Non-Viability ("PONV").</p> <p>PONV trigger event shall be as defined in the aforesaid Basel III Guidelines and shall be determined by the RBI.</p> <p>RBI may in its imminence alter or modify the PONV trigger whether generally or in relation to the Bank or otherwise. In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such Bondholder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated.</p> <p>Unless otherwise specified in this Placement Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari passu or subordinate, and whether a Tier-I capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.</p> <p>The write-down will have the following effects:</p> <ul style="list-style-type: none"> (a) Reduce the claim of the Bonds in liquidation; (b) Reduce the amount re-paid when a call is exercised; and (c) Partially or fully reduce Coupon payments on the Bonds.



Permanent principal write-down on PONV Trigger Event

Bonds are issued subject to Basel III Guidelines as amended from time to time (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) and, at the option of the Reserve Bank of India, can be permanently written off upon occurrence of the trigger event, called the Point of Non-Viability Trigger ("PONV Trigger"). If a PONV Trigger (as described below) occurs, the Issuer shall:

- (i) notify the Trustee;
- (ii) cancel any Coupon which is accrued and unpaid on the Bonds as on the write-down date; and
- (iii) Without the need for the consent of Bondholders or the Trustee, write down the outstanding principal of the Bonds by such amount as may be prescribed by RBI ("PONV Write Down Amount") and subject as is otherwise required by the RBI at the relevant time. The Issuer will affect a write-down within thirty days of the PONV Write-Down Amount being determined and agreed with the RBI.

PONV Trigger, in respect of the Issuer or its group, means the earlier of:

- (i) a decision that a principal write-down, without which the Issuer or its group (as the case may be) would become non-viable, is necessary, as determined by the RBI; and
- (ii) the decision to make a public sector injection of capital, or equivalent support, without which the Issuer or its group (as the case may be) would have become non-viable, as determined by the RBI.

The PONV Trigger will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.

For this purpose, a non-viable bank will be:

A bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 Capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include a permanent write-off in combination with or without other measures as considered appropriate by the RBI.

RBI would follow a two-stage approach to determine the non-viability of the Issuer.

The **Stage 1** assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of the Issuer approaching non-viability and, therefore, a closer examination of the Issuer's financial situation is warranted.

The **Stage 2** assessment would consist of supplementary subjective criteria which, in conjunction with the Stage 1 information, would help in determining whether the Issuer is about to become non-viable. These criteria would be evaluated together and not in isolation. Once the PONV is confirmed, the next step would be to decide whether rescue of the Issuer would be through write-off alone or write-off in conjunction with a public sector injection of funds.

The Write-off of any Common Equity Tier-I capital shall not be required before the write-off of any Non-equity (Additional Tier-I and Tier-II) regulatory capital instrument. The order of write-off of the Bonds shall be as specified in the order of seniority as per the Placement Memorandum and any other regulatory norms as may be stipulated by the RBI from time to time. A write-down may occur on more than one occasion.

Once the principal of the Bonds have been written down pursuant to PONV Trigger Event, the PONV Write-Down Amount will not be restored under any circumstances, including where the PONV Trigger Event has ceased to continue.

A write-down due to a PONV Trigger Event shall occur prior to any public sector



	<p>injection of capital so that the capital provided by the public sector is not diluted. However, any capital infusion by Government of India into the Issuer as the promoter of the Issuer in the normal course of business may not be construed as a PONV Trigger.</p> <p>The Bondholders shall not have any residual claims on the Issuer which are senior to ordinary shares of the Issuer, following a PONV Trigger and when write-off is undertaken.</p> <p>If the Issuer is amalgamated with any other bank after the Bonds have been written down pursuant to a PONV Trigger, these cannot be written up by the amalgamated bank.</p> <p>If the RBI or other relevant authority decides to reconstitute the Issuer or amalgamate the Issuer with any other bank, pursuant to Section 45 of the BR Act, the Issuer will be deemed as non-viable or approaching non- viability and the PONV Trigger and pre- specified trigger as per Basel III Guidelines will be activated. Accordingly, the Bonds will be permanently written-down in full prior to any reconstitution or amalgamation.</p> <p>A bank facing financial difficulties and approaching a point of non-viability shall be deemed to achieve viability if within a reasonable time in the opinion of the RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including augmentation of equity capital through a permanent write-off or public sector injection of funds are likely to:</p> <ol style="list-style-type: none"> restore confidence of the depositors/ investors; improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and augment the resource base to fund balance sheet growth in the case of fresh injection of funds <p>The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.</p> <p>The Bonds can be written-down multiple times in case the Bank hits the PONV Trigger Level subsequent to the first write-down. The Bonds which has been written off shall not be written up.</p> <p>In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to any Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Placement Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari passu or subordinate, and whether a Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.</p>
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)



Disclosure of interest and redemption dates	The first Interest payment will be on 05 th April 2023, and then on 05 th April every year, and the accrued Interest on the last Interest payment will be on 05 th April 2032 along with the redemption amount.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	All covenants applicable to the issue are covered in the offer document and there are no other side letters.
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/ Placement Memorandum.	Unsecured
Security Creation	NA.
Transaction Documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> 1) Letter appointing Axis Trustee Service Limited as Trustee to the Bondholders; 2) Debenture Trustee/ Bond Trustee Agreement 3) Debenture Trust Deed 4) Rating Letter from Credit Rating Agencies 5) Tripartite Agreement between Issuer, Registrar to the Issue and NSDL for bonds in dematerialized form; 6) Tripartite Agreement between Issuer, Registrar to the Issue and CDSL for bonds in dematerialized form; 7) Letter Appointing Registrar and MoU entered into between the Issuer and the Registrar; 8) Application made to NSE for seeking its in-principle approval for listing of Bonds and In-principle listing approval received from NSE; 9) Listing Agreement with NSE 10) Placement Memorandum with the application form
Conditions Precedent to Disbursement	<p>The subscription from applicants shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ol style="list-style-type: none"> 1) Rating Letter from ICRA Limited; 2) Consent letter from Axis Trustee Service Limited to act as the Trustee to the Bondholders 3) Letter from NSE conveying in principal approval for listing and trading of bonds



Condition Subsequent to Disbursement	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per terms of this Placement Memorandum:</p> <ol style="list-style-type: none"> 1) Credit of Demat account(s) of the Allottee(s) within Two Business Days from the Deemed Date of Allotment. 2) Making Listing Application to NSE and obtain the listing approval within Four Trading Days from the closure of the issue.
Events of Default	The holders of the Bonds shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation of the Issuer.
Creation of Debenture Redemption Reserve	The Issuer shall comply with the provisions of the Companies Act, the rules made thereunder and the circulars and notifications issued by RBI, from time to time, in respect of the requirements of creation of debenture redemption reserve.
Creation of Recovery Expense Fund	The Company shall maintain a reserve to be called the "Recovery Expense Fund" with NSE on terms as maybe specified by SEBI. The Company shall inform the Debenture Trustee about the same.
Conditions for Breach of Covenants (as specified in Debenture Trust Deed)	<p>In relation to default by the Issuer in performance or observance of any covenant in the Disclosure Document, private placement offer letter or the Debenture Trust Deed (other than obligation to pay the Redemption Amount or Interest), if such default continues for 30 (thirty) days and has not been remedied, it will be an Event of Default.</p> <p>The Debenture Trustee may waive any breach by the Issuer of any of the covenants and provisions in the Debenture Trust Deed with the prior written consent of the Debenture Holders by way of Special Resolution.</p>
Provisions related to Cross Default Clause	Not applicable
Role and Responsibilities of Debenture Trustee	The Debenture Trustee shall protect the interest of the Debenture Holders as required under applicable law and as set out in the Debenture Trust Deed. Any enforcement action following an Event of Default shall be taken by the Debenture Trustee on behalf of all Debenture Holders at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fail to do so. The Issuer shall enter into a Debenture Trust Deed, inter alia, specifying the terms and conditions of the Debentures and the powers, authorities, duties and obligations of the Issuer and the Debenture Trustee in respect of the Debentures.
Risk factors pertaining to the issue	As specified in Management's Perception of Risk Factors of the Placement Memorandum
Compliance with Laws	<p>The Bonds shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital, listing and disclosure regulations, issued by RBI, SEBI, the Government of India, FEMA regulations, RBI and/or other authorities, as amended from time to time, and other documents that may be executed in respect of the Debentures.</p> <p>The Bonds shall also be subject to the provisions of the Companies Act and rules and the Memorandum and the Articles of Association of the Issuer.</p>
Governing Law and Jurisdiction	<p>The Bonds are governed by and shall be construed in accordance with the existing laws of India.</p> <p>The parties shall endeavour to settle any dispute arising in connection with the interpretation, performance, termination of the Transaction Documents, or otherwise in connection with the Bonds ("Dispute"), through consultations and negotiations.</p> <p>If no settlement can be reached through consultations and negotiations of the parties within 30 (thirty) days of one party delivering a written notice of the Dispute to the other party, then such matter shall be finally settled through proceedings initiated in the courts of competent jurisdiction at Mumbai, which courts shall have exclusive jurisdiction to settle such Disputes.</p>
Debenture Trustee	Axis Trustee Services Limited
Registrar	KFin Technologies Limited (earlier known as KFin Technologies Private Limited)

* ISSUE TIMING *	
Issue Opening Date	31 March, 2022
Issue Closing Date	31 March, 2022
Pay-in Date	05 April, 2022
Deemed Date of Allotment	05 April, 2022
Bidding type	Closed bidding in accordance with the Operational Guidelines.
Allocation Option	Uniform yield.
Payment Mode	RTGS Details of the Clearing Corporation for application money payment as per NSE-EBP Portal.

* Subject to deduction of tax at source as applicable.

** The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, Investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Date is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.

(Y) DISCLOSURE OF CASH FLOWS: as per SEBI Circular No: SEBI/HO/DDHS/P/CIR/2021/613

Company	SBM Bank (India) Ltd
Tenor	10 Years from the Deemed Date of Allotment
Face Value (per security)	Rs. 1,00,00,000/- (Rupees One Crore) per bond
Date of Allotment	05 April, 2022
Final Redemption Date	05 April, 2032
Call Option Date	05 April, 2027, 5 years from the Deemed Date of Allotment ("Call Option") or any anniversary date thereafter
Coupon Rate	9.75% per annum
Frequency of the interest payment with specified dates	Annual. Subject to the 'Working Day Convention' as set out above, the first Interest payment will be on 05 April, 2023, and then on 05 April every year, and the accrued Interest on the last Interest payment will be on 05 April, 2032 along with Redemption Amount
Day count Convention	Actual/ Actual

Cash Flows:

SCENARIO 1: WHEN CALL OPTION IS NOT EXERCISED

Cash Flows	Interest Payment Date	Actual Payment Date	No. of Days in Coupon Period	Total Cash flow per Bond Amount (in Rs.)
1st Coupon	Wednesday, April 05, 2023	Wednesday, April 05, 2023	365	9,75,000
2nd Coupon	Friday, April 05, 2024	Friday, April 05, 2024	366	9,75,000
3rd Coupon	Saturday, April 05, 2025	Monday, April 07, 2025	365	9,75,000
4th Coupon	Sunday, April 05, 2026	Monday, April 06, 2026	365	9,75,000
5th Coupon	Monday, April 05, 2027	Monday, April 05, 2027	365	9,75,000
6th Coupon	Wednesday, April 05, 2028	Wednesday, April 05, 2028	366	9,75,000



7th Coupon	Thursday, April 05, 2029	Thursday, April 05, 2029	365	9,75,000
8th Coupon	Friday, April 05, 2030	Friday, April 05, 2030	365	9,75,000
9th Coupon	Saturday, April 05, 2031	Monday, April 07, 2031	365	9,75,000
10th Coupon	Monday, April 05, 2032	Monday, April 05, 2032	366	9,75,000
Redemption	Monday, April 05, 2032	Monday, April 05, 2032		1,00,00,000

SCENARIO 2: WHEN CALL OPTION IS EXERCISED

Cash Flows	Interest Payment Date	Actual Payment Date	No. of Days in Coupon Period	Total Cash flow per Bond Amount (in Rs.)
1st Coupon	Wednesday, April 05, 2023	Wednesday, April 05, 2023	365	9,75,000
2nd Coupon	Friday, April 05, 2024	Friday, April 05, 2024	366	9,75,000
3rd Coupon	Saturday, April 05, 2025	Monday, April 07, 2025	365	9,75,000
4th Coupon	Sunday, April 05, 2026	Monday, April 06, 2026	365	9,75,000
5th Coupon	Monday, April 05, 2027	Monday, April 05, 2027	365	9,75,000
Call Option	Monday, April 05, 2027	Monday, April 05, 2027		1,00,00,000

(Z) MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

Sr. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer.
2	Board Resolution dated December 16, 2021 authorizing issue of Debentures offered under terms of this Placement Memorandum.
3	Copies of Annual Reports of the Company for the last three financial years.
4	Credit rating letter and rating rationale from India Ratings and Research Private Limited dated 17 th September 2021 and March 16, 2022
5	Letter from Axis Trustee Services_ Limited giving its consent to act as Debenture Trustee dated October 06, 2021
6	Certified true copy of the certificate of incorporation of the Company.
7	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and NSDL/CDSL.
8	Copy of application made to NSE for grant of in-principle approval for listing of Debentures and In principal approval received from NSE for listing of Debentures.
9	Debenture Trustee Agreement dated January 20, 2022
10	Consent of the Registrar to the Issue dated March 22, 2022
11	Any other document designated by the Trustee and Issuer a material document in relation to the Issue



The Directors of the Issuer hereby attest that:

- a) The Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act and the rules and regulations made thereunder;
- b) the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debt securities/non-convertible redeemable preference shares, is guaranteed by the Central Government;
- c) the monies received under the offer shall be used only for the purposes and objects indicated in the Placement Memorandum;
- d) Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.
- e) Following clause on "General Risks" has been incorporated in box format in the Placement Memorandum:
"Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section General Risks of this placement memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities."

DECLARATION

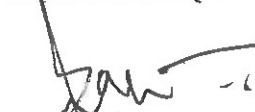
The issuer undertakes that this Placement Memorandum contains full disclosures in conformity section 42 Companies Act, 2013 and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Companies Act, 2013 read with relevant rules thereunder and any amendments thereto.

The Issuer accepts no responsibility for the statements made otherwise than in this Placement Memorandum or in any other material issued by or at the instance of the Issuer and that any one relying on such information from any other source would be doing so at his own risk.

Whatever is stated in this Placement Memorandum and in the attachments thereto is true and correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Associations and Articles of Association of the Company.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Placement Memorandum.

For SBM BANK (INDIA) LTD



Sidharth Rath
Managing Director & CEO

Date: March 31, 2022

Place: Mumbai



ANNEXURE(S)

- 1. FINANCIAL STATEMENTS OF LAST 3 YEARS**
- 2. RATING LETTER**
- 3. RATING RATIONALE**
- 4. BOARD RESOLUTION**
- 5. SHAREHOLDER'S RESOLUTION**
- 6. DEBENTURE TRUSTEE CONSENT LETTER**
- 7. IN-PRINCIPLE APPROVAL LETTER**
- 8. FORM PAS - 4**
- 9. APPLICATION FORM**



CONDENSED BALANCE SHEET

	<u>Schedule</u>	Audited <u>As at</u> <u>30-Sep-2021</u> (Amount in Rs.'000)	Audited <u>As at</u> <u>31-Mar-2021</u> (Amount in Rs.'000)
<u>CAPITAL & LIABILITIES</u>			
Capital	1	75,69,584	75,69,584
Reserves & Surplus	2	(14,58,879)	(15,79,703)
Deposits	3	5,03,27,922	3,85,51,831
Borrowings	4	1,90,000	16,89,837
Other Liabilities and Provisions	5	14,56,946	11,61,494
Total		5,80,85,573	4,73,93,043
<u>ASSETS</u>			
Cash and Balances with Reserve Bank of India	6	18,22,546	10,84,214
Balances with banks and Money at Call and Short Notice	7	32,57,564	31,48,117
Investments	8	1,67,00,134	1,22,65,178
Advances	9	3,41,58,594	2,91,73,284
Fixed Assets	10	5,59,003	5,77,756
Other Assets	11	15,87,732	11,44,494
Total		5,80,85,573	4,73,93,043
Contingent Liabilities	12	5,77,75,140	5,69,60,426
Bills for Collection		37,31,144	27,43,873
Accounting Policies & Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our attached Report of even date.

For K.S. Aiyar & Co
Chartered Accountants
ICAI Firm Registration No. 100186W

Mr. Rajesh Joshi
Partner
ICAI Membership No. 038526

Place : Mumbai
Date : December 16, 2021

For SBM Bank (India) Ltd.

Mr. Sidharth Rath
Managing Director &
Chief Executive Officer
DIN: 00682901

Mr. Saileshkumar Shah
Chief Financial Officer

Mr. Ameet Patel
Independent Director
DIN: 00726197

Mrs. Bhavana Shinde
Company Secretary



CONDENSED PROFIT AND LOSS ACCOUNT

	<u>Schedule</u>	<u>Half Year Ended</u> <u>30-Sep-2021</u> <u>(Amount in Rs.'000)</u>	<u>Year Ended</u> <u>31-Mar-2021</u> <u>(Amount in Rs. 000)</u>
I. INCOME			
Interest earned	13	17,95,333	23,31,909
Other income	14	5,08,199	7,32,257
Total		23,03,532	30,64,166
II. EXPENDITURE			
Interest expended	15	11,92,661	15,50,196
Operating expenses	16	7,74,764	12,56,741
Provisions & contingencies	17B - (6)	2,11,914	70,785
Total		21,79,339	28,77,722
III. PROFIT/LOSS			
Net profit/(loss) for the year		1,24,193	1,86,444
Profit/(loss) brought forward		(27,53,517)	(27,55,330)
Total		(26,29,324)	(25,68,886)
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		-	46,611
Transfer to Capital Reserve		-	32,613
Transfer to Investment Fluctuation Reserve		-	1,05,407
Balance carried over to Balance Sheet		(26,29,324)	(27,53,517)
Total		(26,29,324)	(25,68,886)

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our attached Report of even date.

For K.S. Aiyar & Co
Chartered Accountants
ICAI Firm Registration No.: 100186W

Mr. Rajesh Joshi
Partner
ICAI Membership No. 038526

Place : Mumbai
Date : December 16, 2021

For SBM Bank (India) Ltd.


Mr. Sidharth Rath
Managing Director &
Chief Executive Officer
DIN: 00682901


Mr. Saileshkumar Shah
Chief Financial Officer


Mr. Ameet Patel
Independent Director
DIN: 00726197

Mrs. Bhavana Shinde
Company Secretary





SBM Bank (India) Ltd.

STATEMENT OF CONDENSED CASH FLOW

	Particulars	Half Year Ended September 30, 2021 (Amount in Rs.'000)	Year Ended March 31, 2021 (Amount in Rs.'000)
A	Cash Flow from Operating Activities		
	Net Profit after Taxes	1,24,193	1,86,444
	Adjustments to profit/(loss) from operations		
	Loss/(Profit) from sale of fixed assets	(3)	846
	Depreciation on Fixed Assets	55,948	1,47,847
	Amortization of premium on Investments	11,428	22,240
	Specific Provision for NPA	1,82,628	(1,66,036)
	Net depreciation on investments	1,744	1,10,026
	Direct Taxes	12,945	100
	Non performing Advances written off	461	1,16,974
	Provision for Standard Advances	18,181	92,455
	Provision for country exposure	(1,027)	1,176
	Provision for Diminution in fair value of restructured accounts	(1,274)	4,416
	Sub-Total	4,05,224	5,16,488
	Changes in working capital		
	(Increase)/Decrease in Investments	(16,80,471)	(24,19,282)
	(Increase)/Decrease in Advances	(51,68,398)	(1,64,61,721)
	(Increase)/Decrease in Other Assets	(4,53,384)	(4,81,151)
	Increase/(Decrease) in Deposits	1,17,76,091	2,02,51,459
	Increase/(Decrease) in Other Liabilities	2,79,573	5,81,426
	Net Cash from Operating Activities before Income Tax	51,58,635	19,87,219
	Advance income tax paid	(2,800)	-
	Net Cash from Operating Activities after Income Tax	51,55,835	19,87,219
B	Cash Flow from Investing Activities		
	(Increase)/Decrease in Held To Maturity (HTM) securities	(27,67,657)	(43,00,156)
	Purchase of Fixed Assets	(40,573)	(1,18,572)
	Proceeds from sale of Fixed Assets	11	401
	Net Cash from Investing Activities	(28,08,219)	(44,18,327)
C	Cash Flow from Financing Activities		
	Increase/(Decrease) in Borrowings	(14,99,837)	15,39,837
	Net Cash from Financing Activities	(14,99,837)	15,39,837



STATEMENT OF CONDENSED CASH FLOW

	Particulars	Half Year Ended September 30, 2021 (Amount in Rs.'000)	Year Ended March 31, 2021 (Amount in Rs.'000)
D	Cash and Cash Equivalent at the beginning of the year		
	I. Cash in Hand (including foreign currency notes and gold)	19,231	24,784
	II Balances with Reserve Bank of India	10,64,983	7,51,951
	III Balances with Banks and Money at Call and Short Notice	31,48,117	43,46,867
		42,32,331	51,23,602
E	Cash and Cash Equivalent at the end of the year		
	I. Cash in Hand (including foreign currency notes and gold)	18,737	19,231
	II Balances with Reserve Bank of India	18,03,809	10,64,983
	III Balances with Bank and Money at Call and Short Notice	32,57,564	31,48,117
		50,80,110	42,32,331
A	Cash Flow from Operating Activities	51,55,835	19,87,219
B	Cash Flow from Investing Activities	(28,08,219)	(44,18,327)
C	Cash Flow from Financing Activities	(14,99,837)	15,39,837
	Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	8,47,779	(8,91,271)
D	Cash and Cash Equivalents at the beginning of the year	42,32,331	51,23,602
E	Cash and Cash Equivalents at the end of the year (A+B+C+D)	50,80,110	42,32,331

Notes on Cash Flow Statement

Cash Flow Statement is prepared under Indirect Method as set out in Accounting Standard 3 - Cash Flow Statements, specified under Section 133 of Companies Act, 2013

As per our attached Report of even date.

For K.S. Aiyar & Co
Chartered Accountants
ICAI Firm Registration No.: 100186W

Mr. Rajesh Joshi
Partner
ICAI Membership No. 038526

Place : Mumbai
Date : December 16, 2021

For SBM Bank (India) Ltd.

Mr. Sidharth Rath
Managing Director &
Chief Executive Officer
DIN: 00682901

Mr. Saileshkumar Shah
Chief Financial Officer

Mr. Ameet Patel
Independent Director
DIN: 00726197

Mrs. Bhavana Shinde
Company Secretary



SCHEDULES FORMING PART OF THE CONDENSED BALANCE SHEET

	<u>30-Sep-2021</u> <u>(Amount in Rs.'000)</u>	<u>31-Mar-2021</u> <u>(Amount in Rs. '000)</u>
<u>SCHEDULE 1 : CAPITAL</u>		
Authorised Capital : 1,000,000,000 (P.Y. 1,000,000,000) equity shares of Rs. 10 each	1,00,00,000	1,00,00,000
Issued, subscribed and paid-up capital : 756,958,418 (P.Y. 756,958,418) equity shares of Rs. 10 each	75,69,584	75,69,584
Total	75,69,584	75,69,584
<u>SCHEDULE 2 : RESERVES AND SURPLUS</u>		
I. Statutory Reserve		
Opening Balance	4,11,250	3,64,639
Additions during the year	-	46,611
Deductions during the year	-	-
Sub Total	4,11,250	4,11,250
II. Capital Reserve		
Opening Balance	98,521	65,908
Additions during the year	-	32,613
Deductions during the year	-	-
Sub Total	98,521	98,521
III. Retained Earnings		
Opening Balance	3,20,098	3,20,098
Additions during the year	-	-
Deductions during the year	-	-
Sub Total	3,20,098	3,20,098
IV. Investment Fluctuation Reserve		
Opening Balance	1,11,830	6,423
Additions during the year	-	1,05,407
Deductions during the year	-	-
Sub Total	1,11,830	1,11,830
V. Revaluation Reserve		
Opening Balance	2,32,115	2,38,854
Additions during the year	-	-
Deductions during the year	3,369	6,739
Sub Total	2,28,746	2,32,115
VI. Balance in Profit and Loss Account	(26,29,324)	(27,53,517)
Total (I + II + III + IV + V+ VI)	(14,58,879)	(15,79,703)



SCHEDULES FORMING PART OF THE CONDENSED BALANCE SHEET

	30-Sep-2021 (Amount in Rs.'000)	31-Mar-2021 (Amount in Rs. 000)
<u>SCHEDULE 3 : DEPOSITS</u>		
A.I. Demand Deposits		
(i) From Banks	89,006	1,20,081
(ii) From Others	83,14,978	57,30,999
A.II. Savings Bank Deposits	29,91,363	23,70,849
A.III. Term Deposits		
(i) From Banks	21,99,909	8,65,493
(ii) From Others	3,67,32,666	2,94,64,409
Total	5,03,27,922	3,85,51,831
B.I. Deposits of branches in India	5,03,27,922	3,85,51,831
B.II. Deposits of branches outside India	-	-
Total	5,03,27,922	3,85,51,831
<u>SCHEDULE 4 : BORROWINGS</u>		
I. Borrowings in India		
i) Reserve Bank of India	1,90,000	1,90,000
ii) Other Banks	-	-
iii) Other Institutions and Agencies	-	14,99,837
Sub Total	1,90,000	16,89,837
II. Borrowings outside India	-	-
Total (i + II)	1,90,000	16,89,837
Secured Borrowings included in I & II above	1,90,000	16,89,837
<u>SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS</u>		
I. Bills Payable	31,371	44,728
II Interest Accrued	1,99,886	1,69,489
III. Deferred Tax Liability (Net)	-	-
IV. Provision for standard advances	1,69,398	1,52,492
V. Others (including Provisions)	10,56,291	7,94,785
Total	14,56,946	11,61,494
<u>SCHEDULE 6 : CASH AND BALANCES WITH RBI</u>		
I. Cash in Hand	18,737	19,231
(including Foreign Currency Notes - NIL)		
II. Balances with Reserve Bank of India		
in Current Account	18,03,809	10,64,983
in Other Accounts	-	-
Total	18,22,546	10,84,214



SCHEDULES FORMING PART OF THE CONDENSED BALANCE SHEET

	<u>30-Sep-2021</u> (Amount in Rs.'000)	<u>31-Mar-2021</u> (Amount in Rs.'000)
<u>SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE</u>		
I. In India		
i) Balances with banks in		
(a) Current Accounts	12,190	10,675
(b) Other Deposit Accounts	-	-
ii) Money at call and short notice		
(a) with Banks	28,80,000	29,60,000
(b) with Other Institutions	-	-
Sub Total	28,92,190	29,70,675
II. Outside India		
i) in Current Accounts	3,65,374	1,77,442
ii) in Other Deposit Accounts	-	-
iii) in Money at Call and Short Notice	-	-
Sub Total	3,65,374	1,77,442
Total (I & II)	32,57,564	31,48,117

SCHEDULE 8 : INVESTMENTS

I. Investments in India in		
i) Government Securities	1,61,03,921	1,18,46,905
ii) Other Approved Securities	-	-
iii) Shares	21,423	17,059
iv) Debentures and Bonds	3,32,411	3,32,734
v) Subsidiaries and /or Joint Venture	-	-
vi) Others	3,99,020	2,23,377
Sub Total	1,68,56,775	1,24,20,075
Less: Provision for Diminution	1,56,641	1,54,897
Sub Total	1,67,00,134	1,22,65,178
II. Investments outside India	-	-
Total (I & II)	1,67,00,134	1,22,65,178

SCHEDULE 9 : ADVANCES

i) Bills Purchased and Discounted	13,92,611	16,54,448
ii) Cash Credits, Overdrafts and Loans repayable on Demand	75,93,679	60,21,849
iii) Term loans	2,51,72,304	2,14,96,987
Total	3,41,58,594	2,91,73,284
II Advances outside India	-	-
Total (I & II)	3,41,58,594	2,91,73,284



SCHEDULES FORMING PART OF THE CONDENSED BALANCE SHEET

	30-Sep-2021 (Amount in Rs.'000)	31-Mar-2021 (Amount in Rs.'000)
<u>SCHEDULE 10 : FIXED ASSETS</u>		
I. Premises		
At Cost at beginning of year	4,90,739	4,90,739
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	1,50,509	1,45,519
Sub Total	3,40,230	3,45,220
II. Other Fixed Assets (including Furniture & Fixtures)		
At Cost at beginning of year	6,01,696	5,04,081
Additions during the year	35,689	1,42,012
Deductions during the year	2,124	44,397
Depreciation to date	4,36,657	3,84,445
Sub Total	1,98,604	2,17,251
III. Capital Work in Progress	20,169	15,285
Total (I, II & III)	5,59,003	5,77,756
<u>SCHEDULE 11 : OTHER ASSETS</u>		
I. Inter-Office Adjustment (Net)	-	-
II. Interest Accrued	3,46,460	2,56,864
III. Tax paid in Advance / Tax Deducted at Sources (Net of Provisions)	85,262	96,838
IV. Deferred Tax Assets (Net)	-	-
V. Stationery and Stamps	42	15
VI. Others	11,55,968	7,90,777
Total	15,87,732	11,44,494
<u>SCHEDULE 12 : CONTINGENT LIABILITIES</u>		
I. Claims against the Bank not acknowledged as Debts	92,521	92,521
II. Liability for Partly Paid Investments	-	-
III. Liability on account of outstanding Forward Exchange Contracts & Derivatives	4,49,93,575	4,46,44,603
IV. Guarantees given on behalf of Constituents		
a) In India	38,50,788	33,94,913
b) Outside India	10,42,221	16,55,787
V. Acceptances, Endorsements and Other Obligation	33,20,036	24,12,868
VI. Other items for which the Bank is Contingently Liable	44,75,999	47,59,734
Total	5,77,75,140	5,69,60,426



SCHEDULES FORMING PART OF THE CONDENSED PROFIT AND LOSS ACCOUNT

	Half Year Ended 30-Sep-2021 (Amount in Rs.'000)	Year Ended 31-Mar-2021 (Amount in Rs.'000)
<u>SCHEDULE 13 : INTEREST EARNED</u>		
I. Interest / Discount on Advances / Bills	13,13,071	16,78,077
II. Income on Investments	3,36,886	4,41,333
III. Interest on Balances with RBI and Other Inter-Bank Funds	78,556	1,39,702
IV. Others*	66,820	72,797
Total	17,95,333	23,31,909
*Includes Swap Gain on Funding Swaps		
<u>SCHEDULE 14 : OTHER INCOME</u>		
I. Commission, Exchange and Brokerage	2,01,495	3,24,707
II. Profit/(loss) on sale of Investments	94,237	1,02,323
III. Profit/(loss) on Revaluation of Investments	(1,744)	(88,326)
IV. Profit/(loss) on sale of Land Building & Other Assets	3	(846)
V. Profit on Exchange Transactions	1,93,305	2,26,202
VI. Income earned by way of Dividends etc. from Companies and / or Joint Ventures in India & Aboard	-	-
VII. Miscellaneous Income	20,903	1,68,197
Total	5,08,199	7,32,257
<u>SCHEDULE 15 : INTEREST EXPENDED</u>		
I. Interest on Deposits	10,12,896	12,54,519
II. Interest on Reserve Bank of India /Inter Bank Borrowings	9,356	14,344
III. Others*	1,70,409	2,81,333
Total	11,92,661	15,50,196
*Includes Swap Cost on Funding Swaps		
<u>SCHEDULE 16 : OPERATING EXPENSES</u>		
I. Payments to and Provision for Employees	3,27,141	5,54,418
II. Exchange Commission and Brokerage	20,177	42,337
III. Rent, Taxes and Lighting	45,955	84,805
IV. Printing and Stationery	3,872	4,137
V. Advertisement and Publicity	8,357	20,488
VI. Depreciation on Bank's Property	55,948	1,47,847
VII. Directors' fees, allowances and expenses	5,705	9,643
VIII. Auditors' Fee	2,318	1,635
IX. Law charges & Professional Fees *	57,863	78,092
X. Postages, Telegrams, Telephones, etc.	6,120	7,949
XI. Repairs and Maintenance	2,959	5,042
XII. Insurance	30,876	40,471
XIII. Other Expenditure	2,07,473	2,59,877
Total	7,74,764	12,56,741
* Includes legal fees of Rs 4,317 (PY 5,882) thousand		



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

SCHEDULE 17.A – SIGNIFICANT ACCOUNTING POLICIES

a) Background

The financial statements for the half year comprise the accounts of the SBM Bank (India) Limited, ('the Bank') which is incorporated in the India and is a wholly owned subsidiary of SBM (Bank) Holdings Limited, Mauritius ('the Parent'). The Bank is engaged in providing banking and financial services as a banking company governed by the Banking Regulation Act, 1949. The branches of the Bank as at September 30, 2021 are located at Mumbai, Chennai, Hyderabad, Ramachandrapuram, Delhi, Bengaluru, Palghar and Ahmedabad.

b) Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India ("RBI") from time to time, the Accounting Standards notified under section 133 of the Companies Act 2013, read with the Companies (Accounts) Rules 2014 and other relevant provisions of the Companies Act, 2013 ("the Act") and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks and practices generally prevalent in the banking industry in India. The financial statements are prepared under the historical cost convention, with fundamental accounting assumptions of going concern, consistency and accrual, unless otherwise stated.

c) Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current or future periods.

d) Revenue recognition

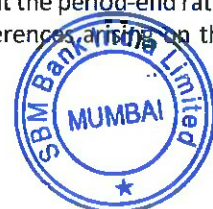
Income and expenses are recognized on accrual basis except as otherwise stated. Interest income is recognized in the Profit and Loss account on accrual basis except in case of interest on non-performing assets which is recognized on receipt basis. Interest income on discounted instruments is recognized over the tenor of the instrument on a straight-line basis. Processing Fees, Commission on Letters of Credit and Locker Fees income are recognized upfront on becoming due. Commission on bank guarantees issued is amortized over the period of guarantees. Dividend income is recognized when the right to receive the dividend is established. The Bank derecognizes its financial assets when it sells to Securitization Company (SC)/ Reconstruction Company (RC), and accounts for as under:

- If the sale is at a price below the Net Book Value (NBV) (i.e. book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale.
- If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received.

Profit on sale of investments in the 'Held to Maturity' category is recognized in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognized in the profit and loss account.

e) Foreign exchange transactions

Income and expenditure items are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies as at the Balance Sheet date are revalued at the period-end rates as notified by Foreign Exchange Dealers Association of India (FEDAI). Net exchange differences arising on the



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

settlement of transactions and on account of assets and liabilities are charged or credited to the Profit and Loss account as prescribed by RBI.

Outstanding forward exchange contracts are revalued at rates of exchange notified by FEDAI and the resulting profits or losses are included in the Profit and Loss account. Guarantees and Acceptances, endorsements and other obligations are stated at the period-end closing rate as notified by FEDAI.

f) Derivatives

Derivatives are financial instruments comprising of forward exchange contracts, interest rate swaps and cross currency swaps which are undertaken for either trading or hedging purposes.

Trading derivatives are marked to market as per the generally accepted practices prevalent in the industry and the resultant unrealized gain or loss is recognized in the Profit and Loss Account, with the corresponding net unrealized amount reflected in Other Assets or Other Liabilities in the Balance Sheet.

Forward Exchange contracts and other derivative contracts which have overdue receivables remaining unpaid for over 90 days or more are classified as non-performing assets and are provided as prescribed by RBI.

The Bank also maintains a general provision on derivative exposures computed as per marked to market value of the contracts in accordance with the RBI guidelines.

The Bank has undertaken funding swaps to hedge certain loans and deposits. Premium/discount on such funding swaps is recognized as interest income/expense and is amortized on a pro-rata basis over the underlying swap period.

g) Investments

Classification

Investments are classified under "Held to Maturity" (HTM), "Available for Sale" (AFS) and "Held for Trading" (HFT) categories in accordance with RBI norms. For the purpose of disclosure of balance sheet, they are classified under 6 groups viz. i) Government Securities, ii) Other Approved Securities, iii) Shares, iv) Debentures and Bonds v) Subsidiaries and / or joint ventures and vi) Other Investments.

Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Valuation

Investments held under HTM category are carried at acquisition cost. If the acquisition cost is more than the face value, the premium is amortized over the remaining tenor of the investments.

Investments classified under AFS and HFT portfolio are marked to market on daily basis. Investments under AFS and HFT classification are valued as per rates declared by Financial Benchmarks India Pvt. Limited (FBIL) and in accordance with the RBI guidelines. Consequently, net depreciation, if any, under these classifications mentioned in Schedule 8 is provided for in the Profit and Loss account. The net appreciation, if any, under any classification is ignored, except to the extent of depreciation previously provided. The book value of the individual securities is not changed consequent to periodic valuation of investments.

Treasury Bills, Commercial Paper and Certificate of Deposit are valued at carrying cost.

The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, bonds and debentures) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FBIL.



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

Security Receipts are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

The Bank undertakes short sale transactions in dated central government securities in accordance with RBI guidelines. The short positions are categorized under HFT category and are marked to market. The mark-to market loss is charged to profit and loss account and gain, if any, is ignored.

Broken period interest is accounted as per the RBI guidelines.

Cost of investments is based on the weighted average cost method.

Unquoted equity shares are valued at the break-up value if the latest Balance Sheet is available or at `1 as per the RBI guidelines.

In case of sale of NPA (financial asset) to Securitization Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognized at lower of: (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset; and (ii) Redemption value of SR.

SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ ARC are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments.

Non-Performing Investments are identified, and provision is made as per RBI guidelines.

Investment Fluctuation Reserve

In accordance with the RBI Circular DBR.No.BP.BC.102/21.04.048/2017-18, an Investment Fluctuation Reserve was created to protect against systemic impact of sharp increase in the yields on Government Securities. As required by the aforesaid circular the transfer to this reserve shall be lower of the following – i) net profit on sale of investments during the year; ii) net profit for the year less mandatory appropriations, until the amount of the reserve is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

Transfer of securities between classifications

Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines and any such transfer is accounted for at the acquisition cost/book value/market value, whichever is lower, as at the date of transfer. Depreciation, if any, on such transfer is fully provided for.

Repurchase transactions

Repurchase and reverse repurchase transactions (if any) are accounted in accordance with the prescribed RBI guidelines. The difference between the clean price of the first leg and the second leg is recognized as interest income/expense over the period of the transaction in the Profit and Loss account.

Others

Brokerage, fees and commission on acquisition of securities including money market instruments, are recognized as expenses in Profit and Loss account.

h) Advances

The Bank follows prudential norms formulated by RBI for classifying the assets as Standard, Sub-Standard, Doubtful and Loss assets and are stated at net of the required provision made on non-performing advances.



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

Provision for advances classified as Standard, Sub-Standard, Doubtful & Loss assets are made based on management's assessment, subject to minimum provisions as per RBI guidelines. In addition to the provisions required to be held according to the assets classifications status, provisions are held for country exposures as per RBI guidelines. Further the Bank also maintains a provision on unhedged foreign currency exposures as per the RBI guidelines.

i) Fixed assets

Office Premises is stated at revalued amount less accumulated depreciation / amortization and all other Fixed Assets are stated at cost less accumulated depreciation / amortization. Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use as at the reporting date

Depreciation on the Fixed Assets is charged on straight-line method over the useful life of the fixed assets prescribed in Schedule II of the Companies Act, 2013. The useful life of the group of fixed assets are given below.

Type of Assets	Useful life as per Companies Act, 2013	Useful life as per Bank's Accounting Policy
Office Premises	60 years	60 years
Office equipment (including Air conditioner)	5 years	5 years
EDP Equipment's, Computers	6 years	3 years*
Software	6 years	3 years*
Furniture & Fixtures	10 years	10 years
Motor Car	8 years	8 years

* As per RBI guidelines

Revaluation of fixed assets

Premises are revalued in every five years by an independent valuer to reflect current market valuation. Appreciation, if any, on revaluation is credited to Revaluation Reserve. Depreciation on the revalued portion of asset is adjusted from revaluation reserves.

Impairment of assets

An asset is considered as impaired when at the balance sheet date, there are indications that the assets may be impaired and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e., the higher of the asset's net selling price and value-in-use). The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized as an expense in the Profit and Loss Account.

j) Retirement and employee benefits

i) Leave salary - The employees of the Bank are entitled to carry forward leave balance to the subsequent year. This carried forward balance is en-cashable at the time of either retirement or resignation.

ii) Gratuity - The Bank provides for gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent to 15 days' eligible salary payable for each completed year of service if the service is more than 5 years. The Bank accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation. Gratuity fund is being managed by "LIC Group Gratuity Scheme" and any actuarial gain / loss contribution determined by the actuary are charged to Profit and Loss account and are not deferred.



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

iii) **Provident fund** - In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre-determined rate. Contribution to provident fund is recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.

iv) **New Pension Scheme (NPS)** - In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. The Bank has no liability other than its contribution and recognizes such contributions as an expense in the half year incurred.

k) Net Profit / Loss

Profit/Loss for the period is arrived at after providing for non-performing advances, adjustments on valuation of investments, taxes on income, depreciation on fixed assets and other necessary and mandatory provisions.

l) Taxation

Taxes on income are accounted for in accordance with Accounting Standard (AS 22) on "Accounting for Taxes on Income" and comprise current and deferred tax. Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and laws in respect of taxable income for the period, in accordance with the Income tax Act, 1961.

Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e., differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising on account of carry forward losses and unabsorbed depreciation under tax laws are recognized only if there is virtual certainty of its realization, supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on account of other timing differences are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Bank will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Bank.

m) Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Lease transactions are accounted in accordance with AS 19 – Leases. For operating leases, lease payments are recognized as an expense in the statement of Profit and Loss account on a straight-line basis over the lease term.

n) Accounting for Provisions, Contingent Liabilities and Contingent Assets

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long-term contracts. In accordance with Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognizes a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

reliable estimate can be made. Provisions are not discounted to its present value and are measured based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

In cases where the available information indicates that the loss on the contingency is reasonably possible, but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these contingencies to have a materially adverse effect on its financial results. Contingent assets are neither recognized nor disclosed in the financial statements.

o) Floating and countercyclical provision

Countercyclical provisioning buffers and floating provisions is the specific amount that Bank has set aside in good times. The floating provisions can be used only for contingencies under extraordinary circumstances for making specific provisions in impaired accounts after obtaining board's approval and with prior permission of RBI. The Bank has utilized up to 33 percent and 50 percent of countercyclical provisioning buffer / floating provisions held as on March 31, 2013 and December 31, 2014 respectively, in accordance with RBI Notification dated March 30, 2015. These provisions are considered as part of NPA provisions for the purpose of compliance with the minimum RBI provisioning requirement.

p) Cash Flow Statement

Cash Flow Statement is prepared using the indirect method set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Bank. Cash and Cash Equivalents, consist of Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice (including effect of changes in exchange rates on cash and cash equivalents in foreign currency).

q) Earning per share

Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at the end of the period.

r) Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

SCHEDULE 17.B: - NOTES TO THE FINANCIAL STATEMENTS

1. Prior period items

There are no prior period items during the half year ended September 30, 2021. (Previous year NIL)

2. Description of contingent liabilities

Sr. No.	Contingent Liabilities	Brief
1.	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Bank is contingently liable	- Purchase of securities pending settlement -Capital Commitments -Amount deposited with RBI under Depositor Education Awareness Fund

Refer Schedule 12 for amounts relating to contingent liability

3. Contingent liabilities

'Claims against the Bank not acknowledged as Debts' item of Contingent Liability includes Income Tax of Rs. 87,430 thousand (Previous year 87,430 thousand) and Service tax of Rs. 5,091 thousand (Previous year 5,091 thousand). The Bank has gone in appeal to Income Tax Appellate Tribunal (ITAT) and High Court against the income tax assessment order of the department for AY 1996-97, 1997-98, 1999-00 to 2008-09, 2012-13 and 2013-14. The appeals are pending for the final outcome of the ITAT and High Court and the Bank is expecting favorable judicial decisions.



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021
4. Provision for long term contracts

The Bank has assessed its long-term contracts (including Derivative Contracts) for material foreseeable losses and made adequate provisions in the books of accounts, under any law/accounting standards wherever applicable and disclosed the same under the relevant notes in the financial statements.

5. Deferred tax

In accordance with AS-22 on "Accounting for Taxes on Income", the Bank has recognized Deferred Tax Assets on such timing differences where there is a reasonable certainty that such deferred tax assets can be reversed against the deferred tax liability. Deferred tax asset on accumulated carry forward business losses and depreciation is not recognized as there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

6. Provisions & Contingencies

Particulars	(Rs. in thousand)	
	September 30, 2021	March 31, 2021
Provision towards Non-Performing Assets / Investment (net off write-backs) *	183,089	(27,362)
Provision for Standard Assets	18,181	92,455
Provision for Income Tax (including Deferred Tax)	12,945	100
Provisions for diminution in fair value Restructured Advances	(1,274)	4,416
Provision for Country Risk	(1,027)	1,176
Total	211,914	70,785

* Includes Rs 199,800 thousand towards additional specific provision made during half year ended September 30, 2021 against IL And FS Tamil Nadu Power Company Ltd exposure on the grounds of prudence and in light of delay in implementation of resolution plan.

7. Segment Reporting
Part A: Business Segments

In accordance with RBI guidelines, the Bank has identified the following three primary segments: Treasury, Corporate Banking and Retail Banking. These segments are identified based on nature of services provided, risk and returns, organizational structure of the Bank and the internal financial reporting system.

Treasury operations: Undertakes Derivative Trading, Money Market Operations and Investment in Bonds, Treasury Bills, Government Securities, CP, CD and Foreign Exchange Operations. The revenue of this segment consists of interest earned on funding, investment income and gains on Government Securities, CP, CD's and debentures/ bonds, profit/loss on exchange and derivative transactions. The principal expenses of this segment consist of cost of funds, personnel cost, other direct overheads and allocated expenses.

Corporate banking: Primarily comprises of funded advances to Corporate. Revenue of this segment consists of interest earned on loans made to corporate clients, interest earned on cash float and fees received from fee-based activities like letter of credit, guarantee etc. The principal expenses of this segment consist of interest cost on funds borrowed allocated based on personnel costs and allocated expenses.

Retail banking: Consists of revenue arising out of personal loan, housing loan and other retail products. This also includes revenue arising out of digital & payments services.



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021
September 30, 2021

(Rs. in thousand)

Business Segments	Corporate	Treasury	Retail	Total
Revenue	13,20,368	7,91,135	1,92,029	23,03,532
Results	3,06,722	2,20,111	10,137	5,36,970
Un-allocable Expense (net)				(3,99,832)
Operating Profit				1,37,138
Income Taxes				12,945
Extraordinary Profit/Loss				-
Net profit/(Loss)				1,24,193
Other Information				
Segment Assets	3,16,50,412	2,29,31,852	33,28,531	5,79,10,795
Un-allocable Assets				1,74,778
Total Assets				5,80,85,573
Segment Liabilities	3,48,24,992	58,36,641	1,73,64,236	5,80,25,869
Un-allocable Liabilities				59,704
Total Liabilities				5,80,85,573
Capital expenditure during the period				40,573
Depreciation expenditure during the period				55,948

FY 2020-2021

(Rs. in thousand)

Business Segments	Corporate	Treasury	Retail	Total
Revenue	1,767,456	916,665	221,908	2,906,029
Results	561,321	100,736	(47,776)	614,281
Un-allocable Expense (net)				(427,737)
Operating Profit				186,544
Income Taxes				100
Extraordinary Profit/Loss				-
Net profit/(Loss)				186,444
Other Information				
Segment Assets	27,365,561	17,520,692	2,334,329	47,220,582
Un-allocable Assets				172,461
Total Assets				47,393,043
Segment Liabilities	28,189,325	6,492,556	12,589,915	47,271,796
Un-allocable Liabilities				121,247
Total Liabilities				47,393,043
Capital expenditure during FY 2020-2021				15,285
Depreciation expenditure during FY 2020-2021				147,847

Part B: Geographic segments

The Bank operates as a single unit in India and as such has no identifiable geographical segments subject to dissimilar risks and returns. Hence, no information relating to geographical segments are presented.



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021
Notes for segment reporting:

1. In computing the above information, certain estimates and assumptions have been made by the management and have been relied upon by the auditors.
2. Assets, liabilities, income and expenses which cannot be allocated to any segments have been classified as unallocated. The unallocated liabilities include TDS on expenses, GST output liability. The unallocated assets include taxes and capital work in progress. The unallocated expenses include IT expenses, repairs and maintenance, rent, conveyance, etc.

8. Related party transactions

Related Party Transactions in terms of AS-18 on "Related Party Disclosures" are disclosed below:

Relationship during half year ended September 30, 2021:

1	Ultimate Parent	SBM Holdings Limited
2	Parent	SBM (Bank) Holdings Limited
3	Subsidiaries of Parent	SBM Bank (Mauritius) Limited SBM Bank (Kenya) Limited
4	Key Management Personnel	a. Board of Directors b. Managing Director & Chief Executive Officer – Mr. Sidharth Rath c. Chief Financial Officer – Mr. Saileshkumar Shah d. Company Secretary – Mrs. Bhavana Shinde e. Chief Information Officer / Chief Operations Officer – Mr. Rajeev Panikath f. Head of Corporate Banking – Mr. Dipak Agarwal g. Head of Treasury – Mr. Mandar Pitale h. Head of Consumer & Retail Banking – Mr. Neeraj Sinha

September 30, 2021

(Rs. in thousand)

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance
Liabilities								
Deposit			23,938	21,79,193	79,578	77,565	1,03,516	22,56,758
Borrowings								
Interest payable								
MTM loss on FX forwards								
Payable to group	9,438	9,438					9,438	9,438
Total	9,438	9,438	23,938	21,79,193	79,578	77,565	1,12,954	22,66,196



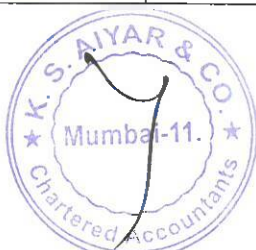
SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan-ding	Maximum Balance	Outstan-ding	Maximum Balance	Outstan-ding	Maximum Balance	Outstan-ding	Maximum Balance
Assets								
Lending					14,127	14,633	14,127	14,633
Balances with Bank			4,526	4,526			4,526	4,588
Interest receivable					14	14	14	14
MTM gain on FX forwards								
Total	-	-	4,526	4,526	14,141	14,647	18,667	19,235
Off Balance Sheet items								
FX Forwards								
Total								

Particulars	Parent	Subsidiaries of the Parent	Key Management Personnel	Total
Profit & Loss Account Items				
Interest Received			1,892	1,892
Interest Paid			5,234	5,234
Fees Paid			216	216
Salary Cost			48,489	48,489

Transactions during the FY 2020-21:
(Rs. in thousand)

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan-ding	Maximum Balance	Outstan-ding	Maximum Balance	Outstan-ding	Maximum Balance	Outstan-ding	Maximum Balance
Liabilities								
Deposit	-	-	67,648	2,118,701	54,179	60,066	121,827	2,178,767
Borrowings	-	-	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-	-	-
MTM loss on FX forwards	-	-	-	-	-	-	-	-
Payable to group	1,759	1,759	-	-	-	-	1,759	1,759
Total	1,759	1,759	67,648	2,118,701	54,179	60,066	123,586	2,180,526
Assets								
Lending	-	-	-	-	14,633	15,452	14,633	15,452
Balances with Bank	-	-	10,507	25,342	-	-	10,507	25,342
Interest receivable	-	-	-	-	32	32	32	32



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance
MTM gain on FX forwards	-	-	-	-	-	-	-	-
Total	-	-	10,507	25,342	14,665	15,484	25,172	40,826
Off Balance Sheet items								
FX Forwards	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance
Profit & Loss Account Items								
Interest Received	-	-	-	-	983	-	983	-
Interest Paid	-	-	-	-	2,050	-	2,050	-
Fees Paid	-	-	-	-	8,847	-	8,847	-
Salary Cost	-	-	-	-	82,927	-	82,927	-

9. Impairment of assets

There is no impairment of any of the fixed assets and as such no provision is required as per AS-28 on "Impairment of Assets".

10. Earnings per share

Particulars	September 30, 2021	March 31, 2021
Net profit after tax	124,193	186,444
Weighted average number of equity shares outstanding	756,958,418	756,958,418
Basic and diluted earnings per share in INR	0.16	0.25

11. Capital commitment

Capital Commitment outstanding as on September 30, 2021, amounts to Rs. 52,317 thousand. (Previous year 35,744 thousand)

12. COVID-19

The SARS-CoV2 virus responsible for Covid-19 continues to spread across the globe and India. This has resulted in a significant decline and volatility in global and Indian markets and economic activity. Implementation of lockdown and extensions has resulted in disruptions of business and common life. With situation still unfolding, it is difficult to predict time horizons to gauge the impact.

While Bank is continuously engaged and taking updates from all the borrowers on a frequent basis irrespective of the sectors they are operating in, companies categorized in the high-risk segment are being monitored closely.



SCHEDULE FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

13. Appropriation towards reserve

For the half year ending September 30, 2021, the Bank has not made appropriation towards any reserves. The same would be created at the year end when the profits for the year are determined.

14. Other expenditure:

Details of expenses included in Other Expenditure in Schedule 16, exceeding 1% of the total income are set out below:

		<i>(Rs. in thousand)</i>	
Particulars	September 30, 2021	FY 2020-21	
IT expenses	153,177	181,038	

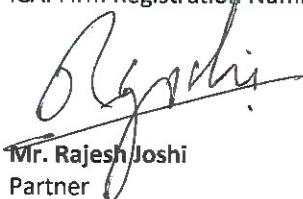
15. For the half year ended September 30, 2021, the actuarial valuations have been taken on a proportionate basis.

16. Previous year's figures have been regrouped / reclassified, wherever considered necessary.

For K.S. Aiyar & Co

Chartered Accountants

ICAI Firm Registration Number: 100186W



Mr. Rajesh Joshi

Partner

ICAI Membership No. 038526

For SBM Bank (India) Limited




Mr. Sidharth Rath
Managing Director &
Chief Executive Officer
DIN: 00682901



Mr. Ameet Patel
Independent Director
DIN: 00726197

Place: Mumbai

Date: December 16, 2021



Mr. Saileshkumar Shah
Chief Financial Officer



Mrs. Bhavana Shinde
Company Secretary



BALANCE SHEET

	<u>Schedule</u>	<u>Audited As at 31-Mar-2021 (Amount in Rs.'000)</u>	<u>Audited As at 31-Mar-2020 (Amount in Rs.'000)</u>
<u>CAPITAL & LIABILITIES</u>			
Capital	1	75,69,584	75,69,584
Reserves & Surplus	2	(15,79,703)	(17,59,408)
Deposits	3	3,85,51,831	1,83,00,372
Borrowings	4	16,89,837	1,50,000
Other Liabilities and Provisions	5	11,61,494	4,82,021
Total		4,73,93,043	2,47,42,569
<u>ASSETS</u>			
Cash and Balances with Reserve Bank of India	6	10,84,214	7,76,735
Balances with banks and Money at Call and Short Notice	7	31,48,117	43,46,867
Investments	8	1,22,65,178	56,78,006
Advances	9	2,91,73,284	1,26,62,501
Fixed Assets	10	5,77,756	6,15,017
Other Assets	11	11,44,494	6,63,443
Total		4,73,93,043	2,47,42,569
Contingent Liabilities	12	5,69,60,426	2,23,88,896
Bills for Collection		27,43,873	22,13,829
Accounting Policies & Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our attached Report of even date.

For M. P. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 101851W



Mrs. Shraddha Jathar
Partner
ICAI Membership No. 136908



For SBM Bank (India) Limited



Mr. Sidharth Rath
Managing Director &
Chief Executive Officer



Mr. Ameet Patel
Independent Director



Mr. Saileshkumar Shah
Chief Financial Officer



Mrs. Bhavana Shinde
Company Secretary

Place : Mumbai
Date : June 16, 2021



PROFIT AND LOSS ACCOUNT

	<u>Schedule</u>	<u>Year Ended</u> <u>31-Mar-2021</u> <u>(Amount in Rs.'000)</u>	<u>Year Ended</u> <u>31-Mar-2020</u> <u>(Amount in Rs. 000)</u>
I. INCOME			
Interest earned	13	23,31,909	12,67,044
Other income	14	8,20,583	6,83,310
Total		31,52,492	19,50,354
II. EXPENDITURE			
Interest expended	15	15,50,196	7,85,184
Operating expenses	16	12,56,741	8,78,257
Provisions & contingencies	17B - (27)	1,59,111	2,67,877
Total		29,66,048	19,31,318
III. PROFIT/LOSS			
Net profit/(loss) for the year		1,86,444	19,036
Profit/(loss) brought forward		(27,55,330)	(27,55,330)
Total		(25,68,886)	(27,36,294)
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		46,611	4,759
Transfer to Capital Reserve		32,613	7,854
Transfer to Investment Fluctuation Reserve		1,05,407	6,423
Balance carried over to Balance Sheet		(27,53,517)	(27,55,330)
Total		(25,68,886)	(27,36,294)
V. BASIC AND DILUTED EARNING PER SHARE (INR)	17B - {36}	0.25	0.03

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our attached Report of even date.

For M. P. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 101851W


Mrs. Shraddha Jathar
Partner

ICAI Membership No. 136908



Place : Mumbai
Date : June 16, 2021

For SBM Bank (India) Limited


Mr. Sidharth Rath
Managing Director &
Chief Executive Officer


Mr. Saileshkumar Shah
Chief Financial Officer

Mr. Saileshkumar Shah
Chief Financial Officer


Mr. Ameet Patel
Independent Director

Mr. Ameet Patel
Independent Director


Mrs. Bhavana Shinde
Company Secretary

Mrs. Bhavana Shinde
Company Secretary



STATEMENT OF CASH FLOW

Particulars	Year Ended March 31, 2021 (Amount in Rs.'000)	Year Ended March 31, 2020 (Amount in Rs.'000)
A Cash Flow from Operating Activities		
Net Profit after Taxes	1,86,444	19,036
Adjustments to profit/(loss) from operations		
Loss/(Profit) from sale of fixed assets	846	(203)
Depreciation on Fixed Assets	1,47,847	1,20,198
Amortization of premium on investments	22,240	6,057
Specific Provision for NPA	(1,66,036)	(1,98,413)
Diminution on Investment	1,10,026	29,638
Direct Taxes	100	-
Other Provisions - Deferred tax	-	-
Non performing Advances written off	1,16,974	4,48,597
Non performing Investments written off	-	-
Provision for Standard Advances	92,455	(11,783)
Provision for country exposure	1,176	(162)
Provision for Diminution in fair value of restructured accounts	4,416	-
Provision for interest capitalised on restructured accounts	-	-
Sub-Total	5,16,488	4,12,965
Changes in working capital		
(Increase)/Decrease in Investments	(24,19,282)	(5,74,774)
(Increase)/Decrease in Advances	(1,64,61,721)	(71,64,556)
(Increase)/Decrease in Other Assets	(4,81,151)	(48,217)
Increase/(Decrease) in Deposits	2,02,51,459	84,59,198
Increase/(Decrease) in Other Liabilities	5,81,426	(98,522)
Net Cash from Operating Activities before Income Tax	19,87,219	9,86,094
Advance Income tax paid	-	-
Refund received from Income Tax	-	-
Net Cash from Operating Activities after Income Tax	19,87,219	9,86,094
B Cash Flow from Investing Activities		
(Increase)/Decrease in Held To Maturity (HTM) securities	(43,00,156)	(11,15,166)
Purchase of Fixed Assets	(1,18,572)	(1,19,816)
Proceeds from sale of Fixed Assets	401	203
Net Cash from Investing Activities	(44,18,327)	(12,34,779)
C Cash Flow from Financing Activities		
Additional capital infused	-	5,20,000
Increase/(Decrease) in Borrowings	15,39,837	1,50,000
Net Cash from Financing Activities	15,39,837	6,70,000



STATEMENT OF CASH FLOW

Particulars	Year Ended March 31, 2021 (Amount in Rs.'000)	Year Ended March 31, 2020 (Amount in Rs.'000)
D Cash and Cash Equivalent at the beginning of the year		
I. Cash in Hand (including foreign currency notes and gold)	24,784	2,252
II Balances with Reserve Bank of India	7,51,951	2,97,952
III Balances with Banks and Money at Call and Short Notice	43,46,867	44,02,083
	51,23,602	47,02,287
E Cash and Cash Equivalent at the end of the year		
I. Cash in Hand (including foreign currency notes and gold)	19,231	24,784
II Balances with Reserve Bank of India	10,64,983	7,51,951
III Balances with Bank and Money at Call and Short Notice	31,48,117	43,46,867
	42,32,331	51,23,602
A Cash Flow from Operating Activities	19,87,219	9,86,094
B Cash Flow from Investing Activities	(44,18,327)	(12,34,779)
C Cash Flow from Financing Activities	15,39,837	6,70,000
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	(8,91,271)	4,21,315
D Cash and Cash Equivalent at the beginning of the year	51,23,602	47,02,287
E Cash and Cash Equivalent at the end of the year (A+B+C+D)	42,32,331	51,23,602

Notes on Cash Flow Statement

Cash Flow Statement is prepared under Indirect Method as set out in Accounting Standard 3 - Cash Flow Statements, specified under Section 133 of Companies Act, 2013

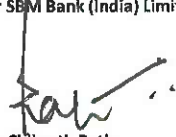
As per our attached Report of even date.

For M. P. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 101851W


Mrs. Shraddha Jathar
Partner
ICAI Membership No. 136908



For SBM Bank (India) Limited


Mr. Sidharth Rath
Managing Director &
Chief Executive Officer


Mr. Saileshkumar Shah
Chief Financial Officer


Mr. Ameet Patel
Independent Director


Mrs. Bhavana Shinde
Company Secretary

Place : Mumbai
Date : June 16, 2021



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-Mar-2021 (Amount in Rs. '000)	31-Mar-2020 (Amount in Rs. 000)
<u>SCHEDULE 1 : CAPITAL</u>		
Authorised Capital :		
1,000,000,000 equity shares of Rs. 10 each (P.Y. 1,000,000,000)	1,00,00,000	1,00,00,000
Issued, subscribed and paid-up capital :		
756,958,418 equity shares of Rs. 10 each (P.Y. 756,958,418)	75,69,584	75,69,584
Total	75,69,584	75,69,584
<u>SCHEDULE 2 : RESERVES AND SURPLUS</u>		
I. Statutory Reserve		
Opening Balance	3,64,639	3,59,880
Additions during the year	46,611	4,759
Deductions during the year	-	-
Sub Total	4,11,250	3,64,639
II. Capital Reserve		
Opening Balance	65,908	58,054
Additions during the year	32,613	7,854
Deductions during the year	-	-
Sub Total	98,521	65,908
III. Retained Earnings		
Opening Balance	3,20,098	3,20,098
Additions during the year	-	-
Deductions during the year	-	-
Sub Total	3,20,098	3,20,098
IV. Investment Fluctuation Reserve		
Opening Balance	6,423	-
Additions during the year	1,05,407	6,423
Deductions during the year	-	-
Sub Total	1,11,830	6,423
V. Revaluation Reserve		
Opening Balance	2,38,854	2,45,593
Additions during the year	-	-
Deductions during the year	6,739	6,739
Sub Total	2,32,115	2,38,854
VI. Balance in Profit and Loss Account	(27,53,517)	(27,55,330)
Total (I + II + III + IV + V)	(15,79,703)	(17,59,408)



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-Mar-2021 (Amount in Rs.'000)	31-Mar-2020 (Amount in Rs. 000)
<u>SCHEDULE 3 : DEPOSITS</u>		
A.I. Demand Deposits		
(i) From Banks	1,20,081	13,121
(ii) From Others	57,30,999	15,28,034
A.II. Savings Bank Deposits	23,70,849	9,44,322
A.III. Term Deposits		
(i) From Banks	8,65,493	2,66,511
(ii) From Others	2,94,64,409	1,55,48,384
Total	3,85,51,831	1,83,00,372
B.I. Deposits of branches in India	3,85,51,831	1,83,00,372
B.II. Deposits of branches outside India	-	-
Total	3,85,51,831	1,83,00,372
<u>SCHEDULE 4 : BORROWINGS</u>		
I. Borrowings in India		
i) Reserve Bank of India	1,90,000	1,50,000
ii) Other Banks	-	-
iii) Other Institutions and Agencies	14,99,837	-
Sub Total	16,89,837	1,50,000
II. Borrowings outside India	-	-
Total (I + II)	16,89,837	1,50,000
Secured Borrowings included in I & II above	16,89,837	1,50,000
<u>SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS</u>		
I. Bills Payable	44,728	9,868
II Interest Accrued	1,69,489	1,00,863
III. Deferred Tax Liability (Net)	-	-
IV. Provision for standard advances (Refer Note 14 - Schedule 17.B)	1,52,492	55,621
V. Others (including Provisions)	7,94,785	3,15,669
Total	11,61,494	4,82,021
<u>SCHEDULE 6 : CASH AND BALANCES WITH RBI</u>		
I. Cash in Hand (including Foreign Currency Notes - NIL)	19,231	24,784
II. Balances with Reserve Bank of India		
in Current Account	10,64,983	7,51,951
in Other Accounts	-	-
Total	10,84,214	7,76,735



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

	31-Mar-2021 (Amount in Rs.'000)	31-Mar-2020 (Amount in Rs.'000)
I. In India		
i) Balances with banks in		
(a) Current Accounts	10,675	83,398
(b) Other Deposit Accounts	-	-
ii) Money at call and short notice		
(a) with Banks	29,60,000	41,60,000
(b) with Other Institutions	-	-
Sub Total	29,70,675	42,43,398
II. Outside India		
i) in Current Accounts	1,77,442	1,03,469
ii) in Other Deposit Accounts	-	-
iii) in Money at Call and Short Notice	-	-
Sub Total	1,77,442	1,03,469
Total (I & II)	31,48,117	43,46,867

SCHEDULE 8 : INVESTMENTS

I. Investments in India in		
i) Government Securities	1,18,46,905	53,42,571
ii) Other Approved Securities	-	-
iii) Shares	17,059	6,970
iv) Debentures and Bonds	3,32,734	1,49,959
v) Subsidiaries and /or Joint Venture	-	-
vi) Others	2,23,377	2,23,377
Sub Total	1,24,20,075	57,22,877
Less: Provision for Diminution	1,54,897	44,871
Sub Total	1,22,65,178	56,78,006
II. Investments outside India	-	-
Total (I & II)	1,22,65,178	56,78,006

SCHEDULE 9 : ADVANCES

A i) Bills Purchased and Discounted	16,54,448	2,26,441
ii) Cash Credits, Overdrafts and Loans repayable on Demand	60,21,849	23,73,010
iii) Term loans	2,14,96,987	1,00,63,050
Total	2,91,73,284	1,26,62,501
B i) Secured by Tangible Assets (includes advances against Book debts)	2,79,89,642	1,23,17,770
ii) Covered by Bank / Government Guarantees (includes advance against standby letter of credit)	2,26,495	98,769
iii) Unsecured	9,57,147	2,45,962
Total	2,91,73,284	1,26,62,501
C. I Advances in India		
i) Priority Sectors	34,53,641	17,44,015
ii) Public Sector	-	-
iii) Banks	99,281	37,833
iv) Others	2,56,20,362	1,08,80,653
Total	2,91,73,284	1,26,62,501
II Advances outside India	-	-
Total (CI & CII)	2,91,73,284	1,26,62,501



SCHEDULES FORMING PART OF THE BALANCE SHEET

	<u>31-Mar-2021</u> <u>(Amount in Rs.'000)</u>	<u>31-Mar-2020</u> <u>(Amount in Rs.'000)</u>
<u>SCHEDULE 10 : FIXED ASSETS</u>		
I. Premises		
At Cost at beginning of year	4,90,739	4,90,739
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	1,45,519	1,35,539
Sub Total	<u>3,45,220</u>	<u>3,55,200</u>
II. Other Fixed Assets (including Furniture & Fixtures)		
At Cost at beginning of year	5,04,081	3,70,226
Additions during the year	1,42,012	1,36,257
Deductions during the year	44,397	2,402
Depreciation to date	3,84,445	2,82,989
Sub Total	<u>2,17,251</u>	<u>2,21,092</u>
III. Capital Work in Progress	15,285	38,725
Total (I, II & III)	<u>5,77,756</u>	<u>6,15,017</u>
<u>SCHEDULE 11 : OTHER ASSETS</u>		
I. Inter-Office Adjustment (Net)	-	-
II. Interest Accrued	2,56,864	1,17,792
III. Tax paid in Advance / Tax Deducted at Sources (Net of Provisions)	96,838	1,16,363
IV. Deferred Tax Assets (Net)	-	-
V. Stationery and Stamps	15	9
VI. Others	7,90,777	4,29,279
Total	<u>11,44,494</u>	<u>6,63,443</u>
<u>SCHEDULE 12 : CONTINGENT LIABILITIES</u>		
I. Claims against the Bank not acknowledged as Debts	92,521	92,051
II. Liability for Partly Paid Investments	-	-
III. Liability on account of outstanding Forward Exchange Contracts & Derivatives	4,46,44,603	1,45,12,891
IV. Guarantees given on behalf of Constituents		
a) In India	33,94,913	17,06,476
b) Outside India	16,55,787	7,88,379
V. Acceptances, Endorsements and Other Obligation	24,12,868	7,61,605
VI. Other items for which the Bank is Contingently Liable	47,59,734	45,27,494
Total	<u>5,69,60,426</u>	<u>2,23,88,896</u>



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	<u>Year Ended</u> <u>31-Mar-2021</u> <u>(Amount in Rs.'000)</u>	<u>Year Ended</u> <u>31-Mar-2020</u> <u>(Amount in Rs.'000)</u>
<u>SCHEDULE 13 : INTEREST EARNED</u>		
I. Interest / Discount on Advances / Bills	16,78,077	7,81,763
II. Income on Investments	4,43,181	3,15,767
III. Interest on Balances with RBI and Other Inter-Bank Funds	1,39,702	1,27,277
IV. Others*	70,949	42,237
Total	23,31,909	12,67,044
*Includes Swap Gain on Funding Swaps		
<u>SCHEDULE 14 : OTHER INCOME</u>		
I. Commission, Exchange and Brokerage	3,24,707	1,55,992
II. Profit/(loss) on sale of Investments	1,02,323	30,688
III. Profit/(loss) on Revaluation of Investments	-	-
IV. Profit/(loss) on sale of Land Building & Other Assets	(846)	203
V. Profit on Exchange Transactions	2,26,202	33,397
VI. Income earned by way of Dividends etc. from Companies and / or Joint Ventures in India & Aboard	-	-
VII. Profit/(loss) on Derivative Trade	-	-
VIII. Miscellaneous Income	1,68,197	4,63,030
Total	8,20,583	6,83,310
<u>SCHEDULE 15 : INTEREST EXPENDED</u>		
I. Interest on Deposits	12,54,519	6,38,876
II. Interest on Reserve Bank of India /Inter Bank Borrowings	14,344	2,319
III. Others*	2,81,333	1,43,989
Total	15,50,196	7,85,184
*includes Swap Cost on Funding Swaps		
<u>SCHEDULE 16 : OPERATING EXPENSES</u>		
I. Payments to and Provision for Employees	5,54,418	3,93,970
II. Exchange Commission and Brokerage	42,337	-
III. Rent, Taxes and Lighting	84,805	57,709
IV. Printing and Stationery	4,137	2,680
V. Advertisement and Publicity	20,488	15,404
VI. Depreciation on Bank's Property	1,47,847	1,20,198
VII. Directors' fees, allowances and expenses	9,643	6,699
VIII. Auditors' Fee	1,635	1,635
IX. Law charges (incl. Professional Fees)	78,092	81,791
X. Postages, Telegrams, Telephones, etc.	7,949	12,775
XI. Repairs and Maintenance	5,042	5,425
XII. Insurance	40,471	17,538
XIII. Other Expenditure	2,59,877	1,62,433
Total	12,56,741	8,78,257



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

SCHEDULE 17.A – SIGNIFICANT ACCOUNTING POLICIES

a) Background

The financial statements for the year comprise the accounts of the SBM Bank (India) Limited, ('the Bank') which is incorporated in the India and is a wholly owned subsidiary of SBM (Bank) Holdings Limited, Mauritius ('the Parent'). The Bank is engaged in providing banking and financial services as a banking company governed by the Banking Regulation Act, 1949. The branches of the Bank as at March 31, 2021 are located at Mumbai, Chennai, Hyderabad, Ramachandrapuram, Delhi, Bengaluru, Palghar and Ahmedabad.

b) Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India ("RBI") from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read with the Companies (Accounts) Rules 2014 and other relevant provisions of the Companies Act, 2013 ("the Act") and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks and practices generally prevalent in the banking industry in India. The financial statements are prepared under the historical cost convention, with fundamental accounting assumptions of going concern, consistency and accrual, unless otherwise stated.

c) Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current or future periods.

d) Revenue recognition

Income and expenses are recognized on accrual basis except as otherwise stated. Interest income is recognized in the Profit and Loss account on accrual basis except in case of interest on non-performing assets which is recognized on receipt basis. Interest income on discounted instruments is recognized over the tenor of the instrument on a straight-line basis. Processing Fees, Commission on Letters of Credit and Locker Fees income are recognized upfront on becoming due. Commission on bank guarantees issued is amortized over the period of guarantees. Dividend income is recognized when the right to receive the dividend is established. The Bank derecognizes its financial assets when it sells to Securitization Company (SC)/ Reconstruction Company (RC), and accounts for as under:

- If the sale is at a price below the Net Book Value (NBV) (i.e. book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale.
- If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received.

Profit on sale of investments in the 'Held to Maturity' category is recognized in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognized in the profit and loss account.

e) Foreign Exchange Transactions

Income and expenditure items are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies as at the Balance Sheet date are revalued at the year-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

end rates as notified by Foreign Exchange Dealers Association of India (FEDAI). Net exchange differences arising on the settlement of transactions and on account of assets and liabilities are charged or credited to the Profit and Loss account as prescribed by RBI.

Outstanding forward exchange contracts are revalued at rates of exchange notified by FEDAI and the resulting profits or losses are included in the Profit and Loss account. Guarantees and Acceptances, endorsements and other obligations are stated at the year-end closing rate as notified by FEDAI.

f) Derivatives

Derivatives are financial instruments comprising of forward exchange contracts, interest rate swaps and cross currency swaps which are undertaken for either trading or hedging purposes.

Trading derivatives are marked to market as per the generally accepted practices prevalent in the industry and the resultant unrealized gain or loss is recognized in the Profit and Loss Account, with the corresponding net unrealized amount reflected in Other Assets or Other Liabilities in the Balance Sheet.

Forward Exchange contracts and other derivative contracts which have overdue receivables remaining unpaid for over 90 days or more are classified as non-performing assets and are provided as prescribed by RBI.

The Bank also maintains a general provision on derivative exposures computed as per marked to market value of the contracts in accordance with the RBI guidelines.

The Bank has undertaken funding swaps to hedge certain loans and deposits. Premium/discount on such funding swaps is recognized as interest income/expense and is amortized on a pro-rata basis over the underlying swap period.

g) Investments

Classification

Investments are classified under "Held to Maturity" (HTM), "Available for Sale" (AFS) and "Held for Trading" (HFT) categories in accordance with RBI norms. For the purpose of disclosure of balance sheet, they are classified under 6 groups viz. i) Government Securities, ii) Other Approved Securities, iii) Shares, iv) Debentures and Bonds v) Subsidiaries and / or joint ventures and vi) Other Investments.

Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Valuation

Investments held under HTM category are carried at acquisition cost. If the acquisition cost is more than the face value, the premium is amortized over the remaining tenor of the investments.

Investments classified under AFS and HFT portfolio are marked to market on daily basis. Investments under AFS and HFT classification are valued as per rates declared by Financial Benchmarks India Pvt. Limited (FBIL) and in accordance with the RBI guidelines. Consequently, net depreciation, if any, under these classifications mentioned in Schedule 8 is provided for in the Profit and Loss account. The net appreciation, if any, under any classification is ignored, except to the extent of depreciation previously provided. The book value of the individual securities is not changed consequent to periodic valuation of investments.

Treasury Bills, Commercial Paper and Certificate of Deposit are valued at carrying cost.

The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, bonds and debentures) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FBIL.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Security Receipts are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

The Bank undertakes short sale transactions in dated central government securities in accordance with RBI guidelines. The short positions are categorized under HFT category and are marked to market. The mark-to-market loss is charged to profit and loss account and gain, if any, is ignored.

Broken period interest is accounted as per the RBI guidelines.

Cost of investments is based on the weighted average cost method.

Unquoted equity shares are valued at the break-up value if the latest Balance Sheet is available or at `1 as per the RBI guidelines.

In case of sale of NPA (financial asset) to Securitization Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognized at lower of: (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset; and (ii) Redemption value of SR.

SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ ARC are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments.

Non-Performing Investments are identified, and provision is made as per RBI guidelines.

Investment Fluctuation Reserve

In accordance with the RBI Circular DBR.No.BP.BC.102/21.04.048/2017-18, an Investment Fluctuation Reserve was created to protect against systemic impact of sharp increase in the yields on Government Securities. As required by the aforesaid circular the transfer to this reserve shall be lower of the following – i) net profit on sale of investments during the year; ii) net profit for the year less mandatory appropriations, until the amount of the reserve is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

Transfer of Securities between Classifications

Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines and any such transfer is accounted for at the acquisition cost/book value/market value, whichever is lower, as at the date of transfer. Depreciation, if any, on such transfer is fully provided for.

Repurchase transactions

Repurchase and reverse repurchase transactions (if any) are accounted in accordance with the prescribed RBI guidelines. The difference between the clean price of the first leg and the second leg is recognized as interest income/expense over the period of the transaction in the Profit and Loss account.

Others

Brokerage, fees and commission on acquisition of securities including money market instruments, are recognized as expenses in Profit and Loss account.

h) Advances

The Bank follows prudential norms formulated by RBI for classifying the assets as Standard, Sub-Standard, Doubtful and Loss assets and are stated at net of the required provision made on non-performing advances.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Provision for advances classified as Standard, Sub-Standard, Doubtful & Loss assets are made based on management's assessment, subject to minimum provisions as per RBI guidelines. In addition to the provisions required to be held according to the assets classifications status, provisions are held for country exposures as per RBI guidelines. Further the Bank also maintains a provision on unhedged foreign currency exposures as per the RBI guidelines.

i) Fixed Assets

Office Premises is stated at revalued amount less accumulated depreciation / amortization and all other Fixed Assets are stated at cost less accumulated depreciation / amortization. Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use as at the reporting date

Depreciation on the Fixed Assets is charged on straight-line method over the useful life of the fixed assets prescribed in Schedule II of the Companies Act, 2013. The useful life of the group of fixed assets are given below.

Type of Assets	Useful life as per Companies Act, 2013	Useful life as per Bank's Accounting Policy
Office Premises	60 years	60 years
Office equipment (including Air conditioner)	5 years	5 years
EDP Equipment's, Computers*	6 years	3 years
Software*	6 years	3 years
Furniture & Fixtures	10 years	10 years
Motor Car	8 years	8 years

* As per RBI guidelines

Revaluation of Fixed Assets

Premises are revalued in every five years by an independent valuer to reflect current market valuation. Appreciation, if any, on revaluation is credited to Revaluation Reserve. Depreciation on the revalued portion of asset is adjusted from revaluation reserves.

Impairment of Assets

An asset is considered as impaired when at the balance sheet date, there are indications that the assets may be impaired and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e., the higher of the asset's net selling price and value-in-use). The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized as an expense in the Profit and Loss Account.

j) Retirement and employee benefits

i) Leave salary - The employees of the Bank are entitled to carry forward leave balance to the subsequent year. This carried forward balance is en-cashable at the time of either retirement or resignation.

ii) Gratuity - The Bank provides for gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent to 15 days' eligible salary payable for each completed year of service if the service is more than 5 years. The Bank accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation. Gratuity fund is being managed by "LIC Group Gratuity Scheme" and any actuarial gain / loss, contribution determined by the actuary are charged to Profit and Loss account and are not deferred.

SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

iii) Provident fund - In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre-determined rate. Contribution to provident fund is recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.

iv) New Pension Scheme (NPS) - In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. The Bank has no liability other than its contribution and recognizes such contributions as an expense in the year incurred.

k) Net Profit / Loss

Profit/Loss for the period is arrived at after providing for non-performing advances, adjustments on valuation of investments, taxes on income, depreciation on fixed assets and other necessary and mandatory provisions.

l) Taxation

Taxes on income are accounted for in accordance with Accounting Standard (AS 22) on "Accounting for Taxes on Income" and comprise current and deferred tax. Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and laws in respect of taxable income for the year, in accordance with the Income tax Act, 1961.

Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e., difference that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising on account of carry forward losses and unabsorbed depreciation under tax laws are recognized only if there is virtual certainty of its realization, supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on account of other timing differences are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Bank will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Bank.

m) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Lease transactions are accounted in accordance with AS 19 – Leases. For operating leases, lease payments are recognized as an expense in the statement of Profit and Loss account on a straight-line basis over the lease term.

n) Accounting for Provisions, Contingent Liabilities and Contingent Assets

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long-term contracts. In accordance with Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognizes a provision for material foreseeable losses when it has a present obligation as a result of a past

SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are measured based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

In cases where the available information indicates that the loss on the contingency is reasonably possible, but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these contingencies to have a materially adverse effect on its financial results. Contingent assets are neither recognized nor disclosed in the financial statements.

o) Floating and countercyclical provision

Countercyclical provisioning buffers and floating provisions is the specific amount that Bank has set aside in good times. The floating provisions can be used only for contingencies under extraordinary circumstances for making specific provisions in impaired accounts after obtaining board's approval and with prior permission of RBI. The Bank has utilized up to 33 percent and 50 percent of countercyclical provisioning buffer / floating provisions held as on March 31, 2013 and December 31, 2014 respectively, in accordance with RBI Notification dated March 30, 2015. These provisions are considered as part of NPA provisions for the purpose of compliance with the minimum RBI provisioning requirement.

p) Cash Flow Statement

Cash Flow Statement is prepared using the indirect method set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Bank. Cash and Cash Equivalents, consist of Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice (including effect of changes in exchange rates on cash and cash equivalents in foreign currency).

q) Earning per share

Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at the end of the period.

r) Segment Information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
SCHEDULE 17.B: - NOTES TO THE FINANCIAL STATEMENTS
1. Capital to Risk Assets Ratio (CRAR)

I. The Banks are required to disclose capital adequacy ratio computed under Basel III capital guidelines of the RBI.

		(Rs. in thousand)	
Sr. No.	CRAR ratio as per Basel III	March 31, 2021	March 31, 2020
i)	CRAR – Common Equity Tier I	19.46%	31.48%
ii)	CRAR – Tier I Capital	19.46%	31.48%
iii)	CRAR – Tier II Capital	1.26%	0.96%
iv)	Total Capital Ratio (CRAR) (%)	20.72%	32.44%
v)	Percentage of the shareholding of the Government of India in public sector banks	-	-
vi)	Amount of equity capital raised	-	520,000
vii)	Amount of Additional Tier 1 capital raised; of which <i>Perpetual Non- Cumulative Preference Shares (PNCPS):</i> <i>Perpetual Debt Instruments (PDI) :</i>	-	-
viii)	Amount of Tier 2 capital raised; of which Debt capital instruments: Preference Share Capital Instruments: [<i>Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)</i>]	-	-

2. Investments

		(Rs. in thousand)	
Particulars	March 31, 2021	March 31, 2020	
1. Value of Investments:			
(i) Gross Value of Investments			
a. In India	12,420,075	5,722,877	
b. Outside India	-	-	
(ii) Provisions for Depreciation			
a. In India	-	-	
- on transfer to securities from AFS to HTM portfolio	-	-	
- on securities position	154,897	44,871	
b. Outside India	-	-	
(iii) Net Value of Investments			
a. In India	12,265,178	5,678,006	
b. Outside India	-	-	
2. Movement of provision held towards depreciation on investments:			
(i) Opening balance	44,871	15,233	
(ii) Add: Provision made during the year	110,026	29,638	
(iii) Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on sale of securities)	-	-	
(iv) Closing balance	154,897	44,871	

SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The net book value of investments held under the three categories, viz. Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) are as under:-

(Rs. in thousand)

Category	As at March 31, 2021		As at March 31, 2020	
	Rs. in thousand	%	Rs. in thousand	%
Held to Maturity	6,673,687	54.41	2,395,770	42.19
Held for Trading	-	-	103,830	1.83
Available for Sale	5,591,491	45.59	3,178,406	55.98
Total	12,265,178	100.00	5,678,006	100.00

3. Repurchase & Reverse Repurchase Agreement Transactions

(Rs. in thousand)

FY 2020-21	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2021
Securities Sold under Repurchase Transactions *				
(i) Government Securities	150,000 [#]	4,939,575	329,058	1,689,837
(ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Reverse Repurchase Transactions *				
(i) Government Securities	710,000 [#]	28,710,000	3,909,086	2,960,000
(ii) Corporate Debt Securities	-	-	-	-

* consist of RBI LAF disclosed at face value.

[#] Nil outstanding on any day is ignored for reckoning minimum outstanding.

(Rs. in thousand)

FY 2019-20	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2020
Securities Sold under Repurchase Transactions *				
(i) Government Securities	30,000 [#]	150,000	12,486	150,000
(ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Reverse Repurchase Transactions *				
(i) Government Securities	139,922 [#]	4,530,000	2,138,696	4,160,000
(ii) Corporate Debt Securities	-	-	-	-

* consist of RBI LAF disclosed at face value.

[#] Nil outstanding on any day is ignored for reckoning minimum outstanding.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
4. Non-SLR Investments Portfolio - Issuer Composition of Non-SLR Investments

Balances as at March 31, 2021

(Rs. in thousand)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade securities	Extent of Unrated Securities**	Extent of Unlisted Securities#
1.	PSUs	60,000	-	-	-	-
2.	FIs	4,468	-	-	-	-
3.	Banks	-	-	-	-	-
4.	Private Corporates	285,325	-	-	21,700	-
5.	Subsidiaries/ Joint Ventures	-	-	-	-	-
6.	Others*	223,377	-	-	223,377	-
7.	Provision held towards Depreciation	(154,897)	-	-	-	-
	Total	418,273	-	-	245,077	-

*This includes security receipt received on sale of assets to ARC

**Excludes investments in equity shares in line with extant RBI guidelines.

#Excludes investments in equity shares, security receipts, commercial paper and certificate of deposits in line with extant RBI guidelines.

Balances as at March 31, 2020

(Rs. in thousand)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade securities	Extent of Unrated Securities**	Extent of Unlisted Securities#
1.	PSUs	-	-	-	-	-
2.	FIs	149,959	-	-	-	-
3.	Banks	-	-	-	-	-
4.	Private Corporates	-	-	-	-	-
5.	Subsidiaries/ Joint Ventures	-	-	-	-	-
6.	Others*	230,347	-	-	223,377	-
7.	Provision held towards Depreciation	(44,871)	-	-	-	-
	Total	335,435	-	-	223,377	-

*This includes security receipt received on sale of assets to ARC

**Excludes investments in equity shares in line with extant RBI guidelines.

#Excludes investments in equity shares, security receipts, commercial paper and certificate of deposits in line with extant RBI guidelines.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
5. Non-Performing Non SLR Investments

Movement in non-performing Non SLR Investment is set out below: -

(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Opening Balance	6,970	6,970
Additions during the year since 1 st April	21,700	-
Reductions on account of write off during the year	-	-
Closing balance	28,670	6,970
Total Provision held	28,670	6,970

6. Sale and Transfers to/ from HTM Category

During the FY 2020-2021, Bank transferred securities having book value of Rs. 1,567,456 thousand during the beginning of the financial year from HTM to AFS as per the extant guideline. The Bank had also offered Rs. 2,714,870 thousand face value securities from HTM in OMO auction conducted by the Reserve Bank of India during the year under review. The excess of book value over market value of the securities classified under HTM category at the end of the period March 31, 2021 amounts to Nil.

7. Forward Rate Agreement / Interest Rate Swap

(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
The notional principal of swap agreements	-	-
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
Collateral required by the Bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps (with Banks)	-	-
The fair value of the swap book [(Payable)/Receivable]	-	-

8. Exchange Traded Interest Rate Derivatives

(Rs. in thousand)

Sr. No.	Particulars	March 31, 2021	March 31, 2020
i.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	-	-
ii.	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	-	-
iii.	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-	-
iv.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
9. Disclosures on risk exposure in derivatives:
a) Qualitative Disclosures
The structure and organization for management of risk in derivatives trading:

Treasury operation is segregated into three different department's viz. front office, mid office and back office. The primary role of front office is to conduct business, that of mid office is to ensure compliance in accordance with set norms and policies and that of back office is to process/settle the transactions.

The Bank has in place policies and procedures, which have been approved by Board of Directors, to ensure adherence to various risk parameters and prudential limits.

The scope and nature of risk measurement, risk reporting and risk monitoring systems:
i. Risk Measurement

For foreign exchange contracts, risk is measured through a daily report called, Value at Risk (VAR), which computes VAR on the forex, gaps using FEDAI VAR factors. In addition, the Bank has set its Risk Appetite in the form of Stop Loss and Counterparty Exposure Limit.

ii. Risk Reporting and Risk monitoring systems:

The Bank has the following reports/systems in place, which are reviewed by the top management:

- VAR
- Net Open Position
- Aggregate Gap Limit (AGL)/Individual Gap Limit (IGL)
- Stop loss limits

iii. The Bank has the following policy paper in place, and approved by its Head Office;

- Market Risk Policy
- Investment Policy
- Asset-Liability Management (ALM) policy

Accounting Policy:

All outstanding derivatives transactions (including forex forwards) are booked as off-balance sheet items. The trading positions are revalued on a marked to market basis whereas the funding/investment swaps follow the accrual basis of accounting.

b) Quantitative Disclosures

(Rs. in thousand)

Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2021	March 31, 2021	March 31, 2020	March 31, 2020
1.	Derivatives notional Principal Amount	28,107,462	-	10,282,422	-
	(a) For hedging	11,532,755	-	7,215,225	-
	(b) For trading	16,574,707	-	3,067,197	-
2.	Marked to Market position				



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2021	March 31, 2021	March 31, 2020	March 31, 2020
	(a) Asset (+)	221,846	-	252,816	-
	(b) Liability (-)	331,648	-	63,400	-
3.	Credit Exposure	908,673	-	236,884	-
4.	Likely impact of one percentage change in Interest Rate (100*PV01)				
	(a) On hedging derivatives	27,094	-	32,498	-
	(b) On trading derivatives	1,763	-	363	-
5.	Maximum and Minimum of 100*PV01 observed during the year				
	(a) On hedging				
	Maximum	43,485	-	34,460	-
	Minimum	17,441	-	10,922	-
	(b) On trading				
	Maximum	2,986	-	920	-
	Minimum	22	-	1	-

10. Non-Performing Assets (NPAs)

		<i>(Rs. in thousand)</i>	
Particulars		March 31, 2021	March 31, 2020
(i)	Net NPAs to Net Advances	0.90%	2.90%
(ii)	Movement of Gross NPAs		
	(a) Opening balance	1,155,766	1,493,059
	(b) Additions during the year	7,396	211,500
	(c) Reductions during the year	(278,865)	(5,48,793)
	(d) Closing balance	884,297	1,155,766
(iii)	Movement of Net NPAs		
	(a) Opening balance	367,814	506,694
	(b) Additions during the year	-	-
	(c) Reductions during the year (Net)	(105,433)	(138,880)
	(d) Closing balance	262,381	367,814
(iv)	Movement of provisions for NPAs (excluding provision on Standard Assets)		
	(a) Opening balance	787,952	986,365
	(b) Provisions made during the year (Gross)	16,175	279,301
	(c) Write-off / write-back of excess provisions	(182,212)	(477,714)
	(d) Closing balance	621,915	787,952

Note: - Item (iii) & (iv) include the impact of counter cyclical provision and floating provision utilized amounting to Nil during FY 2020-2021 (Previous Year: NIL).

11. Details of loan assets subjected to restructuring

There was no restructuring during FY 2020-21 (Previous Year: NIL). Details of loans restructured under COVID have been provided under Note 37.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
12. Details of financial assets sold to Securitization/ Reconstruction Company for Asset reconstruction
A. Details of Sales
(Rs. in thousand)

Particulars		March 31, 2021	March 31, 2020
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

B. Details of Book Value of Investments in Security Receipts
(Rs. in thousand)

Particulars		March 31, 2021	March 31, 2020
(i)	Backed by NPAs sold by the Bank as underlying	223,377	223,377
(ii)	Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-
Total		223,377	223,377

FY 2020-2021:
(Rs. in thousand)

Sr. No.	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the Bank as underlying	46,725	176,652	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
Total (i) + (ii)		46,725	176,652	-

FY 2019-2020:
(Rs. in thousand)

Sr. No.	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the Bank as underlying	46,725	176,652	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
Total (i) + (ii)		46,725	176,652	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
13. Details of non-performing financial assets purchased/sold
(Rs. in thousand)

Sr. No.	Particulars	March 31, 2021	March 31, 2020
A.	Details of non-performing financial assets purchased:	-	-
1 a	No. of accounts purchased during the year	-	-
b	Aggregate outstanding	-	-
2 a	Of these, number of accounts restructured during the year	-	-
b	Aggregate outstanding	-	-
B.	Details of non-performing financial assets sold:		
1	No. of accounts sold	-	-
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-

14. Provisions on Standard Assets
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Provision on Standard Assets	152,492	55,621

15. Important Financial Ratios

Particulars	March 31, 2021	March 31, 2020
Interest Income as a percentage to Working Funds*	7.01%	6.68%
Non-Interest Income as a percentage to Working Funds*	2.47%	3.71%
Operating Profit as a percentage to Working Funds*	1.04%	1.56%
Return on Assets**	0.56%	0.10%
Business (Deposits plus Advances) per employee (Rs. in thousand) #	319,328	229,837
Profit / (Loss) per employee (Rs. in thousand)	892	143

* Working Funds represent monthly average of total assets (excluding accumulated losses) during the year as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949.

** Return on Assets is computed with reference to Average Working Funds (excluding accumulated losses).

Deposits exclude inter-bank deposits.

- All ratios are annualized



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
16. Asset Liability Management

The following table presents the maturity pattern of Assets and Liability pattern as on 31st March 2021

(Rs. in thousand)

Particulars	Day1	2 to 7 days	8 to 14 Days	15 to 30 Days	31 days and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	132,554	896,525	334,979	1,162,446	2,266,181	728,907	1,574,651	1,315,263	10,137,271	6,777,081	3,847,426	29,173,284
Investment in Securities	6,107,736	5,044	-	-	50,103	50,137	983,848	1,990,554	2,399,445	63,683	614,728	12,265,178
Deposits	1,885,130	1,877,109	1,825,739	1,629,018	3,175,404	2,592,031	3,998,316	8,886,287	12,211,196	469,007	1,994	38,551,831
Borrowings	-	1,499,837	-	-	-	-	-	-	190,000	-	-	1,689,837
Foreign Currency Assets	177,442	-	-	106,375	200,108	414,247	292,079	-	46,250	-	181,465	1,417,966
Foreign Currency Liabilities	710,289	2,343	24,386	14,170	394,435	77,656	442,820	3,186,285	911,522	439,073	1,460	6,204,439

The following table presents the maturity pattern of Assets and Liability pattern as on 31st March 2020

(Rs. in thousand)

Particulars	Day1	2 to 7 days	8 to 14 Days	15 to 30 Days	31 days and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	9,836	-	16,126	-	11,870	-	2,791,630	65,909	5,411,918	1,984,520	2,370,692	12,662,501
Investment in Securities	2,241,551	-	-	-	-	1,876	829,860	1,020,424	1,269,873	4,496	309,926	5,678,006
Deposits	505,671	896,238	280,383	339,131	658,095	762,730	1,869,112	5,469,450	7,442,851	76,710	1	18,300,372
Borrowings	-	-	-	-	-	-	-	20,000	130,000	-	-	150,000
Foreign Currency Assets	113,305	-	16,126	-	13,339	-	988,011	-	-	-	188,840	1,319,621
Foreign Currency Liabilities	138,801	81,042	4,051	14,150	717	36,535	59,244	3,025,426	3,425,296	51,142	36	6,836,440

The information on maturity pattern has been compiled by the management based on the same estimate and assumptions as that for compiling the returns submitted to the RBI.

17. Exposure to Sensitive Sector
a. Exposure to Real Estate Sector

(Rs. in thousand)

Category	March 31, 2021	March 31, 2020
a) Direct Exposure		
(i) Residential Mortgages	1,715,159	8,88,924
(ii) Commercial Real Estate	2,707,217	8,12,915
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
(a) Residential		
(b) Commercial Real Estate		



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Category	March 31, 2021	March 31, 2020
b) Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).*	622,500	1,72,469
Total Exposure to Real Estate Sector	5,044,876	1,874,308

*includes investment exposure

b. Exposure to Capital Market

(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
i. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	17,059	6,970
ii. Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	1,650,000	517,250
vi. Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	120,000	150,000
vii. Bridge loans to companies against expected equity flows/issues;	-	-
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix. Financing to stockbrokers for margin trading;	-	-
x. All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	-	-
Total Exposure to Capital Market	1,787,059	674,220



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
18. Risk category-wise country exposure

Provision for Country Risk exposure in terms of RBI Circular DBOD.BP.BC.71/21.04.103/2002-03 dated February 19, 2013 is as follows:

(Rs. in thousand)

Risk Category	Exposure (net) as at March 31, 2021	Provision held as at March 31, 2021	Exposure (net) as at March 31, 2020	Provision held as at March 31, 2020
Insignificant	165,502	-	97,129	-
Low	479,708	1,176	179,471	-
Moderate	-	-	65,333	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	6,45,210	1,176	341,933	-

19. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank

During FY 2020-2021, the Bank has not exceeded the single borrower limit or group borrower limit. (Previous Year: NIL).

20. Unsecured Advances

Unsecured advances have been appropriately classified under 'Schedule 9 – Advances'. During FY 2020-21, the Bank has not given loans against intangible securities such as rights, licenses, authority etc., hence no disclosure is required for reporting advances against intangibles.

21. Disclosure of Penalties imposed by RBI

There are no penalties imposed on our bank by the Reserve Bank of India (RBI) during FY 2020-21. (Previous Year: 30,000 thousand)

22. Prior Period Items

There are no prior period items during the FY 2020-2021. (Previous Year: NIL).

23. Description of contingent liabilities

Sr. No.	Contingent Liabilities	Brief
1.	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Sr. No.	Contingent Liabilities	Brief
		The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Bank is contingently liable	<ul style="list-style-type: none"> - Purchase of securities pending settlement -Capital Commitments -Amount deposited with RBI under Depositor Education Awareness Fund

Refer Schedule 12 for amounts relating to contingent liability

24. Contingent Liabilities

'Claims against the Bank not acknowledged as Debts' item of Contingent Liability includes Income Tax of Rs. 87,430 thousand (Previous Year: 86,960 thousand) and Service tax of Rs. 5,091 thousand (Previous Year: 5,091 thousand). The Bank has gone in appeal to Income Tax Appellate Tribunal (ITAT) and High Court against the income tax assessment order of the department for AY 1996-97, 1997-98, 1999-00 to 2008-09, 2012-13 and 2013-14. The appeals are pending for the final outcome of the ITAT and high court and the Bank is expecting favorable judicial decisions.

25. Provision for Long Term contracts

The Bank has assessed its long-term contracts (including Derivative Contracts) for material foreseeable losses and made adequate provisions in the books of accounts, under any law/accounting standards wherever applicable and disclosed the same under the relevant notes in the financial statements.

26. Deferred Tax

In accordance with AS-22 on "Accounting for Taxes on Income", the Bank has recognized Deferred Tax Assets on such timing differences where there is a reasonable certainty that such deferred tax assets can be reversed against the deferred tax liability. Deferred tax asset on accumulated carry forward business losses and depreciation is not recognized as there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

The major composition of Deferred Tax Liabilities (DTL) & Deferred Tax Assets (DTA) is as under:

		(Rs. in thousand)	
Sr. No.	Particulars	March 31, 2021	March 31, 2020
A.	DTA		
(i)	Provision for Loan Losses, Floating Provision and counter cyclical provision	54,095	104,868
(ii)	Provision for Standard Advances	13,264	7,403
(iii)	Provision for Funded Interest Term Loan		-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Sr. No.	Particulars	March 31, 2021	March 31, 2020
(iv)	Disallowed Expenses	9,358	8,687
(v)	Unabsorbed Losses	-	-
	Total DTA	76,717	120,958
B.	DTL		
(i)	Depreciation on Fixed Assets	(76,717)	(120,958)
	Total DTL	(76,717)	(120,958)
C.	NET DTL / (DTA)	-	-

27. Provisions & Contingencies
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Depreciation on Investments	110,026	29,638
Provision towards Non-Performing Assets / Investment (net off write-backs)	(49,062)	250,184
Provision for Standard Assets	92,455	(11,783)
Provision for Income Tax (including Deferred Tax)	100	-
Provisions for diminution in fair value Restructured Advances	4,416	-
Provision for Country Risk	1,176	(162)
Provision for interest capitalized on restructured accounts	-	-
Total	159,111	267,877

28. There was no instance of SGL bouncing during FY 2020-2021. (Previous Year: NIL).

29. Letter of Comfort/ Undertaking (LOCs/ LOUs) issued

There were NIL LOCs/LOUs outstanding as of March 31, 2021. (Previous Year: NIL).

30. Draw down from Reserves

During FY 2020-2021, there has been no drawdown from Reserves. Also Refer Schedule 2 – Reserves and Surplus. (Previous Year: NIL).

31. Disclosure of Complaints

Enhanced disclosures to be made by banks on complaints and grievance redress

Sr. No.	Particulars	FY 2020-21	FY 2019-20
Complaints received by the bank from its customers			
1	Number of complaints pending at the beginning of the year	2	-
2	Number of complaints received during the year	162	74
3	Number of complaints disposed during the year	162	72
	3.1 - Of which, number of complaints rejected by the bank	-	-
4	Number of complaints pending at the end of the year	2	2
Maintainable complaints received by the bank from OBOs			
5	Number of maintainable complaints received by the bank from OBOs	9	-
	5.1 - Of 5, number of complaints resolved in favor of the bank by BOs	9	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	5.2 - Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	-	-
	5.3 - Of 5, number of complaints resolved after passing of awards by BOs against the bank	-	-
6	Number of awards unimplemented within the stipulated time (other than those appealed)	-	-

FY 2020-2021

Grounds of complaints, i.e. (complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Internet Banking	-	61	126%	-	-
Debit Card/PIN not received	-	19	90%	-	-
RTGS/NEFT	-	19	171%	-	-
ECS	-	0	-100%	-	-
ATM Cash Withdrawal/Debit Card issue	-	9	50%	-	-
Others	2	54	218%	2	-
Total	2	162	119%	2	-

FY 2019-2020

Grounds of complaints, i.e. (complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Internet Banking	-	27	100%	-	-
Debit Card/PIN not received	-	10	100%	-	-
RTGS/NEFT	-	7	100%	-	-
ECS	-	7	100%	-	-
ATM Cash Withdrawal/Debit Card issue	-	6	100%	-	-
Others	-	17	100%	2	-
Total	-	74	100%	2	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
32. Segment Reporting
Part A: Business Segments

In accordance with RBI guidelines, the Bank has identified the following three primary segments: Treasury, Corporate Banking and Retail Banking. These segments are identified based on nature of services provided, risk and returns, organizational structure of the Bank and the internal financial reporting system.

Treasury Operations: Undertakes Derivative Trading, Money Market Operations and Investment in Bonds, Treasury Bills, Government Securities, CP, CD and Foreign Exchange Operations. The revenue of this segment consists of interest earned on funding, investment income and gains on Government Securities, CP, CD's and debentures/bonds, profit/loss on exchange and derivative transactions. The principal expenses of this segment consist of cost of funds, personnel cost, other direct overheads and allocated expenses.

Corporate Banking: Primarily comprises of funded advances to Corporate. Revenue of this segment consists of interest earned on loans made to corporate clients, interest earned on cash float and fees received from fee-based activities like letter of credit, guarantee etc. The principal expenses of this segment consist of interest cost on funds borrowed allocated based on personnel costs and allocated expenses.

Retail Banking: Consists of revenue arising out of personal loan, housing loan and other retail products. This also includes revenue arising out of digital & payments services.

FY 2020-2021

	<i>(Rs. in thousand)</i>			
Business Segments	Corporate	Treasury	Retail	Total
Revenue	1,767,456	1,004,991	221,908	2,994,355
Results	561,321	100,736	(47,776)	614,281
Un-allocable Expense				(427,737)
Operating Profit				186,544
Income Taxes				100
Extraordinary Profit/Loss				-
Net profit/(Loss)				186,444
Other Information				
Segment Assets	27,365,561	17,520,692	2,334,329	47,220,582
Un-allocable Assets				172,461
Total Assets				47,393,043
Segment Liabilities	28,189,325	6,492,556	12,589,915	47,271,796
Un-allocable Liabilities				121,247
Total Liabilities				47,393,043
Capital expenditure during FY 2020-2021				15,285
Depreciation expenditure during FY 2020-2021				147,847

FY 2019-2020

	<i>(Rs. in thousand)</i>			
Business Segments	Corporate	Treasury	Retail	Total
Revenue	970,535	549,367	73,640	1,593,542
Results	34,766	116,112	(76,866)	74,012
Un-allocable Expense**				(54,976)
Operating Profit				19,036



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Business Segments	Corporate	Treasury	Retail	Total
Income Taxes				-
Extraordinary Profit/Loss				-
Net profit/(Loss)				19,036
Other Information				
Segment Assets	12,242,724	11,413,047	1,127,856	24,783,627
Un-allocable Assets				230,655
Total Assets				25,014,282
Segment Liabilities	11,143,357	3,742,203	10,097,169	24,982,729
Un-allocable Liabilities				31,553
Total Liabilities				25,014,282
Capital expenditure during FY 2019-2020				38,725
Depreciation expenditure during FY 2019-2020				120,198

** includes regulatory penalty of Rs. 30,000 thousand.

Part B: Geographic Segments

The Bank operates as a single unit in India and as such has no identifiable geographical segments subject to dissimilar risks and returns. Hence, no information relating to geographical segments are presented.

Notes for segment reporting:

1. In computing the above information, certain estimates and assumptions have been made by the management and have been relied upon by the auditors.
2. Assets, liabilities, income and expenses which cannot be allocated to any segments have been classified as unallocated. The unallocated liabilities include TDS on expenses, GST output liability. The unallocated assets include taxes and capital work in progress. The unallocated expenses include IT expenses, repairs and maintenance, rent, conveyance, etc.

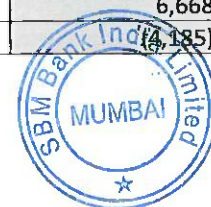
33. Disclosure under Employee Benefits – Revised Accounting Standard 15

- a) The contribution to employees Provident Fund amounted to Rs. 50,148 thousand for the year ended March 31, 2021. (Previous Year: Rs. 34,122 thousand).
- b) The Bank has a policy to pay leave encashment to employees either at the time of resignation or on their retirement.
- c) The Bank does not have pension scheme for its employees. However, the Bank contributes up to 10% of eligible employees' salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Bank recognizes such contributions as an expense in the year when an employee renders the related service. Such contribution for the year is Rs. 3,848 thousand (Previous Year: Rs. 2,759 thousand).
- d) As per the actuarial valuation, the Bank expects to contribute Rs. 1.45 crore to gratuity fund in financial year 2021-2022.

I) Change in the Present value of Projected Benefit Obligation:

(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Present Value of Benefit Obligation at the Beginning of the year	30,288	26,145
Interest Cost	2,072	1,971
Current Service Cost	13,777	6,668
(Benefit paid from the Fund)	(1,698)	(4,185)



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	March 31, 2021	March 31, 2020
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(85)	(3,946)
Actuarial (Gains)/Losses on Obligations - Due to Experience	2,480	3,635
Present Value of Benefit Obligation at the End of the year	46,834	30,288

II) Change in the Fair Value of Plan Assets:
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Fair Value of Plan Assets at the Beginning of the year	19,079	17,660
Expected Return on Plan Assets	1,305	1,332
Contributions by the Employer	14,368	4,454
Assets Transferred In/Acquisitions	-	-
(Benefit Paid from the Fund)	(1,698)	(4,186)
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(108)	(181)
Fair Value of Plan Assets at the End of the year	32,946	19,079

III) Actuarial (Gains)/Losses Recognized in the Profit and Loss Account:
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Actuarial (Gains)/Losses on Obligation for the year	2,395	(311)
Actuarial (Gains)/Losses on Plan Asset for the year	108	181
Actuarial (Gains)/Losses Recognized in the Profit or Loss Account	2,503	(129)

IV) Actual Return on Plan Assets:
(Rs. in thousand)

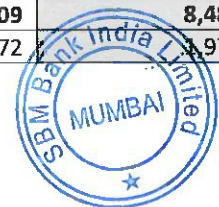
Particulars	March 31, 2021	March 31, 2020
Expected Return on Plan Assets	1,305	1,332
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(108)	(181)
Actual Return on Plan Assets	1197	1,151

V) Amount Recognized in the Balance Sheet:
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
(Present Value of Benefit Obligation at the end of the year)	(46,834)	(30,288)
Fair Value of Plan Assets at the end of the year	32,947	19,079
Funded Status (Surplus/ (Deficit))	(13,888)	(11,209)
Unrecognized Past Service Cost at the end of the year	-	-
Net (Liability)/Asset Recognized in the Balance Sheet	(13,888)	(11,209)

VI) Net Interest Cost:
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Present Value of Benefit Obligation at the Beginning of the year	30,288	26,145
(Fair Value of Plan Assets at the Beginning of the year)	(19,079)	(17,660)
Net Liability/(Asset) at the Beginning	11,209	8,485
Interest Cost	2,072	1,971



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	March 31, 2021	March 31, 2020
(Expected Return on Plan Assets)	(1,305)	(1,332)
Net Interest Cost for Current Year	767	639

VII) Expenses Recognized in the Profit or Loss Account:
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Current Service Cost	13,777	6,668
Net Interest Cost	767	639
Actuarial (Gains)/Losses	2,503	(129)
Past Service Cost - Vested Benefit Recognized During the year	-	-
Expenses Recognized in the Profit or Loss Account	17,047	7,178

VIII) Balance Sheet Reconciliation:
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Opening Net Liability	11,209	8,485
Expense Recognized in Profit or Loss Account	17,047	7,178
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(14,368)	(4,454)
Net Liability/(Asset) Recognized in the Balance Sheet	13,888	11,209

IX) Category of Assets:
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	32,947	19,079
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	32,947	19,079

Actuarial assumptions:

Particulars	March 31, 2021	March 31, 2020
Expected Return on Plan Assets	6.86%	6.84%
Rate of Discounting	6.86%	6.84%
Rate of Salary Increase	6.88%	6.88%
Rate of Employee Turnover	6%	6%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
Experience Adjustments:
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Plan Assets	32,947	19,079
Defined Benefit Obligation	46,834	30,288
Surplus / (Deficit)	13,888	11,209
Experience adjustment gain / (loss) on plan assets	(108)	(181)
Experience adjustment (gain) / loss on plan liabilities	2,480	3,635

34. Related Party Transactions

Related Party Transactions in terms of AS-18 on "Related Party Disclosures" are disclosed below:

Relationship during FY 2020-21:

1	Ultimate Parent	SBM Holdings Limited
2	Parent	SBM (Bank) Holdings Limited
3	Subsidiaries of Parent	SBM Bank (Mauritius) Limited SBM Bank (Kenya) Limited
4	Key Management Personnel	a. Board of Directors b. Managing Director & Chief Executive Officer – Mr. Sidharth Rath c. Chief Financial Officer – Mr. Talib Lokhandwala (till 30.06.2020) – Mr. Saileshkumar Shah (from 01.07.2020) d. Company Secretary – Mrs. Mugdha Merchant (till 14.10.2020) – Mrs. Bhavana Shinde (from 15.10.2020) e. Chief Information Officer / Chief Operations Officer – Mr. Rajeev Panikath f. Head of Corporate Banking – Mr. Dipak Agarwal g. Head of Treasury – Mr. Mandar Pitale h. Head of Consumer & Retail Banking – Mr. Neeraj Sinha

Transactions during the FY 2020-21:
(Rs. in thousand)

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance
Liabilities								
Deposit	-	-	67,648	2,118,701	54,179	60,066	121,827	2,178,767
Borrowings	-	-	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-	-	-
MTM loss on FX forwards	-	-	-	-	-	-	-	-
Payable to group	1,759	1,759	-	-	-	-	1,759	1,759
Total	1,759	1,759	67,648	2,118,701	54,179	60,066	123,586	2,180,526



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance
Assets								
Lending	-	-	-	-	14,633	15,452	14,633	15,452
Balances with Bank	-	-	10,507	25,342	-	-	10,507	25,342
Interest receivable	-	-	-	-	32	32	32	32
MTM gain on FX forwards	-	-	-	-	-	-	-	-
Total	-	-	10,507	25,342	14,665	15,484	25,172	40,826
Off Balance Sheet items								
FX Forwards	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Particulars	Parent	Subsidiaries of the Parent	Key Management Personnel	Total
Profit & Loss Account Items				
Interest Received	-	-	983	983
Interest Paid	-	-	2,050	2,050
Fees Paid	-	-	8,847	8,847
Salary Cost	-	-	82,927	82,927

Transactions during the FY 2019-20:
(Rs. in thousand)

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance
Liabilities								
Deposit	-	-	60,309	658,855	14,275	14,275	74,584	673,130
Borrowings	-	-	-	493,850	-	-	-	493,850
Interest payable	-	-	-	-	-	-	-	-
MTM loss on FX forwards	-	-	-	-	-	-	-	-
Payable to group	240,424	240,424	-	-	-	-	240,424	240,424
Total	240,424	240,424	60,309	1,152,705	14,275	14,275	315,008	1,407,404
Assets								
Lending	-	-	-	-	7,377	7,377	7,377	7,377
Balances with Bank	-	-	4,218	6,906	-	-	4,218	6,906
Interest receivable	-	-	-	-	38	38	38	38



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance
MTM gain on FX forwards	-	-	-	-	-	-	-	-
Total	-	-	4,218	6,906	7,415	7,415	11,633	14,321
Off Balance Sheet items								
FX Forwards	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Particulars	Parent	Subsidiaries of the Parent	Key Management Personnel	Total
Profit & Loss Account Items				
Interest Received	-	-	264	264
Interest Paid	-	89	550	539
Fees Paid	-	-	6,150	6,150
Salary Cost	-	-	60,191	60,191

35. Impairment of Assets

There is no impairment of any of the fixed assets and as such no provision is required as per AS-28 on "Impairment of Assets".

36. Earnings Per Share

Particulars	March 31, 2021	March 31, 2020
Net profit after tax	186,444	19,036
Weighted average number of equity shares outstanding	756,958,418	735,931,096
Basic and diluted earnings per share in INR	0.25	0.03

37. COVID -19

The SARS-CoV2 virus responsible for Covid-19 continues to spread across the globe and India. This has resulted in a significant decline and volatility in global and Indian markets and economic activity. Implementation of lockdown and extensions has resulted in disruptions of business and common life. With situation still unfolding, it is difficult to predict time horizons to gauge the impact.

While Bank is continuously engaged and taking updates from all the borrowers on a frequent basis irrespective of the sectors they are operating in, companies categorized in the high-risk segment are being monitored closely. Subsequently, based on updated RBI guidelines on COVID from time to time, respective amounts in Special Mention Account (SMA) / overdue categories, where the moratorium / deferment was extended, in terms of paragraph 2 and 3, in accordance with the regulatory package announced by the Reserve Bank of India, the Bank has extended the option of moratorium to its borrowers for their instalments.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
Classification and provisioning under RBI COVID -19 Regulatory Package

Disclosure as per RBI circular No. RBI/2019-20/220 DOR.No.BP.BC.63/ 21.04.048 / 2019-20 dated April 17,2020 on Covid-19 Regulatory package - Asset classification and provisioning:

The disclosures as required under RBI circular dated April 17, 2020, for the year ended March 31, 2021 is given below:

<i>(Rs. in thousand)</i>		
Sr. No.	Particulars	Amount
(i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 (As on March 31, 2020)	21,420
(ii)	Respective amount where asset classification benefits is extended	21,420
(iii)	Provisions made as on March 31, 2020	1,073
(iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	1,073
(v)	Residual provisions as of March 31,2021 in terms of paragraph 6 of the circular	-

Disclosures as per the RBI circular DOR. No.BP.BC.62/21.04.048/2019-20 dated April 17, 2020 as on March 31, 2021

<i>(Rs. in thousand)</i>		
Sr. No.	Particulars	Amount
(i)	No. of accounts in which resolution period was extended	-
(ii)	Respective amount where asset classification benefits is extended	-
(iii)	Fund Based Amount outstanding	-

Disclosure as per RBI circular DOR. No. BP.BC/3/21.04.048/2020-21 dated 6th August 2020 on 'Resolution Framework for COVID-19 related stress'

The detailed requirement as per Resolution Framework for COVID-19 related Stress during the year is :

<i>(Rs. in thousand)</i>					
Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate Persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	3	29,438	-	-	2,944
Total	3	29,438	-	-	2,944

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



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Disclosure as per RBI circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2020 on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package'

In accordance with the RBI notification DOR.STR.REC.4/21.04.048 /2021-22 dated April 7, 2021, the Bank is required to refund / adjust 'interest on interest' to borrowers. The methodology for calculation of such interest on interest has been recently circulated by Indian Banks' Association. As at March 31, 2021 the Bank has created liability of Rs. 813 thousand towards estimated interest refund and reduced same from interest income.

38. Counter Cyclical / Floating Provisions
(Rs. in thousand)

Particulars	March 31, 2021		March 31, 2020	
	Counter cyclical	Floating	Counter cyclical	Floating
Opening Balance in floating provision	19,068	6,007	19,068	6,007
Add- Provision made during the year	-	-	-	-
Less- Provision utilize during the year for specific provision	-	-	-	-
Closing balance in floating provision	19,068	6,007	19,068	6,007

39. Following disclosure is made as per the requirement of The Micro, Small and Medium Enterprises Development Act, 2006.
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
The principal amount remaining unpaid to any supplier	224	-
The interest due thereon (above principal amount) remaining unpaid to any supplier	-	-
The amount of interest paid by the buyer in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day for the year ended	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

40. The details of fees/brokerage earned in respect of insurance broking, agency and bancassurance business by the Bank are as under:

(Rs. in thousand)

Sr. No.	Nature of Income	March 31, 2021	March 31, 2020
1.	For selling life insurance policies	1,190	-
2.	For selling non-life insurance policies	793	-
3.	For selling mutual fund products	131	-
4.	Others	-	-

41. Concentration of Deposits, Advances, Exposures and NPAs
1. Concentration of Deposits

(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Total deposits of twenty largest depositors	14,631,153	7,871,213
Percentage of Deposits to twenty largest depositors to total deposits of the Bank	37.95%	43.01%

Concentration of Advances*

(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Total advances to twenty largest borrowers	10,374,331	8,407,751
Percentage of Advances to twenty largest borrowers to total advances of the Bank	28.18%	51.44%

Concentration of Exposures*

(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Total Exposures to twenty largest borrowers / customers	10,374,331	8,407,751
Percentage of Exposures to twenty largest borrowers / Customers to Total Exposures of the Bank on borrowers / Customers	27.75%	50.27%

*Excluding banking exposures

Concentration of NPA

(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Total Exposure of top Four NPA accounts	865,667	1,048,097



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
II. Sector wise Advances
(Rs. in thousand)

Sr. No.	Sector	FY 2020-21			FY 2019-20		
		Outstanding Total Gross Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Gross Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and Allied Activities	954,540			1,014,015	-	0%
2	Advances to industries sector eligible as priority sector lending	689,207	179,394	26.03%	245,883	245,883	100%
3	Services	725,092			730,000	-	0%
4	Personal loans	1,264,196			2,225	-	0%
	Sub-total (A)	3,633,035	179,394	4.94%	1,992,123	245,883	12.34%
B	Non-Priority Sector						
1	Agriculture and allied activities	-	-	0%	-	-	0%
2	Industry	14,237,585	686,913	4.82%	7,172,860	897,862	12.52%
3	Services	7,836,612	-	-	3,074,434	-	0%
4	Personal loans	4,087,967	17,990	0.44%	1,211,036	12,021	0.99%
	Sub-total (B)	26,162,164	704,903	2.69%	11,458,330	909,883	7.94%
	Total (A+B)	29,795,199	884,297	2.97%	13,450,453	1,155,766	8.59%

III. a) Movement of Gross NPAs
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Opening balance of Gross NPAs	1,155,766	1,493,059
Add: Additions during the year	7,396	211,500
Sub-total (A)	1,163,162	1,704,599
Less:		
i. Upgradations	-	-
ii. Recoveries (excluding recoveries made from upgraded accounts)	(161,891)	(100,196)
iii. Write-offs	(116,974)	(448,597)
Sub-total (B)	(278,865)	(548,793)
Closing balance of Gross NPAs (A-B)	884,297	1,155,766



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
b)
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Opening balance of Technical/ Prudential written-off accounts	3,637,384	3,290,111
Add: Technical/ Prudential write-offs during the year	116,974	448,597
Sub-total (A)	3,754,358	3,738,708
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	(7,353)	(101,324)
Closing balance as at end of the year (A-B)	3,747,005	3,637,384

IV. Overseas Assets, NPAs and Revenue
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Total Assets	-	-
Total NPAs	-	-
Total Revenue for the year ended	-	-

V. There have been no Off-balance sheet SPVs sponsored during the financial year. (Previous Year: NIL)

42. Revaluation of Fixed Assets

As at the end of FY 2018-19 the bank had revalued its Freehold Land buildings based on valuations made by independent valuers. The Bank computes depreciation on revalued premises over its estimated remaining useful life and accordingly an amount of Rs. 6,739 thousand (Previous Year: Rs.6,739 thousand) has been accounted as depreciation and reduced from the Revaluation Reserve during FY 2020-21.

43. Software capitalized under Fixed Assets
(Rs. in thousand)

Particulars	March 31, 2021	March 31, 2020
Cost at beginning of the year (gross)	334,565	261,238
Additions during the year	100,334	73,327
Deductions during the year	18,948	-
Depreciation to date	294,842	193,539
Net Block	121,109	141,026

44. Provision Coverage Ratio (PCR)

As on March 31, 2021, the Bank has achieved the PCR ratio of 70.33% with reference to Gross NPA as on that day. (Previous Year: 68.18%).



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
45. Disclosure on Remuneration

Qualitative disclosures	
(a) Information relating to the composition and mandate of the Remuneration Committee.	<p>The Nomination and Remuneration Committee (NRC) is constituted to oversee the framing, review and implementation of compensation policy of the Bank on behalf of the Board. The members of the committee are given below</p> <ol style="list-style-type: none"> 1. Mr. Sanjay Kumar Bhattacharya 2. Mr. Andrew Bainbridge 3. Mr. Shyam Sundar Barik 4. Mr. Umesh Jain
(b) Information relating to the design and structure of remuneration processes and the key features and objectives of Remuneration policy.	<p>The Bank follows the following practices and principles in designing and structuring the remuneration process:- A focus on long-term, risk-adjusted performance and reward mechanism by focusing on performance of the individual employee, the relevant line of business or function and the Bank as a whole. It seeks to drive accountability, and co-relate risk, financial performance and compensation.</p> <p>Key features and Objective of Remuneration policy are: The Bank shall follow a Cash plus Benefits (Fixed Pay plus Benefits) approach in its Compensation framework by providing competitive level of compensation to attract and retain qualified and competent staff members. The compensation should be adjusted for all types of risk.</p>
(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	<p>SBM has in place a robust risk and performance management system to capture, monitor, and control the risks created by its business activities. The goal is to not only manage the risks of the Firm, but also to create a culture of risk awareness, risk quantification and measurement and personal accountability. It seeks to ensure that the potential for any risk-taking by any individual, group, or business is controlled.</p>
(d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.	<p>In determining total compensation, it considers the overall scope of an employee's responsibilities, the performance history of the individual with the Bank, comparisons with other staff within the Firm, external market compensation, and the overall performance of the function and the Bank and Group as whole. The Bank looks at sustained superior performance achieved across multiple factors over multiple time periods.</p>
(e) A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	<p>The variable/performance pay will be fixed at maximum of 50% of the annual fixed pay for all employees except the MD & CEO/WTDs/MRTs. The percentage will be based on the grade of the employee. For the MD & CEO/WTDs/MRTs, 50% of fixed compensation will be target variable and paid on the basis of individual, business-unit and firm-wide performance measures. The total variable pay shall be limited to 300% of fixed pay (for the performance period).</p> <p>Further, 50% of the variable pay shall be deferred over a minimum period of 3 years. In the event of negative contributions of the bank in any year, the deferred compensation will be subject to malus arrangements which permits the bank to prevent vesting</p>

SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Qualitative disclosures	
	of all or part of the amount of a deferred remuneration, but it does not reverse vesting after it has already occurred.
(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms.	There will be a proper balance between the fixed and the variable pay. The proportion of variable pay will be higher at higher levels of responsibility and could be in cash or stock linked instruments or mix of both. If by statute, stock linked instruments cannot be issued, then it will be cash variable pay.

Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)											
(g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Total 5 Nomination and Remuneration Committee meetings were held during FY 2020-21, members were paid remuneration of Rs. 850 thousand (Previous Year: Rs. 450 thousand) for attending the same.										
(h) (i) Number of employees having received a variable remuneration award during the financial year. (ii) Number and total amount of sign-on awards made during the financial year. (iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus (iv) Details of severance pay, in addition to accrued benefits, if any	NIL during FY 2020-21(Previous Year: Nil) NIL during FY 2020-21(Previous Year: Rs. 2700 thousand) - -										
(i) (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in the financial year.	- -										
(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Managing Director and Chief Executive Officer (MD & CEO) Chief Operating Officer (COO) Head – Corporate Banking Head – Retail Banking Head – Treasury <table border="1"> <thead> <tr> <th>Particulars</th><th>(Rs. in thousand)</th></tr> </thead> <tbody> <tr> <td>Fixed</td><td>74,316</td></tr> <tr> <td>Variable</td><td>-</td></tr> <tr> <td>Perquisites</td><td>40</td></tr> <tr> <td>Total</td><td>74,356</td></tr> </tbody> </table>	Particulars	(Rs. in thousand)	Fixed	74,316	Variable	-	Perquisites	40	Total	74,356
Particulars	(Rs. in thousand)										
Fixed	74,316										
Variable	-										
Perquisites	40										
Total	74,356										
(k) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. (ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	- -										



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	-
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46. Disclosure on Remuneration to Non-executive Directors

The Non-Executive Directors are paid remuneration by way of sitting fees for attending meetings of Board and its committees. An amount of Rs. 8,847 thousand (Previous Year: 6,150 thousand) was paid as sitting fees to the Non-Executive Directors during the year.

47. Accounting for leases
1. Financial lease

Bank has not entered into any financial lease in current year as well as previous year.

2. Operating lease

The lease agreement entered pertains to use of premises by the Corporate Office and Branches. There is no sub-lease arrangement.

<i>(Rs. in thousand)</i>		
Particulars	March 31, 2021	March 31, 2020
1. Total future minimum lease payments as at year end:	231,896	286,839
– Not later than one year	73,460	67,114
– Later than one year but not later than five years	144,084	219,725
– Later than five years	14,352	-
2. Lease payments recognized in the Profit and Loss Account in Schedule 16	74,833	45,464

48. Credit Default Swaps

The Bank does not have any Credit Default Swaps during FY 2020-21. (Previous Year: NIL).

49. Intra-Group Exposures

In terms of RBI circular DBOD.No.BP.BC.96/21.06.102/2013-14 dated 11 February 2014, the disclosures on intra-group exposures are as below:

<i>(Rs. in thousand)</i>			
Sr. No.	Particulars	March 31, 2021	March 31, 2020
1	Total amount of intra-group exposures	477,507	205,152
2	Total amount of top-20 intra-group exposures	477,507	205,152
3	Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers*	1.26%	1.22%
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	-	-

*includes bank exposure



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
50. Transfers to Depositor Education and Awareness Fund (DEAF)

In terms of RBI circular DBOD.No.BP.BC.No.8/21.04.018/2014-15 dated 1 July 2014 on disclosures on DEAF are as below:

<i>(Rs. in thousand)</i>		
Particulars	March 31, 2021	March 31, 2020
Opening balance of amounts transferred to DEAF	5,445	4,180
Add : Amounts transferred to DEAF during the year	1,173	1,265
Less : Amounts reimbursed by DEAF towards claims	41	-
Closing balance of amounts transferred to DEAF	6,577	5,445

51. Unhedged Foreign Currency Exposure

The Bank closely monitors the unhedged foreign currency exposures of its corporate clients and also factors this risk into the pricing. The information on the unhedged foreign currency exposures of the corporate is obtained on a quarterly basis and riskiness of the same with respect to the USD – INR exchange rate fluctuation is assessed.

The Bank addresses the currency induced credit risk in a comprehensive manner and the incremental provisioning and capital held by the Bank on account of the same as on 31st March 2021 is as follows:

Incremental Capital maintained by the Bank on account of unhedged foreign currency exposure is Rs 5,155 thousand. (Previous Year: Nil).

Unhedged Foreign Currency Exposure provisions for current year:

<i>(Rs. in thousand)</i>		
Incremental standard asset provision required as per RBI guideline	Outstanding as on March 31, 2021	Incremental standard advance provision as on March 31, 2021
0 bps	26,935,696	-
20 bps	1,558,901	3,118
40 bps	260,372	1,041
60 bps	125,895	755
80 bps	30,038	240

Unhedged Foreign Currency Exposure provisions for previous year:

<i>(Rs. in thousand)</i>		
Incremental standard asset provision required as per RBI guideline	Outstanding as on March 31, 2020	Incremental standard advance provision as on March 31, 2020
0 bps	12,294,687	-
20 bps	-	-
40 bps	-	-
60 bps	-	-
80 bps	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
52. Corporate Social Responsibility

Bank has constituted the Corporate Social Responsibility (CSR) Committee of the Board, in accordance with the provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility) Rules, 2014, as amended.

Bank has incurred average net loss during three immediately preceding financial years therefore provision of CSR relating to spending is not applicable.

The details of CSR expenditure are given below:

Gross amount required to be spent by the company during the year: NIL (Previous Year: NIL)

However, the Bank has spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities Rs. 1,130 thousand (Previous Year: NIL), which comprise of following

(Rs. in thousand)

Sr. No.	Particulars	March 31, 2021			March 31, 2020		
		Amount spent	Amount unpaid/provision	Total Amount	Amount spent	Amount unpaid/provision	Total Amount
(i)	Construction/acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	1,130	-	1,130	-	-	-

53. Liquidity Coverage Ratio

The Basel Committee for Banking Supervision (BCBS) had introduced the Liquidity Coverage Ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. The applicable minimum LCR required to be maintained by banks is 90% as on 31st March 2021.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
FY 2020-21
(Rs. in thousand)

		30 June 2020		30 September 2020		31 December 2020		31 March 2021	
		Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		9,406,294		10,510,384		9,779,840		12,198,334
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	3,172,516	317,252	3,803,809	380,381	5,138,336	513,834	6,163,322	616,332
(i)	Stable deposits	-	-	-	-	-	-	-	-
(ii)	Less stable deposits	3,172,516	317,252	3,803,809	380,381	5,138,336	513,834	6,163,322	616,332
3	Unsecured wholesale funding, of which:	5,012,889	3,609,769	7,038,591	4,681,408	8,127,942	5,231,712	10,889,412	7,410,196
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	5,012,889	3,609,769	7,038,591	4,681,408	8,127,942	5,231,712	10,889,412	7,410,196
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which	1,455,588	258,640	2,180,795	467,319	2,139,927	475,743	3,029,305	597,969
(i)	Outflows related to derivative exposures and other	21,994	21,994	15,525	15,525	24,638	24,638	49,326	49,326
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	1,433,594	236,646	2,165,270	451,794	2,115,288	451,104	2,979,979	548,643
6	Other contractual funding obligations	455,365	455,365	651,344	651,344	785,900	785,900	922,817	922,817
7	Other contingent funding obligations	3,224,211	96,726	4,390,237	131,707	5,623,971	168,719	6,982,737	209,482
8	TOTAL CASH OUTFLOWS		4,737,753		6,312,159		7,175,907		9,756,976
Cash Inflows									
9	Secured lending (e.g. reverse repos)	3,474,286	-	4,671,957	-	3,113,696	-	4,189,222	-
10	Inflows from fully performing exposures	1,196,833	1,196,833	1,617,802	1,419,510	1,714,358	1,339,483	2,263,907	1,767,067
11	Other cash inflows	212,055	117,247	148,784	89,822	377,664	207,059	506,788	268,285
12	TOTAL CASH INFLOWS	4,883,174	1,314,080	6,438,443	1,509,332	5,205,718	1,546,542	6,959,917	2,035,352
13	TOTAL HQLA		9,406,294		10,510,384		9,779,840		12,198,334
14	TOTAL NET CASH OUTFLOWS		3,423,673		4,802,827		5,629,365		7,721,368
15	LIQUIDITY COVERAGE RATIO (%)		274.74%		218.84%		173.73%		157.98%



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
FY 2019-20
(Rs. in thousand)

		30 June 2019		30 September 2019		31 December 2019		31 March 2020	
		Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		5,977,062		6,356,323		5,800,731		5,975,835
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
(i)	Stable deposits	-	-	-	-	-	-	-	-
(ii)	Less stable deposits	4,664,813	466,481	1,940,562	194,056	3,020,939	302,094	3,042,029	304,203
3	Unsecured wholesale funding, of which:	-	-	-	-	-	-	-	-
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	3,405,116	2,871,827	2,808,377	2,084,789	1,897,117	1,345,321	2,792,305	2,048,169
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other	92,796	92,796	36,087	36,087	1,193	1,193	21,278	21,278
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	4,218,907	67,421	1,622,875	49,582	570,259	58,537	1,039,268	136,491
6	Other contractual funding obligations	7,796	7,796	11,712	11,712	659,462	659,462	769,068	769,068
7	Other contingent funding obligations	182,431	5,473	393,314	11,799	1,116,023	33,481	1,894,472	56,834
8	TOTAL CASH OUTFLOWS		3,511,794		2,388,025		2,400,088		3,336,043
Cash Inflows									
9	Secured lending (e.g. reverse repos)	2,491,903	-	2,337,372	-	2,109,339	-	1,569,377	-
10	Inflows from fully performing exposures	559,783	477,418	470,550	418,259	550,483	434,295	653,977	518,089
11	Other cash inflows	1,819,022	1,269,907	939,789	566,390	132,048	68,927	98,498	61,574
12	TOTAL CASH INFLOWS	4,870,708	1,747,325	3,747,711	984,649	2,791,870	503,222	2,321,852	579,663
13	TOTAL HQLA		5,977,062		6,356,323		5,800,731		5,975,835
14	TOTAL NET CASH OUTFLOWS		1,764,469		1,403,376		1,896,866		2,756,380
15	LIQUIDITY COVERAGE RATIO (%)		338.75%		452.93%		305.81%		216.80%



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
Qualitative disclosure

The Reserve Bank of India has prescribed monitoring of sufficiency of Bank's liquid assets using Basel III – Liquidity Coverage Ratio (LCR). The LCR is aimed at measuring and promoting short-term resilience of Banks to potential liquidity disruptions by ensuring maintenance of sufficient high-quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

The ratio comprises of high-quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. HQLA has been divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess CRR, excess SLR and a portion of mandatory SLR as permitted by RBI (under MSF and FALLCR) and Level 2 HQLA which normally contains the liquid Corporate Securities. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in within next 30 days.

For classification of deposits, the Bank segregates its deposits into various customer segments, viz Retail (which includes deposits from individuals), Corporate (which includes deposits from corporates) and Others (which includes all other residuary deposits including from Financial Counterparties).

The Bank has considered the mark-to-market amounts for computing the net cash flows from derivative transactions including the CCIL deals in the LCR computation.

54. Capital Commitment

Capital Commitment outstanding as on March 31, 2021 amounts to Rs. 35,744 thousand. (Previous Year: Rs. 24,705 thousand).

55. Provisioning pertaining to fraud accounts reported as at the end of the year

Particulars	(Rs. in thousand)	
	March 31, 2021	March 31, 2020
Number of frauds reported*	3	-
Amount involved in fraud	559,231	-
Amount involved in fraud net of recoveries/charge-offs as at the end of the year	-	-
Provisions held as at the end of the year	-	-
Un-amortized provision debited from 'other reserves'	-	-

*Fraud accounts mentioned above are written off in the books as at 31st March 2021.

56. Other expenditure:

Details of expenses included in Other Expenditure in Schedule 16, exceeding 1% of the total income are set out below:

Particulars	(Rs. in thousand)	
	FY 2020-21	FY 2019-20
IT expenses	181,038	92,241
Regulatory Penalty	-	30,000



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
57. Priority sector lending certificates

The amount of PSLCs (category wise) sold and purchase during the year:

(Rs. in thousand)

Sr. No.	Type of PSLCs	Purchase	Sale
1	PSLC – Agriculture	-	-
2	PSLC - SF / MF	-	-
3	PSLC - Micro Enterprises	-	-
4	PSLC – General	-	-
	TOTAL	-	-

58. RBI vide its circular dated 18th April 2017, has directed that banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 15 percent of the published net profits after tax for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both. RBI inspection was held for the Financial Year 2019-20 and no divergence was noted in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

59. Previous year's figures have been regrouped / reclassified, wherever considered necessary, in order to make them comparable with figures for the current year.

For M. P. Chitale & Co.

Chartered Accountants

ICAI Firm Registration Number: 101851W



Mrs. Shraddha Jathar

Partner

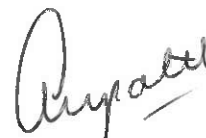
ICAI Membership No. 136908



For SBM Bank (India) Limited



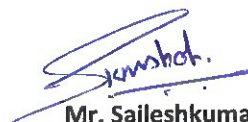
 Mr. Sidharth Rath
 Managing Director &
 Chief Executive Officer



 Mr. Ameet Patel
 Independent Director

Place: Mumbai

Date : June 16, 2021



 Mr. Saileshkumar Shah
 Chief Financial Officer



 Mrs. Bhavana Shinde
 Company Secretary


BALANCE SHEET

	<u>Schedule</u>	Audited As at <u>31-Mar-2020</u> (Amount in Rs.'000)	Audited As at <u>31-Mar-2019</u> (Amount in Rs.'000)
<u>CAPITAL & LIABILITIES</u>			
Capital	1	7,569,584	7,049,584
Reserves & Surplus	2	(1,759,408)	(1,771,705)
Deposits	3	18,300,372	9,841,174
Borrowings	4	150,000	-
Other Liabilities and Provisions	5	753,734	864,201
Total		25,014,282	15,983,254
<u>ASSETS</u>			
Cash and Balances with Reserve Bank of India	6	776,735	300,204
Balances with banks and Money at Call and Short Notice	7	4,346,867	4,402,083
Investments	8	5,678,006	4,023,761
Advances	9	12,662,501	5,748,129
Fixed Assets	10	615,017	622,138
Other Assets	11	935,156	886,939
Total		25,014,282	15,983,254
Contingent Liabilities	12	22,388,896	9,969,649
Bills for Collection		2,213,829	1,871,220
Accounting Policies & Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our attached Report of even date.

For M. P. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 101851W


Ashutosh Pednekar
Partner
ICAI Membership No. 041037



Place : Mumbai
Date : June 29, 2020

For SBM Bank (India) Limited


Mr. Sidharth Rath
Managing Director &
Chief Executive Officer


Mr. Talib Lokhandwala
Chief Financial Officer


Mr. Ameet Patel
Independent Director


Mrs. Mugdha Merchant
Company Secretary



PROFIT AND LOSS ACCOUNT

	<u>Schedule</u>	<u>Year Ended</u> <u>31-Mar-2020</u> <u>(Amount in Rs.'000)</u>	<u>Year Ended</u> <u>31-Mar-2019</u> <u>(Amount in Rs.'000)</u>
I. INCOME			
Interest earned	13	1,267,044	324,093
Other income	14	683,364	35,792
Total		1,950,408	359,885
II. EXPENDITURE			
Interest expended	15	785,184	191,423
Operating expenses	16	878,311	598,807
Provisions & contingencies	17B - (27)	267,877	39,456
Total		1,931,372	829,686
III. PROFIT/LOSS			
Net profit/(loss) for the year		19,036	(469,801)
Profit/(loss) brought forward from previous year		(2,755,330)	(20,888)
Profit/(loss) brought forward on amalgamation by conversion into WOS		-	(2,264,641)
Total		(2,736,294)	(2,755,330)
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		4,759	-
Transfer to Capital Reserve		7,854	-
Transfer to Investment Fluctuation Reserve		6,423	-
Profit remitted to Head Office		-	-
Balance carried over to Balance Sheet		(2,755,330)	(2,755,330)
Total		(2,736,294)	(2,755,330)
V. BASIC AND DILUTED EARNING PER SHARE (INR)	17B - (36)	0.03	(2.15)

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our attached Report of even date.

For M. P. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 101851

Ashutosh Pednekar
Ashutosh Pednekar
Partner
ICAI Membership No. 041037



Place : Mumbai
Date : June 29, 2020

For SBM Bank (India) Limited

Sidharth Rath
Mr. Sidharth Rath
Managing Director &
Chief Executive Officer

Talib Lokhandwala
Mr. Talib Lokhandwala
Chief Financial Officer

Ambet Patel
Mr. Ambet Patel
Independent Director

M.V. Merchant
Mrs. Mugdha Merchant
Company Secretary



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-Mar-2020 (Amount in Rs.'000)	31-Mar-2019 (Amount in Rs.'000)
<u>SCHEDULE 1 : CAPITAL</u>		
Authorised Capital :		
1,000,000,000 equity shares of Rs. 10 each (P.Y. 1,000,000,000)	10,000,000	10,000,000
Issued, subscribed and paid-up capital :		
756,958,418 equity shares of Rs. 10 each (P.Y. 704,958,418)	7,569,584	7,049,584
	7,569,584	7,049,584
Total	7,569,584	7,049,584
<u>SCHEDULE 2 : RESERVES AND SURPLUS</u>		
I. Statutory Reserve		
Opening Balance	359,880	-
Additions on amalgamation by conversion into WOS	-	359,880
Additions during the year	4,759	-
Deductions during the year	-	-
Sub Total	364,639	359,880
II. Capital Reserve		
Opening Balance	58,054	-
Additions on amalgamation by conversion into WOS	-	58,054
Additions during the year	7,854	-
Deductions during the year	-	-
Sub Total	65,908	58,054
III. Retained Earnings		
Opening Balance	320,098	-
Additions on amalgamation by conversion into WOS	-	320,098
Additions during the year	-	-
Deductions during the year	-	-
Sub Total	320,098	320,098
IV. Investment Fluctuation Reserve		
Opening Balance	-	-
Additions on amalgamation by conversion into WOS	-	-
Additions during the year	6,423	-
Deductions during the year	-	-
Sub Total	6,423	-
V. Revaluation Reserve		
Opening Balance	245,593	-
Additions on amalgamation by conversion into WOS	-	146,431
Additions during the year	-	100,733
Deductions during the year	6,739	1,571
Sub Total	238,854	245,593
VI. Balance in Profit and Loss Account	(2,755,330)	(2,755,330)
Total (I + II + III + IV + V)	(1,759,408)	(1,771,705)



SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE 3 : DEPOSITS

	31-Mar-2020 (Amount in Rs.'000)	31-Mar-2019 (Amount in Rs.'000)
A.I. Demand Deposits		
(i) From Banks	13,121	193,627
(ii) From Others	15,28,034	665,204
A.II. Savings Bank Deposits	944,322	493,413
A.III. Term Deposits		
(i) From Banks	266,511	11,112
(ii) From Others	15,548,384	8,477,818
Total	18,300,372	9,841,174
B.I. Deposits of branches in India	18,300,372	9,841,174
B.II. Deposits of branches outside India	-	-
Total	18,300,372	9,841,174

SCHEDULE 4 : BORROWINGS

I. Borrowings in India		
i) Reserve Bank of India	150,000	-
ii) Other Banks	-	-
iii) Other Institutions and Agencies	-	-
Sub Total	150,000	-
II. Borrowings outside India	-	-
Total (I + II)	150,000	-
Secured Borrowings included in I & II above	150,000	-

SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS

I. Bills Payable	9,868	9,142
II Interest Accrued	100,863	6,708
III. Deferred Tax Liability (Net)	-	-
IV. Provision for standard advances (Refer Note 14 - Schedule 17.B)	55,621	67,405
V. Others (including Provisions)	587,382	780,946
Total	753,734	864,201

SCHEDULE 6 : CASH AND BALANCES WITH RBI

I. Cash in Hand (including Foreign Currency Notes - NIL)	24,784	2,252
II. Balances with Reserve Bank of India		
in Current Account	751,951	297,952
in Other Accounts	-	-
Total	776,735	300,204



SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

	31-Mar-2020 (Amount in Rs.'000)	31-Mar-2019 (Amount in Rs.'000)
I. In India		
i) Balances with banks in		
(a) Current Accounts	83,398	3,817
(b) Other Deposit Accounts	-	-
ii) Money at call and short notice		
(a) with Banks	4,160,000	3,491,550
(b) with Other Institutions	-	622,395
Sub Total	4,243,398	4,117,762
II. Outside India		
i) in Current Accounts	103,469	284,321
ii) in Other Deposit Accounts	-	-
iii) in Money at Call and Short Notice	-	-
Sub Total	103,469	284,321
Total (I & II)	4,346,867	4,402,083

SCHEDULE 8 : INVESTMENTS

I. Investments in India in		
i) Government Securities	5,342,571	3,657,985
ii) Other Approved Securities	-	-
iii) Shares	6,970	6,970
iv) Debentures and Bonds	149,959	150,662
v) Subsidiaries and /or Joint Venture	-	-
vi) Others	223,377	223,377
Sub Total	5,722,877	4,038,994
Less: Provision for Diminution	44,871	15,233
Sub Total	5,678,006	4,023,761
II. Investments outside India	-	-
Total (I & II)	5,678,006	4,023,761

SCHEDULE 9 : ADVANCES

A i) Bills Purchased and Discounted	226,441	35,647
ii) Cash Credits, Overdrafts and Loans repayable on Demand	2,373,010	1,295,045
iii) Term loans	10,063,050	4,417,437
Total	12,662,501	5,748,129
B i) Secured by Tangible Assets (includes advances against Book debts)	12,317,770	5,360,834
ii) Covered by Bank / Government Guarantees (includes advance against standby letter of credit)	98,768	159,550
iii) Unsecured	245,963	227,745
Total	12,662,501	5,748,129
C. I Advances in India		
i) Priority Sectors	1,744,015	443,790
ii) Public Sector	-	-
iii) Banks	37,833	223,007
iv) Others	10,880,653	5,081,332
Total	12,662,501	5,748,129
II Advances outside India	-	-
Total (CI & CII)	12,662,501	5,748,129



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-Mar-2020 (Amount in Rs.'000)	31-Mar-2019 (Amount in Rs.'000)
<u>SCHEDULE 10 : FIXED ASSETS</u>		
I. Premises		
At Cost at beginning of year	490,739	-
Additions on amalgamation by conversion into WOS	-	390,006
Additions during the year	-	100,733
Deductions during the year	-	-
Depreciation to date	135,539	125,559
Sub Total	355,200	365,180
II. Other Fixed Assets (including Furniture & Fixtures)		
At Cost at beginning of year	370,226	-
Additions on amalgamation by conversion into WOS	-	345,190
Additions during the year	136,257	25,036
Deductions during the year	2,402	-
Depreciation to date	282,989	168,434
Sub Total	221,092	201,792
III. Capital Work in Progress	38,725	55,166
Total (I, II & III)	615,017	622,138
<u>SCHEDULE 11 : OTHER ASSETS</u>		
I. Inter-Office Adjustment (Net)	-	-
II. Interest Accrued	117,792	44,881
III. Tax paid in Advance / Tax Deducted at Sources (Net of Provisions)	116,363	111,215
IV. Deferred Tax Assets (Net)	-	-
V. Stationery and Stamps	9	13
VI. Others	700,992	730,830
Total	935,156	886,939
<u>SCHEDULE 12 : CONTINGENT LIABILITIES</u>		
I. Claims against the Bank not acknowledged as Debts	92,051	81,818
II. Liability for Partly Paid Investments	-	-
III. Liability on account of outstanding Forward Exchange Contracts & Derivatives	14,512,891	6,931,710
IV. Guarantees given on behalf of Constituents		
a) In India	1,706,476	174,338
b) Outside India	788,379	4,356
V. Acceptances, Endorsements and Other Obligation	761,605	7,332
VI. Other items for which the Bank is Contingently Liable	4,527,494	2,770,095
Total	22,388,896	9,969,649



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	<u>Year Ended</u> <u>31-Mar-2020</u> (Amount in Rs.'000)	<u>Year Ended</u> <u>31-Mar-2019</u> (Amount in Rs.'000)
<u>SCHEDULE 13 : INTEREST EARNED</u>		
I. Interest / Discount on Advances / Bills	781,763	188,731
II. Income on Investments	315,767	91,582
III. Interest on Balances with RBI and Other Inter-Bank Funds	127,277	32,528
IV. Others*	42,237	11,252
Total	1,267,044	324,093
*includes Swap Gain on Funding Swaps		
<u>SCHEDULE 14 : OTHER INCOME</u>		
I. Commission, Exchange and Brokerage	154,946	3,407
II. Profit/(loss) on sale of Investments	30,688	8,821
III. Profit/(loss) on Revaluation of Investments	-	-
IV. Profit/(loss) on sale of Land Building & Other Assets	203	-
V. Profit on Exchange Transactions	33,397	16,300
VI. Income earned by way of Dividends etc. from Companies and / or Joint Ventures in India & Aboard	-	-
VII. Profit/(loss) on Derivative Trade	-	-
VIII. Miscellaneous Income	464,130	7,264
Total	683,364	35,792
<u>SCHEDULE 15 : INTEREST EXPENDED</u>		
I. Interest on Deposits	638,876	157,933
II. Interest on Reserve Bank of India /Inter Bank Borrowings	2,319	20,838
III. Others*	143,989	12,652
Total	785,184	191,423
*includes Swap Cost on Funding Swaps		
<u>SCHEDULE 16 : OPERATING EXPENSES</u>		
I. Payments to and Provision for Employees	393,970	85,108
II. Exchange Commission and Brokerage	-	-
III. Rent, Taxes and Lighting	57,709	14,022
IV. Printing and Stationery	2,680	568
V. Advertisement and Publicity	15,404	6,125
VI. Depreciation on Bank's Property	120,198	30,001
VII. Auditors' Fee	1,635	5,141
VIII. Law charges (incl. Professional Fees)	88,490	19,007
IX. Postages, Telegrams, Telephones, etc.	12,775	957
X. Repairs and Maintenance	5,425	1,070
XI. Insurance	17,538	4,807
XII. Other Expenditure	162,487	432,001
Total	878,311	598,807





SBM Bank (India) Ltd.

STATEMENT OF CASH FLOW

	Particulars	Year Ended March 31, 2020 (Amount in Rs.'000)	Year Ended March 31, 2019 (Amount in Rs.'000)
A	Cash Flow from Operating Activities		
	Net Profit after Taxes	19,036	(469,801)
	Adjustments to profit/(loss) from operations		
	Loss/(Profit) from sale of fixed assets	(203)	-
	Depreciation on Fixed Assets	120,198	30,001
	Specific Provision for NPA	(198,413)	153,057
	Depreciation on Investment	29,638	(1,872)
	Direct Taxes	-	-
	Other Provisions - Deferred tax	-	9,341
	Non performing Advances written off	448,597	-
	Non performing Investments written off	-	-
	Provision for Standard Advances	(11,783)	(119,631)
	Provision for country exposure	(162)	(1,439)
	Provision for Diminution in fair value of restructured accounts	-	-
	Provision for interest capitalised on restructured accounts	-	-
	Sub-Total	406,908	(400,344)
	Changes in working capital		
	(Increase)/Decrease in Investments	(1,683,883)	(732,679)
	(Increase)/Decrease in Advances	(7,164,556)	1,674,514
	(Increase)/Decrease in Other Assets	(48,217)	500,994
	Increase/(Decrease) in Deposits	8,459,198	2,681,592
	Increase/(Decrease) in Borrowings	150,000	(3,381,090)
	Increase/(Decrease) in Other Liabilities	(98,522)	5,843
	Net Cash from Operating Activities before Income Tax	20,928	348,830
	Advance Income tax paid	-	-
	Refund received from Income Tax	-	-
	Net Cash from Operating Activities after Income Tax	20,928	348,830
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets	(119,816)	(66,060)
	Proceeds from sale of Fixed Assets	203	-
	Net Cash used in Investing Activities	(119,613)	(66,060)
C	Cash Flow from Financing Activities		
	Additional capital infused	520,000	480,000
	Net Cash from Financing Activities	520,000	480,000





SBM Bank (India) Ltd.

STATEMENT OF CASH FLOW

	Particulars	Year Ended March 31, 2020 (Amount in Rs.'000)	Year Ended March 31, 2019 (Amount in Rs.'000)
D	Cash and Cash Equivalent at the beginning of the year		
	I. Cash in Hand (including foreign currency notes and gold)	2,252	-
	II Balances with Reserve Bank of India	297,952	-
	III Balances with Banks and Money at Call and Short Notice	4,402,083	-
		4,702,287	-
E	Cash and Cash Equivalent on amalgamation by conversion into WOS		
	I. Cash in Hand (including foreign currency notes and gold)	-	5,743
	II Balances with Reserve Bank of India	-	410,840
	III Balances with Banks and Money at Call and Short Notice	-	3,522,934
		-	3,939,517
F	Cash and Cash Equivalent at the end of the year		
	I. Cash in Hand (including foreign currency notes and gold)	24,784	2,252
	II Balances with Reserve Bank of India	751,951	297,952
	III Balances with Bank and Money at Call and Short Notice	4,346,867	4,402,083
		5,123,602	4,702,287
A	Cash Flow from Operating Activities	20,928	348,830
B	Cash Flow used in Investing Activities	(119,613)	(66,060)
C	Cash Flow from Financing Activities	520,000	480,000
	Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	421,315	762,770
D	Cash and Cash Equivalent at the beginning of the year	4,702,287	-
E	Cash and Cash Equivalent on amalgamation by conversion into WOS	-	3,939,517
F	Cash and Cash Equivalent at the end of the year (A+B+C+D)	5,123,602	4,702,287

Notes on Cash Flow Statement

Cash Flow Statement is prepared under Indirect Method as set out in Accounting Standard 3 - Cash Flow Statements, specified under Section 133 of Companies Act, 2013

As per our attached Report of even date.

For M. P. Chitale & Co.
Chartered Accountants

ICAI Firm Registration No.: 101851W

Ashutosh Pednekar
Ashutosh Pednekar
Partner

ICAI Membership No. 041037



For SBM Bank (India) Limited

Mr. Sidharth Rath
Mr. Sidharth Rath
Managing Director &
Chief Executive Officer

Mr. Talib Lokhandwala
Mr. Talib Lokhandwala
Chief Financial Officer

Mr. Ameet Patel
Mr. Ameet Patel
Independent Director

M.V. Merchant
Mrs. Mugdha Merchant
Company Secretary

M.V. Merchant
Mrs. Mugdha Merchant
Company Secretary

Place : Mumbai
Date : June 29, 2020



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**SCHEDULE 17.A – SIGNIFICANT ACCOUNTING POLICIES****a) Background**

The financial statements for the year ended comprise the accounts of the SBM Bank (India) Limited, ('the Bank') which is incorporated in the India and is a wholly owned subsidiary of SBM (Bank) Holdings Limited, Mauritius ('the Parent'). The Bank is engaged in providing banking and financial services as a banking company governed by the Banking Regulation Act, 1949. The branches of the Bank as at March 31, 2020 are located at Mumbai, Chennai, Hyderabad, Ramachandrapuram, Delhi and Bengaluru.

b) Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India ("RBI") from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read with the Companies (Accounts) Rules 2014 and other relevant provisions of the Companies Act, 2013 ("the Act") and the Companies (Accounting Standards) Rules, 2006 (as amended) to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting and the historical cost convention.

c) Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current or future periods.

d) Revenue recognition

Income and expenses are recognized on accrual basis except as otherwise stated. Interest income is recognized in the Profit and Loss account on accrual basis except in case of interest on non-performing asset which is recognized on receipt basis. Interest income on discounted instruments is recognized over the tenor of the instrument on a straight line basis. Processing Fees, Commission on Letters of Credit and Locker Fees income are recognized upfront on becoming due. Commission on bank guarantees issued is amortized over the period of guarantees.

e) Foreign Exchange Transactions

Income and expenditure items are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies as at the Balance Sheet date are revalued at the year-end rates as notified by Foreign Exchange Dealers Association of India (FEDAI). Net exchange differences arising on the settlement of transactions and on account of assets and liabilities are charged or credited to the Profit and Loss account as prescribed by RBI.

Outstanding forward exchange contracts are revalued at rates of exchange notified by FEDAI and the resulting profits or losses are included in the Profit and Loss account. Guarantees and Acceptances, endorsements and other obligations are stated at the year-end closing rate as notified by FEDAI.

f) Derivatives

Derivatives are financial instruments comprising of forward exchange contracts, interest rate swaps and cross currency swaps which are undertaken for either trading or hedging purposes.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Trading derivatives are marked to market as per the generally accepted practices prevalent in the industry and the resultant unrealized gain or loss is recognized in the Profit and Loss Account, with the corresponding net unrealized amount reflected in Other Assets or Other Liabilities in the Balance Sheet.

Forward Exchange contracts and other derivative contracts which have overdue receivables remaining unpaid for over 90 days or more are classified as non-performing assets and are provided as prescribed by RBI.

The Bank also maintains a general provision on derivative exposures computed as per marked to market value of the contracts in accordance with the RBI guidelines.

The Bank has undertaken Funding swaps to hedge certain loans and deposits. Premium/discount on such funding swaps is recognized as interest income/expense and is amortized on a pro-rata basis over the underlying swap period.

g) Investments

Classification

Investments are classified under "Held to Maturity" (HTM), "Available for Sale" (AFS) and "Held for Trading" (HFT) categories in accordance with RBI norms. For the purpose of disclosure of balance sheet they are classified under 6 groups viz. i) Government Securities, ii) Other Approved Securities, iii) Shares, iv) Debentures and Bonds v) Subsidiaries and / or joint ventures and vi) Other Investments.

Valuation

Investments held under HTM category are carried at acquisition cost. If the acquisition cost is more than the face value, the premium is amortized over the remaining tenor of the investments.

Investments classified under AFS and HFT portfolio are marked to market on daily basis. Investments under AFS and HFT classification are valued as per rates declared by Financial Benchmarks India Pvt. Limited (FBIL) and in accordance with the RBI guidelines. Consequently, net depreciation, if any, under these classifications mentioned in Schedule 8 is provided for in the Profit and Loss account. The net appreciation, if any, under any classification is ignored, except to the extent of depreciation previously provided. The book value of the individual securities is not changed consequent to periodic valuation of investments.

Treasury Bills, Commercial Paper and Certificate of Deposit are valued at carrying cost.

Non-Performing Investments are identified, and provision is made as per RBI guidelines.

The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, Bonds and debentures) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FBIL.

Investment Fluctuation Reserve

In accordance with the RBI Circular DBR.No.BP.BC.102/21.04.048/2017-18, an Investment Fluctuation Reserve was created to protect against systemic impact of sharp increase in the yields on Government Securities. As required by the aforesaid circular the transfer to this reserve shall be lower of the following – i) net profit on sale of investments during the year ; ii) net profit for the year less mandatory appropriations, until the amount of the reserve is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

Transfer of Securities between Classifications

Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines and any such transfer is accounted for at the acquisition cost/book value/market value, whichever is lower, as at the date of transfer. Depreciation, if any, on such transfer is fully provided for.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
Repurchase transactions

Repurchase and reverse repurchase transactions (if any) are accounted in accordance with the prescribed RBI guidelines. The difference between the clean price of the first leg and the second leg is recognized as interest income/expense over the period of the transaction in the Profit and Loss account.

Others

Brokerage, fees and commission on acquisition of securities including money market instruments, are recognized as expenses in Profit and Loss account.

h) Fixed Assets

Office Premises is stated at revalued amount less accumulated depreciation / amortization and all other Fixed Assets are stated at cost less accumulated depreciation / amortization. Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use as at the reporting date

Depreciation on the Fixed Assets is charged on straight-line method over the useful life of the fixed assets prescribed in Schedule II of the Companies Act, 2013. The useful life of the group of fixed assets are given below.

Type of Assets	Useful life as per Companies Act, 2013	Useful life as per Bank's Accounting Policy
Office Premises	60 years	60 years
Office equipment (including Air conditioner)	5 years	5 years
EDP Equipment's, Computers*	6 years	3 years
Software*	6 years	3 years
Furniture & Fixtures	10 years	10 years
Motor Car	8 years	8 years

* As per RBI guidelines

Revaluation of Fixed Assets

Premises are revalued in every five years by an independent valuer to reflect current market valuation. Appreciation, if any, on revaluation is credited to Revaluation Reserve. Depreciation on the revalued portion of asset is adjusted from revaluation reserves.

Impairment of Assets

An asset is considered as impaired when at the balance sheet date, there are indications that the assets may be impaired and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value-in-use). The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized as an expense in the Profit and Loss Account.

i) Advances

- The Bank follows prudential norms formulated by RBI for classifying the assets as Standard, Sub-Standard, Doubtful and Loss assets and are stated at net of the required provision made on such advances.
- Provision for advances classified as Standard, Sub-Standard, Doubtful & Loss assets are made based on management's assessment, subject to minimum provisions as per RBI guidelines.

j) Retirement and employee benefits

- Leave salary** - The employees of the Bank are entitled to carry forward leave balance to the subsequent year. This carried forward balance is en-cashable at the time of either retirement or resignation.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ii) **Gratuity** - The Bank provides for gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent to 15 days' eligible salary payable for each completed year of service if the service is more than 5 years. The Bank accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation. Gratuity fund is being managed by "LIC Group Gratuity Scheme" and any actuarial gain / loss contribution determined by the actuary are charged to Profit and Loss account and are not deferred.

iii) **Provident fund** - In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre-determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.

k) Net Profit / Loss

Profit/Loss for the period is arrived at after providing for non-performing advances, adjustments on valuation of investments, taxes on income, depreciation on fixed assets and other necessary and mandatory provisions.

l) Taxation

Taxes on income are accounted for in accordance with Accounting Standard (AS 22) on "Accounting for Taxes on Income" and comprise current and deferred tax. Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and laws in respect of taxable income for the year, in accordance with the Income tax Act, 1961.

Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. difference that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising on account of carry forward losses and unabsorbed depreciation under tax laws are recognized only if there is virtual certainty of its realization, supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on account of other timing differences are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Bank will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Bank.

m) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Lease transactions are accounted in accordance with AS 19 – Leases issued by ICAI. For operating leases, lease payments are recognized as an expense in the statement of Profit and Loss account on a straight-line basis over the lease term.

n) Accounting for Provisions, Contingent Liabilities and contingent Assets

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long-term contracts. In accordance with Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognizes a provision for material foreseeable losses when it has a present obligation as a result of a past



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are measured based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

In cases where the available information indicates that the loss on the contingency is reasonably possible, but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these contingencies to have a materially adverse effect on its financial results. Contingent assets are neither recognized nor disclosed in the financial statements.

o) Floating and countercyclical provision

Countercyclical provisioning buffers and floating provisions is the specific amount that Bank has set aside in good times. The floating provisions can be used only for contingencies under extraordinary circumstances for making specific provisions in impaired accounts after obtaining board's approval and with prior permission of RBI. The Bank has utilized up to 33 percent and 50 percent of countercyclical provisioning buffer / floating provisions held as on March 31, 2013 and December 31, 2014 respectively, in accordance with RBI Notification dated March 30, 2015. These provisions are considered as part of NPA provisions for the purpose of compliance with the minimum RBI provisioning requirement.

p) Cash Flow Statement

Cash Flow Statement is prepared using the indirect method set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Bank. Cash and Cash Equivalents, consist of Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice (including effect of changes in exchange rates on cash and cash equivalents in foreign currency).

q) Earning per share

Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at the end of the period.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
SCHEDULE 17.B: - NOTES TO THE FINANCIAL STATEMENTS
1. Capital to Risk Assets Ratio (CRAR)

I. The Banks are required to disclose capital adequacy ratio computed under Basel III capital guidelines of the RBI.

(Rs. in thousand)			
Sr. No.	CRAR ratio as per Basel III	March 31, 2020	March 31, 2019
i)	CRAR – Common Equity Tier I	31.48%	47.17%
ii)	CRAR – Tier I Capital	31.48%	47.17%
iii)	CRAR – Tier II Capital	0.96%	1.67%
iv)	Total Capital Ratio (CRAR) (%)	32.44%	48.84%
v)	Percentage of the shareholding of the Government of India in public sector banks	-	-
vi)	Amount of equity capital raised	520,000	7,049,584
vii)	Amount of Additional Tier 1 capital raised; of which Perpetual Non- Cumulative Preference Shares (PNCPS): Perpetual Debt Instruments (PDI) :	-	-
viii)	Amount of Tier 2 capital raised; of which Debt capital instruments: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

2. Investments

(Rs. in thousand)		
Particulars	March 31, 2020	March 31, 2019
1. Value of Investments:		
(i) Gross Value of Investments		
a. In India	5,722,877	4,038,994
b. Outside India	-	-
(ii) Provisions for Depreciation		
a. In India	-	-
- on transfer to securities from AFS to HTM portfolio	-	-
- on securities position	44,871	15,233
b. Outside India	-	-
(iii) Net Value of Investments		
a. In India	5,678,006	4,023,761
b. Outside India	-	-
2. Movement of provision held towards depreciation on investments:		
(i) Opening balance	15,233	-
(ii) Add: Additions on amalgamation by conversion into WOS	-	17,105
(iii) Add: Provision made during the year	29,638	-
(iv) Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on sale of securities)	-	1,872
(v) Closing balance	44,871	15,233



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The net book value of investments held under the three categories, viz. Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) are as under:-

(Rs. in thousand)

Category	As at March 31, 2020		As at March 31, 2019	
	Rs. in thousand	%	Rs. in thousand	%
Held to Maturity	2,395,770	42.19	1,292,718	32.13
Held for Trading	103,830	1.83	-	-
Available for Sale	3,178,406	55.98	2,731,043	67.87
Total	5,678,006	100.00	4,023,761	100.00

3. Repurchase & Reverse Repurchase Agreement Transactions

(Rs. in thousand)

FY 2019-20	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2020
Securities Sold under Repurchase Transactions *				
(i) Government Securities	30,000 [#]	150,000	12,486	150,000
(ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Reverse Repurchase Transactions *				
(i) Government Securities	139,922 [#]	4,530,000	2,138,696	4,160,000
(ii) Corporate Debt Securities	-	-	-	-

* consist of RBI LAF disclosed at face value.

[#] Nil outstanding on any day is ignored for reckoning minimum outstanding.

(Rs. in thousand)

FY 2018-19	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2019
Securities Sold under Repurchase Transactions *				
(i) Government Securities	-	-	-	-
(ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Reverse Repurchase Transactions *				
(i) Government Securities	47,750 [#]	3,420,390	1,420,505	2,610,360
(ii) Corporate Debt Securities	-	-	-	-

* consist of RBI LAF disclosed at face value.

[#] Nil outstanding on any day is ignored for reckoning minimum outstanding.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
4. Non-SLR Investments Portfolio - Issuer Composition of Non-SLR Investments
Balances as at March 31, 2020
(Rs. in thousand)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade securities	Extent of Unrated Securities**	Extent of Unlisted Securities#
1.	PSUs	-	-	-	-	-
2.	FIs	149,959	-	-	-	-
3.	Banks	-	-	-	-	-
4.	Private Corporates	-	-	-	-	-
5.	Subsidiaries/ Joint Ventures	-	-	-	-	-
6.	Others*	230,347	-	-	223,377	-
7.	Provision held towards Depreciation	(44,871)	-	-	-	-
	Total	335,435	-	-	223,377	-

*This includes security receipt received on sale of assets to ARC

**Excludes investments in equity shares in line with extant RBI guidelines.

#Excludes investments in equity shares, security receipts, commercial paper and certificate of deposits in line with extant RBI guidelines.

Balances as at March 31, 2019
(Rs. in thousand)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade securities	Extent of Unrated Securities**	Extent of Unlisted Securities#
1.	PSUs	-	-	-	-	-
2.	FIs	150,662	150,662	-	-	-
3.	Banks	-	-	-	-	-
4.	Private Corporates	-	-	-	-	-
5.	Subsidiaries/ Joint Ventures	-	-	-	-	-
6.	Others*	230,347	-	-	223,377	-
7.	Provision held towards Depreciation	(15,233)	-	-	-	-
	Total	365,776	150,662	-	223,377	-

*This includes security receipt received on sale of assets to ARC

**Excludes investments in equity shares in line with extant RBI guidelines.

#Excludes investments in equity shares, security receipts, commercial paper and certificate of deposits in line with extant RBI guidelines.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
5. Non-Performing Non SLR Investments

Movement in non-performing Non SLR Investment is set out below: -

(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Opening Balance	6,970	-
Additions on amalgamation by conversion into WOS		6,970
Additions during the year since 1 st April	-	-
Reductions on account of write off during the year	-	-
Closing balance	6,970	6,970
Total Provision held	6,970	6,970

6. Sale and Transfers to/ from HTM Category

During the FY 2019-2020, the Bank has not sold / transferred from HTM book to AFS book / HFT book in excess of 5% of book value of investments held at the beginning of the year under HTM category, excluding one-time transfer at the beginning of the year and sale under OMO. Bank has transferred from AFS Book to HTM Book to the extent of Face Value of INR 200,000 thousand during the year (PY: NIL).

7. Forward Rate Agreement / Interest Rate Swap

(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
The notional principal of swap agreements	-	-
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
Collateral required by the Bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps (with Banks)	-	-
The fair value of the swap book [(Payable)/Receivable]	-	-

8. Exchange Traded Interest Rate Derivatives

(Rs. in thousand)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
i.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	-	-
ii.	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	-	-
iii.	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-	-
iv.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
9. Disclosures on risk exposure in derivatives:
a) Qualitative Disclosures
The structure and organization for management of risk in derivatives trading:

Treasury operation is segregated into three different department's viz. front office, mid office and back office. The primary role of front office is to conduct business, that of mid office is to ensure compliance in accordance with set norms and policies and that of back office is to process/settle the transactions.

The Bank has in place policies and procedures, which have been approved by Board of Directors, to ensure adherence to various risk parameters and prudential limits.

The scope and nature of risk measurement, risk reporting and risk monitoring systems:
i. Risk Measurement

For foreign exchange contracts, risk is measured through a daily report called, Value at Risk (VAR), which computes VAR on the forex, gaps using FEDAI VAR factors.

ii. Risk Reporting and Risk monitoring systems:

The Bank has the following reports/systems in place, which are reviewed by the top management:

- VAR
- Net Open Position
- Aggregate Gap Limit (AGL)/Individual Gap Limit (IGL)
- Stop loss limits

iii. The Bank has the following policy paper in place, and approved by its Head Office;

- Market Risk Policy
- Investment Policy
- Asset-Liability Management (ALM) policy

Accounting Policy:

All outstanding derivatives transactions (including forex forwards) are booked as off-balance sheet items. The trading positions are revalued on a marked to market basis whereas the funding/investment swaps follow the accrual basis of accounting.

b) Quantitative Disclosures

(Rs. in thousand)

Sr. No	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2020	March 31, 2020	March 31, 2019	March 31, 2019
1.	Derivatives notional Principal Amount	10,282,422	-	2,497,316	-
	(a) For hedging	7,215,225	-	1,436,479	-
	(b) For trading	3,067,197	-	1,060,837	-
2.	Marked to Market position				
	(a) Asset (+)	252,816	-	17,881	-
	(b) Liability (-)	63,400	-	26,353	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sr. No	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2020	March 31, 2020	March 31, 2019	March 31, 2019
3.	Credit Exposure	236,884	-	67,827	-
4.	Likely impact of one percentage change in Interest Rate (100*PV01)				
	(a) On hedging derivatives	32,498	-	(11,929)	-
	(b) On trading derivatives	363	-	(14,428)	-
5.	Maximum and Minimum of 100*PV01 observed during the year				
	(a) On hedging				
	Maximum	920	-	-	-
	Minimum	1	-	(11,929)	-
	(b) On trading				
	Maximum	34,460	-	18,067	-
	Minimum	10,922	-	(32,495)	-

10. Non-Performing Assets (NPAs)

<i>(Rs. in thousand)</i>		
Particulars	March 31, 2020	March 31, 2019
(i) Net NPAs to Net Advances	2.90%	8.81%
(ii) Movement of Gross NPAs		
(a) Opening balance	1,493,059	-
(b) Additions on amalgamation by conversion into WOS	-	893,128
(c) Additions during the year	211,500	604,323
(d) Reductions during the year	(548,793)	(4,392)
(e) Closing balance	1,155,766	1,493,059
(iii) Movement of Net NPAs		
(a) Opening balance	506,694	-
(b) Additions on amalgamation by conversion into WOS	-	59,820
(c) Additions during the year	-	446,874
(d) Reductions during the year	(138,880)	-
(e) Closing balance	367,814	506,694
(iv) Movement of provisions for NPAs (excluding provision on Standard Assets)		
(a) Opening balance	986,365	-
(b) Additions on amalgamation by conversion into WOS	-	833,308
(c) Provisions made during the year (Gross)	279,301	174,109
(d) Write-off / write-back of excess provisions	(477,714)	(21,052)
(e) Closing balance	787,952	986,365

Note :- Item (iii) & (iv) include the impact of counter cyclical provision and floating provision utilized amounting to Nil during FY 2019-2020 (PY: NIL).

11. Details of loan assets subjected to restructuring.

There was no restructuring during FY 2019-2020 (PY: NIL).



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
12. Details of financial assets sold to Securitization/ Reconstruction Company for Asset reconstruction
A. Details of Sales

(Rs. in thousand)

Particulars		March 31, 2020	March 31, 2019
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

B. Details of Book Value of Investments in Security Receipts

(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
(i) Backed by NPAs sold by the Bank as underlying	223,377	223,377
(ii) Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-
Total	223,377	223,377

FY 2019-2020:

(Rs. in thousand)

Sr. No.	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the Bank as underlying	46,725	176,652	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
Total (i) + (ii)		46,725	176,652	-

FY 2018-2019:

(Rs. in thousand)

Sr. No.	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the Bank as underlying	46,725	176,652	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
Total (i) + (ii)		46,725	176,652	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
13. Details of non-performing financial assets purchased/sold

(Rs. in thousand)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
A.	Details of non-performing financial assets purchased:	-	-
1	a No. of accounts purchased during the year	-	-
	b Aggregate outstanding	-	-
2	a Of these, number of accounts restructured during the year	-	-
	b Aggregate outstanding	-	-
B.	Details of non-performing financial assets sold:		
1	No. of accounts sold	-	-
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-

14. Provisions on Standard Assets

(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Provision on Standard Assets	55,621	67,405

15. Important Financial Ratios

Particulars	March 31, 2020	March 31, 2019
Interest Income as a percentage to Working Funds*	6.88%	6.63%
Non-Interest Income as a percentage to Working Funds*	3.71%	0.73%
Operating Profit as a percentage to Working Funds*	1.56%	(8.81)%
Return on Assets**	0.10%	(9.62)%
Business (Deposits plus Advances) per employee (Rs. in thousand) #	229,837	189,933
Profit / (Loss) per employee (Rs. in thousand)	143	(17,400)

* Working Funds represent monthly average of total assets (excluding accumulated losses) during the year as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949.

** Return on Assets is computed with reference to Average Working Funds (excluding accumulated losses).

Deposits exclude inter-bank deposits.

- All ratios are annualized

16. Asset Liability Management
Maturity pattern of certain items of assets and liabilities as of March 31, 2020

(Rs. in thousand)

Particulars	Day1	2 to 7 days	8 to 14 Days	15 to 30 Days	31 days and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	9,836	-	16,126	-	11,870	-	2,791,630	65,909	5,411,918	1,984,520	2,370,692	12,662,501
Investment in Securities	2,241,551	-	-	-	-	1,876	829,860	1,020,424	1,269,873	4,496	309,926	5,678,006
Deposits	505,671	896,238	280,383	339,131	658,095	762,730	1,869,112	5,469,450	7,442,851	76,710	1	18,300,372



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Borrowings	-	-	-	-	-	-	-	20,000	130,000	-	-	150,000
Foreign Currency Assets	113,305	-	16,126	-	13,339	-	988,011	-	-	-	188,840	1,319,621
Foreign Currency Liabilities	138,801	81,042	4,051	14,150	717	36,535	59,244	3,025,426	3,425,296	51,142	36	6,836,440

Maturity pattern of certain items of assets and liabilities as of March 31, 2019
(Rs. in thousand)

Particulars	Day1	2 to 7 days	8 to 14 Days	15 to 28 Days	29 days and upto 3 months	Over 3 month and upto 6 months	Over 6 month and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	25,808	60,218	17,205	29,675	21,557	36,797	458,060	2,651,296	783,073	1,664,440	5,748,129
Investment in Securities	2,837,350	-	-	-	-	250,907	550,852	333,154	44,528	6,970	4,023,761
Deposits	212,035	362,197	233,973	90,350	1,592,003	1,245,231	2,861,571	3,129,387	114,427	-	9,841,174
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	296,356	1,596,789	-	-	670,520	242,043	864,438	622,395	-	-	4,292,541
Foreign Currency Liabilities	120,496	2,835,616	-	12,429	370,363	274,762	411,084	2,113,992	-	-	6,138,742

The information on maturity pattern has been compiled by the management based on the same estimate and assumptions as that for compiling the returns submitted to the RBI.

17. Exposure to Sensitive Sector
a. Exposure to Real Estate Sector
(Rs. in thousand)

Category	March 31, 2020	March 31, 2019
a) Direct Exposure		
(i) Residential Mortgages	1,081,296	512,071
- of which housing loans up to Rs.15 Lakhs	7,627	1,413
(ii) Commercial Real Estate	620,543	500,000
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	172,469	431,386
Total Exposure to Real Estate Sector	1,874,308	1,443,457



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
b. Exposure to Capital Market
(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
i. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	6,970	6,970
ii. Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	517,250	-
vi. Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	150,000	-
vii. Bridge loans to companies against expected equity flows/issues;	-	-
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix. Financing to stockbrokers for margin trading;	-	-
x. All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	-	-
Total Exposure to Capital Market	674,220	6,970

18. Risk category-wise country exposure

Provision for Country Risk exposure in terms of RBI Circular DBOD.BP.BC.71/21.04.103/2002-03 dated February 19, 2013 is as follows:

(Rs. in thousand)

Risk Category	Exposure (net) as at March 31, 2020	Provision held as at March 31, 2020	Exposure (net) as at March 31, 2019	Provision held as at March 31, 2019
Insignificant	97,129	-	310,105	162
Low	179,471	-	105,664	-
Moderate	65,333	-	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	341,933	-	415,769	

19. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank

During FY 2019-2020, the Bank has not exceeded the single borrower limit or group borrower limit. (PY: NIL).

20. Unsecured Advances

Unsecured advances have been appropriately classified under 'Schedule 9 – Advances'. During FY 2019-20, the Bank has not given loans against intangible securities such as rights, licenses, authority etc., hence no disclosure is required for reporting advances against intangibles.

21. Disclosure of Penalties imposed by RBI

The Reserve Bank of India (RBI) has, by an order dated October 15, 2019, imposed a monetary penalty of Rs. 30,000 thousand on SBM Bank (India) Limited for non-compliance by SBM Bank (Mauritius) Limited (amalgamated with SBM Bank (India) Limited on November 30, 2018) with certain provisions of directions issued by RBI on "Time-bound implementation and strengthening of SWIFT - related operational controls" and "Cyber Security Framework in Banks". This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949, taking into account the failure to adhere to the aforesaid directions issued by RBI. The Bank has paid the said penalty to RBI on October 29, 2019. (PY: NIL).

22. Prior Period Items

There are no prior period items during the FY 2019-2020. (PY: NIL).

23. Description of contingent liabilities

Sr. No.	Contingent Liabilities	Brief
1.	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments is

SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sr. No.	Contingent Liabilities	Brief
		on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Bank is contingently liable	- Value dated purchase of securities - Capital Commitments - Amount deposited with RBI under Depositor Education Awareness Fund

Refer Schedule 12 for amounts relating to contingent liability

24. Contingent Liabilities

Other Item of Contingent Liability includes, Income Tax of Rs. 86,960 thousand (PY: 81,818 thousand) and Service tax of Rs. 5,091 thousand (PY: Nil). The Bank has gone in appeal to Income Tax Appellate Tribunal (ITAT) and High Court against the income tax assessment order of the department for AY 1996-97, 1997-98, 1999-00 to 2008-09, 2012-13 and 2013-14. The appeals are pending for the final outcome of the ITAT and high court and the Bank is expecting favourable judicial decisions.

25. Provision for Long Term contracts

The Bank has assessed its long-term contracts (including Derivative Contracts) for material foreseeable losses and made adequate provisions in the books of accounts, under any law/accounting standards wherever applicable and disclosed the same under the relevant notes in the financial statements.

26. Deferred Tax

In accordance with AS-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India (ICAI), the Bank has recognized Deferred Tax Assets on such timing differences where there is a reasonable certainty that such deferred tax assets can be reversed against the deferred tax liability. Deferred tax asset on accumulated carry forward business losses and depreciation is not recognized as there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized."

The major composition of Deferred Tax Liabilities (DTL) & Deferred Tax Assets (DTA) is as under:

<i>(Rs. in thousand)</i>			
Sr. No.	Particulars	March 31, 2020	March 31, 2019
A.	DTA :		
(i)	Provision for Loan Losses, Floating Provision and counter cyclical provision	104,868	117,115
(ii)	Provision for Standard Advances	7,403	8,003
(iii)	Provision for Funded Interest Term Loan	-	-
(iv)	Disallowed Expenses	8,687	5,398
(v)	Unabsorbed Losses	-	-
	Total DTA	120,958	130,516
B.	DTL :		
(i)	Depreciation on Fixed Assets	(120,958)	(130,516)
	Total DTL	(120,958)	(130,516)
C.	NET DTL / (DTA)	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
27. Provisions & Contingencies
(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Depreciation on Investments	29,638	(1,872)
Provision towards Non-Performing Assets / Investment (net of write-backs)	250,184	153,057
Provision for Standard Assets	(11,783)	(119,631)
Provision for Income Tax (including Deferred Tax)	-	9,341
Provisions for diminution in fair value Restructured Advances	-	-
Provision for Country Risk	(162)	(1,439)
Provision for interest capitalized on restructured accounts	-	-
Total	267,877	39,456

28. There was no instance of SGL bouncing during FY 2019-2020. (PY: NIL).

29. Letter of Comfort/ Undertaking (LOCs/ LOUs) issued

There were NIL LOCs/LOUs outstanding as of March 31, 2020. (PY: NIL).

30. Draw down from Reserves

During FY 2019-2020, there has been no drawdown from Reserves. Also Refer Schedule 2 – Reserves and Surplus. (PY: NIL).

31. Disclosure of Complaints / Unimplemented awards of banking ombudsmen

In accordance with RBI circular DBOD. No. Leg. BC.9/09.076/2009-10 dated July 01, 2009 details of customer complaints and awards passed by Banking Ombudsman are as follows:

a. Customer Complaints

	Particulars	March 31, 2020	March 31, 2019
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	74	-
(c)	No. of complaints redressed during the year	72	-
(d)	No. of complaints pending as at the end of the year	2	-

b. Awards passed by the Banking Ombudsman

	Particulars	March 31, 2020	March 31, 2019
(a)	No. of unimplemented Awards at the beginning of the year	-	-
(b)	No. of Awards passed by Banking Ombudsman during the year	-	-
(c)	No. of Awards implemented during the year	-	-
(d)	No. of unimplemented Awards Pending as at the end of the year	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
32. Segment Reporting
Part A: Business Segments

In accordance with RBI guidelines, the Bank has identified the following three primary segments: Treasury, Corporate Banking and Retail Banking. These segments are identified based on nature of services provided, risk and returns, organizational structure of the Bank and the internal financial reporting system.

Treasury Operations: Undertakes Derivative Trading, Money Market Operations, and Investment in Bonds, Treasury Bills, Government Securities, CP, CD and Foreign Exchange Operations. The revenue of this segment consist of interest earned on funding, investment income and gains on Government Securities, CP, CD's and debenture / bonds, profits / loss on exchange and derivative transactions. The principal expenses of this segment consist of cost of funds, personnel cost, other direct overheads and allocated expenses.

Corporate Banking: Primarily comprises of funded advances to Corporate. Revenues of this segment consist of interest earned on loans made to corporate clients, interest earned on cash float and fees received from fee-based activities like letter of credit, guarantee etc. The principal expenses of this segment consist of interest expenses on funds borrowed allocated based on personnel costs and allocated expenses.

Retail Banking: Consists of revenue arising out of personal loan, housing loan, etc.

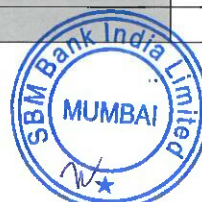
FY 2019-2020
(Rs. in thousand)

Business Segments	Corporate	Treasury	Retail	Total
Revenue	970,535	549,367	73,640	1,593,542
Results	34,766	116,112	(76,866)	74,012
Un-allocable Expense**				(54,976)
Operating Profit				19,036
Income Taxes				-
Extraordinary Profit/Loss				-
Net profit/(Loss)				19,036
Other Information				
Segment Assets	12,242,724	11,413,047	1,127,856	24,783,627
Un-allocable Assets				230,655
Total Assets				25,014,282
Segment Liabilities	11,143,357	3,742,203	10,097,169	24,982,729
Un-allocable Liabilities				31,553
Total Liabilities				25,014,282
Capital expenditure during FY 2019-2020				38,725
Depreciation expenditure during FY 2019-2020				120,198

** includes regulatory penalty of Rs. 30,000 thousand.

FY 2018-2019
(Rs. in thousand)

Business Segments	Corporate	Treasury	Retail	Total
Revenue	185,509	160,483	13,892	359,884
Results	77,131	(31,813)	(38,824)	6,494
Un-allocable Expense**				(476,295)
Operating Profit				(469,801)
Income Taxes				-
Extraordinary Profit/Loss				-
Net profit/(Loss)				(469,801)



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Business Segments	Corporate	Treasury	Retail	Total
Other Information				
Segment Assets	5,472,080	9,704,995	599,672	15,776,747
Un-allocable Assets				206,507
Total Assets				15,983,254
Segment Liabilities	2,615,475	3,484,983	9,876,023	15,976,481
Un-allocable Liabilities				6,773
Total Liabilities				15,983,254
Capital expenditure during FY 2018-2019				55,166
Depreciation expenditure during FY 2018-2019				30,001

** includes provision for Cyber Fraud Rs. 396,653 thousand.

Part B: Geographic Segments

The Bank operates as a single unit in India and as such has no identifiable geographical segments subject to dissimilar risks and returns. Hence, no information relating to geographical segments are presented.

Notes for segment reporting:

- In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.
- Assets, liabilities, income and expenses which cannot be allocated to any segments have been classified as unallocated. The unallocated liabilities include TDS on vendor payments and service tax payable. The unallocated assets include taxes and capital work in progress. The unallocated expenses include IT expenses, repairs and maintenance, rent, conveyance, etc.

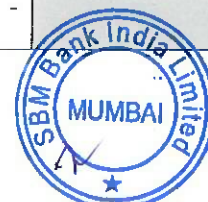
33. Disclosure under Employee Benefits – Revised Accounting Standard 15

- The contribution to employees Provident Fund amounted to Rs. 34,122 thousand for the year ended March 31, 2020. (PY: Rs. 6,259 thousand for the period December 1, 2018 to March 31, 2019).
- The Bank has a policy to pay leave encashment to employees either at the time of resignation or on their retirement.
- The Bank does not have pension scheme for its employees. However, the Bank contributes up to 10% of eligible employees' salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Bank recognizes such contributions as an expense in the year when an employee renders the related service. Such contribution for the year is Rs. 2,759 thousand. (PY: Rs. 291.37 thousand for the period December 1, 2018 to March 31, 2019).
- The Bank expects to contribute Rs. 1.45 crore to gratuity fund in financial year 2020-2021.

I) Change in the Present value of Projected Benefit Obligation:

(Rs. in thousand)

	March 31, 2020	March 31, 2019
Present Value of Benefit Obligation at the Beginning of the year	26,145	-
Interest Cost	1,971	642
Current Service Cost	6,668	1,617
(Benefit paid from the Fund)	(4,185)	-
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	24,451
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	March 31, 2020	March 31, 2019
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(3,946)	-
Actuarial (Gains)/Losses on Obligations - Due to Experience	3,635	(565)
Present Value of Benefit Obligation at the End of the year	30,288	26,145

II) Change in the Fair Value of Plan Assets:
(Rs. in thousand)

	March 31, 2020	March 31, 2019
Fair Value of Plan Assets at the Beginning of the year	17,660	-
Expected Return on Plan Assets	1,332	450
Contributions by the Employer	-	17,161
Assets Transferred In/Acquisitions	4,454	-
(Benefit Paid from the Fund)	(4,186)	-
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(181)	49
Fair Value of Plan Assets at the End of the year	19,079	17,660

III) Actuarial (Gains)/Losses Recognized in the Profit and Loss Account:
(Rs. in thousand)

	March 31, 2020	March 31, 2019
Actuarial (Gains)/Losses on Obligation for the year	(311)	(565)
Actuarial (Gains)/Losses on Plan Asset for the year	181	(49)
Actuarial (Gains)/Losses Recognized in the Profit or Loss Account	(129)	(614)

IV) Actual Return on Plan Assets:
(Rs. in thousand)

	March 31, 2020	March 31, 2019
Expected Return on Plan Assets	1,332	450
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(181)	49
Actual Return on Plan Assets	1,151	499

V) Amount Recognized in the Balance Sheet:
(Rs. in thousand)

	March 31, 2020	March 31, 2019
(Present Value of Benefit Obligation at the end of the year)	(30,288)	(26,145)
Fair Value of Plan Assets at the end of the year	19,079	17,660
Funded Status (Surplus/ (Deficit))	(11,209)	(8,485)
Unrecognized Past Service Cost at the end of the year	-	-
Net (Liability)/Asset Recognized in the Balance Sheet	(11,209)	(8,485)

VI) Net Interest Cost:
(Rs. in thousand)

	March 31, 2020	March 31, 2019
Present Value of Benefit Obligation at the Beginning of the year	26,145	-
(Fair Value of Plan Assets at the Beginning of the year)	(17,660)	-
Net Liability/(Asset) at the Beginning	8,485	-
Interest Cost	1,971	642
(Expected Return on Plan Assets)	(1,332)	(450)
Net Interest Cost for Current Year	639	192



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
VII) Expenses Recognized in the Profit or Loss Account:
(Rs. in thousand)

	March 31, 2020	March 31, 2019
Current Service Cost	6,668	1,617
Net Interest Cost	639	192
Actuarial (Gains)/Losses	(129)	(614)
Past Service Cost - Vested Benefit Recognized During the year	-	-
Expenses Recognized in the Profit or Loss Account	7,178	1,195

VIII) Balance Sheet Reconciliation:
(Rs. in thousand)

	March 31, 2020	March 31, 2019
Opening Net Liability	8,485	-
Expense Recognized in Profit or Loss Account	7,178	1,195
Net Liability/(Asset) Transfer In	-	7,290
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(4,454)	-
Net Liability/(Asset) Recognized in the Balance Sheet	11,209	8,485

IX) Category of Assets:
(Rs. in thousand)

	March 31, 2020	March 31, 2019
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	19,079	17,660
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	19,079	17,660

Actuarial assumptions:

	March 31, 2020	March 31, 2019
Expected Return on Plan Assets	6.84%	7.54%
Rate of Discounting	6.84%	7.54%
Rate of Salary Increase	6.88%	9.85%
Rate of Employee Turnover	6%	6%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
Experience Adjustments:
(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Plan Assets	19,079	17,660
Defined Benefit Obligation	30,288	26,145
Surplus / (Deficit)	11,209	8,485
Experience adjustment gain / (loss) on plan assets	(181)	49
Experience adjustment (gain) / loss on plan liabilities	3,635	(565)

34. Related Party Transactions

Related Party Transactions in terms of AS-18 on "Related Party Disclosures" are disclosed below:

Relationship during FY 2019-20:

1	Ultimate Parent	SBM Holdings Limited
2	Parent	SBM (Bank) Holdings Limited
3	Subsidiaries of Parent	SBM Bank (Mauritius) Limited SBM Bank (Kenya) Limited
4	Key Management Personnel	a. Board of Directors b. Managing Director & Chief Executive Officer – Sidharth Rath c. Chief Finance Officer – Talib Lokhandwala d. Company Secretary – Sanchita Kapoor* e. Chief Information Officer / Chief Operations Office – Rajeev Panikant f. Head of Corporate Banking – Dipak Agarwal g. Head of Treasury – Mandar Pitale

* Company Secretary of the Bank vacated the office on December 09, 2019 and ceased to be a Key Management Personnel since the day.

Transactions during the FY 2019-20:
(Rs. in thousand)

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- ding	Maximum Balance	Outstan- ding	Maximum Balance	Outstan- ding	Maximum Balance	Outstan- ding	Maximum Balance
Liabilities								
Deposit	-	-	60,309	658,855	14,275	14,275	74,584	673,130
Borrowings	-	-	-	493,850	-	-	-	493,850
Interest payable	-	-	-	-	-	-	-	-
MTM loss on FX forwards	-	-	-	-	-	-	-	-
Payable to group	240,424	240,424	-	-	-	-	240,424	240,424
Total	240,424	240,424	60,309	1,152,705	14,275	14,275	315,008	1,407,404



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance
Assets								
Lending	-	-	-	-	7,377	7,377	7,377	7,377
Balances with Bank	-	-	4,218	6,906	-	-	4,218	6,906
Interest receivable	-	-	-	-	38	38	38	38
MTM gain on FX forwards	-	-	-	-	-	-	-	-
Total	-	-	4,218	6,906	7,415	7,415	11,633	14,321
Off Balance Sheet items								
FX Forwards	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Particulars	Parent	Subsidiaries of the Parent	Key Management Personnel	Total
Profit & Loss Account Items				
Interest Received	-	-	264	264
Interest Paid	-	89	550	539
Fees Paid	-	-	6,150	6,150
Salary Cost	-	-	60,191	60,191

Transactions during the FY 2018-19:
(Rs. in thousand)

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance
Liabilities								
Deposit	-	-	263,284	760,278	1,645	1,645	264,928	760,278
Borrowings	-	-	-	1,563,760	-	-	-	1,563,760
Interest payable	-	-	-	-	-	-	-	-
MTM loss on FX forwards	-	-	-	-	-	-	-	-
Payable to group	216,922	216,922	-	-	-	-	216,922	216,922
Total	216,922	216,922	263,284	2,324,038	1,645	1,645	481,850	2,540,960
Assets								
Lending	-	-	-	104,663	-	-	-	104,663
Balances with Bank	-	-	2,165	-	-	-	2,165	-
Interest receivable	-	-	-	-	-	-	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance	Outstan- -ding	Maximum Balance
MTM gain on FX forwards	-	-	-	-	-	-	-	-
Total	-	-	2,165	104,663	-	-	2,165	104,663
Off Balance Sheet Items								
FX Forwards	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Particulars	Parent	Subsidiaries of the Parent	Key Management Personnel	Total
Profit & Loss Account Items				
Interest Received	-	-	-	-
Interest Paid	-	15,379	57	15,436
Fees Paid	-	-	3,098	3,098
Salary Cost	-	-	11,313	11,313

35. Impairment of Assets

There is no impairment of any of the fixed assets and as such no provision is required as per AS-28 on "Impairment of Assets" issued by the ICAI.

36. Earnings Per Share

Particulars	31-Mar-20	31-Mar-19
Net profit after tax	19,036	(469,801)
Weighted average number of equity shares outstanding	735,931,096	218,049,229
Basic and diluted earnings per share in INR	0.03	(2.15)

37. COVID -19

The SARS-CoV2 virus responsible for Covid-19 continues to spread across the globe and India. This has resulted in a significant decline and volatility in global and Indian markets and economic activity. Implementation of lockdown and extensions has resulted in disruptions of business and common life. With situation still unfolding, it is difficult to predict time horizons to gauge the impact.

While Bank is continuously engaged and taking updates from all the borrowers on a frequent basis irrespective of the sectors they are operating in, companies categorized in the high-risk segment are being monitored closely.

Classification and provisioning under RBI COVID -19 Regulatory Package

Based on RBI guidelines dated April 17, 2020 announcing certain regulatory measures in the wake of the disruptions on account of COVID-19 pandemic and the consequent asset classification and provisioning norms, Bank has released the Board approved policy to provide relief to all eligible borrowers including providing moratorium of three months on payment of instalments and easing of WC financing in terms of reassessment of drawing power & the Working Capital cycle.

Subsequently, based on updated RBI guidelines on COVID from RBI dated May 23, 2020, Bank has put up a policy to Board pertaining to approval for further moratorium of three months to companies, carving of interest into FITL and the repayment period thereof, and reassessment of drawing power & the Working Capital cycle. Based on the approval from board, these will be implemented for our clients on case to case basis.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Respective amounts in Special Mention Account (SMA) / overdue categories, where the moratorium / deferment was extended, in terms of paragraph 2 and 3, in accordance with the regulatory package announced by the Reserve Bank of India, the Bank has extended the option of moratorium to its borrowers for their instalments.

In line with the RBI guidelines issued on March 27, 2020, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded from the number of days past-due for the purpose of asset classification. The Bank has maintained requisite provisioning, wherever necessary, in accordance with above-mentioned guidelines.

(Rs. in thousand)

Moratorium / deferment extended in respect of SMA/ Overdue accounts	No. of accounts	O/s Amount (Fund Based)
SMA 0	3	21,420
SMA 1	-	-
SMA 2	-	-
Total	3	21,420

38. Counter Cyclical / Floating Provisions

(Rs. in thousand)

Particulars	March 31, 2020		March 31, 2019	
	Counter cyclical	Floating	Counter cyclical	Floating
Opening Balance in floating provision	19,068	6,007	-	-
Add- Additions on amalgamation by conversion into WOS	-	-	19,068	6,007
Add- Provision made during the year	-	-	-	-
Less- Provision utilize during the year for specific provision	-	-	-	-
Closing balance in floating provision	19,068	6,007	19,068	6,007

39. Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act 2006 which came into force from October 02, 2006 certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on information provided by the Bank which has been relied upon by the auditors.

40. The Bank has not undertaken bancassurance business during FY 2019-20. (PY: NIL).

41. Concentration of Deposits, Advances, Exposures and NPAs
I. Concentration of Deposits

(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Total deposits of twenty largest depositors	7,871,213	5,881,749
Percentage of Deposits to twenty largest depositors to total deposits of the Bank	43.01%	59.77%



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
Concentration of Advances*
(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Total advances to twenty largest borrowers	8,407,751	5,335,780
Percentage of Advances to twenty largest borrowers to total advances of the Bank	51.44%	79.89%

Concentration of Exposures*
(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Total Exposures to twenty largest borrowers / customers	8,407,751	5,477,708
Percentage of Exposures to twenty largest borrowers / Customers to Total Exposures of the Bank on borrowers / Customers	50.27%	77.59%

*Excluding banking exposures

Concentration of NPA
(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Total Exposure of top Four NPA accounts	1,048,097	1,323,878

II. Sector wise Advances
(Rs. in thousand)

Sl. No.	Sector	FY 2019-20			FY 2018-19		
		Outstanding Total Gross Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Gross Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	1,014,015	-	0%	-	-	0%
2	Advances to industries sector eligible as priority sector lending	245,883	245,883	100%	760,105	760,105	100%
3	Services	730,000	-	0%	401,910	-	0%
4	Personal loans	2,225	-	0%	-	-	0%
	Sub-total (A)	1,992,123	245,883	12.34%	1,162,015	760,105	65.41%
B	Non-Priority Sector						
1	Agriculture and allied activities	-	-	0%	-	-	0%
2	Industry	7,172,860	897,862	12.52%	2,464,034	687,996	27.92%
3	Services	3,074,434	-	0%	1,531,324	-	0%
4	Personal loans	1,211,036	12,021	0.99%	1,577,120	44,958	2.85%
	Sub-total (B)	11,458,330	909,883	7.94%	5,572,478	732,954	13.15%
	Total (A+B)	13,450,453	1,155,766	8.59%	6,734,493	1,493,059	22.17%



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
III. a) Movement of Gross NPAs
(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Opening balance of Gross NPAs	1,493,059	-
Add: Additions on amalgamation by conversion into WOS	-	893,128
Add: Additions during the year	211,500	604,323
Sub-total (A)	1,704,599	1,497,451
Less:		
i. Upgradations	-	-
ii. Recoveries (excluding recoveries made from upgraded accounts)	(100,196)	(4,392)
iii. Write-offs	(448,597)	-
Sub-total (B)	(548,793)	(4,392)
Closing balance of Gross NPAs (A-B)	1,155,766	1,493,059

b)
(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Opening balance of Technical/ Prudential written-off accounts	3,290,111	-
Add: Additions on amalgamation by conversion into WOS	-	3,295,000
Add: Technical/ Prudential write-offs during the year	448,597	-
Sub-total (A)	3,738,708	3,295,000
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	(101,324)	(4,889)
Closing balance as at end of the year (A-B)	3,637,384	3,290,111

IV. Overseas Assets, NPAs and Revenue
(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Total Assets	-	-
Total NPAs	-	-
Total Revenue for the year ended	-	-

V. Off-balance sheet SPVs sponsored - NIL
42. Revaluation of Fixed Assets

The Bank computes depreciation on revalued premises over its estimated remaining useful life and accordingly an amount of Rs. 6,700 thousand (PY: Rs. 1,571 thousand) have been accounted as depreciation and reduced from the Revaluation Reserve during FY 2019-20.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
43. Software capitalized under Fixed Assets
(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Cost at beginning of the year	261,238	-
Additions on amalgamation by conversion into WOS	-	238,332
Additions during the year	73,327	22,906
Deductions during the year	-	-
Depreciation to date	193,539	98,315
Net Block	141,026	162,923

44. Provision Coverage Ratio (PCR)

As on March 31, 2020, the Bank has achieved the PCR ratio of 68.18% with reference to Gross NPA as on that day. (PY: 64.38%).

45. Disclosure on Remuneration

Qualitative disclosures	
(a) Information relating to the composition and mandate of the Remuneration Committee.	<p>The remuneration committee is constituted to oversee the framing, review and implementation of compensation policy of the Bank on behalf of the board. The members of the committee are given below</p> <ol style="list-style-type: none"> 1. Mr. Sanjay Kumar Bhattacharya 2. Mr. Andrew Bainbridge 3. Mr. Shyam Sundar Barik
(b) Information relating to the design and structure of remuneration processes and the key features and objectives of Remuneration policy.	<p>The Bank follows the following practices and principles in designing and structuring the remuneration process:-</p> <p>A focus on long-term, risk-adjusted performance and reward mechanism by focusing on performance of the individual employee, the relevant line of business or function and the Bank as a whole. It seeks to drive accountability, and co-relate risk, financial performance and compensation.</p> <p>Key features and Objective of Remuneration policy are: The Bank shall follow a Cash plus Benefits (Fixed Pay plus Benefits) approach in its Compensation framework by providing competitive level of compensation to attract and retain qualified and competent staff members. The compensation should be adjusted for all types of risk.</p>
(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	<p>SBM has in place a robust risk and performance management system to capture, monitor, and control the risks created by its business activities. The goal is to not only manage the risks of the Firm, but also to create a culture of risk awareness, risk quantification and measurement and personal accountability. It seeks to ensure that the potential for any risk-taking by any individual, group, or business is controlled.</p>
(d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.	<p>In determining total compensation, it considers the overall scope of an employee's responsibilities, the performance history of the individual with the Bank, comparisons with other staff within the Firm, external market compensation, and overall</p>

SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Qualitative disclosures	
	performance of the function and the Bank and Group as whole. The Bank looks at sustained superior performance achieved across multiple factors over multiple time periods.
(e) A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	The variable/performance pay shall not exceed 70% of the fixed pay for the year. In case where the variable pay constitutes a substantial portion of the fixed pay, i.e. 50% or more, then an appropriate portion of the variable pay, i.e. around 50% of the variable pay will be deferred over a minimum period of 3 years. In the event of negative contributions of the Bank in any year, the deferred compensation will be subject to malus arrangements which permits the Bank to prevent vesting of all or part of the amount of a deferred remuneration, but it does not reverse vesting after it has already occurred.
(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms.	There will be a proper balance between the fixed and the variable pay. The variable pay shall not exceed 70% of the fixed pay for the year. The proportion of variable pay will be higher at higher levels of responsibility and could be in cash, or stock linked instruments or mix of both.

Quantitative disclosures											
(The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)											
(g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Total 3 Remuneration Committee meetings were held during FY 2019-20, members were paid remuneration of Rs. 450 thousand for attending the same.										
(h)											
(i) Number of employees having received a variable remuneration award during the financial year.	NIL during FY 2019-20										
(ii) Number and total amount of sign-on awards made during the financial year.	During the year, only one employee was paid the sign-on bonus amounting to Rs. 2,700 thousand.										
(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	-										
(iv) Details of severance pay, in addition to accrued benefits, if any	-										
(i)											
(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	-										
(ii) Total amount of deferred remuneration paid out in the financial year.	-										
(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Managing Director and Chief Executive Officer (MD & CEO) Chief Operations Officer (COO) Head – Corporate Banking Head – Retail Banking Head – Treasury										
	<table> <tr> <th>Particulars</th><th>(Rs. in thousand)</th></tr> <tr> <td>Fixed</td><td>64,166</td></tr> <tr> <td>Variable</td><td>-</td></tr> <tr> <td>Perquisites</td><td>40</td></tr> <tr> <td>TOTAL</td><td>64,206</td></tr> </table>	Particulars	(Rs. in thousand)	Fixed	64,166	Variable	-	Perquisites	40	TOTAL	64,206
Particulars	(Rs. in thousand)										
Fixed	64,166										
Variable	-										
Perquisites	40										
TOTAL	64,206										



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(k)	
(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-
(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	-
(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	-

46. Disclosure on Remuneration to Non-executive Directors

The Non-Executive Directors are paid remuneration by way of sitting fees for attending meetings of Board and its committees. An amount of Rs. 6,150 thousand was paid as sitting fees to the Non-Executive Directors during the year.

47. Accounting for leases
1. Financial lease

Bank has not entered into any financial lease in current year as well as previous year.

2. Operating lease

The lease agreement entered into pertains to use of premises by the Corporate Office, Branch and Residential House. There are no sub-lease arrangements.

<i>(Rs. in thousand)</i>		
Particulars	March 31, 2020	March 31, 2019
1. Total future minimum lease payments as at year end:	286,839	105,168
– Not later than one year	67,114	20,203
– Later than one year but not later than five years	219,725	84,965
– Later than five years	-	-
2. Lease payments recognized in the Profit and Loss Account in Schedule 16	45,464	4,716

48. Credit Default Swaps

The Bank does not have any Credit Default Swaps during FY 2019-20. (PY: NIL).

49. Intra-Group Exposures

In terms of RBI circular DBOD.No.BP.BC.96/21.06.102/2013-14 dated 11 February 2014, the disclosures on intra-group exposures are as below:

<i>(Rs. in thousand)</i>			
Sr. No.	Particulars	March 31, 2020	March 31, 2019
1	Total amount of intra-group exposures	205,152	103,500
2	Total amount of top-20 intra-group exposures	205,152	103,500
3	Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers	-	-
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
50. Transfers to Depositor Education and Awareness Fund (DEAF)

In terms of RBI circular DBOD.No.BP.BC.No.8/21.04.018/2014-15 dated 1 July 2014 on disclosures on DEAF are as below:

(Rs. in thousand)

Particulars	March 31, 2020	March 31, 2019
Opening balance of amounts transferred to DEAF	4,180	-
Additions on amalgamation by conversion into WOS	-	3,542
Add : Amounts transferred to DEAF during the year	1,265	638
Less : Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	5,445	4,180

51. Unhedged Foreign Currency Exposure

The Bank closely monitors the unhedged foreign currency exposures of its corporate clients and also factors this risk into the pricing. The information on the unhedged foreign currency exposures of the corporate is obtained on a quarterly basis and riskiness of the same with respect to the USD – INR exchange rate fluctuation is assessed.

The Bank addresses the currency induced credit risk in a comprehensive manner and the incremental provisioning and capital held by the Bank on account of the same as on 31st March 2020 is as follows:

Incremental Capital maintained by the Bank on account of unhedged foreign currency exposure is Nil. (PY: Rs 1,110 thousand).

Unhedged Foreign Currency Exposure provisions for current year:

(Rs. in thousand)

Incremental standard asset provision required as per RBI guideline	Outstanding as on March 31, 2020	Incremental standard advance provision as on March 31, 2020
0 bps	12,294,687	-
20 bps	-	-
40 bps	-	-
60 bps	-	-
80 bps	-	-

Unhedged Foreign Currency Exposure provisions for previous year:

(Rs. in thousand)

Incremental standard asset provision required as per RBI guideline	Outstanding as on March 31, 2019	Incremental standard advance provision as on March 31, 2019
0 bps	4,963,815	-
20 bps	-	-
40 bps	277,619	1,110
60 bps	-	-
80 bps	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
52. Liquidity Coverage Ratio
(Rs. in thousand)
FY 2019-20

		30 June 2019		30 September 2019		31 December 2019		31 March 2020	
		Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		5,977,062		6,356,323		5,800,731		5,975,835
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
(i)	Stable deposits**	-	-	-	-	-	-	-	-
(ii)	Less stable deposits	4,664,813	466,481	1,940,562	194,056	3,020,939	302,094	3,042,029	304,203
3	Unsecured wholesale funding, of which:	-	-	-	-	-	-	-	-
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	3,405,116	2,871,827	2,808,377	2,084,789	1,897,117	1,345,321	2,792,305	2,048,169
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other	92,796	92,796	36,087	36,087	1,193	1,193	21,278	21,278
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	4,218,907	67,421	1,622,875	49,582	570,259	58,537	1,039,268	136,491
6	Other contractual funding obligations	7,796	7,796	11,712	11,712	659,462	659,462	769,068	769,068
7	Other contingent funding obligations	182,431	5,473	393,314	11,799	1,116,023	33,481	1,894,472	56,834
8	TOTAL CASH OUTFLOWS		3,511,794		2,388,025		2,400,088		3,336,043
Cash Inflows									
9	Secured lending (e.g. reverse repos)	2,491,903	-	2,337,372	-	2,109,339	-	1,569,377	-
10	Inflows from fully performing exposures	559,783	477,418	470,550	418,259	550,483	434,295	653,977	518,089
11	Other cash inflows*	1,819,022	1,269,907	939,789	566,390	132,048	68,927	98,498	61,574
12	TOTAL CASH INFLOWS	4,870,708	1,747,325	3,747,711	984,649	2,791,870	503,222	2,321,852	579,663
13	TOTAL HQLA		5,977,062		6,356,323		5,800,731		5,975,835
14	TOTAL NET CASH OUTFLOWS		1,764,469		1,403,376		1,896,866		2,756,380
15	LIQUIDITY COVERAGE RATIO (%)		338.75%		452.93%		305.81%		216.80%



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
FY 2018-19

		Dec'18, Jan'19, Feb'19 & Mar'19	
		Total Un weighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		4,430,964
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:		
(i)	Stable deposits	-	-
(ii)	Less stable deposits	3,450,257	345,026
3	Unsecured wholesale funding, of which:		
(i)	Operational deposits (all counterparties)	-	-
(ii)	Non-operational deposits (all counterparties)	3,244,539	2,940,693
(iii)	Unsecured debt	-	-
4	Secured wholesale funding		
5	Additional requirements, of which		
(i)	Outflows related to derivative exposures and other	98,350	98,350
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	708,180	104,561
6	Other contractual funding obligations	783,690	783,690
7	Other contingent funding obligations	354,239	10,627
8	TOTAL CASH OUTFLOWS		4,282,948
Cash Inflows			
9	Secured lending (e.g. reverse repos)	1,439,906	-
10	Inflows from fully performing exposures	416,266	252,596
11	Other cash inflows	1,122,339	967,134
12	TOTAL CASH INFLOWS	2,978,512	1,219,730
13	TOTAL HQLA		4,430,964
14	TOTAL NET CASH OUTFLOWS		3,063,218
15	LIQUIDITY COVERAGE RATIO (%)		144.65

Qualitative disclosure

The Reserve Bank of India has prescribed monitoring of sufficiency of Bank's liquid assets using Basel III – Liquidity Coverage Ratio (LCR). The LCR is aimed at measuring and promoting short-term resilience of Banks to potential liquidity disruptions by ensuring maintenance of sufficient high-quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

The ratio comprises of high-quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. HQLA has been divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess CRR, excess SLR and a portion of mandatory SLR as permitted by RBI (under MSF and FALLCR) and Level 2 HQLA which normally contains the liquid Corporate Securities. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in within next 30 days .



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

For classification of deposits, the Bank segregates its deposits into various customer segments, viz Retail (which includes deposits from individuals), Corporate (which includes deposits from corporates) and Others (which includes all other residuary deposits including from Financial Counterparties).

The Bank has considered the mark-to-market amounts for computing the net cash flows from derivative transactions including the CCIL deals in the LCR computation.

53. Capital Commitment

Capital Commitment outstanding as on March 31, 2020 amounts to Rs. 66,035 thousand. (PY: Rs. 12,700 thousand).

54. Fraud

Particulars	March 31, 2020	March 31, 2019
Number of frauds reported	-	-
Amount involved in frauds	-	-
Provision made	-	-
Unamortised provision debited from 'other reserves'	-	-

55. Other expenditure:

Details of expenses included in Other Expenditure in Schedule 16, exceeding 1% of the total income are set out below:

Particulars	(Rs. in thousand)	
	FY 2019-20	FY 2018-19
Loss on account of cyber fraud	-	396,653
IT expenses	92,241	21,043
Regulatory Penalty	30,000	-

56. Priority sector lending certificates

The amount of PSLCs (category wise) sold and purchase during the year:

Sr. No.	Type of PSLCs	(Rs. in thousand)	
		Purchase	Sale
1	PSLC – Agriculture	-	-
2	PSLC - SF / MF	-	-
3	PSLC - Micro Enterprises	-	-
4	PSLC – General	-	-
	TOTAL	-	-

57. RBI vide its circular dated 18th April 2017, has directed that banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 15 percent of the published net profits after tax for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both. RBI inspection was held for the Financial Year 2018-19 and no divergence was noted in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.



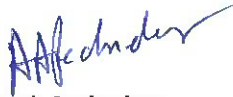
SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

58. Previous year's figures have been regrouped / reclassified, wherever considered necessary, in order to make them comparable with figures for the current year. Previous years' figures have been audited by a firm of Chartered Accountants other than M. P. Chitale & Co.

For M. P. Chitale & Co.

Chartered Accountants

ICAI Firm Registration Number: 101851W



Ashutosh Pednekar

Partner

ICAI Membership No. 041037



Place: Mumbai

Date : June 29, 2020

For SBM Bank (India) Limited



Mr. Sidharth Rath

Managing Director &
Chief Executive Officer



Mr. Ameet Patel

Independent Director



Mr. Talib Lokhandwala

Chief Financial Officer



Mrs. Mugdha Merchant

Company Secretary





SBM Bank (India) Ltd.

BALANCE SHEET

	<u>Schedule</u>	<u>As at</u> <u>31-Mar-2019</u> (Amount in Rs. 000)	<u>As at</u> <u>31-Mar-2018</u> (Amount in Rs. 000)
<u>CAPITAL & LIABILITIES</u>			
Capital	1	7,049,584	-
Reserves & Surplus	2	(1,771,705)	(20,888)
Deposits	3	9,841,174	-
Borrowings	4	-	-
Other Liabilities and Provisions	5	864,201	30,229
Total		15,983,254	9,341
<u>ASSETS</u>			
Cash and Balances with Reserve Bank of India	6	300,204	-
Balances with banks and Money at Call and Short Notice	7	4,402,083	-
Investments	8	4,023,761	-
Advances	9	5,748,129	-
Fixed Assets	10	622,138	-
Other Assets	11	886,939	9,341
Total		15,983,254	9,341
Contingent Liabilities	12	9,969,649	-
Bills for Collection		1,871,220	-
Accounting Policies & Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty.
per Sarvesh Warty
Partner
Membership No. 121411

Place : Mumbai
Date : September 20, 2019

For SBM Bank (India) Ltd.

Kan
Mr. Sidharth Rath
Managing Director &
Chief Executive Officer

Talib
Mr. Talib Lokhandwala
Chief Financial Officer

Amr Patel
Mr. Amr Patel
Independent Director

Sachita Kapoor
Mrs. Sanchita Kapoor
Company Secretary



PROFIT AND LOSS ACCOUNT

	<u>Schedule</u>	<u>Year Ended</u> <u>31-Mar-2019</u> <u>(Amount in Rs. 000)</u>	<u>Year Ended</u> <u>31-Mar-2018</u> <u>(Amount in Rs. 000)</u>
I. INCOME			
Interest earned	13	324,093	-
Other income	14	35,792	-
Total		<u>359,885</u>	<u>-</u>
II. EXPENDITURE			
Interest expended	15	191,423	-
Operating expenses	16	598,807	30,229
Provisions & contingencies	17B - (27)	39,456	(9,341)
Total		<u>829,686</u>	<u>20,888</u>
III. PROFIT/LOSS			
Net profit/(loss) for the year		(469,801)	(20,888)
Profit/(loss) brought forward		(20,888)	-
Total		<u>(490,689)</u>	<u>(20,888)</u>
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		-	-
Transfer to Capital Reserve		-	-
Transfer to Investment Fluctuation Reserve		-	-
Profit remitted to Head Office		-	-
Balance carried over to Balance Sheet		(490,689)	(20,888)
Total		<u>(490,689)</u>	<u>(20,888)</u>
V. BASIC AND DILUTED EARNING PER SHARE (INR)	17B - (36)	(2.15)	-

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411

Place : Mumbai
Date : September 20, 2019

For SBM Bank (India) Ltd.

Kan

Mr. Sidharth Rath
Managing Director &
Chief Executive Officer

Talib
Mr. Talib Lokhandwala
Chief Financial Officer

Ameet Patel

Mr. Ameet Patel
Independent Director

Sanchita Kapoor
Mrs. Sanchita Kapoor
Company Secretary



SCHEDULES FORMING PART OF THE BALANCE SHEET

	<u>31-Mar-2019</u> <u>(Amount in Rs. 000)</u>	<u>31-Mar-2018</u> <u>(Amount in Rs. 000)</u>
<u>SCHEDULE 1 : CAPITAL</u>		
Authorised Capital :		
1,000,000,000 equity shares of Rs. 10 each (P.Y. 500,000,000)	10,000,000	5,000,000
Issued, subscribed and paid-up capital :		
704,958,418 equity shares of Rs. 10 each (P.Y. NIL)	7,049,584	-
Total	7,049,584	-
<u>SCHEDULE 2 : RESERVES AND SURPLUS</u>		
I. Statutory Reserve		
Opening Balance	-	-
Additions on amalgamation by conversion into WOS	359,880	-
Additions during the year	-	-
Deductions during the year	-	-
Sub Total	359,880	-
II. Capital Reserve		
Opening Balance	-	-
Additions on amalgamation by conversion into WOS	58,054	-
Additions during the year	-	-
Deductions during the year	-	-
Sub Total	58,054	-
III. Retained Earnings		
Opening Balance	-	-
Additions on amalgamation by conversion into WOS	320,098	-
Additions during the year	-	-
Deductions during the year	-	-
Sub Total	320,098	-
IV. Revaluation Reserve		
Opening Balance	-	-
Additions on amalgamation by conversion into WOS	146,431	-
Additions during the year	100,733	-
Deductions during the year	1,571	-
Sub Total	245,593	-
V. Balance in Profit and Loss Account		
Opening Balance	(20,888)	-
Add Additions on amalgamation by conversion into WOS	(2,264,641)	-
Less Appropriations	-	-
Add profit/(loss) for the year brought from the Profit and loss account	(469,801)	(20,888)
Sub Total	(2,755,330)	(20,888)
Total (I + II + III + IV + V)	(1,771,705)	(20,888)



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-Mar-2019 (Amount in Rs. 000)	31-Mar-2018 (Amount in Rs. 000)
<u>SCHEDULE 3 : DEPOSITS</u>		
A.I. Demand Deposits		
(i) From Banks	193,627	-
(ii) From Others	665,204	-
A.II. Savings Bank Deposits	493,413	-
A.III. Term Deposits		
(i) From Banks	11,112	-
(ii) From Others	8,477,818	-
Total	9,841,174	-
B.I. Deposits of branches in India	9,841,174	-
B.II. Deposits of branches outside India	-	-
Total	9,841,174	-
<u>SCHEDULE 4 : BORROWINGS</u>		
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	-	-
iii) Other Institutions and Agencies	-	-
Sub Total	-	-
II. Borrowings outside India	-	-
Total (I + II)	-	-
Secured Borrowings included in I & II above	-	-
<u>SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS</u>		
I. Bills Payable	9,142	-
II. Interest Accrued	6,708	-
III. Deferred Tax Liability (Net)	-	-
IV. Provision for standard advances (Refer Note 14 - Schedule 17.B)	67,405	-
V. Others (including Provisions)	780,946	30,229
Total	864,201	30,229
<u>SCHEDULE 6 : CASH AND BALANCES WITH RBI</u>		
I. Cash in Hand	2,252	-
(including Foreign Currency Notes - NIL)		
II. Balances with Reserve Bank of India		
in Current Account	297,952	-
in Other Accounts	-	-
Total	300,204	-



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-Mar-2019 (Amount in Rs. 000)	31-Mar-2018 (Amount in Rs. 000)
<u>SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE</u>		
I. In India		
i) Balances with banks in		
(a) Current Accounts	3,817	-
(b) Other Deposit Accounts	-	-
ii) Money at call and short notice		
(a) with Banks	3,491,550	-
(b) with Other Institutions	622,395	-
Sub Total	4,117,762	-
II. Outside India		
i) in Current Accounts	284,321	-
ii) in Other Deposit Accounts	-	-
iii) in Money at Call and Short Notice	-	-
Sub Total	284,321	-
Total (I & II)	4,402,083	-
<u>SCHEDULE 8 : INVESTMENTS</u>		
I. Investments in India in		
i) Government Securities	3,657,985	-
ii) Other Approved Securities	-	-
iii) Shares	6,970	-
iv) Debentures and Bonds	150,662	-
v) Subsidiaries and /or Joint Venture	-	-
vi) Others	223,377	-
Sub Total	4,038,994	-
Less: Provision for Diminution	15,233	-
Sub Total	4,023,761	-
II. Investments outside India	-	-
Total (I & II)	4,023,761	-
<u>SCHEDULE 9 : ADVANCES</u>		
A i) Bills Purchased and Discounted	35,647	-
ii) Cash Credits, Overdrafts and Loans repayable on Demand	1,295,045	-
iii) Term loans	4,417,437	-
Total	5,748,129	-
B i) Secured by Tangible Assets (includes advances against Book debts)	5,360,834	-
ii) Covered by Bank / Government Guarantees (includes advance against standby letter of credit)	159,550	-
iii) Unsecured	227,745	-
Total	5,748,129	-
C. I Advances in India		
i) Priority Sectors	443,790	-
ii) Public Sector	-	-
iii) Banks	223,007	-
iv) Others	5,081,332	-
Total	5,748,129	-
II Advances outside India	-	-
Total (C I & CII)	5,748,129	-



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-Mar-2019 (Amount in Rs. 000)	31-Mar-2018 (Amount in Rs. 000)
<u>SCHEDULE 10 : FIXED ASSETS</u>		
I. Premises		
At Cost at beginning of year	-	-
Additions on amalgamation by conversion into WOS	390,006	-
Additions during the year	100,733	-
Deductions during the year	-	-
Depreciation to date*	125,559	-
Sub Total	365,180	-
II. Other Fixed Assets (including Furniture & Fixtures)		
At Cost at beginning of year	-	-
Additions on amalgamation by conversion into WOS	345,190	-
Additions during the year	25,036	-
Deductions during the year	-	-
Depreciation to date*	168,434	-
Sub Total	201,792	-
III. Capital Work in Progress	55,166	-
Total (I, II & III)	622,138	-
*Includes accumulated depreciation of Rs. 122,923 thousand for Premises and Rs. 139,498 thousand for Other Fixed Asset, accounted for in the books of SBM Bank (Mauritius) Ltd. - Indian Operations till November 30, 2018		
<u>SCHEDULE 11 : OTHER ASSETS</u>		
I. Inter-Office Adjustment (Net)	-	-
II. Interest Accrued	44,881	-
III. Tax paid in Advance / Tax Deducted at Sources (Net of Provisions)	111,215	-
IV. Deferred Tax Assets (Net)	-	9,341
V. Stationery and Stamps	13	-
VI. Others	730,830	-
Total	886,939	9,341
<u>SCHEDULE 12 : CONTINGENT LIABILITIES</u>		
I. Claims against the Bank not acknowledged as Debts	81,818	-
II. Liability for Partly Paid Investments	-	-
III. Liability on account of outstanding Forward Exchange Contracts & Derivatives	6,931,710	-
IV. Guarantees given on behalf of Constituents	-	-
a) In India	174,338	-
b) Outside India	4,356	-
V. Acceptances, Endorsements and Other Obligation	7,332	-
VI. Other items for which the Bank is Contingently Liabile	2,770,095	-
Total	9,969,649	-



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	<u>Year Ended</u> <u>31-Mar-2019</u> <u>(Amount in Rs. 000)</u>	<u>Year Ended</u> <u>31-Mar-2018</u> <u>(Amount in Rs. 000)</u>
<u>SCHEDULE 13 : INTEREST EARNED</u>		
I. Interest / Discount on Advances / Bills	188,731	-
II. Income on Investments	91,582	-
III. Interest on Balances with RBI and Other Inter-Bank Funds	32,528	-
IV. Others*	11,252	-
Total	324,093	-
*includes Swap Gain on Funding Swaps		
<u>SCHEDULE 14 : OTHER INCOME</u>		
i. Commission, Exchange and Brokerage	3,407	-
II. Profit/(loss) on sale of Investments	8,821	-
III. Profit/(loss) on Revaluation of Investments	-	-
IV. Profit/(loss) on sale of Land Building & Other Assets	-	-
V. Profit on Exchange Transactions	2,628	-
VI. Income earned by way of Dividends etc. from Companies and / or Joint Ventures in India & Aboard	-	-
VII. Profit/(loss) on Derivative Trade	13,672	-
VIII. Miscellaneous Income	7,264	-
Total	35,792	-
<u>SCHEDULE 15 : INTEREST EXPENDED</u>		
I. Interest on Deposits	157,933	-
II. Interest on Reserve Bank of India /Inter Bank Borrowings	20,838	-
III. Others*	12,652	-
Total	191,423	-
*includes Swap Cost on Funding Swaps		
<u>SCHEDULE 16 : OPERATING EXPENSES</u>		
I. Payments to and Provision for Employees	85,108	-
II. Exchange Commission and Brokerage	-	-
III. Rent, Taxes and Lighting	13,992	-
IV. Printing and Stationery	568	-
V. Advertisement and Publicity	6,125	-
VI. Depreciation on Bank's Property	30,001	-
VII. Auditors' Fee	5,141	-
VIII. Law charges (incl. Professional Fees)	19,007	-
IX. Postages, Telegrams, Telephones, etc.	987	-
X. Repairs and Maintenance	1,070	-
XI. Insurance	4,807	-
XII. Other Expenditure	432,001	-
Total	598,807	-



STATEMENT OF CASH FLOW

	Particulars	Year Ended March 31, 2019 (Amount in Rs. 000)	Year Ended March 31, 2018 (Amount in Rs. 000)
A	Cash Flow from Operating Activities		
	Net Profit after Taxes	(469,801)	(20,888)
	Adjustments to profit/(loss) from operations		
	Loss/(Profit) from sale of fixed assets	-	-
	Depreciation on Fixed Assets	30,001	-
	Specific Provision for NPA	153,057	-
	Diminution on Investment	(1,872)	-
	Direct Taxes	-	-
	Other Provisions - Deferred tax	9,341	(9,341)
	Non performing Advances written off	-	-
	Non performing Investments written off	-	-
	Provision for Standard Advances	(119,631)	-
	Provision for country exposure	(1,439)	-
	Provision for Diminution in fair value of restructured accounts	-	-
	Provision for interest capitalised on restructured accounts	-	-
	Sub-Total	(400,344)	(30,229)
	Changes in working capital		
	(Increase)/Decrease in Investments	(732,679)	-
	(Increase)/Decrease in Advances	1,674,514	-
	(Increase)/Decrease in Other Assets	500,994	-
	Increase/(Decrease) in Deposits	2,681,592	-
	Increase/(Decrease) in Borrowings	(3,381,090)	-
	Increase/(Decrease) in Other Liabilities	5,843	30,229
	Net Cash from Operating Activities before Income Tax	348,830	-
	Advance Income tax paid	-	-
	Refund received from Income Tax	-	-
	Net Cash from Operating Activities after Income Tax	348,830	-
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets	(66,060)	-
	Proceeds from sale of Fixed Assets	-	-
	Net Cash from Investing Activities	(66,060)	-
C	Cash Flow from Financing Activities		
	Increase/(Decrease) in Capital	480,000	-
	Issue of Subordinated Bond	-	-
	Net Cash from Financing Activities	480,000	-



STATEMENT OF CASH FLOW

	Particulars	Year Ended March 31, 2019 (Amount in Rs. 000)	Year Ended March 31, 2018 (Amount in Rs. 000)
D	Cash and Cash Equivalent at the beginning of the year		
	I. Cash in Hand (including foreign currency notes and gold)	-	-
	II Balances with Reserve Bank of India	-	-
	III Balances with Banks and Money at Call and Short Notice	-	-
		-	-
E	Cash and Cash Equivalent on amalgamation by conversion into WOS		
	I. Cash in Hand (including foreign currency notes and gold)	5,743	-
	II Balances with Reserve Bank of India	410,840	-
	III Balances with Banks and Money at Call and Short Notice	3,522,934	-
		3,939,517	-
F	Cash and Cash Equivalent at the end of the year		
	I. Cash in Hand (including foreign currency notes and gold)	2,252	-
	II Balances with Reserve Bank of India	297,952	-
	III Balances with Bank and Money at Call and Short Notice	4,402,083	-
		4,702,287	-
A	Cash Flow from Operating Activities	348,830	-
B	Cash Flow from Investing Activities	(66,060)	-
C	Cash Flow from Financing Activities	480,000	-
	Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	762,770	-
D	Cash and Cash Equivalent at the beginning of the year	-	-
E	Cash and Cash Equivalent on amalgamation by conversion into WOS	3,939,517	-
F	Cash and Cash Equivalent at the end of the year (A+B+C+D)	4,702,287	-

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No. 121411

Place : Mumbai
Date : September 20, 2019



For SBM Bank (India) Ltd.

Kan
Mr. Sidharth Rath
Managing Director &
Chief Executive Officer

Talib
Mr. Talib Lokhandwala
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Mr. Ameet Patel
Independent Director

Sanchita Kapoor
Mrs. Sanchita Kapoor
Company Secretary

SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

SCHEDULE 17.A – SIGNIFICANT ACCOUNTING POLICIES

a) Background

The financial statements for the financial year April 1, 2018 to March 31, 2019 comprise the accounts of the SBM Bank (India) Ltd, ('the Bank') which is incorporated in the India and is a wholly owned subsidiary of SBM (Bank) Holdings Ltd., Mauritius ('the Parent').

Pursuant to approval of the Scheme of Amalgamation, between the Bank and *SBM Bank (Mauritius) Ltd. – Indian Operations (the 'Indian Operations')*, by the Reserve Bank of India on October 30, 2018, under section 44A of the Banking Regulations Act, 1949, the undertaking of the Indian Operations are amalgamated with the Bank. Accordingly, the Bank has commenced its banking operations on December 01, 2018 and is engaged in providing banking and financial services as a banking company governed by the Banking Regulation Act, 1949. The branches of the Bank as at March 31, 2019 are located at Mumbai, Chennai, Hyderabad and Ramachandrapuram.

b) Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read with the Companies (Accounts) Rules 2014 and other relevant provisions of the Companies Act, 2013 ("the Act") and the Companies (Accounting Standards) Rules, 2006 (as amended) to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting and the historical cost convention.

c) Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current or future periods.

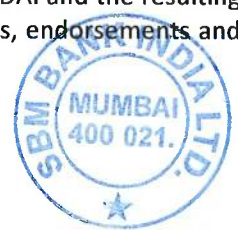
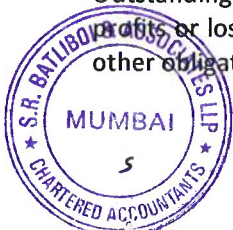
d) Revenue recognition

Income and expenses are recognized on accrual basis except as otherwise stated. Interest income is recognized in the Profit and Loss account on accrual basis except in case of interest on non-performing asset which is recognized on receipt basis. Interest income on discounted instruments is recognized over the tenor of the instrument on a straight line basis. Processing Fees, Commission on Letters of Credit and Locker Fees income are recognized upfront on becoming due. Commission on bank guarantees issued is amortized over the period of guarantees.

e) Foreign Exchange Transactions

Income and expenditure items are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies as at the Balance Sheet date are revalued at the year-end rates as notified by Foreign Exchange Dealers Association of India (FEDAI). Net exchange differences arising on the settlement of transactions and on account of assets and liabilities are charged or credited to the Profit and Loss account as prescribed by RBI.

Outstanding forward exchange contracts are revalued at rates of exchange notified by FEDAI and the resulting profit or losses are included in the Profit and Loss account. Guarantees and Acceptances, endorsements and other obligations are stated at the year-end closing rate as notified by FEDAI.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

f) Derivatives

Derivatives are financial instruments comprising of forward exchange contracts, interest rate swaps and cross currency swaps which are undertaken for either trading or hedging purposes.

Trading derivatives are marked to market as per the generally accepted practices prevalent in the industry and the resultant unrealized gain or loss is recognized in the Profit and Loss Account, with the corresponding net unrealized amount reflected in Other Assets or Other Liabilities in the Balance Sheet.

Forward Exchange contracts and other derivative contracts which have overdue receivables remaining unpaid for over 90 days or more are classified as non-performing assets and are provided as prescribed by RBI.

The Bank also maintains a general provision on derivative exposures computed as per marked to market value of the contracts in accordance with the RBI guidelines.

The Bank has undertaken Funding swaps to hedge certain loans and deposits. Premium/discount on such funding swaps is recognized as interest income/expense and is amortized on a pro-rata basis over the underlying swap period.

g) Investments

Classification

Investments are classified under "Held to Maturity" (HTM), "Available for Sale" (AFS) and "Held for Trading" (HFT) categories in accordance with RBI norms. For the purpose of disclosure of balance sheet they are classified under 6 groups viz. i) Government Securities, ii) Other Approved Securities, iii) Shares, iv) Debentures and Bonds v) Subsidiaries and / or joint ventures and vi) Other Investments.

Valuation

Investments held under HTM category are carried at acquisition cost. If the acquisition cost is more than the face value, the premium is amortized over the remaining tenor of the investments.

Investments classified under AFS and HFT portfolio are marked to market on daily basis. Investments under AFS and HFT classification are valued as per rates declared by Financial Benchmarks India Pvt. Ltd. (FBIL) and in accordance with the RBI guidelines. Consequently, net depreciation, if any, under these classifications mentioned in Schedule 8 is provided for in the Profit and Loss account. The net appreciation, if any, under any classification is ignored, except to the extent of depreciation previously provided. The book value of the individual securities is not changed consequent to periodic valuation of investments.

Treasury Bills, Commercial Paper and Certificate of Deposit are valued at carrying cost.

Non-Performing Investments are identified, and provision is made as per RBI guidelines.

The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, Bonds and debentures) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FBIL.

Transfer of Securities between Classifications

Reclassification of investments from one classification to the other, if done, is in accordance with RBI guidelines and any such transfer is accounted for at the acquisition cost/book value/market value, whichever is lower, as at the date of transfer. Depreciation, if any, on such transfer is fully provided for.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Repurchase transactions

Repurchase and reverse repurchase transactions (if any) are accounted in accordance with the prescribed RBI guidelines. The difference between the clean price of the first leg and the second leg is recognized as interest income/expense over the period of the transaction in the Profit and Loss account.

Others

Brokerage, fees and commission on acquisition of securities including money market instruments, are recognized as expenses in Profit and Loss account.

h) Fixed Assets

Office Premises is stated at revalued amount less accumulated depreciation / amortization and all other Fixed Assets are stated at cost less accumulated depreciation / amortization.

Depreciation on the Fixed Assets is charged on straight-line method over the useful life of the fixed assets prescribed in Schedule II of the Companies Act, 2013. The useful life of the group of fixed assets are given below.

Type of Assets	Useful life as per Companies Act, 2013	Useful life as per Bank's Accounting Policy
Office Premises	60 years	60 years
Office equipment (including Air conditioner)	5 years	5 years
EDP Equipment's, Computers*	6 years	3 years
Software*	6 years	3 years
Furniture & Fixtures	10 years	10 years
Motor Car	8 years	8 years

* As per RBI guidelines

Revaluation of Fixed Assets

Premises are revalued in every five years by an independent valuer to reflect current market valuation. Appreciation, if any, on revaluation is credited to Revaluation Reserve. Depreciation on the revalued portion of asset is adjusted from revaluation reserves.

Impairment of Assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use).

i) Advances

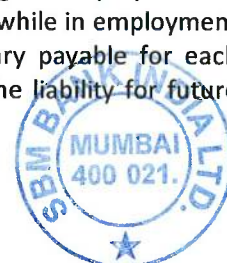
a) The Bank follows prudential norms formulated by RBI for classifying the assets as Standard, Sub-Standard, Doubtful and Loss assets and are stated at net of the required provision made on such advances.

b) Provision for advances classified as Standard, Sub-Standard, Doubtful & Loss assets are made based on management's assessment, subject to minimum provisions as per RBI guidelines.

j) Retirement and employee benefits

i) **Leave salary** - The employees of the Bank are entitled to carry forward leave balance to the subsequent year. This carried forward balance is en-cashable at the time of either retirement or resignation.

ii) **Gratuity** - The Bank provides for gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent to 15 days' eligible salary payable for each completed year of service if the service is more than 5 years. The Bank accounts for the liability for future



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

gratuity benefits using the projected unit cost method based on annual actuarial valuation. Gratuity fund is being managed by "LIC Group Gratuity Scheme" and any actuarial gain / loss contribution determined by the actuary are charged to Profit and Loss account and are not deferred.

iii) Provident fund - In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre-determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.

k) Net Profit / Loss

Profit/Loss for the period is arrived at after providing for non-performing advances, adjustments on valuation of investments, taxes on income, depreciation on fixed assets and other necessary and mandatory provisions.

l) Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income tax Act, 1961 and the rules framed there under) and deferred tax (reflecting the tax effects of timing differences between accounting income and taxable income for the year)

Provision for current tax is recognized in accordance with the provisions of Indian Income tax Act, 1961 and is made based on the tax liability after taking credit for tax allowances and exemptions.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted at the Balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. The Bank assesses / re-assesses the unrecognized deferred tax assets at each balance sheet date.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the bank will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the bank

m) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Lease transactions are accounted in accordance with AS 19 – Leases issued by ICAI. For operating leases, lease payments are recognized as an expense in the statement of Profit and Loss account on a straight-line basis over the lease term.

n) Accounting for Provisions, Contingent Liabilities and contingent Assets

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long-term contracts. In accordance with Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognizes a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are measured based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

In cases where the available information indicates that the loss on the contingency is reasonably possible, but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

in the financial statements. The Bank does not expect the outcome of these contingencies to have a materially adverse effect on its financial results. Contingent assets are neither recognized nor disclosed in the financial statements.

o) Floating and countercyclical provision

Countercyclical provisioning buffers and floating provisions is the specific amount that Bank has set aside in good times. These are used only in contingencies or extraordinary times of economic or system-wide downturns. RBI had allowed to utilize up to 33 percent and 50 percent of countercyclical provisioning buffer/floating provisions held by them as on March 31, 2013 and December 31, 2014 respectively. These are considered as part of NPA provisions for the purpose of compliance with the minimum RBI provisioning requirement.

p) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks / institutions and money at call and short notice (including effect of changes in exchange rates on cash and cash equivalents in foreign currency).

q) Cash Flow Statements

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Bank are segregated based on the available information

r) Earning per share

Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at the end of the period.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
SCHEDULE 17.B: - NOTES TO THE FINANCIAL STATEMENTS
1. Capital to Risk Assets Ratio (CRAR)

- I. The Banks are required to disclose capital adequacy ratio computed under Basel III capital guidelines of the RBI from the quarter ended June 30, 2013.

Sr. No.	CRAR ratio as per Basel III	March 31, 2019
i)	CRAR – Common Equity Tier I	47.17%
ii)	CRAR – Tier I Capital	47.17%
iii)	CRAR – Tier II Capital	1.67%
iv)	Total Capital Ratio (CRAR) (%)	48.84%
v)	Percentage of the shareholding of the Government of India in public sector banks	-
vi)	Amount of equity capital raised*	7,049,584
vii)	Amount of Additional Tier 1 capital raised; of which Perpetual Non- Cumulative Preference Shares (PNCPS): Perpetual Debt Instruments (PDI) :	-
viii)	Amount of Tier 2 capital raised; of which Debt capital instruments: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-

*The Bank has received additional capital infusion of Rs. 520,000 thousand in the month of August 2019.

2. Investments

		(Rs. in Thousands)
Particulars		March 31, 2019
1. Value of Investments:		
(i) Gross Value of Investments		
a. In India		4,038,994
b. Outside India		-
(ii) Provisions for Depreciation		
a. In India		-
- on transfer to securities from AFS to HTM portfolio		-
- on securities position		15,233
b. Outside India		-
(iii) Net Value of Investments		
a. In India		4,023,761
b. Outside India		-
2. Movement of provision held towards depreciation on investments:		
(i) Opening balance		-
(ii) Add: Additions on amalgamation by conversion into WOS		17,105
(iii) Add: Provision made during the year		



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(iv) Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on sale of securities)	1,872
(v) Closing balance	15,233

The net book value of investments held under the three categories, viz. Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) are as under:-

(Rs. in Thousands)

Category	As at March 31, 2019	
	Rs. in Thousands	%
Held to Maturity	1,292,718	32.13
Held for Trading	-	-
Available for Sale	2,731,043	67.87
Total	4,023,761	100.00

3. Repurchase & Reverse Repurchase Agreement Transactions

(Rs. in Thousands)

FY 2018-19	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2019
Securities Sold under Repurchase Transactions *				
(i) Government Securities	-	-	-	-
(ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Reverse Repurchase Transactions *				
(i) Government Securities	47,750#	3,420,390	1,420,505	2,610,360
(ii) Corporate Debt Securities	-	-	-	-

* consist of RBI LAF disclosed at face value.

Nil outstanding on any day is ignored for reckoning minimum outstanding.

4. Non-SLR Investments Portfolio - Issuer Composition of Non-SLR Investments
Balances as at March 31, 2019

(Rs. in Thousands)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade securities	Extent of Unrated Securities**	Extent of Unlisted Securities*
1.	PSUs	-	-	-	-	-
2.	FIs	150,662	150,662	-	-	-
3.	Banks	-	-	-	-	-
4.	Private Corporates	-	-	-	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade securities	Extent of Unrated Securities**	Extent of Unlisted Securities#
5.	Subsidiaries/ Joint Ventures	-	-	-	-	-
6.	Others*	230,347	-	-	223,377	-
7.	Provision held towards Depreciation	(15,233)				
	Total	365,776	150,662	-	223,377	-

*This includes security receipt received on sale of assets to ARC

**Excludes investments in equity shares in line with extant RBI guidelines.

#Excludes investments in equity shares, security receipts, commercial paper and certificate of deposits in line with extant RBI guidelines.

5. Non-Performing Non SLR Investments

Movement in non-performing Non SLR Investment is set out below: -

<i>(Rs. in Thousands)</i>	
Particulars	March 31, 2019
Opening Balance	-
Additions on amalgamation by conversion into WOS	6,970
Additions during the year since 1 st April	-
Reductions on account of write off during the year	-
Closing balance	6,970
Total Provision held	6,970

6. Sale and Transfers to/ from HTM Category

During the FY 2018-2019, the Bank has not transferred any securities classified under Held to Maturity Category to Available for Sale Category, at the beginning of the year, in excess of 5% of book value of investments held at the beginning of the year under HTM category. In accordance with the Master Circular, issued by the Reserve Bank of India, on "Disclosures in Financial Statements", the excess of Book Value over Market Value of the Securities classified under HTM category at the end of the year amounts to Rs. Nil.

7. Forward Rate Agreement / Interest Rate Swap

<i>(Rs. in Thousands)</i>	
Particulars	March 31, 2019
The notional principal of swap agreements	-
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-
Collateral required by the bank upon entering into swaps	-
Concentration of credit risk arising from the swaps (with Banks)	-
The fair value of the swap book [(Payable)/Receivable]	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
8. Exchange Traded Interest Rate Derivatives
(Rs. in Thousands)

Sr. No.	Particulars	March 31, 2019
i.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	-
ii.	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	-
iii.	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-
iv.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-

9. Disclosures on risk exposure in derivatives:
a) Qualitative Disclosures
The structure and organization for management of risk in derivatives trading:

Treasury operation is segregated into three different department's viz. front office, mid office and back office. The primary role of front office is to conduct business, that of mid office is to ensure compliance in accordance with set norms and policies and that of back office is to process/settle the transactions.

The Bank has in place policies and procedures, which have been approved by Board of Directors, to ensure adherence to various risk parameters and prudential limits .

The scope and nature of risk measurement, risk reporting and risk monitoring systems:
a. Risk Measurement

For foreign exchange contracts, risk is measured through a daily report called, Value at Risk (VAR), which computes VAR on the forex, gaps using FEDAI VAR factors.

b. Risk Reporting and Risk monitoring systems:

The Bank has the following reports/systems in place, which are reviewed by the top management:

1. VAR
2. Net Open Position
3. Aggregate Gap Limit (AGL)/Individual Gap Limit (IGL)
4. Stop loss limits

c. The Bank has the following policy paper in place, and approved by its Head Office;

1. Market Risk Policy
2. Investment Policy
3. Asset-Liability Management (ALM) policy



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Accounting Policy:

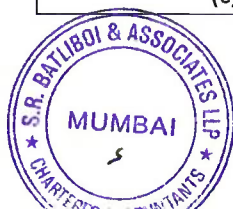
All outstanding derivatives transactions (including forex forwards) are booked as off-balance sheet items. The trading positions are revalued on a marked to market basis whereas the funding/investment swaps follow the accrual basis of accounting.

b) Quantitative Disclosures
(Rs. in Thousands)

Sr. No	Particulars	Currency Derivatives	Interest Rate Derivatives
		March 31, 2019	March 31, 2019
1.	Derivatives notional Principal Amount	2,497,316	-
	(a) For hedging	1,436,479	-
	(b) For trading	1,060,837	-
2.	Marked to Market position		
	(a) Asset (+)	17,881	-
	(b) Liability (-)	26,353	-
3.	Credit Exposure	67,827	-
4.	Likely impact of one percentage change in Interest Rate (100*PV01)		
	(a) On hedging derivatives	(11,929)	-
	(b) On trading derivatives	(14,428)	-
5.	Maximum and Minimum of 100*PV01 observed during the year		
	(a) On hedging		
	Maximum	-	-
	Minimum	(11,929)	-
	(b) On trading		
	Maximum	18,067	-
	Minimum	(32,495)	-

10. Non-Performing Assets (NPAs)
(Rs. in Thousands)

Particulars	March 31, 2019
(i) Net NPAs to Net Advances	8.81%
(ii) Movement of Gross NPAs	
(a) Opening balance	-
(b) Additions on amalgamation by conversion into WOS	893,128
(c) Additions during the year	604,323
(d) Reductions during the year	(4,392)
(e) Closing balance	1,493,059
(iii) Movement of Net NPAs	
(a) Opening balance	-
(b) Additions on amalgamation by conversion into WOS	59,820
(c) Additions during the year	446,874



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	March 31, 2019
(d) Reductions during the year	-
(e) Closing balance	506,694
(iv) Movement of provisions for NPAs (excluding provision on Standard Assets)	
(a) Opening balance	-
(b) Additions on amalgamation by conversion into WOS	833,308
(c) Provisions made during the year (Gross)	174,109
(d) Write-off / write-back of excess provisions	(21,052)
(e) Closing balance	986,365

Note :- Item (iii) & (iv) include the impact of counter cyclical provision and floating provision utilized amounting to Nil during FY 2018-2019.

11. Details of loan assets subjected to restructuring.

There was no restructuring during FY 2018-2019.

12. Details of financial assets sold to Securitization/ Reconstruction Company for Asset reconstruction
A. Details of Sales

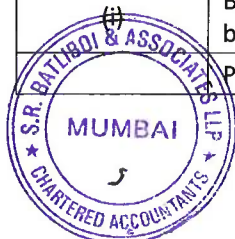
Particulars		(Rs. in Thousands)
		March 31, 2019
(i)	No. of accounts	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-
(iii)	Aggregate consideration	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-
(v)	Aggregate gain / loss over net book value	-

B. Details of Book Value of Investments in Security Receipts

Particulars	(Rs. in Thousands)
	March 31, 2019
(i) Backed by NPAs sold by the bank as underlying	223,377
(ii) Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-
Total	223,377

FY 2018-2019:

		(Rs. in Thousands)		
Sr. No.	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	46,725	176,652	-
	Provision held against (i)	7,875	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Sr. No.	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
	Provision held against (ii)	-	-	-
Total (i) + (ii)		46,725	176,652	-

13. Details of non-performing financial assets purchased/sold
(Rs. in Thousands)

Sr. No.	Particulars	March 31, 2019
A.	Details of non-performing financial assets purchased:	-
1	a No. of accounts purchased during the year	-
	b Aggregate outstanding	-
2	a Of these, number of accounts restructured during the year	-
	b Aggregate outstanding	-
B.	Details of non-performing financial assets sold:	
1	No. of accounts sold	-
2	Aggregate outstanding	-
3	Aggregate consideration received	-

14. Provisions on Standard Assets
(Rs. in thousands)

Particulars	March 31, 2019
Provision on Standard Assets	67,405

15. Important Financial Ratios

Particulars	March 31, 2019
Interest Income as a percentage to Working Funds*	6.63%
Non-Interest Income as a percentage to Working Funds*	0.73%
Operating Profit as a percentage to Working Funds*	(8.81)%
Return on Assets**	(9.62)%
Business (Deposits plus Advances) per employee (Rs. in Thousands) #	189,933
Profit / (Loss) per employee (Rs. in Thousands)	(17,400)

* Working Funds represent monthly average of total assets (excluding accumulated losses) during the year as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949.

** Return on Assets is computed with reference to Average Working Funds (excluding accumulated losses).

Deposits exclude inter-bank deposits.

- All ratios are annualized



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
16. Asset Liability Management
Maturity pattern of certain items of assets and liabilities as of March 31, 2019
(Rs. in Thousands)

Particulars	Day1	2 to 7 days	8 to 14 Days	15 to 28 Days	29 days and upto 3 months	Over 3 month and upto 6 months	Over 6 month and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	25,808	60,218	17,205	29,675	21,557	36,797	458,060	2,651,296	783,073	1,664,440	5,748,129
Investment in Securities	2,837,350	-	-	-	-	250,907	550,852	333,154	44,528	6,970	4,023,761
Deposits	212,035	362,197	233,973	90,350	1,592,003	1,245,231	2,861,571	3,129,387	114,427	-	9,841,174
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	296,356	1,596,789	-	-	670,520	242,043	864,438	622,395	-	-	4,292,541
Foreign Currency Liabilities	120,496	2,835,616	-	12,429	370,363	274,762	411,084	2,113,992	-	-	6,138,742

Interest receivable on corporate term loans is adjusted under bucket 15 to 28 days

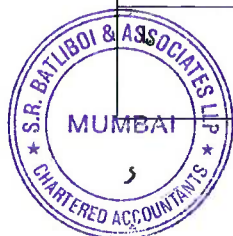
The information on maturity pattern has been compiled by the management based on the same estimate and assumptions as that for compiling the returns submitted to the RBI.

17. Exposure to Sensitive Sector
a. Exposure to Real Estate Sector
(Rs. in Thousands)

Category	March 31, 2019
a) Direct Exposure	
(i) Residential Mortgages	512,071
- of which housing loans up to Rs.15 Lakhs	1,413
(ii) Commercial Real Estate	500,000
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures	
(a) Residential	-
(b) Commercial Real Estate	-
b) Indirect Exposure	
Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	431,386
Total Exposure to Real Estate Sector	1,443,457

b. Exposure to Capital Market
(Rs. in Thousands)

Particulars	March 31, 2019
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	6,970



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	March 31, 2019
ii. Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;(see * below)	-
vi. Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-
vii. Bridge loans to companies against expected equity flows/issues;	-
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-
ix. Financing to stockbrokers for margin trading;	-
x. All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	-
Total Exposure to Capital Market	6,970

18. Risk category-wise country exposure

Provision for Country Risk exposure in terms of RBI Circular DBOD.BP.BC.71/21.04.103/2002-03 dated February 19, 2013 is as follows:

(Rs. in Thousands)

Risk Category	Exposure (net) as at March 31, 2019	Provision held as at March 31, 2019
Insignificant	310,105	162
Low	105,664	-
Moderate	-	-
High	-	-
Very High	-	-
Restricted	-	-
Off-credit	-	-
Total	415,769	162

19. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank

During FY 2018-2019, the Bank has not exceeded the single borrower limit or group borrower limit.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
20. Unsecured Advances

Unsecured advances have been appropriately classified under 'Schedule 9 – Advances'. During FY 2018-19, the Bank has not given loans against intangible securities such as rights, licenses, authority etc., hence no disclosure is required for reporting advances against intangibles.

21. Disclosure of Penalties imposed by RBI

There are no penalties imposed on our bank by RBI during FY 2018-19.

22. Prior Period Items

There are no prior periods items during the FY 2018-2019.

23. Description of contingent liabilities

Sr. No.	Contingent Liabilities	Brief
1.	Claims against the Bank not acknowledged as debts	The bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Bank is contingently liable	- Value dated purchase of securities -Capital Commitments -Amount deposited with RBI under Depositor Education Awareness Fund

Refer Schedule 12 for amounts relating to contingent liability

24. Contingent Liabilities

Other items of Contingent Liability include, Income Tax of Rs. 81,818 thousand. The Bank has gone in appeal to Income Tax Appellate Tribunal (ITAT) and High Court against the income tax assessment order of the department



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

for AY 1996-97, 1997-98, 1999-00 to 2008-09, 2012-13 and 2013-14. The appeals are pending final outcome of the ITAT and High Court, and the Bank is expecting favorable judicial decisions.

25. Provision for Long Term contracts

The Bank has assessed its long term contracts (including Derivative Contracts) for material foreseeable losses and made adequate provisions in the books of accounts, under any law/accounting standards wherever applicable and disclosed the same under the relevant notes in the financial statements.

26. Deferred Tax

In accordance with AS-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India (ICAI), the Bank has recognized Deferred Tax Assets on such timing differences where there is a reasonable certainty that such deferred tax assets can be reversed against the deferred tax liability. Deferred tax asset on accumulated carry forward business losses and depreciation is not recognized as there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized."

The major composition of Deferred Tax Liabilities (DTL) & Deferred Tax Assets (DTA) is as under:

		<i>(Rs. in Thousands)</i>
Sr. No.	Particulars	March 31, 2019
A.	DTA :	
(i)	Provision for Loan Losses, Floating Provision and counter cyclical provision	117,115
(ii)	Provision for Standard Advances	8,003
(iii)	Provision for Funded Interest Term Loan	-
(iv)	Disallowed Expenses	5,398
(v)	Unabsorbed Losses	-
	Total DTA	130,516
B.	DTL :	
(i)	Depreciation on Fixed Assets	(130,516)
	Total DTL	(130,516)
C.	NET DTL / (DTA)	-

27. Provisions & Contingencies

(Rs. in Thousands)	
Particulars	March 31, 2019
Depreciation on Investments	(1,872)
Provision towards Non-Performing Assets / Investment (net of write-backs)	153,057
Provision for Standard Assets	(119,631)
Provision for Income Tax (including Deferred Tax)	9,341
Provisions for diminution in fair value Restructured Advances	-
Provision for Country Risk	(1,439)
Provision for interest capitalized on restructured accounts	-
Total	39,456

28. There was no instance of SGL bouncing during FY 2018-2019.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
29. Letter of Comfort/ Undertaking (LOCs/ LOUs) issued

There were NIL LOUs outstanding as of March 31, 2019.

30. Draw down from Reserves

During FY 2018-2019, there has been no drawdown from Reserves. Also Refer Schedule 2 – Reserves and Surplus.

31. Disclosure of Complaints / Unimplemented awards of banking ombudsmen

In accordance with RBI circular DBOD. No. Leg. BC.9/09.076/2009-10 dated July 01, 2009 details of customer complaints and awards passed by Banking Ombudsman are as follows:

a. Customer Complaints

	Particulars	March 31, 2019
(a)	No. of complaints pending at the beginning of the year	-
(b)	No. of complaints received during FY 2018-2019	-
(c)	No. of complaints redressed during FY 2018-2019	-
(d)	No. of complaints pending as at March 31, 2019	-

b. Awards passed by the Banking Ombudsman

	Particulars	March 31, 2019
(a)	No. of unimplemented Awards at the beginning of the year	-
(b)	No. of Awards passed by Banking Ombudsman during FY 2018-2019	-
(c)	No. of Awards implemented during FY 2018-2019	-
(d)	No. of unimplemented Awards Pending as at March 31, 2019	-

32. Segment Reporting
Part A: Business Segments

In accordance with RBI guidelines, the Bank has identified the following three primary segments: Treasury, Corporate Banking and Retail Banking. These segments are identified based on nature of services provided, risk and returns, organizational structure of the Bank and the internal financial reporting system.

Treasury Operations: Undertakes Derivative Trading, Money Market Operations, and Investment in Bonds, Treasury Bills, Government Securities, CP, CD and Foreign Exchange Operations. The revenue of this segment consist of interest earned on funding, investment income and gains on Government Securities, CP, CD's and debenture / bonds, profits / loss on exchange and derivative transactions. The principal expenses of this segment consist of cost of funds, personnel cost, other direct overheads and allocated expenses.

Corporate Banking: Primarily comprises of funded advances to Corporate. Revenues of this segment consist of interest earned on loans made to corporate clients, interest earned on cash float and fees received from fee-based activities like letter of credit, guarantee etc. The principal expenses of this segment consist of interest expenses on funds borrowed allocated based on personnel costs and allocated expenses.

Retail Banking: Consists of revenue arising out of personal loan, housing loan, etc.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
FY 2018-2019
(Rs. in Thousands)

Business Segments	Corporate	Treasury	Retail	Total
Revenue	185,509	160,483	13,892	359,884
Results	77,131	(31,813)	(38,824)	6,494
Un-allocable Expense**				(476,295)
Operating Profit				(469,801)
Income Taxes				-
Extraordinary Profit/Loss				-
Net profit/(Loss)				(469,801)
Other Information				
Segment Assets	5,472,080	9,704,995	599,672	15,776,747
Un-allocable Assets				206,507
Total Assets				15,983,254
Segment Liabilities	2,615,475	3,484,983	9,876,023	15,976,481
Un-allocable Liabilities				6,773
Total Liabilities				15,983,254
Capital expenditure during FY 2018-2019				55,166
Depreciation expenditure during FY 2018-2019				30,001

** includes provision for Cyber Fraud Rs. 396,653 thousand.

Part B: Geographic Segments

The Bank operates as a single unit in India and as such has no identifiable geographical segments subject to dissimilar risks and returns. Hence, no information relating to geographical segments are presented.

Notes for segment reporting:

1. In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.
2. Assets, liabilities, income and expenses which cannot be allocated to any segments have been classified as unallocated. The unallocated liabilities include TDS on vendor payments and service tax payable. The unallocated assets include taxes and capital work in progress. The unallocated expenses include IT expenses, repairs and maintenance, rent, conveyance, etc.

33. Disclosure under Employee Benefits – Revised Accounting Standard 15

- a) The contribution to employees Provident Fund amounted to Rs. 6,259 thousand for the period December 1, 2018 to March 31, 2019.
- b) The Bank has a policy to pay leave encashment to employees either at the time of resignation or on their retirement.
- c) The Bank does not have pension scheme for its employees. However, the Bank contributes up to 10% of eligible employees' salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Bank recognizes such contributions as an expense in the year when an employee renders the related service. Such contribution for the period December 1, 2018 to March 31, 2019 is Rs. 291.37 thousand.
- d) The Bank expects to contribute Rs. 1.49 crore to gratuity fund in financial year 2019-2020.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
I) Change in the Present value of Projected Benefit Obligation:
(Rs. in Thousands)

	March 31, 2019
Present Value of Benefit Obligation at the Beginning of the year	-
Interest Cost	641
Current Service Cost	1,617
(Benefit paid from the Fund)	-
Past Service Cost	-
Liability Transferred In/ Acquisitions	24,451
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	-
Actuarial (Gains)/Losses on Obligations - Due to Experience	(565)
Present Value of Benefit Obligation at the End of the year	26,144

II) Change in the Fair Value of Plan Assets:
(Rs. in Thousands)

	March 31, 2019
Fair Value of Plan Assets at the Beginning of the year	-
Expected Return on Plan Assets	450
Contributions by the Employer	-
Assets Transferred In/Acquisitions	17,161
(Benefit Paid from the Fund)	-
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	49
Fair Value of Plan Assets at the End of the year	17,660

III) Actuarial (Gains)/Losses Recognized in the Profit and Loss Account:
(Rs. in Thousands)

	March 31, 2019
Actuarial (Gains)/Losses on Obligation for the year	(565)
Actuarial (Gains)/Losses on Plan Asset for the year	(49)
Actuarial (Gains)/Losses Recognized in the Profit or Loss Account	(614)

IV) Actual Return on Plan Assets:
(Rs. in Thousands)

	March 31, 2019
Expected Return on Plan Assets	450
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	49
Actual Return on Plan Assets	499

V) Amount Recognized in the Balance Sheet:
(Rs. in Thousands)

	March 31, 2019
(Present Value of Benefit Obligation at the end of the year)	(26,145)
Fair Value of Plan Assets at the end of the year	17,660
Funded Status (Surplus/ (Deficit))	(8,485)
Unrecognized Past Service Cost at the end of the year	-
Net (Liability)/Asset Recognized in the Balance Sheet	(8,485)



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
VI) Net Interest Cost:
(Rs. in Thousands)

	March 31, 2019
Present Value of Benefit Obligation at the Beginning of the year	-
(Fair Value of Plan Assets at the Beginning of the year)	-
Net Liability/(Asset) at the Beginning	-
Interest Cost	641
(Expected Return on Plan Assets)	(450)
Net Interest Cost for Current Year	191

VII) Expenses Recognized in the Profit or Loss Account:
(Rs. in Thousands)

	March 31, 2019
Current Service Cost	1,617
Net Interest Cost	191
Actuarial (Gains)/Losses	(614)
Past Service Cost - Vested Benefit Recognized During the year	-
Expenses Recognized in the Profit or Loss Account	1,194

VIII) Balance Sheet Reconciliation:
(Rs. in Thousands)

	March 31, 2019
Opening Net Liability	-
Expense Recognized in Profit or Loss Account	1,195
Net Liability/(Asset) Transfer In	7,290
Net (Liability)/Asset Transfer Out	-
(Benefit Paid Directly by the Employer)	-
(Employer's Contribution)	-
Net Liability/(Asset) Recognized in the Balance Sheet	8,485

IX) Category of Assets:
(Rs. in Thousands)

	March 31, 2019
Government of India Assets	-
State Government Securities	-
Special Deposits Scheme	-
Debt Instruments	-
Corporate Bonds	-
Cash And Cash Equivalents	-
Insurance fund	17,660
Asset-Backed Securities	-
Structured Debt	-
Other	-
Total	17,660



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
Actuarial assumptions:

	March 31, 2019
Expected Return on Plan Assets	7.54%
Rate of Discounting	7.54%
Rate of Salary Increase	9.85%
Rate of Employee Turnover	6%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)

Experience Adjustments:

		(Rs. in Thousands)
Particulars		March 31, 2019
Plan Assets		17,660
Defined Benefit Obligation		26,145
Surplus / (Deficit)		8,485
Experience adjustment gain / (loss) on plan assets		49
Experience adjustment (gain) / loss on plan liabilities		(565)

34. Related Party Transactions

Related Party Transactions in terms of AS-18 on "Related Party Disclosures" are disclosed below:

Relationship during FY 2018-19:

1	Ultimate Parent	SBM Holdings Ltd.
2	Parent	SBM (Bank) Holdings Ltd.
3	Subsidiaries of Parent	SBM Bank (Mauritius) Ltd. SBM Bank (Kenya) Ltd.
4	Key Management Personnel	a. Managing Director & Chief Executive Officer – Sidharth Rath b. Chief Finance Officer – Talib Lokhandwala c. Company Secretary – Sanchita Kapoor d. Board of Directors

Transactions during the FY 2018-19:

		(Rs. in Thousands)						
Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance
Liabilities								
Deposit	-	-	263,284	760,278	1,645	-	264,928	760,278
Borrowings	-	-	-	1,563,760	-	-	-	1,563,760
Interest payable	-	-	-	-	-	-	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstandi ng	Maximum Balance	Outstand ing	Maximum Balance	Outstand ing	Maximum Balance	Outstand ing	Maximum Balance
MTM loss on FX forwards	-	-	-	-	-	-	-	-
Payable to group	216,922	216,922	-	-	-	-	216,922	216,922
Total	216,922	216,922	263,284	2,324,038	1,645	-	481,850	2,540,960
Assets								
Lending	-	-	-	104,663	-	-	-	104,663
Balances with Bank	-	-	2,165	-	-	-	2,165	-
Interest receivable	-	-	-	-	-	-	-	-
MTM gain on FX forwards	-	-	-	-	-	-	-	-
Total	-	-	2,165	104,663	-	-	2,165	104,663
Interest paid	-	-	-	15,379	57	-	57	15,379
Fees paid	-	-	-	-	3,098	-	3,098	-
Salary cost	-	-	-	-	11,313	-	11,313	-
Interest Received	-	-	-	24	-	-	-	24
Off Balance sheet items								
FX Forwards	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

35. Impairment of Assets

There is no impairment of any of the fixed assets and as such no provision is required as per AS-28 on 'Impairment of Assets' issued by the ICAI.

36. Earnings Per Share

Particulars	31-Mar-19
Net profit after tax	(469,801)
Weighted average number of equity shares outstanding	218,049,229
Basic and diluted earnings per share in INR	(2.15)

37. Amalgamation by conversion into Wholly Owned Subsidiary (WOS)

The Bank was incorporated as a Company under the Companies Act, 2013 on March 30, 2017. The Bank commenced its Banking operations on December 01, 2018, upon approval on the Scheme of Amalgamation and issuance of banking license by RBI.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Pursuant to the approval of Scheme of Amalgamation by RBI, the *Indian Operations* was amalgamated by conversion with the Bank with effect from December 01, 2018. Accordingly, assets amounting to Rs. 16,679,277 thousand and liabilities amounting to Rs. 11,489,871 thousand resulting in net assets amounting to Rs. 5,189,406 thousand along with contingent liabilities of Rs. 13,597,561 thousand pertaining to the *Indian Operations* was amalgamated by conversion with the Bank.

Details of the assets, liabilities and reserves acquired by the Bank are as under

Particulars	As at November 30, 2018
Assets	
Cash and Balances with Reserve Bank of India	416,583
Balances with banks and Money at Call and Short Notice	3,522,934
Investments	3,289,210
Advances	7,575,700
Fixed Assets	486,917
Other Assets	1,387,933
Total Assets [I]	16,679,277
Liabilities	
Deposits	7,159,582
Borrowings	3,381,090
Other Liabilities and Provisions	949,199
Total Liabilities [II]	11,489,871
Net Assets [I] – [II]	5,189,406
Net Assets is represented by	
Capital [III]	6,569,584
Reserves and Surplus	
Statutory Reserve	359,880
Capital Reserve	58,054
Retained Earnings	320,098
Revaluation Reserve	146,431
Debit Balance in Profit & Loss Account	(2,264,641)
Total Reserves and Surplus [IV]	(1,380,178)
Total [III] + [IV]	5,189,406

In accordance with the accounting treatment as defined in Scheme of Amalgamation approved by RBI, RBI framework for setting up of Wholly Owned Subsidiaries by Foreign Banks in India dated November 6, 2013 and section 115JG of the Income-tax Act read with the Notification Nos. 85 and 86 dated December 6, 2018; the Bank has recorded the assets, liabilities and reserves at the respective book values as appearing in the *Indian Operations* at the close of business of the day immediately preceding the effective date i.e. November 30, 2018.

The Bank has credited Share Capital by aggregate face value of the new equity shares issued to

- a. SBM (Bank) Holdings Ltd. – 656,958,412 equity shares of Rs. 10 each as fully paid up, and
 b. Other six independent share-holders – 6 equity shares of Rs. 10 each as fully paid up.

The total value of these shares represents the capital of the *Indian Operations* as on November 30, 2018



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
38. Counter Cyclical / Floating Provisions
(Rs. in Thousands)

Particulars	March 31, 2019	
	Counter cyclical	Floating
Opening Balance in floating provision	-	-
Add- Additions on amalgamation by conversion into WOS	19,068	6,007
Add- Provision made during the year	-	-
Less- Provision utilize during the year for specific provision	-	-
Closing balance in floating provision	19,068	6,007

39. Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act 2006 which came into force from October 2, 2006 certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on information provided by the Bank which has been relied upon by the auditors.

40. The Bank has not undertaken bancassurance business during FY 2018-19.

41. Concentration of Deposits, Advances, Exposures and NPAs
I. Concentration of Deposits
(Rs. in Thousands)

Particulars	March 31, 2019
Total deposits of twenty largest depositors	5,881,749
Percentage of Deposits to twenty largest depositors to total deposits of the Bank	59.77%

Concentration of Advances*
(Rs. in Thousands)

Particulars	March 31, 2019
Total advances to twenty largest borrowers	5,335,780
Percentage of Advances to twenty largest borrowers to total advances of the Bank	79.89%

Concentration of Exposures*
(Rs. in Thousands)

Particulars	March 31, 2019
Total Exposures to twenty largest borrowers / customers	5,477,708
Percentage of Exposures to twenty largest borrowers / Customers to Total Exposures of the bank on borrowers / Customers	77.59%

*Excluding banking exposures

Concentration of NPA
(Rs. in Thousands)

Particulars	March 31, 2019
Total Exposure of top Four NPA accounts	1,323,878



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
II. Sector wise Advances
(Rs. in Thousands)

Sl. No.	Sector	FY 2018-19		
		Outstanding Total Gross Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector			
1	Agriculture and allied activities	-	-	0%
2	Advances to industries sector eligible as priority sector lending	760,105	760,105	100%
3	Services	401,910	-	0%
4	Personal loans	-	-	0%
	Sub-total (A)	1,162,015	760,105	65.41%
B	Non-Priority Sector			
1	Agriculture and allied activities	-	-	0%
2	Industry	2,464,034	687,996	27.92%
3	Services	1,531,324	-	0%
4	Personal loans	1,577,120	44,958	2.85%
	Sub-total (B)	5,572,478	732,954	13.15%
	Total (A+B)	6,734,493	1,493,059	22.17%

III. a) Movement of Gross NPAs
(Rs. in Thousands)

Particulars	March 31, 2019
Opening balance of Gross NPAs	-
Additions on amalgamation by conversion into WOS	893,128
Additions during the year	604,323
Sub-total (A)	1,497,451
Less:	
i. Upgradations	-
ii. Recoveries (excluding recoveries made from upgraded accounts)	(4,392)
iii. Write-offs	-
Sub-total (B)	(4,392)
Closing balance of Gross NPAs (A-B)	1,493,059

b)
(Rs. in Thousands)

Particulars	March 31, 2019
Opening balance of Technical/ Prudential written-off accounts	-
Add: Additions on amalgamation by conversion into WOS	3,295,000
Add: Technical/ Prudential write-offs during the year	-
Sub-total (A)	3,295,000



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	March 31, 2019
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	(4,889)
Closing balance as at end of the year (A-B)	3,290,111

IV. Overseas Assets, NPAs and Revenue
(Rs. in Thousands)

Particulars	March 31, 2019
Total Assets	-
Total NPAs	-
Total Revenue for the year ended	-

V. Off-balance sheet SPVs sponsored - NIL
42. Revaluation of Fixed Assets

The Bank computes depreciation on revalued premises over its estimated remaining useful life and accordingly an amount of Rs. 1,571 thousand have been accounted as depreciation and reduced from the Revaluation Reserve during FY 2018-19. Addition to Revaluation Reserve of Rs. 100,733 thousand has been made during FY 2018-19 as an adjustment on account of valuation of premises from approved valuers.

43. Software capitalized under Fixed Assets
(Rs. in Thousands)

Particulars	March 31, 2019
Cost at beginning of the year	-
Additions on amalgamation by conversion into WOS	232,749
Additions during the year	22,906
Deductions during the year	-
Depreciation to date*	98,315
Net Block	157,340

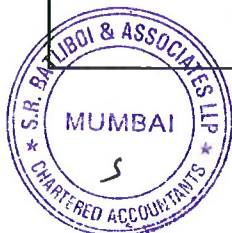
* Includes accumulated depreciation of Rs. 74,534 thousand accounted for in the books of *Indian Operations* till November 30, 2018

44. Provision Coverage Ratio (PCR)

As on March 31, 2019, the Bank has achieved the PCR ratio of 64.38% with reference to Gross NPA as on that day

45. Disclosure on Remuneration

Qualitative disclosures	
(a) Information relating to the composition and mandate of the Remuneration Committee.	<p>The remuneration committee is constituted to oversee the framing, review and implementation of compensation policy of the bank on behalf of the board. The members of the committee are given below</p> <ol style="list-style-type: none"> 1. Mr. Sanjay Kumar Bhattacharya 2. Mr. Azim Fakhruddin Currimjee



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Qualitative disclosures	
	3. Mr. Shyam Sundar Barik
(b) Information relating to the design and structure of remuneration processes and the key features and objectives of Remuneration policy.	<p>The Bank follows the following practices and principles in designing and structuring the remuneration process:-</p> <p>A focus on long-term, risk-adjusted performance and reward mechanism by focusing on performance of the individual employee, the relevant line of business or function and the Bank as a whole. It seeks to drive accountability, and co-relate risk, financial performance and compensation.</p> <p>Key features and Objective of Remuneration policy are: The bank shall follow a Cash plus Benefits (Fixed Pay plus Benefits) approach in its Compensation framework by providing competitive level of compensation to attract and retain qualified and competent staff members. The compensation should be adjusted for all types of risk.</p>
(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	SBM has in place a robust risk and performance management system to capture, monitor, and control the risks created by its business activities. The goal is to not only manage the risks of the Firm, but also to create a culture of risk awareness, risk quantification and measurement and personal accountability. It seeks to ensure that the potential for any risk-taking by any individual, group, or business is controlled.
(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	In determining total compensation, it considers the overall scope of an employee's responsibilities, the performance history of the individual with the Bank, comparisons with other staff within the Firm, external market compensation, and the overall performance of the function and the Bank and Group as whole. The Bank looks at sustained superior performance achieved across multiple factors over multiple time periods.
(e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	The variable/performance pay shall not exceed 70% of the fixed pay for the year. In case where the variable pay constitutes a substantial portion of the fixed pay, i.e. 50% or more, then an appropriate portion of the variable pay, i.e. around 50% of the variable pay will be deferred over a minimum period of 3 years. In the event of negative contributions of the bank in any year, the deferred compensation will be subject to malus arrangements which permits the bank to prevent vesting of all or part of the amount of a deferred remuneration, but it does not reverse vesting after it has already occurred.
(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	There will be a proper balance between the fixed and the variable pay. The variable pay shall not exceed 70% of the fixed pay for the year. The proportion of variable pay will be higher at higher levels of responsibility and could be in cash, or stock linked instruments or mix of both.

Quantitative disclosures

(The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)

(g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Total 4 Remuneration Committee meetings were held during FY 2018-19, members were paid remuneration of Rs. 500 thousand for attending the same.
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SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

<p>(h)</p> <p>(i) Number of employees having received a variable remuneration award during the financial year.</p> <p>(ii) Number and total amount of sign-on awards made during the financial year.</p> <p>(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus</p> <p>(iv) Details of severance pay, in addition to accrued benefits, if any</p>	<p>NIL during FY 2018-19</p> <p>-</p> <p>-</p> <p>-</p>										
<p>(i)</p> <p>(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.</p> <p>(ii) Total amount of deferred remuneration paid out in the financial year.</p>	<p>-</p> <p>-</p>										
<p>(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.</p>	<p>Chief Executive Officer (CEO) Deputy CEO and Chief Operations Officer (COO) Chief Risk Officer Chief Finance Officer Head - Treasury</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>(Rs. in Thousands)</th></tr> </thead> <tbody> <tr> <td>Pay</td><td>21,125</td></tr> <tr> <td>Variable</td><td>-</td></tr> <tr> <td>Perquisites</td><td>26</td></tr> <tr> <td>TOTAL</td><td>21,151</td></tr> </tbody> </table>	Particulars	(Rs. in Thousands)	Pay	21,125	Variable	-	Perquisites	26	TOTAL	21,151
Particulars	(Rs. in Thousands)										
Pay	21,125										
Variable	-										
Perquisites	26										
TOTAL	21,151										
<p>(k)</p> <p>(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.</p> <p>(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.</p> <p>(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.</p>	<p>-</p> <p>-</p> <p>-</p>										

46. Disclosure on Remuneration to Non-executive Directors

The Non-Executive Directors are paid remuneration by way of sitting fees for attending meetings of Board and its committees. An amount of Rs. 3,098 thousand was paid as sitting fees to the Non-Executive Directors during the year.



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
47. Accounting for leases
1. Financial lease

Bank has not entered into any financial lease in current year.

2. Operating lease

The lease agreement entered into pertains to use of premises by the Corporate Office, Branch and Residential House. There are no sub-lease arrangements.

(Rs. in Thousands)

Particulars	March 31, 2019
1. Total future minimum lease payments as at year end:	105,168
– Not later than one year	20,203
– Later than one year but not later than five years	84,965
– Later than five years	-
2. Lease payments recognized in the Profit and Loss Account in Schedule 16	4,716

48. Credit Default Swaps

The Bank does not have any Credit Default Swaps during FY 2018-19.

49. Intra-Group Exposures

In terms of RBI circular DBOD.No.BP.BC.96/21.06.102/2013-14 dated 11 February 2014, the disclosures on intra-group exposures are as below:

(Rs. in Thousands)

Sr. No.	Particulars	March 31, 2019
1	Total amount of intra-group exposures	103,500
2	Total amount of top-20 intra-group exposures	103,500
3	Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	-
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	-

50. Transfers to Depositor Education and Awareness Fund (DEAF)

In terms of RBI circular DBOD.No.BP.BC.No.8/21.04.018/2014-15 dated 1 July 2014 on disclosures on DEAF are as below:

(Rs. in Thousands)

Particulars	March 31, 2019
Opening balance of amounts transferred to DEAF	-
Additions on amalgamation by conversion into WOS	3,542
Add : Amounts transferred to DEAF during the year	638
Less : Amounts reimbursed by DEAF towards claims	-
Closing balance of amounts transferred to DEAF	4,180



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
51. Unhedged Foreign Currency Exposure

The Bank closely monitors the unhedged foreign currency exposures of its corporate clients and also factors this risk into the pricing. The information on the unhedged foreign currency exposures of the corporate is obtained on a quarterly basis and riskiness of the same with respect to the USD – INR exchange rate fluctuation is assessed.

The Bank addresses the currency induced credit risk in a comprehensive manner and the incremental provisioning and capital held by the Bank on account of the same as on 31st March 2019 is as follows:

Incremental Capital maintained by the Bank on account of unhedged foreign currency exposure is Rs 1,110 thousand.

Unhedged Foreign Currency Exposure provisions for current year:

(Rs. in Thousands)

Incremental standard asset provision required as per RBI guideline	Outstanding as on March 31, 2019	Incremental standard advance provision as on March 31, 2019
0 bps	4,963,815	-
20 bps	-	-
40 bps	277,619	1,110
60 bps	-	-
80 bps	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
52. Liquidity Coverage Ratio
(Rs. in Thousands)

		Dec'18, Jan'19, Feb'19 & Mar'19	
		Total Un weighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		4,430,964
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:		
(i)	Stable deposits	-	-
(ii)	Less stable deposits	3,450,257	345,026
3	Unsecured wholesale funding, of which:		
(i)	Operational deposits (all counterparties)	-	-
(ii)	Non-operational deposits (all counterparties)	3,244,539	2,940,693
(iii)	Unsecured debt	-	-
4	Secured wholesale funding		
5	Additional requirements, of which		
(i)	Outflows related to derivative exposures and other	98,350	98,350
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	708,180	104,561
6	Other contractual funding obligations	783,690	783,690
7	Other contingent funding obligations	354,239	10,627
8	TOTAL CASH OUTFLOWS		4,282,948
Cash Inflows			
9	Secured lending (e.g. reverse repos)	1,439,906	-
10	Inflows from fully performing exposures	416,266	252,596
11	Other cash inflows	1,122,339	967,134
12	TOTAL CASH INFLOWS	2,978,512	1,219,730
13	TOTAL HQLA		4,430,964
14	TOTAL NET CASH OUTFLOWS		3,063,218
15	LIQUIDITY COVERAGE RATIO (%)		144.65

Qualitative disclosure

The Reserve Bank of India has prescribed monitoring of sufficiency of Bank's liquid assets using Basel III – Liquidity Coverage Ratio (LCR). The LCR is aimed at measuring and promoting short-term resilience of Banks to potential liquidity disruptions by ensuring maintenance of sufficient high-quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

The LCR requirement has been introduced in a phased manner with banks required to maintain minimum LCR of 70% till December 2016, 80% from January 2017, 90% from January 2018 onwards and 100% by January 2019.

The ratio comprises of high-quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. HQLA has been divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess SLR and a portion of mandatory SLR as permitted by RBI (under MSF and FALLCR). Cash outflows are



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

For classification of deposits, the Bank segregates its deposits into various customer segments, viz Retail (which includes deposits from individuals), Corporate (which includes deposits from corporates) and Others (which includes all other residuary deposits) the Bank has included deposits from NBFCs as corporate deposits.

The Bank has suffered a cyber fraud during the FY2018-19, for which an ad-hoc adjustment of Rs. 25 Cr is made in the cash inflows for computing the LCR.

The Bank has considered the mark-to-market amounts for computing the net cash flows from derivative transactions including the CCIL deals in the LCR computation.

53. Capital Commitment

Capital Commitment outstanding as on March 31, 2019 amounts to Rs. 12,700 thousand.

54. Fraud

Particulars	March 31, 2019
Number of frauds reported	-
Amount involved in frauds	-
Provision made	-
Unamortised provision debited from 'other reserves'	-

55. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

56. Other expenditure:

Details of expenses included in Other Expenditure in Schedule 16, exceeding 1% of the total income are set out below:

(Rs. in Thousands)	
Particulars	FY 2018-19
Loss on account of cyber fraud	396,653
Other IT expenses	21,043

57. Priority sector lending certificates

The amount of PSLCs (category wise) sold and purchase during the year:

(Rs. in Thousands)			
Sr. No.	Type of PSLCs	Purchase	Sale
1	PSLC – Agriculture	-	-
2	PSLC - SF / MF	-	-
3	PSLC - Micro Enterprises	-	-
4	PSLC – General	-	-
	TOTAL	-	-



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

58. RBI vide its circular dated 18th April 2017, has directed that banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 15 percent of the published net profits after tax for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both. The Bank started operations in Financial Year 2018-19. Accordingly, no RBI inspection was held for the Financial Year 2017-18 and no divergence was noted in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

59. Previous year's figures have been regrouped / reclassified, wherever considered necessary, in order to make them comparable with figures for the current year. Previous years' figures have been audited by a firm of Chartered Accountants other than S. R. Batliboi & Associates LLP.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Sarvesh Warty

Partner

Membership No. 121411

Place: Mumbai

Date : September 20, 2019



For SBM Bank (India) Ltd.



Mr. Sidharth Rath
Managing Director &
Chief Executive Officer



Mr. Ameet Patel
Independent Director



Mr. Talib Lokhandwala
Chief Financial Officer



Mrs. Sanchita Kapoor
Company Secretary

Basel III – Pillar 3 disclosures for the year ended 31st March 2019

1. Scope of Application

Qualitative Disclosures:

SBM Bank (India) Limited was granted licence to carry on banking business in India. With effect from 1st December 2018, SBM Bank (India) Limited started its banking operation in India, under Wholly Owned Subsidiary (WoS) mode, with the amalgamation of Indian operations of SBM Bank (Mauritius) Ltd. with SBM Bank(India) Limited. As at 31 March 2019, the Bank has a presence of 4 branches. The Bank does not have any subsidiaries. Thus, the disclosures contained herein only pertain to the Bank.

Quantitative Disclosures:

- (a) The aggregate amount of capital deficiencies in subsidiaries : Not Applicable
- (b) The aggregate amount of the bank's total interests in insurance entitles: Not Applicable

2. Capital Structure

Qualitative Disclosures:

Summary information and main features of capital instruments are given below.

Tier I capital comprises of Paid-up Capital for the purpose of meeting capital adequacy norms, statutory reserves, Capital Reserves and retained earnings. The deduction to the total capital pertains to Carry Forward Losses.

Tier II capital comprises of general loan loss provisions, country risk provision and revaluation reserve.

Quantitative Disclosures:

i) Composition of Capital:

(INR '000)

Composition of Capital as on 31st March 2019		
Particulars		Amounts
Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	70,49,584
2	Retained earnings	3,20,000
3	Accumulated other comprehensive income (and other reserves)	4,18,032
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies ¹)	-
	Public sector capital injections grandfathered until January 1, 2018	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	
6	Common Equity Tier 1 capital before regulatory adjustments	77,87,616
Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	
8	Goodwill (net of related tax liability)	
9	Intangibles (net of related tax liability)	27,55,330
10	Deferred tax assets ²	
11	Cash-flow hedge reserve	
12	Shortfall of provisions to expected losses	
13	Securitisation gain on sale	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	
15	Defined-benefit pension fund net assets	

SBM BANK (INDIA) LIMITED

16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	
17	Reciprocal cross-holdings in common equity	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	
20	Mortgage servicing rights ⁴ (amount above 10% threshold)	Not relevant
21	Deferred tax assets arising from temporary differences ⁵ (amount above 10% threshold, net of related tax liability)	
22	Amount exceeding the 15% threshold ⁶	
23	of which: significant investments in the common stock of financial entities	
24	of which: mortgage servicing rights	
25	of which: deferred tax assets arising from temporary differences	
26	National specific regulatory adjustments ⁷ (26a+26b+26c+26d)	-
26a	of which: Investments in the equity capital of unconsolidated insurance subsidiaries	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries ⁸	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank ⁹	
26d	of which: Unamortised pension funds expenditures	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	
28	Total regulatory adjustments to Common equity Tier 1	27,55,330
29	Common Equity Tier 1 capital (CET1)	50,32,286
Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	
35	of which: instruments issued by subsidiaries subject to phase out	
36	Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) ¹⁰	
41	National specific regulatory adjustments (41a+41b)	-
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which	

SBM BANK (INDIA) LIMITED

	have not been consolidated with the bank	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
43	Total regulatory adjustments to Additional Tier 1 capital	-
44	Additional Tier 1 capital (AT1)	
45	Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)	50,32,286
Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	
47	Directly issued capital instruments subject to phase out from Tier 2	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Provisions ¹²	1,78,084
51	Tier 2 capital before regulatory adjustments	1,78,084
Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	
53	Reciprocal cross-holdings in Tier 2 instruments	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	
55	Significant investments ¹³ in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
56	National specific regulatory adjustments (56a+56b)	-
56a	of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	
57	Total regulatory adjustments to Tier 2 capital	-
58	Tier 2 capital (T2)	1,78,084
58a	Tier 2 capital reckoned for capital adequacy ¹⁴	1,78,084
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	1,78,084
59	Total capital (TC = T1 + Admissible T2) (45 + 58c)	52,10,370
60	Total risk weighted assets (60a + 60b + 60c)	1,06,68,793
60a	of which: total credit risk weighted assets	61,75,615
60b	of which: total market risk weighted assets	34,69,221
60c	of which: total operational risk weighted assets	10,23,957
Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	47.17%
62	Tier 1 (as a percentage of risk weighted assets)	47.17%
63	Total capital (as a percentage of risk weighted assets)	48.84%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.38%
65	of which: capital conservation buffer requirement	1.88%
66	of which: bank specific countercyclical buffer requirement	
67	of which: G-SIB buffer requirement	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	41.67%
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%

SBM BANK (INDIA) LIMITED

71	National total capital minimum ratio (if different from Basel III minimum)	9.00%
Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	
73	Significant investments in the common stock of financial entities	
74	Mortgage servicing rights (net of related tax liability)	NA
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NA
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	NA
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	
Note to the template		
Row No. of the template	Particular	Amount
10	Deferred tax assets associated with accumulated losses	
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0
	Total as indicated in row 10	
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	67,567
	Eligible Revaluation Reserves included in Tier 2 capital	1,10,517
	Total of row 50	1,78,084

SBM BANK (INDIA) LIMITED

(ii) Composition of Capital- Reconciliation

(INR '000)

Composition of Capital- Reconciliation Requirements as on 31st March 2019				
		Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
A	Capital & Liabilities			
	i.	Paid-up Capital	70,49,584	70,49,584
		Reserves & Surplus	(17,71,705)	(17,71,705)
		Minority Interest	-	-
		Total Capital	52,77,879	52,77,879
	ii.	Deposits	98,41,174	98,41,174
		of which: Deposits from banks	2,04,739	2,04,739
		of which: Customer deposits	96,36,435	96,36,435
		of which: Other deposits (pl. specify)	-	-
	iii.	Borrowings	-	-
		of which: From RBI	-	-
		of which: From banks	-	-
		of which: From other institutions & agencies	-	-
		of which: Others (pl. specify) (Borrowings outside India)	-	-
		of which: Capital instruments	-	-
	iv.	Other liabilities & provisions	8,64,201	8,64,201
	Total Liabilities		1,59,83,254	1,59,83,254
B	Assets			
	i.	Cash and balances with Reserve Bank of India	3,00,204	3,00,204
		Balance with banks and money at call and short notice	44,02,083	44,02,083
	ii.	Investments:	40,23,761	40,23,761
		of which: Government securities	36,57,985	36,57,985
		of which: Other approved securities	-	-
		of which: Shares	6,970	6,970
		of which: Debentures & Bonds	1,50,662	1,50,662
		of which: Subsidiaries / Joint Ventures / Associates	-	-
		of which: Others (Commercial Papers, Mutual Funds etc.)	2,23,377	2,23,377
		Less: Provision for Diminution	(15,233)	(15,233)
	iii.	Loans and advances	57,48,129	57,48,129
		of which: Loans and advances to banks	2,23,007	2,23,007
		of which: Loans and advances to customers	55,25,122	55,25,122
	iv.	Fixed assets	6,22,138	6,22,138
	v.	Other assets	8,86,939	8,86,939
		of which: Goodwill and intangible assets		
		of which: Deferred tax assets	-	-
	vi.	Goodwill on consolidation		
	vii.	Debit balance in Profit & Loss account	-	-
	Total Assets		1,59,83,254	1,59,83,254

3. Capital Adequacy:

Qualitative disclosures

Bank's approach to assessing the adequacy:

The Bank's policy is to maintain a strong capital to maintain confidence of depositors and market and to sustain future business developments.

The bank is fully committed to implementing the Basel III as adopted by the Reserve Bank of India and currently follows Standardised approach for credit and market risk and Basic Indicator approach for operational risk.

Quantitative disclosures:

The details of capital requirements and capital adequacy ratio as at 31st March 2019 are as follows:

		(INR '000)
S. No.	PARTICULARS	AMOUNT*
A	Capital requirement for credit risk	
	- Portfolios subject to standardised approach & securitisation exposures	7,10,196
B	Capital requirement for market risk	
	Standardised duration approach	
	- Interest rate risk	39,583
	- Foreign exchange risk	49,594
	- Equity risk	3,09,784
C	Capital requirement for operational risk	
	-Basic indicator approach	1,17,756
D	Capital Adequacy ratio of the Bank (%)	48.84%
E	Tier I CRAR (%)	47.17%

*Capital requirement for Credit, Market & Operational Risk has been computed by multiplying 11.5% to risk weighted assets.

4. Risk Exposure and Assessment

General qualitative disclosure on risk area, risk management objective policies and processes etc:

The Bank has identified the following risks as material to its nature of operations:

- ▶ Credit Risk
- ▶ Market Risk
- ▶ Operational Risk
- ▶ Liquidity Risk
- ▶ Interest Rate Risk in the Banking Book

Risk Management framework

Overview

The Bank's risk management framework is embedded in the business through the different levels supported by an appropriate level of investment in information technology and its people.

Credit Risk

The Bank has a comprehensive credit risk framework to manage Credit Risk, in a uniform and consistent manner.

- ▶ Bank maintains independence and integrity of credit decision-making, credit under working function is segregated from loan origination.
- ▶ Bank adheres to the RBI prudential requirements with respect to lending norms.
- ▶ All credit proposals are analysed through borrower's historical financial statements and projections, which includes a thorough review of traditional methods of ratio analysis, evaluation of asset conversion cycle, balance sheet structure (liquidity, capitalization, and maturity schedule of liabilities), cash flow and FX exposure.
- ▶ As a matter of policy, all credit facilities are reviewed / renewed annually. An account would be classified as NPA based on RBI guidelines.

Credit risk: General disclosures

Qualitative Disclosures

(a) Credit quality of Loans and Advances

All loans and advances in the Bank are classified according to asset quality, nature and number of days in arrears in accordance with RBI guidelines. For accounting purposes, definition of RBI for past due and impaired assets are adopted. Standard accounts include all facilities which demonstrate good financial condition, minimum risk factors and capacity to repay in line with the original terms of sanction.

Non-Performing Assets

Non-performing assets are those loans for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms. During the financial year 2018-19 bank has non-performing assets, net off provision (Gross NPA less Provision), amounting to INR 5,06,695.00 thousand.

The Bank has adopted the Standardised Approach under Basel III for credit risk for Financial Year 2018-19.

(b) Total Gross credit risk exposures including Geographic Distribution of Exposure

(INR '000)

	Mar – 19	Mar – 19	Mar – 19
Particulars	Domestic	Overseas	Total
Fund Based	67,12,687	1,00,000	68,12,687
Non Fund Based	80,298	3,499	83,797
Total	67,92,985	1,03,499	68,96,484

(c) Residual maturity break down of Assets

(INR '000)

MATURITY BUCKETS	Cash balances with RBI and other Banks	Investment Securities	Loans and Advances	Other Assets including fixed assets
Next Day	8,671	28,37,350	25,808	1,12,324
2 TO 7 Days	10,966	-	60,218	1,11,052
8 TO 14 Days	7,084	-	17,205	1,10,928
15 to 28 days	2,735	-	29,675	75,759
29 days to 3 months	48,200	-	21,557	17,008
Over 3 months upto 6 months	37,701	2,50,907	36,797	1,40,280
over 6 months upto 12 months	86,637	5,50,852	4,58,060	-
Over 1 year to 3 years	94,746	3,33,154	26,51,296	-
Over 3 years to 5 years	3,464	44,528	7,83,073	-
Over 5 years	-	6,970	16,64,440	9,41,726
Total	3,00,204	40,23,761	57,48,129	15,09,077

(d) Movement of NPA's and Provision for NPA's

Gross NPAs in various categories (Sub-standard, doubtful, loss etc):

(INR '000)

		Mar – 19
A	Amount of NPA's (Gross)	1,493,059
B	Net NPA's	506,694
C	NPA's ratios	
	Gross NPAs to gross advances (%)	22.17
	Net NPAs to net advances (%)	8.81
D	Movement of Gross NPAs	
	Opening Balance as on 1st Apr	-
	Additions on amalgamation by conversion into WOS	893,128
	Additions	604,323
	Reductions	(4,392)
	Closing balance as on 31st Mar	1,493,059
E	Movement of Provision for NPAs	
	Opening Balance as on 1st Apr	-
	Additions on amalgamation by conversion into WOS	833,308
	Provision made during the year	174,109
	Write-off / write-back of excess provisions	(21,052)
	Closing balance as on 31st Mar	986,365

Credit Risk: Portfolios under the standardised approach:

Qualitative Disclosures:

- The Bank is using Credit Risk Assessment of ICRA, CRISIL, India Ratings and CARE for the purpose of arriving at risk weight age wherever available.
- Rating is accepted only if our exposure is included in the rating.

Quantitative Disclosures:

The exposure under each credit risk category is as follows:

		(INR '000)
Risk Bucket		Amount
Below 100% Risk Weight		1,43,33,563
100% risk weight		40,28,792
More than 100% risk weight		2,90,662
Total		1,86,53,017

Credit Risk Mitigation: Disclosures for standardised approaches

Qualitative Disclosures:

It is the policy of the bank to request for paripassu charge on current assets/movable fixed assets/immovable assets for corporate credits, unless the business case warrants unsecured lending. Security is recognized only as a fallback option and repayment of facilities are primarily sought from the cash flow of the borrower's business. Collateral security is an important comfort to mitigate risk. Bank insists on proper valuation of collateral security wherever stipulated.

Quantitative Disclosures

The total value of eligible Cash collateral (Fixed Deposits held under Lien) for credit risk portfolio is INR 9,54,761.54 thousand.

Securitisation: disclosure for standardised approach

Qualitative and Quantities disclosures:

The bank had securitized NPA assets (Marg Ltd) through Pegasus Assets Reconstruction Pvt. Ltd. and subscribed to Security Receipts to the tune of INR 1,76,652 thousand issued by the Asset Reconstruction Company. Bank securitized the NPA asset of Arch Pharma and subscribed to the Security Receipt to the tune of INR 24,225 thousand issued by JM Asset Reconstruction Company Ltd. Bank securitized the NPA asset of Core Education and subscribed to the Security Receipt to the tune of INR 22,500 thousand issued by Rare ARC Pvt Ltd. Provision of INR 7,875 thousand is made for Rare ARC.

Market risks in the trading book

Qualitative disclosures

Market Risk

It is the risk of losses arising from changes in market rates or prices that can affect the value of financial instruments. In the Bank all Market Risk is centralized in the dealing room. Market Risk is tracked and measured on a dynamic basis by a dedicated Market Risk desk and periodic reports are circulated to senior management.

Market Risk Organization Structure at the Bank

Bank's Risk Management is centralized at its Corporate Office in Mumbai. The Risk Management Committee of the Board approves risk tolerance and appetite for market risk on the recommendation of the Management. It also monitors and reviews significant risks and effectiveness of processes and sets out management responsibilities.

Market Risk Limit Structure at the Bank

Market Risk limits represents strategic restrictions, reflecting the risk tolerance of the Bank, the nature of the trading activities and the perceived trading and management skills. The limit setting is to prevent the accumulation of Market Risk beyond the Bank's risk tolerance level, as determined by the Bank's top management, and to reflect mandates of individual trading units. Market Risk limits are set in a top-down process and organized in a certain hierarchy.

The Bank calculates the risk charge on market risk on the basis of standardized approach as prescribed by RBI. The portfolio contains foreign exchange and interest rate risk only. The interest rate general risk is computed on the basis of duration based approach.

The capital requirements for market risk are as follows:

	(INR '000)
	Mar-19
Interest Rate Risk	39,583
Equity position risk	3,09,784
Foreign Exchange risk	49,594
Total	3,98,961

Operational Risk:

Qualitative disclosures: The approaches for operational risk capital assessment

The Bank's Operational Risk Management framework includes the identification, assessment, measurement and monitoring & oversight of operational risks within the Bank.

The Bank has a commitment to meeting high ethical and Operational Risk Management standards in the way it conducts its business. The governing principles and fundamental components of the Bank's operational risk management approach include accountability in the individual business lines for management and control of the significant operational risks to which they are exposed.

An effective organization structure through which operational risk is managed including:

- ▶ A Board of Directors responsible for sound corporate governance.
- ▶ Separation of duties between key functions.
- ▶ An independent risk function with the Head of the risk function reporting to the Board of Directors.
- ▶ An independent internal audit department responsible for verifying that significant risks are identified and assessed and for determining whether appropriate controls are in place to ensure that overall risks are at an acceptable level.
- ▶ Risk mitigation programs, which use insurance policies to transfer the risk of high severity losses e.g. cash, where feasible and appropriate
- ▶ Business Continuity Management (BCM) framework being implemented to mitigate the risks arising due to disruption of key business services for an extended period of time.

As permitted by RBI, the Bank presently follows the Basic Indicator Approach for assessing the capital requirement for computing capital charge for Operational Risk.

Liquidity Risk

Liquidity Risk is the risk that the Bank is not able to fulfil its actual and potential financial obligations, as and when they are due, without incurring unacceptable losses. The Different dimensions of liquidity risks are (i) Funding risk – need to replace net outflows due to unanticipated withdrawal/non-renewal of deposits (wholesale / retail) (ii) Time risk – need to compensate for non-receipt of expected inflows of funds, for example, performing assets turning into non-performing assets and (iii) Call Risk – due to crystallization of contingent liabilities and unable to undertake profitable business opportunities when desirable. The Bank has a liquidity risk management policy in place, which acts as the principal document for management of liquidity risk.

Liquidity Risk Organization Structure

The ultimate responsibility for the Liquidity Risk of the Bank lies with the Asset & Liability Committee (ALCO). ALCO meets monthly and monitors the funding and liquidity position of the Bank and provides structural guidance and oversight. The bank prepares and analyzes the structural liquidity statement reports as per RBI defined time buckets. The Bank has put in place liquidity mitigants such as call borrowings.

Interest rate risk in the banking book (IRRBB)

Qualitative Disclosures

Interest Rate Risk in the Banking Book

Interest Rate risk in Banking Book (IRRBB) refers to the risk of loss in earnings or economic value of the Bank's Banking Book as a consequence of movement in interest rates. Interest rate risk arises from holding assets/liabilities and Off-Balance Sheet [OBS] items with different principal amount, maturity dates or re-pricing dates thereby creating exposure to changes in levels of interest rates.

IRRBB Organization Structure

Asset and Liability Committee (ALCO) ensures compliance with regulatory and internal policies related to IRRBB and provides strategic direction, for achieving IRRBB management objectives. The ALCO focuses on building strong interest rate indicators, which positively contributes to optimizing the balance sheet structure and maximizes NII over time, while minimizing susceptibility to interest changes. The ALCO is convened regularly to review interest rate risk in the Bank's balance sheet and to assess the market condition.

Quantitative Disclosures

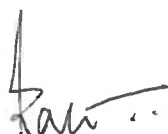
The impact of an incremental 200 basis points parallel fall or rise in all yield curves at the beginning of the year on net interest income for the next 12 months (EAR) amounts to INR 59,277 thousand.

5. Leverage Ratio:

(INR '000)

Leverage Ratio as on 31 st March 2019		
Sr. No.	Particulars	Amount
	On-Balance Sheet Exposure	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,60,40,382.00
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	1,60,40,382.00
	Derivative Exposure	
4	Replacement cost associated with all <i>derivatives</i> transactions (i.e. net of eligible cash variation margin)	-
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	-
	Securities Financing Transaction Exposures	
12	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-
	Other Off-Balance Sheet Exposure	
17	Off-balance sheet exposure at gross notional amount	8,82,266.00
18	(Adjustments for conversion to credit equivalent amounts)	-1,06,475.00
19	Off-balance sheet items (sum of lines 17 and 18)	7,75,791.00
	Capital and total Exposures	
20	Tier 1 Capital	50,32,286.00
21	Total Exposures (sum of lines 3,11,16 and 19)	1,68,16,173.00
	Leverage Ratio	
22	Basel III Leverage Ratio (%)	29.93

For SBM Bank (India) Ltd



Mr. Sidharth Rath
MD & CEO

Place: Mumbai

Date : Sept 20, 2019

SBM BANK (INDIA) LIMITED

Basel III – Pillar 3 disclosures for the year ended 31st March 2019

1. Scope of Application

Qualitative Disclosures:

SBM Bank (India) Limited was granted licence to carry on banking business in India. With effect from 1st December 2018, SBM Bank (India) Limited started its banking operation in India, under Wholly Owned Subsidiary (WoS) mode, with the amalgamation of Indian operations of SBM Bank (Mauritius) Ltd. with SBM Bank (India) Limited. As at 31 March 2019, the Bank has a presence of 4 branches. The Bank does not have any subsidiaries. Thus, the disclosures contained herein only pertain to the Bank.

Quantitative Disclosures:

- (a) The aggregate amount of capital deficiencies in subsidiaries : Not Applicable
 (b) The aggregate amount of the bank's total interests in insurance entities : Not Applicable

2. Capital Structure

Qualitative Disclosures:

Summary information and main features of capital instruments are given below.

Tier I capital comprises of Paid-up Capital for the purpose of meeting capital adequacy norms, statutory reserves, Capital Reserves and retained earnings. The deduction to the total capital pertains to Carry Forward Losses.

Tier II capital comprises of general loan loss provisions, country risk provision and revaluation reserve.

Quantitative Disclosures:

i) Composition of Capital:

(INR '000)

Composition of Capital as on 31 st March 2019		
Particulars		Amounts
Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	70,49,584
2	Retained earnings	3,20,000
3	Accumulated other comprehensive income (and other reserves)	4,18,032
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies ¹)	-
	Public sector capital injections grandfathered until January 1, 2018	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	
6	Common Equity Tier 1 capital before regulatory adjustments	77,87,616
Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	
8	Goodwill (net of related tax liability)	
9	Intangibles (net of related tax liability)	27,55,330
10	Deferred tax assets ²	
11	Cash-flow hedge reserve	
12	Shortfall of provisions to expected losses	
13	Securitisation gain on sale	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	
15	Defined-benefit pension fund net assets	

SBM BANK (INDIA) LIMITED

16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	
17	Reciprocal cross-holdings in common equity	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	
20	Mortgage servicing rights ⁴ (amount above 10% threshold)	Not relevant
21	Deferred tax assets arising from temporary differences ⁵ (amount above 10% threshold, net of related tax liability)	
22	Amount exceeding the 15% threshold ⁶	
23	of which: significant investments in the common stock of financial entities	
24	of which: mortgage servicing rights	
25	of which: deferred tax assets arising from temporary differences	
26	National specific regulatory adjustments ⁷ (26a+26b+26c+26d)	-
26a	of which: Investments in the equity capital of unconsolidated insurance subsidiaries	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries ⁸	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank ⁹	
26d	of which: Unamortised pension funds expenditures	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	
28	Total regulatory adjustments to Common equity Tier 1	27,55,330
29	Common Equity Tier 1 capital (CET1)	50,32,286
Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	
35	of which: instruments issued by subsidiaries subject to phase out	
36	Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) ¹⁰	
41	National specific regulatory adjustments (41a+41b)	-
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which	

SBM BANK (INDIA) LIMITED

	have not been consolidated with the bank	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
43	Total regulatory adjustments to Additional Tier 1 capital	-
44	Additional Tier 1 capital (AT1)	
45	Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)	50,32,286
Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	
47	Directly issued capital instruments subject to phase out from Tier 2	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Provisions ¹²	1,78,084
51	Tier 2 capital before regulatory adjustments	1,78,084
Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	
53	Reciprocal cross-holdings in Tier 2 instruments	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	
55	Significant investments ¹³ in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
56	National specific regulatory adjustments (56a+56b)	-
56a	of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	
57	Total regulatory adjustments to Tier 2 capital	-
58	Tier 2 capital (T2)	1,78,084
58a	Tier 2 capital reckoned for capital adequacy ¹⁴	1,78,084
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	1,78,084
59	Total capital (TC = T1 + Admissible T2) (45 + 58c)	52,10,370
60	Total risk weighted assets (60a + 60b + 60c)	1,06,68,793
60a	of which: total credit risk weighted assets	61,75,615
60b	of which: total market risk weighted assets	34,69,221
60c	of which: total operational risk weighted assets	10,23,957
Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	47.17%
62	Tier 1 (as a percentage of risk weighted assets)	47.17%
63	Total capital (as a percentage of risk weighted assets)	48.84%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.38%
65	of which: capital conservation buffer requirement	1.88%
66	of which: bank specific countercyclical buffer requirement	
67	of which: G-SIB buffer requirement	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	41.67%
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%

SBM BANK (INDIA) LIMITED

71	National total capital minimum ratio (if different from Basel III minimum)	9.00%
Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	
73	Significant investments in the common stock of financial entities	
74	Mortgage servicing rights (net of related tax liability)	NA
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NA
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	NA
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	
Note to the template		
Row No. of the template	Particular	Amount
10	Deferred tax assets associated with accumulated losses	
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0
	Total as indicated in row 10	
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	67,567
	Eligible Revaluation Reserves included in Tier 2 capital	1,10,517
	Total of row 50	1,78,084

SBM BANK (INDIA) LIMITED

(ii) Composition of Capital- Reconciliation

(INR '000)

Composition of Capital- Reconciliation Requirements as on 31 st March 2019				
Particulars		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	
A	Capital & Liabilities			
	i.	Paid-up Capital	70,49,584	70,49,584
		Reserves & Surplus	(17,71,705)	(17,71,705)
		Minority Interest	-	-
		Total Capital	52,77,879	52,77,879
	ii.	Deposits	98,41,174	98,41,174
		of which: Deposits from banks	2,04,739	2,04,739
		of which: Customer deposits	96,36,435	96,36,435
		of which: Other deposits (pl. specify)	-	-
	iii.	Borrowings	-	-
		of which: From RBI	-	-
		of which: From banks	-	-
		of which: From other institutions & agencies	-	-
		of which: Others (pl. specify) (Borrowings outside India)	-	-
		of which: Capital instruments	-	-
	iv.	Other liabilities & provisions	8,64,201	8,64,201
	Total Liabilities		1,59,83,254	1,59,83,254
B	Assets			
	i.	Cash and balances with Reserve Bank of India	3,00,204	3,00,204
		Balance with banks and money at call and short notice	44,02,083	44,02,083
	ii.	Investments:	40,23,761	40,23,761
		of which: Government securities	36,57,985	36,57,985
		of which: Other approved securities	-	-
		of which: Shares	6,970	6,970
		of which: Debentures & Bonds	1,50,662	1,50,662
		of which: Subsidiaries / Joint Ventures / Associates	-	-
		of which: Others (Commercial Papers, Mutual Funds etc.)	2,23,377	2,23,377
		Less: Provision for Dimunition	(15,233)	(15,233)
	iii.	Loans and advances	57,48,129	57,48,129
		of which: Loans and advances to banks	2,23,007	2,23,007
		of which: Loans and advances to customers	55,25,122	55,25,122
	iv.	Fixed assets	6,22,138	6,22,138
	v.	Other assets	8,86,939	8,86,939
		of which: Goodwill and intangible assets		
		of which: Deferred tax assets	-	-
	vi.	Goodwill on consolidation		
	vii.	Debit balance in Profit & Loss account	-	-
	Total Assets		1,59,83,254	1,59,83,254

3. Capital Adequacy:**Qualitative disclosures**

Bank's approach to assessing the adequacy:

The Bank's policy is to maintain a strong capital to maintain confidence of depositors and market and to sustain future business developments.

The bank is fully committed to implementing the Basel III as adopted by the Reserve Bank of India and currently follows Standardised approach for credit and market risk and Basic Indicator approach for operational risk.

Quantitative disclosures:

The details of capital requirements and capital adequacy ratio as at 31st March 2019 are as follows:

		(INR '000)
S. No.	PARTICULARS	AMOUNT*
A	Capital requirement for credit risk	
	- Portfolios subject to standardised approach & securitisation exposures	7,10,196
B	Capital requirement for market risk	
	Standardised duration approach	
	- Interest rate risk	39,583
	- Foreign exchange risk	49,594
	- Equity risk	3,09,784
C	Capital requirement for operational risk	
	-Basic indicator approach	1,17,756
D	Capital Adequacy ratio of the Bank (%)	48.84%
E	Tier I CRAR (%)	47.17%

*Capital requirement for Credit, Market & Operational Risk has been computed by multiplying 11.5% to risk weighted assets.



4. Risk Exposure and Assessment

General qualitative disclosure on risk area, risk management objective policies and processes etc:

The Bank has identified the following risks as material to its nature of operations:

- ▶ Credit Risk
- ▶ Market Risk
- ▶ Operational Risk
- ▶ Liquidity Risk
- ▶ Interest Rate Risk in the Banking Book

Risk Management framework

Overview

The Bank's risk management framework is embedded in the business through the different levels supported by an appropriate level of investment in information technology and its people.

Credit Risk

The Bank has a comprehensive credit risk framework to manage Credit Risk, in a uniform and consistent manner.

- ▶ Bank maintains independence and integrity of credit decision-making, credit under working function is segregated from loan origination.
- ▶ Bank adheres to the RBI prudential requirements with respect to lending norms.
- ▶ All credit proposals are analysed through borrower's historical financial statements and projections, which includes a thorough review of traditional methods of ratio analysis, evaluation of asset conversion cycle, balance sheet structure (liquidity, capitalization, and maturity schedule of liabilities), cash flow and FX exposure.
- ▶ As a matter of policy, all credit facilities are reviewed / renewed annually. An account would be classified as NPA based on RBI guidelines.

Credit risk: General disclosures

Qualitative Disclosures

(a) Credit quality of Loans and Advances

All loans and advances in the Bank are classified according to asset quality, nature and number of days in arrears in accordance with RBI guidelines. For accounting purposes, definition of RBI for past due and impaired assets are adopted. Standard accounts include all facilities which demonstrate good financial condition, minimum risk factors and capacity to repay in line with the original terms of sanction.

Non-Performing Assets

Non-performing assets are those loans for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms. During the financial year 2018-19 bank has non-performing assets, net off provision (Gross NPA less Provision), amounting to INR 5,06,695.00 thousand.

The Bank has adopted the Standardised Approach under Basel III for credit risk for Financial Year 2018-19.

(b) Total Gross credit risk exposures including Geographic Distribution of Exposure

(INR '000)

	Mar – 19	Mar – 19	Mar – 19
Particulars	Domestic	Overseas	Total
Fund Based	67,12,687	1,00,000	68,12,687
Non Fund Based	80,298	3,499	83,797
Total	67,92,985	1,03,499	68,96,484

SBM BANK (INDIA) LIMITED

(c) Residual maturity break down of Assets

(INR '000)

MATURITY BUCKETS	Cash balances with RBI and other Banks	Investment Securities	Loans and Advances	Other Assets including fixed assets
Next Day	8,671	28,37,350	25,808	1,12,324
2 TO 7 Days	10,966	-	60,218	1,11,052
8 TO 14 Days	7,084	-	17,205	1,10,928
15 to 28 days	2,735	-	29,675	75,759
29 days to 3 months	48,200	-	21,557	17,008
Over 3 months upto 6 months	37,701	2,50,907	36,797	1,40,280
over 6 months upto 12 months	86,637	5,50,852	4,58,060	-
Over 1 year to 3 years	94,746	3,33,154	26,51,296	-
Over 3 years to 5 years	3,464	44,528	7,83,073	-
Over 5 years	-	6,970	16,64,440	9,41,726
Total	3,00,204	40,23,761	57,48,129	15,09,077

(d) Movement of NPA's and Provision for NPA's

Gross NPAs in various categories (Sub-standard, doubtful, loss etc):

(INR '000)

		Mar – 19
A	Amount of NPA's (Gross)	1,493,059
B	Net NPA's	506,694
C	NPA's ratios	
	Gross NPAs to gross advances (%)	22.17
	Net NPAs to net advances (%)	8.81
D	Movement of Gross NPAs	
	Opening Balance as on 1st Apr	-
	Additions on amalgamation by conversion into WOS	893,128
	Additions	604,323
	Reductions	(4,392)
	Closing balance as on 31st Mar	1,493,059
E	Movement of Provision for NPAs	
	Opening Balance as on 1st Apr	-
	Additions on amalgamation by conversion into WOS	833,308
	Provision made during the year	174,109
	Write-off / write-back of excess provisions	(21,052)
	Closing balance as on 31st Mar	986,365

Credit Risk: Portfolios under the standardised approach:

Qualitative Disclosures:

- The Bank is using Credit Risk Assessment of ICRA, CRISIL, India Ratings and CARE for the purpose of arriving at risk weight age wherever available.
- Rating is accepted only if our exposure is included in the rating.

Quantitative Disclosures:

The exposure under each credit risk category is as follows:

(INR '000)	
Risk Bucket	Amount
Below 100% Risk Weight	1,43,33,563
100% risk weight	40,28,792
More than 100% risk weight	2,90,662
Total	1,86,53,017

Credit Risk Mitigation: Disclosures for standardised approaches

Qualitative Disclosures:

It is the policy of the bank to request for paripassu charge on current assets/movable fixed assets/immovable assets for corporate credits, unless the business case warrants unsecured lending. Security is recognized only as a fallback option and repayment of facilities are primarily sought from the cash flow of the borrower's business. Collateral security is an important comfort to mitigate risk. Bank insists on proper valuation of collateral security wherever stipulated.

Quantitative Disclosures

The total value of eligible Cash collateral (Fixed Deposits held under Lien) for credit risk portfolio is INR 9,54,761.54 thousand.

Securitisation: disclosure for standardised approach

Qualitative and Quantities disclosures:

The bank had securitized NPA assets (Marg Ltd) through Pegasus Assets Reconstruction Pvt. Ltd. and subscribed to Security Receipts to the tune of INR 1,76,652 thousand issued by the Asset Reconstruction Company. Bank securitized the NPA asset of Arch Pharma and subscribed to the Security Receipt to the tune of INR 24,225 thousand issued by JM Asset Reconstruction Company Ltd. Bank securitized the NPA asset of Core Education and subscribed to the Security Receipt to the tune of INR 22,500 thousand issued by Rare ARC Pvt Ltd. Provision of INR 7,875 thousand is made for Rare ARC.

Market risks in the trading book

Qualitative disclosures

Market Risk

It is the risk of losses arising from changes in market rates or prices that can affect the value of financial instruments. In the Bank all Market Risk is centralized in the dealing room. Market Risk is tracked and measured on a dynamic basis by a dedicated Market Risk desk and periodic reports are circulated to senior management.

Market Risk Organization Structure at the Bank

Bank's Risk Management is centralized at its Corporate Office in Mumbai. The Risk Management Committee of the Board approves risk tolerance and appetite for market risk on the recommendation of the Management. It also monitors and reviews significant risks and effectiveness of processes and sets out management responsibilities.

Market Risk Limit Structure at the Bank

Market Risk limits represents strategic restrictions, reflecting the risk tolerance of the Bank, the nature of the trading activities and the perceived trading and management skills. The limit setting is to prevent the accumulation of Market Risk beyond the Bank's risk tolerance level, as determined by the Bank's top management, and to reflect mandates of individual trading units. Market Risk limits are set in a top-down process and organized in a certain hierarchy.

The Bank calculates the risk charge on market risk on the basis of standardized approach as prescribed by RBI. The portfolio contains foreign exchange and interest rate risk only. The interest rate general risk is computed on the basis of duration based approach.

The capital requirements for market risk are as follows:

	(INR '000)
	Mar-19
Interest Rate Risk	39,583
Equity position risk	3,09,784
Foreign Exchange risk	49,594
Total	3,98,961

Operational Risk:

Qualitative disclosures: The approaches for operational risk capital assessment

The Bank's Operational Risk Management framework includes the identification, assessment, measurement and monitoring & oversight of operational risks within the Bank.

The Bank has a commitment to meeting high ethical and Operational Risk Management standards in the way it conducts its business. The governing principles and fundamental components of the Bank's operational risk management approach include accountability in the individual business lines for management and control of the significant operational risks to which they are exposed.

An effective organization structure through which operational risk is managed including:

- ▶ A Board of Directors responsible for sound corporate governance.
- ▶ Separation of duties between key functions.
- ▶ An independent risk function with the Head of the risk function reporting to the Board of Directors.
- ▶ An independent internal audit department responsible for verifying that significant risks are identified and assessed and for determining whether appropriate controls are in place to ensure that overall risks are at an acceptable level.
- ▶ Risk mitigation programs, which use insurance policies to transfer the risk of high severity losses e.g. cash, where feasible and appropriate
- ▶ Business Continuity Management (BCM) framework being implemented to mitigate the risks arising due to disruption of key business services for an extended period of time.

As permitted by RBI, the Bank presently follows the Basic Indicator Approach for assessing the capital requirement for computing capital charge for Operational Risk.

✕

Liquidity Risk

Liquidity Risk is the risk that the Bank is not able to fulfil its actual and potential financial obligations, as and when they are due, without incurring unacceptable losses. The Different dimensions of liquidity risks are (i) Funding risk – need to replace net outflows due to unanticipated withdrawal/non-renewal of deposits (wholesale / retail) (ii) Time risk – need to compensate for non-receipt of expected inflows of funds, for example, performing assets turning into non-performing assets and (iii) Call Risk – due to crystallization of contingent liabilities and unable to undertake profitable business opportunities when desirable. The Bank has a liquidity risk management policy in place, which acts as the principal document for management of liquidity risk.

Liquidity Risk Organization Structure

The ultimate responsibility for the Liquidity Risk of the Bank lies with the Asset & Liability Committee (ALCO). ALCO meets monthly and monitors the funding and liquidity position of the Bank and provides structural guidance and oversight. The bank prepares and analyzes the structural liquidity statement reports as per RBI defined time buckets. The Bank has put in place liquidity mitigants such as call borrowings.

Interest rate risk in the banking book (IRRBB)

Qualitative Disclosures

Interest Rate Risk in the Banking Book

Interest Rate risk in Banking Book (IRRBB) refers to the risk of loss in earnings or economic value of the Bank's Banking Book as a consequence of movement in interest rates. Interest rate risk arises from holding assets/liabilities and Off-Balance Sheet [OBS] items with different principal amount, maturity dates or re-pricing dates thereby creating exposure to changes in levels of interest rates.

IRRBB Organization Structure

Asset and Liability Committee (ALCO) ensures compliance with regulatory and internal policies related to IRRBB and provides strategic direction, for achieving IRRBB management objectives. The ALCO focuses on building strong interest rate indicators, which positively contributes to optimizing the balance sheet structure and maximizes NII over time, while minimizing susceptibility to interest changes. The ALCO is convened regularly to review interest rate risk in the Bank's balance sheet and to assess the market condition.

Quantitative Disclosures

The impact of an incremental 200 basis points parallel fall or rise in all yield curves at the beginning of the year on net interest income for the next 12 months (EAR) amounts to INR 59,277 thousand.

SBM BANK (INDIA) LIMITED

5. Leverage Ratio:

(INR '000)

Leverage Ratio as on 31 st March 2019		
Sr. No.	Particulars	Amount
	On-Balance Sheet Exposure	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,60,40,382.00
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	1,60,40,382.00
	Derivative Exposure	
4	Replacement cost associated with all <i>derivatives</i> transactions (i.e. net of eligible cash variation margin)	-
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	-
	Securities Financing Transaction Exposures	
12	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-
	Other Off-Balance Sheet Exposure	
17	Off-balance sheet exposure at gross notional amount	8,82,266.00
18	(Adjustments for conversion to credit equivalent amounts)	-1,06,475.00
19	Off-balance sheet items (sum of lines 17 and 18)	7,75,791.00
	Capital and total Exposures	
20	Tier 1 Capital	50,32,286.00
21	Total Exposures (sum of lines 3,11,16 and 19)	1,68,16,173.00
	Leverage Ratio	
22	Basel III Leverage Ratio (%)	29.93

For SBM Bank (India) Ltd



Mr. Sidharth Rath
MD & CEO

Place: Mumbai

Date : Sept 20, 2019

CONFIDENTIAL

Ref: ICRA/SBM India/16032022/2

Date: March 16, 2022

Mr. Siddharth Rath
MD & CEO
SBM Bank (India) Limited
306 – A, The Capital, G-Block
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

Dear Sir,

Re: ICRA Credit Rating for the Basel III Tier II Bond programme of Rs. 250 crore (unplaced) of SBM Bank (India) Limited

Please refer to your request dated March 15, 2022 for revalidating the rating letter issued for the captioned programme.

We confirm that the [ICRA]A+ (pronounced as ICRA A plus) rating with a stable outlook assigned to your captioned programme and last communicated to you vide our letter dated September 09, 2021 stands. Instruments with [ICRA]A+ are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The modifier {"+"(plus)} reflects the comparative standing within the category.

The other terms and conditions for the rating of the aforementioned instrument shall remain the same as communicated vide our letters Ref no. ICRA/SBM India/09092021/1 dated September 09, 2021.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the instruments issued by you.

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

KARTHIK SRINIVASAN
Senior Vice President
karthiks@icraindia.com



Encl.

Annexure1: Instrument wise Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated	Current Rating and Outlook
					(Rs. crore)	
NA	Long term bonds	Unplaced	NA	NA	250.00	[ICRA]A+(stable)

September 17, 2021

SBM Bank (India) Ltd: Rating reaffirmed; [ICRA]A+ (Stable) assigned to Bond Programme

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Basel III Tier II Bond Programme	-	250.00	[ICRA]A+ (Stable); Assigned
Certificate of Deposits	500.00	500.00	[ICRA]A1+; Reaffirmed
Total	500.00	750.00	

*Instrument details are provided in Annexure-1

Rationale

The rating assignment considers SBM Bank (India) Ltd's satisfactory performance with a steady scale of operations, which has supported its operating profitability. Additionally, on the asset quality front, most of the stressed legacy exposures have been largely provided for with net non-performing advances (NPAs) of 0.92% as on June 30, 2021. However, the special mention account (SMA)¹-1 and 2 books stood at 0.19% of the total standard advances as on June 30, 2021. The restructuring of accounts was limited at 0.10% of the loan book as on June 30, 2021. The bank remains in the expansion phase, leading to higher operational costs, thereby weighing on its overall profitability. Furthermore, despite the improvement in the granularity of the asset and liability profile, it remains concentrated given the scale of operations. The bank's ability to build a low-cost and granular liability base while reducing its cost of funds will remain critical for its ability to scale up its assets and absorb the increase in overheads to further improve its profitability.

The rating continues to draw comfort from the parentage in the form of SBM Holdings Limited, the ultimate holding company of SBM Bank (Mauritius) Limited (rated Baa3 (negative)/P-3/BCA ba2 by Moody's) and SBM Bank (India) Limited. SBM Holdings Limited is the holding company for all the banking and financial activities of the Group. It houses two intermediate investment arms of the Group, namely SBM (Bank) Holdings Limited for banks and SBM (NFC) Holdings Limited for non-banks, which together operate banking and non-banking entities across Africa and India. Furthermore, the Government of Mauritius (rated Baa3 (negative) by Moody's) is the largest shareholder in SBM Holdings Limited.

ICRA draws comfort from the operational linkages of SBM Bank (India) Limited with the Group and its position as a 100% step-down subsidiary of SBM Holdings Limited. The recent downgrade in the sovereign rating of Mauritius by Moody's to Baa3 (negative) from Baa2 (stable) has also translated into a negative outlook on the ratings of SBM Bank (Mauritius) Limited. ICRA will continue to closely monitor the credit profile and the impact of international developments on both SBM Holdings Limited and SBM Bank (Mauritius) Limited as these could also be the rating drivers of SBM Bank (India) Limited in the near to medium term. As per the Reserve Bank of India's (RBI) framework for the wholly-owned subsidiaries (WOS) of foreign banks in India, SBM (Bank) Holdings Limited has undertaken to provide necessary financial support to SBM Bank (India) Limited if it is unable to meet any of its liabilities as well as ensure that SBM Bank (India) Limited maintains a minimum net worth at the regulatory requirement of Rs. 500 crore.

¹ A special mention account (SMA) is an account exhibiting signs of incipient stress, resulting in the borrower defaulting in the timely servicing of their debt obligations though the account has not yet been classified as an NPA as per the RBI guidelines; SMA 1 accounts are overdue by 31-60 days and SMA 2 accounts are overdue by 61-90 days

Key rating drivers and their description

Credit strengths

Parentage-driven rating – ICRA continues to draw comfort from the parentage of SBM Bank (India) Limited and its position as a step-down WOS of SBM Holdings Limited, the ultimate holding company of SBM Bank (Mauritius) Limited. SBM Holdings Limited's shareholders include the Government of Mauritius, which, along with other state-owned entities including state-owned pension funds, remains the largest shareholder. Additionally, SBM Bank (Mauritius) Limited is the second largest bank in Mauritius with assets of USD 5.9 billion as on December 31, 2020. SBM Holdings Limited's operations are spread across countries like Kenya and Madagascar. The parent company's continued strong commitment towards supporting the Indian operations serves as a credit positive. Strong operational linkages with the Group in terms of ownership, a shared name and its overall importance in advancing the growth plans of the Group in the region provide further comfort.

In the past, the parent had portrayed support through capital infusions as the Indian branches transitioned to the subsidiary model with SBM (Bank) Holdings Limited infusing capital of ~Rs. 100 crore during FY2019-2020 for provisions on legacy stressed assets while maintaining the capital above the regulatory requirements. ICRA factors in the strong likelihood of continued support from the parent to the Indian entity, if required. Moreover, SBM Bank (Holdings) Limited has given 'in-principle approval' to provide the necessary financial support to the Indian entity to meet any liability that SBM Bank (India) Limited is unable to meet. This remains in line with the RBI's framework for the WOS of foreign banks in India.

Adequate capitalisation, though weak internal accruals may lead to growth capital requirements – SBM Bank (India) Limited's net worth² stood at Rs. 617 crore as on June 30, 2021 (Rs. 599 crore as on March 31, 2021 and Rs. 519 crore as on November 28, 2018 at the time of conversion into a bank) against the regulatory requirement of Rs. 500 crore. The expansion in the capital cushion above the regulatory requirement was mainly on the back of a Rs. 52-crore infusion in FY2020 and a marginal improvement in internal capital accretion. The increased scale of the funded and non-funded business has resulted in higher income even though the scaling up of the business continues to drive a higher cost-to-income ratio.

SBM Bank (India) Limited's return on assets (RoA) improved to 1.34% of the average assets in Q1 FY2022 (0.52% in FY2021). This was partially supported by the recoveries against the NPAs, cyber fraud losses witnessed by the erstwhile Indian branches in FY2019 and gains on the bond portfolio amid declining yields. The capital ratios remained adequate with the CRAR at 17.84% as on June 30, 2021. Moving ahead, as the bank scales up its operations, the cost-to income ratio is likely to remain high, resulting in modest internal accruals. Accordingly, it may need to raise capital to scale up the business and to provide for unexpected asset quality shocks.

Credit challenges

Despite improvement in granularity, asset and liability base remains concentrated – SBM Bank (India) Limited's deposits and advances grew by ~11% and 3% on a sequential basis to Rs. 4,276 crore and Rs. 3,010 crore, respectively, as on June 30, 2021. The share of current and savings accounts (CASA) improved marginally to 22.8% as on June 30, 2021 (21.3% as on March 31, 2021) on the back of the uptick in CA deposits, but the same remains concentrated. Furthermore, the overall deposit concentration levels remain high with the share of the top 20 depositors remaining at 38% of the total deposits as on March 31, 2021 (43% as on March 31, 2020). The bank has foreign currency non-resident (FCNR) deposits, which accounted for ~18% of the term deposits as on June 30, 2021, though the same has declined from 40% over the last few fiscals. Given the competitive domestic cost of funding, these will not be rolled over in FY2022.

The bank disbursed ~Rs. 500 crore of fresh loans in Q1 FY2022, though higher repayments during the quarter kept the uptick in advances restricted to ~Rs. 100 crore as on June 30, 2021. The loan book concentration remains very high and the asset quality and profitability could remain susceptible to slippages of any large exposure. The top 20 exposures accounted for ~28%

² Includes revaluation reserve

of the total exposures and ~173% of the bank's net worth as on March 31, 2021 compared to ~50% and ~145%, respectively, as on March 31, 2020. Though the concentration has reduced, it remains very high and the asset quality and profitability could remain susceptible to slippages of any large exposure.

Operating profitability and return metrics to remain modest as bank scales up its operations – With the muted credit growth and excess liquidity, the net interest margin (NIM) as a percentage of the average total assets (ATA) declined to 2.01% in Q1 FY2022 (2.17% in FY2021). The net interest income (NII) stood at Rs. 27 crore for the quarter (Rs. 78 crore in FY2021). The fee income stood at 1.4% of average assets in Q1 FY2022 (1.08% in FY2021 excluding cyber fraud recoveries) and has been a driving factor in the overall increase in the bank's total operating income. However, as SBM Bank (India) Limited continues to scale up, the operating cost remains high at Rs. 36 crore or 2.7% of average assets (3.5% in FY2021), resulting in muted core operating profitability, which remained low at 0.83% of ATA in Q1 FY2022 (0.68% in FY2021). As the bank is in expansion mode, continued investments in branch and technology infrastructure are likely to remain a drag on its overall profitability. With limited fresh gross slippages in Q1 FY2022 of Rs. 2 crore (0.05% of standard advances), credit costs remained muted.

As a part of its strategy to improve the scale and profitability, SBM (Bank) India Limited is working towards offering various transaction-related businesses to improve the float of low-cost CASA deposits. To offer these services, the bank has tied up with third-party service providers. Further, on the asset side, while the focus is on relatively smaller-ticket loan exposures to mid-sized corporates, the bank continued to focus on relatively larger corporates because of the Covid-19-induced stress on mid-sized corporates. It also intends to conduct co-lending with its Group entities for large corporates and loan syndication activities for small and medium corporates, which will support diversified loan book growth. To improve its franchise and liability base, SBM (Bank) India Limited will position itself as a premium bank and expand its footprint in India by expanding its branches while outsourcing the associated infrastructure.

Asset quality remains monitorable, given recent scale-up of the loan book and limited cushion in operating profits – The GNPA and NNPA stood steady at 2.92% and 0.92%, respectively, as on June 30, 2021 (2.97% and 0.90%, respectively, as on March 31, 2021) driven by limited slippages while the provision coverage ratio (PCR) excluding write-offs remained satisfactory at 69.1% as on June 30, 2021 (70.3% as on March 31, 2021). The SMA 1 and SMA 2 balances stood at 0.19% of the standard advances as on June 30, 2021 (0.15% as on March 31, 2021). The bank has also provided loans under the Emergency Credit Line Guarantee Scheme (ECLGS) to customers which had SMA-2 status in the past; hence, the repayment behaviour of these accounts remains a monitorable. The restructuring book remained minuscule at 0.10% of the standard advances as on March 31, 2021 and SBM (Bank) India Limited does not expect any restructuring in FY2022. Given the limited operating profitability and the concentrated loan book, any slippage from the corporate borrowers could drive the credit provisions, which could put pressure on the bank's net profitability.

Liquidity position: Adequate

Supported by a high statutory liquidity ratio (SLR) of ~39% of the net demand and time liabilities (NDTL) as on June 30, 2021, which was above the regulatory requirement of 18%, the liquidity coverage ratio (LCR) remained comfortable at ~125% in Q1 FY2022. Despite a high level of surplus Government securities, which can be sold to generate liquidity, SBM (Bank) India Limited has negative cumulative mismatches in the less than 1-year bucket because of the relatively longer tenor of its loans as per the structural liquidity statement (SLS) as on June 30, 2021. While the bank has sizeable near-term liquid assets, high depositor concentration leads to high reliance on deposit rollovers to maintain liquidity. SBM (Bank) India Limited's overall liquidity position also remains supported by its access to borrowing from the parent (~50% of Tier I capital) and inter-bank lines of USD 270 million from domestic banks.

Rating sensitivities

Positive factors – ICRA could upgrade the long-term rating on an improvement in the credit profile of the SBM Group.

Negative factors – ICRA could downgrade the ratings if the Tier I capital cushion declines to less than 2% over the regulatory levels (9.5%). Further, a deterioration in the credit profile of the SBM Group or lack of adequate funding support to help SBM Bank (India) Limited maintain its capital and liquidity cushions, if required, will be negative triggers.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Rating Methodology for Banks Impact of Parent or Group Support on an Issuer's Credit Rating
Parent/Group Support	Group Company: SBM Holdings Limited ICRA expects SBM Bank (India) Limited's parent, SBM Holdings Limited, which is also the holding company of SBM Bank (Mauritius) Limited, to be willing to extend financial support to the bank, if required, given the high strategic importance that the bank holds for SBM Holdings Limited for meeting its diversification objectives and for driving growth in the region. Both SBM Holdings Limited and SBM Bank (India) Limited share a common name, which, in ICRA's opinion, would persuade SBM Holdings Limited to provide financial support to the bank to protect its reputation from the consequences of a group entity's distress.
Consolidation/Standalone	Standalone

About the company

SBM Bank (India) Limited: The SBM Group commenced banking operations in India in 1994 with four branches in Mumbai, Chennai, Hyderabad and Ramachandrapuram, which operated as branches of SBM Bank (Mauritius) Limited. In December 2018, the RBI sanctioned a Scheme of Amalgamation of the Indian branches of SBM Bank (Mauritius) Limited and SBM Bank (India) Limited, which was granted a licence to carry out banking operations under the wholly-owned subsidiary (WOS) mode. The scheme came into effect from December 1, 2018. Following this, all the Indian branches started functioning as branches of SBM Bank (India) Limited. As on June 30, 2021, the bank had eight branches in India against four at the time of its conversion to a WOS.

The bank reported a net profit of Rs. 18 crore in Q1 FY2022 on a total asset base of Rs. 5,312 crore as on June 30, 2021. The CRAR stood at 17.8% as on June 30, 2021 (20.7% as on March 31, 2021). The asset quality improved marginally with the GNPA and NNPA at 2.92% and 0.92%, respectively, as on June 30, 2021 (2.97% and 0.90%, respectively, as on March 31, 2021).

SBM Bank (Mauritius) Limited: Established in 1973, it is the second-largest domestic bank in Mauritius. It provides retail, corporate, small-and-medium-sized enterprise, and cross-border banking as well as other services, including bancassurance, financial market services such as structured treasury and money market instruments, and custodial services. In 2014, the Group restructured its operations and segregated its banking operations from its non-banking operations. SBM Holdings Limited was established as the new holding company for the operating companies and is the entity listed on the Stock Exchange of Mauritius.

For calendar year (CY) 2020, SBM Bank (Mauritius) Limited reported a net profit of USD 37.8 million on total assets of USD 0.59 billion as on December 31, 2020 compared to a net profit of USD 14.3 million in CY2019 on total assets of USD 0.60 billion as on December 31, 2019. It reported a Tier I capital of 15.9% as on December 31, 2020 compared to 14.65% as on December 31, 2019.

SBM Holding Limited: SBM Holdings Limited is the ultimate holding company of SBM Bank (India) Limited and SBM Bank (Mauritius) Limited. On a consolidated basis, SBM Holdings Limited reported a net profit of USD 26.2 million on total assets of USD 0.75 billion as on December 31, 2020 compared to a net profit of USD 0.9 million in CY2019 on total assets of USD 0.74 billion as on December 31, 2019.

Key financial indicators (standalone)

SBM Bank (India) Limited	FY2020	FY2021	Q1 FY2022
Months	12	12	3*
Net interest income	48	78	27
Operating profit (excl trading gain)	26	25	11
Profit after tax	2	19	18
Loan book	1,266	2,917	3,010
Total assets	2,474	4,739	5,312
% Net interest margin / Average total assets	2.37%	2.17%	2.01%
% Return on average assets	0.09%	0.52%	1.34%
% Return on net worth	0.33%	3.11%	11.55%
% Tier I	31.48%	19.46%	16.80%
% CRAR	32.44%	20.72%	17.84%
% Gross NPA	8.59%	2.97%	2.92%
% Net NPA	2.90%	0.90%	0.92%
% PCR (excl TWO)	68.18%	70.33%	69.09%
% Solvency (Net NPA/Tier I capital)	6.61%	4.60%	NA

Source: SBM Bank (India) Limited & ICRA Research; Amount in Rs. crore

All ratios as per ICRA calculations;

*Return for Q1 FY2022 is annualised

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Rating	FY2022	FY2021	FY2020
					Sep-17-2021	Jun-03-2021	May-26-2020	Apr-30-2019
1	Basel III Tier II Bonds	Long Term	250.00	-	[ICRA]A+ (Stable)	-	-	-
2	Certificate of Deposit Programme	Short Term	500.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Source: ICRA Research

Complexity level of the rated instrument

Instrument	Complexity Indicator
Basel III Tier II Bonds	Highly Complex
Certificate of Deposit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instruments credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE07PX16178	Certificate of Deposit	Jun-03-2021	4.80%	Nov-30-2021	25.00*	[ICRA] A1+
INE07PX16194	Certificate of Deposit	Jun-25-2021	4.30%	Dec-24-2021	25.00*	[ICRA] A1+
INE07PX16186	Certificate of Deposit	Jun-25-2021	4.30%	Dec-30-2021	25.00*	[ICRA] A1+
INE07PX16202	Certificate of Deposit	Jul-08-2021	4.30%	Jan-07-2022	25.00*	[ICRA] A1+
INE07PX16228	Certificate of Deposit	Aug-13-2021	4.30%	Feb-14-2022	25.00*	[ICRA] A1+
INE07PX16210	Certificate of Deposit	Aug-13-2021	4.30%	Feb-09-2022	25.00*	[ICRA] A1+
INE07PX16236	Certificate of Deposit	Aug-17-2021	3.95%	Nov-15-2021	25.00*	[ICRA] A1+
INE07PX16244	Certificate of Deposit	Aug-18-2021	4.30%	Feb-11-2022	25.00*	[ICRA] A1+
NA	Certificate of Deposit	Yet to be placed	-	7-365 days	300.00	[ICRA] A1+
NA	Basel III Tier II Bonds	Yet to be placed	-	-	250.00	[ICRA]A+ (Stable)

* As on August 31, 2021

Source: SBM Bank (India) Limited

Annexure-2: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

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MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

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Branches



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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF SBM BANK (INDIA) LIMITED (THE "COMPANY") IN ITS MEETING HELD ON 16TH DECEMBER 2021 AT 306-A, THE CAPITAL, G-BLOCK, BEHIND ICICI BANK TOWER, BANDRA KURLA COMPLEX, BANDRA EAST, MUMBAI - 400 051

"RESOLVED THAT in supersession to the earlier resolution passed by the Board of Directors at its meeting held of September 16, 2021 and pursuant to the provisions of Sections 42, 71 and other applicable provisions of the Companies Act, 2013 (the Act), the Companies (Prospectus and Allotment of Securities) Rules, 2014, Banking Regulation Act, RBI Regulations, including amendments, modification, variation or re-enactment thereto and other applicable guidelines as well as provisions of Articles of Association of SBM Bank (India) Limited (**"the Company"** or **"the Bank"**), and subject to the necessary approvals as may be required, consent of the Board be and is hereby accorded for issuance of rated, non-convertible, redeemable, unsecured Basel III compliant tier 2 bonds in the nature of debentures for an aggregate value of upto Rs 250 crore (Rupees Two Hundred Fifty Crore Only) on private placement basis in such form, manner, in one or more tranches (**"Debentures"**) to eligible investors as per RBI Guidelines and SEBI guidelines viz., Mutual Funds, Scheduled Commercial banks, financial institution, State Industrial Development Corporation, Insurance Companies, Provident Funds, Pension Funds, National Investment Fund, Insurance Funds, Companies etc.

"RESOLVED FURTHER THAT the following Intermediaries / authorities for the said issue as mentioned hereunder is hereby approved"

Sr No	Name	Intermediary / Agency / Authority
1	Axis Trustee Limited	Debenture Trustee
2	ICRA	Credit Rating Agency
3	KFIN Technologies Private Limited	Registrar & Transfer Agent
4	National Securities Depository Limited & Central Depository Services (India) Limited	Depositories
5	National Stock Exchange	Designated Stock Exchange

"RESOLVED FURTHER THAT the Company Secretary be designated as the Compliance Officer for the said issuance of Debentures"



"RESOLVED FURTHER THAT the Board hereby authorizes the Managing Director & CEO and Treasury Head to appoint Arrangers for the issue and execute necessary actions, documents as may be required in this regard."

"RESOLVED FURTHER THAT the Board hereby approves the draft Information / Placement Memorandum and authorizes the Managing Director & CEO to make consequential changes to the Placement Memorandum as may be required and / or make updates till the date of issue of the Placement Memorandum to the proposed investors, as may be necessary."

"RESOLVED FURTHER THAT the Managing Director & CEO be and is hereby authorized to confirm and execute the following declaration on behalf of the Board in terms of SEBI (Issue and listing of Non-Convertible Securities) Regulations, 2021:

(i) the issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the Securities and Exchange Board of India Act, 1992, Companies Act and the rules and regulations made thereunder;

(ii) the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debt securities/non-convertible redeemable preference shares, is guaranteed by the Central Government;

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in the offer document;

(iv) Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

"RESOLVED FURTHER THAT the Board hereby approves the formation of a "Debenture Allotment Committee" comprising of the following members:

- (i) Mr S S Barik , Chairman of the Committee
- (ii) Mr Raoul Gufflet, Non Executive Director
- (iii) Mr Sidharth Rath, Managing Director & CEO

"RESOLVED FURTHER THAT the Board be and hereby authorizes the "Debenture Allotment Committee" to approve issuance and allotment of debentures, as may be required to identified investors and any other actions or matters incidental to the issuance of the Debentures."



"RESOLVED FURTHER THAT any two members of the Debenture Allotment Committee shall form the quorum for the meeting of the Debenture Allotment Committee."

"RESOLVED FURTHER THAT the said Debenture Allotment Committee shall carry on its work either by passing a resolution at a meeting or by circulation as permitted under applicable law."

"RESOLVED FURTHER THAT the Board be and hereby authorizes the creation of "Recovery Expense Fund" to the tune of INR 2,50,000/- (Indian Rupees Two Lakh Fifty Thousand only) with the National Stock Exchange in accordance with SEBI Circular on "Contribution by Issuers of listed or proposed to be listed debt securities towards creation of Recovery Expense Fund" dated October 22,2020."

RESOLVED FURTHER THAT Board be and hereby accords its consent to open the account with HDFC Bank Limited, Fort Branch for NCD issuance Programme.

RESOLVED FURTHER THAT the following officials of the bank be allowed to open and operate the account with any two jointly.

NAME	DESIGNATION
Sunil Sharma	Vice President
Floyd Noronha	Deputy Vice President
Padma Nambiar	Deputy Vice President
Dnyanesh Mahajan	Asst Vice President
Sachin Shirawale	Asst Vice President
Mahima Tambadkar	Manager

RESERVED FURTHER THAT the following individuals of the bank be and are hereby authorised to act in the below mentioned manner as "inputters" and "Authorisers" for availing Internet Banking and other essential facilities associated with the above mentioned account such as electronic banking channels to access, view and operate the account through e-Net facility.

Any ONE of the following will act as "INPUTTER" (MAKER)

1. Sachin Shirawale
2. Padma Nambiar
3. Mahima Tambadkar

Any One of the following will act as "AUTHORISER" (CHECKER)

1. Sunil Sharma
2. Floyd Noronha
3. Dnyanesh Mahajan"



“RESOLVED FURTHER THAT the following officials be and hereby authorized jointly / severally as may be required to execute necessary acts, agreements, documents, papers etc as may be required towards pre and / or post issuance, pre and / post allotment of debentures and not limited to admission of debenture(s) in the depository system, execution of listing agreement, seeking approval from Stock Exchange / regulatory authorities, execution of documents with Intermediaries, Corporate Action(s) etc:

Mr. Sidharth Rath	- Managing Director & CEO
Mr. Rajeev Panikath	- Chief Operating Officer
Mr. Mandar Pitale	- Head Treasury
Mr. Sailesh Kumar Shah	- Chief Financial Officer
Mr. Sachindra Rai	- Chief Compliance Officer
Mr. Prakash Narayanan	- Head - Operations
Mr. Sunil Sharma	- Vice President – Shared Services Corporate Banking
Mr. Anuj Bhala	- Deputy Vice President - Treasury
Mr. Dyanesh Mahajan	- AVP – Treasury
Ms. Aparna Sharma	- Head – Legal & Corporate Affairs
Ms. Bhavana Shinde	- Company Secretary”

“RESOLVED FURTHER THAT the common seal of the Bank shall be affixed on any agreement / documents as may be required in accordance with the provisions of the Articles of Association of the Bank.”

**Certified to be true
For SBM Bank (India) Limited**



**Bhavana Shinde
Company Secretary**

Date: January 6, 2022

Place: Mumbai

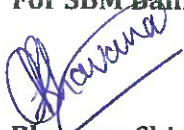
CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED AT THE 4TH ANNUAL GENERAL MEETING OF SBM BANK (INDIA) LIMITED (THE "COMPANY") HELD ON FRIDAY, 30TH JULY 2021 AT 11.00 AM (IST) AT 101, RAHEJA CENTRE, 1ST FLOOR, FREE PRESS JOURNAL MARG, NARIMAN POINT, MUMBAI - 400 021.

To approve the Borrowing Powers under Section 180(1) (c) of the Companies Act, 2013.

"RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force) and the relevant provisions of the Memorandum of Association and Articles of Association of the Bank, approval of the Members of the Bank be and is hereby accorded to the borrowings by the Bank, from time to time, of all money deemed by them to be requisite or proper for the purpose of carrying on the business of the Bank, provided however, that apart from deposits of money accepted from public in the ordinary course of its business, temporary loans repayable on demand or within six months from the date of the loan, if any, obtained from the Bank's bankers, the total amount of such borrowings outstanding at any time shall not exceed INR 1000 crore (Rupees One Thousand crore only) notwithstanding that the money to be borrowed together with the money already borrowed by the Bank will exceed the aggregate of its paid-up share capital, free reserves that is to say, reserves not set apart for any specific purpose."

"RESOLVED FURTHER THAT the Board (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do all such acts, deeds and things and to sign and execute all such deeds, documents and instruments as may be necessary, expedient and incidental thereto to give effect to this resolution."

**Certified to be true
For SBM Bank (India) Limited**



**Bhavana Shinde
Company Secretary**

Date: November 25, 2021

Place: Mumbai

CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED AT THE 4TH ANNUAL GENERAL MEETING OF SBM BANK (INDIA) LIMITED (THE "COMPANY") HELD ON FRIDAY, 30TH JULY 2021 AT 11.00 AM (IST) AT 101, RAHEJA CENTRE, 1ST FLOOR, FREE PRESS JOURNAL MARG, NARIMAN POINT, MUMBAI - 400 021.

To approve issuance of Non-convertible, Redeemable, Unsecured Basel III compliant Tier 2 Bonds in the nature of Debentures for an aggregate amount of upto INR 250 crores on private placement basis.

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions of the Companies Act, 2013 (the Act), the Companies (Prospectus and Allotment of Securities) Rules, 2014, Banking Regulation Act, RBI Regulations, including amendments, modification, variation or re-enactment thereto and other applicable guidelines as well as provisions of Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded for issuance of Non-convertible, Redeemable, Unsecured Basel III compliant Tier 2 Bonds in the nature of Debentures for an aggregate value of upto Rs 250 crore (Rupees Two Hundred Fifty Crore Only) on private placement basis in such form, manner, in one or more tranches, within such period, and upon such terms and conditions as may be decided by the Board of Directors of the Company or Committee thereof (hereinafter referred to as "the Board"), in its absolute discretion as may deem fit and proper."

"RESOLVED FURTHER THAT the Board of Directors of the Company or persons as authorized by Board (including any Committee thereof which may be empowered by the Board of Directors in this regard), be and is hereby authorized to determine the price and terms of each issuance or tranche/series of the nonconvertible debentures from time to time as per the prevailing market conditions."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof which may be empowered by the Board of Directors in this regard), be and is hereby authorized to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient, to give effect to this Resolution."

**Certified to be true
For SBM Bank (India) Limited**



**Bhavana Shinde
Company Secretary**

Date: November 25, 2021

Place: Mumbai

ATSL/CO/21-22/0106

October 6, 2021

To,
SBM Bank (India) Limited,
306 - A, The Capital, G Block,
Bandra-Kurla Complex,
Bandra East, Mumbai - 400051.

Dear Sir/Madam,

Sub.: Consent to act as Debenture Trustee for the proposed privately placed issue of Listed, Rated, Unsecured, Redeemable, Non - Convertible Debentures of Rs. 250 Crores by SBM Bank (India) Limited (The "Company" Or The "Issuer").

We, Axis Trustee Services Limited, hereby give our consent to act as the Debenture Trustee for the abovementioned issue of Debentures having a tenure of more than one year and are agreeable to the inclusion of our name as Debenture Trustee in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum and/or application to be made to the Stock Exchange for the listing of the said Debentures.

Axis Trustee Services Limited (ATSL) consenting to act as Debenture Trustee is purely its business decision and not an indication on the Issuer's standing or on the Debenture Issue. By consenting to act as Debenture Trustee, ATSL does not make nor deems to have made any representation on the Issuer, its Operations, the details and projections about the Issuer or the Debentures under Offer made in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document. Applicants / Investors are advised to read carefully the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document and make their own enquiry, carry out due diligence and analysis about the Issuer, its performance and profitability and details in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document before taking their investment decision. ATSL shall not be responsible for the investment decision and its consequence.

We also confirm that we are not disqualified to be appointed as Debentures Trustee within the meaning of Rule 18(2)(c) of the Companies (Share Capital and Debentures) Rules, 2014.

Yours truly,

For Axis Trustee Services Limited

Rahul Vaishya
Asst. General Manager





National Stock Exchange Of India Limited

Ref. No.: NSE/LIST/4754

March 29, 2022

The Company Secretary
SBM Bank India Limited
101, Raheja Centre First Floor,
Free Press Journal Marg,
Nariman Point, Mumbai - 400021

Kind Attn.: Ms. Bhavana Alankar Shinde

Dear Madam,

Sub.: In-principle approval for listing of Non-Convertible Bonds in the nature of Debentures on private placement basis.

This is with reference to your application dated March 24, 2022 requesting for In-principle approval for listing of Unsecured, Subordinated, Non-Convertible, Fully Paid Up, Taxable, Redeemable, Basel III compliant, Tier 2 Bonds in the nature of Debentures of face value of Rs. 10000000/- each (under Series I), for base issue size of Rs. 12500 lakhs, with a green shoe option of Rs. 2500 lakhs, aggregating to total issue size of upto Rs. 15000 lakhs, to be issued by SBM Bank India Limited on private placement basis. In this regard, the Exchange is pleased to grant in-principle approval for the said issue, subject to adequate disclosures to be made in the Offer Document in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard and provided the Company prints the Disclaimer Clause as given below in the Offer Document after the SEBI disclaimer clause:

“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref.: NSE/LIST/4754 dated March 29, 2022 or hosting the same on the website of NSE in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever”

Please note that the approval given by us should not in any way be deemed or construed that the draft Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this draft offer document; nor does it warrant that the securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project.

Kindly also note that these debt instruments may be listed on the Exchange after the allotment process has been completed, provided the securities of the issuer are eligible for listing on the Exchange as per our listing criteria and the issuer fulfills the listing requirements of the Exchange. The issuer is responsible to ensure compliance with all the applicable guidelines issued by appropriate authorities from time to time including Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard.

Specific attention is drawn towards Para 1 of Chapter XV of SEBI Operational Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021. Accordingly, Issuers of privately placed debt securities in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of allotment of securities. The details can be uploaded using the following links:

<https://www.nse-ebp.com>

<https://www.nseebp.com/ebp/rest/reportingentity?new=true>

Further, the company shall ensure submission of financial results in accordance with Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, if listed after the end of quarter but before due date for submission of said financial results.

Yours faithfully,
For National Stock Exchange of India Limited

Apurva Meghraj
Manager



FORM NO. PAS – 4

PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[Pursuant to section 42 and rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014]



SBM BANK (INDIA) LTD

101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra.

Website: <https://www.sbmbank.co.in>

Tel No.: +91 22 4302 8888; +91 22 4007 1500

Email: secretarial@sbmbank.co.in

1) GENERAL INFORMATION:

1. Name, address, website and other contact details of the company indicating both registered office and corporate office;

SR. No	PARTICULARS	DETAILS
(i)	REGISTERED OFFICE OF THE ISSUER	
•	Name	: SBM BANK (INDIA) LTD
•	Address	: 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra
•	Tele No	: +91 22 4302 8888
•	Email	: secretarial@sbmbank.co.in
•	Website	: https://www.sbmbank.co.in
•	Date of Incorporation	: 30/03/2017
(ii)	CORPORATE OFFICE OF THE ISSUER	
•	Name	: SBM BANK (INDIA) LTD
•	Address	: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
•	Tele No	: +91 22 4007 1500
•	Email	: secretarial@sbmbank.co.in
•	Website	: https://www.sbmbank.co.in
(iii)	COMPLIANCE OFFICER OF THE ISSUER	
•	Name	: Ms. Bhavana Alankar Shinde
•	Address	: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
•	Tele No	: +91 22 4007 1626
•	Email	: Bhavana.shinde@sbmbank.co.in
•	Website	: https://www.sbmbank.co.in
(iv)	CHIEF FINANCIAL OFFICER OF THE ISSUER	
•	Name	: Mr. Saileshkumar Shah
•	Address	: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
•	Tele No	: +91 22 4007 1524
•	Email	: Saileshkumar.shah@sbmbank.co.in
•	Website	: https://www.sbmbank.co.in

2. Business carried on by the company and its subsidiaries with the details of branches or units, if any;

SBM Bank (India) Limited is a wholly owned subsidiary ("WOS") of SBM (Bank) Holdings Ltd. (in accordance with the Companies Act 2013). SBM (Bank) Holdings Ltd. in turn is 100% owned by





SBM Holdings Ltd., a Group holding entity largely comprising banking and non-banking financial subsidiary companies. SBM Holdings Ltd. is listed on the Stock Exchange of Mauritius.

SBM Bank (India) Limited ("SBMBI" or "Bank") commenced operations on 1st December, 2018, pursuant to obtainment of a universal banking license through the WOS route, thereby becoming the first Bank to be awarded such a WOS license in the country. Simultaneous to the license award, the Scheme of Amalgamation, under Section 44A of the Banking Regulation, 1949 was sanctioned allowing for the amalgamation of the business of SBM Bank (Mauritius) Limited, India (branch operations of SBM Bank (Mauritius) Limited in India, operational since 1994) with the business of the newly formed SBMBI

SBMBI currently offers a complete suite of wholesale, consumer and retail banking services in addition to providing Treasury and Trade Financing Products and Services.

SBMBI's branch network comprises 8 branches located in Mumbai, New Delhi, Bengaluru, Chennai, Hyderabad, Ahmedabad and 2 unbanked rural centers in Palghar and Ramachandrapuram. The Bank's distribution channels also include various Banking-as-a-Service focused partnerships entered into with Fin-Techs and neo-banks (in line with Bank's core principle of being a nimble, cost & capital efficient and digitally enabled banking services provider).

The Bank's Registered Office is located at 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai- 400021, Maharashtra while it's Corporate Office is located at 306-A, The Capital, G-Block, Bandra-Kurla Complex, Bandra East, Mumbai- 400051, Maharashtra.

3. Brief particulars of the management of the company;

Name	Age (in years)	Address	Occupation
Sidharth Rath	52	B-901 Jagat Vidya CHS, Bandra Kurla Complex Near Gurunanak Hospital Bandra (East) Mumbai 400051.	MD & CEO
Dipak Agarwal	47	Flat No 101 Block 16 Uts Appartment 69s K Deb Road Lake Town-Sreebhurni Kolkata 700048.	Head Corporate Banking
Neeraj Sinha	44	B-121 Raheja Brookheaven J.V.L.R Opp. Fantasy Land Andheri(East) Mumbai 400060.	Head Retail Banking
Mandar Pitale	51	Opp Vidya Nagari Campus Manipada Kalina Vidyanagari Mumbai 400098.	Head Treasury
Narendra Patra	61	Flat No 502 Acme Regency SV Road, Near Sony Mony Vileparle (West) Mumbai 400056.	CRO
Sachindrakumar Rai	43	103 Melange Building Road No 4 Tps 111 Santacruz East K 11 Fitness Academy Mumbai 400055.	CCO
Amruta Deshmukh	44	96/3385 Surya Darshan CHS Nehru Nagar Opp. Municipal Ground Kurla (East) Mumbai 400024.	Head Internal Audit
Sajitha Pillai	46	6 Dharma Krupa 87 Garodia Nagar Ghatkopar (East) Mumbai 400077	Head HR
Saileshkumar Shah	48	302 Girnar Apartment 69 Tardeo Road Near A C Market Tardeo Tulsiwadi Mumbai 400034	CFO
Pravin Yadav Bhosle	52	1d – 141, Kalpatru Aura, Lbs Road, Opposite R City Mall, Ghatkopar (West), Mumbai 400081	CIO





4.Names, addresses, DIN and occupations of the directors (As on March 23, 2022);

Name, Designation and DIN	Age (in years)	Address	Occupation	Director of the Company since	Details of other Directorship
Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula (Part Time Chairman) DIN - 01724586	62	2 Remy Ollier Avenue, Phoenix, Mauritius	Chairman of SBM Holdings Ltd	09.07.2020	<ol style="list-style-type: none"> 1. W.S.I Holdings Limited 2. Palm Residences Ltd 3. Universal Business Solutions Ltd 4. Grant Thornton (Advisory Services) Ltd 5. Grant Thornton Ltd 6. Grant Thornton (Business School) Ltd 7. Grant Thornton (BPO) Ltd 8. Caroline House Ltd 9. City Screen Investments Ltd 10. Coniston Investments Ltd 11. Shah Institute Of Technology & Co. Ltd 12. Societe City Screen 13. Grant Thornton (Indian Ocean) Ltd 14. Receptoria Administrator Ltd 15. Societe Duchess Of Bath 16. Island Life Assurance Co Ltd 17. The Damson Plum Foundation 18. SBM Holdings Ltd 19. SBM (NBFC) Holdings Ltd 20. SBM Capital Markets Ltd 21. SBM Leasing Co. Ltd 22. SBM Factors Ltd 23. SBM 3S Ltd 24. SBM eBusiness Ltd 25. SBM Africa Holdings Ltd 26. SBM Infrastructure General Partner Ltd (under winding-up) 27. AutoXpress International Ltd 28. AutoXpress Holdings Mauritius Limited 29. Starlight Real Estate Mauritius Ltd 30. Starlight Real Estate (Ascot) Mauritius Ltd 31. Richmond (Middle East) Holdings Ltd 32. Inter Global Shipping Limited 33. Richmerc Holdings Ltd 34. TAHA Holding Limited 35. Richmond International (Mauritius) Limited 36. Richmond Asia Holdings Limited 37. GTMC (Mauritius) Limited 38. BASAN LTD 39. BREMAR (BREVETS ET MARQUES) LTD (INT) 40. Ham Soham Limited 41. Lecofruit Mauritius 42. Nomadisms International Ltd (indirect directorship through Hebdomad Ltd) 43. Seminomad Group Ltd (indirect directorship through Hebdomad Ltd) 44. Hebdomad Ltd 45. Le Morne Investment Ltd 46. Emirates Real Estate Ltd 47. Centaur Investors Ltd 48. Ocean Gulf Property Enterprises Ltd. 49. SBM Bank (Seychelles) Ltd. (under winding-up)



					50. SBM Bank (Kenya) Ltd 51. Banque SBM Madagacar SA 52. Kelper Limited
Mr. Sidharth Rath (MD & CEO) DIN - 00682901	52	Flat No. 901, Block No. B, Jagat Vidya CHS, BKC, Bandra East, Mumbai - 400051	MD & CEO of SBM Bank (India) Ltd.	01.10.2018	1. None
Mrs. Sudha Ravi (Independent Director) DIN - 06764496	66	704/A, 7 th Floor, Joanna CHS, Manuel Gonsalves Road, Bandra West Mumbai - 400050	Service (Retainershi p with HFC)	30.03.2017	1. Goodyear India Ltd 2. Alkem Laboratories Limited 3. Baroda Medicare Private Limited 4. Enzene Biosciences Limited
Mr. Ameet Patel (Independent Director) DIN - 00726197	59	701, Vogue, Vimal Kunj CHS Ltd., Meera Baug, Santacruz West, Mumbai - 400054	Partner in a CA firm - Manohar Chowdhry & Associates	26.02.2019	LIC Housing Finance Ltd.
Mr. Shyam Sundar Barik (Independent Director) DIN - 08184820	64	Flat No. C- 504, Pinnacolo, RBK School Lane, Near Gaurav Residency Phase 2, Mira - Bhayandar, Mira Road East, Thane - 401107	Consultant	26.02.2019	India Sme Asset Reconstruction Company Limited
Mr. Umesh Jain (Independent Director) DIN - 06432749	51	C 101, Lodha Bellissimo, N M Joshi Marg, Mahalaxmi, Mumbai - 400 011	Technology Advisor and Consultant	14.10.2020	1. Digital Citizen Technologies Pvt Ltd. 2. Dragonfly Consumer Insights LLP 3. M/s Dragonfly Market Research 4. Diginsights Technologies LLP
Mr. Raoul Gufflet (Non-Executive Director) DIN - 09194722	53	Eureka Road, 80819, Moka, Mauritius	CEO - SBM (Bank) Holdings Ltd	16.06.2021	1. SBM (Bank) Holdings Limited 2. SBM Bank (Mauritius) Limited 3. SBM Bank (Kenya) Limited 4. Banque SBM Madagascar.



Mr. Amalorpavanathan (Independent Director) DIN - 06941432	62	B-106, Srivatsa Srilakshmi Apartment, CODISSIA Road, Peelamedu, Coimbatore, Tamil Nadu - 6410045	Independent Consultant	16.09.2021	Finblend Development Consultants Private Limited.
Ms. Sharon Ramdennee (Additional Director (Non Executive & Independent) DIN-09342424	41 yrs	Ave Dr Leclezio, Mount Ory, Moka, Mauritius - 80825	CEO of Agiliss Limited, Mauritius	16.12.2021	1. SBM Holdings Limited 2. SBM (NFC) Holdings Limited

5. Management's perception of risk factors;

The Issuer believes that the following factors may affect its ability to fulfill its obligations for the Debentures issued under this Information Memorandum. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risks mentioned in this Section are as envisaged by the Issuer and the prospective investors should consider the following risk factors carefully for evaluating the Issuer and its business before making any investment decision relating to the Debentures. The risk factors mentioned herein are indicative and not exhaustive and unless specified or quantified in the relevant risk factors, the Issuer is not in a position to quantify the financial or other implications of any risk mentioned below.

Prospective investors are advised to carefully read these key risks associated with the Debentures. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the Debentures or the investors' decision to purchase the Debentures. Prospective investors should also read the information set out elsewhere in this Information Memorandum and reach their own conclusions prior to making any investment decision.

5.1 RISKS RELATING TO OUR BUSINESS

Our business depends substantially on the continuing efforts of our senior executive officers and key management personnel, and our business may be severely disrupted if we lose their services and are unable to attract additional qualified personnel, if required.

We substantially depend upon the efforts and skills of our current senior management. Our future success and expansion strategy substantially depends on the continued services and performance of our Directors, members of our management team and other key employees possessing technical and business capabilities and industry expertise.





We may also need to increase our pay structures to attract and retain such personnel, which could affect our profit margins. Further, there can be no assurance that increased salaries will be successful in retaining such personnel. The loss of the services of our Directors, senior management or other key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects. Our success in attracting additional qualified personnel, if required, will depend on many factors, including our ability to provide them with competitive compensation arrangements and other benefits. There is no assurance that we will be successful in attracting highly qualified individuals in key positions.

5.2 REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER

Potential investors should be aware that receipt of the principal amount (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

5.3 THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID

The Debentures may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Potential investors may have to hold the Debentures until redemption to realize any value.

5.4 CREDIT RISK & RATING DOWNGRADE RISK

The Rating Agency has assigned the credit rating to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential investors may incur losses on revaluation of their investment or make provisions towards sub-standard/non-performing investment as per their usual norms.

5.5 CHANGES IN INTEREST RATES MAY AFFECT THE PRICE OF DEBENTURES

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

5.6 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

Special tax considerations and legal considerations may apply to certain types of investors. Potential investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

5.7 ACCOUNTING CONSIDERATIONS

Special accounting considerations may apply to certain types of taxpayers. Potential investors are urged to consult with their own accounting advisors to determine implications of the investment.





5.8 SECURITY MAY BE INSUFFICIENT TO REDEEM THE DEBENTURES

These are unsecured Debentures. This is not applicable.

5.9 MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS

The Issuer is subject generally to changes in Indian law, as well as to change in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

5.10 LEGALITY OF PURCHASE

Potential investors of the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates or for compliance by that potential investor with any law, regulation or regulatory policy applicable to it.

5.11 POLITICAL AND ECONOMIC RISK IN INDIA

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further, slowdown in economic growth, investment and consumption. Any such slowdown could adversely affect our business, prospects, results of operations and financial conditions.

5.12 THE RESTRICTIVE COVENANTS IMPOSED ON US UNDER OUR FINANCING AGREEMENTS COULD ADVERSELY AFFECT OUR ABILITY TO CONDUCT OUR BUSINESS

Our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. The major corporate actions for which our Company requires the prior lender consents include, *inter alia*, change in capital structure, or creating, incurring, assuming or suffering indebtedness, except as permitted under the existing financing arrangements.

Any failure to comply with requirements to obtain a consent or perform any condition or covenant could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities which may adversely affect our ability to conduct our business and have a material adverse effect on our financial condition and results of operations.

5.13 Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of -

- i) Statutory dues: NIL
- ii) Debentures and interest thereon: Not Applicable
- iii) Deposits and interest thereon: NIL
- iv) Loan from any bank or financial institution and interest thereon: NIL





6. Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process;

Name	:	Ms. Bhavana Alankar Shinde
Address	:	306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
Tele No	:	+91 22 4007 1626
Email	:	Bhavana.shinde@smbank.co.in

7. Any default in Annual filing of the Company under the Companies Act 2013 or the rules made thereunder: No

8. PARTICULARS OF THE OFFER:

Sr No.	Particulars	Details
a.	Financial position of the Company for last 3 financial years	Refer part B (iv) "KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS"
b.	Date of passing of board resolution	December 16, 2021
c.	Date of passing of resolution in the general meeting, authorizing the offer of securities	September 30, 2021
d.	Kinds of securities offered (i.e. whether share or debenture) and class of security	Debenture
e.	Price at which the security is being offered including the premium, if any, along with justification of the price	N.A.
f.	Name and address of the valuer who performed valuation of the security offered	N.A.
g.	Relevant date with reference to which the price has been arrived at ; [relevant date means a date atleast thirty days prior to the date on which the general meeting of the Company is scheduled to be held	N.A.
h.	The class or classes of persons to whom the allotment is proposed to be made	As per the Term Sheet
i.	Amount which the company intends to raise by way of securities	Issue Size:- Rs 125 Cr
j.	Terms of raising of securities, Duration, if applicable, Rate of dividend or rate of interest, mode of payment and repayment	Debentures of face value of Rs.1 Crore amounting to Rs.125 Crores only (Rupees One Hundred Twenty Five Crore Only) Coupon Rate: 9.75%



		Original Duration – 10yr Current Tranche Duration – 10yr Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism.
k.	Proposed time within which the allotment shall be completed	Issue will open and close on 31 st March 2022 with allotment date 05 th April 2022
l.	The change in control, if any, in the Company that would occur consequent to the private placement	Not Applicable
m.	The number of persons to whom allotment on preferential basis/private placement/right issue has already been made during the year, in terms of number of securities as well as price	6,66,66,666 equity shares of face value of INR 10/- each at an issue price of INR 15/- per share (which includes premium of INR 5/- on each share) was allotted to SBM (Bank) Holdings Ltd in respect of rights issue. The above shares were allotted on December 16, 2021.
n.	The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable
o.	Proposed time scheduled for which the private placement offer cum application letter is valid	Issue will open and close on 31 st March 2022
p.	Purposes and objects of the offer	Augmenting Tier 2 capital (as the term is defined in the Basel III Guidelines) and the overall capital of the Issuer to strengthen its capital adequacy and to enhance its long term resources in accordance with RBI Guidelines.
q.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	Not Applicable
r.	Principle terms of assets charged as security, if applicable	Not Applicable
s.	Details of significant and material orders passed by the Regulations, courts and tribunals impacting going concern status of the Company and its future prospects	None
t.	Mode of payment for subscription; 1. Cheque 2. Demand Draft 3. Other banking channels	Through NEFT / RTGS. Bank Details will be as per the Application Form.



9. THE PRE-ISSUE AND POST-ISSUE SHAREHOLDING PATTERN OF THE COMPANY;

The Shareholding Pattern of the Company shall remain the same post issuance of NCDs.

Shareholding Pattern as on December 31, 2021:

SL.No.	Name of Shareholders	No. of Equity Shares held (of Rs. 10 each)	Percentage of shareholding (rounded off)
1.	SBM (Bank) Holdings Ltd	82,36,25,078	100.00
2.	SBM Overseas One Ltd	1	Negligible
3.	SBM Overseas Two Ltd	1	Negligible
4.	SBM Overseas Three Ltd	1	Negligible
5.	SBM Overseas Four Ltd	1	Negligible
6.	SBM Overseas Five Ltd	1	Negligible
7.	SBM Overseas Six Ltd	1	Negligible
TOTAL		82,36,25,084	100.00

10. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATIONS, ETC:

- Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons. – Nil
- Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the issue of private placement offer cum application letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.- Nil
- Remuneration of directors (during the current year and last three financial years);

Financial Year	Amount (Rs.)
2018-2019	1,25,93,067
2019-2020	3,11,89,600
2020-2021	3,60,14,600
2021-2022 (upto the date of this PAS-4)	3,65,65,462

- Related party transactions entered during the last three financial years immediately preceding the year of issue of private placement offer cum application letter including with regard to loans made or, guarantees given or securities provided: Nil
- Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of issue of private placement offer cum application letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark: Nil



- f. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of issue of private placement offer cum application letter in the case of company and all of its subsidiaries, and if there were any prosecution filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries: Nil
- g. Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company: Nil

11. FINANCIAL POSITION OF THE COMPANY

The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);

a. DETAILS OF SHARE CAPITAL OF THE COMPANY AS ON LAST QUARTER END (I.E 31ST DECEMBER, 2021)

Share Capital	Rs. In Crores
Authorized Share Capital	1000
Issued, Subscribed and Paid-up Share Capital (Prior to the offer)	823.6250840
Issued, Subscribed and Paid-up Share Capital (After the offer)	823.6250840

b. Size of the present offer-

Debentures of face value of Rs. 1,00,00,000(Rupees One Crore Only), with a total issue size of Rs. 125 crore
--

c. Paid Up Capital

- i. **after the offer:** INR 823.6250840 Crores
 - ii. **after conversion of convertible instruments (if applicable):** Not Applicable, as proposed issuance is for Non Convertible Debentures.
- d. **Share Premium Account (before and after the offer) :** INR 33.33 Crs (As on December 31, 2021 and as on February 28, 2022).
Considering the allotment date of Debentures is proposed on March 31, 2022 and no further issuance of shares proposed as on the current date, the Share Premium Account after the aforesaid Debentures offer would remain same at INR 33.33 crs.
- e. **The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration .**

Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case;



Details of existing share capital of company					
Sr No.	Date of Allotment	No. of shares allotted	Face Value of Shares Allotted	Price at which shares are allotted	Form of Consideration
1	01.12.2018	15,69,58,418	INR 10	1,56,95,84,180	For Consideration other than Cash (In pursuant to scheme of amalgamation as on December 1, 2018 where transferee bank allotted 65,69,58,418 equity shares. As such total paid up capital of Rs 6,56,95,84,180/- includes initial paid up capital of 500,00,00,000. Accordingly, PAS 3 pertains to 15,69,58,418 equity shares)
2	30.03.2019	4,80,00,000	INR 10	48,00,00,000	Payable in Cash
3	27.08.2019	5,20,00,000	INR 10	52,00,00,000	Payable in Cash
4	16.12.2021	6,66,66,666	INR 10	99,99,99,990	Payable in Cash

Note:

500,000,000 equity shares of face value of Rs. 10/- each were allotted to the subscribers of memorandum of association. 15,69,58,418 equity shares of face value of Rs. 10/- each aggregating to Rs. 156,95,84,180/- issued and allotted pursuant to scheme of amalgamation and RBI's order with regard to capital requirements of the RBI WOS Scheme (The total paid-up share capital of Rs. 656,95,84,180/- includes the initial paid-up share capital of Rs. 5,00,00,00,000/- comprising of 500,000,000 equity shares of face value of Rs. 10/- each allotted to the subscribers of memorandum of association).

- f. **Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter;**

Particulars	Rs. In Crores		
	Preceding Year (2021)	Preceding Year (2020)	Preceding Year (2019)
Profit before tax	18.65	1.90	(46.05)
Profit after tax	18.64	1.90	(46.98)
Dividends declared by the Company	Nil	NIL	NIL

- g. **Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)**

Year	Dividend	Interest Coverage Ratio
2021	NIL	14.01
2020	NIL	9.21
2019	NIL	(21.10)





- h. **A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter:**

Refer part B (iv) "KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS"

Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter;

Refer part B (iv) "KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS"

- i. **Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company:**

No change in accounting policy during last three years.

DECLARATION BY THE DIRECTORS THAT:

- a. The company has complied with the provisions of the Act and the rules made there under;
- b. The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;
- c. The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter;

I am authorized by the Board of Directors of the Company vide resolution number dated December 16, 2021 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For **SBM BANK (INDIA) LTD**

Sidharth Rath
Managing Director & CEO

Date: March 31, 2022

Place: Mumbai



APPLICATION FORM	
	SBM Bank (India) Ltd CIN: U65999MH2017FLC293229 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra . Website: https://www.sbmbank.co.in Tel No.: +91 22 4302 8888 Email: secretarial@sbmbank.co.in

Date: _____

Application No. _____

Dear Sirs,

Sub. : Issue of Unsecured, subordinated, Non- Convertible, fully paid up, taxable, redeemable, Basel III compliant Tier 2 bonds of the face value of Rs.1 Crore each, for cash at par, with a total issue size of Rs. 125 Crores on Private Placement basis.

Having read, understood and agreed to the contents and terms and conditions of Offer Document dated ____, 2022, We hereby offer to invest in the above Debentures on Private Placement basis as per the terms and conditions agreed and accordingly apply for the number of Debentures as given below. The amount payable on application as shown below is remitted herewith.

(Please read carefully the instructions before filling this form)

Series	Series I - 2022	
No. of Debentures applied for :		
Amount (Rs.) in figures		
Amount (Rs.) in words		
RTGS UTR No.	Date:	Drawn on Bank

Applicant's Name & Address in full (Please use capital letters)

		Pin Code :
Tel :	Fax :	Email :

Category (Tick one)*

<input type="checkbox"/> Scheduled Commercial Bank	<input type="checkbox"/> Co-operative Bank
<input type="checkbox"/> Public Financial Institution	<input type="checkbox"/> Mutual Fund
<input type="checkbox"/> Insurance Company	<input type="checkbox"/> Company/ Body Corporate
<input type="checkbox"/> Primary/ State/ District/ Central Co-operative Bank	<input type="checkbox"/> Provident/ Pension /Gratuity/Superannuation Fund
<input type="checkbox"/> Regional Rural Bank	<input type="checkbox"/> Others (please specify)

Investor Type (tick whichever is applicable)*

<input type="checkbox"/> Qualified Institutional Buyers ("QIBs")	<input type="checkbox"/> Non-Qualified Institutional Buyers ("Non-QIBs")
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Name of the Authorised Signatory	Designation	Signature
1.		
2.		
3.		

Details of Bank Account through which the Investment is being done

Bank Name and Branch			
Nature of Account		Account No.	
IFSC No.		City	

We undertake that the remittance of application money against our subscription in the issue as per application form has been remitted from a Bank Account in my/ our own name.

Depository Details

DP Name	DP ID	Client ID
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We understand that in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would be credited to the extent of Debentures allotted.

Taxpayer's PAN or GIR No.	IT Circle / Ward / District	<input type="checkbox"/> Not allotted
Tax Deduction status :	<input type="checkbox"/> Fully Exempt	<input type="checkbox"/> Tax to be deducted at source
	<input type="checkbox"/> Yes	<input type="checkbox"/> No

(Tear here)

SBM Bank (India) Ltd
CIN: U65999MH2017FLC293229
ACKNOWLEDGEMENT SLIP

ApplicationNo.: _____

Date: _____

Received from _____

Rs. _____/- thru RTGS No. _____ towards application for _____ Debentures.

INSTRUCTIONS

1. Application Form must be completed in full in BLOCK LETTERS IN ENGLISH
2. Signatures should be made in English or in any of the Indian languages. Signature in a language other than English must be attested by an authorized official of a Bank or by a magistrate / notary public under his / her official seal.
3. The full amount of Debenture has to be paid along with the application form.
4. Application form duly completed in all respects, together with Payment made in favour of "NSE CLEARING LIMITED" thru RTGS payment must be lodged at Company's Corporate Office on before the closing date of the issue

RTGS Details of the Clearing Corporation for application money payment as per NSE EBP Portal.
5. Application made by categories of investors other than individuals must be accompanied by certified copies of Memorandum and Articles of Association, Board Resolution / Power of Attorney for investment, authority to authorized signatories in case of limited companies or corporate bodies.
6. Minimum application shall be for 1 (One) Debentures thereafter in the multiples of 1(One) Debenture.
7. Please, mention your Permanent Account Number or the GIR number allotted under Income Tax Act, 1961 and the Income Tax Circle/Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the application form in space provided.
8. Receipt of application will be acknowledged in the "Acknowledgement Slip" appearing below the Application Form. No separate receipt will be issued.
9. The application would be accepted as per the terms of the issue outlined in the Information Memorandum.
10. As per the Rule 14 (1) (a) of Companies (Prospectus and Allotment of Securities) Rules, 2014, the payment to be made for subscription to securities shall be made from the bank account of the applicant subscribing to such securities and SBM Bank (India) Ltd (The "Issuer") shall keep the record of the Bank account from where such payments for subscriptions have been received. If the securities are to be held jointly, the payment is to be made from the account in the name of applicant whose name appears first in the application form.
11. Please send the application along with KYC at following address:

Name: Mr. Dnyanesh Mahajan

Address: SBM Bank (India) Limited, 101, Raheja Centre, 1st Floor, Free Press Journal Road, Nariman Point, Mumbai - 400021