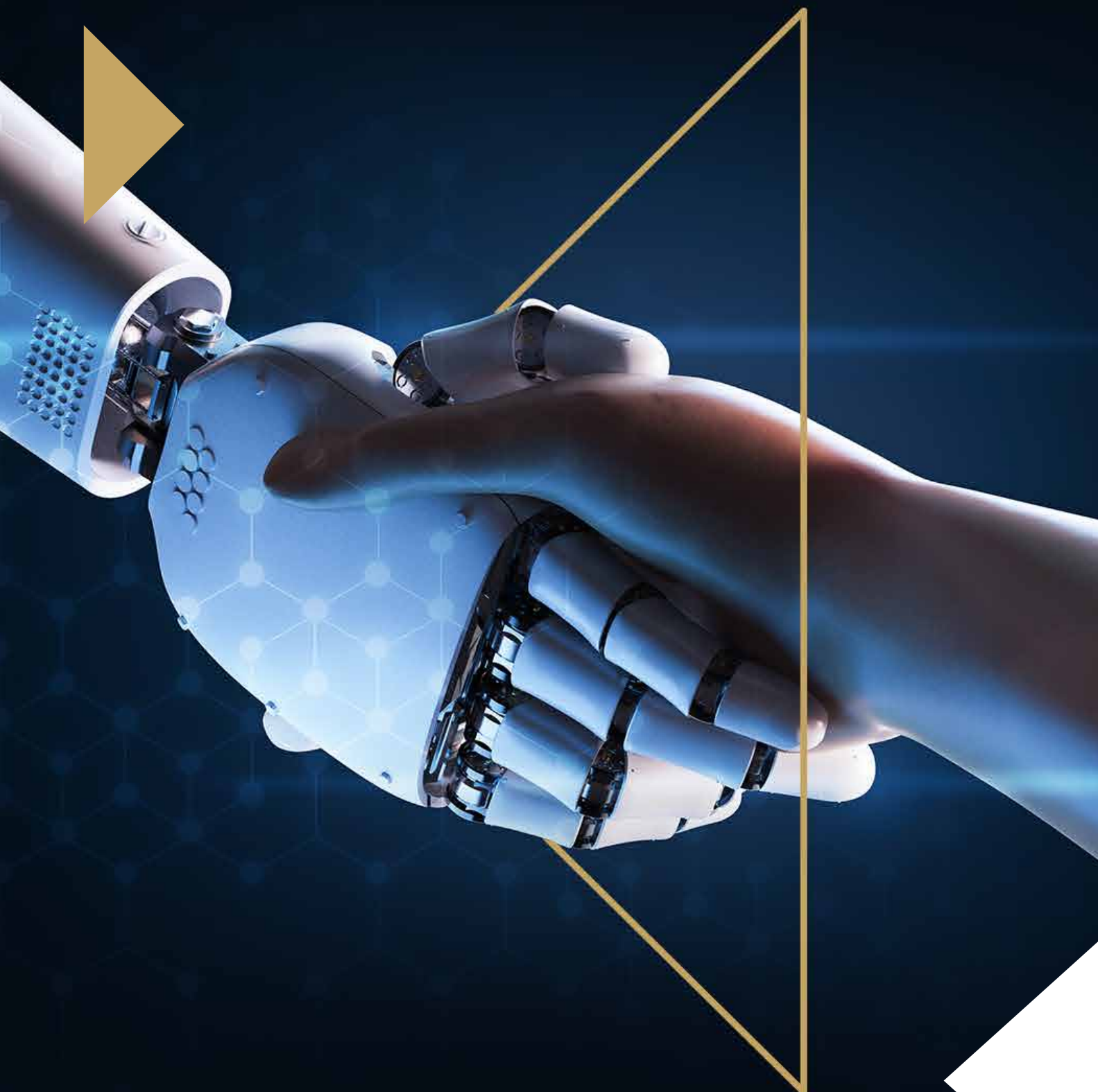


ANNUAL REPORT FY2022



SMALL STEPS

BIG SHIFTS





Shift happens when we
simply look at things differently.



Gail Lynne Goodwin

what's inside

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About SBM Bank India

We are a young bank. We commenced our operations on December 1, 2018. We are the first universal bank in the country to receive a banking license from the Reserve Bank of India (RBI) through the Wholly Owned Subsidiary (WOS) route. Globally, we are a part of SBM Group.

Today, we have over 300 team members serving over 4 million customers and clients across the country, with a physical presence in 8 locations backed by an advanced digital solutions infrastructure.

Our leadership team comprises of experienced and credible professionals from the banking and financial services, retail and technology sectors.

Our four key business divisions are corporate, retail/private wealth, treasury and partnership led banking. This wide offering enables us to cater to a diverse customer base – comprising new to credit, salaried individuals, MSMEs as well as High net worth individuals, large corporates and institutions. Our deep understanding of the Indo-Africa corridor complemented by a global network further enables us to cater to a globally aware clientele with ease.



Locations

- Mumbai
- Hyderabad
- Bengaluru
- Galtare Palghar
- Chennai
- RC Puram Medak
- New Delhi
- Ahmedabad



SBM Group

SBM Group is a strong financial institution with a top tier position in Mauritius and a well-established regional presence in India, Madagascar, and Kenya. SBM Holdings Ltd is the third largest listed entity on the Stock Exchange of Mauritius with a market capitalization of MUR 15 billion as on March 31, 2022. As of that date, SBM Holdings Ltd has over 18,400 shareholders and the Group operates 44 branches and counters in Mauritius, 8 in India, 6 in Madagascar and 41 in Kenya, while employing 2,870 staff members. In addition to its respective domestic operations in these different countries, the Group facilitates cross-border financing activities to promote trade and investment along the Asia-Africa corridor.

Emerging from a financial inclusion model when it started operations in Mauritius in 1973, SBM Group now operates as an integrated BFSI player offering an extensive suite of products and services that encompasses deposits, lending, trade finance, cards, leasing, treasury, stockbroking, custody, asset management, insurance, and investment products, as well as a wide range of payment services. The Group has also developed multi-channel consumer touchpoints including branches, ATMs, POS, internet banking, mobile banking and call centres.

Additionally, SBM Holdings Ltd ranked 48th among the Top 200 African banks by The Africa Report 2021 and is consistently ranked among the Top 1,000 World Banks by The Banker Magazine, a publication of the Financial Times.

Vision

To be one of the leading and trusted financial services providers in our geographies of presence, driven by innovation and technology.

Mission

To achieve strong and sustainable returns for our shareholders, meet the relevant needs of our stakeholders and support the development of the community at large.



Key Financial Highlights (FY 2021-22 vs. FY 2020-21)

Net Interest Income



up by **60.01%** from
₹ 78.17 crore to ₹ 125.08 crore

Total Loan Assets

Under Management



up by **49.23%** from
₹ 2,917.33 crore as on 31.03.2021 to
₹ 4,353.57 crore on 31.03.2022

Net Worth



up by **20.20%** from
₹ 575.78 crore as on 31.03.2021 to
₹ 692.08 crore on 31.03.2022

Total Assets

Under Management



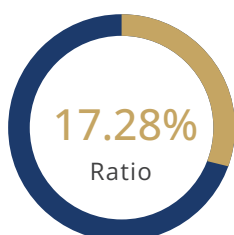
up by **70.59%** from
₹ 4,739.30 crore as on 31.03.2021 to
₹ 8,084.62 crore as on 31.03.2022

CASA

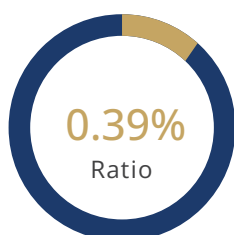


up by **125.41%** from
₹ 822.19 crore as on 31.03.2021 to
₹ 1,853.27 crore as on 31.03.2022

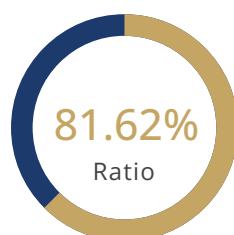
Ratios



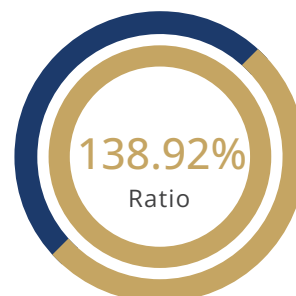
Capital
Adequacy



Net NPA



Provision
Coverage



Liquidity
Coverage

*Net worth includes paid-up Capital and Reserves (excluding revaluation reserves)

HIGHLIGHTS OF THE FY 2022

300+
employees



Innovative supply chain
business solutions
for MSMEs



Over
1.4 million cards
4 million customers



2nd largest
Micro ATM
installations*



Tied-up maiden Tier-II capital
bond issue of **INR 1.25 billion**
in the domestic market



Raised INR 3 billion from
NABARD under Refinance Facility
route - opening the doors for
raising long term funds



Partnerships
with over
40 plus FinTechs



- Long Term Credit Rating | ICRA A+ | Stable outlook | Safety
- 100 plus partner banks across geographies under FI Relationships to support Global trade
- Multi currency Cross border remittances under Correspondent Banking Relationships
- Partnership with multiple domestic and global custodians to support Portfolio Investment in India and international markets

*<https://www.rbi.org.in/Scripts/ATMView.aspx>



MD & CEO'S REVIEW



Success is not a big step in the future, success is a small step taken NOW.

Sidharth Rath

MD & CEO, SBM Bank India

A year of contrasting halves

It was a year of contrasting halves. While the first half of last year was remarkable, given the way humanity collaborated to tame not just COVID but also, its ensuing economic woes, the second half saw the eruption of a war in Ukraine, straining and polarizing diplomatic relations and a human toll of disrupted, displaced and destroyed lives. As the war rages on, it continues to deepen fissures in international trade, exacerbating already choked up supply chains and stoking raging inflation across the globe.

But let's focus on the heartening news first

India administered a staggering 1.8 billion vaccine doses since rolling out its vaccination drive in January 2021. Around 94% of the adult population of the country has received at least one dose, and over 80% of the adult population has been administered both doses. These are numbers of mammoth scale, and we ought to be proud of this achievement, especially given how COVID is still going strong and continues to resurface at a worrying scale in many countries across the world.

The effects of the country's massive vaccination drive went beyond the obvious, instilling a firm sense of euphoria and hope, which caused evident improvement in customer sentiment and demand in the first half of the year, resulting in rising home sales, vehicle sales and travel and tourism numbers. Corporate profits soared, and employment numbers improved drastically.

Challenges ahead, but we remain confident

But worries persist, and the bounce-back seems to be under imminent threat. Higher food and energy prices have fueled inflation across countries to levels rarely seen, even in developed economies. India, too, with its heavy reliance on oil imports, has been impacted.

Central banks, which thus far had maintained a rather sanguine and measured approach towards unwinding massive liquidity during COVID, are now aggressively resorting to rate hikes to tame this imported inflation.

This is leading to a massive outflow of capital away from riskier asset classes to safer havens. But there was a silver lining here. Past instances of high FPI outflow saw a very high degree of turbulence, but this time, the market impact was significantly lower due to buying by DIIs and retail investors, perhaps signalling maturing Indian retail investors. While the short-term prognosis undoubtedly remains challenging, India seems to be on a much stronger footing. Corporates and banks seem to be in a healthier situation with necessary regulatory and legal frameworks firmly in place to counter any deterioration in asset quality. The Central bank seems to be intervening actively to counter inflation, as was evident with the recent rate hikes.

Growth capital, however, doesn't seem to be in short supply and is waiting in the wings to get deployed as overall global macroeconomic conditions and risk appetites improve. Against all odds and economic upheavals, India today is home to 100 unicorns, with a combined valuation of over USD 330 billion, and is the third-largest ecosystem for start-ups globally, witnessing a 7x increase in the total funding of start-ups since 2015.

The composition of this club of young unicorns echoes the demands of a rapidly changing digital



landscape and the high premium associated by customers and investors with convenient digitally-led products and their enablers. Therefore, e-commerce, fintech, supply chain & logistics, internet software & services, content, gaming, hospitality, and data management & analytics have come out in big numbers among this group of game-changers.

Focusing on the fintechs among the unicorns, the firms featuring in this niche club seek to address myriad financial needs in a hyper-digital framework, be it payments, credit, insurance and investments, with some even garnering value from enabling the integration between traditional banking services and the fast-evolving world of digital innovations.

Three years ago, when we became the first universal bank to commence operations under the Reserve Bank of India's Wholly Owned Subsidiary (WOS) route, we were determined not to be held back by our size and vintage. Accordingly, we laid out an ambitious strategic roadmap that attempted to address young India's aspirations, preferences and life choices.

At SBM Bank India, we decided to be part of this winning change around us and build a collaboration model with the fintech ecosystem, thus bringing about exciting new products that built-in smart features and an almost intuitive understanding of the new-age digitally savvy customers. We remain confident in India's long-term potential. India is one of the youngest countries in the world, and being a young bank, this gives us an opportunity to be part of a large market that will see sustained capital flows, investment in socio-economic infrastructure and robust economic development in the years ahead to place India amongst the top 3 largest economies in the world.

All this as we gradually ramped up our branch network to 11 and added more employees, taking our overall team size to over 300 members across the country. While the domestic opportunity keeps us motivated and invested, in 2021-22, we also soft-launched our private wealth business, focusing on global, upward mobile, affluent customers.

We are a bank with a conscience

We launched Pragatishil Palghar, our unique initiative towards uplifting Palghar, a district roughly 100 km from Mumbai. As a first step towards realising the shared vision that underscores the Pragatishil Palghar project, aimed at the socio-economic upliftment of Palghar district in Maharashtra and its 30 lakhs population, SBM Bank India signed an MOU with Sri Chaitanya Seva Trust (Govardhan Skill Center) whereby the Bank will be extending financial support towards a computer skill development facility planned in the Govardhan Skill Center premises and women's self-help groups in remote and tribal areas of Palghar.

The initiative will include, among others, providing requisite computer units to facilitate training of the local tribal youth in essential computer skills, thereby enhancing their employment prospects and lending to the spread of digital literacy in the area.

We have just started a Small Big revolution with our Smart banking strategy

We saw Young India driving higher adoption of new business models across industries ranging from lifestyle segments to wealth management. Yet this middle India continued to be sandwiched between a rich India with high aspirations and a lower India that was still seeking easy accessibility to Banking.

Thus, started our Small Big Revolution to create innovative solutions right from easy access to credit for Middle India to making banking accessible for Lower India and helping realise the rising and global aspirations of Rich and Corporate India.

We collaborated with the best Fintech firms across the payments, investing, and credit ecosystem for product innovation, operations, and customer acquisition. This Smart Banking approach meant that we optimised capital and accelerated the launch of innovative products that addressed various customer needs.



We scaled up our corporate business by not only relying on large corporates but also offering customised products to MSMEs, NBFCs, technology providers and small businesses.

Our steady numbers for the year are testimony to our strategy

I am happy that all these efforts have led to wholesome all-around growth for our bank.

In 2021-22, our total income registered a 67.27% growth to Rs. 513.18 crore, while the net profit reduced by 12.54% to Rs. 16.31 crore. The reduced net profit is on account of higher provisioning provided against the advances. Our Earnings before provision have increased by 116.65% to Rs 54.14 crore. Our CASA stood at 27.26%, and we maintained a CAR of 17.28% against the statutory 11.50%. We crossed Rs. 8,000 crore asset size.

The true testimony of our financial strength and robust business model was evidenced in March 2022, which saw us successfully tie-up Rs. 125 crore through our maiden Tier-II bond issuance (Basel III compliant bonds with a 10-year maturity). At the same time, we also raised Rs. 300 crore from NABARD under Automatic Refinance Facility – opening doors for raising long-term funds to priority and rural sectors.

We thank you for the support

Our teams have performed beyond all odds to service customers, expand operations, and forge collaborations in the past two years, which have been undeniably trying with a spate of unprecedented events on a global scale. All without taking the easy way out or compromising the credibility of the Bank or its processes. I thank each of my team members for their efforts.

We are thankful for your continued patronage and the trust you have bestowed on us.

Our Board guided us, motivated us and kept us focused on becoming a better institution every day. I would like to thank each of our board members. I would also express my sincerest gratitude to our partners, collaborators, the regulator, promoters and communities – who have empowered us to travel further down the path less taken.

We have built a credible, scalable, and efficient institution in the past three years, and with your continued trust, we are confident that we have exciting times ahead of us, which we shall make the most of together. As we forge ahead, we will measure success as a journey rather than a destination.



SMALL STEPS | BIG SHIFTS

One step at a time! Persistence is tough but the key to sustained success. In our efforts to become a better, bigger and stronger bank with a mission to offer customised solutions to our customers, we continue to improve, change and evolve – every day.





We are young, but that never limits our thinking or our aspirations. We are excited by the dichotomy- India being an ancient civilisation yet it has the highest number of young people. However, we realise that the challenges we face as a country require fresh new thinking and a radically different approach where less can be more and small can be potentially big. Our strategy, therefore combines the gradual rollout of physical branches in select cities with deliberated and handpicked digital collaborations, thus helping us scale and thus address the diverse needs of the entire socio-economic spectrum of the country.

Over the past three years, through our products, employees and stakeholders we have helped millions of Indians take the first step, start a small dream, own a small win and aspire a bit more.

SMALL WINS

BIG ACHIEVEMENTS

In a world of finance, relationships reward! Having embarked on a journey to create sustained value, we continue to partner with upcoming, aspiring and young visionary partners. This slight divergence in the strategy helped us build one of the most comprehensive product portfolios and forged deeper collaborations that led to sustained product developments.



Being new meant it would take decades and huge capital to achieve scale. So how does one hasten this process without taking undue risks and optimising the use of capital?

We engaged and collaborated at senior levels with like-minded partners to jointly develop products that addressed real issues faced by various underserved segments of the market. Real issues like easy access to credit to the self-employed, young, needy, faster yet reliable remittances, cost-effective global banking for wealthy Indians and extending banking services to rural India.

Our technology today powers a growing number of technology-first companies as we continuously recalibrate processes in line with evolving risk and compliance standards to make it safer and reliable for all stakeholders.



SMALL ACTS | BIG IMPACT

Trust is a small word – easy to spell but much harder to earn. In a billion-plus country, organised unsecured credit penetration is shallow due to higher income requirements, reliance on credit history, loads of paperwork, and increased processing time. We realised early on that the only way was through, so we focused on breaking down the challenges into smaller hurdles and innovated through collaboration.





Young India requires easy access to credit, something that is easier said than done. Yet how does one balance spending with thrift? Simple! A credit-builder product balances credit with a fixed deposit's guardrails and helps build a credit profile. This product replete with rewards and a friction-free onboarding experience, kicked off a responsible credit journey which traditionally was denied to this segment.

Through this product, lakhs of customers have benefited hugely in terms of easy credit and lifestyle experiences. They otherwise would have to fall back on conventional and costly non-banking channels for credit.

SMALL BORDERS | BIG WORLD

As an Indian bank owned by a global financial services group, we at SBM Bank India are empowering our clients with a gateway to the world of banking. In doing so, we are, on the one hand, offering an unparalleled reach across blue ocean economy countries; on the other hand, we are innovating new products to benefit from a flatter world.



At SBM Bank India, we are a key player with a comprehensive suite of products designed for those banking beyond borders. We have in the first three years of our inception, become a key player in INR Vostro (Rupee clearing) internationally. To ensure seamless, secure, compliant and efficient money transfer services, we have tied up with Nostro partner accounts w.r.t. direct foreign remittances in multiple currencies. In addition, we have partnered with multiple domestic and global custodians to support Portfolio Investment in India and international markets. Today the Bank has FI relationships with 100+ partner banks in 30+ countries across 7 continents.



SMALL ACTIONS | BIG ASPIRATIONS

Banking at your place to bank from anywhere! Pandemic has accelerated the evolution of Indian banking. With technology proving to make banking always-on, reliable, customisable and secure, we at SBM Bank India have been expanding our presence pan-India, catering to a diverse customer segment comprising retail and corporate clients.





For retail customers in urban and rural markets, we continued to fortify our app-web-branch ecosystem with customised offers, new products and rewarding returns or customer experiences. In addition, we built a presence in the hinterlands and rural areas through banking correspondents and partnered with a few fintechs to deploy customised micro-ATMs, thereby having the 2nd largest micro ATM installation across the country.

We also continued to clock robust growth in corporate banking – riding on the MSME clientele's demand for superior banking; we provided innovative supply chain business solutions. We continued to bolster the Agri-value chain and to lend more in rural areas for fulfilling its inclusive finance objective; the Bank raised Rs 300 crore from NABARD under the Automatic Refinance Facility.

SMALL DREAMS | BIG INSPIRATION

*Small ideas often have a significant impact when met
with sustained execution;*

*At SBM Bank India, we have nurtured talent at both ends of the spectrum,
thereby building a balanced, holistic and rewarding team. In 2021-22, the
resumption of physical offices commenced for a more extensive team section
and managing the same smoothly remained a focus.*



Back to the workplace also meant focusing on social distancing, hygiene and Covid protocols. As the country inched towards normalcy, the focus at the workplace evolved to bonding, mental wellness and performance. While flexible working was made available to ensure a smoother transition, the growth momentum outlined the need for bigger office space, especially in the year's third quarter.

We continued to nurture talent through training and on-job learning. At SBM Bank India, we pride ourselves on having a diverse culture comprising young and experienced professionals. We continue to trust and preserve our fundamental beliefs of a transparent, open-door culture that rewards merit over everything else. We follow a marquee reward recognition system that places high weight on proactivity, skill development and continuous learning. In 2021-22, we invested person-hours into the training and development of our teams primarily through virtual mediums.



SMALL CONTRIBUTIONS | BIG CHANGE

CSR initiatives @ SBM Bank India

At SBM Bank India, we believe in the power of small, with a large vision and the right intent, and how it possesses the potential to evolve into something big and strong. Akin to how the flutter of a single butterfly's wings is said to be capable of changing the direction and form of tornadoes and hurricanes.





Capturing this spirit, we launched multiple initiatives during 2021-22 – jointly dubbed #SBMButterflyEffect. These initiatives are designed to impact the lives of our employees and stakeholders, including the communities around us.

We supported the DC Memorial Society towards funding dental equipment for the dental room, forming part of the Healthcare Centre run by the said Society. The DC Memorial Society offers highly subsidised medical care to over 1 lac patients.

We also embarked on the 'Lighting up a Life' donation drive. This activity focused on igniting young minds by donating new or repurposing pre-loved and gently used stationery items, toys, storybooks and self-help books to the lesser fortunate children. The drive reemphasised our firm belief in sustainability, inclusive access to resources, and the community's welfare.

Pragatishil Palghar

Located 100 km from Mumbai, Palghar district - is a sizeable municipality that, despite its proximity to the city, experiences a large divide and limited accessibility to India's burgeoning digital revolution. The population of Palghar is almost 30 Lac, with an average annual income of Rs. 27000 per annum. Majorly, the region survives on agriculture, farming and unskilled labour. For several years, the GOVARDHAN RURAL DEVELOPMENT team led by Sanath Kumar Prabhu has worked diligently to assist the local communities in becoming upwardly mobile and raising the median household income.

SBM Bank India has launched an ambitious Pragatishil Palghar (meaning "Progressive Palghar") initiative aimed at the socio-economic upliftment of the district of Palghar (situated 100 km from Mumbai) through a collaborative multi-stakeholder approach. As a first step under the Pragatishil Palghar project, SBM Bank India has collaborated with Sri Chaitanya Seva Trust (Govardhan Skill Center) in the setting up of the Computer laboratory by donating 50 Desktops/laptops and providing capital expenditure towards furniture, electrical equipment's for Govardhan Skill Center (GSC) in association with Govardhan Eco Village.



About Pragatishil Palghar and Govardhan Skill Center (GSC)

Through the Pragatishil Palghar programme, the Bank, in the years to come, will invest in a variety of initiatives namely

- Increasing banking centres through owned branches and franchised banking centres (Kendras)
- Supporting women's self-help groups and the local cottage economy by sourcing handmade merchandise, food, seeds and art.
- Sponsoring key equipment to help support local Skilling centres



The GSC is a massive 70,000 sq ft facility constructed at Wada Taluka, Palghar District, with equipment sponsored by SBM Bank. GSC aims to be accredited by National Skill Development Corporation as a training partner and will be imparting residential IT courses to the tribal candidates. They would reside on campus premises for the entire duration of the course. This initiative will facilitate the training of local tribal youth in essential computer skills to enhance their employment prospects, thus helping in the spreading of digital literacy within Palghar.

Board of Directors



**Mr. Abdul Sattar Adam Ali
Mamode Hajee Abdoula**
Non - Executive Part Time Chairman



Mrs. Sudha Ravi
Independent Director



Mr. Ameet Patel
Independent Director



Mr. Shyam Sundar Barik
Independent Director



Mr. Umesh Jain
Independent Director



Mr. Raoul Claude Nicolas Gufflet
Non - Executive Director



Mr. Amalorpavanathan
Independent Director



Ms. Sharon Ramdeneey
Independent Non - Executive Director



Mr. Sidharth Rath
MD & CEO

Management Team



Mr. Narendra Patra
Chief Risk Officer



Mr. Dipak Agarwal
Head - Corporate Banking



Mr. Neeraj Sinha
Head - Retail &
Consumer Banking



Mr. Mandar Pitale
Head - Treasury



Mr. Sailesh Shah
Chief Financial Officer



Mr. Pravin Bhosle
Chief Information Officer



Ms. Sajitha Pillai
Head - HR



Mr. Sachindra Kumar Rai
Chief Compliance Officer

MANAGEMENT

DISCUSSION & ANALYSIS



Economic Overview

Contending with COVID-19 and the ongoing Russia-Ukraine war, the global economic outlook has toppled, and uncertainty looms over the world economy as many countries grapple with a fresh surge of Covid-19 with no signs of the war ending shortly.

India, too, is bearing the brunt of the ongoing pandemic and geopolitical uncertainty - all of which are expected to impact the gross domestic product (GDP) growth of the Indian economy in 2022. Earlier this month, the Reserve Bank of India (RBI) revised India's FY23 growth outlook from 7.8 per cent to 7.2 per cent, and International Monetary Fund (IMF) revised GDP from 9 per cent to 8.2 per cent.

However, despite the hurdles, India is the world's fastest-growing major economy in the world, according to GDP growth projections by the IMF, which has projected a growth of 8.2 per cent for India in 2022, making it the fastest-growing major economy in the world, almost twice faster than China's 4.4 per cent.

According to industry body CII, India's economy is expected to grow 7.5-8 per cent this fiscal with exports likely to play a vital role in the country's growth. In the last few months, government spending on infrastructure has been growing, and this trend is expected to continue to support demand and economic activity. In 2021, India registered a growth rate of 8.9 per cent. The country will remain the fastest-growing economy globally in 2022-23.

Inflation

The sharp acceleration in headline CPI inflation at present is propelled, particularly by food inflation due to the impact of adverse spillovers from unprecedented high global food prices. High-frequency price indicators for the immediate future indicate the persistence of food price pressures. Simultaneously, the direct impact of the increased domestic pump prices of petroleum products in the recent past is feeding into core inflation prints and is expected to have intensified in the coming days.

Looking ahead, food inflation pressures are likely to continue. Food price indices of the Food and Agriculture Organisation (FAO) and the World Bank touched historical highs in March and remain elevated. In addition, international crude oil prices continue to hover above US \$100 per barrel, prompting pass-through to domestic pump prices. As a result, the risks of unprecedented input cost pressures translating into yet another round of price increases for processed food, non-food manufactured products and services are now more potent than before.

The main concern is high oil prices, which cascade and result in price hikes across categories. With the Russia-Ukraine war continuing, the oil price is unlikely to decline shortly. Rising petrol and diesel prices have made transport expenditure a major pocket-burning issue for people in various parts of the country.

There has been an upsurge in almost all daily consumables. The price increase has been across, whether food, vegetables, oil, LPG Gas cylinder, clothes, car, gold, silver, or any other product. Edible oil prices are expected to escalate, with Indonesia restricting palm oil and soya oil exports. The hit will be severe for India, as the country is the world's largest edible oil importer.

The strengthening of inflationary impulses in sync with the persistence of adverse global price shocks poses upward risks to the inflation trajectory.

Banking sector overview

The banking sector continued to navigate the new normal, with a large focus on offering banking on-demand - at the fingertips of the customers and expanding the product presence - by partnering/ competing against the new age fintechs, especially in the payments space. Technology continued to be the core area along with asset quality - which post the pandemic, started improving in terms of timely realisations and recoveries from the customers. Most banks displayed good revenue and profit growth resilience; the industry witnessed significant movement in retaining customer trust. The Banking industry started becoming a destination not only to save and borrow, but, most importantly, to pay, invest, shop and lend among others. The Reserve Bank of India (RBI) emphasises financial inclusion, digital banking models and further regulations are being put in place requiring banks to be more regulatory-sensitive. Also, the rise of the big tech companies in the lending space, offering buy now pay later (BNPL) options to customers, are eating into the share of banking customers, and banks should offer a steep competition to address it.

Outlook

With the onset of the pandemic, the economy underwent an intense disruption and is still recovering to achieve pre-pandemic growth levels. Economists maintain a positive outlook on the economic recovery due to captive consumption opportunity, higher FDI flows, and India's place among the top attractive destinations for international investors.

Still, there are emerging challenges to the growth outlook. The war in Europe and Covid-related lockdowns in China have led to supply disruptions worldwide. The resultant higher inflation coming when advanced economies are already struggling with elevated prices is crimping the leeway for Central Banks that have responded with aggressive tightening. The swift tightening in financial conditions threatens to spill over into India directly, via lower exports and indirectly via need for tighter policy settings.

With the ongoing crisis, financial and commodity markets continue to witness shockwaves, with energy and food prices skyrocketing and threatening to remain elevated or rise further. The Indian stock market, too, has remained volatile with the uncertainties continuing. The experience with COVID shows that every time there is a fresh wave globally, it does hit India as well. Therefore, we must be prepared for future waves and try to reduce our dependency on other countries as much as possible. The war is also unpredictable and poses a significant threat to the global economy.

The year 2021-22

At SBM Bank India, we sustained our growth momentum with a focus on three key areas - product innovation, customer acquisition and asset quality.





Product innovation continued with our technology implementation and deep-rooted collaborations with fintech, NBFCs and neobanks. We focused on credit builder products, travel products, education loans, personal loans, etc., for the new to credit customers, as well as working capital products, supply chain finance for MSMEs and corporates. In doing so, we relied on the deep experience of our teams, leaders, and collaborative partners, who helped us customise our offerings owing to their robust domain knowledge. This ecosystem-led approach enabled us to declutter our offerings for the customers and provide solutions with efficiency and impact built-in.

We also firmed up our customer acquisition by partnering with multiple players across geographies and offering additional products and solutions without impeding their existing relationships with our partners/ collaborators. This enabled us to expand our clientele and establish our credibility as a trusted partner for aspiring fintech, NBFCs, etc.

In doing all these, we continued to have an un-compromising asset quality perspective. At SBM Bank India, we prefer to grow but not at the cost of asset quality. In doing so, we relied on product innovations. We developed and implemented credit builder products backed by FDs with some of our partners, enabling us to expand our customer base without impairing or risking asset quality.

Financial performance

Our total deposits registered an increase of 76.4% from Rs. 3,855.18 crore in FY2020-21 to Rs. 6,799.44 crore in FY2021-22. Our loan book or advances registered an increase of 49.2% from Rs. 2,917.33 crore in FY2020-21 to Rs. 4,355.57 crore in FY2021-22. We continued to be cautious, considering the economic challenges in the environment. Our total income for the year increased by 67.3%, from Rs. 306.79 crore in FY2020-21 to Rs. 513.17 crore, while profit after tax stood at Rs. 16.30 crore. Our Net Interest Income, which accounted for 77.7% of the total income during FY2021, clocked a growth of 70.4% to Rs. 397.30 crore during FY2021-22. Our Capital adequacy ratio stood at 17.28%, against the statutory minimum of 11.875%. The Bank's net worth as of 31st March 2022 stood at Rs. 714.62 crore, up by 19.3% as compared to 31st March 2021.

Corporate Banking

Our Corporate Banking vertical accounted for 79.44% of our total loan book as well as 68.96% of our deposits during FY2021-22. Revenue of this segment consists of interest earned on loans made to corporate clients, interest earned on cash float, and fees received as processing fees and from fee-based activities like debt arranging /syndication, letter of credit, guarantee, etc. The revenue also includes income from transaction banking activities such as forex, commission, and inter-bank activities such as Vostro, Nostro, capital market activities etc.

The major expenses of this segment consist of interest costs on funds borrowed, personnel costs and allocated expenses. The Bank caters to the holistic requirements across corporate banking, including Trade Finance, Corporate Financing, MSME, SCF, as well as partnering Financial Institutions.

During the year under review, the corporate banking business gross revenue registered an increase of 59.56% to Rs. 282.03 crore. Owing to the pandemic, while the first quarter of FY2021-22 witnessed lower demand from corporates, the latter part, riding on the strong industry turnaround, saw a resurgence of demand. The Bank remains sector agnostic and usually focuses on each business separately. The Bank continued to forge long-term partnerships with entities having an MSME customer base. At the same time, by partnering with fintechs, the Bank further strengthened its Trade Finance solution.

The Bank's parent SBM Group enjoys huge trade patronage, especially from the Indian Ocean Region and Africa. This presence in East Africa and Mauritius also helps us at SBM Bank India leverage the Group's geographic network in the Indian Ocean region to add value to our clients. At the same time, we have associated with partner banks globally across geographies including Europe, US, SAARC, South Asia, Oceania, Middle East and Africa. The Bank is also a full-fledged INR clearing service provider for the Indian Rupee, and it stays well equipped to cater to its partner clients for INR Vostro Account relationships. The launch of the new workflow movement Trade Zone portal has firmly placed the Trade Finance and Cross Border Remittances on an upward growth trajectory.

We have also strengthened our payment infrastructure through revamped Corporate Internet Banking (CIB) and offering hassle-free solutions w.r.t. domestic and foreign exchange exposures for all transactional banking needs.

Retail and Consumer Banking

SBM Bank's Retail Business continued to tap on growth momentum despite an uneven economic environment. The Bank registered a growth of 80.4% in terms of its retail deposits and 209.8% in terms of its retail advances. As of 31st March 2022, your Bank's total retail deposits stood at Rs. 427.61 crore, while retail advances stood at Rs. 296.49 crore. This segment's revenue arises from personal loans, payment products, other retail products, and digital & payments services.

The Bank is gradually building a solid retail franchise through a combination of branches in key cities coupled with a collaborative strategy where we work closely with key partners trying to address India's varied financial audience through various solutions. These included credit builder products, forex products, travel products, education loans and personal loan products.

India remains a bright spot in an otherwise gloomy global macro scenario. This gives us the confidence to invest in the entire wealth space as stronger growth will inevitably lead to rising affluence in the years to come. We will capitalise on our global presence and cross-border product expertise and have taken firm steps in this approach through a calibrated launch of our private wealth business.

Treasury

Our Bank's Treasury vertical comprises the following core functions:

- ALM market-facing activities comprising management of Liquidity, Reserves, Liquidity ratios and Core Investments

- Proprietary Trading in Rates, Equity and Foreign Exchange
- Foreign Exchange Merchant desk catering to client flows and providing solutions to the clients for their exposures in foreign currency

The central bank resorted to accommodative policies and high liquidity infusion to stop the slump after the pandemic. At the same time, with businesses closed due to restrictions, the focus of companies and government was fixed on public healthcare and empowerment spending. To top it all off, the volatility in the markets complicated the treasury management's mandate. In such times, SBM Bank India relied on generating returns by mitigating risks through technology and consistent portfolio surveillance. In achieving this, the Treasury vertical continued to deploy its resources for optimum returns while reducing the volatility of the environment.

The Asset Liability Management Unit managed various regulatory requirements, including Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Liquidity Coverage Ratio (LCR), Intra-day Liquidity (IDL), High-Quality Liquid Assets (HQLA) as prescribed by the Central Bank and other governing bodies. In addition, the Desk manages the day-to-day liquidity requirements of the Bank in domestic and foreign currency through appropriate funding and deployment avenues. The Bank's Treasury

desk also contributes to the liquidity and resource mobilisation strategy, proactively managing the Structural Liquidity with an optimal mix of sources of funds.

This desk is also instrumental in communicating with Rating agencies for the short-term and long extended safety regarding timely payment of financial obligations and extremely time and long-term rating assessments for the Bank. In FY2021-22, Bank achieved an A1+ credit rating from ICRA for its 500 Cr Certificate of Deposit issuance program, indicating safety regarding timely payment of financial obligations extremely significantly and thus carrying the lowest credit risk. This rating was reaffirmed during the recent assessment for the financial year 2021 22 carried out by ICRA in May 2021.

The Trading Desk trades in permitted assets classes under Rates, Equity and Foreign Exchange. It is instrumental in taking proprietary positions in Government Bonds, Corporate Debt, Equity and Currencies basis views on various Micro and Macro Economic parameters and other market indicators.

Foreign Exchange Merchant desk catering to client flows and hedging solutions offers tailor-made products and services to its clients based on their specific requirements. Desk strives to align with the best practices followed globally and leverage technology to deliver bespoke solutions and a user-friendly experience.

The product suite includes:

1. Foreign Exchange Remittances and Conversions – USD INR and Cross Currencies
2. Hedging of client's future foreign currency flows (foreign currency payable or receivable) with Forwarding contracts and Foreign Currency Options
3. Other Foreign Exchange over-the-counter services such as Currencies and Traveller's Cheque

This desk is also instrumental in mutual discussions to arrive at the final mutually acceptable terms and conditions facilitating the execution of ISDA for derivatives transactions with scheduled commercial banks.



Information Technology

Being a new-age universal bank, the Bank has built a robust IT infrastructure – customisable, scalable and efficient - to support the demands of a growing Bank. During the year, with the hybrid work model here to stay, integrating the systems with due focus on security and access was at the epicentre of our IT strategy.

We continued to focus on system stability, sustainability and automation – ensuring periodic reviews of system performance and capacity planning. We identified several processes and switched to automation to improve turnaround time and optimise costs across verticals.

We continued to steer towards the next-generation core banking systems. Having managed our IT infrastructure through a reputed firm, the Bank is continuously upgrading our plug-and-play platform to ensure lower latency, faster integration of third-party APIs, better standardisation and scalable systems.

Amidst the system upkeep, one of the key focus areas at SBM Bank has been improving data management and information security processes. In a world where customer data is the holy grail and can be misused, we at SBM Bank ensure robust security protocols, risk management systems and transparency to help customers secure their data while banking. A reliable and dynamic data governance audit system ensures that all possible and evolving challenges around data security are proactively identified and mitigated. Besides, the Bank has also continued to focus on the compliance systems to ensure due credibility with the regulators.

Information Security

Our Bank operates in a highly automated environment and uses the latest technologies to support various operations. Further, the Bank has engaged with multiple Fintech partners, one of its key strategies for growth.

Being in the services sector, Information Security and Data Protection are of paramount importance. The Bank has put in place a governance framework and a board-approved information security policy and Cybersecurity policy to mitigate information technology-related risks. The Bank uses a identify, prevent, detect, respond & recover framework for information security governance. 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 invested in detection, response, 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, Data Leakage Prevention etc. have been put in place. 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.



Human Resources

"An organization, no matter how well designed, is only as good as the people who live and work in it" - Dee Hock.

To enable us to achieve our mission and stay aligned to the values of Excellence, Innovation and Leadership, we added 133 members to our family, taking the total headcount to 365. In our endeavour to support diversity, focussed hiring efforts during the year under review led to an improved Gender ratio (M:F) from 76:24 to 70:30.

Safety, security, and wellness of our employees continued to remain our priority throughout the year. Covid-19 Vaccination drive for staff as well as their family was arranged. Several other wellness initiatives were also undertaken, including Cancer detection tests, Yoga sessions for Staff, Parents and children, Ergonomics, awareness of Breast Cancer and Prostate & Testicular Cancer, etc., to ensure a well-rounded rewarding culture continued to expand its roots.

We also instituted a monthly reward and recognition program to imbibe a culture of recognition and gratitude. Various fun at work programs were conducted online throughout the year, namely IPL 2.0, Bollywood Quiz, Stand-up Comedy and Singing. The staff well received such programmes.

The Bank also placed a special focus on learning and capacity building. During the year, 96.8% of the employees benefited from programmes through reputed institutions such as ICAI, IDRBT, FEDAI, NIBM, CAFRAL, RBI, CRISIL, etc. A wide range of topics, including IT & Cyber Security, risk management, lending to MSMEs, FEMA regulations, KYC, AML, POSH, etc., were covered during these training programmes. A series of sessions on building and promoting a culture of accountability and high performance were also conducted for our Senior personnel.

Compliance

Compliance Framework

Compliance with the regulatory guidelines is an important part of our business approach. Accordingly, the Bank has an independent Compliance Function headed by the Chief Compliance Officer. The primary role of the Compliance function is to assist the Board and management in the identification, evaluation & mitigation of regulatory compliance and AML risks for the Bank on an ongoing basis. The Compliance Function of the Bank is an integral part of the Corporate Governance framework and reports to the Audit Committee of the Board (ACB).

The Bank has a robust compliance framework guided by the Bank's Compliance Policy. As part of its endeavour to ensure compliance with the regulatory guidelines, the Compliance Function proactively undertakes various activities such as compliance risk assessments, compliance testing, trainings, compliance change management, new product / process approvals, and liaising with regulators, monitoring regulatory reporting, compliance certification, etc.

The Bank also has an executive level forum to maintain effective oversight of Compliance and AML risks for the Bank – Compliance and AML Risk Committee (CARC).



KYC / AML Framework

The Bank has appropriate systems and checks to ensure compliance with the Prevention of Money Laundering Act (PMLA) 2002 & RBI's Master Direction on KYC. The Bank KYC AML policy & Manual set forth Bank's processes and controls to ensure compliance with the regulatory guidelines.

The Bank has implemented AML Solution to detect unusual transaction patterns in customers' accounts based on predefined parameters and perform system-based customer risk categorisation.

The KYC / AML Framework is managed by the Bank's Financial Crime Compliance – Anti-Money Laundering (FCC-AML) Team under the compliance department.

Vigilance

The Bank has documented policies such as Vigilance Policy, Whistle Blower Policy and Anti-Bribery & Anti-Corruption (ABAC) Policy aims to create an ethical working environment and ensure transparency in the Bank's work. The Vigilance department is under the purview of the Chief of Internal Vigilance (CIV). The Bank's vigilance department undertakes incident based and suo-moto investigations as required.

Audit

SBM Bank India has an Internal Audit Department responsible for independently evaluating the adequacy and effectiveness of Internal controls, Risk management, and Governance Systems. There is also an independent team within the Internal Audit function which assures on the management of information technology related risks. Internal Audit is the third line of defence. To ensure independence, the Internal Audit Function has a reporting line to the Chairman of the Board's Audit Committee and a dotted line reporting to the MD / CEO. The audit department includes qualified professionals who are appropriately skilled and experienced. The audit department adopts a risk-based audit approach in congruence with the RBI's Guidelines on Risk-Based Internal Audit (RBIA). The team has designed a risk-based comprehensive Audit plan for each year and carried out audits across various businesses and functions, i.e. Corporate Banking, Retail Banking, Operations, Domestic

Treasury, Risk Management, Control & Support functions and Information Technology. Further, critical units of the Bank are subjected to an Independent Concurrent Audit process by reputed external audit firms.

During the audit, the Internal Audit Department also ascertains the extent of adherence to regulatory guidelines, legal requirements, and effectiveness of operational processes. It proactively recommends improvements in operational processes and service quality, wherever deemed fit. It provides timely feedback to the Management for corrective actions. For this purpose, a monthly Audit Forum has been constituted, ensuring effective oversight of Management on critical Audit matters. The Audit Committee of the Board also reviews the Internal Audit function's performance and examines the effectiveness of controls and compliance with regulatory guidelines. The Internal Audit policies and practices are also aligned with that of the SBM group and conform to the IIA's International Standards for Professional Practice of Internal Auditing.

Risk management

Inherent to the business of a universal bank, we at SBM Bank India (SBMBI) are exposed to internal and external risks in the Internal its ongoing activities. Within the Bank, risks are identified and overseen through the Enterprise Risk Management Framework (ERMF) and risk management policies for various risk domains, which



helps our business in its aim to embed effective risk management practices and culture. ERMF, and the associated risk policies, govern how the Bank identifies, measures, and manages various risks.

Risk management responsibilities are embedded with the Board, and the Risk Management Committee (RMC) of the Board guides and supervises the effectiveness of the risk management practice in the Bank; RMC exercises oversight through the delegated responsibilities to the Risk Management Committees at the executive level, who are responsible for execution and reporting of the risk management framework across the Bank. The Risk Appetite Statement (RAS) approved by the RMC is the guiding document for risk management at the enterprise level, the same is cascaded through the businesses by way of limits and guardrails; RAS is reviewed annually by the RMC.

SBMBI adopts Three Lines of Defence (LoD) as the risk management principle. The 1st Line of Defence encompasses the business divisions and service providing areas, including operations units and IT and digital initiative units that are the "owners" of the risks and are directly engaged with the customers as the face of the Bank. The 2nd Line of Defence is all the independent risk and control functions, comprising various Risk Units and Compliance functions; 2nd LoD is responsible for putting in place the policy, process, and governance framework for ensuring effective risk control and mitigation. Finally, the 3rd Line of Defence is Audit, which assures the effectiveness of risk policies, processes, and controls.

Credit risk mitigation

We at SBM Bank India have established a robust process of independent risk assessment supported by an internal rating mechanism for both Corporate and Retail Loans, through a well-defined delegation and control structure. Bank has robust credit monitoring and recovery system aided by an Early Warning Signal (EWS) solution along with a periodic review/renewal process adoption of contemporary risk management techniques and tools which help in taking timely actions to manage the loan portfolio. In line with the best industry practices, Bank has set up single borrower limits, group exposure limits, and sectoral limits, along with limits to manage the geographical concentration, desired portfolio mix with tenor, rating, and granularity.

Liquidity risk and market risk mitigation

We have adopted the indicators prescribed by the regulator for measuring and monitoring risk. SBMBI has implemented the BASEL III guidelines of Liquidity Coverage Ratio and Net Stable Funding Ratio, which are being monitored regularly. The Liquidity Risk indicators mentioned above are in addition to various other indicators like stock ratios that the Bank monitored regularly. All these ratios and liquidity gaps for various tenors being monitored by the Bank act as early warning indicators for liquidity risk and will help the Bank trigger a contingency funding plan in case of a liquidity shortfall. In market risk, Bank has established a VaR limit for measuring and controlling Forex Risk, monitoring Modified Duration and PV01 of the Fixed Income and Derivatives. The risk guardrails are designed to reduce concentration risk by setting suitable limits. The Market Risk Unit measures and monitors traded default risk arising from exposure to various counterparties. Bank assesses its interest rate risk through repricing gap, Earnings at Risk and Modified Duration Gap of assets and Liabilities.

Operational risk mitigation

We continue to identify Risk Control Matrix (RCM) mapped to the process flow. RCSA exercises are conducted periodically as per RCSA Calendar to assess the effectiveness of the operational risk controls in the Bank. KRIs are defined for the various assessment units across the Bank as a part of RCSA activity to monitor critical operational risks. We at the Bank also conduct Business Impact Analysis (BIA) and BCP testing for various departments as a part of the BCP Calendar to reassure resilience to manage unforeseen disruptions.

Information security risk mitigation

The Bank has established a governance framework and a Board-approved Information Security and Cybersecurity Policy. The information security governance is driven by the IT steering committee of the Board in addition to the oversight by RMC; Information Security Steering Committee (ISSC) is responsible for execution and oversight at the executive level. 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, Bank has invested in preventing and protecting against such attacks.

DIRECTORS' REPORT



DIRECTORS' REPORT

To,
The Members,
SBM Bank (India) Limited

Dear Stakeholders,

Your directors have pleasure in presenting their Fifth Directors' Report on the business and operations of the SBM Bank (India) Limited (herein referred to as "Bank") together with the Audited Financial Statement for the year ended 31st March, 2022.

A. FINANCIAL PERFORMANCE:

The following is Financial highlights of the Bank.

(Rs. in '000)

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Deposits and Other Borrowings	7,11,84,463	4,02,41,668
Advances	4,35,35,662	2,91,73,284
Total Income	51,31,756	30,67,908
Profit / (Loss) before Depreciation and Taxation	2,89,772	3,34,391
Less: Depreciation	1,13,765	1,47,847
Profit/(Loss) before Taxes	1,76,007	1,86,544
Less: Tax Expense	12,945	100
Profit/(Loss) after tax	1,63,062	1,86,444
Add: Balance B/F from the previous year	(27,53,517)	(27,55,330)
Less: Appropriations		
Transfer to Statutory Reserves	40,766	46,611
Transfer to Capital Reserves	3,799	32,613
Transfer to Investment Fluctuation Reserve	91,847	1,05,407
Profit remitted to Head Office	-	-
Balance carried over to Balance Sheet	(27,26,867)	(27,53,517)

State of Affairs:

SBM Bank (India) Limited was incorporated on 30th March, 2017 with the purpose to operate as wholly owned subsidiary of foreign bank as per RBI WOS framework dated November 06, 2013.

SBM Bank (India) Limited 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 Bank.

The Bank is engaged in providing banking and financial services as a banking company governed by the Banking Regulation Act, 1949. The Bank currently offers a complete suite of wholesale, consumer and retail banking services in addition to providing Treasury and Trade Financing Products and Services.

The Bank'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).

B. FINANCIAL DISCLOSURES

1. Dividend:

The Bank has not declared any dividend during the current financial year.

2. Amounts Transferred to Reserves:

The Board of the Bank has appropriated following amounts to Reserves & Surplus.

(Rupees thousand)

Transfer to Statutory Reserves	INR 40,766
Transfer to Capital Reserve	INR 3,799
Transfer to Investment Fluctuation Reserve	INR 91,847

3. Capital Adequacy Ratio (CAR)

As on March 31, 2022, Bank's total CAR, calculated in line with Basel III capital regulations, stood at 17.28 per cent which is well above the regulatory minimum of 11.50 per cent including the Capital Conservation Buffer of 2.5 per cent. Of this, Tier I CAR was 16.06 per cent.

4. Networth

The Bank's net worth as on 31st March 2022, computed in accordance with the Reserve Bank of India regulations, is as follows:

Particulars	Amount in Rs. 000s
Capital	82,36,251
Retained Earnings	3,20,098
Statutory Reserve	4,52,016
Capital Reserve	1,02,320
Investment Fluctuation Reserve	2,03,677
Share Premium	3,33,333
Balance in Profit and Loss Account	(27,26,867)
Less: Deferred Tax Assets (Net)	-
Net worth as on 31st March 2022	69,20,828

C. CORPORATE GOVERNANCE

5. Composition of Board of Directors:

The Board of Directors is constituted in accordance with the provisions of the Companies Act, 2013 (CA 2013), the Banking Regulation Act, 1949 (the BR Act, 1949) and the Articles of Association of the Bank. The Board consists of eminent persons with considerable professional expertise in banking, finance and other related fields. Their experience and professional credentials have helped the Bank to gain insights for strategy formulation and direction setting for the Bank, thus adding value to its growth objectives.

As on 31st March 2022, the Board comprises of Nine Directors as follows.

Sr. No	Name of the Director	Date of Appointment	Designation	Nationality
1.	Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula	09 th July, 2020	Part Time Chairman Independent Director	Mauritian
2.	Mrs. Sudha Ravi	30 th March, 2017	Independent Director	Indian
3.	Mr. R. AmalorPavanathan	16 th September, 2021	Independent Director	Indian
4.	Mr. Shyam Sundar Barik	26 th February, 2019	Independent Director	Indian
5.	Mr. Ameet Patel	21 st September, 2018	Independent Director	Indian
6.	Mr. Umesh Jain	14 th October, 2020	Independent Director	Indian
7.	Ms. Sharon Ramdeneee	16 th December, 2021	Independent Director	Mauritian
8.	Mr. Raoul Gufflet	16 th June, 2021	Non-Executive Director	Mauritian
9.	Mr. Sidharth Rath	12 th November, 2018	Managing Director and Chief Executive Officer	Indian

Changes in Directors during the year under review

- The approval from Reserve Bank of India (RBI) was received on 30th July, 2021 for appointment of Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula as Part Time Chairman in terms of the Banking Regulation Act, 1949.
- Mr. S.K. Bhattacharyya, Independent Director was re-appointed as an Independent Director of the Bank, for second term, with effect from 1st November, 2021 up to 31st October, 2024. The shareholders had accorded its approval for reappointment of Mr. S. K. Bhattacharyya as Independent Director for second term at the Extra Ordinary General Meeting held on 30th September, 2021. During the year under review, Mr. S. K. Bhattacharyya ceased to be the Director of the Bank due to his demise on 27th January, 2022.
- Mr. Ameet Patel, Mrs. Sudha Ravi and Mr. Shyam Sundar Barik, Independent Directors were re-appointed as Independent Directors of the Bank, for their second term, with effect from 1st November, 2021 up to 31st October, 2024., 21st September, 2021 to 20th September, 2024 and 26th February, 2022 to 25th February 2025 respectively. The shareholders had accorded their approval vide special resolution for the aforesaid reappointment of Independent Directors at the Extra Ordinary General Meeting held on 30th September, 2021 and 30th March, 2022 respectively.
- Mr. Andrew Bainbridge, Non-Executive Director, ceased to be the Director of the Bank due to resignation with effect from 5th August, 2021.

- Mr. R. Amalor Pavanathan was appointed as an Additional Director (Non- Executive and Independent) by the Board with effect from 16th September, 2021 and was appointed as an Independent Director (Non- Executive) for a period of three years at the Extra Ordinary General Meeting held on 30th September, 2021.
- Mr. Raoul Gufflet was appointed as an Additional Director (Non- Executive Director) by the Board with effect from 16th June, 2021 and the appointment was regularized by the shareholders at the Annual General Meeting held on 30th July, 2021
- Ms. Sharon Ramdenee was appointed as an Additional Director (Non- Executive and Independent) by the Board with effect from 16th December, 2021 and was appointed as an Independent Director (Non- Executive) for a period of three years at the Extra Ordinary General Meeting held on 30th March, 2022.
- Pursuant to the approval received from Reserve Bank of India , the shareholders at the Extraordinary General Meeting held on 30th March, 2022 approved the re-appointment of Mr. Sidharth Rath as the Managing Director and CEO, for a period of three years effective from 12th November, 2021 and the remuneration payable to him.

Mr. Raoul Gufflet, Non Executive Director retires by rotation and being eligible offers himself for reappointment at the 5th Annual General Meeting.

The Directors express its deep condolences for the sad demise of Mr. Sanjay Bhattacharyya.

The Directors place on record the sincere appreciation of the contribution by Late Mr, Bhattacharyya and Mr. Andrew Bainbridge during their association with the Bank as Directors.

Declaration under Section 149 of Companies Act, 2013

Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula, Mrs. Sudha Ravi, Mr. Ameet Patel, Mr. Shyam Sundar Barik, Mr.R. Amalor Pavanathan Ms. Sharon Ramdenee and Mr. Umesh Jain, the Independent Directors of the Bank, have given the declarations that they meet the criteria of independence laid down under Section 149(6) of the Companies Act, 2013. Based on the declaration of independence provided by them and based on the applicable RBI guidelines and circulars, all aforesaid Independent Directors would qualify to be classified as Independent Directors under Section 149 of the Companies Act, 2013.

6. Key Managerial Personnel (KMPs)

During the year under review, Mr. Rajeev Panikath, Chief Operating Officer and Chief Information Officer, the Key Managerial Personnel (KMP) of the Bank superannuated on 31st January, 2022 and accordingly ceased to be the KMP of the Bank on 31st January, 2022.

7. Board Evaluation and Remuneration Policy

The Independent Directors of the Bank met on 22nd March, 2022 without the attendance of Non-Independent Directors and Members of Management to carry out following:

- (a) Review the performance of Non-Independent Directors and the Board as a whole;
- (b) Review the performance of the Chairman, taking into account the views of Non-Executive Directors and the Whole-time Director; and
- (c) Assess the quality, quantity and timeliness of flow of information between the Bank Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

A questionnaire for the evaluation of the Board, its Committees and the individual members of the Board, Performance of Chairman of the Board, designed in accordance with the parameters / criteria as approved in the Policy was sent out to the Directors.

The performance of the Board and Board Committees was evaluated by the Board, based on the inputs from the directors on the basis of the criteria such as the Board / Committee composition and structure, effectiveness of board processes / Committee Meetings, information and functioning, etc. The Performance of the individual Directors were reviewed on the basis of the criteria such as the contribution of the Director to the Board and Committee Meetings, meaningful and constructive contribution and inputs in meetings etc.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the board as a whole, and performance of the Chairperson were evaluated. It was concluded that the Board/Committees are appropriately constituted with various complementary skills, and different perspectives are brought to the table, and the Directors have their independent mind while discussing various matters at the Board / Committee Meetings.

D. STATUTORY DISCLOSURES

8. Annual Return:

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, as amended from time to time the extract of Annual Return as at March 31, 2022 in the prescribed Form MGT 9 form is available on the Company's website – www.sbmbank.co.in.

9. Conservation of energy and technology absorption

Your Bank is constantly pursuing its goal of upgrading technology to deliver quality services to its customers in a cost-effective manner.

10. Foreign Exchange Earnings and Outgo

During the year, the total foreign exchange earned by the Bank was INR 75,425 thousand and the Foreign Exchange outgo was INR 4,19,636 thousand. (This does not include foreign currency cash flows in derivatives and foreign currency exchange transactions.)

11. Compliance with Secretarial Standards

The Bank endeavors to comply with all applicable Secretarial Standards as notified from time to time.

12. Requirement for maintenance of cost records

The Bank is not required to maintain cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.

13. Whistle Blower Policy / Vigil Mechanism

As part of Bank's commitment to implement and maintain adequate corporate governance standards and transparency in the Bank, we have implemented Whistle Blower, Vigilance policies and frameworks with the objective of creating a vigil mechanism for directors and employees to report genuine concerns appropriately. The framework is aligned with RBI's Protected Disclosure Scheme, wherein employees, customers, stake holders, NGOs and members of public can lodge complaints on the functioning of a bank. The objective of putting in place the vigil mechanism is also to comply with the provisions of Section 177 of the Companies Act, 2013 read with rules frame thereunder.

14. Auditors

a) Statutory Auditors

Pursuant to the approval received from Reserve Bank of India vide its letter dated 26th July, 2021 in accordance with the circular issued by Reserve Bank of India (RBI) on 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)', dated April 27, 2021, the Shareholders of the Bank at the Extra Ordinary General Meeting held on 16th September, 2021, had appointed M/s K S Aiyar & Co., Chartered Accountants, Mumbai (Firm Registration Number 100186W), as the Statutory Auditors of the Bank for the financial year 2021-22, to hold office as such until the conclusion of the 5th Annual General Meeting.

In terms of the relevant provisions of the Banking Regulation Act, 1949, the approval of the RBI is mandatory for appointment of Statutory Auditors of the Bank every year. The reappointment of M/s. K S Aiyar & Co., Chartered Accountants, as the Statutory Auditors of the Bank is proposed for approval of shareholders at the 5th Annual General Meeting. The Bank shall obtain the requisite approval of RBI for the appointment of M/s. K S Aiyar & Co., Chartered Accountants, as the Statutory Auditors of the Bank, for the financial year 2022-23.

In this regard, the Bank has received a certificate from the said Statutory Auditors to the effect that the appointment, if made, would be in accordance with the relevant provisions of Section 141 of the Companies Act, 2013 and RBI Regulations.

b) Qualifications in Statutory Audit Reports

There are no qualifications, reservations or adverse remarks made by M/s K S Aiyar & Co, Chartered Accountants, Statutory Auditors of the Bank, in their report. Further, pursuant to Section 143(12) of the Companies Act, 2013, the Statutory Auditors of the Bank have not reported any instances of frauds committed in the Bank by its officers or employees.

c) Adequacy of Internal Financial Controls

Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively. Further, the statutory auditors have, in compliance with the requirements of Companies Act, 2013, issued an opinion with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls details of which may be referred to in the independent auditor's report attached to the financial statements of FY 2021-22.

d) Secretarial Auditors

In terms of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s. DA Kamat & Co., Practicing Company Secretaries had been appointed as Secretarial Auditors of the Bank for the financial year 2021-22. The report of the Secretarial Auditors is enclosed as **Annexure A** to this Report. There are no observations / qualifications / comments in the Report of the Secretarial Auditor.

15. Deposits

Being a Banking Company, the disclosures required as per Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to your Bank.

16. Changes in Share Capital, if any:

a) Issue of equity shares with differential rights:

During the Financial Year ended on March 31, 2022, no equity shares with differential voting rights were issued by the Bank.

b) Issue of sweat equity shares:

During the Financial Year ended on March 31, 2022, no sweat equity shares were issued by the Bank.

c) Issue of employee stock options:

During the Financial Year ended on March 31, 2022, no Employee Stock Options were issued.

d) Provision of money for purchase of its own shares by employees or by trustees for the benefit of employees:

Not applicable to your Bank.

e) Issue of Equity Shares:

During the Financial Year ended on March 31, 2022, 6,66,66,666 Equity Shares were issued at a price of INR 15/- per share (which includes a premium of INR 5/- per share) on rights basis. The aforesaid shares were allotted to SBM (Bank) Holdings Limited on December 16, 2021.

The paid share capital of the Bank as on March 31, 2022 is INR 823,62,50,840.

17. Issuance of Tier 2 Non Convertible Debentures

During the year under review, pursuant to the inprinciple approval received from National Stock Exchange of India Limited (NSE) on March 29, 2022, the Bank had issued 9.75% Unsecured, subordinated, Non-Convertible, fully paid up, taxable, redeemable, Basel III compliant Tier 2 bonds (Basel III compliant bonds with a 10 year maturity) in the nature of Debentures ("NCDs") of face value of INR 10 Mn /- each aggregating to INR 1.25 billion to Investors on Private Placement basis on 31st March, 2022. The said NCDs were allotted on April 5, 2022 and are listed on NSE with effect from April 6, 2022. The credit rating of the said NCDs is 'ICRA A+' with Stable Outlook. Axis Trustee Services Limited (Address: The Ruby, 2nd Floor, SW, Senapati Bapat Marg, Dadar (W), Mumbai – 400028, Email id: debenturetrustee@axistrustee.in, Contact No.: 022 62300451) acts as the Debenture Trustee for the aforesaid NCDs.

18. Board and Committee Meetings:

The Board functions either as a full Board; or through various Committees which oversee specific operational or strategic matters. The Board has constituted **Ten** Committees of Directors. These Committees monitor activities falling within their terms of reference. Composition of the Committees and attendance of the Directors at the Board and Committee Meetings held during the year under review are given under **Annexure B and Annexure C** respectively. The terms of reference of such Committees are available for inspection at the Bank's corporate office address during business hours.

19. Material changes and commitment, if any affecting financial position of the Bank occurred between end of the financial year to which this financial statements relate and the date of the report:

There are no material changes and commitments, affecting the financial position of the Bank which have occurred during the financial year under review of the Bank to which the financial statements relate and the date of this Report. For the impact of Covid-19 on the performance and activities of the Bank, refer "note no 4(h). - Notes forming part of the accounts" of financial statements of the Bank.

20. Particulars of Loan, Guarantees and Investments under Section 186:

The Bank has not granted loans to any person or other body corporate, given guarantees or provided security in connection with a loan to any other body corporate or acquired by way of subscription, purchase or otherwise, the securities of any other body corporate during the period ending March 31, 2022 exceeding the limits prescribed in Section 186 of the Act.

Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided or acquisition of securities by a banking company in the ordinary course of its business are exempted from disclosure in the Annual Report.

21. Related Party Transactions

All related party transactions that were entered into during FY 2021-22 were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Bank with Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Bank at large.

All related party transactions as required under Accounting Standard AS-18 are reported in note no. 21 of Notes to Accounts of financial statements of the Bank.

22. Details in respect of frauds reported by Auditors under Section 143(12):

During the year under review, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board of Directors under Section 143(12) of the Companies Act, 2013.

23. 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. The brief outline of the CSR Policy, including the composition of the CSR Committee, have been provided as an annexure to this report in **Annexure D**.

The said Policy has been reviewed by the Board and the same has been hosted on the website of the Bank at <https://www.sbmbank.co.in/aboutus/policies.php>

24. Details of Holding/Subsidiary company, Joint Venture or Associates:

SBM Bank (India) Limited is wholly owned subsidiary of SBM (Bank) Holdings Ltd. as per the Companies Act, 2013. During the year under review, no company has become/ ceased to be Subsidiary, Joint Venture or Associate of the Bank.

25. Details of significant & material orders passed by the regulators or courts or tribunal:

During the financial year 2021-22, no significant or material order was passed by any Regulator, Court or Tribunal against the Bank, which could impact its going concern status or operations.

26. Deposits:

Being a banking company, the disclosures required as per Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to your Bank.

27. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:

In accordance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 ("Act"), your Bank has commitment to provide healthy and respectful work environment for the employee free from all forms of workplace sexual harassment. The Policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints.

During the year ended March 31, 2022, the Bank has not received any complaint pertaining to Sexual Harassment.

28. Directors Responsibility Statement

Pursuant to Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, the Board of Directors hereby state that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2022, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at 31st March, 2022 and of the profit of the Bank for that period;
- c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Further, statutory auditors have, in compliance with the requirements of the Companies Act, 2013, issued an opinion with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls details of which may be referred to in the independent auditor's report attached to the financial statements of FY 2021-22.

29. Acknowledgment:

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Reserve Bank of India, Financial Institutions, Banks, National Stock Exchange of India Limited, Debenture Trustee, other Regulators, Government authorities, customers, vendors and members during the year under review.

The Bank would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage in a year when the Bank has seen a substantial transformation. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Bank's executives, staff and workers.

**For and on behalf of the Board of
Directors of SBM BANK (INDIA) LIMITED**

Place: Mumbai
Date: June 29, 2022

Sidharth Rath
Managing Director & CEO
(DIN: 00682901)

Ameet Patel
Independent Director
(DIN: 00726197)



Annexure A

To,
The Members,
SBM Bank (India) Limited,
101, Raheja Centre, 1st Floor
Free Press Journal Marg,
Nariman Point,
Mumbai- 400 021

Subject: Secretarial Audit Report of the Company for the Financial Year 2021-22

We present herewith the Secretarial Audit Report for SBM Bank (India) Limited, for the Financial Year 2021-22 in terms of Section 204 of the Companies Act, 2013. Our report of even date is to be read along with the following:

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Mumbai
Date: June 25, 2022

D. A. Kamat
Partner
Name of the Firm: D. A. Kamat & Co
FCS No. 3843
CP No: 4965
UDIN: F003843D000529874
P.R.No.: 1714/2022

Annexure A

FORM NO MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 1ST APRIL, 2021 to 31ST MARCH, 2022

[Pursuant to Section 204(1) of the Companies Act 2013 and rule No.9 of Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
SBM Bank (India) Limited,
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SBM Bank (India) Limited (hereinafter called the "Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, the explanations and clarifications given to us and there presentations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has during the audit period covering Financial Year from 1st April, 2021 to 31st March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I. We have examined the books, papers, minute books, forms and returns filed, reports issued by various fellow professionals and other applicable records and registers and maintained by the Company for the Financial Year from 1st April, 2021 to 31st March, 2022 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the Rules / Regulations made thereunder to the extent of overseas Direct Investment (FEMA);
5. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation 2011;
6. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation 2015;
7. The Securities and Exchange Board of India (Registrar to an Issuer and Share Transfer Agent) Regulation 1993;
8. The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021;
9. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent stated in this Report.

II. Provisions of the following Regulations and Guidelines prescribed are not applicable to the Company, for the financial year ended March 31, 2022 under report:-

- (a) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (d) The Securities and Exchange Board (Buyback of Securities) Regulations, 1998;
- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (g) The Securities and Exchange Board of India (Banker to Issue) Regulations, 1994;

- III. Based on the nature of business activities of the Company, the following specific Acts / Laws / Rules / Regulations are applicable to the Company, which has been duly complied with:
- (a) Banking Regulation Act, 1949 and rules made thereunder;
- IV. We have reviewed the information, documents, records, filings and other certificates or confirmations received from fellow professionals for the period under review and the representations made by the company and its officers on the systems, records and compliances under other laws applicable to the Company.
- V. We have examined the compliances of the applicable provisions of Secretarial Standards, I and II issued by the Institute of Company Secretaries, India and notified by the MCA u/s 118(10) as issued under the Companies Act, 2013.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that during the year under report, the Company has undertaken following events / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

1. During the year under review there has been following Changes in the Composition of the Board of Directors of the Company.
 - Appointment of Mr. Raoul Claude Nicolas Gufflet (DIN: 09194722) as an Additional Non-Executive Director with effect from 16th June, 2021 and thereafter his regularization as Director in the 04th Annual General Meeting of the Company held on 30th July, 2021;
 - Appointment of Mr. Amalorpavanathan Rangasamy (DIN: 06941432) as an Additional Independent Director with effect from 16th September, 2021 for a period of three (3) years and thereafter his regularization as an Independent Director at the 07th Extra-Ordinary General Meeting of the Company dated 30th September, 2021;
 - Re-appointment of Mr. Ameet Patel (DIN: 00726197) as an Independent Director of the Company for the 2nd term for a period of three (3) years vide special resolution passed at the 7th Extra-ordinary General Meeting dated 30th September, 2021;
 - Re-appointment of Mr. Sanjay Bhattacharyya (DIN 01924770) as an Independent Director of the Company for the 2nd term for a period of three (3) years vide special resolution passed at the 7th Extra-ordinary General Meeting dated 30th September, 2021. Cessation of Mr. Sanjay Bhattacharyya as Director of the Company due to death on 27th January, 2022
 - Re-appointment of Mrs. Sudha Ravi (DIN: 06764496) as an Independent Director of the Company for the 2nd term for a period of three (3) years vide special resolution passed at the 07th Extra-Ordinary General Meeting of the Company dated 30th September, 2021;
 - Designation of Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula as a Part Time Chairman of the Board of the Company with effect from 30th July, 2021 to 08th July, 2023, in accordance with the approval received from Reserve Bank of India on 30th July 2021;
 - Re-appointment of Ms. Sharon Ramdenee (DIN: 0009342424) as an Independent Director of the Company to hold office for a period of three (3) years with effect from 16th December, 2021 vide approval of the shareholders at the 8th Extra-ordinary General Meeting dated 30th March, 2022;

- Re-appointment of Mr. Shyam Sundar Barik (DIN: 08184820) as an Independent Director of the Company for the 2nd term for a period of three (3) years vide special resolution passed at the 8th Extraordinary General Meeting dated 30th March, 2022;
 - Re-appointment of Mr. Sidharth Rath (DIN: 00682901) as Managing Director & CEO of the Company to hold office for a further period of three (3) years with effect from 12th November, 2021 vide special resolution passed at the 8th Extra-ordinary General Meeting dated 30th March, 2022; after receiving the requisite approvals from Reserve Bank of India (RBI) for his reappointment and remuneration payable to him.
 - Resignation of Mr. Andrew Bainbridge (DIN: 08143450) as a Non-Executive Director with effect from 05th August, 2021.
2. During the year under review, the Company increased its borrowing limit under Section 180 (1) (c) of the Companies Act, 2013 up to Rs. 1000 Crores (Rupees One Thousand Crore) vide Special Resolution passed in the Annual General Meeting dated 30th July, 2021
 3. During the year under review, the Company was served a Show cause notice from Reserve Bank of India (RBI) dated 18th May, 2021 under Sections 35, 35A, 46 and 47A of the Banking Regulation Act, 1949 for the violation(s) of the Annex to RBI Circular DBOD.NO.BP.40/21.04.158/2006-07 dated November 3, 2006 on "Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks". The Company submitted its reply vide letter dated 7th June, 2021. The RBI vide its letter August 5, 2021 has communicated that based on the explanation and additional documents submitted by the Company, RBI has decided not to enforce the charge related to RBI directions on outsourcing of financial services by banks in the instant case.
 4. The Company vide its Board Meeting held on 16th September, 2021 had accorded its inprinciple approval for the issuance of Non-Convertible Redeemable, Unsecured Basel III Compliant Tier 2 Bonds in the nature of Debenture ("NCDs") for an aggregate amount of up to Rs. 250 crores on private placement basis, which was approved by the Shareholders of the Company at the Extra Ordinary General Meeting held on September 30, 2021. The Company thereafter vide its Board Meeting held on 16th December 2021 had approved the issuance of NCDs to the aggregate amount of upto Rs. 250 crores on private placement basis in one or more tranches.
 5. The Company received in-principal approval from National Stock Exchange (NSE) on 29th March, 2022 for listing of Unsecured, Subordinated, Non-Convertible, Fully Paid Up, Taxable, Redeemable, Basel III compliant, Tier 2 Bonds in the nature of Debentures (NCDs) 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. The issue opening and closing date for the NCDs was 31st March, 2022 and the issue under Series I was subscribed upto issue size of Rs. 12500 lakhs.

In accordance with the powers delegated by the Board to the Debenture Allotment Committee, the Debenture Allotment Committee on Company on 5th April, 2022 allotted the Rs. 12500 lakhs NCDs to the subscribed investors. Further after closure of the financial year 2021-22, NSE vide its letter dated 6th April, 2022 had provided the final listing of the NCDs on NSE wholesale debt segment with effect from April 6, 2022.

6. The Company allotted 6,66,66,666 Equity Shares of face value of Rs. 10/- each at an premium of Rs. 5/- to SBM (Bank) Holding Limited aggregating the total amount of Rs. 99,99,99,990 vide its Board Meeting held on 16th December, 2021. The above Equity Shares were issued on Rights basis.
7. During the year under review, the Company received observations from RBI vide its letter dated 13th December, 2021 on Select Scope Assessment carried out with 31st March, 2021 as a reference date. The Company submitted its reply within due time.

D. A. Kamat
Partner

Name of the Firm: D. A. Kamat & Co
FCS No. 3843
CP No: 4965
UDIN: F003843D000529874
P.R.No.: 1714/2022

Place: Mumbai
Date: June 25, 2022

Annexure B

Composition of Committees of Directors

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Bank. These Committees monitor the activities as per the scope defined in their Charter and terms of reference. Below is the composition of committees of the Directors as on 31st March, 2022.

Name of Directors	Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula	Mrs. Sudha Ravi	Mr. Amalor Pavanathan	Mr. Shyam Sundar Barik	Mr. Ameet Patel	Mr. Umesh Jain	Ms. Sharon Ramdenee	Mr. Raoul Gufflet	Mr. Sidharth Rath
Board Credit and Investment Committee			#						
Risk Management Committee		#							
Willful Defaulters Review Committee									#
Audit Committee					#				
IT Steering Committee						#			
Customer Service and Marketing Strategy Committee							#		
Fraud Monitoring Committee	#								
Nomination and Remuneration Committee				#					
Corporate Social Responsibility Committee	#								
Debenture Allotment Committee				#					

 The dark box indicates the membership of relevant director of relevant Committee.

#Indicates chairmanship of director in relevant Committee.

Annexure C

Attendance of Directors in Board and Committee Meetings held during FY 21-22

Type of Meeting	Quarter	Date	Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula	Mr. Sanjay Bhattacharyya	Mrs. Sudha Ravi	Mr. Shyam Sundar Barik	Mr. Amalor Pavanathan	Mr. Ameet Patel	Mr. Umesh Jain	Ms. Sharon Ramdenee	Mr. Andrew Bainbridge	Mr. Raoul Gufflet	Mr. Sidharth Rath
Board Meeting	Q1	6 th May 2021	Yes	Yes	Yes	Yes	NA	Yes	Yes	NA	Yes	NA	Yes
	Q1	16 th Jun 2021	Yes	Yes	Yes	Yes	NA	Yes	Yes	NA	Yes	Yes	Yes
	Q1	23 rd Jun 2021	Yes	Yes	Yes	Yes	NA	Yes	Yes	NA	Yes	Yes	Yes
	Q2	16 th Sep 2021	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	NA	Yes	Yes
	Q3	8 th Oct 2021	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	NA	Yes	Yes
	Q3	16 th Dec 2021	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	NA	Yes	Yes
	Q4	2 nd Feb 2022	Yes	NA	Yes	Yes	Yes	LOA	Yes	Not Present	NA	Yes	Yes
	Q4	22 nd Feb 2022	Yes	NA	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
Audit Committee	Q1	17 th Apr 2021	NA	NA	Yes	Yes	NA	Yes	Yes	NA	NA	NA	NA
	Q1	12 th May 2022	NA	NA	Yes	Yes	NA	Yes	Yes	NA	NA	NA	NA
	Q1	14 th Jun 2022	NA	NA	Yes	Yes	NA	Yes	Yes	NA	NA	NA	NA
	Q2	1 st Jul 2021	NA	NA	Yes	Yes	NA	Yes	Yes	NA	NA	NA	NA
	Q2	25 th Aug 2021	NA	NA	Yes	Yes	NA	Yes	Yes	NA	NA	NA	NA
	Q3	18 th Nov 2021	NA	NA	Yes	Yes	NA	Yes	Yes	NA	NA	NA	NA
	Q3	15 th Dec 2021	NA	NA	Yes	Yes	NA	Yes	Yes	NA	NA	NA	NA
	Q4	8 th Feb 2022	NA	NA	NA	Yes	NA	Yes	Yes	Yes	NA	NA	NA
Board Credit and Investment Committee	Q1	20 th Apr 2021	NA	Yes	Yes	NA	NA	NA	NA	NA	Yes	NA	Yes
	Q1	7 th May 2021	NA	Yes	Yes	NA	NA	NA	NA	NA	Yes	NA	Yes
	Q1	20 th May 2021	NA	Yes	Yes	NA	NA	NA	NA	NA	Yes	NA	Yes
	Q1	9 th Jun 2021	NA	Yes	Yes	NA	NA	NA	NA	NA	Yes	NA	Yes
	Q1	24 th Jun 2021	NA	Yes	Yes	NA	NA	NA	NA	NA	Yes	NA	Yes
	Q2	7 th Jul 2021	NA	Yes	Yes	NA	NA	NA	NA	NA	Yes	NA	Yes
	Q2	22 nd Jul 2021	NA	Yes	Yes	NA	NA	NA	NA	NA	Yes	NA	Yes
	Q2	26 th Aug 2021	NA	Yes	Yes	NA	NA	NA	NA	NA	NA	Yes	Yes
	Q3	7 th Oct 2021	NA	Yes	Yes	NA	Yes	NA	NA	NA	NA	Yes	Yes
	Q3	29 th Oct 2021	NA	Yes	Yes	NA	Yes	NA	NA	NA	NA	LOA	Yes
	Q3	22 nd Nov 2021	NA	LOA	Yes	NA	Yes	NA	NA	NA	NA	LOA	Yes
	Q3	23 rd Dec 2021	NA	LOA	Yes	NA	Yes	NA	NA	NA	NA	Yes	Yes
	Q4	6 th Jan 2022	NA	LOA	Yes	NA	Yes	NA	NA	NA	NA	LOA	Yes
	Q4	7 th Jan 2022 (Adj)	NA	LOA	Yes	NA	Yes	NA	NA	NA	NA	LOA	Yes
	Q4	31 st Jan 2022	NA	NA	Yes	NA	Yes	NA	NA	NA	NA	LOA	Yes
	Q4	10 th Feb 2022	NA	NA	Yes	NA	Yes	NA	NA	NA	NA	Yes	Yes
	Q4	24 th Feb 2022	NA	NA	Yes	NA	Yes	NA	NA	NA	NA	LOA	Yes
	Q4	17 th Mar 2022	NA	NA	Yes	NA	Yes	NA	NA	NA	NA	LOA	Yes
Nomination and Remuneration Committee	Q1	4 th May 2021	NA	Yes	NA	Yes	NA	NA	Yes	NA	Yes	NA	NA
	Q1	9 th Jun 2021	NA	Yes	NA	Yes	NA	NA	Yes	NA	Yes	NA	NA
	Q2	14 th Sep 2021	NA	Yes	NA	Yes	NA	NA	Yes	NA	NA	Yes	NA
	Q2	20 th Sep 2021	NA	Yes	NA	Yes	NA	NA	Yes	NA	NA	Yes	NA
	Q4	17 th Feb 2022	NA	NA	NA	Yes	NA	Yes	Yes	NA	NA	Yes	NA
	Q4	14 th Mar 2022	NA	NA	NA	Yes	NA	Yes	LOA	NA	NA	Yes	NA
Corporate Social Responsibility Committee	Q4	14 th Mar 2022	Yes	NA	Yes	NA	NA	NA	NA	Yes	NA	NA	Yes
IT Steering Committee	Q2	7 th Jun 2021	LOA	NA	Yes	NA	NA	Yes	Yes	NA	NA	NA	Yes
	Q2	21 st Sep 2021	LOA	NA	Yes	NA	NA	Yes	Yes	NA	NA	NA	Yes
	Q3	9 th Dec 2021	LOA	NA	Yes	NA	NA	Yes	Yes	NA	NA	NA	Yes
	Q4	22 nd Mar 2022	Yes	NA	Yes	NA	NA	Yes	Yes	NA	NA	NA	Yes

Type of Meeting	Quarter	Date	Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula	Mr. Sanjay Bhattacharyya	Mrs. Sudha Ravi	Mr. Shyam Sundar Barik	Mr. Amalor Pavanathan	Mr. Ameet Patel	Mr. Umesh Jain	Ms. Sharon Ramdenee	Mr. Andrew Bainbridge	Mr. Raoul Gufflet	Mr. Sidharth Rath
Risk Management Committee	Q1	22 nd Apr 2021	NA	NA	Yes	Yes	NA	NA	NA	NA	Yes	NA	Yes
	Q1	30 th Apr 2021 (Adj)	NA	NA	Yes	LOA	NA	NA	NA	NA	Yes	NA	Yes
	Q2	29 th Jul 2021	NA	NA	Yes	Yes	NA	NA	NA	NA	Yes	NA	Yes
	Q2	4 th Aug 2021 (Adj)	NA	NA	Yes	Yes	NA	NA	NA	NA	Yes	NA	Yes
	Q3	25 th Oct 2021	NA	NA	Yes	Yes	Yes	NA	NA	NA	NA	Yes	Yes
	Q3	16 th Nov 2021 (Adj)	NA	NA	Yes	Yes	Yes	NA	NA	NA	NA	Yes	Yes
	Q4	27 th Jan 2022	NA	NA	Yes	Yes	Yes	NA	NA	NA	NA	Yes	Yes
	Q4	16 th Feb 2022 (Adj)	NA	NA	Yes	Yes	Yes	NA	NA	NA	NA	Yes	LOA
Fraud Monitoring Committee	Q4	16 th Mar 2022	Yes	NA	NA	Yes	Yes	Yes	NA	NA	NA	NA	Yes
Customer Service and Marketing Strategy Committee	Q2	23 rd Sep 2021	Yes	NA	NA	Yes	NA	Yes	NA	NA	NA	NA	Yes
	Q4	4 th Mar 2022	Yes	NA	NA	Yes	NA	Yes	NA	Yes	NA	NA	LOA

Adj: Adjourned Meeting

LOA: Leave of Absence

NA: Not a member of a committee or Not Applicable

Annexure D

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

(as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to web-link to CSR policy.

The Bank has framed a Corporate Social Responsibility Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Bank's website and the web-link for the same is https://www.sbmbank.co.in/pdf/policy_10.pdf

The primary purpose of the Bank's CSR philosophy is to make a meaningful and measurable impact on the lives of economically, physically and socially challenged communities of the country by supporting initiative aimed at creating conditions suitable for sustainable livelihood in these communities. The Bank aims to promote literacy among the disadvantaged and differently abled people, and also awareness amongst public at large which includes financial literacy, consumer education etc.

2. The composition of CSR Committee:

Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula, Mrs. Sudha Ravi, Ms. Sharon Ramdenee and Mr. Sidharth Rath

Provisions of Companies Act, 2013 regarding mandatory spending on CSR activities is not applicable to the Bank for the FY 2021-22 as Company had negative average profits over the preceding two financial years.

However, Bank has spent total Rs. 19.77 Mn towards the Corporate Social Responsibility (CSR) for the current year 2021-22, for the benefit of the society the details of which are as follows.

Particulars	Amount
Funding of Dental Equipment (Dental Chair and Radio Visionography equipment)	₹3,17,500
Sponsoring of 200 cataract surgeries at locations in and around the villages of Galtare, Dekale and Abitghar in collaboration with Help Age India	₹5,00,000
Govardhan Kaushal Vikas Kendra "Center for Tech Skilling"- Sponsoring of capital expenditure towards setting up the computer laboratory in Palghar (in collaboration with Govardhan Eco Village)	₹10,16,100
Sponsoring of Self Help Group in Palghar District (Khusi Nagli Self Help Group)- in collaboration with Sri Chaitanya Seva Trust	₹1,44,000
Total	₹19,77,600

**For and on behalf of the Board of
Directors of SBM BANK (INDIA) LIMITED**

**Abdul Sattar Adam Ali
Mamode Hajee Abdoula
(Chairman – CSR Committee)
Place: Mauritius**

**Sidharth Rath
(Member - CSR Committee)
Place: Mumbai**

Date: June 29, 2022

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To,
The Members of SBM Bank (India) Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of SBM Bank (India) Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2022, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by Banking Regulation Act, 1949, as well as the Companies Act, 2013 ("the Act") and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rules made thereunder, of the state of affairs of the Bank as at March 31, 2022, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 4(h) of Schedule 17B which describes the business uncertainties due to the outbreak of the SARS-CoV-2 virus (COVID-19). In view of these uncertainties, the impact on the Bank's results for the subsequent period is significantly dependent on future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key Audit Matters	How our audit addressed the key audit matter
<p>Identification of Non-performing asset (NPA) and provisioning on advances</p> <p>The Reserve Bank of India's ("RBI") guidelines on income recognition and asset classification ("IRAC") prescribe the prudential norms for identification & classification of non-performing assets ("NPA") and the minimum provision required for such assets.</p>	<p>Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring & recovery of loans, monitoring overdue/stressed accounts, identification of NPA, provision for NPA & valuation for security and collateral.</p> <p>Testing of application controls include testing of automated controls, reports and system reconciliations.</p>

The Bank management is required to apply its judgement to determine the identification and provision required against the NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.

The provision on NPA is estimated by management of the Bank based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and it is subject to the minimum provisioning norms specified by RBI and approved policy of the bank in this regard.

Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as additional provisions.

Since the identification of NPAs and Provisioning for advances require a significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.

Evaluated the governance process & review controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board-approved policy.

Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and the Bank policy.

Performed other substantive procedures included and not limited to the following:

- Selected samples of performing loans and assessed independently as to whether those should be classified as NPA;
- For samples selected reviewed the collateral valuation, financial statements and other qualitative information;
- Considered the accounts reported by the Bank and other Banks as Special Mention Accounts ("SMA") in RBI's Central Repository of Information on Large Credits (CRILC) to identify stress;
- For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts;
- Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA;
- Examined the early warning reports generated by the Bank to identify stressed loan accounts;
- Held specific discussions with the management of the Bank on accounts where there is perceived credit risk and the steps taken to mitigate the risks to identified accounts;
- Selected samples for standard accounts, default but standard accounts and overdue accounts and assessed compliance with RBI circular on COVID-19 Regulatory Package;
- Selected and tested samples of accounts which were restructured under Resolution Framework for COVID-19 related stress circular for their compliance with the RBI directions; and

Information Technology ("IT") Systems and Controls

The Bank has an IT architecture to support its day-to-day business operations. High volume of transactions is processed and recorded on single or multiple applications.

The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.

Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.

We have identified 'IT systems and controls' as key audit matter because of the high-level automation, multiple number of systems being used by the management and its impact on the financial reporting system.

Our Audit procedures with respect to this matter included:

For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems.

Obtained a comprehensive understanding of IT applications implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.

Key IT audit procedures includes review of design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes review of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included review of requests for access to systems were appropriately logged, reviewed, and authorized. Also, entity level controls pertaining to policy and procedure was also part of our audit procedure.

In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were reviewed. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also reviewed few controls using negative testing technique. We had taken adequate samples of instances for our review

Reviewed compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

Information Other Than Financial Statements and Auditors' Report Thereon

The Bank's Board of Directors is responsible for the preparation of Other Information. The Other Information comprises the Directors' Report including Annexures to Directors' Report (collectively called as "Other Information") but does not include the Financial Statements and our auditor's report thereon and the Pillar 3 Disclosures under Basel III Capital Regulations, Leverage Ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

As the Other Information is not prepared by the management as on the date of this report, we are not in a position to comment on the same.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cashflows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the business activities within the Bank and its branches to express an opinion on the Bank's financial statements. Materiality is the magnitude of the misstatements in the financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The financial statements of the Bank for the year ended March 31, 2021, were audited by M.P. Chitale & Co. whose report dated June 16, 2021 expressed an unmodified opinion on those financial statements.

Bank has made an additional provision of 0.5% of Operating Income of the year having an impact of Rs. 1.20 Crores, as advised by the Reserve Bank of India in view of certain non-compliances observed in its inspection with respect to Automation of Income Recognition, Asset classification and Provisioning processes.

Our opinion is not modified in respect of this matters.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provision of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act and Rules made thereunder.
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory.
 - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - c. Since the key operations of the Bank are automated with the key applications integrated into the core banking systems, the audit is carried out centrally, as all the necessary records and data required for the purposes of our audit are available therein. Therefore, no returns are being received from the branches. However, in view of the prevailing situation of Covid 19, we could not visit any of the branches of the Bank to examine the records that are maintained at the branches for the purpose of our audit.
 - d. The statement of profit and loss shows a true balance of profit for the year then ended.
3. In our opinion and to the best of our information and according to the explanations given to us, as the Bank is governed by Section 35B (2A) of the Banking Regulation Act, 1949, Section 197 of the Act relating to managerial remuneration is not applicable.;
4. Further, as required by section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
 - c) the Balance Sheet, the statement of profit and loss and the statement of cash flows, dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act and Rules made thereunder, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - e) on the basis of written representation received from the directors as on March 31, 2022 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as director in terms of Section 164 (2) of the Companies Act, 2013;
 - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements to the extent determinable/ascertainable- Refer Note 15 of Schedule 12 and Note 17 of Schedule 17B to the financial statements.
 - ii) The Bank has made provision, as required, under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. Refer Note 17 of Schedule 17B to the financial statements.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
 - iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
 - (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Bank from any persons or entities), including foreign entities ("Funding Parties"), with the

understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on such audit procedures that were considered reasonable and appropriate by us in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (a) and (b) contain any material misstatement.

- v) During the year the Bank has not declared or paid any dividend.

Place: Mumbai
Date: May 11, 2022

For K. S. Aiyar & Co.
Chartered Accountants,
Firm Reg. No.100186W

Rajesh Joshi
Partner
Membership No. 038526
UDIN: 22038526AJYRYF5074

Annexure A to the Independent Auditor's Report of even date on the financial statements of SBM Bank (India) Limited

(Referred to in paragraph 4 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of SBM Bank (India) Limited ("the Bank") as at March 31, 2022 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing ("the SAs"), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Bank's internal financial control with reference to financial statements includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and Directors of the Bank; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Bank has in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Mumbai
Date: May 11, 2022

For K. S. Aiyar & Co.
Chartered Accountants,
Firm Reg. No.100186W

Rajesh Joshi
Partner
Membership No. 038526
UDIN: 22038526AJYRYF5074



SBM BANK (INDIA) LIMITED

BALANCE SHEET AS AT 31 ST MARCH 2022				PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH 2022			
	Schedule	Audited As at 31 March 2022	Audited As at 31 March 2021		Schedule	For the year ended 31 March 2022	For the year ended 31 March 2021
		(Amount in ₹'000)	(Amount in ₹'000)			(Amount in ₹'000)	(Amount in ₹'000)
CAPITAL AND LIABILITIES				I. INCOME			
Capital	1	82,36,251	75,69,584	Interest earned	13	39,72,949	23,31,909
Reserves & Surplus	2	(10,90,047)	(15,79,703)	Other Income	14	11,58,807	7,35,999
Deposits	3	6,79,94,463	3,85,51,831	TOTAL		51,31,756	30,67,908
Borrowings	4	31,90,000	16,89,837	II. EXPENDITURE			
Other Liabilities and Provisions	5	25,15,580	11,61,494	Interest expended	15	27,22,132	15,50,196
TOTAL		8,08,46,247	4,73,93,043	Operating expenses	16	18,68,267	12,67,836
ASSETS				Provisions & contingencies	17B - (14-e)	3,78,295	63,432
Cash and Balances with Reserve Bank of India	6	45,05,372	10,84,214	TOTAL		49,68,694	28,81,464
Balances with banks and Money at Call and Short Notice	7	74,51,414	31,48,117	III. PROFIT/LOSS			
Investments	8	2,22,78,658	1,22,65,178	Net profit/(loss) for the year		1,63,062	1,86,444
Advances	9	4,35,35,662	2,91,73,284	Profit/(loss) brought forward		(27,53,517)	(27,55,330)
Fixed Assets	10	6,96,274	5,77,756	TOTAL		(25,90,455)	(25,68,886)
Other Assets	11	23,78,867	11,44,494	IV. APPROPRIATIONS			
TOTAL		8,08,46,247	4,73,93,043	Transfer to Statutory Reserves		40,766	46,611
Contingent Liabilities	12	8,34,67,100	5,69,60,426	Transfer to Capital Reserve		3,799	32,613
Bills for Collection		38,82,138	27,43,873	Transfer to Investment Fluctuation Reserve		91,847	1,05,407
Accounting Policies & Notes on Accounts	17			Balance carried over to Balance Sheet		(27,26,867)	(27,53,517)
				TOTAL		(25,90,455)	(25,68,886)
				V. BASIC AND DILUTED EARNING PER SHARE (INR)	17B-(23)	0.21	0.25

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

As per our attached Report of even date.

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

For K.S Aiyar & Co
Chartered Accountants

ICAI Firm Registration No.: 100186W

Sd/-

Mr. Rajesh Joshi

Partner

ICAI Membership No. 038526

Place: Mumbai

Date: May 11, 2022

For SBM Bank (India) Limited

Sd/-

Mr. Sidharth Rath

Managing Director & Chief Executive Officer

Sd/-

Mr. Saileshkumar Shah

Chief Financial Officer

Sd/-

Mr. Ameet Patel

Independent Director

Sd/-

Mrs. Bhavana Shinde

Company Secretary

SBM BANK (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

Particulars	Year Ended March 31, 2022 (Amount in ₹'000)	Year Ended March 31, 2021 (Amount in ₹'000)
A. Cash Flow from Operating Activities		
Net Profit after Taxes	1,63,062	1,86,444
Adjustments to Profit/(loss) from operations		
Loss/(Profit) from sale of fixed assets	(4)	846
Depreciation on Fixed Assets	1,13,765	1,47,847
Amortization of premium on investments	21,520	22,240
Specific Provision for NPA	1,39,107	(1,66,036)
Diminution on Investment	(56,406)	1,10,026
Direct Taxes	12,945	100
Non performing Advances written off	1,88,112	1,16,974
Provision for Standard Advances	55,746	92,455
Provision for country exposure	(1,176)	1,176
Provision for Diminution in fair value of restructured accounts	9,700	4,416
Provision for NPA automation- RBI direction	12,029	-
Sub-Total	6,58,400	5,16,488
Changes in working capital		
(Increase)/Decrease in Investments	(45,35,930)	(24,19,282)
(Increase)/Decrease in Advances	(1,46,89,597)	(1,64,61,721)
(Increase)/Decrease in Other Assets	(12,49,916)	(4,81,151)
Increase/(Decrease) in Deposits	2,94,42,632	2,02,51,459
Increase/(Decrease) in Other Liabilities	12,77,789	5,81,426
Net Cash from Operating Activities before Income Tax	1,09,03,378	19,87,219
Advance Income tax paid	(2,800)	-
Refund received from Income Tax	5,399	-
Net Cash from Operating Activities after Income Tax	1,09,05,977	19,87,219
B. Cash Flow from Investing Activities		
(Increase)/Decrease in Held To Maturity (HTM) securities	(54,42,665)	(43,00,156)
Purchase of Fixed Assets	(2,39,066)	(1,18,572)
Proceeds from sale of Fixed Assets	46	401
Net Cash from Investing Activities	(56,81,685)	(44,18,327)
C. Cash Flow from Financing Activities		
Additional capital infused	10,00,000	-
Increase/(Decrease) in Borrowings	15,00,163	15,39,837
Net Cash from Financing Activities	25,00,163	15,39,837

SBM BANK (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

Particulars	Year Ended March 31, 2022 (Amount in ₹'000)	Year Ended March 31, 2021 (Amount in ₹'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)	20,527	19,231
II. Balances with Reserve Bank of India	44,84,845	10,64,983
III. Balances with Bank and Money at Call and Short Notice	74,51,414	31,48,117
	1,19,56,786	42,32,331
A. Cash Flow from Operating Activities	1,09,05,977	19,87,219
B. Cash Flow from Investing Activities	(56,81,685)	(44,18,327)
C. Cash Flow from Financing Activities	25,00,163	15,39,837
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	77,24,455	(8,91,271)
D. Cash and Cash Equivalent at the beginning of the year	42,32,331	51,23,602
E. Cash and Cash Equivalent at the end of the year (A+B+C+D)	1,19,56,786	42,32,331

For K.S Aiyar & Co

Chartered Accountants

ICAI Firm Registration No.: 100186W

Sd/-

Mr. Rajesh Joshi

Partner

ICAI Membership No. 038526

Place: Mumbai

Date: May 11, 2022

For SBM Bank (India) Limited

Sd/-

Mr. Sidharth Rath

Managing Director & Chief Executive Officer

Sd/-

Mr. Saileshkumar Shah

Chief Financial Officer

Sd/-

Mr. Ameet Patel

Independent Director

Sd/-

Mrs. Bhavana Shinde

Company Secretary

SBM BANK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET					
	As of 31 March 2022	As of 31 March 2021		As of 31 March 2022	As of 31 March 2021
	(Amount in ₹'000)	(Amount in ₹'000)		(Amount in ₹'000)	(Amount in ₹'000)
SCHEDULE 1 : CAPITAL			SCHEDULE 3 : DEPOSITS		
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	A.I. Demand Deposits		
Issued, subscribed and paid-up capital :			(i) From Banks	2,33,644	1,20,081
Opening Balance (756,958,418 equity shares of Rs. 10 each)	75,69,584	75,69,584	(ii) From Others	1,40,23,035	57,30,999
Additions during the year (66,666,666 equity shares of Rs. 10 each)	6,66,667	-	A.II. Savings Bank Deposits	42,76,010	23,70,849
Deductions during the year	-	-	A.III. Term Deposits		
TOTAL	82,36,251	75,69,584	(i) From Banks	31,39,648	8,65,493
			(ii) From Others	4,63,22,126	2,94,64,409
			Total	6,79,94,463	3,85,51,831
			B.I. Deposits of branches in India	6,79,94,463	3,85,51,831
			B.II. Deposits of branches outside India	-	-
			TOTAL	6,79,94,463	3,85,51,831
SCHEDULE 2 : RESERVES AND SURPLUS			SCHEDULE 4 : BORROWINGS		
I. Statutory Reserve			I. Borrowings in India		
Opening Balance	4,11,250	3,64,639	i) Reserve Bank of India	1,90,000	1,90,000
Additions during the year	40,766	46,611	ii) Other Banks	-	-
Deductions during the year	-	-	iii) Other Institutions and Agencies	30,00,000	14,99,837
Sub Total	4,52,016	4,11,250	Sub Total	31,90,000	16,89,837
II. Capital Reserve			II. Borrowings outside India	-	-
Opening Balance	98,521	65,908	TOTAL (I + II)	31,90,000	16,89,837
Additions during the year	3,799	32,613	Secured Borrowings included in I & II above	31,90,000	16,89,837
Deductions during the year	-	-			
Sub Total	1,02,320	98,521	SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS		
III. Retained Earnings			I. Bills Payable	76,074	44,728
Opening Balance	3,20,098	3,20,098	II. Interest Accrued	1,04,825	1,69,489
Additions during the year	-	-	III. Deferred Tax Liability (Net)	-	-
Deductions during the year	-	-	IV. Provision for standard advances (includes provision on Unhedged Foreign Currency Exposure)	2,17,937	1,52,492
Sub Total	3,20,098	3,20,098	V. Others (including Provisions)	21,16,744	7,94,785
IV. Investment Fluctuation Reserve			TOTAL	25,15,580	11,61,494
Opening Balance	1,11,830	6,423	SCHEDULE 6 : CASH AND BALANCES WITH RBI		
Additions during the year	91,847	1,05,407	I. Cash in Hand (including Foreign Currency Notes - NIL)	20,527	19,231
Deductions during the year	-	-	II. Balances with Reserve Bank of India	44,84,845	10,64,983
Sub Total	2,03,677	1,11,830	in Current Account	-	-
V. Revaluation Reserve			in Other Accounts	-	-
Opening Balance	2,32,115	2,38,854	TOTAL	45,05,372	10,84,214
Additions during the year	-	-			
Deductions during the year	6,739	6,739			
Sub Total	2,25,376	2,32,115			
VI. Share Premium					
Opening Balance	-	-			
Additions during the year	3,33,333	-			
Deductions during the year	-	-			
Sub Total	3,33,333	-			
VII. Balance in Profit and Loss Account	(27,26,867)	(27,53,517)			
Total (I+II+III+IV+V+VI)	(10,90,047)	(15,79,703)			

SBM BANK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As of 31 March 2022 (Amount in ₹'000)	As of 31 March 2021 (Amount in ₹'000)		As of 31 March 2022 (Amount in ₹'000)	As of 31 March 2021 (Amount in ₹'000)
SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE			SCHEDULE 10 : FIXED ASSETS		
I. In India			I. Premises		
i) Balances with banks in			At Cost at beginning of year	4,90,739	4,90,739
(a) Current Accounts	79,207	10,675	Additions during the year	-	-
(b) Other Deposit Accounts	-	-	Deductions during the year	-	-
ii) Money at call and short notice			Depreciation to date	1,55,499	1,45,519
(a) with Banks	69,00,000	29,60,000	Sub Total	3,35,240	3,45,220
(including LAF with RBI)					
(b) with Other Institutions	-	-	II. Other Fixed Assets (including Furniture & Fixtures)		
Sub Total	69,79,207	29,70,675	At Cost at beginning of year	6,01,696	5,04,081
II. Outside India			Additions during the year	1,69,299	1,42,012
i) in Current Accounts	4,72,207	1,77,442	Deductions during the year	2,242	44,397
ii) in Other Deposit Accounts	-	-	Depreciation to date	4,92,771	3,84,445
iii) in Money at Call and Short Notice	-	-	Sub Total	2,75,982	2,17,251
Sub Total	4,72,207	1,77,442	III. Capital Work in Progress	85,052	15,285
TOTAL (I + II)	74,51,414	31,48,117	TOTAL (I, II & III)	6,96,274	5,77,756
SCHEDULE 8 : INVESTMENTS			SCHEDULE 11 : OTHER ASSETS		
I. Investments in India in			I. Inter-Office Adjustment (Net)	-	-
i. Government Securities	2,10,09,856	1,18,46,905	II. Interest Accrued	3,27,443	2,56,864
ii. Other Approved Securities	-	-	III. Tax paid in Advance/ Tax Deducted at Sources (Net of Provisions)	90,913	96,838
iii. Shares	8,062	10,089	IV. Deferred Tax Assets (Net)	-	-
iv. Debentures and Bonds	11,10,390	3,11,034	V. Stationery and Stamps	33	15
v. Subsidiaries and /or Joint Venture	-	-	VI. Others	19,60,478	7,90,777
vi. Others	1,50,350	97,150	TOTAL	23,78,867	11,44,494
TOTAL	2,22,78,658	1,22,65,178	SCHEDULE 12 : CONTINGENT LIABILITIES		
II. Investments outside India	-	-	I. Claims against the Bank not acknowledged as Debts	89,105	92,521
TOTAL (I + II)	2,22,78,658	1,22,65,178	II. Liability for Partly Paid Investments	-	-
SCHEDULE 9 : ADVANCES			III. Liability on account of outstanding Forward Exchange Contracts & Derivatives	5,98,87,438	4,46,44,603
A. i) Bills Purchased and Discounted	15,68,727	16,54,448	IV. Guarantees given on behalf of Constituents		
ii) Cash Credits, Overdrafts and Loans repayable on Demand	1,10,10,485	60,21,849	a) In India	51,15,267	33,94,913
iii) Term loans	3,09,56,450	2,14,96,987	b) Outside India	38,97,149	16,55,787
TOTAL	4,35,35,662	2,91,73,284	V. Acceptances, Endorsements and Other Obligation	51,26,561	24,12,868
B. i) Secured by Tangible Assets (includes advances against Book debts)	4,02,97,713	2,79,89,642	VI. Other items for which the Bank is Contingently Liable	93,51,580	47,59,734
ii) Covered by Bank / Government Guarantees (includes advance against standby letter of credit)	2,73,048	2,26,495	TOTAL	8,34,67,100	5,69,60,426
iii) Unsecured	29,64,901	9,57,147			
TOTAL	4,35,35,662	2,91,73,284			
C. I. Advances in India					
i. Priority Sectors	81,37,268	34,53,641			
ii. Public Sector	-	-			
iii. Banks	14,833	99,281			
iv. Others	3,53,83,561	2,56,20,362			
TOTAL	4,35,35,662	2,91,73,284			
II. Advances outside India	-	-			
TOTAL (CI & CII)	4,35,35,662	2,91,73,284			

SBM BANK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT					
	Year Ended 31 March 2022	Year Ended 31 March 2021		Year Ended 31 March 2022	Year Ended 31 March 2021
	(Amount in ₹'000)	(Amount in ₹'000)		(Amount in ₹'000)	(Amount in ₹'000)
SCHEDULE 13 : INTEREST EARNED			SCHEDULE 15 : INTEREST EXPENDED		
I. Interest /Discount on Advances /Bills	28,49,891	16,78,077	I. Interest on Deposits	23,76,147	12,54,519
II. Income on Investments	8,60,222	4,41,333	II. Interest on Reserve Bank of India /Inter Bank Borrowings	30,673	14,344
III. Interest on Balances with RBI and Other Interbank Funds	1,72,929	1,39,702	III. Others*	3,15,312	2,81,333
IV. Others*	89,907	72,797	TOTAL	27,22,132	15,50,196
TOTAL	39,72,949	23,31,909	*includes Swap Cost on Funding Swaps		
* includes Swap Gain on Funding Swaps					
SCHEDULE 14 : OTHER INCOME			SCHEDULE 16 : OPERATING EXPENSES		
I. Commission, Exchange and Brokerage	6,29,176	3,36,044	I. Payments to and Provision for Employees	7,30,826	5,54,418
II. Profit/(loss) on sale of Investments	1,23,669	1,02,323	II. Exchange Commission and Brokerage	55,484	42,337
III. Profit/(loss) on Revaluation of Investments	(56,406)	(88,326)	III. Rent, Taxes and Lighting	1,01,288	84,805
IV. Profit/(loss) on sale of Land Building & Other Assets	4	(846)	IV. Printing and Stationery	8,085	4,137
V. Profit on Exchange Transactions	4,54,710	2,26,202	V. Advertisement and Publicity	24,232	20,488
VI. Income earned by way of Dividends etc. from Companies and /or Joint Ventures in India & Aboard	-	-	VI. Depreciation on Bank's Property	1,13,765	1,47,847
VII. Profit/(loss) on Derivative Trade	-	-	VII. Directors' fees, allowances and expenses	11,484	9,643
VIII. Miscellaneous Income	7,654	1,60,602	VIII. Auditors' Fee	4,905	1,635
TOTAL	11,58,807	7,35,999	IX. Law charges (incl. Professional Fees)	1,78,125	78,092
			X. Postages, Telegrams, Telephones, etc.	15,025	7,949
			XI. Repairs and Maintenance	5,423	5,042
			XII. Insurance	69,433	40,471
			XIII. Other Expenditure	5,50,192	2,70,972
			TOTAL	18,68,267	12,67,836



SBM BANK (INDIA) LIMITED

SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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 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, 2022 are located at Mumbai, Chennai, Hyderabad, Ramachandrapuram, New 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-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.

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

Investments in pass through certificates (PTC's) are valued by adopting base yield curve and FIMMDA spread matrix relative to weighted average maturity of the security. Priority sector PTC's are valued at carrying cost.

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.

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 every five years by an independent value 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. The last such revaluation was done in FY 2018-19.

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.

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 year 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., 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 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. Further during current financial year, Bank has utilized remaining 50 percent of countercyclical provisioning buffer / floating provisions, in accordance with RBI Notification dated May 5, 2021 for making specific provisions for non-performing assets with prior approval of the Board.

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) Earnings 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 17.B: - NOTES TO THE FINANCIAL STATEMENTS

1. Regulatory Capital

a) Composition of Regulatory Capital

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

(Rs. in Crore)

Sr. No.	CRAR ratio as per Basel III	March 31, 2022	March 31, 2021
i)	Common Equity Tier 1 Capital (CET 1) / Paid up share Capital and reserves (net of deductions, if any)	671.72	564.59
ii)	Additional Tier 1 Capital/ Other Tier 1 Capital	-	-
iii)	Tier 1 Capital (i + ii)	671.72	564.59
iv)	Tier 2 Capital	50.89	36.55
v)	Total Capital (Tier 1+Tier 2)	722.61	601.14
vi)	Total Risk Weighted Assets (RWAs)	4,181.89	2,901.32
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs) / Paid-up share Capital and reserves as percentage of RWAs	16.06%	19.46%
viii)	Tier 1 Ratio (Tier 1 Capital as a percentage of RWAs)	16.06%	19.46%
ix)	Tier 2 Ratio (Tier 2 Capital as a percentage of RWAs)	1.22%	1.26%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	17.28%	20.72%
xi)	Leverage Ratio	6.65%	9.85%
xii)	Percentage of the shareholding of the Government of India in public sector banks	-	-
	a) Government of India	-	-
	b) State Government	-	-
	c) Sponsor Bank	-	-
xiii)	Amount of paid-up equity Capital raised during the year	100*	-
xiv)	Amount of non-equity Tier 1 Capital raised during the year, of which:	-	-
	a) Basel III compliant Perpetual Non-Cumulative Preference Shares	-	-
	b) Basel III compliant Perpetual Debt Instruments	-	-
xv)	Amount of Tier 2 Capital raised during the year, of which	-	-
	a) Perpetual Cumulative Preference Shares	-	-
	b) Redeemable Non-Cumulative Preference Shares	-	-

* Including Share premium of Rs 33.33 Crore

b) Draw down from Reserves

During FY 2021-22, there has been no drawdown from Reserves (Previous Year: NIL). Also Refer Schedule 2 – Reserves and Surplus.

2. Asset Liability Management**a) Maturity pattern of certain items of Assets and Liabilities**

The following table presents the maturity pattern of Assets and Liability pattern as on March 31, 2022

(₹ in Crore)

Particulars	Day 1	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
Deposits	364.31	389.58	211.10	237.08	261.37	199.96	903.28	1,908.41	2,199.20	118.09	7.07	6,799.45
Advances	17.18	69.76	34.98	30.22	617.24	143.79	144.16	146.80	1,760.68	736.20	652.56	4,353.57
Investments	1,003.98	0.40	-	1.13	1.15	1.18	407.58	332.17	230.67	129.17	120.44	2,227.87
Borrowings	-	-	-	-	-	-	15.00	43.00	126.00	135.00	-	319.00
Foreign Currency Assets	47.66	-	-	3.17	7.15	48.97	8.72	-	5.50	-	37.49	158.66
Foreign Currency Liabilities	78.56	0.29	16.87	87.28	17.90	7.23	20.51	71.15	97.40	113.89	0.09	511.17

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

(₹ in Crore)

Particulars	Day 1	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
Deposits	188.52	187.72	182.58	162.91	317.55	259.21	399.84	888.63	1,221.12	46.90	0.20	3,855.18
Advances	13.26	89.65	33.50	116.24	226.62	72.89	157.47	131.53	1,013.73	677.71	384.73	2,917.33
Investments	610.77	0.50	-	-	5.01	5.01	98.38	199.06	239.94	6.37	61.48	1,226.52
Borrowings	-	149.98	-	-	-	-	-	-	19.00	-	-	168.98
Foreign Currency Assets	17.74	-	-	10.64	20.01	41.42	29.21	-	4.63	-	18.15	141.80
Foreign Currency Liabilities	71.03	0.23	2.44	1.42	39.44	7.77	44.28	318.63	91.15	43.91	0.15	620.45

b) Liquidity Coverage Ratio (LCR)

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 100% as on March 31, 2022.

Quantitative Disclosure FY 2021-22

(Rs. in Crore)

		June 30, 2021		September 30, 2021		December 31, 2021		March 31, 2022	
		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)		1,413.07		1,599.92		1,976.11		2,299.49
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	632.08	63.21	758.70	75.87	960.21	96.02	1,290.07	129.01
(i)	Stable deposits	-	-	-	-	-	-	-	-
(ii)	Less stable deposits	632.08	63.21	758.70	75.87	960.21	96.02	1,290.07	129.01
3	Unsecured wholesale funding, of which:	1,767.63	1,049.47	2,330.77	1,369.16	2,468.15	1,348.63	2,664.90	1,426.54
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	1,767.63	1,049.47	2,330.77	1,369.16	2,468.15	1,348.63	2,664.90	1,426.54
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which	449.79	75.66	370.74	64.29	426.85	89.05	538.98	101.66
(i)	Outflows related to derivative exposures and other	8.10	8.10	2.66	2.66	4.60	4.60	5.03	5.03
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	441.69	67.56	368.08	61.63	422.25	84.45	533.95	96.63
6	Other contractual funding obligations	94.17	94.17	108.25	108.25	173.51	173.81	179.43	179.43
7	Other contingent funding obligations	712.70	21.37	752.92	22.58	893.69	26.85	1,149.77	34.96
8	TOTAL CASH OUTFLOWS		1,303.88		1,640.15		1,734.36		1,871.60
Cash Inflows									
9	Secured lending (e.g. reverse repos)	317.92	-	572.97	-	282.08	-	607.20	-
10	Inflows from fully performing exposures	179.94	132.71	215.39	165.34	202.72	149.55	198.64	145.02
11	Other cash inflows	80.69	42.71	88.93	45.89	119.80	62.16	135.77	71.33
12	TOTAL CASH INFLOWS	578.55	175.42	877.29	211.23	604.60	211.71	941.61	216.35
13	TOTAL HQLA		1,413.07		1,599.92		1,976.11		2,299.49
14	TOTAL NET CASH OUTFLOWS		1,128.46		1,428.92		1,522.65		1,655.25
15	LIQUIDITY COVERAGE RATIO (%)		125.22%		111.97%		129.78%		138.92%

Quantitative Disclosure FY 2020-21

(Rs. in Crore)

		June 30, 2020		September 30, 2020		December 31, 2020		March 31, 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)		940.63		1,051.04		977.98		1,219.83
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	317.25	31.73	380.38	38.04	513.83	51.38	616.33	61.63
(i)	Stable deposits	-	-	-	-	-	-	-	-
(ii)	Less stable deposits	317.25	31.73	380.38	38.04	513.83	51.38	616.33	61.63
3	Unsecured wholesale funding, of which:	501.29	360.98	703.86	468.14	812.79	523.17	1,088.94	741.02
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	501.29	360.98	703.86	468.14	812.79	523.17	1,088.94	741.02
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which	145.56	25.86	218.08	46.73	213.99	47.57	302.93	59.79
(i)	Outflows related to derivative exposures and other	2.20	2.20	1.55	1.55	2.46	2.46	4.93	4.93
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	143.36	23.66	216.53	45.18	211.53	45.11	298.00	54.86
6	Other contractual funding obligations	45.54	45.54	65.13	65.13	78.59	78.59	92.28	92.28
7	Other contingent funding obligations	322.42	9.67	439.02	13.17	562.40	16.87	698.27	20.95
8	TOTAL CASH OUTFLOWS		473.78		631.21		717.58		975.67
Cash Inflows									
9	Secured lending (e.g. reverse repos)	347.43	-	467.20	-	311.37	-	418.92	-
10	Inflows from fully performing exposures	119.68	119.68	161.78	141.95	171.44	133.95	226.39	176.71
11	Other cash inflows	21.21	11.72	14.88	8.98	37.77	20.71	50.68	26.83
12	TOTAL CASH INFLOWS	488.32	131.40	643.86	150.93	520.58	154.66	695.99	203.54
13	TOTAL HQLA		940.63		1,051.04		977.98		1,219.83
14	TOTAL NET CASH OUTFLOWS		342.38		480.28		562.92		772.13
15	LIQUIDITY COVERAGE RATIO (%)		274.74%		218.84%		173.73%		157.98%

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 in 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).

	Line items significant to LCR	Explanatory Note
A	The main drivers of the LCR results and the evolution of the contribution of inputs to the LCR's calculation	<p>The main drivers of LCR results are:</p> <ol style="list-style-type: none"> 1. High Quality Liquid Asset (HQLA) is one of the major drivers of LCR; the major portion of HQLA consists of facility to avail liquidity under Marginal Standing Facility (MSF), FALLCR & excess SLR investments. 2. Cash Outflow is another major driver of LCR. The main components of cash outflows are less stable retail deposit, funding from other legal entity and net derivative cash outflow. 3. Another major driver of LCR is Cash Inflow. The main components of cash inflows are inflows by counterparty and net derivative cash inflow.
B	Intra-period changes as well as changes over time	Not Applicable
C	The composition of HQLA	<p>The HQLA comprises of the following:</p> <ol style="list-style-type: none"> 1. Level 1 assets comprises of surplus SLR investments (net of encumbered against REPO, CBLO, MSF, CROMS, other securities pledged for RTGS, SGF, MCX, NSCCL etc) and 2% of NDTL applicable for MSF and 16.00% of NDTL (FALLCR) as per RBI circular no. RBI/2018-19/164 DBR.BP.BC.No.34/ 21.04.098/2018-19 dated 04/04/2019. 2. Level 2A assets comprises of Special (Discom) Bonds issued by State Government, Bonds issued by State Power Distribution Companies, Central Government PSUs excluding the finance companies and bonds of private corporates having rating of AA- and above excluding the finance companies. 3. Level 2B assets comprises of bonds of corporates having rating of BBB- to A+ excluding the finance companies. 4. Level 2B assets also comprises of NIFTY/SENSEX shares excluding the finance companies.

D	Concentration of funding sources	Bank addresses the funding concentration by monitoring their funding from each significant counterparty, each significant product / instrument and each significant currency ('significant' is defined as aggregate amount is more than 1% of the bank's liabilities)
E	Derivative exposures and potential collateral calls	Derivative exposure of the bank consists Forward transactions. 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.
F	Currency mismatch in the LCR	To capture potential currency mismatches, the LCR in each significant currency is monitored. A currency is considered as "significant" if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities. Bank doesn't have currency mismatch in LCR as bank does not have exposure in 'significant' currency.
G	Degree of centralization of liquidity management and interaction between the group's units	Liquidity management in the bank is centralized and monitored by ALM & Treasury team. Interaction between treasury, CBS, ALM team & other functional units are seamless.
H	Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile	None
I	Other Information	None

The average LCR for the quarter ended March 31, 2022 was at 138.92% as against 157.98% for the quarter ended March 31, 2021 and above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended March 31, 2022 was Rs. 2,299.49 crore as against was Rs. 1,219.83 crore for the quarter ended March 31, 2021.

c) Net Stable Funding ratio (NSFR)

Qualitative Disclosure

The Net Stable Funding Ratio (NSFR) measures the extent to which assets are funded with stable sources of funding so that the risk of future funding stress can be mitigated. The RBI prescribes a minimum NSFR of 100%. Available Stable Funding (ASF) is calculated by applying weightages to capital and liabilities to reflect the portion that is expected to be available over a one-year time horizon. Required Stable Funding (RSF) captures the liquidity characteristics of the assets and the expectation that these assets and off-balance sheet exposures will require funding over the next year. The maturity of assets is taken as being the latest possible date at which the asset may mature. The aim of NSFR requirements is to restrict maturity mismatches between assets and liabilities and limit the reliance on unstable short-term funding to finance potentially illiquid long-term assets. The NSFR reduces long-term refinancing risk and assesses resilience over longer-term time horizon (over 1 year) of the Bank by measuring the extent of stable sources of funds with the Bank to fund its long term assets. The NSFR shows a bank's ability to manage structural liquidity risk over a one-year horizon. It ensures that a bank's long term illiquid assets are funded with a minimum amount of stable long-term funding.

The guidelines for NSFR were effective from October 1, 2021, accordingly NSFR for quarter ended December 31, 2021 and March 31, 2022 have been disclosed below.

Quantitative Disclosure

(₹ in Crore)

		December 31, 2021					March 31, 2022				
		Unweighted value by residual maturity				Weighted Value	Unweighted value by residual maturity				Weighted Value
		No Maturity	<6 months	6 months to <1 Year	>=1 year		No Maturity	<6 months	6 months to <1 Year	>=1 year	
ASF Item											
1	Capital: (2+3)	707.73	-	-	-	707.73	724.02	-	-	-	724.02
2	Regulatory Capital	707.73	-	-	-	707.73	724.02	-	-	-	724.02
3	Other capital instruments	-	-	-	-	-	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	308.28	544.10	381.58	433.08	1,519.19	383.21	382.45	515.16	558.39	1,678.67
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	308.28	544.10	381.58	433.08	1,519.19	383.21	382.45	515.16	558.39	1,678.67
7	Wholesale funding: (8+9)	1,278.48	1,416.30	967.88	506.46	1,766.56	1,470.25	1,438.71	1,456.24	915.93	2,431.76
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	1,278.48	1,416.30	967.88	506.46	1,766.56	1,470.25	1,438.71	1,456.24	915.93	2,431.76
10	Other liabilities: (11+12)	184.57	1.73	-	-	-	239.69	0.58	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	184.57	1.73	-	-	-	239.69	0.58	-	-	-
13	Total ASF (1+4+7+10)	2,479.06	1,962.13	1,349.46	939.54	3,993.48	2,817.17	1,821.74	1,971.40	1,474.32	4,834.45
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	108.48	-	-	-	-	118.68
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-	-
16	Performing loans and securities: (17+18+19+21+23)	35.81	877.25	156.94	2,245.58	2,432.17	55.14	1,038.77	97.70	2,730.14	2,907.23
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	35.81	877.25	156.94	-	535.00	55.14	1038.77	97.70	-	595.80
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	-	-	2,181.24	1,854.06	-	-	-	2,677.15	2,275.58
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-	-	-	-	-	-
21	Performing residential mortgages, of which	-	-	-	57.88	37.62	-	-	-	45.96	29.87
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	57.88	37.62	-	-	-	45.96	29.87
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	-	-	6.46	5.49	-	-	-	7.03	5.98
24	Other assets: (sum of rows 25 to 29)	701.35	-	-	-	707.54	871.77	-	-	-	856.77
25	Physical traded commodities, including gold	-	-	-	-	19.27	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	87.21	-	-	-	74.13	100.05	-	-	-	85.05
27	NSFR derivative assets	2.10	-	-	-	2.10	8.13	-	-	-	8.13
28	NSFR derivative liabilities before deduction of variation margin posted	1.69	-	-	-	1.69	1.55	-	-	-	1.55
29	All other assets not included in the above categories	610.35	-	-	-	610.35	762.04	-	-	-	762.04
30	Off-balance sheet items	1,660.97	-	-	-	63.26	2,017.06	-	-	-	72.58
31	Total RSF	2,398.13	877.25	156.94	2,245.58	3,311.45	2,943.97	1,038.77	97.70	2,730.14	3,955.26
32	Net Stable Funding Ratio (%)					120.60%					122.23%

3. Investments

a) Composition of Investment Portfolio

As at March 31, 2022

(₹ in Crore)

INVESTMENTS IN INDIA								INVESTMENTS OUTSIDE INDIA				
Particulars	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	1,178.45	-	-	31.04	-	-	1,209.49	-	-	-	-	1,209.49
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	1,178.45	-	-	31.04	-	-	1,209.49	-	-	-	-	1,209.49
Available for Sale												
Gross	922.54	-	1.50	82.17	-	33.29	1,039.50	-	-	-	-	1,039.50
Less: Provision for depreciation and NPI	-	-	0.70	2.17	-	18.25	21.12	-	-	-	-	21.12
Net	922.54	-	0.80	80.00	-	15.04	1,018.38	-	-	-	-	1,018.38
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	2,100.99	-	1.50	113.21	-	33.29	2,248.99	-	-	-	-	2,248.99
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	0.70	2.17	-	18.25	21.12	-	-	-	-	21.12
Net	2,100.99	-	0.80	111.04	-	15.04	2,227.87	-	-	-	-	2,227.87

As at March 31, 2021

(₹ in Crore)

INVESTMENTS IN INDIA								INVESTMENTS OUTSIDE INDIA				
Particulars	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	636.27	-	-	31.10	-	-	667.37	-	-	-	-	667.37
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	636.27	-	-	31.10	-	-	667.37	-	-	-	-	667.37
Available for Sale												
Gross	548.42	-	1.71	2.17	-	22.34	574.64	-	-	-	-	574.64
Less: Provision for depreciation and NPI	-	-	0.70	2.17	-	12.62	15.49	-	-	-	-	15.49
Net	548.42	-	1.01	-	-	9.72	559.15	-	-	-	-	559.15
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	1,184.69	-	1.71	33.27	-	22.34	1,242.01	-	-	-	-	1,242.01
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	0.70	2.17	-	12.62	15.49	-	-	-	-	15.49
Net	1,184.69	-	1.01	31.10	-	9.72	1,226.52	-	-	-	-	1,226.52

b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in Crore)

Particulars		March 31, 2022	March 31, 2021
1.	Movement of provision held towards depreciation on investments:		
(i)	Opening balance	15.49	4.49
(ii)	Add: Provision made during the year	5.63	11.00
(iii)	Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on sale of securities)	-	-
(iv)	Closing balance	21.12	15.49
2.	Movement of provision held towards depreciation on investments:		
(i)	Opening balance	11.18	0.64
(ii)	Add: Amount transferred during the year	9.18	10.54
(iii)	Less: Drawdown	-	-
(iv)	Closing balance	20.36	11.18
3.	Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category*	2.00%	2.00%

*Net investment is considered

c) Sale and Transfers to/ from HTM Category

The Bank has not sold or transferred securities to or from Held to Maturity (HTM) category exceeding 5% of the book value of investment held in HTM category at the beginning of the financial year. The above threshold of 5% excludes one time transfer of securities to/from HTM with approval of the Board permitted to be undertaken by Banks at the beginning of the accounting year, sale to RBI under pre-announced Open Market Operation auctions and repurchase of Government securities by Government of India.

d) Non-SLR investment portfolio*i) Non-performing non-SLR investments*

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

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Opening Balance	2.87	0.70
Additions during the year since 1st April	-	2.17
Reductions during the above period	-	-
Closing balance	2.87	2.87
Total Provision held	2.87	2.87

ii) Issuer composition of non-SLR investments

The issuer composition of Non-SLR investments of the Bank is given below:

As at March 31, 2022

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade securities	Extent of Unrated Securities**	Extent of Unlisted Securities#
1	PSUs	86.00	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	0.43	-	-	-	-
4	Private Corporates	39.23	-	-	2.17	-
5	Subsidiaries/Joint Ventures	-	-	-	-	-
6	Others*	22.34	-	-	22.34	-
7	Provision held towards Depreciation	(21.12)	-	-	(20.42)	-
	Total	126.88	-	-	4.09	-

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

**Excludes investments in equity shares in line with extant RBI guidelines. The amount shows the Book Value of the Investment.

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

As on March 31, 2021

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade securities	Extent of Unrated Securities**	Extent of Unlisted Securities#
1	PSUs	6.00	-	-	-	-
2	FIs	0.45	-	-	-	-
3	Banks	-	-	-	-	-
4	Private Corporates	28.53	-	-	2.17	-
5	Subsidiaries/Joint Ventures	-	-	-	-	-
6	Others*	22.34	-	-	22.34	-
7	Provision held towards Depreciation	(15.49)	-	-	(14.79)	-
	Total	41.83	-	-	9.72	-

*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.

e) Repo transactions (in face value terms)

The details of securities sold and purchased under repos and reverse repos including LAF during the year are given below:

FY 2021-22	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2022
Securities Sold under Repurchase Transactions*				
(i) Government Securities	19.00#	676.04	80.55	19.00
(ii) Corporate Debt Securities	-	-	-	-
(iii) Any other securities	-	-	-	-
Securities purchased under Reverse Repurchase Transactions *				
(i) Government Securities	94.00#	1,237.00	488.81	690.00
(ii) Corporate Debt Securities	-	-	-	-
(iii) Any other securities	-	-	-	-

*Consist of RBI LAF disclosed at face value.

#NIL outstanding on any day is ignored for reckoning minimum outstanding.

(₹ in Crore)

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	15.00 [#]	493.96	32.91	168.98
(ii) Corporate Debt Securities	-	-	-	-
(iii) Any other securities	-	-	-	-
Securities purchased under Reverse Repurchase Transactions *				
(i) Government Securities	71.00 [#]	2,871.00	390.91	296.00
(ii) Corporate Debt Securities	-	-	-	-
(iii) Any other securities	-	-	-	-

*Consist of RBI LAF disclosed at face value.

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

4. Asset quality

a) Classification of advances and provisions held

(₹ in Crore)

	Standard	Non-Performing				
FY 2021-22	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
Gross Standard Advances and NPAs						
Opening balance	2,891.09	1.00	79.05	8.38	88.43	2,979.52
Add: Additions during the year					29.29	
Less: Reductions during the year					24.48	
Closing balance	4,336.43	29.32	62.97	0.95	93.24	4,429.67
Reductions in Gross NPAs due to:						
i) Upgradation					-	
ii) Recoveries (excluding recoveries from upgraded accounts)					5.72	
iii) Technical/ Prudential Write-offs					18.76	
iv) Write-offs other than those under (iii) above					-	
Provisions (excluding Floating/Countercyclical Provisions)						
Opening balance of provisions held	15.16	0.83	50.47	8.38	59.68	74.84
Add: Fresh provisions made during the year					40.90	
Less: Excess provision reversed/ Write-off loans					24.48	
Closing balance of provisions held	21.79	12.34	62.81	0.95	76.10	97.89
Net NPAs						
Opening Balance		0.17	28.58	-	28.75	
Add: Fresh additions during the year					16.98	
Less: Reductions during the year					28.59	
Closing Balance		16.98	0.16	0.00	17.14	

(₹ in Crore)

	Standard	Non-Performing				Total
FY 2020-21	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening balance	1,229.47	21.59	84.49	9.50	115.58	1,345.05
Add: Additions during the year					0.74	
Less: Reductions during the year					27.89	
Closing balance	2,891.09	1.00	79.05	8.38	88.43	2,979.52
Reductions in Gross NPAs due to:						
i) Upgradation					-	
ii) Recoveries (excluding recoveries from upgraded accounts)					16.19	
iii) Technical/ Prudential Write-offs					11.70	
iv) Write-offs other than those under (iii) above					-	
Provisions (excluding Floating/Countercyclical Provisions)						
Opening balance of provisions held	5.56	10.95	55.84	9.50	76.29	81.85
Add: Fresh provisions made during the year					1.61	
Less: Excess provision reversed/ Write-off loans					18.22	
Closing balance of provisions held	15.16	0.83	50.47	8.38	59.68	74.84
Net NPAs						
Opening Balance		10.64	28.65	-	39.29	
Add: Fresh additions during the year					-	
Less: Reductions during the year					10.54	
Closing Balance		0.18	28.57	-	28.75	

(₹ in Crore)

	Standard	Non-Performing				Total
FY 2021-22	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Floating/Countercyclical Provisions						
Opening balance						2.51
Add: Additional provisions made during the year						-
Less: Amount drawn down/utilized during the year*						2.51
Closing balance of floating provisions						-
Technical/prudential write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						374.70
Add: Technical/ Prudential write-offs during the year						18.81
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						3.82
Closing balance						389.69

*Bank has utilized countercyclical provisioning buffer / floating provisions, in accordance with RBI Notification dated May 5, 2021 for making specific provisions for non-performing assets with prior approval of the Board.

(₹ in Crore)

	Standard	Non-Performing				
FY 2020-21	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
Floating/Countercyclical Provisions						
Opening balance						2.51
Add: Additional provisions made during the year						-
Less: Amount drawn down/utilized during the year						-
Closing balance of floating provisions						2.51
Technical/prudential write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						363.74
Add: Technical/ Prudential write-offs during the year						11.70
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						0.74
Closing balance						374.70

Ratios (%)	March 31, 2022	March 31, 2021
Gross NPA to Gross Advances	2.10%	2.97%
Net NPA to Net Advances	0.39%	0.90%
Provision coverage ratio	81.62%	70.33%

b) Sector wise Advances and Gross NPAs

(₹ in Crore)

		FY 2021-22			FY 2020-21		
Sr. No.	Sector	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	307.17	-	-	95.45	-	-
2.	Advances to industries sector eligible as priority sector lending	205.57	4.44	2.16%	68.92	17.94	26.02%
3.	Services	231.93	1.70	0.73%	72.51	-	-
4.	Personal loans	73.75	-	-	126.42	-	-
	Sub-total (A)	818.42	6.14	0.75%	363.30	17.94	4.94%
B	Non-Priority Sector						
1.	Agriculture and allied activities	4.57	-	-	-	-	-
2.	Industry of which	1,558.57	80.22	5.15%	1,423.78	68.69	4.82%
	a. Infrastructure	428.62	79.31	18.50%	358.16	68.63	19.16%
	b. Manufacturing- Basic Metal and Metal Products	263.64	-	-	163.20	-	-
	c. All engineering	148.56	-	-	163.09	-	-
3.	Services of which	989.77	-	-	783.66	-	-
	a. Commercial Real Estate	254.10	-	-	86.05	-	-
	b. NBFC	383.85	-	-	328.86	-	-
	c. Other Services	291.82	-	-	194.91	-	-
4.	Personal loans of which	1,058.34	6.88	0.65%	408.79	1.80	0.44%
	a. Other Retail Loans	944.81	3.93	0.42%	352.79	0.21	0.06%
	b. Housing loans	86.04	2.36	2.74%	52.50	1.59	3.03%
	Sub-total (B)	3,611.25	87.10	2.41%	2,616.23	70.49	2.69%
	Total (A+B)	4,429.67	93.24	2.10%	2,979.53	88.43	2.97%

c) Overseas Assets, NPAs and Revenue

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Assets	-	-
Total NPAs	-	-
Total Revenue for the year ended	-	-

d) Particulars of resolution plan and restructuring

There was no restructuring during FY 2021-22 (Previous Year: NIL). Details of loans restructured under COVID have been provided under Note 4(h).

e) Divergence in asset classification and provisioning

RBI, vide its circular dated August 30, 2021, had directed that banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 10 percent of the reported profit before provisions and contingencies 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.

No divergence was observed by RBI in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) post their select scope assessment of the books of accounts for the Financial Year 2020-21 which requires such disclosures. However, during the Financial Year 2021-22, Additional Specific Provision of Rs 19.98 Crore was made for the half year ended September 30, 2021 in one of the borrowal account as a matter of prudence on account of the delay in implementation of Resolution Plan though there was no change in the asset classification of the (NPA) account. The additional provisioning on the said exposure was also recommended by RBI during their said assessment. Subsequently, the borrowal account was declared as fraud in fourth quarter of Financial Year 2021-22, and further an Additional Specific Provision of Rs 8.59 Crore was made in pursuance of the RBI guidelines and said the exposure is fully provided as on March 31, 2022.

f) Disclosure of transfer of loan exposure

- (i) The Bank has not transferred any stressed loans (Non- performing asset and Special Mention Account) and loan not in default during the year ended March 31, 2022.
- (ii) The Bank has not acquired any stressed loans (NPA and SMA accounts) during the year ended March 31, 2022.
- (iii) Details of loans not in default acquired through assignment as given below:

Particulars	March 31, 2022	March 31, 2021
Aggregate amounts of loans acquired (Rs in crore)	299.60	52.96
Aggregate consideration paid (Rs in crore)	239.68	42.37
Weighted average residual maturity (in years)	1.93	2.10
Weighted average holding period by originator (in years)	0.90	1.01
Retention of beneficial economic interest by the originator	20%	20%
Tangible security coverage	Unsecured loans	Unsecured loans
Rating wise distribution of rated loans*	Unrated	Unrated

*The loans are unrated as these are from non-corporate borrowers.

- (iv) Details on recovery ratings assigned for Security Receipts as on March 31, 2022:

(₹ in Crore)

Recovery Rating^	Anticipated recovery as per recovery rating	March 31, 2022	March 31, 2021
		Book Value**	Book Value**
BWRR1/ BWRR1+	100%-150%	2.42	2.42
BWRR3	50% - 75%	2.25	2.25
RR5/Unrated*	0%-25%	17.67	17.67
Total		22.34	22.34

^ Recovery rating is as assigned by various external agencies.

*Represents security receipts for which 8 years have been completed.

**The Bank has not made any investment in Security Receipts during the year ended March 31, 2022 and March 31, 2021. Provision against the outstanding Security Receipts as on March 31, 2022 is Rs. 18.25 Crore and as on March 31, 2021 is Rs 12.62 Crore.

g) Fraud accounts

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Number of frauds reported	1	3 [#]
Amount involved in fraud*	57.30	55.92
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	57.30	-
Un-amortized provision debited from 'other reserves'	-	-

*This excludes interest in suspension

[#]Fraud accounts mentioned above are written off in the books as at March 31, 2021.

h) COVID-19

India is emerging from the after effect of COVID-19 virus, a global pandemic that affected the world economy over the last two years. The extent to which any new wave of COVID-19 will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain.

Details of resolution plans implemented under the RBI Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 (Resolution Framework 1.0) and May 5, 2021 (Resolution Framework 2.0) as at are given below:

(Rs. in Crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of March 31, 2021 (A)	Of (A), aggregate debt that slipped into NPA during the year	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Addition during the period**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of September 30, 2021
Personal Loans	-	-	-	-		-
Corporate Persons*	2.50	-	-	-	1.33	3.83
Of which, MSMEs	2.50	-	-	-	1.33	3.83
Others	0.44	-	-	-	1.31	1.75
Total	2.94	-	-	-	2.64	5.58

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

**Also includes new additions on account of customers opted for resolution 2.0.

(Rs. in Crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of the September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during the year	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Addition during the period**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end March 31, 2022
Personal Loans	-	-	-	0.77	0.77	-
Corporate Persons*	3.83	-	-	0.06	0.17	3.94
Of which, MSMEs	3.83	-	-	0.06	0.17	3.94
Others	1.75	-	-	0.10	3.41	5.06
Total	5.58	-	-	0.93	4.35	9.00

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

**Also includes new additions on account of customers opted for resolution 2.0.

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 2020-21:

(Rs. in Crore)

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	F(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate Persons*	2	2.50	-	-	0.25
Of which, MSMEs	2	2.50	-	-	0.25
Others	1	0.44	-	-	0.04
Total	3	2.94	-	-	0.29

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

5. Exposures

a) Exposure to Real Estate Sector

(Rs. in Crore)

Category	March 31, 2022	March 31, 2021
a) Direct Exposure		
(i) Residential Mortgages	292.66	171.52
(ii) Commercial Real Estate	497.10	270.72
(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).*	56.00	62.25
Total Exposure to Real Estate Sector	845.76	504.49

*includes investment exposure

b) Exposure to Capital Market

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
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;	1.50	1.71
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;	149.00	165.00
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;	-	12.00
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	150.50	178.71

c) Risk category-wise country exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table.:

(Rs. in Crore)

Risk Category	Exposure (net) as at March 31, 2022	Provision held as at March 31, 2022	Exposure (net) as at March 31, 2021	Provision held as at March 31, 2021
Insignificant	37.27	-	16.55	-
Low	13.56	-	47.97	0.12
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	50.83	-	64.52	0.12

d) Unsecured advances

Unsecured advances have been appropriately classified under 'Schedule 9 – Advances'. During FY 2021-22, 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. (Previous Year: NIL)

e) Factoring exposures

There were no factoring exposures during the current financial year. (Previous Year: NIL)

f) Intra-group exposures

Intra-Group exposures in accordance with RBI guidelines are as follows:

(Rs. in Crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Total amount of intra-group exposures	20.46	47.75
2	Total amount of top-20 intra-group exposures	20.46	47.75
3	Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers*	0.33%	1.26%
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	-	-

*includes bank exposure

g) 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 March 31, 2022 is as follows:

Incremental Capital maintained by the Bank on account of unhedged foreign currency exposure is NIL since the exposure is fully backed by the Deposits.

Unhedged Foreign Currency Exposure provisions for current year:

(Rs. in Crore)

Incremental standard asset provision required as per RBI guideline	Outstanding as on March 31, 2022	Incremental standard advance provision as on March 31, 2022
0 bps	4,162.75	-
20 bps	126.10	0.25
40 bps	30.40	0.12
60 bps	15.13	0.09
80 bps	2.05	0.02

Unhedged Foreign Currency Exposure provisions for previous year:

(Rs. in Crore)

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	2,693.57	-
20 bps	155.89	0.31
40 bps	26.04	0.10
60 bps	12.59	0.08
80 bps	3.00	0.02

6. Concentration of deposits, advances, exposures and NPAs

a) Concentration of Deposits

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Total deposits of twenty largest depositors	2,301.43	1,463.12
Percentage of Deposits to twenty largest depositors to total deposits of the Bank	33.85%	37.95%

b) Concentration of Advances*

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Total advances to twenty largest borrowers	1,216.94	1,037.43
Percentage of Advances to twenty largest borrowers to total advances of the Bank	20.52%	28.18%

c) Concentration of Exposures*

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Exposures to twenty largest borrowers / customers	1,216.94	1,037.43
Percentage of Exposures to twenty largest borrowers / Customers to Total Exposures of the Bank on borrowers / Customers	20.02%	27.75%

*Excluding banking exposures

d) Concentration of NPA

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Exposure to the top twenty NPA accounts	91.02	87.78
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	97.62%	99.27%

7. Derivatives

a) Forward Rate Agreement / Interest Rate Swap

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
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]	-	-

b) Exchange Traded Interest Rate Derivatives

(Rs. in Crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
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)	-	-

C) Disclosures on risk exposure in derivatives**1. 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 Board;

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

Accounting Policy:

All outstanding derivatives transactions (presently only forex forwards excluding spot for banking and Trading deals are considered as derivatives in the book of the Bank) 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.

2. Quantitative Disclosures

(Rs. in Crore)

Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2022	March 31, 2022	March 31, 2021	March 31, 2021
1	Derivatives notional Principal Amount	4,225.94	-	2,810.75	-
	(a) For hedging	444.05	-	1,153.28	-
	(b) For trading	3,781.89	-	1,657.47	-
2	Marked to Market position				
	(a) Asset (+)	38.28	-	22.18	-
	(b) Liability (-)	30.01	-	33.16	-
3	Credit Exposure	160.75		90.87	
4	Likely impact of one percentage change in Interest Rate (100*PV01)				
	(a) On hedging derivatives	1.79	-	2.71	-
	(b) On trading derivatives	0.12	-	0.18	-

5	Maximum and Minimum of 100*PV01 observed during the year				
	(a) On hedging				
	Maximum	3.83	-	4.35	-
	Minimum	1.27	-	1.74	-
	(b) On trading				
	Maximum	0.42	-	0.30	-
	Minimum	-	-	-	-

8. Disclosures relating to securitisation

The Bank has not sponsored any SPVs for securitization transactions during the year and there is no securitization transaction outstanding as at March 31, 2022 (Previous Year: NIL)

9. Off balance sheet SPVs sponsored

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

10. Transfers to Depositor Education and Awareness Fund (DEAF)

The details of amount transferred during the respective year to DEAF are as under

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Opening balance of amounts transferred to DEAF	0.66	0.54
Add : Amounts transferred to DEAF during the year	0.13	0.12
Less : Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	0.79	0.66

11. Disclosure of Complaints

a) Summary information on complaints received by the bank from customers and from the Offices of Ombudsman

(Rs. in Crore)

Sr. No.	Particulars	FY 2021-22	FY 2020-21
Complaints received by the bank from its customers			
1	Number of complaints pending at the beginning of the year	2	2
2	Number of complaints received during the year	609	162
3	Number of complaints disposed during the year	611	162
	3.1 - Of which, number of complaints rejected by the bank	-	-
4	Number of complaints pending at the end of the year	-	2
Maintainable complaints received by the bank from OBOs			
5	Number of maintainable complaints received by the bank from OBOs	99	9
	5.1 - Of 5, number of complaints resolved in favor of the bank by BOs	97	9
	5.2 - Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Bos	2	-
	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 2021-2022

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
Account opening/difficulty in operation of accounts	2	245	402%	-	-
ATM/Debit Cards	-	10	-36%	-	-
Credit Cards	-	21	100%	-	-
Internet/Mobile/Electronic Bankin	-	30	-49%	-	-
Levy of charges without prior notice/excessive charges/ foreclosure charges	-	1	100%	-	-
Others	-	302	559%	2	-
Total	2	609	437%	2	-

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	226%	-	-
ATM/Debit Cards	-	28	175%	-	-
Account opening/difficulty in operation of accounts	-	19	135%	-	-
Others	2	54	218%	2	-
Total	2	162	219%	2	-



12. Disclosure of Penalties imposed by RBI

There are no penalties imposed on our bank by the Reserve Bank of India (RBI) during FY 2021-22. (Previous Year: NIL).

Additional provision as advised by RBI for Non-compliance of automation of IRAC

RBI vide its letter dated May 04, 2022 has advised the Bank to make additional provision of 0.5 % of the total operating income w.e.f. FY ending March 31, 2022 for non-compliance of material requirements for IRAC automation as pointed in the said communication. Accordingly, Bank has made provision of Rs. 1.20 Crore in the financial statements for March 31, 2022.

13. 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. Shyam Sundar Barik 2. Mr. Ameet Patel 3. Mr. Umesh Jain 4. Mr. Raoul Gufflet
(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 follows 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 bank, 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>

<p>(d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.</p>	<p>In determining total compensation, the bank considers the overall scope of an employee's responsibilities, the performance history of the individual with the Bank, comparisons with other staff within the bank, external market compensation, and the overall performance of the function and the Bank as whole. The Bank looks at sustained superior performance achieved across multiple factors over multiple time periods.</p>
<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>	<p>The bank is currently unlisted, with plans of listing at an appropriate time. Till that time, the long term incentives (LTI) will be paid as a cash payout to a limited number of eligible employees (MRTs & WTD) as decided by the Board and the following RBI guideline will apply:</p> <p>In terms of RBI circular on Compensation dated November 4, 2019 Annex Clause B II. 2.1.2 (a) "only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash"; and as per Clause B II. 2.1.2(b) (iii) "in the event that an executive is barred by statute or regulation from grant of share-linked instruments, his/her variable pay will be capped at 150% of the fixed p.a., but shall not be less than 50% of the fixed pay."</p> <p>The other relevant provisions in respect of variable pay such as deferral, vesting, malus/claw-back, etc. would be as per the RBI Guidelines. At least 50% of the cash variable will be deferred. The deferral period of variable pay will be decided based on evaluation at the end of Annual performance cycle each calendar year and will be between 3 to 5 years</p> <p>The other relevant provisions in respect of variable pay such as deferral, vesting, malus/claw-back, etc. would be as per the RBI Guidelines. At least 50% of the cash variable will be deferred. The deferral period of variable pay will be decided based on evaluation at the end of Annual performance cycle each calendar year and will be between 3 to 5 years.</p> <p>Post listing, in the eventuality of the Bank's equity shares being listed in the stock exchange(s), the Bank will use a Share-linked Long term incentive to help drive a 'pay for performance' culture and link employees' individual wealth creation to the organizational success. In such case, the deferred pay due to the employee shall be converted to non-cash component with immediate effect.</p>

	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 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.

			March 31, 2022	March 31, 2021
Quantitative disclosures	(g)	Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	6 meetings held and ₹0.10 Crore remuneration paid	5 meetings held and ₹0.09 Crore remuneration paid
	(h)	i) Number of employees having received a variable remuneration award during the financial year.	5	NIL
		(ii) Number and total amount of sign-on/joining bonus made during the financial year.	NIL	NIL
		(iii) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
	(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	0.61	NIL
		(ii) Total amount of deferred remuneration paid out in the financial year.	NIL	NIL

	(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	MD & CEO Chief Operations Officer & CIO Head – Corporate Banking Head – Retail Banking Head – Treasury	MD & CEO Chief Operations Officer & CIO Head – Corporate Banking Head – Retail Banking Head – Treasury																												
			<table><tr><th>Particulars</th><th>Total</th></tr><tr><td>Pay</td><td>7.49</td></tr><tr><td>Variable</td><td>0.88</td></tr><tr><td>Perquisites</td><td>-</td></tr><tr><td>PF Perk</td><td>0.17</td></tr><tr><td>PF Interest Perk</td><td>0.03</td></tr><tr><td>TOTAL</td><td>8.58</td></tr></table>	Particulars	Total	Pay	7.49	Variable	0.88	Perquisites	-	PF Perk	0.17	PF Interest Perk	0.03	TOTAL	8.58	<table><tr><th>Particulars</th><th>Total</th></tr><tr><td>Pay</td><td>7.43</td></tr><tr><td>Variable</td><td>-</td></tr><tr><td>Perquisites</td><td>-</td></tr><tr><td>PF Perk</td><td>0.23</td></tr><tr><td>PF Interest Perk</td><td>0.01</td></tr><tr><td>TOTAL</td><td>7.67</td></tr></table>	Particulars	Total	Pay	7.43	Variable	-	Perquisites	-	PF Perk	0.23	PF Interest Perk	0.01	TOTAL	7.67
Particulars	Total																															
Pay	7.49																															
Variable	0.88																															
Perquisites	-																															
PF Perk	0.17																															
PF Interest Perk	0.03																															
TOTAL	8.58																															
Particulars	Total																															
Pay	7.43																															
Variable	-																															
Perquisites	-																															
PF Perk	0.23																															
PF Interest Perk	0.01																															
TOTAL	7.67																															
	(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	NIL NIL NIL	NIL NIL NIL																												
	(l)	Number of MRTs identified.	5	5																												
	(m)	(i) Number of cases where malus has been exercised. (ii)Number of cases where claw back has been exercised. (iii)Number of cases where both malus and claw back have been exercised.	NIL NIL NIL	NIL NIL NIL																												
General Quantitative Disclosure	(n)	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay	<table><tr><th>Particulars</th><th>₹ in Crore</th></tr><tr><td>Mean salary + Perk</td><td>0.24</td></tr><tr><td>WTD's salary + Perk</td><td>2.97</td></tr><tr><td>Difference / deviation in INR</td><td>2.74</td></tr></table>	Particulars	₹ in Crore	Mean salary + Perk	0.24	WTD's salary + Perk	2.97	Difference / deviation in INR	2.74	<table><tr><th>Particulars</th><th>₹ in Crore</th></tr><tr><td>Mean salary + Perk</td><td>0.23</td></tr><tr><td>WTD's salary + Perk</td><td>2.89</td></tr><tr><td>Difference / deviation in INR</td><td>2.65</td></tr></table>	Particulars	₹ in Crore	Mean salary + Perk	0.23	WTD's salary + Perk	2.89	Difference / deviation in INR	2.65												
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Difference / deviation in INR	2.74																															
Particulars	₹ in Crore																															
Mean salary + Perk	0.23																															
WTD's salary + Perk	2.89																															
Difference / deviation in INR	2.65																															

14. Other disclosures

a) Business ratios

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Interest Income as a percentage to Working Funds*	6.62%	7.01%
Non-Interest Income as a percentage to Working Funds*	1.93%	2.47%
Cost of Deposits	5.32%	5.82%
Net Interest Margin ^{##}	2.24%	2.54%
Operating Profit as a percentage to Working Funds*	0.90%	1.04%
Return on Assets ^{**}	0.27%	0.56%
Business (Deposits plus Advances) per employee (Rs. in crore) #	36.23	31.93
Profit / (Loss) per employee (Rs. in crore)	0.05	0.09

* 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.

Net Interest Income/ Average Earning Assets. Net Interest Income= Interest Income – Interest Expense

- All ratios are annualized

b) Bancassurance business

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

(Rs. in Crore)

Sr. No.	Nature of Income	March 31, 2022	March 31, 2021
1	For selling life insurance policies	2.74	0.12
2	For selling non-life insurance policies	2.54	0.08
3	For selling mutual fund products	1.32	0.01
4	Others	-	-

c) Marketing and distribution

There are no fees/remuneration received in respect of marketing and distribution function during the financial year.

d) Disclosures regarding Priority Sector Lending Certificates (PSLCs)

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

(Rs. in Crore)

Sr. No.	Type of PSLCs	March 31, 2022		March 31, 2021	
		Purchase	Sale	Purchase	Sale
1	PSLC – Agriculture	-	-	-	-
2	PSLC – SF / MF	-	-	-	-
3	PSLC – Micro Enterprises	-	-	-	-
4	PSLC – General	-	20.00	-	-
	TOTAL	-	20.00	-	-

e) Provisions & Contingencies

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Provisions for Non-Performing Investment PI	-	2.17
Provision towards Non-Performing Assets (net off write-backs and recoveries)	28.91	(5.64)
Provision for Standard Assets	5.58	9.24
Provision for Income Tax (including Deferred Tax)	1.29	0.01
Provisions for diminution in fair value Restructured Advances	0.97	0.44
Provision for Country Risk	(0.12)	0.12
Provision for NPA Automation	1.20	-
Total	37.83	6.34

f) Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a press release was issued by the MCA on January 18, 2016 outlining the road map for implementation of Indian Accounting Standards (Ind-AS) converged with International Financial Reporting Standards (IFRS) for banks. Banks in India had to comply with the Ind-AS for financial statements for the accounting period beginning from April 01, 2018 onwards, with comparatives for the period ending March 31, 2018 or thereafter. However, necessary legislative amendments to make the format of financial statements, prescribed in the Third Schedule to Banking Regulation Act 1949, compatible with accounts under Ind AS are under consideration of the Government of India. In view of this implementation of Ind AS has been deferred till further notice. During the year ending March 31, 2022 the Bank had prepared and submitted proforma Ind AS financial statements as per RBI direction provided earlier for June 30, 2021 and September 30, 2021. As per latest RBI direction issued during the year the frequency for submission of proforma Ind AS financial statements have been changed to semi- annual from quarterly basis. The Bank will continue its preparation towards migration to adopting Ind-AS as per regulatory requirement.

g) Payment of DICGC Insurance Premium

(Rs. in Crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
i)	Payment of DICGC Insurance Premium	5.63	2.94
ii)	Arrears in payment of DICGC premium	-	-

h) Disclosure of facilities granted to directors and their relatives

The Bank has not granted any fund or non-fund facilities extended to directors, their relatives, companies, or firms in which they are interested.

15. 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	<ul style="list-style-type: none"> - Purchase of securities pending settlement - Capital Commitments - Amount deposited with RBI under Depositors Education and Awareness Fund

Refer Schedule 12 for amounts relating to contingent liability

16. Contingent Liabilities

Claims against the Bank not acknowledged as Debts' item of Contingent Liability includes Income Tax of Rs. 8.69 Crore (Previous Year: Rs. 8.74 Crore) and Service tax of Rs. 0.22 Crore (Previous Year: 0.51 Crore). 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 to 2017-18. The appeals are pending for the final outcome of the ITAT and high court and the Bank is expecting favorable judicial decisions.

17. 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.

18. 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 Crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
A	DTA		
i)	Provision for Loan Losses, Floating Provision and counter cyclical provision	5.12	5.41
ii)	Provision for Standard Advances	1.47	1.33
iii)	Provision for Funded Interest Term Loan	-	-
iv)	Disallowed Expenses	0.83	0.94
v)	Unabsorbed Losses	-	-
	Total DTA	7.42	7.68
B	DTL		
i)	Depreciation on Fixed Assets	(7.42)	(7.68)
	Total DTL	(7.42)	(7.68)
C	NET DTL / (DTA)		

19. 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 2021-2022

(Rs. in Crore)

Business Segments	Corporate	Treasury	Retail	Total
Revenue	282.03	172.68	58.46	513.17
Results	22.36	(0.37)	(4.38)	17.71
Un-allocable Revenue/(Expense)				-
Operating Profit				17.61
Income Taxes				1.29
Extraordinary Profit/Loss				-
Net profit/(Loss)				16.32
Other Information				
Segment Assets	3,504.75	3,567.57	977.68	8,050.00
Un-allocable Assets				34.63
Total Assets				8,084.63
Segment Liabilities	5,410.71	580.60	2,083.14	8,074.45
Un-allocable Liabilities				10.18
Total Liabilities				8,084.63
Capital expenditure during FY 2021-2022				25.35
Depreciation expenditure during FY 2021-2022				11.38

FY 2020-2021

(Rs. in Crore)

Business Segments	Corporate	Treasury	Retail	Total
Revenue	176.75	100.50	22.19	299.44
Results	22.17	(11.67)	(7.67)	2.83
Un-allocable Revenue/(Expense)				15.82
Operating Profit				18.65
Income Taxes				0.01
Extraordinary Profit/Loss				-
Net profit/(Loss)				18.64
Other Information				
Segment Assets	2,736.56	1,752.07	233.43	4,722.06
Un-allocable Assets				17.24
Total Assets				4,739.30
Segment Liabilities	2,818.93	649.26	1,258.99	4,727.18
Un-allocable Liabilities				12.12
Total Liabilities				4,739.30
Capital expenditure during FY 2020-2021				19.28
Depreciation expenditure during FY 2020-2021				14.78

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.

20. Disclosure under Employee Benefits – Revised Accounting Standard 15

- a) The contribution to employees Provident Fund amounted to Rs. 3.08 Crore for the year ended March 31, 2022. (Previous Year: Rs. 5.01 Crore).
- 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. 0.42 Crore (Previous Year: Rs. 0.38 Crore).
- d) As per the actuarial valuation, the Bank expects to contribute Rs. 3.77 Crore to gratuity fund in financial year 2022-2023.

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

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Present Value of Benefit Obligation at the Beginning of the year	4.69	3.03
Interest Cost	0.32	0.21
Current Service Cost	1.63	1.38
(Benefit paid from the Fund)	(0.32)	(0.17)
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(0.00)	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(0.16)	(0.01)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(0.08)	0.25
Present Value of Benefit Obligation at the End of the year	6.08	4.69

II) Change in the Fair Value of Plan Assets:

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Fair Value of Plan Assets at the Beginning of the year	3.30	1.91
Expected Return on Plan Assets	0.23	0.13
Contributions by the Employer	1.45	1.44
Assets Transferred In/Acquisitions	-	-
(Benefit Paid from the Fund)	(0.32)	(0.17)
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(0.03)	(0.01)
Fair Value of Plan Assets at the End of the year	4.63	3.30

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

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Actuarial (Gains)/Losses on Obligation for the year	(0.24)	0.24
Actuarial (Gains)/Losses on Plan Asset for the year	0.02	0.01
Actuarial (Gains)/Losses Recognized in the Profit or Loss Account	(0.22)	0.25

IV) Actual Return on Plan Assets:

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Expected Return on Plan Assets	0.22	0.13
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(0.02)	(0.01)
Actual Return on Plan Assets	0.20	0.12

V) Amount Recognized in the Balance Sheet:

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
(Present Value of Benefit Obligation at the end of the year)	(6.08)	(4.69)
Fair Value of Plan Assets at the end of the year	4.63	3.30
Funded Status (Surplus/ (Deficit))	(1.45)	(1.39)
Unrecognized Past Service Cost at the end of the year	-	-
Net (Liability)/Asset Recognized in the Balance Sheet	(1.45)	(1.39)

VI) Net Interest Cost:

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Present Value of Benefit Obligation at the Beginning of the year	4.69	3.03
(Fair Value of Plan Assets at the Beginning of the year)	(3.30)	(1.91)
Net Liability/(Asset) at the Beginning	1.39	1.12
Interest Cost	0.32	0.21
(Expected Return on Plan Assets)	(0.23)	(0.13)
Net Interest Cost for Current Year	0.09	0.08

VII) Expenses Recognized in the Profit or Loss Account:

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Current Service Cost	1.63	1.38
Net Interest Cost	0.09	0.08
Actuarial (Gains)/Losses	(0.22)	0.25
Past Service Cost - Vested Benefit Recognized During the year	-	-
Expenses Recognized in the Profit or Loss Account	1.50	1.71

VIII) Balance Sheet Reconciliation:

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Opening Net Liability	1.39	1.12
Expense Recognized in Profit or Loss Account	1.50	1.71
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(1.44)	(1.44)
Net Liability/(Asset) Recognized in the Balance Sheet	1.45	1.39

IX) Category of Assets:

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	4.63	3.29
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	4.63	3.29

Actuarial assumptions:

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Expected Return on Plan Assets	7.15%	6.86%
Rate of Discounting	7.15%	6.86%
Rate of Salary Increase	6.88%	6.88%
Rate of Employee Turnover	6%	6%
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

Experience Adjustments:

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Plan Assets	4.63	3.30
Defined Benefit Obligation	6.08	4.69
Surplus / (Deficit)	(1.45)	(1.39)
Experience adjustment gain / (loss) on plan assets	(0.25)	(0.01)
Experience adjustment (gain) / loss on plan liabilities	0.22	0.25

21. Related Party Transactions

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

Relationship during FY 2021-22:

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 (Superannuated on 31.01.2022) 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 2021-22:

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance
Liabilities								
Deposit	-	-	8.08	298.88	5.31	5.31	13.39	304.19
Borrowings	-	-	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-	-	-
MTM loss on FX forwards	-	-	-	-	-	-	-	-
Payable to group	6.51	6.51	-	-	-	-	6.51	6.51
Total	6.51	6.51	8.08	298.88	5.31	5.31	19.90	310.70
Assets								
Lending	-	-	-	-	0.75	0.85	0.75	0.85
Balances with Bank	-	-	0.36	0.47	-	-	0.36	0.47
Interest receivable	-	-	-	-	0.00	0.00	0.00	0.00
MTM loss on FX forwards	-	-	-	-	-	-	-	-
Total	-	-	0.36	0.47	0.75	0.85	1.11	1.32
Off Balance Sheet items								
FX Forwards	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

(Rs. in Crore)

Particulars	Parent	Subsidiaries of the Parent	Key Management Personnel	Total
Profit & Loss Account Items				
Interest Received	-	-	0.04	0.04
Interest Paid	-	-	0.31	0.31
Fees Paid	-	-	1.05	1.05
Salary Cost	-	-	9.67	9.67

Transactions during the FY 2020-21:

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance
Liabilities								
Deposit	-	-	6.76	211.87	5.42	6.01	12.18	217.88
Borrowings	-	-	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-	-	-
MTM loss on FX forwards	-	-	-	-	-	-	-	-
Payable to group	0.18	0.18	-	-	-	-	0.18	0.18
Total	0.18	0.18	6.76	211.87	5.42	6.01	12.36	218.06
Assets								
Lending	-	-	-	-	1.46	1.55	1.46	1.55
Balances with Bank	-	-	1.06	2.53	-	-	1.06	2.53
Interest receivable	-	-	-	-	0.00	0.00	0.00	0.00
MTM gain on FX forwards	-	-	-	-	-	-	-	-
Total	-	-	1.06	2.53	1.46	1.55	2.52	4.08
Off Balance Sheet items								
FX Forwards	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

(Rs. in Crore)

Particulars	Parent	Subsidiaries of the Parent	Key Management Personnel	Total
Profit & Loss Account Items				
Interest Received	-	-	0.10	0.10
Interest Paid	-	-	0.21	0.21
Fees Paid	-	-	0.88	0.88
Salary Cost	-	-	8.29	8.29

22. 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".

23. Earnings Per Share

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Net profit after tax	16.30	18.65
Weighted average number of equity shares outstanding (in absolute no.)	776,319,148	756,958,418
Basic and diluted earnings per share in INR	0.21	0.25

24. Following disclosure is made as per the requirement of The Micro, Small and Medium Enterprises Development Act, 2006.

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
The principal amount remaining unpaid to any supplier	0.07	0.02
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	-	-

25. 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. 0.67 Crore (Previous Year: Rs. 0.67 Crore) has been accounted as depreciation and reduced from the Revaluation Reserve during FY 2021-22.

26. Software capitalized under Fixed Assets

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Cost at beginning of the year (gross)	41.60	33.46
Additions during the year	11.30	10.03
Deductions during the year	0.00	1.89
Depreciation to date	37.41	29.48
Net Block	15.49	12.12

27. 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. 1.05 Crore (Previous Year: 0.88 Crore) was paid as sitting fees to the Non-Executive Directors during the year.

28. Accounting for leases

(a) Financial lease

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

(b) Operating lease

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

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
1. Total future minimum lease payments as at year end:	30.03	23.19
– Not later than one year	9.51	7.35
– Later than one year but not later than five years	18.12	14.41
– Later than five years	2.40	1.43
2. Lease payments recognized in the Profit and Loss Account in Schedule 16	8.62	7.48

29. 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:

(Rs. in Crore)

Particulars	March 31, 2022	March 31, 2021
Amount required to be spent by the company during the year	-	-
Amount of expenditure incurred	0.20	0.11
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall	NA	NA
Nature of CSR activities	Computer centre for tribal candidates, funding of dental equipment	Skill development trainings, PM CARES fund
Details of related party transactions in relation to CSR expenditure as per relevant accounting standard	-	-
Movements in the provision during the year with respect to liability incurred by entering into a contractual obligation	0.17	-

30. Capital Commitment

Capital Commitment outstanding as on March 31, 2022 amounts to Rs. 18.32 Crore. (Previous Year: Rs. 3.57 Crore).

31. Other expenditure:

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

(Rs. in Crore)

Particulars	FY 2021-22	FY 2020-21
IT expenses	26.66	18.10

32. During the financial year ended March 31, 2022, other than the transactions undertaken in the normal course of business and in accordance with extant regulatory guidelines and internal policies, as applicable.

(a) The Company has not granted any advance/loans or investments or provided guarantee or security or the like to any other person(s) or entities with an understanding, whether recorded in writing or otherwise, to further lend/invest/provide guarantee or security or the like to any other person on behalf of the company.

(b) The Company has not received any funds from any person(s) or entities with an understanding, whether recorded in writing or otherwise, that the company shall further lend or invest or provide guarantee or security or the like in any other person on behalf of and identified by such person(s)/entities.

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

For K.S Aiyar & Co

Chartered Accountants
ICAI Firm Registration No.: 100186W

Mr. Rajesh Joshi

Partner
ICAI Membership No. 038526

For SBM Bank (India) Limited

Mr. Sidharth Rath

Managing Director & Chief Executive Officer

Mr. Saileshkumar Shah

Chief Financial Officer

Place: Mumbai

Date: May 11, 2022

Mr. Ameet Patel

Independent Director

Mrs. Bhavana Shinde

Company Secretary



SBM Bank (India) Ltd.

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