



Persistence | Performance | Progress

ANNUAL REPORT FY 2023

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Perseverance is not a long race;  
it is many short races one after the other.

**- Walter Elliot**



## Vision

Become a trusted customer-centric bank by leveraging technology and providing efficient solutions leading to value creation for all stakeholders.



## Values

- Engendering & Deepening Customer Trust and Loyalty
- Maintaining Honour & Integrity in People & Processes
- Transformation driven by Efficiencies
- Optimising Collaboration for Service Excellence
- Risk Consciousness

## Five facts about SBM Bank India



### Part of the global banking conglomerate

SBM Group – with a footprint of five decades



### 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

- Commenced operations on December 1<sup>st</sup>, 2018
- Stepped into the fifth year of operations in India



### More than 600 team members

A highly reputed leadership team led by Sidharth Rath, MD & CEO, comprising experienced and credible professionals from the banking, retail and technology sectors.



### Catering to over 5 million customers

and clients across the country



### 12 branches across India

Mumbai, Hyderabad, Bengaluru, Galtare Palghar, Chennai, RC Puram Medak, New Delhi, Ahmedabad, Pune, Chandigarh, Abitgarh and Kolkata

## SBM Group

### A leading financial services provider in Mauritius

The SBM Group is a leading banking and financial services player in Mauritius, and has been contributing to the country's socio-economic development since inception. It is actively involved in the Asia-Africa corridor by means of dedicated banking subsidiaries operating in India, Madagascar and Kenya. The Group is committed to creating long term value for its stakeholders by offering bespoke solutions to individual, corporate and institutional clients in the banking and non-banking financial fields in Mauritius and internationally. The Group entities are guided by clear strategic orientations to grow their businesses, while preserving the soundness of their operations.

SBM Group is the third largest listed entity on the Stock Exchange of Mauritius, with a market capitalisation of MUR 13.6 billion as at 31 December 2022. It is the holding company of various subsidiaries that operate under three clusters: Banking, Non-Banking-Financial and Non-Financial.

Ranked 47<sup>th</sup> in the Top 200 Banks in Africa by The Africa Report 2022, the SBM Group has over 100 branches, with more than 3,100 employees in various geographical locations.



# What we achieved during FY 2022-23



Bank raised Tier II capital by issuance of Non-Convertible

**Debentures of ₹224 Crore**



**4 new branches,**  
and relocation of one  
existing branch in Chennai



**600+**  
Employees



Financial Institutions Group  
developed and onboarded 2 new  
geographies - Vietnam and Bangladesh  
thereby strengthening cross border

**Trade Finance Business**



**SBM Private, new segment  
created for HNIs and UHNIs**



MSME vertical accounted

**for ₹636 Crore**

and acquired presence  
across all the branch locations

# Key Financial Highlights

FY 2022-23

## Ratios



Capital  
Adequacy



Net NPA



Provision  
Coverage



Liquidity  
Coverage

Net Interest Income



₹212.27 Crore

Profit after tax  
(after exceptional items)



₹20.82 Crore

Capital



Tier I capital

₹689.75 Crore

Tier II capital

₹282.91 Crore

Total Loan Assets  
under Management



₹4,835.93  
Crore

CASA



₹2,046.20  
Crore

Total Asset  
Under Management



₹10,125.25  
Crore

# MD & CEO'S REVIEW



Dear Members,

Wordsworth once said "Let us learn from the past to profit by the present, and from the present, to live better in the future", and at SBM Bank, those words best encapsulate our motivation to better both the "now" and the "tomorrow" for all those that the Bank stands to serve.

Over more than four years, the Bank has focused on doing the right things to meet the expectations of our stakeholders. More importantly, we have focused on doing those things right, ensuring along the way that we have the right people, processes and checks in place, to place us firmly in your mind as a reliable and efficient Bank which listens to its stakeholders and strives to deliver the right solutions. In doing so, we have lived by the adage, that sometimes you win and other times you learn.

Our journey so far has provided us with invaluable insights into where our strengths and opportunities lie, and ideas around what we can do better, allowing us therefore, to continue honing our repertoire of services and make a place for ourselves in a highly competitive and seasoned segment.

Our calibrated launch of physical branches in strategic locations coupled with an always-on multi-platform digital banking capability enables us to serve our customers nationwide. Along the way, we have also harnessed a multitude of expertise and talent and built a vibrant organization that believes that good business sense in combination with quality, trust, caution, and sustained effort, yields results worth aspiring to.

Our numbers reflect the success of our strategy thus far. We have been profitable for each full financial year of operation since FY19. We cater to more than five million customers across the country. We expanded our branch operations to Abitghar, Pune, Chandigarh, and Kolkata, taking our nationwide presence to 12 locations carefully positioned so that, combined with our digital outreach, we are able to serve customers nationwide.

The Bank has also been committed to its desire to facilitate, sponsor and support community building and bettering initiatives, and aligning to global ESG standards. A small step towards this is represented by our multi-year program, Pragatishil Palghar, launched by the Bank to foster initiatives around skill development and education in the villages in and around the district of Palghar in Maharashtra. Our efforts as part of this program have so far touched more than 3000 families.

Given the few years which have clocked by since we commenced operations, it is a good time to look back and take stock of our achievements and misses, and more importantly, to decide which paths to continue steady on, which ones to re-chart and the ones to traverse at a more opportune time. The global economy is undergoing a transition – riding on evolving geopolitics, a shift in economic activity and demographics. Inflationary pressures are increasing interest rates worldwide, and developed countries are witnessing turmoil in the banking systems. India is also evolving from a China-plus to an independent investment destination for global corporates.

India is on the path to becoming a \$5 trillion economy, and the government has been investing intensely in infrastructure creation. The private sector remains conservative when rolling the capex wheel. Still, the MSME sector has emerged as a beacon of economic aspiration – expanding its vision to break into the more significant leagues. Amidst this, given the nation of 1.4 billion strong aspirations with a median age of 29 and lower than average per capita consumption in most sectors, the scope for economic upliftment and domestic consumption demand is immense. This is where the need to stay cautious of asset quality, transparency and multiple compliances befitting an emerging global economy becomes paramount. Given our investments in technology and compliant processes, we are committed to growing with an ambitious and progress-oriented India responsibly.

It has been an eventful journey thus far for us. Our robust foundation built during this time is the perfect start for what comes next.

I want to thank all our stakeholders for their sustained support. Here's to a future of creating a positive impact through banking.

Regards,

**Sidharth Rath**

MD & CEO, SBM Bank India

# Persistence Performance Progress

Three words and the will to look ahead, take the uncharted path, and move forward. Our first five years have been one such journey. As a new Bank, we focused on fulfilling the unmet demands of customers through innovative solutions.

Banking is a very competitive industry and the ability to consistently differentiate whilst managing costs distinguishes the best from the rest. We invested in the digital business and at the same time strategically expanded our physical presence thus conserving costs and building efficiencies of scale.

In the process, we built a credible team and scaled up our operations to service an expanded customer base of over five million Indians. We expanded our offerings and presence – thereby fortifying our brand as a reliable partner of choice to our stakeholders. We have built a robust foundation in the first five years and are focused on the next decade. The process of evolution comprises a mix of three key factors – **Persistence, Performance, and Progress.**

**Persistence** – The will to stay focused and the zeal to look beyond the challenges.

**Performance** – The initiatives aimed to fortify the institution through sustained delivery and continuous investments into the capabilities.

**Progress** – Measuring how far we have come and continuously realigning the future course – all towards adding value to the lives of the stakeholders.

Turn the pages to learn more about how we at SBM Bank use the pillars to navigate to the next level of our journey.



# Persistence

When one commits to a journey of excellence challenges are to be expected. We have always viewed these challenges not as obstacles but as opportunities to explore new possibilities. Persistence is a crucial ingredient that requires rapid adapting and trying different approaches.

At SBM Bank, we worked with our strengths of global reach and a dedicated team of experienced professionals. We capitalised on our global reach to enrich the corporate banking experience while making the most of our size to become a highly agile partner to retail and corporate clients.

We expedited the implementation of our digital banking suite thus evolving a newer way of serving underbanked and new-to-credit customer segments. We launched products and solutions rooted in our micro-segmentation strategy – allowing us to decipher the unique needs of key customer segments and accordingly offer the products.

We are acutely aware banking and trust are synonymous. Compliance is not an afterthought. We are very mindful of the governance principles that keep us focused on our end goals. Our investments in building a wealth management vertical and robust corporate banking, including treasury operations, enabled us to forge ahead. However, as always, we believe banking will continue to evolve, and so will the policies. Our ability to understand the customer and offer accessible, affordable, and efficient banking solutions stay intact, helping us expand to new horizons.



# Performance

A promise means nothing without the numbers to back it up. Credibility is established through performance. Overcoming challenges may shape us, but our true identity is determined by the value we bring through our performance.

Over the first five years, our revenue grew at a compounded annual growth rate of 2,309.06%. As of March 31, 2023, we had a total of 54,50,212 customers, resulting in a current account and savings account (CASA) business of ₹2,046.2 Crore. Our deposits exceeded ₹7,000 Crore, while our loan book reached the ₹4,835.93 Crore mark. Our net non-performing assets (NPAs) remain below 1%, and we maintain well-regulated statutory ratios. We achieved profitability at the operational level last year due to the efficient use of funds.

Our premium banking products for Ultra-HNI and wealthy clients have reached a sizeable customer base. Furthermore, we have expanded our branch network and improved in-person experiences with new features. We built a vibrant customer base comprising MSMEs and presently cater to pan-India customers through a customised corporate banking vertical.

With India's GDP reaching \$3.75 trillion, the banking industry is revolutionising. We anticipate significant opportunities in the coming years due to technology, geopolitics, consolidation, and inclusion. Our proven ability to scale while maintaining profitability puts us on the right path.





# Progress

The vision, zeal and numbers summarise the business acumen of every corporate. However, the real signs of progress are reflected in the well-being and empowerment of its stakeholders. The real signs of progress lie within and beyond one's balance sheet at times.

The Bank has more than five million active customers across the country. Owing to our efficient strategy, we continue offering integrated banking solutions ranging from savings accounts to loan products for retail and corporate customers.

At the same time, we believe a happy workforce is crucial to maintaining a positive and trustworthy culture. We understand that employee satisfaction comes from fair compensation, growth opportunities, personal development, empowerment, and transparency. To ensure our employees are content, we have established an open-door culture that values diversity, inclusivity, and equity. Our women employees comprise 29% of the entire team.

If one is happy internally, the impact can be felt all around. As a responsible institution and community member, the Bank continues to give back and bring about change that has an inter-generational impact and pushes families out of low-income segments by creating livelihood opportunities, skilling, and healthcare provision.

Our flagship empowerment comprising financial inclusion, small business banking, and CSR efforts in a small district in Maharashtra – Palghar, has bloomed and generated employment in the region. Pragatishil Palghar, or Progressive Palghar – introduced in 2021, has uplifted communities in the districts and continues to grow. SBM Bank India is fully committed to contributing to social empowerment by effectively using our time and resources.

# SHOWCASING SOME OF THE KEY INITIATIVES TAKEN DURING FY 2022-23

## THE GREAT COMEBACK

WOMEN WINNING AT THE WORKPLACE. AGAIN.



The Bank initiated a program called - "The Great Comeback" to embrace women who return to work after a hiatus or a prolonged break.

The program not only allows the Bank to hire quality personnel but also advances our pursuit of building a diverse, inclusive, and equitable workforce.

### LEAP

A tailored Leadership intervention called LEAP was introduced in February 2023 for forty-three chosen leaders.

The said journey has a mix of classroom, outbound and experiential training programs aimed to enhance leadership skills and develop desirable mindset to facilitate strategic alignment and future oriented focus.



## Govardhan Skill Center

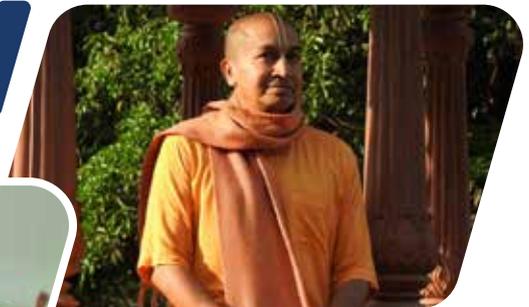
We have sponsored Govardhan Skill Center for tribal students in the district in the Govardhan Eco Village premises (third largest in India and largest in the NGO sector) and have actively invested with a mission to empower and educate the rural youth towards their entrepreneurial journey and grassroots upliftment. The Bank has donated 80 refurbished laptops to the Govardhan Skill Development Center. During the year, the Bank sponsored Computer Laboratory at the Govardhan Skill Development Center.

## Khushi Nagli

The Bank also supported a Women's Self-Help Group's ("Khushi Nagli") cottage industry efforts in the district. It ensured that financial empowerment is at the core of our vision for development. The Bank has opened two rural branches in Palghar.

## Eye Camps

We sponsored 100 cataract surgeries at subsidised rates for underprivileged senior citizens in association with Help Age India. Also, during FY 2023, along with the NGO, we set up Free Eye Screening and Cataract Eye Surgeries with Intra Ocular Lens Implant camp at the Abitghar branch of SBM Bank India.



## Board of Directors



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



**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 Ramdenee**  
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



**Mr. Prashant Kadam**  
Chief Operations Officer



**Ms. Smita Nair**  
Head Internal Audit



# MANAGEMENT DISCUSSION & ANALYSIS



## ECONOMIC OVERVIEW

The global economy is recovering from the COVID-19 pandemic, but the recovery has been uneven across countries. Developed economies have fared better than developing economies due to their ability to provide fiscal and monetary support, vaccine availability, and better healthcare infrastructure.

The flaring up of geopolitical hostilities followed by a tightening of financial conditions on account of aggressive monetary policy actions worldwide dampened global macroeconomic outcomes during 2022 amidst heightened uncertainty. After the short-lived Omicron wave and a successful inoculation drive on a worldwide scale, with 64.20 per cent of the world population fully vaccinated as on March 31, 2023, the resilience of the global economy stood out, causing the International Monetary Fund (IMF) to revise the estimate of global growth for 2022 to 3.4 per cent in April 2023 from 3.2 per cent in October 2022. However, global trade (goods and services) growth for 2022 was revised to 5.1 per cent in April 2023 from 5.4 per cent in January 2023. Global inflation remained uncomfortably high at 8.7 per cent in 2022, as against 4.7 per cent a year ago, with inflation overshooting the target in most countries. Capital flows to emerging market economies (EMEs) remained subdued and volatile.

Turning to the domestic economy, a recovery gained momentum during the second quarter of 2022-23 as domestic supply chains normalised and activity in contact-intensive sectors rebounded. Robust balance sheets of the corporate sector and banks enabled a rebound in credit demand, which was also facilitated by the centre's large increase in capex. With real GDP growing by an estimated 7 per cent, the Indian economy became one of the world's fastest-growing major economies during 2022-23.

Overall, while there are signs of recovery, the economic situation in India and the world remains uncertain, and several factors could impact growth in the coming months.



## INFLATION

Many countries around the world are experiencing higher inflation rates. This can be attributed to various factors, such as supply chain disruptions, increased demand for goods and services, and government stimulus measures. India has experienced varying levels of inflation. In recent years, the country has generally maintained a moderate level of inflation. Prompt and adequate measures by the Government of India and the Reserve Bank of India (RBI) have reined in the rise in inflation and brought it within the Central Bank's tolerance limit, says the Economic Survey 2022-23.

The Survey states that Consumer price inflation in India went through three phases in 2022. A rising phase up to April 2022, when it crested at 7.8 per cent, then a holding pattern at around 7.0 per cent up to August 2022 and then a decline to about 5.7 per cent by December 2022. The rising phase was largely due to the fallout of the Russia-Ukraine war and a shortfall in crop harvests due to excessive heat in some parts of the country. Extreme summer heat and uneven rainfall in some parts of the country affected the farm sector, reducing supply and causing prices of major products to rise.

Headline CPI inflation, projected by the Reserve Bank before the war started in Ukraine to moderate to 4.5 per cent in 2022-23, surged to 6.7 per cent. The elevation in price pressures was broad-based and sticky, exceeding the upper tolerance level of the inflation target in several months of the year. The Reserve Bank raised the policy repo rate cumulatively by 250 basis points (bps) and changed the monetary policy stance to withdrawing accommodation, prioritising price stability while remaining mindful of growth. Given the dominance of supply-side factors in shaping the inflation trajectory, the government introduced several targeted item-specific anti-inflationary measures. Fiscal policy demonstrated a commitment to consolidation while directing public expenditure towards a large increase in growth-supportive capex. Capital formation emerged as a lead driver of growth during 2022-23.

## BANKING SECTOR OVERVIEW

The global banking sector has seen significant changes in recent years, such as the increasing dominance of digital banking, the rise of non-bank financial institutions, and the emergence of new technologies such as blockchain and artificial intelligence. These changes have brought opportunities and challenges to the sector, with banks needing to adapt to remain competitive. The industry has also faced several challenges in recent years, including the impact of the COVID-19 pandemic, geopolitical uncertainty, and regulatory pressures. The pandemic, in particular, has significantly impacted the sector, with banks facing increased credit risk, declining profitability, and operational challenges.

The banking sector is a crucial pillar of the Indian economy, contributing significantly to the country's growth and development. The Indian banking sector has undergone significant reforms in recent years, such as the merger of several public sector banks and new regulations to strengthen the sector's governance. The Indian government has also launched several initiatives to promote financial inclusion and digital banking, including the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the Unified Payments Interface (UPI). Despite these efforts, the Indian banking sector faces challenges, including non-performing assets (NPAs), fraud, and cyber threats. NPAs have been a major concern for the industry, with the RBI introducing several measures to address the issue.

## OUTLOOK

The global banking sector has faced various challenges, including increased regulatory scrutiny, low-interest rates, and competition from non-bank financial institutions. The COVID-19 pandemic has further disrupted the industry, with many banks facing increased credit risk, liquidity challenges, and lower revenues. Yet, there are also several positive trends in the global banking sector, including the growing adoption of digital banking, increasing use of AI and automation, and a greater focus on sustainable finance. Additionally, with the global economy showing signs of recovery, there is optimism that the banking sector will rebound in the coming years.

India's banking sector is transforming due to various factors, including technological advancements, regulatory changes, and customers' evolving needs. The pandemic has accelerated the adoption of digital banking services in India. Customers are now more comfortable with online transactions, and this trend will likely continue. Banks will need to invest in digital infrastructure to cater to customers' changing needs. India's banking sector is highly fragmented, with many small and mid-sized banks. There is a need for consolidation in the industry to create stronger and more competitive banks. The asset quality of Indian banks has been a concern in recent years, with non-performing assets (NPAs) increasing. The Reserve Bank of India has taken several measures to address this issue, including introducing the Insolvency and Bankruptcy Code. The outlook for asset quality is



expected to improve in the coming years. Fintech firms are disrupting the traditional banking sector in India. Banks are collaborating with fintech companies to offer innovative products and services to customers. However, the Indian government has taken several measures to address these issues, including recapitalising public sector banks, introducing new bankruptcy laws, and promoting digital banking. Moreover, with the Indian economy showing signs of recovery, there is optimism that the banking sector will improve in the coming years.

## OPERATIONAL REVIEW FY 2022-23

Being the fifth year since inception, 2022-23 was all about focusing on the basics. A foundation becomes robust through sustained nurturing and demands continuous focus on customers, compliance, cost, capabilities, and community. We focused on each factor – revisiting processes and realigning priorities to shape the next five years.

Ever since our inception, customers have been at the epicentre. Be it our strategic branch expansion or ramping up our digital prowess to rethink the in-branch banking experience recently – we have achieved decent size – both for our retail and corporate operations. We continue to focus on micro-segmentation – thereby exploring niche segments and challenges awaiting address using the banking solutions. Our MSME relationships witnessed a significant jump during the year, paving the way for larger corporate banking ambitions at SBM Bank India.

Being a compliant Bank, we continued to refine our business model in line with the evolving regulations. Given the accelerated growth in the past three years, we dedicated our efforts towards improving the degree of compliance – over and above as specified by the regulators – to insulate our scaling operations.

To ensure the scale of growth and match the pace of ambition, we continued to invest in the training and infrastructure across our offices. During this year, the Bank added a sprawling 17,000 sq ft. office close to the Mumbai International Airport, which houses many of the Bank's expanding critical functions. Apart from this



addition, this year witnessed the relocation of the existing branch, namely Chennai, making it a customer delight centre. With the opening of a branch in Kolkata, the Bank establishes SBM Brand physicality in each of the country's major metro cities. The year was also critical towards building capabilities, controlling costs and bonding with the communities.

The community continued to be an intrinsic part of our strategy at SBM Bank. We opened another branch in the rural areas of Maharashtra – thereby offering banking solutions to empower the citizens. At the same time, we continued to improve the quality of life for communities across Palghar, a district on the outskirts of Mumbai city, through supporting training, skill development and vocational business camps and programs.

## FINANCIAL PERFORMANCE

Our total deposits registered an increase of 7.63% from ₹6,799.44 Crore in FY2021-22 to ₹7,318.53 Crore in FY2022-23. Our loan book or advances registered an increase of 11.08% from ₹4,353.57 Crore in FY2021-22 to ₹4,835.93 Crore in FY2022-23. We continued to be cautious, considering the economic challenges in the environment. Our total income for the year increased by 69.75%, from ₹510.75 Crore in FY2021-22 to ₹867.02 Crore

in FY2022-23, while profit after tax stood at ₹20.82 Crore. Our Interest Income, which accounted for 77.79% of the total income during FY2022, clocked a growth of 67.55% to ₹665.67 Crore during FY2022-23. Our Capital adequacy ratio stood at 16.16%, against the statutory minimum of 11.50% as per BASEL.

## CORPORATE BANKING

Corporate banking is an important business line for SBM Bank as it offers financial solutions to corporate clients, including small and medium-sized enterprises (SMEs) and large corporations. The Bank aims to cater to the diverse financial needs of its corporate clients by providing them with tailored solutions that suit their specific requirements.

During FY 2022-23, our Corporate Banking vertical accounted for 79.18% of our total loan book and 62.55% of our deposits.

The segment's revenue primarily consists of interest earned on loans made to corporate clients and processing fees recovered. The vertical also earns revenue basis various trade and exchange activities such as forex

income, commission on Bank guarantees and letter of credit, inter-bank activities such as Vostro, Nostro, capital market activities etc.

The major expenses of the segment consist of interest costs on funds borrowed and other allocated expenses.

The Bank has a dedicated team of experienced professionals who specialise in corporate banking and are well-equipped to provide clients with innovative solutions. They work closely with clients to understand their business requirements and offer suitable financial products and services.

### *Key Features and Services of SBM Bank India's Corporate Banking are:*

- **Relationship Management:** SBM Bank India assigns dedicated relationship managers to corporate clients to ensure personalised attention and effective communication. These relationship managers act as a single point of contact for clients, assisting them in understanding the Bank's offerings, addressing queries, and managing their banking requirements.
- **Term Loans and Working Capital Financing:** SBM Bank India provides term loans and working capital solutions to support corporate clients' capital expenditures, expansion plans, investment projects, and short-term funding requirements. While term loans are structured based on the specific needs of businesses, ensuring competitive interest rates and flexible repayment terms, working capital facilities include overdraft facilities, cash credit, trade finance solutions, and supply chain financing.
- **Trade Finance:** SBM Bank India facilitates international trade through its trade finance services. It offers a variety of instruments, such as letters of credit, Bank guarantees, export and import financing, and trade advisory services. These services help mitigate risks, ensure smooth transactions, and enable businesses to expand their global footprint.



- **Digital Solutions:** SBM Bank India emphasises technological innovation and offers a range of digital solutions to enhance the corporate banking experience. This includes Corporate internet banking platforms, electronic payment systems, and real-time transaction monitoring, ensuring convenience, speed, and security.
- **Cash Management:** SBM Bank provides a comprehensive suite of cash management services to optimise corporate clients' cash flows and enhance operational efficiency. These services include account reconciliation, liquidity management, payment and collection solutions, and real-time access to account information.

FIG team in Corporate Banking focuses on developing the financial institution's relationship with different countries. During the year, the team visited Vietnam, which led to gaining strategic partner banking tie-ups with leading Banks in Vietnam. Through a collaborative effort, the FIG division also interacted with various financial entities and Banks within Bangladesh to strengthen the Indo-Bangladesh Trade & Remittance business corridor.

SBM Bank has also invested in digital platforms to make corporate banking more accessible and convenient for its clients. These platforms enable clients to access their accounts, make transactions, and monitor their financials in real time. The Bank's focus on providing customised solutions and leveraging technology to enhance the customer experience has helped it build a strong reputation in the corporate banking space.

## RETAIL AND CONSUMER BANKING

The Bank continued to expand its retail footprints riding on its digital suite of products and its growing branch banking system. The Financial year 2022-23 witnessed the Bank opening its new branches in Chandigarh, Kolkata, Aritghar and Pune. At the same time, the Bank continued to fine-tune its micro-segmentation play across crucial customer profiles.

In the past five years, retail banking propelled the expansion of the customer base across multiple geographies despite a limited physical branch network for the Bank. This was made possible owing to timely investments into state-of-the-art technology and a sustained focus on catering to the evolving financial needs of the new-age customers. Given the manifold growth in a short time, the Bank chose to focus on more rigorous compliance and preserving the quality of customers during the year.

The numbers followed yet another year of concerted efforts.

The Bank continues to focus on improving customer experience through its unique in-banking experience, reliable digital suite, improving product portfolio, customer obsession and highly secure data infrastructure.

## SBM PRIVATE – WEALTH MANAGEMENT SOLUTIONS

SBM Bank expanded its Private Banking customer base in key markets beyond India in the year under review. The Bank also continued to refine its comprehensive wealth management services.

Working closely with an exclusive clientele comprising HNIs and UHNIs, the Bank offers personalised investment strategies, helping maximise financial growth and achieve long term investment and life goals.





## TREASURY

*Treasury vertical comprises the following core functions:*

- ALM market-facing activities comprising of 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 Asset Liability Management Unit manages 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 desk also contributes towards 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 Bank's short-term and long term rating assessments. The Bank has achieved an A1+ credit rating (short term) from ICRA/CARE for its 500 Crore Certificate of Deposit issuance program, indicating a very strong degree of safety regarding timely payment of financial obligations and thus carrying the lowest credit risk. Also, Bank has achieved an A+ credit rating (long term) from ICRA/CARE for its 250 Crore Basel III Tier 2 Bond Program.

The Trading Desk trades in permitted asset 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 clients based on their specific requirements. Desk strives to align with the global best practices and leverage technology to deliver bespoke solutions and a user-friendly experience.

Given the tightening of the rates across key developed markets, inflationary pressures and volatility in the domestic arena, the Treasury Department had to navigate a turbulent environment and ensure the portfolio quality remains superior while generating returns for the clients and the Bank. Being super-efficient in terms of utilisation of funds, SBM Bank is greatly empowered by its Treasury department to stay the course (in terms of liquidity) and sometimes capitalise on uneven global economic opportunities.

## INFORMATION TECHNOLOGY

SBM Bank India depends and invests heavily in information technology (IT) to streamline its operations, enhance customer experiences, and ensure efficient and secure banking services.

*Key areas where SBM Bank India uses Information Technology:*

- Core Banking System:** SBM Bank India utilises a robust core banking system powered by IT infrastructure. This system manages the Bank's primary operations, including customer accounts, deposits, withdrawals, transfers, and other banking transactions. It provides real-time data integration, allowing customers to access their accounts and perform transactions online or through mobile banking applications. We are also re-architecting our existing Core Banking System, the Next-Generation core banking platform, for building future banking experiences.
- Online and Mobile Banking:** SBM Bank India offers online and mobile banking services that enable customers to access their accounts, view balances, initiate fund transfers, pay bills, and manage various banking activities remotely. These services leverage secure IT systems to ensure data privacy and protect against unauthorised access.
- Payment Systems:** IT is crucial in enabling various payment systems at SBM Bank India. The Bank utilises electronic funds transfer mechanisms such as Real-Time Gross Settlement (RTGS), National Electronic Funds Transfer (NEFT), Immediate Payment Service (IMPS), Unified Payments Interface (UPI) developed by the National Payments Corporation of India (NPCI), Society for Worldwide Interbank Financial Telecommunications (SWIFT) and Aadhaar Enabled Payment System (AePS) to facilitate seamless and secure fund transfers between accounts within the Bank and other financial institutions.
- Customer Relationship Management (CRM):** SBM Bank India employs CRM software to manage customer interactions, track customer preferences, and personalise services. This technology allows the Bank to understand customer needs better and offer tailored financial products and services.
- Security and Fraud Prevention:** IT infrastructure at SBM Bank India incorporates multiple layers of security to safeguard customer information, prevent fraud, and protect against cyber threats. These measures include DDOS protection, firewalls, intrusion detection systems, strong encryption protocols, and multi-factor authentication methods to ensure the confidentiality and integrity of sensitive data. SBM Bank India also provides real-time monitoring and reporting of the network for any unusual activity trends through various security tools and measures.



- Robust IT Infrastructure:** Efficiency, productivity, performance, and security are the fundamental keys to running a successful business, and they should be followed not only to keep up with market trends but also to gain a competitive advantage. In achieving these goals, the IT infrastructure services of SBM Bank India have been designed to be robust and agile so that it can easily adapt to the market and technology changes at reduced costs. Launching a well-architected landing zone on the Amazon Web Services (AWS) cloud environment has helped Bank have a scalable and secured infrastructure platform to deploy various business applications. In addition to that, we have also enabled Virtual Desktop Infrastructure (VDI) - a cutting-edge technology that utilises virtual machines to manage and provide virtual desktops.
- Data Analytics and Business Intelligence:** SBM Bank India utilises IT tools for data analytics and business intelligence to gain insights into customer behaviour, identify trends, and make informed business decisions. This allows the Bank to offer targeted financial products and services, improve operational efficiency, and enhance customer experience.
- API Strategy:** SBM Bank India uses Enterprise Service Bus (ESB) to enable an application interaction architecture through APIs. ESB eliminates application silos by quickly integrating anything with everything, accelerating the time-to-market by developing applications faster and re-using existing assets.
- Compliance & Regulatory:** Banks regularly must deal with many regulatory compliance norms set up by the government or central banking agencies on a local/national, or even international level. SBM Bank India has deployed various audit, compliance, and risk management systems to ensure good compliance records, risk governance and regulatory reporting standardisation. A few major applications in this area are 'Early Warning Systems' (EWS), 'Automated Data Flow (ADF)', 'Non-performing Assets Monitoring' (NPA), 'Risk Assessment Model' (RAM) etc.
- Digital Transformation Initiatives:** SBM Bank India actively embraces digital transformation initiatives to enhance operational efficiency and customer experience. These initiatives include digital onboarding, paperless transactions, electronic document management, and automation of internal processes.

SBM Bank India utilises various information technology solutions to deliver efficient, secure, and customer-centric banking services. The Bank continuously adopts emerging technologies and innovative IT solutions to stay competitive in the ever-evolving banking industry.

## INFORMATION SECURITY

Operating in a highly automated environment, the Bank leverages cutting-edge technologies to facilitate diverse operational functions. To address information technology-related risks, the Bank has established a robust governance framework and obtained board approval for our comprehensive information security policy and Cybersecurity policy. Adhering to an "identity, prevent, detect, respond & recover" framework, we have implemented stringent measures for information security governance. As the prevalence of cyber threats and attacks, such as hacking, phishing, ransomware, and other illicit means, continues to escalate, resulting in potential service disruptions, theft, or unauthorised disclosure of sensitive internal data and customer information, the Bank has made substantial investments to prevent and safeguard against such attacks proactively.

SBM Bank has implemented various controls to reinforce security measures, including firewalls, anti-malware systems, anti-advanced persistent threat solutions,



intrusion prevention/detection mechanisms, round-the-clock security operation centres, honeypot solutions, and Data Leakage Prevention mechanisms. Moreover, the Bank has made significant investments in detecting, responding to, and recovering from any eventualities that may arise. To assess the vulnerability of its IT systems and environment, the Bank engages an external entity to conduct regular vulnerability assessments, penetration testing, application security testing, secure configuration reviews, source code reviews, and red teaming exercises.

## HUMAN RESOURCES

The Bank has always believed in offering a healthy work environment that nurtures high performance and fosters vibrant culture. Hence, the Bank designed and deployed HR interventions based on training, transparency and recognition. We began by redefining the Bank's Vision and Values. This initiative paved the way for the Bank to remain aligned and focused in navigating the BANI environment.

381 employees were hired during the year (net addition of 254), of which 69% joined through the employee referral program. Such incentivisation enabled the Bank to reward its existing employees and build a more cohesive work culture. At the same time, the Bank also participated and hired talent from marquee institutions such as ICAI, NIBM and other top business schools during the year.

The average age of the bank's employees stood at 36 years - highlighting the optimal mix of experience and new-age vigour. Women employees comprised 29% of the total Talent - reflecting a healthy diversity ratio. Key departments, including Strategy, Internal Audit, Legal and HR, are spearheaded by women leaders, ensuring equal opportunities for the right talent.

The Bank also introduced LEAP - an organisation-wide initiative to identify and nurture the next generation of leaders. 43 select personnel were identified and put through classroom and outbound learning sessions and assessments to fast-track their career progression.

Several employees were nominated for various programs, workshops, Conferences, and certifications from CAB,



CAFRAL, CRISIL, FEDAI, Gartner, IDRBT, NIBM, NISM, RBI, FIMMDA, etc. The Bank also formed its Culture Council and crowned its Culture Champions to facilitate a strong foundation of an organisational culture based on the newly adopted values.

The Bank also introduced benefits such as Housing loans, Personal loans at a concessional rate and Company Leased Cars to support the employees' aspirations across bands and roles.

Amidst work, the Bank continued to also focus on the Wellness and well-being of its employees. Awareness sessions on Cancer, Ayurveda, Winter Illnesses, Mental and Emotional Health, etc., were conducted. Employees also participated in Blood Donation Drives, Health, Eye, and Dental Check-up camps. They enjoyed Zumba and Yoga workshops, Healthy snack distribution, Walkathons, DIY competitions, Self-Defense, etc.

## COMPLIANCE

### Compliance Framework

Adherence to the laws, regulations and guidelines is the core of our business approach. The Bank has defined a Regulatory Compliance Framework, which operates under the oversight of the Audit Committee of the Board and the Board. The Bank has Independent Compliance Functions led by the Chief Compliance Officer (CCO). The Compliance Department supports the Board and Senior Management in continuously identifying, assessing and mitigating compliance risks.



The Bank's Compliance Policy outlines critical components of the compliance framework, such as compliance risk assessments, compliance testing, regulatory change management, governance, regulatory reporting, review & approval of new products/processes, regulatory communications, etc. The Bank has implemented a Compliance tracking and Monitoring system to ensure that the regulatory instructions are implemented effectively within the organisation. The Compliance department also undertakes regular compliance testing to evaluate compliance with regulatory guidelines.

The Compliance Department informs the management/Board about important compliance-related matters through monthly, quarterly, and annual compliance reviews. The Bank also has an executive-level committee to effectively oversee Compliance and AML risks for the Bank – Compliance and AML Risk Committee (CARC).

### **KYC / AML Framework**

The Bank has appropriate systems and checks for implementing KYC & AML norms/ guidelines. The Bank has a Board approved policy on KYC, AML & CFT measures in line with the extant guidelines. Bank's Financial Crime Compliance – Anti-Money Laundering (FCC-AML) division within the Compliance function oversees the implementation of the policy and is responsible for Transaction Monitoring and regulatory reporting.

### **Fraudulent Transaction Monitoring**

The Bank has implemented Enterprise Fraud Risk Management System (EFRM) to identify potentially fraudulent transactions and safeguard its customers from losses arising from the same. Use of EFRM system is being used across various transaction channels.

### **Vigilance**

The Bank is committed to maintaining and providing to all its employees and directors the highest standards of transparency, probity and accountability, and documented policies such as the Vigilance Policy, Whistle Blower Policy, and Anti-Bribery & Anti-Corruption (ABAC) Policy aims to create an ethical working environment. The Vigilance department is under the purview of the Chief of Internal Vigilance (CIV), who assists the top management in formulating, implementing and reviewing the Bank's policy on all vigilance matters. The Bank's vigilance department undertakes incident-based and suo-moto investigations as required.

### **AUDIT**

Internal Audit is the third line of defence. SBM Bank India has an Internal Audit Department responsible for independently evaluating the adequacy and effectiveness of internal controls, risk management, and governance systems and processes. There is also an independent team within the Internal Audit function which assures the management of information technology, data security and cybersecurity-related risks.

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 internal audit department includes qualified professionals who are appropriately skilled and experienced.

The department adopts a risk-based audit approach in congruence with the RBI's Guidelines on Risk-Based Internal Audit (RBIA). The team designs a risk-based comprehensive Audit plan for each year and audits various businesses and functions, i.e. Corporate Banking, Retail Banking, Operations, Treasury, Risk Management, Control & Support functions and Information Security.

Furthermore, critical units of the Bank are subjected to an Independent Concurrent Audit process by reputable external audit firms under the supervision of Internal Audit functionaries.

The Internal Audit policies and practices align with those of the SBM group and comply with the IIA's International Standards for Professional Practice of Internal Auditing. During the audit, the Internal Audit Department also establishes the extent of adherence to regulatory guidelines, legal requirements, and the effectiveness of operational processes. It proactively recommends improvements in operational processes and service quality wherever appropriate. It provides timely feedback to the Management for corrective actions. For this purpose, an Audit Forum has been established, ensuring effective management oversight 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.

## RISK MANAGEMENT

Intrinsic to the business of a universal Bank, we at SBM Bank India (SBMBI) are exposed to internal and external

risks in 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 assists 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 ingrained within the Board, and the Risk Management Committee (RMC) of the Board guides and oversees the effectiveness of the risk management practice in the Bank. The RMC supervises the delegated responsibilities to the Committees at the executive level, who are accountable for implementing and reporting on the risk management framework throughout the Bank. The Risk Appetite Statement (RAS) approved by the RMC serves as the guiding document for enterprise-level risk management, and it is disseminated to the various business units through limits and guardrails. The RAS is reviewed on an annual basis by the RMC.

SBMBI adopts the Three Lines of Defence (LoD) risk management principle. The 1<sup>st</sup> Line of Defence encompasses all customer-facing/ serving units, e.g. the business, operations and IT functions, and they are the "owners" of the risks. They are directly engaged with the customers as the face of the Bank. The 2<sup>nd</sup> Line of Defence is all the independent risk and control functions, comprising various Risk Units and Compliance functions; the 2<sup>nd</sup> LoD is responsible for putting the policy, process, and governance framework in place to ensure the effectiveness of risk control and mitigation. Finally, the 3<sup>rd</sup> Line of Defence is Audit, which assures the Board of the effectiveness of risk policies, processes, and management of risk across the Bank, through the audit process.





# DIRECTORS' REPORT



# DIRECTORS' REPORT

To,  
The Members,  
SBM Bank (India) Limited

Dear Shareholders,

Your Directors have pleasure in presenting their Sixth (6<sup>th</sup>) Directors' Report on the business and operations of the SBM Bank (India) Limited (herein referred to as "the Company" or "the Bank") together with the Audited Financial Statement for the year ended 31<sup>st</sup> March 2023.

## FINANCIAL PERFORMANCE

The highlights of the financial performance for the year under review, are presented below:

(₹ in '000)

Particulars	FY 2023	FY 2022
Deposits and Other Borrowings	9,02,37,823	7,11,84,463
Advances	4,83,59,324	4,35,35,662
Total Income	86,70,177	51,07,490
Profit / (Loss) before Depreciation and Taxation	3,56,438	2,89,772
Less: Depreciation	1,48,284	1,13,765
<b>Profit/(Loss) before Taxes</b>	<b>2,08,154</b>	<b>1,76,007</b>
Less: Tax Expense	-	12,945
<b>Profit/(Loss) after tax</b>	<b>2,08,154</b>	<b>1,63,062</b>
Add: Balance B/F from the previous year	(27,26,867)	(27,53,517)
<b>Less: Appropriations</b>		
Transfer to Statutory Reserves	52,039	40,766
Transfer to Capital Reserves	5,213	3,799
Transfer to Investment Fluctuation Reserve	1,50,902	91,847
<b>Balance carried over to Balance Sheet</b>	<b>(27,26,867)</b>	<b>(27,26,867)</b>

## DIVIDEND

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

## TRANSFERS TO RESERVES

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

(₹ in 000's)

Transfer to Statutory Reserves	52,039
Transfer to Capital Reserve	5,213
Transfer to Investment Fluctuation Reserve	1,50,902

## CAPITAL ADEQUACY RATIO (CAR)

As on 31<sup>st</sup> March 2023, the total CAR of the Bank, calculated in line with Basel III capital regulations, stood at 16.16% which is well above the regulatory minimum of 11.50% including the Capital Conservation Buffer of 2.5%. Of this, Tier I CAR was 11.46%.

## NETWORTH

The Bank's net worth as on 31<sup>st</sup> March 2023, computed in accordance with the Reserve Bank of India regulations, is as follows:

Particulars	Amount in ₹ 000s
Capital	82,36,251
Retained Earnings	3,20,098
Statutory Reserve	5,04,055
Capital Reserve	1,07,533
Investment Fluctuation Reserve	3,54,579
Share Premium	3,33,333
Balance in Profit and Loss Account	(27,26,867)
Less: Deferred Tax Assets (Net)	-
Less: Intangible asset	(2,27,784)
<b>Net worth as on 31<sup>st</sup> March 2023</b>	<b>69,01,198</b>

### STATE OF AFFAIRS

The information on the affairs of the Company has been given in the Management Discussion and Analysis Report forming part of the Annual Report.

### SHARE CAPITAL

During the year under review, there was no change in the issued, subscribed and paid-up share capital of the Bank. As at 31<sup>st</sup> March 2023, the issued, subscribed and paid-up share capital of the Company stood at ₹ 8,23,62,50,840 (Rupees Eight Hundred Twenty Three Crore Sixty Two Lakhs Fifty Thousand Eight Hundred and Forty) comprising 82,36,25,084 (Eighty Two Crore Thirty Six Lakhs Twenty Five Thousand and Eighty Four) equity shares of ₹ 10 (Rupees Ten) each fully paid.

The Authorised share capital of the Bank as at 31<sup>st</sup> March 2023, is ₹ 10,00,00,00,000 (Rupees One Thousand Crores) comprising 1,00,00,00,000 (One Hundred Crores) equity shares of ₹ 10 (Rupees Ten) each.

### TIER 2 NON-CONVERTIBLE DEBENTURES

During the year under review, the Bank had issued following Debt securities:

#### Series I:

9.75% Rated, Listed, 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 Non-Convertible Debentures (“NCDs”) of face value of ₹ 1,00,00,000/- each aggregating to ₹ 125 Crores on a Private Placement basis. The NCDs were allotted on 5<sup>th</sup> April 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.

#### Series II:

9.88% Rated, Listed, 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 NCDs of face value of ₹ 1,00,00,000/- each aggregating to ₹ 99 Crores on a Private Placement basis. The NCDs were allotted on 24<sup>th</sup> January 2023 and are listed on NSE with effect from 27<sup>th</sup> January 2023. The credit ratings of the said NCDs are ‘CARE A+’ with Stable Outlook and ‘ICRA A+’ with Stable Outlook.

Axis Trustee Services Limited acts as the Debenture Trustee for the aforesaid NCDs. The detail of Debenture Trustee is as under:

Address: The Ruby, 2<sup>nd</sup> Floor, SW, 29 Senapati Bapat Marg, Dadar (W), Mumbai – 400 028.

Email Id.: debenturetrustee@axistrustee.com

### CHANGE IN NATURE OF BUSINESS

During the year ended on 31<sup>st</sup> March 2023, there has been no change in the nature of business of the Bank.

The Bank continued to engage 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 corporate, consumer, wealth and retail banking services in addition to providing Treasury and Trade Financing Products and Services.

The branch network of the Bank comprises 12 branches located in Mumbai, New Delhi, Bengaluru, Chennai, Hyderabad, R.C Puram - Medak, Ahmedabad, Pune, Chandigarh, Galtare, Abitghar, and Kolkata. The distribution channels of the Bank also include the use of Business Correspondents.

### RESERVE BANK OF INDIA PRESS RELEASE DATED 23<sup>RD</sup> JANUARY 2023

The Reserve Bank of India vide press release dated 23<sup>rd</sup> January 2023, in exercise of its powers under section 35A and 36(1)(a) of the Banking Regulations Act, 1949, has directed the Bank to stop, with immediate effect, all transactions under Liberalised Remittance Scheme (LRS) till further orders.

### CHANGES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Bank is wholly owned subsidiary of SBM (Bank) Holdings Ltd as per the Companies Act, 2013 ('the Act'). During the year under review, the Bank has a nil reporting under change in subsidiary company / joint venture / associate companies.

### DEPOSITS

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

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE BANK

There were no material changes and commitments affecting the financial position of the Bank, between the end of the fiscal year of the Bank to which the financial statements relate and up to the date of this report.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Bank is constantly pursuing its goal of upgrading technology to deliver quality services to its customers in a cost-effective manner. Particulars regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are given as **Annexure A** to this report.

### ANNUAL RETURN

The Annual Return for FY 2023 is available on the website of the Company at <https://www.sbmbank.co.in/aboutus/investor-corner.php>

### CORPORATE SOCIAL RESPONSIBILITY

The annual report on Corporate Social Responsibility ('CSR') containing, details of CSR Policy, composition of CSR Committee, CSR projects undertaken and web-link thereto on the website of the Company, as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out under **Annexure B** of this Report.

### STATUTORY AUDITORS

M/s. K S Aiyar & Co., Chartered Accountants, Mumbai (Firm Registration Number 100186W), were appointed as the Statutory Auditors of the Company by the Members at the 5<sup>th</sup> Annual General Meeting ('AGM') held on 21<sup>st</sup> July 2022, to hold office from the conclusion of 5<sup>th</sup> AGM until the conclusion of the 6<sup>th</sup> AGM of the Company, to be held in the calendar year 2023.

Pursuant to the approval of the Reserve Bank of India under the Guidelines on Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), dated 27<sup>th</sup> April 2021 ('RBI Guidelines'), M/s. K S Aiyar & Co., Chartered Accountants, Mumbai (Firm Registration Number 100186W) are proposed to be re-appointed as Statutory Auditors of the Company at the ensuing AGM, to hold office from the conclusion of 6<sup>th</sup> AGM until the conclusion of the 7<sup>th</sup> AGM of the Company, to be held in the calendar year 2024.

The Auditors have confirmed that they are not disqualified to continue as Auditors and are eligible to hold office as Auditors of the Company and the appointment, if made, would be in accordance with the relevant provisions of Section 141 of the Act and RBI Guidelines.

#### **STATUTORY AUDITORS' REPORT**

The Statutory Auditors' Report issued by M/s. K S Aiyar & Co., Chartered Accountants, does not contain any qualification, reservation or adverse remark on the financial statements for the year ended 31<sup>st</sup> March 2023. The notes on financial statements referred to in the Statutory Auditors' Report are self-explanatory and do not call for any further comments. Further, pursuant to Section 143(12) of the Act, the Statutory Auditors of the Bank have not reported any instances of fraud committed in the Bank by its officers or employees.

#### **ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Proper internal financial controls were in place and the financial controls were adequate and were operating effectively. Further, the statutory auditors have, in compliance with the requirements of the Act, 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 2022-23.

#### **SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT**

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. DA Kamat & Co., Practising Company Secretaries, as Secretarial Auditor to undertake the Secretarial Audit of the Company for the FY 2022-23.

The Secretarial Audit Report issued by the Secretarial Auditor has been appended as **Annexure C** to this Report. There is no adverse remark, qualification, or reservation in the Secretarial Audit Report.

#### **MAINTENANCE OF COST RECORDS & COST AUDIT**

The Company is engaged in the banking business and is not required to maintain cost records and comply with the requirements of cost audit as prescribed under the provisions of section 148(1) of the Act.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board of Directors of the Company has based on the recommendation of Nomination and Remuneration Committee and subject to approval of the Members, approved the re-appointment of Mr. Umesh Jain (DIN: 06432749) as an Independent Director, not liable to retire by rotation, for a term of four years i.e. from 14<sup>th</sup> October 2023 to 13<sup>th</sup> October 2027. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing 6<sup>th</sup> AGM.

Further, in line with the provisions of the Act and the Articles of Association of the Company, Mr. Raoul Gufflet (DIN: 09194722) will retire by rotation at the ensuing 6<sup>th</sup> AGM and, being eligible, has offered himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing 6<sup>th</sup> AGM.

Also, the shareholders at its meeting held on 7<sup>th</sup> July 2023, has based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Bank, approved the appointment of Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula (DIN: 01724586) as an Independent Director and Part-Time Chairman of the Bank, not liable to retire by rotation for a second term of 3 (three) years effective immediately after expiry of his current term on 8<sup>th</sup> July 2023 i.e. from 9<sup>th</sup> July 2023 till 8<sup>th</sup> July 2026.

The Company has received declarations from all its Independent Directors, confirming that they meet the criteria of independence as prescribed under Section 149(6), read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of the Board, the Independent Directors appointed during the year under review are persons with integrity and possess requisite experience, expertise and proficiency required under applicable laws and the policies of the Company.

During the year under review, following changes took place in the Key Managerial Personnel ('KMP') in terms of section 203 of the Act:

- a. Mr. Hitesh Gundigara was appointed as the Company Secretary and Compliance Officer and Grievance Redressal Officer in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') by the Board with effect from 12<sup>th</sup> August 2022.
- b. Ms. Bhavna Shinde ceased to be the Company Secretary and Compliance Officer and Grievance Redressal Officer in terms of Listing Regulations pursuant to her resignation and accordingly ceased to be the KMP of the Bank with effect from 11<sup>th</sup> August 2022.
- c. Mr. Hitesh Gundigara ceased to be the Company Secretary and Compliance Officer and Grievance Redressal Officer in terms of Listing Regulations pursuant to his resignation and accordingly ceased to be the KMP of the Bank with effect from 31<sup>st</sup> January 2023.

Further, the Board of Directors appointed Ms. Ruchi Sheth as the Company Secretary and Compliance Officer and Grievance Redressal Officer in terms of Listing Regulations, with effect from 29<sup>th</sup> May 2023.

### **BOARD EVALUATION**

Evaluation of performance of all Directors is undertaken annually. The Bank has implemented a Policy setting out procedure and system of evaluating performance of the Board, its Committees, Chairperson and individual Directors on the basis of a structured questionnaire which comprises evaluation criteria taking into consideration various performance related aspects. At a separate meeting of Independent Directors, the performance of non-independent directors, performance of the Board as a whole, and performance of the Chairperson were evaluated. The Board of Directors has expressed its satisfaction with the evaluation process.

### **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review, Nine Board Meetings were convened and held, and not more than one hundred and twenty days had elapsed between two consecutive Board meetings.

### **WHISTLE BLOWER POLICY / VIGILANCE 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. The framework is aligned to the provisions of Section 177 of the Act read with rules framed thereunder.

## AUDIT COMMITTEE

The Audit Committee comprises of the following Directors as on 31<sup>st</sup> March 2023:

Name	Category
Mr. Ameet Patel – Chairman	Non-Executive, Independent Director
Mr. Shyam Sundar Barik	Non-Executive, Independent Director
Mr. Umesh Jain	Non-Executive, Independent Director
Ms. Sharon Ramdenee	Non-Executive, Independent Director

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186(11) of the Act, the provisions of Section 186 of the Act, except sub-section (1), do not apply to a loan made, guarantee given or security provided by a banking company in the ordinary course of its business.

## RELATED PARTY TRANSACTIONS

During the year under review, all contracts/arrangements/transactions entered into by the Company with related parties were in ordinary course of business and on an arm's length basis. There were no material related party transactions by the Company during the year under review. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable.

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.

## RISK MANAGEMENT FRAMEWORK

The Company has a robust Risk Management framework to identify, measure, manage and mitigate business and opportunities. This framework seeks to create transparency, minimise adverse impact on the business strategy and enhance the Company's competitive advantage. This risk framework thus helps in managing market, credit and operational risks and quantifies potential impact at a Company level. While the Board is responsible for framing, implementing and monitoring the risk management framework, it has delegated its powers relating to monitoring and reviewing of risks associated with the business of the Bank to the Risk Management Committee. The Company also has a well-defined Fraud Risk Monitoring framework and the Fraud Monitoring Committee of the Board of Directors to oversee the matters related to fraud risk.

Further, information on the risk management process of the Company is contained in the Management Discussion & Analysis Report which forms part of the Annual Report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The management's discussion and analysis report, forms part of the annual report of the Bank.

## COMPLIANCE WITH SECRETARIAL STANDARDS

The Company endeavours to comply with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India from time to time.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 ('POSH Act')

In accordance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 ('POSH 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 31<sup>st</sup> March 2023, the Bank has not received any complaint pertaining to Sexual Harassment.

**OTHERS**

The Directors state that no disclosure or reporting is required in respect of the following items, during the year under review:

1. No sweat equity shares and shares with differential rights as to dividend, voting or otherwise were issued;
2. No significant or material orders were passed by the Regulators or Courts or Tribunals that impact the going concern status of the Bank;
3. Neither any application was made, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 against the Company.

**DIRECTORS RESPONSIBILITY STATEMENT**

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

- a) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2023, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b) the Directors 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 31<sup>st</sup> March 2023 and of the profit of the Bank for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 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 Act, 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 2022-23.

**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 during the year. The Directors also wish to place on record their deep sense of appreciation for the committed services of the Bank's executives, staff and workers.

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

**Place:** Mumbai  
**Date:** 09/08/2023

**Sidharth Rath**  
**Managing Director & CEO**  
(DIN: 00682901)

**Ameet Patel**  
**Independent Director**  
(DIN: 00726197)

## Annexure A

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### a. Conservation of Energy:

As the Company is a Banking Company, the particulars regarding conservation of energy as required to be disclosed pursuant to provision of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities. However, the Bank has been taking several steps towards conservation of energy.

#### b. Technology Absorption

The Bank continuously focuses on digitization and technological innovations embedded onto its information technology systems and processes with an objective to streamline banking operations, enhance customer experience and ensure efficient and secure banking services.

#### Key areas where Information Technology is currently being leveraged by the Bank are as below:

- **Core Banking System:** SBM Bank India utilizes a robust core banking system powered by IT infrastructure. This system manages the Bank's primary operations, including customer accounts, deposits, withdrawals, transfers, and other banking transactions. It provides real-time data integration, allowing customers to access their accounts and perform transactions online or through various digital applications. At present approximately 8 million financial transactions are being processed by the Core Banking System every month. In addition to this, considering future business projections, the Bank is in the process of re-architecting its existing Core Banking System that would facilitate Next-generation core banking platform.
- **Online and Mobile Banking:** SBM Bank India offers online and mobile banking services that enable customers to access their accounts, view balances, initiate fund transfers, pay bills, and manage various banking activities remotely. These services leverage secure IT systems to ensure data privacy and protect against unauthorized access.
- **Payment Systems:** Modern payment systems that use cash substitute as compared to traditional payment systems have been enabled for customers of SBM Bank India. The Bank utilizes electronic funds transfer mechanisms such as Real-Time Gross Settlement (RTGS), National Electronic Funds Transfer (NEFT), Immediate Payment Service (IMPS), Unified Payments Interface (UPI) developed by National Payments Corporation of India (NPCI), SWIFT (that allows sending/receiving electronic payments internationally) and Aadhaar Enabled Payment System (AePS) to facilitate seamless and secure fund transfers between accounts within the Bank and other financial institutions.
- **Card Management System (CMS):** SBM Bank India offers and manages a wide variety of cards such as Debit, Credit & Prepaid cards across RuPay, VISA & Mastercard payment networks. At present Bank has setup the card management system on SBM owned dedicated virtual private cloud (VPC) with ease of integration across various systems, inbuilt information security checks and platform that supports ease of operations.
- **Digital Transformation – Corporate Banking & Treasury:** Corporate Banking is a significant contributor in today's business and to meet client needs and expectations, SBM Bank India has been working towards various Digital Transformation initiatives. These innovations will open more business avenues, enhance the client experience with faster processing and ensure better governance and automation in operations.
  - **Corporate Internet Banking** – SBM Bank India offers a Corporate Internet Banking platform to its corporate customers for carrying out online business transactions, securely and conveniently from the comfort of their home or office. The corporate internet banking portal facilitates various features of Balance Inquiry, Funds Transfer (within and to other Banks), FD/RD, Tax payment, Bulk Payments Upload etc. With internet banking services at fingertips, the Bank aims to ensure convenience and security on the platform.

- **eTrade Portal** – The Bank is now working towards building a Digital Online Platform with benefit of Anytime Anywhere Banking, that would facilitate all Trade Finance Products & Fx remittances.
  - **SmartOnFX (Electronic Trading)** – Digital Fx Online Platform which is in the phase of implementation would provide customers flexibility and transparency in booking rates without the need to call the dealers or branch for rate booking.
  - **Derivatives Implementation** – This is a Banking Automation for enabling the new business avenues that will allow Bank to transact a wide variety of products across Foreign Exchange, Fixed Income, Interest Rates, Equities and Structured Products with integrated Liquidity & Risk Management.
  - **Supply Chain Financing Portal** – SBM Bank India is now working towards building a digital solution that would allow Bank to manage various supply chain finance products such as Dealer Finance, Vendor Finance, etc. generating business for the Bank.
  - **Digital Document Execution Platform** – Bank is in the process of implementing a digital document execution platform. This will automate and benefit the customers for e-Sign and e-Stamping of Loan Documents reducing the time consumed in physical paperwork, logistics and manual data entry. This portal works with Nesl API integrations for digital execution of documents.
- **Customer Relationship Management (CRM):** SBM Bank India employs CRM software to manage customer interactions, track customer preferences, and personalize services. This technology allows the Bank to better understand customer needs and offer tailored financial products and services.
  - **Security and Fraud Prevention:** IT infrastructure at SBM Bank India incorporates multiple layers of security to safeguard customer information, prevent fraud, and protect against cyber threats. These measures include DDOS protection, firewalls, intrusion detection systems, strong encryption protocols, and multi-factor authentication methods to ensure the confidentiality and integrity of sensitive data. SBM Bank India also ensures real-time monitoring and reporting of network for any unusual activity trends is carried out through implementation of various security tools and measures.
  - **Robust IT Infrastructure:** Efficiency, productivity, performance, and security are the fundamental keys to running a successful business, and they should be followed not only to keep up with market trends but also to gain a competitive advantage. In achieving these goals, IT infrastructure services of SBM Bank India have been designed to be robust and agile so that it can easily adapt to the market and technology changes at reduced costs. The launch of a well-architected landing zone on Amazon Web Services (AWS) cloud environment has helped Bank have a scalable and secured infrastructure platform to deploy various business applications. In addition to that we also have enabled Virtual Desktop Infrastructure (VDI) - a cutting-edge technology that utilizes virtual machines to manage and provide virtual desktops.
  - **API Strategy** – SBM Bank India uses Enterprise Service Bus (ESB) that enables an architecture for application interaction through APIs. ESB eliminates application silos by quickly integrating anything with everything and thereby accelerates the time-to-market by developing applications faster and re-using existing assets.
  - **Data Analytics and Business Intelligence:** SBM Bank India utilizes IT tools for data analytics and business intelligence to gain insights into customer behaviour, identify trends, and make informed business decisions. This allows the Bank to offer targeted financial products and services, improve operational efficiency, and enhance the overall customer experience.
  - **Compliance & Regulatory:** Banks regularly have to deal with a lot of regulatory compliance norms set up by the government or central banking agencies on a local/national or even on an international level. Keeping that into consideration, SBM Bank India has deployed various audit, compliance, and risk management systems to ensure good compliance records, risk governance and regulatory reporting standardization.

Other major applications pertaining to this area which have been rolled out in SBM Bank India are Enterprise Fraud Management System (EFRM) for monitoring of frauds, Automated Data Flow (ADF), Risk Assessment Model (RAM) etc.

- **Enterprise applications for the organization & its employees** – SBM Bank India has a set of Enterprise applications which is used widely across by the Bank’s employees. The ITSM Tool (**Suvidha**) acts as a centralized service desk solution for Incident, Service Request and Change Management. **Workline** is an HRMS application that serves as an office assistant to all the staff and helps in management of all the HR related transactions. **Expensing** offers affordable digital transformation solutions for Procurement & Payment Processing. Also, recently the Bank has launched a portal named **Svikriti** which is used for online approval systems and vendor management systems.
- **Other Digital Transformation Initiatives:** SBM Bank India actively embraces digital transformation initiatives to enhance operational efficiency and customer experience. These initiatives include digital onboarding through Video KYC, paperless transactions, and automation of internal processes. With regards to the setup of a repository to manage & store customer documents, earlier KYC documents of customers were sent to Bank’s authority either physically or over electronic mode that resides in dedicated SFTP location. However, we are further strengthening our digital capabilities to implement a centralized Document Management System that would make it digitally store documents in standardized file structures and formats, approved workflows, easy search, and retrieval mechanism, indexing along with adequate security.

The Bank’s journey towards leveraging technology to deliver efficient, secure, and customer-centric banking services continues and the Bank would keep adopting emerging technologies and innovative IT solutions to stay competitive in the ever-evolving banking industry.

**c. Foreign Exchange Earnings and Outgo**

During the year, the total foreign exchange earned by the Bank was ₹**2,12,395** thousand and the Foreign Exchange outgo was ₹**5,53,197** thousand. (This does not include foreign currency cash flows in derivatives and foreign currency exchange transactions.)



# ANNEXURE B

## 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 on the CSR policy of the Company:

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 initiatives aimed at creating conditions suitable for sustainable livelihood and dignified living in these communities. To this effect the Bank's CSR objectives are as follows: **(a)** Promotion of healthcare and sanitation **(b)** Extending support to Old Age Homes/Day Care facilities for senior citizens **(c)** Extending support to poverty alleviation initiatives and measures to reduce inequalities **(d)** Extending support to initiatives around education and skill development **(e)** Extending support to initiatives around environmental sustainability and rural development and **(f)** Extending support to initiatives that promote the welfare of Armed Forces Veterans.

### 2. The Composition of CSR Committee:

Sr. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula – Chairman	Part-time Chairman (Non – Executive and Independent Director)	1	1
2.	Mrs. Sudha Ravi – Member	Independent Director	1	1
3.	Ms. Sharon Ramdenee – Member	Independent Director	1	1
4.	Mr. Sidharth Rath – Member	Managing Director and CEO	1	1

### 3. Web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

- Composition of the CSR committee: <https://www.sbmbank.co.in/aboutus/about-sbm-csr.php>
- CSR policy: [https://www.sbmbank.co.in/aboutus/sbmasses/pdf/policies/policy\\_10.pdf](https://www.sbmbank.co.in/aboutus/sbmasses/pdf/policies/policy_10.pdf)
- CSR projects: <https://www.sbmbank.co.in/aboutus/about-sbm-csr.php>

### 4. Executive Summary along with the web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not applicable

### 5. (a) Average Net Profit of the Company as per sub-section (5) of section 135: ₹ 17,15,71,819.92

(b) Two percent of average net profit of the Company as per sub-section (5) of section 135: ₹ 34,31,436.40

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set-off for the financial year, if any: Nil

(e) Total CSR obligation for the financial year [(b) +(c) - (d)]: ₹ 34,31,436.40

**6. (a) Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects): ₹ 27,00,000.**

Details as below:

- ₹ 24.5 lacs were released to Govardhan Eco Village's skill development centre ("Govardhan Skill Centre") for the vocational skill training for 137 tribal students in the district of Palghar.
- ₹ 2.5 lacs were spent for carrying out 100 cataract surgeries for underprivileged elderly in areas in and around the Palghar district.

**(b) Amount spent in Administrative Overheads:** Not Applicable. The Bank's CSR Steering Group reviews proposals from various agencies executing projects that align with the Bank's CSR objectives, provides recommendations to the Committee on CSR fund allocation and supervises the transfer of funds, and next steps around ensuring proper use of funds as an activity carried out pro-bono.

**(c) Amount spent on Impact Assessment, if applicable:** Not applicable.

**(d) Total amount spent for the Financial Year [(a) + (b) + (c)]:** ₹ 27,00,000

**(e) CSR amount spent or unspent for the Financial Year:** as below

Total Amount Spent for the Financial Year 2022-23 (in ₹)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of transfer
27,00,000	Nil	N.A.	PM's National Relief Fund	7,32,000	27.07.2023

**(f) Excess amount for set-off, if any:** None

Sr.No.	Particulars	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	34,31,436.40
(ii)	Total amount spent for the Financial Year	27,00,000.00
(iii)	Excess amount spent for the Financial Year [(ii) - (i)]	None
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	None
(v)	Amount available for set off in succeeding Financial Years [(iii) - (iv)]	None

**7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:** Not applicable

1	2	3	4	5	6		7	8
Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1								

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** Not Applicable

**9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per subsection (5) of section 135:**

The Company is committed to focus on inclusive growth and improve lives by contributing towards communities around which it operates. This dedicated commitment towards inclusive growth is manifested through the Company's CSR initiatives undertaken in and around the rural areas of Palghar, Maharashtra, where the Bank has its local Branch operations and has rolled out the Pragatishil Palghar Programme during the financial year 2022-23.

The overall CSR Expenditure was ₹ 27.00 lakhs during the financial year 2022-23 as against amount required to be spent of ₹ 34.31 lakhs during the financial year 2022-23. During the financial year 2022-23, the Company endeavoured to meet the budgeted expenditure by contributing towards various eligible CSR activities and has committed to incur expenditure for CSR initiatives in the coming years through structured events or programs and projects.

This being the first year, the Company has taken steps in the right direction and going forward is committed to actively engage with the partners/NGOs to execute the said events or projects and programs and incur expenditure in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. Further, in terms of the provisions of section 135 of Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, ₹ 0.73 million, which remained to be expended, was transferred to the PM's National Relief Fund.

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

**Sd/-  
Sidharth Rath  
Managing Director and CEO  
(DIN: 00682901)**

**Sd/-  
Abdul Sattar Adam Ali Mamode Hajee Abdoula  
Chairman, CSR Committee**

**Place:** Mumbai

**Date:** 09/08/2023



## ANNEXURE C

### SECRETARIAL AUDIT REPORT

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

**Subject: Secretarial Audit Report of the Bank for the Financial Year 2022-23**

We present herewith the Secretarial Audit Report for **SBM Bank (India) Limited**, for the Financial Year 2022-23 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 records is the responsibility of the management of the Bank. 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 Bank.
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 Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

**Place:** Mumbai  
**Date:** 03.08.2023

**Signature:**  
**Name of the Firm: D. A. Kamat & Co**  
**FCS No. 3843**  
**CP No: 4965**  
**UDIN: F003843E000729799**  
**P.R.No.: 1714/2022**

**FORM NO MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR 1<sup>ST</sup> APRIL, 2022 to 31<sup>ST</sup> MARCH, 2023**

[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 "Bank"). 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 Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, 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, we hereby report that in our opinion, the Bank has during the audit period covering Financial Year from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023, complied with the statutory provisions listed hereunder and also that the Bank 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 Bank for the Financial Year from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023 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 Foreign 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 (Issue and Listing of Non- Convertible Securities) Regulations, 2021;
  8. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

- During the year under review, the Bank increased its borrowing limit under Section 180 (1) (c) of the Companies Act, 2013 up to ₹2000 Crores (Rupees Two Thousand Crore) vide Special Resolution passed in the Annual General Meeting dated 21<sup>st</sup> July, 2022. However, the Bank has filed form MGT 14 for the said approval of the Board of Directors vide Meeting held on 11<sup>th</sup> May, 2022 *in delay*.

- II. Provisions of the following Regulations and Guidelines prescribed are not applicable to the Bank, for the financial year ended March 31, 2023 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;
  - (h) The Securities and Exchange Board of India (Registrar to an Issuer and Share Transfer Agent) Regulation 1993
- III. Based on the nature of business activities of the Bank, the following specific Acts / Laws / Rules / Regulations are applicable to the Bank, 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 Bank and its officers on the systems, records and compliances under other laws applicable to the Bank.
- 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 Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no 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 Bank has undertaken following events / action having a major bearing on the Bank's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- During the year under review there have been following Changes in the Key Managerial Personnel of the Bank.
  - a. Resignation of Ms. Bhavna Shinde from the position of Company Secretary and Compliance officer with effect from 11<sup>th</sup> August, 2022 and appointment of Mr. Hitesh Gundigara as Company Secretary and Compliance officer with effect from 12<sup>th</sup> August, 2022
  - b. Resignation of Mr. Hitesh Gundigara from the position of Company Secretary and Compliance officer with effect from 31<sup>st</sup> January, 2023. Further, appointment of Ms. Ruchi Sheth as Company Secretary and Compliance officer of the Company with effect from 29<sup>th</sup> May, 2023 has been undertaken.
- In accordance with the powers delegated by the Board to the Debenture Allotment Committee, the Debenture Allotment Committee of Bank on 5<sup>th</sup> April 2022 allotted the ₹ 12500 lakhs NCDs to the subscribed investors. Further NSE vide its letter dated 6<sup>th</sup> April, 2022 had provided the final listing of the NCDs on NSE wholesale debt segment with effect from April 6, 2022.

- The Bank vide its Board Meeting held on 7<sup>th</sup> November, 2022 has accorded its in-principle approval for issuance of Debt Securities on Private Placement Basis for an aggregate amount of ₹ 125 Crores which was approved by the Shareholders of the Bank at the Extra Ordinary General Meeting held on 23<sup>rd</sup> November, 2022. Further, In accordance with the powers delegated by the Board to Capital Raising Committee, the Capital Raising Committee on Meeting held on 24<sup>th</sup> January, 2023 has allotted 99 Compliant Rated, Listed, Unsecured, Subordinated, Redeemable, Non-Convertible Debentures (Series II) of ₹1,00,00,000/- (Rupees One Crore Only) each at par, amounting to ₹99,00,00,000/- on Private Placement Basis. Further NSE vide its letter dated 27<sup>th</sup> January, 2023 had provided the final listing of the NCDs on NSE wholesale debt segment with effect from 27<sup>th</sup> January, 2023.
- The Bank has expended CSR budget of ₹2.7 million for FY 2022-23 in the following manner:
  - a. An amount of ₹2.45 million was spent towards various vocational trainings of 137 students in and around Palghar in association with Shri Chaitanya Seva Trust's Govardhan Skill Development Centre.
  - b. An amount of ₹0.25 million was directed towards carrying out 100 cataract surgeries for the underprivileged elderly in and around Palghar in association with Help Age India.

However, CSR obligations for FY 2022-23, i.e. 2% of the average net profits of the Bank during the immediate three preceding financial years, calculated in terms of the provisions of section 198 of the Act and Rule 2(h) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, was ₹3.43 million as against the expended amount of ₹2.7 million. Thus, the Board at its meeting held on 29<sup>th</sup> May 2023 approved the unspent CSR amount ₹0.73 million, to be transferred to the PM's National Relief Fund on or before 30<sup>th</sup> September, 2023.

- The Bank has made an additional provision of 1% of Operating Income of the year having an impact of ₹ 2.97 Crores, as advised by the Reserve Bank of India in view of certain non-compliances observed in its operation with respect to Automation of Income Recognition, Asset Classification and Provisioning processes.
- The Reserve Bank of India, vide its press release No. 2022-2023/1597 dated 23<sup>rd</sup> January, 2023 and vide its press release No. 2022-2023/1643 dated 31<sup>st</sup> January, 2023 in exercise of its powers under sections 35A and 36(1)(a) of the Banking Regulation Act, 1949 directed SBM Bank (India) Ltd to cease, with immediate effect, all transactions under Liberalised Remittance Scheme (LRS) till further orders. The same has been intimated to the stock exchange.

**Place:** Mumbai  
**Date:** 03.08.2023

**Signature:**  
**Name of the Firm: D. A. Kamat & Co**  
**FCS No. 3843**  
**CP No: 4965**  
**UDIN: F003843E000729799**  
**P.R.No.: 1714/2022**



# FINANCIAL SECTION



# INDEPENDENT AUDITOR'S REPORT

To,  
**The Members of SBM Bank (India) Limited**  
**Report on 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, 2023, 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, 2023, 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.

## Key Audit Matters

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

<p>the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard.</p> <p>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.</p> <p>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.</p>	<p>classification and provision amount as per extant IRAC norms and the Bank policy.</p> <p>Performed other substantive procedures included and not limited to the following:</p> <ul style="list-style-type: none"> <li>• Selected samples of performing loans and assessed independently as to whether those should be classified as NPA;</li> <li>• For samples selected reviewed the collateral valuation, financial statements and other qualitative information;</li> <li>• 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;</li> <li>• For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts;</li> <li>• 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;</li> <li>• Examined the early warning reports generated by the Bank to identify stressed loan accounts;</li> <li>• 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;</li> <li>• Reviewed the Audit report of the external auditors regarding compliance of RBI circular in respect of IRAC Automation. As the automation guidelines as per RBI circular have not been fully complied in case of Buyout portfolio, verified the cases exceeding days past due (DPD) for classification and provisioning.</li> </ul>
<p><b>Information Technology (“IT”) Systems and Controls</b></p> <p>The Bank has an IT architecture to support its day-to-day business operations. High volumes of transactions is processed and recorded on single or multiple applications.</p> <p>The reliability and security of IT systems play 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.</p>	<p>Our Audit procedures with respect to this matter included:</p> <p>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.</p> <p>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.</p>

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.

Key IT Audit procedures include 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 Director's 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.

### **Auditor's 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

Bank has made an additional provision of 1% of Operating Income of the year having an impact of ₹ 2.97 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 matter.

### 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.
  - d. The profit and loss account 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 profit and loss account 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, 2023 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 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 and Note 16 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.
- vi) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w. e. f. April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the current financial year.

**Place:** Mumbai  
**Date:** May 29, 2023

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

**Rajesh Joshi**  
**Partner**  
Membership No. 038526  
UDIN: 23038526BGWQDG3697

### **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, 2023 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 include 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, 2023, 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 29, 2023

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

**Rajesh Joshi**  
**Partner**  
Membership No. 038526  
UDIN: 23038526BGWQDG3697

## SBM BANK (INDIA) LIMITED

BALANCE SHEET AS ON MARCH 31, 2023				PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2023			
	Schedule	Audited As at 31 March 2023	Audited As at 31 March 2022		Schedule	For the year ended 31 March 2023	For the year ended 31 March 2022
		(Amount in ₹'000)	(Amount in ₹'000)			(Amount in ₹'000)	(Amount in ₹'000)
<b>CAPITAL AND LIABILITIES</b>				<b>I. INCOME</b>			
Capital	1	8,236,251	8,236,251	Interest earned	13	6,656,708	3,972,950
Reserves & Surplus	2	(833,624)	(1,090,047)	Other Income	14	2,013,469	1,134,540
Deposits	3	73,185,330	67,994,463	<b>TOTAL</b>		<b>8,670,177</b>	<b>5,107,490</b>
Borrowings	4	17,052,493	3,190,000	<b>II. EXPENDITURE</b>			
Other Liabilities and Provisions	5	3,612,101	2,462,510	Interest expended	15	4,533,906	2,722,132
<b>TOTAL</b>		<b>101,252,551</b>	<b>80,793,177</b>	Operating expenses	16	3,759,774	1,856,030
<b>ASSETS</b>				Provisions & contingencies	17B-(14-e)	168,343	366,266
Cash and Balances with Reserve Bank of India	6	9,713,098	11,405,372	<b>TOTAL</b>		<b>8,462,023</b>	<b>4,944,428</b>
Balances with Banks and Money at Call and Short Notice	7	232,712	551,414	<b>III. PROFIT/LOSS</b>			
Investments	8	36,927,090	22,278,658	Net profit/(loss) for the year		208,154	163,062
Advances	9	48,359,324	43,535,662	Profit/(loss) brought forward		(2,726,867)	(2,753,517)
Fixed Assets	10	881,539	696,274	<b>TOTAL</b>		<b>(2,518,713)</b>	<b>(2,590,455)</b>
Other Assets	11	5,138,788	2,325,797	<b>IV. APPROPRIATIONS</b>			
<b>TOTAL</b>		<b>101,252,551</b>	<b>80,793,177</b>	Transfer to Statutory Reserves		52,039	40,766
Contingent Liabilities	12	99,607,129	83,467,100	Transfer to Capital Reserve		5,213	3,799
Bills for Collection		6,214,842	3,882,138	Transfer to Investment Fluctuation Reserve		150,902	91,847
Significant Accounting Policies & Notes on Accounts	17			Balance carried over to Balance Sheet		(2,726,867)	(2,726,867)
				<b>TOTAL</b>		<b>(2,518,713)</b>	<b>(2,590,455)</b>
				<b>V. BASIC AND DILUTED EARNING PER SHARE (INR)</b>			
					17B-(23)	0.25	0.21

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

As per our attached Report of even date.

**For K. S. Aiyar & Co.**

**Chartered Accountants**

ICAI Firm Registration No.: 100186W

Sd/-

**Mr. Rajesh Joshi**

Partner

ICAI Membership No. 038526

**Place:** Mumbai

**Date:** May 29, 2023

**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/-

**Ms. Ruchi Sheth**

Company Secretary

## SBM BANK (INDIA) LIMITED

### STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Year Ended March 31, 2023 (Amount in ₹'000)	Year Ended March 31, 2022 (Amount in ₹'000)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit after Taxes	208,154	176,007
<b>Adjustments to Profit/(loss) from operations</b>		
Loss/(Profit) from sale of fixed assets	-	(4)
Depreciation on Fixed Assets	148,284	113,765
Amortisation of premium on Held to Maturity investments	22,470	21,520
Provision for Non-Performing Assets	47,869	139,107
Depreciation on investments or (Profit)/ loss on revaluation of investments	19,475	56,406
Non-performing Advances written off	133,771	188,112
Provision on standard assets and other contingencies	39,203	64,270
<b>Sub-Total</b>	<b>619,226</b>	<b>759,183</b>
<b>Changes in working capital</b>		
(Increase)/Decrease in Investments	(11,000,565)	(4,648,742)
(Increase)/Decrease in Advances	(5,005,301)	(14,689,597)
(Increase)/Decrease in Other Assets	(2,833,356)	(1,196,846)
Increase/(Decrease) in Deposits	5,190,867	29,442,632
Increase/(Decrease) in Other Liabilities	1,110,388	1,236,748
<b>Net Cash from Operating Activities before Income Tax</b>	<b>(11,918,741)</b>	<b>10,903,378</b>
Tax refund (net of taxes paid)	20,365	2,599
<b>Net Cash from Operating Activities after Income Tax</b>	<b>(11,898,376)</b>	<b>10,905,977</b>
<b>B. Cash Flow from Investing Activities</b>		
(Increase)/Decrease in Held To Maturity (HTM) securities	(3,689,812)	(5,442,665)
Purchase of Fixed Assets	(285,281)	(239,066)
Proceeds from sale of Fixed Assets	-	46
<b>Net Cash from Investing Activities</b>	<b>(3,975,093)</b>	<b>(5,681,685)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital	-	1,000,000
Proceeds from raising Tier-2 Capital	2,240,000	-
Increase/(Decrease) in Borrowings	11,622,493	1,500,163
<b>Net Cash from Financing Activities</b>	<b>13,862,493</b>	<b>2,500,163</b>

## SBM BANK (INDIA) LIMITED

### STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Year Ended March 31, 2023 (Amount in ₹'000)	Year Ended March 31, 2022 (Amount in ₹'000)
<b>D. Cash and Cash Equivalent at the beginning of the year</b>		
I. Cash in Hand (including foreign currency notes and gold)	20,527	19,231
II. Balances with Reserve Bank of India	4,484,845	1,064,983
III. Balances with Banks and Money at Call and Short Notice	7,451,414	3,148,117
	<b>11,956,786</b>	<b>4,232,331</b>
<b>E. Cash and Cash Equivalent at the end of the year</b>		
I. Cash in Hand (including foreign currency notes and gold)	14,827	20,527
II. Balances with Reserve Bank of India	9,698,271	4,484,845
III. Balances with Bank and Money at Call and Short Notice	232,712	7,451,414
	<b>9,945,810</b>	<b>11,956,786</b>
A. Cash Flow from Operating Activities	(11,898,376)	10,905,977
B. Cash Flow from Investing Activities	(3,975,093)	(5,681,685)
C. Cash Flow from Financing Activities	13,862,493	2,500,163
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(2,010,976)</b>	<b>7,724,455</b>
<b>D. Cash and Cash Equivalent at the beginning of the year</b>	<b>11,956,786</b>	<b>4,232,331</b>
<b>E. Cash and Cash Equivalent at the end of the year (A+B+C+D)</b>	<b>9,945,810</b>	<b>11,956,786</b>

**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 29, 2023

**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/-

**Ms. Ruchi Sheth**

Company Secretary

## SBM BANK (INDIA) LIMITED

### SCHEDULES FORMING PART OF THE BALANCE SHEET

	As of 31 March 2023	As of 31 March 2022		As of 31 March 2023	As of 31 March 2022
	(Amount in ₹'000)	(Amount in ₹'000)		(Amount in ₹'000)	(Amount in ₹'000)
<b>SCHEDULE 1 : CAPITAL</b>			<b>SCHEDULE 3 : DEPOSITS</b>		
<b>Authorised Capital :</b> 1,000,000,000 equity shares of ₹10 each (P.Y. 1,000,000,000)	<b>1,00,00,000</b>	<b>1,00,00,000</b>	<b>A.I. Demand Deposits</b>		
<b>Issued, subscribed and paid-up capital :</b>			(i) From Banks	520,217	233,644
Opening Balance (823,625,084 equity shares of ₹10 each)	8,236,251	7,569,584	(ii) From Others	10,624,661	14,023,035
(PY 756,958,400 equity shares of ₹10 each)	-	666,667	<b>A.II. Savings Bank Deposits</b>		
Additions during the year	-	-		9,317,161	4,276,010
Deductions during the year	-	-	<b>A.III. Term Deposits</b>		
<b>TOTAL</b>	<b>8,236,251</b>	<b>8,236,251</b>	(i) From Banks	3,257,124	3,139,648
			(ii) From Others	49,466,167	46,322,126
			<b>Total</b>	<b>73,185,330</b>	<b>67,994,463</b>
			<b>B.I. Deposits of branches in India</b>	73,185,330	67,994,463
			<b>B.II. Deposits of branches outside India</b>	-	-
			<b>TOTAL</b>	<b>73,185,330</b>	<b>67,994,463</b>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>			<b>SCHEDULE 4 : BORROWINGS</b>		
<b>I. Statutory Reserve u/s 17(i)</b>			<b>I. Borrowings in India</b>		
Opening Balance	452,016	411,250	i) Reserve Bank of India	60,000	1,90,000
Additions during the year	52,039	40,766	ii) Other Banks	-	-
Deductions during the year	-	-	iii) Other Institutions and Agencies	16,927,197	3,000,000
<b>Sub Total</b>	<b>504,055</b>	<b>452,016</b>	<b>Sub Total</b>	<b>16,987,197</b>	<b>3,190,000</b>
<b>II. Capital Reserve</b>			<b>II. Borrowings outside India</b>	65,296	-
Opening Balance	102,320	98,521	<b>TOTAL (I + II)</b>	<b>17,052,493</b>	<b>3,190,000</b>
Additions during the year	5,213	3,799	<b>Secured Borrowings included in I &amp; II above</b>	7,905,597	3,190,000
Deductions during the year	-	-			
<b>Sub Total</b>	<b>107,533</b>	<b>102,320</b>	<b>SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS</b>		
<b>III. Retained Earnings</b>			I. Bills Payable	197,289	76,074
Opening Balance	320,098	320,098	II. Inter-office adjustments (net)	-	-
Additions during the year	-	-	II. Interest Accrued	419,944	104,821
Deductions during the year	-	-	III. Deferred Tax Liability (Net)	-	-
<b>Sub Total</b>	<b>320,098</b>	<b>320,098</b>	IV. Provision for standard advances (Refer Note 4 (a) - Schedule 17.B)	257,140	217,937
<b>IV. Investment Fluctuation Reserve</b>			V. Others (including Provisions) (Refer Note 32- Schedule 17.B for items exceeding 1% of total assets)	2,737,728	2,063,678
Opening Balance	203,677	111,830	<b>TOTAL</b>	<b>3,612,101</b>	<b>2,462,510</b>
Additions during the year	150,902	91,847	<b>SCHEDULE 6 : CASH AND BALANCES WITH RBI</b>		
Deductions during the year	-	-	I. Cash in Hand (including Foreign Currency Notes - NIL)	14,827	20,527
<b>Sub Total</b>	<b>354,579</b>	<b>203,677</b>	II. Balances with Reserve Bank of India		
<b>V. Revaluation Reserve</b>			in Current Account	4,158,271	4,484,845
Opening Balance	225,376	232,115	in Other Accounts	5,540,000	6,900,000
Additions during the year	54,974	-	<b>TOTAL</b>	<b>9,713,098</b>	<b>11,405,372</b>
Deductions during the year	6,705	6,739			
<b>Sub Total</b>	<b>273,645</b>	<b>225,376</b>			
<b>VI. Share Premium</b>					
Opening Balance	3,33,333	-			
Additions during the year	-	3,33,333			
Deductions during the year	-	-			
<b>Sub Total</b>	<b>3,33,333</b>	<b>3,33,333</b>			
<b>VII. Balance in Profit and Loss Account</b>	<b>(2,726,867)</b>	<b>(2,726,867)</b>			
<b>VIII. Share Application Money</b>					
<b>Total ( I+II+III+IV+V+VI)</b>	<b>(833,624)</b>	<b>(1,090,047)</b>			

## SBM BANK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET					
	As of 31 March 2023	As of 31 March 2022		As of 31 March 2023	As of 31 March 2022
	(Amount in ₹'000)	(Amount in ₹'000)		(Amount in ₹'000)	(Amount in ₹'000)
<b>SCHEDULE 7 : BALANCES WITH BANKS &amp; MONEY AT CALL &amp; SHORT NOTICE</b>			<b>SCHEDULE 10 : FIXED ASSETS</b>		
<b>I. In India</b>			<b>I. Premises</b>		
i) Balances with Banks in			At Cost at beginning of year	490,739	490,739
(a) Current Accounts	10,429	79,207	Additions during the year	54,974	-
(b) Other Deposit Accounts	-	-	Deductions during the year	-	-
ii) Money at call and short notice			Depreciation to date	165,479	155,499
(a) with Banks	-	-	<b>Sub Total</b>	<b>380,234</b>	<b>335,240</b>
(b) with Other Institutions	-	-	<b>II. Other Fixed Assets (including Furniture &amp; Fixtures)</b>		
<b>Sub Total</b>	<b>79,207</b>	<b>79,207</b>	At Cost at beginning of year	768,753	601,696
<b>II. Outside India</b>			Additions during the year	275,456	169,299
i) in Current Accounts	222,283	472,207	Deductions during the year	1,862	2,242
ii) in Other Deposit Accounts	-	-	Depreciation to date	635,919	492,771
iii) in Money at Call and Short Notice	-	-	<b>Sub Total</b>	<b>406,428</b>	<b>275,982</b>
<b>Sub Total</b>	<b>222,283</b>	<b>472,207</b>	<b>III. Capital Work in Progress</b>	94,877	85,052
<b>TOTAL (I + II)</b>	<b>232,712</b>	<b>551,414</b>	<b>TOTAL (I, II &amp; III)</b>	<b>881,539</b>	<b>696,274</b>
<b>SCHEDULE 8 : INVESTMENTS</b>			<b>SCHEDULE 11 : OTHER ASSETS</b>		
<b>I. Investments in India in</b>			I. Inter-Office Adjustment (Net)	-	-
i. Government Securities	35,510,061	21,009,856	II. Interest Accrued	584,335	326,803
ii. Other Approved Securities	-	-	III. Tax paid in Advance/ Tax Deducted at Sources (Net of Provisions)	131,230	90,913
iii. Shares	51,370	8,062	IV. Deferred Tax Assets (Net)	-	-
iv. Debentures and Bonds	1,095,037	1,110,390	V. Stationery and Stamps	39	33
v. Subsidiaries and /or Joint Venture	-	-	VI. Others (Refer Note 33- Schedule 17.B for items exceeding 1% of total assets)	4,423,184	1,908,048
vi. Others (includes investment in PTC)	270,622	150,350	<b>TOTAL</b>	<b>5,138,788</b>	<b>2,325,797</b>
<b>TOTAL</b>	<b>36,927,090</b>	<b>22,278,658</b>	<b>SCHEDULE 12 : CONTINGENT LIABILITIES</b>		
<b>II. Investments outside India</b>	-	-	I. Claims against the Bank not acknowledged as Debts	89,105	89,105
<b>TOTAL (I + II)</b>	<b>36,927,090</b>	<b>22,278,658</b>	II. Liability for Partly Paid Investments	-	-
<b>SCHEDULE 9 : ADVANCES*</b>			III. Liability on account of outstanding Forward Exchange Contracts & Derivatives	73,872,107	59,887,438
<b>A. i) Bills Purchased and Discounted</b>	2,765,268	1,568,727	IV. Guarantees given on behalf of Constituents		
ii) Cash Credits, Overdrafts and Loans repayable on Demand	13,572,607	13,789,374	a) In India	7,142,036	5,115,267
iii) Term loans	32,021,089	28,177,561	b) Outside India	3,878,686	3,897,149
<b>TOTAL</b>	<b>48,359,324</b>	<b>43,535,662</b>	V. Acceptances, Endorsements and Other Obligation	5,579,156	5,126,561
<b>B. i) Secured by Tangible Assets (includes advances against Book debts)</b>	41,756,316	40,297,713	VI. Other items for which the Bank is Contingently Liable	9,046,039	9,351,580
ii) Covered by Bank / Government Guarantees (includes advance against standby letter of credit )	445,939	273,048	<b>TOTAL</b>	<b>99,607,129</b>	<b>83,467,100</b>
iii) Unsecured	6,157,069	2,964,901			
<b>TOTAL</b>	<b>48,359,324</b>	<b>43,535,662</b>			
<b>C. I. Advances in India</b>					
i. Priority Sectors	14,010,973	8,137,268			
ii. Public Sector	-	-			
iii. Banks	347,074	14,833			
iv. Others	34,001,277	35,383,561			
<b>TOTAL</b>	<b>48,359,324</b>	<b>43,535,662</b>			
<b>II. Advances outside India</b>	-	-			
<b>TOTAL (CI &amp; CII)</b>	<b>48,359,324</b>	<b>43,535,662</b>			

\* Net of borrowings under Inter Bank Participation Certificate (IBPC) with Risk participation ₹1,96,600 (in '000) (Previous year NIL)

## SBM BANK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT					
	Year Ended 31 March 2023	Year Ended 31 March 2022		Year Ended 31 March 2023	Year Ended 31 March 2022
	(Amount in ₹'000)	(Amount in ₹'000)		(Amount in ₹'000)	(Amount in ₹'000)
<b>SCHEDULE 13 : INTEREST EARNED</b>			<b>SCHEDULE 15 : INTEREST EXPENDED</b>		
I. Interest /Discount on Advances /Bills	4,496,238	2,849,891	I. Interest on Deposits	3,433,472	2,376,147
II. Income on Investments	1,855,731	860,222	II. Interest on Reserve Bank of India /Inter Bank Borrowings	266,731	30,673
III. Interest on Balances with RBI and Other Interbank Funds	209,455	171,235	III. Others*	833,703	315,312
IV. Others*	95,284	91,602	<b>TOTAL</b>	<b>4,533,906</b>	<b>2,722,132</b>
<b>TOTAL</b>	<b>6,656,708</b>	<b>3,972,950</b>	*includes Swap Cost on Funding Swaps		
* includes Swap Gain on Funding Swaps			<b>SCHEDULE 16 : OPERATING EXPENSES</b>		
<b>SCHEDULE 14 : OTHER INCOME</b>			I. Payments to and Provision for Employees	1,215,669	753,974
I. Commission, Exchange and Brokerage	938,174	610,127	II. Rent, Taxes and Lighting	179,330	101,288
II. Profit/(loss) on sale of Investments (Net)	111,032	123,669	III. Printing and Stationery	28,818	8,085
III. Profit/(loss) on Revaluation of Investments (Net)	(41,175)	(56,406)	IV. Advertisement and Publicity	61,234	24,232
IV. Profit/(loss) on sale of Land Building & Other Assets (Net)	-	4	V. Depreciation on Bank's Property	148,284	113,765
V. Profit on Exchange Transactions (Net)	996,652	454,710	VI. Directors' fees, allowances and expenses	12,810	11,622
VI. Miscellaneous Income (Refer Note 34- Schedule 17.B for items exceeding 1% of total income)	8,786	2,436	VII. Auditors' Fee	4,611	4,905
<b>TOTAL</b>	<b>2,013,469</b>	<b>1,134,540</b>	VIII. Law charges (incl. Professional Fees)	448,019	178,125
			IX. Postages, Telegrams, Telephones, etc.	58,561	15,025
			X. Repairs and Maintenance	6,215	5,423
			XI. Insurance	84,222	59,092
			XII. Other Expenditure (Refer Note 31- Schedule 17.B for items exceeding 1% of total income)	1,512,001	580,494
			<b>TOTAL</b>	<b>3,759,774</b>	<b>1,856,030</b>





## SBM BANK (INDIA) LIMITED

SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

### 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, 2023 are located at Mumbai, Chennai, Hyderabad, Ramachandrapuram, New Delhi, Bengaluru, Palghar, Ahmedabad, Abitghar, Pune, Chandigarh and Kolkata.

#### 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 conforms 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 portfolios are marked to market on daily basis. Investments under AFS and HFT classifications 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 (PTCs) are valued by adopting base yield curve and FIMMDA spread matrix relative to weighted average maturity of the security. Priority sector PTCs 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.

Quoted equity shares are valued at their closing price on a recognized stock exchange. 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.

Investments in Security receipts ('SR') issued against loans transferred by the Bank is more than 10 percent of all SRs issued against the transferred asset, provision for depreciation is made higher of: (i) provision required based on NAV disclosed by the assets reconstruction company; and (ii) the provision as per IRAC norms, assuming that the loan notionally continued in the books of the Bank.

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 increases 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 classification 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 three years by an independent valuer to reflect current market valuation. Appreciation, if any, on revaluation is credited to Revaluation Reserve. Depreciation on the revalued portion of asset is adjusted from revaluation reserves.

**Impairment of Assets**

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

**j) Retirement and employee benefits**

**i) Leave salary** - The employees of the Bank are entitled to carry forward leave balance to the subsequent year. This carried forward balance is encashable 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.

The Bank has exercised option referred u/s 115BAA with respect to tax rate, accordingly Minimum Alternative Tax ('MAT') provision u/s 115JB are not applicable on 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 for 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 the 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 the 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 the financial year 2021-22, Bank has utilized remaining amount 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.

(₹ in Crore)

Sr. No.	CRAR ratio as per Basel III	March 31, 2023	March 31, 2022
i)	Common Equity Tier 1 capital (CET 1) / Paid up share Capital and reserves (net of deductions, if any)	689.75	671.72
ii)	Additional Tier 1 Capital/ Other Tier 1 Capital	-	-
iii)	Tier 1 Capital (i + ii)	689.75	671.72
iv)	Tier 2 Capital	282.91	50.89
v)	Total Capital (Tier 1+Tier 2)	972.66	722.61
vi)	Total Risk Weighted Assets (RWAs)	6017.68	4,181.89
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs) / Paid-up share Capital and reserves as percentage of RWAs	11.46%	16.06%
viii)	Tier 1 Ratio (Tier 1 Capital as a percentage of RWAs)	11.46%	16.06%
ix)	Tier 2 Ratio (Tier 2 Capital as a percentage of RWAs)	4.70%	1.22%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	16.16%	17.28%
xi)	Leverage Ratio	6.43%	6.65%
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	224	-
	a) BASEL III Compliant Non-Convertible Debentures	224	-

\* Including Share premium of ₹33.33 Crore

**b) Draw down from Reserves**

During FY 2022-23, 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, 2023.

(₹ 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	384.50	541.28	228.57	320.92	293.03	426.18	575.84	1,717.27	2,591.20	211.35	28.39	<b>7,318.53</b>
Advances	37.30	98.30	44.94	137.07	519.90	138.34	158.10	179.15	2,144.85	687.63	690.35	<b>4,835.93</b>
Investments	2,317.31	2.55	109.98	1.19	197.14	50.80	119.53	310.07	418.05	46.29	119.80	<b>3,692.71</b>
Borrowings	-	797.09	1.11	-	1.11	43.11	45.33	90.66	427.84	75.00	224.00	<b>1705.25</b>
Foreign Currency Assets	22.27	-	-	-	13.21	47.78	10.97	0.00	5.69	-	51.07	<b>150.99</b>
Foreign Currency Liabilities	84.23	9.39	3.07	5.42	21.08	0.62	74.34	80.20	494.18	185.92	5.86	<b>964.31</b>

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	<b>6,799.45</b>
Advances	17.18	69.76	34.98	30.22	617.24	143.79	144.16	146.80	1,760.68	736.20	652.56	<b>4,353.57</b>
Investments	1,003.98	0.40	-	1.13	1.15	1.18	407.58	332.17	230.67	129.17	120.44	<b>2,227.87</b>
Borrowings	-	-	-	-	-	-	15.00	43.00	126.00	135.00	-	<b>319.00</b>
Foreign Currency Assets	47.66	-	-	3.17	7.15	48.97	8.72	-	5.50	-	37.49	<b>158.66</b>
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	<b>511.17</b>

**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, 2023.

## Quantitative Disclosure FY 2022-23

(₹ in Crore)

		June 30, 2022		September 30, 2022		December 31, 2022		March 31, 2023	
		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)
<b>High Quality Liquid Assets</b>									
1	Total High Quality Liquid Assets (HQLA)		2,705.29		2,748.11		2,672.09		2,527.36
<b>Cash Outflows</b>									
2	Retail deposits and deposits from small business customers, of which:	1,584.21	158.42	1,851.57	185.16	2,140.66	214.07	2,149.43	214.94
(i)	Stable deposits	-	-	-	-	-	-	-	-
(ii)	Less stable deposits	1,584.21	158.42	1,851.57	185.16	2,140.66	214.07	2,149.43	214.94
3	Unsecured wholesale funding, of which:	2,899.05	1,540.15	2,918.44	1,663.90	2,387.02	1,404.99	2,308.97	1,299.20
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	2,899.05	1,540.15	2,918.44	1,663.90	2,387.02	1,404.99	2,308.97	1,299.20
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which	693.54	113.92	732.81	121.17	903.61	129.44	719.36	112.08
(i)	Outflows related to derivative exposures and other	8.00	8.00	6.55	6.55	8.93	8.93	10.75	10.75
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	685.54	105.92	726.26	114.62	894.68	120.51	708.61	101.33
6	Other contractual funding obligations	249.87	249.87	345.10	345.10	421.94	421.94	279.61	279.61
7	Other contingent funding obligations	1,423.88	42.90	1,409.62	42.47	1,474.19	44.39	1,603.13	48.28
8	<b>TOTAL CASH OUTFLOWS</b>		2,105.26		2,357.80		2,214.83		1,954.11
<b>Cash Inflows</b>									
9	Secured lending (e.g. reverse repos)	538.10	-	5.98	-	-	-	-	-
10	Inflows from fully performing exposures	172.45	115.05	172.74	109.40	225.24	128.69	248.42	131.81
11	Other cash inflows	174.17	91.56	178.06	93.79	163.19	86.90	132.31	72.36
12	<b>TOTAL CASH INFLOWS</b>	884.72	206.61	356.78	203.19	388.43	215.59	380.73	204.17
13	<b>TOTAL HQLA</b>		2,705.29		2,748.11		2,672.09		2,527.36
14	<b>TOTAL NET CASH OUTFLOWS</b>		1,898.65		2,154.61		1,999.24		1,749.94
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>		142.48%		127.55%		133.66%		144.43%

## Quantitative Disclosure FY 2021-22

(₹ 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)
<b>High Quality Liquid Assets</b>									
1	Total High Quality Liquid Assets (HQLA)		1,413.07		1,599.92		1,976.11		2,299.49
<b>Cash Outflows</b>									
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	<b>TOTAL CASH OUTFLOWS</b>		1,303.88		1,640.15		1,734.36		1,871.60
<b>Cash Inflows</b>									
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	<b>TOTAL CASH INFLOWS</b>	578.55	175.42	877.29	211.23	604.60	211.71	941.61	216.35
13	<b>TOTAL HQLA</b>		1,413.07		1,599.92		1,976.11		2,299.49
14	<b>TOTAL NET CASH OUTFLOWS</b>		1,128.46		1,428.92		1,522.65		1,655.25
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>		125.22%		111.97%		129.78%		138.92%

**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 scenarios 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"> <li>1. High Quality Liquid Asset (HQLA) is one of the major drivers of LCR; the major portion of HQLA consists of the facility to avail liquidity under Marginal Standing Facility (MSF), FALLCR &amp; excess SLR investments.</li> <li>2. Cash Outflow is another major driver of LCR. The main components of cash outflows are less stable retail deposits, funding from other legal entity and net derivative cash outflow.</li> <li>3. Another major driver of LCR is Cash Inflow. The main components of cash inflows are inflows by counterparty and net derivative cash inflow.</li> </ol>
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"> <li>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.</li> <li>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.</li> <li>3. Level 2B assets comprises of bonds of corporates having ratings of BBB- to A+ excluding the finance companies. 4. Level 2B assets also comprises of NIFTY/SENSEX shares excluding the finance companies.</li> </ol>

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, 2023 was at 144.43% as against 138.92% for the quarter ended March 31, 2022 and above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended March 31, 2023 was ₹ 2,527.36 crore as against was ₹ 2,299.49 crore for the quarter ended March 31, 2022.

### 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 all the quarter of Financial year 2022-23 and quarter ended December 2021 and March 31, 2022 have been disclosed below.

**Quantitative Disclosure**

(₹ in Crore)

NSFR Disclosure Template		June 30, 2022					September 30, 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	
<b>ASF Item</b>											
1	Capital: (2+3)	740.10	-	-	-	740.10	752.54	-	-	125.00	877.54
2	Regulatory Capital	740.10	-	-	-	740.10	752.54	-	-	-	752.54
3	Other capital instruments	-	-	-	-	-	-	-	-	125.00	125.00
4	Retail deposits and deposits from small business customers: (5+6)	474.30	369.20	603.40	727.20	1,988.00	745.84	486.10	606.85	889.67	2,449.46
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	474.30	369.20	603.40	727.20	1,988.00	745.84	486.10	606.85	889.67	2,449.46
7	Wholesale funding: (8+9)	1,322.40	2,072.60	1,304.70	1,188.70	2,615.20	1,561.92	2,421.52	821.97	910.44	2,314.46
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	1,322.40	2,072.60	1,304.70	1,188.70	2,615.20	1,561.92	2,421.52	821.97	910.44	2,314.46
10	Other liabilities: (11+12)	301.30	1.70	-	0.40	-	559.23	4.86	-	0.41	-
11	NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	301.30	1.70	-	0.40	-	559.23	4.86	-	0.41	-
13	Total ASF (1+4+7+10)	2,838.10	2,443.50	1,908.10	1,916.30	5,343.30	3,619.53	2,912.48	1,428.82	1,925.52	5,641.46
<b>RSF Item</b>											
14	Total NSFR high-quality liquid assets (HQLA)					148.20					156.53
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-	-
16	Performing loans and securities: (17+18+19+21+23)	99.10	1,367.70	36.70	3,071.40	3,364.70	49.69	1,365.27	59.05	3,232.62	3,484.28
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	99.10	1,367.70	30.70	-	760.00	49.69	1,365.27	53.05	-	745.20
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:	-	-	-	3,014.20	2,562.10	-	-	-	3,124.78	2,656.06
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	-	-	-	55.80	36.30	-	-	-	68.70	44.65
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	55.80	36.30	-	-	-	68.70	44.65
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	-	6.00	1.40	6.30	-	-	6.00	39.14	38.37
24	Other assets: (sum of rows 25 to 29)	1,010.90	-	-	-	995.70	1,291.71	-	-	-	1,276.36
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	101.30	-	-	-	86.10	102.35	-	-	-	87.00
27	NSFR derivative assets	15.50	-	-	-	15.50	17.26	-	-	-	17.26
28	NSFR derivative liabilities before deduction of variation margin posted	2.40	-	-	-	2.40	4.32	-	-	-	4.32
29	All other assets not included in the above categories	891.70	-	-	-	891.70	1,167.78	-	-	-	1,167.78
30	Off-balance sheet items	71.00	-	-	-	2.10	71.00	-	-	-	2.13
31	Total RSF	1,181.00	1,367.70	36.70	3,071.40	4,510.50	1,412.40	1,365.27	59.05	3,232.62	4,919.30
32	<b>Net Stable Funding Ratio (%)</b>					<b>118.46%</b>					<b>114.67%</b>

(₹ in Crore)

NSFR Disclosure Template		December 31, 2022					March 31, 2023				
		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	
<b>ASF Item</b>											
1	Capital: (2+3)	757.06	-	-	125.00	882.06	974.93	-	-	-	974.93
2	Regulatory Capital	757.06	-	-	-	757.06	750.93	-	-	-	750.93
3	Other capital instruments	-	-	-	125.00	125.00	224.00	-	-	-	224.00
4	Retail deposits and deposits from small business customers: (5+6)	937.54	472.31	529.34	1,200.15	2,881.50	818.24	468.83	580.88	1,239.14	2,864.88
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	937.54	472.31	529.35	1,200.15	2,881.50	818.24	468.83	580.88	1,239.14	2,864.88
7	Wholesale funding: (8+9)	1,239.54	2,513.26	963.51	1,024.08	2,250.04	1,231.90	1,431.06	1,269.02	924.97	2,125.89
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	1,239.54	2,513.26	963.51	1,024.08	2,250.04	1,231.90	1,431.06	1,269.02	924.97	2,125.89
10	Other liabilities: (11+12)	428.29	11.48	15.32	-	-	302.67	865.48	18.13	-	-
11	NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	428.29	11.48	15.32	-	-	302.67	865.48	18.13	-	-
13	Total ASF (1+4+7+10)	3,362.43	2,997.05	1,508.17	2,349.23	6,013.60	3,327.74	2,765.37	1,868.03	2,164.11	5,965.70
<b>RSF Item</b>											
14	Total NSFR high-quality liquid assets (HQLA)					170.10					179.71
15	Deposits held at other financial institutions for operational purposes	66.40				33.20	23.27	-	-	-	11.64
16	Performing loans and securities: (17+18+19+21+23)		1,312.70	195.80	3,989.50	4,207.20	-	1,097.21	239.22	3,588.46	3,756.01
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		36.30	68.70	593.70	633.60	-	41.16	52.14	463.65	495.90
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:		1,269.60	74.30	3,251.30	3,425.60	-	1,049.49	86.35	3,015.21	3,120.80
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		211.00			211.00	-	431.16	-	-	431.16
21	Performing residential mortgages, of which			19.80	84.50	74.70	-	-	20.10	99.20	84.58
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk			19.80	84.50	74.70	-	-	20.10	99.20	84.58
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	6.80	33.00	60.00	73.30	-	6.56	80.63	10.40	54.73
24	Other assets: (sum of rows 25 to 29)	616.60	7.80	8.10	49.50	666.60	620.18	12.64	11.95	47.12	688.03
25	Physical traded commodities, including gold						-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	102.80				87.40	103.33	-	-	-	87.83
27	NSFR derivative assets	41.90				41.90	25.20	-	-	-	25.20
28	NSFR derivative liabilities before deduction of variation margin posted	4.00				4.00	2.56	-	-	-	2.56
29	All other assets not included in the above categories	467.90	7.80	8.10	49.50	533.30	489.09	12.64	11.95	47.12	572.44
30	Off-balance sheet items	761.10				36.60	1,366.41	-	-	-	66.90
31	Total RSF	1,444.10	1,320.50	203.90	4,039.00	5,113.70	2,009.86	1,109.85	251.17	3,635.58	4,690.65
32	<b>Net Stable Funding Ratio (%)</b>					<b>117.60%</b>					<b>127.18%</b>

\* Items to be reported in the 'no maturity' time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities, and physical traded commodities.

(₹ 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	
<b>ASF Item</b>											
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	515.15	558.39	1,678.68
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	308.28	544.10	381.58	433.08	1,519.19	383.21	382.45	515.15	558.39	1,678.68
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	1.72	-	-	-	238.49	0.58	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	184.57	1.72	-	-	-	238.49	0.58	-	-	-
13	<b>Total ASF (1+4+7+10)</b>	<b>2,479.06</b>	<b>1,962.13</b>	<b>1,349.46</b>	<b>939.54</b>	<b>3,993.47</b>	<b>2,817.17</b>	<b>1,821.74</b>	<b>1,971.40</b>	<b>1,474.32</b>	<b>4,834.45</b>
<b>RSF Item</b>											
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	1,038.77	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 Standardized Approach for credit risk	-	-	-	-	-	-	-	-	-	-
21	Performing residential mortgages, of which	-	-	-	57.88	37.62	-	-	-	45.96	29.88
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	29.88
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	871.78	-	-	-	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	<b>Total RSF</b>	<b>2,398.13</b>	<b>877.25</b>	<b>156.94</b>	<b>2,245.58</b>	<b>3,311.45</b>	<b>2,943.98</b>	<b>1,038.77</b>	<b>97.70</b>	<b>2,730.14</b>	<b>3,955.26</b>
32	<b>Net Stable Funding Ratio (%)</b>					<b>120.60%</b>					<b>122.26%</b>

### 3. Investments

#### a) Composition of Investment Portfolio

As at March 31, 2023

(₹ in Crore)

Particulars	INVESTMENTS IN INDIA							INVESTMENTS OUTSIDE INDIA				
	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
<b>Held to Maturity</b>												
Gross	1,570.22	-	-	6.00	-	-	1,576.22	-	-	-	-	1,576.22
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	1,570.22	-	-	6.00	-	-	1,576.22	-	-	-	-	1,576.22
<b>Available for Sale</b>												
Gross	1,980.79	-	5.88	103.50	-	49.40	2,139.57	-	-	-	-	2,139.57
Less: Provision for depreciation and NPI	-	-	0.74	-	-	22.34	23.08	-	-	-	-	23.08
Net	1,980.79	-	5.14	103.50	-	27.06	2,116.49	-	-	-	-	2,116.49
<b>Held for Trading</b>												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	3,551.01	-	5.88	109.50	-	49.40	3,715.79	-	-	-	-	3,715.79
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	0.74	-	-	22.34	23.08	-	-	-	-	23.08
<b>Net</b>	<b>3,551.01</b>	-	<b>5.14</b>	<b>109.50</b>	-	<b>27.06</b>	<b>3,692.71</b>	-	-	-	-	<b>3,692.71</b>

As at March 31, 2022

(₹ in Crore)

Particulars	INVESTMENTS IN INDIA							INVESTMENTS OUTSIDE INDIA				
	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
<b>Held to Maturity</b>												
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
<b>Available for Sale</b>												
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
<b>Held for Trading</b>												
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
<b>Net</b>	<b>2,100.99</b>	-	<b>0.80</b>	<b>111.04</b>	-	<b>15.04</b>	<b>2,227.87</b>	-	-	-	-	<b>2,227.87</b>

**b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve**

(₹ in Crore)

Particulars		March 31, 2023	March 31, 2022
<b>1.</b>	<b>Movement of provision held towards depreciation on investments:</b>		
(i)	Opening balance	21.12	15.49
(ii)	Add: Provision made during the year	4.13	5.63
(iii)	Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on sale of securities)	2.17	-
(iv)	Closing balance	23.08	21.12
<b>2.</b>	<b>Movement of Investment Fluctuation Reserve</b>		
(i)	Opening balance	20.36	11.18
(ii)	Add: Amount transferred during the year	15.09	9.18
(iii)	Less: Drawdown	-	-
(iv)	Closing balance	35.45	20.36
<b>3.</b>	<b>Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category*</b>	1.68%	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, 2023	March 31, 2022
Opening Balance	2.87	2.87
Additions during the year since 1 <sup>st</sup> April	-	-
Reductions during the above period	2.17	-
Closing balance	0.70	2.87
<b>Total Provision held</b>	<b>0.70</b>	<b>2.87</b>



### ii) Issuer composition of Non-SLR investments

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

As at March 31, 2023

(₹ 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	18.47	-	-	-	-
2	FIs	10.84	-	-	-	-
3	Banks	82.30	-	-	-	-
4	Private Corporates	3.77	-	-	-	-
5	Subsidiaries / Joint Ventures	-	-	-	-	-
6	Others*	49.40	-	-	22.34	-
7	Provision held towards Depreciation	(23.08)	-	-	(22.34)	-
	<b>Total</b>	<b>141.70</b>	-	-	-	-

\*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, 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)	-
	<b>Total</b>	<b>126.88</b>	-	-	<b>4.09</b>	-

\*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/ Reverse 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 2022-23	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2023
<b>Securities Sold under Repurchase Transactions*</b>				
(i) Government Securities	19.00#	1,561.73	450.50	790.56
(ii) Corporate Debt Securities	-	-	-	-
(iii) Any other securities	-	-	-	-
<b>Securities purchased under Reverse Repurchase Transactions *</b>				
(i) Government Securities	4.81#	1,258.00	149.20	-
(ii) Corporate Debt Securities	-	-	-	-
(iii) Any other securities	-	-	-	-

\* Consist of RBI LAF & TREPS disclosed at face value.

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

(₹ in Crore)

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
<b>Securities Sold under Repurchase Transactions*</b>				
(i) Government Securities	19.00#	676.04	80.55	19.00
(ii) Corporate Debt Securities	-	-	-	-
(iii) Any other securities	-	-	-	-
<b>Securities purchased under Reverse Repurchase Transactions *</b>				
(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

#### 4. Asset quality

##### a) Classification of advances and provisions held

(₹ in Crore)

FY 2022-23	Standard	Non-Performing			Total Non-Performing Advances	Total
	Total Standard Advances	Sub-standard	Doubtful	Loss		
<b>Gross Standard Advances and NPAs</b>						
Opening balance	4,336.43	29.32	62.97	0.95	93.24	4,429.67
Add: Additions during the year					36.00	
Less: Reductions during the year					31.76	
Closing balance	4819.34	20.92	18.32	58.24	97.48	4,916.82
Reductions in Gross NPAs due to:						
i) Recoveries (excluding recoveries from upgraded accounts) & Upgradation					18.38	
ii) Technical/ Prudential Write-offs					13.38	
iv) Write-offs other than those under (ii) above					-	
<b>Provisions (excluding Floating/Countercyclical Provisions)</b>						
Opening balance of provisions held	21.79	12.34	62.81	0.95	76.10	97.89
Add: Fresh provisions made during the year					18.66	
Less: Excess provision reversed/ Write-off loans					13.87	
Closing balance of provisions held	25.71	4.33	18.32	58.24	80.89	106.60
<b>Net NPAs</b>						
Opening Balance		16.98	0.16	-	17.14	
Add: Fresh additions during the year					17.34	
Less: Reductions during the year					17.89	
Closing Balance		16.59	-	-	16.59	

(₹ in Crore)

FY 2021-22	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
<b>Gross Standard Advances and NPAs</b>						
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) Recoveries (excluding recoveries from upgraded accounts) & Upgradation					5.67	
ii) Technical / Prudential Write-offs					18.81	
iii) Write-offs other than those under (ii) above					-	
<b>Provisions (excluding Floating/Countercyclical Provisions)</b>						
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
<b>Net NPAs</b>						
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)

FY 2022-23	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
<b>Floating/Countercyclical Provisions</b>						
Opening balance						-
Add: Additional provisions made during the year						-
Less: Amount drawn down/utilized during the year						-
Closing balance of floating provisions						-
<b>Technical/prudential write-offs and the recoveries made thereon</b>						
Opening balance of Technical/ Prudential written-off accounts						389.69
Add: Technical/ Prudential write-offs during the year						13.38
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						3.08
Closing balance						399.99

(₹ in Crore)

FY 2021-22	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
<b>Floating/Countercyclical Provisions</b>						
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						-
<b>Technical/prudential write-offs and the recoveries made thereon</b>						
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.

Ratios (%)	March 31, 2023	March 31, 2022
Gross NPA to Gross Advances	1.98%	2.10%
Net NPA to Net Advances	0.34%	0.39%
Provision coverage ratio	82.98%	81.62%



**b) Sector-wise Advances and Gross NPAs**

(₹ in Crore)

Sr. No.	Sector	FY 2022-23			FY 2021-22		
		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
<b>A</b>	<b>Priority Sector</b>						
1.	Agriculture and Allied Activities	545.97	-	-	307.14	-	-
2.	Advances to industries sector eligible as priority sector lending	357.2	2.00	0.56%	177.68	4.44	2.50%
	Of Which						
	a. Gems & Jewelry	73.99	-	-	32.51	-	-
	b. Construction	56.14	-	-	-	-	-
	c. Chemicals and Chemical Products	47.48	-	-	-	-	-
	d. Leather and Leather products	44.76	-	-	47.26	-	-
	f. Food Processing	-	-	-	29.53	-	-
3.	Services	288.01	-	-	249.59	1.70	0.68%
	Of which						
	a. NBFC	197.18	-	-	178.56	-	-
	b. Commercial Real Estate	44.29	-	-	-	-	-
	c. Trade	34.62	-	-	37.08	-	-
4.	Personal loans	210.67	3.06	1.45%	84.01	-	-
	Sub-total (A)	1401.86	5.06	0.36%	818.42	6.14	0.75%
<b>B</b>	<b>Non-Priority Sector</b>						
1.	Agriculture and allied activities	-	-	-	4.57	-	-
2.	Industry	1186.63	74.21	6.25%	1,533.57	80.22	5.23%
	of which						
	a. Infrastructure	264.65	73.31	27.70%	428.62	79.31	18.50%
	b. Chemical & Chemical Products	239.05	-	-	-	-	-
	c. All engineering	151.7	-	-	148.56	-	-
	d. Manufacturing- Basic Metal and Metal Products	139.58	-	-	283.41	-	-
3.	Services	1197.5	-	-	1,014.77	-	-
	of which						
	a. Commercial Real Estate	412.46	-	-	254.10	-	-
	b. NBFC	275.48	-	-	383.85	-	-
	c. Trade	218.65	-	-	-	-	-
	d. Other Services	196.31	-	-	236.82	-	-
4.	Personal loans	1130.84	18.21	1.61%	1,058.34	6.88	0.65%
	Sub-total (B)	3514.97	92.42	2.63%	3,611.25	87.10	2.41%
	<b>Total (A+B)</b>	<b>4916.82</b>	<b>97.48</b>	<b>1.98%</b>	<b>4,429.67</b>	<b>93.24</b>	<b>2.10%</b>

**c) Overseas Assets, NPAs and Revenue**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Total Assets	-	-
Total NPAs	-	-
Total Revenue for the year ended	-	-

**d) Particulars of resolution plan and restructuring**

There was no restructuring during FY 2022-23 (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 10 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 assessment of the books of accounts for the Financial Year 2021-22 which requires such disclosures.

**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, 2023.
- (ii) The Bank has not acquired any stressed loans (NPA and SMA accounts) during the year ended March 31, 2023.
- (iii) Details of loans not in default acquired during the year through assignment as given below:

Particulars	March 31, 2023	March 31, 2022
Aggregate amounts of loans acquired (₹ in Crore)	369.35	299.60
Aggregate consideration paid (₹ in Crore)	295.48	239.68
Weighted average residual maturity (in years)	2.15	1.93
Weighted average holding period by originator (in years)	0.68	0.90
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, 2023:

(₹ in Crore)

Recovery Rating <sup>^</sup>	Anticipated recovery as per recovery rating	March 31, 2023	March 31, 2022
		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
<b>Total</b>		<b>22.34</b>	<b>22.34</b>

<sup>^</sup> 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, 2023 and March 31, 2022. Provision against the outstanding Security Receipts as on March 31, 2023 is ₹22.34 Crore and as on March 31, 2022 is ₹18.25 Crore.

**g) Fraud accounts**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Number of loan frauds reported <sup>^</sup>	-	1
Amount involved in fraud*	-	57.30
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'	-	-

<sup>^</sup> In addition to the above loan fraud, there were 144 cases of frauds other than loan fraud which were reported wherein the amount involved was 2.27 cr. Out of ₹2.27 cr, Bank had made provision of 0.13 cr.

\* This excludes interest in suspension.

## 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:

### FY 2022-23

(₹ 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, 2022 (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, 2022
Personal Loans	-	-	-	-	-	-
Corporate Persons*	3.94	-	-	0.25	0.18	3.87
<i>Of which, MSMEs</i>	3.94	-	-	0.25	0.18	3.87
Others	5.06	0.80	-	0.28	0.20	4.18
<b>Total</b>	<b>9.00</b>	<b>0.80</b>	<b>-</b>	<b>0.53</b>	<b>0.38</b>	<b>8.05</b>

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

\*\*New additions is on account of interest accrued for customers opted for resolution.

(₹ in Crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of September 30, 2022 (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 March 31, 2023
Personal Loans	-	-	-	-	-	-
Corporate Persons*	3.87	-	-	0.23	0.18	3.82
<i>Of which, MSMEs</i>	3.87	-	-	0.23	0.18	3.82
Others	4.18	0.80	-	0.36	0.23	3.23
<b>Total</b>	<b>8.05</b>	<b>0.80</b>	<b>-</b>	<b>0.59</b>	<b>0.39</b>	<b>7.05</b>

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

\*\*New additions is on account of interest accrued for customers opted for resolution.

FY 2021-22

(₹ 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
<i>Of which, MSMEs</i>	2.50	-	-	-	1.33	3.83
Others	0.44	-	-	-	1.31	1.75
<b>Total</b>	<b>2.94</b>	-	-	-	<b>2.64</b>	<b>5.58</b>

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

\*\*Also includes interest accrued on customers opted for resolution 2.0.

(₹ 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
<i>Of which, MSMEs</i>	3.83	-	-	0.06	0.17	3.94
Others	1.75	-	-	0.10	3.41	5.06
<b>Total</b>	<b>5.58</b>	-	-	<b>0.93</b>	<b>4.35</b>	<b>9.00</b>

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

\*\*Also includes interest accrued on customers opted for resolution 2.0.

## 5. Exposures

### a) Exposure to Real Estate Sector

(₹ in Crore)

Category	March 31, 2023	March 31, 2022
a) Direct Exposure		
(i) Residential Mortgages	417.48	292.66
(ii) Commercial Real Estate	760.12	497.10
(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).*	42.50	56.00
<b>Total Exposure to Real Estate Sector</b>	<b>1,220.10</b>	<b>845.76</b>

\*includes investment exposure

### b) Exposure to Capital Market

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
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;	5.88	1.50
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;	122.00	149.00
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;	-	-
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)	-	-
<b>Total Exposure to Capital Market</b>	<b>127.88</b>	<b>150.50</b>

### c) Risk category-wise country exposure

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

(₹ in Crore)

Risk Category	Exposure (net) as at March 31, 2023	Provision held as at March 31, 2023	Exposure (net) as at March 31, 2022	Provision held as at March 31, 2022
Insignificant	21.27	-	37.27	-
Low	9.96	-	13.56	-
Moderately Low	-	-	-	-
Moderate	31.92	-	-	-
Moderately High	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
<b>Total</b>	<b>63.15</b>	<b>-</b>	<b>50.83</b>	<b>-</b>

### d) Unsecured advances

Unsecured advances have been appropriately classified under 'Schedule 9. Details as per RBI guidelines are as follows:

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Total unsecured advances of the Bank	615.71	296.49
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-

### 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:

(₹ in Crore)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
1	Total amount of intra-group exposures	16.60	20.46
2	Total amount of top-20 intra-group exposures	16.60	20.46
3	Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers**	0.21%	0.33%
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	-	-

\*includes bank exposure

### g) Disclosure on Single/ Group Borrower Limits

The RBI has prescribed limits linked to a bank's eligible capital base in respect of exposures to single counterparty and group of connected counterparties. Breaches if any observed were appropriately reported to RBI.

### h) 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<sup>st</sup>, 2023 is as follows:

As on 31<sup>st</sup> March 2023, Bank has unhedged foreign currency exposure with respect to 5 borrowers. The said exposure is included in the computation of credit risk RWA as on 31<sup>st</sup> March 2023.

## Unhedged Foreign Currency Exposure provisions for current year:

(₹ in Crore)

Incremental standard asset provision required as per RBI guideline	Outstanding as on March 31, 2023	Incremental standard advance provision as on March 31, 2023
0 bps	4,479.42	-
20 bps	172.46	0.34
40 bps	60.07	0.24
60 bps	-	-
80 bps	107.37	0.86

## Unhedged Foreign Currency Exposure provisions for previous year:

(₹ 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

## 6. Concentration of deposits, advances, exposures and NPAs

## a) Concentration of Deposits

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Total deposits of twenty largest depositors	1,576.56	2,301.43
Percentage of Deposits to twenty largest depositors to total deposits of the Bank	21.54%	33.85%

## b) Concentration of Advances\*

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Total advances to twenty largest borrowers	1,230.79	1,216.94
Percentage of Advances to twenty largest borrowers to total advances of the Bank	16.44%	20.52%

## c) Concentration of Exposures\*

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Total Exposures to twenty largest borrowers / customers	1,230.79	1,216.94
Percentage of Exposures to twenty largest borrowers / Customers to Total Exposures of the Bank on borrowers / Customers	16.09%	20.02%

\*Excluding banking exposures

## d) Concentration of NPA

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Total Exposure to the top twenty NPA accounts	86.80	91.02
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	89.05%	97.62%

## 7. Derivatives

### a) Forward Rate Agreement / Interest Rate Swap

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
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

(₹ in Crore)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
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**

(₹ in Crore)

Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2023	March 31, 2023	March 31, 2022	March 31, 2022
1	Derivatives notional Principal Amount	5,718.72	-	4,225.94	-
	(a) For hedging	1,997.80	-	444.05	-
	(b) For trading	3,720.92	-	3,781.89	-
2	Marked to Market position				
	(a) Asset (+)	75.04	-	38.28	-
	(b) Liability (-)	49.75	-	30.01	-
3	Credit Exposure	330.26		160.75	
4	Likely impact of one percentage change in Interest Rate (100*PV01)				
	(a) On hedging derivatives	7.73	-	1.79	-
	(b) On trading derivatives	(0.42)	-	0.12	-
5	Maximum and Minimum of 100*PV01 observed during the year				
	(a) On hedging	-	-	-	-
	Maximum	8.47	-	3.83	-
	Minimum	1.61	-	1.27	-
	(b) On trading	-	-	-	-
	Maximum	0.42	-	0.42	-
	Minimum	0.06	-	-	-

**d. Credit default swaps**

The Bank has not dealt in any Credit Default Swaps during the financial year (Previous year: NIL).

**8. Disclosures relating to securitization**

The Bank has not sponsored any SPVs for securitization transactions during the year and there is no securitization transaction outstanding as at March 31, 2023 (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

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Opening balance of amounts transferred to DEAF	0.79	0.66
Add : Amounts transferred to DEAF during the year	0.01	0.13
Less : Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	<b>0.80</b>	<b>0.79</b>

## 11. Disclosure of Complaints

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

(₹ in Crore)

Sr. No.	Particulars	FY 2022-23	FY 2021-22
Complaints received by the bank from its customers			
1	Number of complaints pending at the beginning of the year	-	2
2	Number of complaints received during the year	3,576	609
3	Number of complaints disposed during the year	3,524	611
	3.1 - Of which, number of complaints rejected by the bank	-	-
4	Number of complaints pending at the end of the year	52	-
Maintainable complaints received by the bank from OBOs			
5	Number of maintainable complaints received by the bank from OBOs	1,117	99
	5.1 - Of 5, number of complaints resolved in favor of the bank by BOs	1,078	97
	5.2 - Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Bos	39	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)	-	-

### b) Top five grounds of complaints received by the bank from customers.

#### FY 2022-2023

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	-	2,483	913 %	29	18
ATM/Debit Cards	-	227	2,170 %	7	5
Credit Cards	-	211	905 %	5	-
Internet/Mobile/Electronic Banking	-	153	410 %	1	-
Levy of charges without prior notice/excessive charges/ foreclosure charges	-	34	3,300 %	0	-
Others	-	468	55 %	10	6
<b>Total</b>	<b>-</b>	<b>3,576</b>	<b>487 %</b>	<b>52</b>	<b>29</b>

## 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 Banking	-	30	-49%	-	-
Levy of charges without prior notice/excessive charges/foreclosure charges	-	1	100%	-	-
Others	-	302	559%	-	-
<b>Total</b>	<b>2</b>	<b>162</b>	<b>437%</b>	<b>-</b>	<b>-</b>

## 12. Disclosure of Penalties imposed by RBI

During the FY 2022-23 Reserve Bank of India had imposed penalty of ₹ 5 (in thousand) on our Bank in one instance of non-submission of ATM cash out report. (Previous Year: NIL).

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

RBI vide its letter dated May 04, 2022 had 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 had made provision of ₹ 1.20 Crore in the financial statements for March 31, 2022.

Further during the current year, RBI vide its letter dated March 13, 2023 has advised the Bank to increase the existing additional provision to 1% of the Total Operating Income with immediate effect for persistent non-compliance of the guidelines of IRAC automation. Accordingly, Bank has made additional provision of ₹ 2.97 Crore in the financial statements for March 31, 2023. Total Provision as at March 31, 2023 is ₹ 4.17 Crore.

## 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"> <li>1. Mr. Shyam Sundar Barik</li> <li>2. Mr. Ameet Patel</li> <li>3. Mr. Umesh Jain</li> <li>4. Mr. Raoul Gufflet</li> </ol>

<p>(b) Information relating to the design and structure of remuneration processes and the key features and objectives of Remuneration policy.</p>	<p>The Bank follows the following practices and principles in designing and structuring the remuneration process:-</p> <p>A focus on long term, risk-adjusted performance and reward mechanism by focusing on performance of the individual employee, the relevant line of business or function and the Bank as a whole. It seeks to drive accountability, and co-relate risk, financial performance and compensation.</p> <p>Key features and Objectives 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> <p>The policy was last reviewed in October 2022. New benefits introduced by the Bank were included in the Compensation policy.</p> <p>In case of Risk and Compliance staff, the mix of fixed and variable compensation is weighted in favour of fixed compensation.</p>
<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>	<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.</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 &amp; 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</p>

	<p>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>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> <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.</p>
<p>(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.</p>	<p>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.</p> <p>The variable remuneration includes short-term &amp; long term variable remuneration. The Short-term variable remuneration includes Annual bonus &amp; Short-term incentives.</p> <p>Short-term Incentives (paid quarterly) - Sales incentive will be self-funded – i.e. it aims to carve out a portion of profits in excess of target level as profit sharing pool and divide among employees of the organization. Funds earned through improved financial performance are available for payouts.</p> <p>Annual Bonus - The Variable bonus will be paid out of a budgeted provision, but actual payouts will be determined on the basis of Bank’s/Department’s/ Individual performance.</p>

All employees who have worked for at least six months in the year and are on the rolls of the Bank at the end of year and confirmed in the services of the Bank will be eligible for the Variable Bonus. The parameters for eligibility will be informed each year to the staff members. The plan will exclude those who are not on payrolls at the end of the year or in the notice period at the time of payment of Bonus. Those who have availed of leave without pay for an aggregate period of six months or more during the year will not be eligible for Variable Bonus.

Long Term Incentive (LTI)

The Company is currently unlisted, with plans of listing at an appropriate time. Till such that time, the 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:

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."

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.

In cases where the cash component of variable pay is under Rs.25 lakh, deferral requirements would not be necessary.

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.

			March 31, 2023	March 31, 2022																																		
Quantitative disclosures	(g)	Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	3 meetings held and ₹ 0.05 Crore remuneration paid.	6 meetings held and ₹ 0.10 Crores remuneration paid																																		
	(h)	<p>i) Number of employees having received a variable remuneration award during the financial year.</p> <p>(ii) Number and total amount of sign-on/joining bonus made during the financial year.</p> <p>(iii) Details of severance pay, in addition to accrued benefits, if any.</p>	<p>4</p> <p>NIL</p> <p>NIL</p>	<p>5</p> <p>NIL</p> <p>NIL</p>																																		
	(i)	<p>(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.</p> <p>(ii) Total amount of deferred remuneration paid out in the financial year.</p>	<p>1.23</p> <p>NIL</p>	<p>0.61</p> <p>NIL</p>																																		
	(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	<p>MD &amp; CEO</p> <p>Chief Operations Officer &amp; CIO</p> <p>Head – Corporate Banking</p> <p>Head – Retail Banking</p> <p>Head – Treasury</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Pay</td> <td>8.17</td> </tr> <tr> <td>Variable</td> <td>1.45</td> </tr> <tr> <td>PF</td> <td>0.42</td> </tr> <tr> <td>NPS</td> <td>0.12</td> </tr> <tr> <td>Perquisites</td> <td>0.01</td> </tr> <tr> <td>PF Perk</td> <td>0.19</td> </tr> <tr> <td>PF Interest Perk</td> <td>0.02</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>10.38</b></td> </tr> <tr> <td>Deferred Pay - to be paid in Apr 2023, 2024 &amp; 2025</td> <td>1.23</td> </tr> </tbody> </table>	Particulars	Total	Pay	8.17	Variable	1.45	PF	0.42	NPS	0.12	Perquisites	0.01	PF Perk	0.19	PF Interest Perk	0.02	<b>TOTAL</b>	<b>10.38</b>	Deferred Pay - to be paid in Apr 2023, 2024 & 2025	1.23	<p>MD &amp; CEO</p> <p>Chief Operations Officer &amp; CIO</p> <p>Head – Corporate Banking</p> <p>Head – Retail Banking</p> <p>Head – Treasury</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Total</th> </tr> </thead> <tbody> <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><b>TOTAL</b></td> <td><b>8.57</b></td> </tr> </tbody> </table>	Particulars	Total	Pay	7.49	Variable	0.88	Perquisites	-	PF Perk	0.17	PF Interest Perk	0.03	<b>TOTAL</b>	<b>8.57</b>
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	(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.	6	5																
	(m)	(i) Number of cases where malus has been exercised.  (ii) Number of cases where clawback has been exercised.  (iii) Number of cases where both malus and clawback 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 border="1"> <thead> <tr> <th>Particulars</th> <th>₹ in Crore</th> </tr> </thead> <tbody> <tr> <td>Mean salary + Perk</td> <td>0.22</td> </tr> <tr> <td>WTD's salary + Perk</td> <td>3.77</td> </tr> <tr> <td>Difference / deviation in ₹</td> <td>3.55</td> </tr> </tbody> </table>	Particulars	₹ in Crore	Mean salary + Perk	0.22	WTD's salary + Perk	3.77	Difference / deviation in ₹	3.55	<table border="1"> <thead> <tr> <th>Particulars</th> <th>₹ in Crore</th> </tr> </thead> <tbody> <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 ₹</td> <td>2.74</td> </tr> </tbody> </table>	Particulars	₹ in Crore	Mean salary + Perk	0.24	WTD's salary + Perk	2.97	Difference / deviation in ₹	2.74
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WTD's salary + Perk	2.97																			
Difference / deviation in ₹	2.74																			

#### 14. Other disclosures

##### a) Business ratios

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Interest Income as a percentage to Working Funds*	7.09%	6.62%
Non-Interest Income as a percentage to Working Funds*	2.14%	1.93%
Cost of Deposits	5.53%	5.32%
Net Interest Margin##	2.50%	2.24%
Operating Profit as a percentage to Working Funds*	0.40%	0.90%
Return on Assets**	0.22%	0.27%
Business (Deposits plus Advances) per employee (₹ in Crore) #	23.94	36.23
Profit / (Loss) per employee (₹ in Crore)	0.04	0.05

\* 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:

(₹ in Crore)

Sr. No.	Nature of Income	March 31, 2023	March 31, 2022
1	For selling life insurance policies	0.18	2.74
2	For selling non-life insurance policies	0.62	2.54
3	For selling mutual fund products	0.11	1.32
4	Others	-	-

**c) Marketing and distribution**

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

**d) Disclosures regarding Priority Sector Lending Certificates (PSLCs)**

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

(₹ in Crore)

Sr. No.	Type of PSLCs	March 31, 2023		March 31, 2022	
		Purchase	Sale	Purchase	Sale
1	PSLC - Agriculture	-	-	-	-
2	PSLC - SF / MF	-	-	-	-
3	PSLC - Micro Enterprises	-	-	-	-
4	PSLC - General	-	-	-	20.00
	<b>TOTAL</b>	-	-	-	<b>20.00</b>

**e) Provisions & Contingencies**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Provision towards Non-Performing Assets (net off write-backs and recoveries)	15.08	28.91
Provision for Standard Assets	3.92	5.58
Provision for Income Tax (including Deferred Tax)	-	1.29
Provisions for diminution in fair value Restructured Advances	-	0.97
Provision for Country Risk	-	(0.12)
Provision for Non-Performing Investment	(2.17)	-
<b>Total</b>	<b>16.83</b>	<b>36.63</b>

**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. As per latest RBI direction issued during the previous year the frequency for submission of proforma Ind AS financial statements have been changed to semi-annual from quarterly basis. Progressing towards IND AS, the Bank has been submitting proforma financial to the RBI on half yearly basis as per extant regulatory guidelines.

**g) Payment of DICGC Insurance Premium**

(₹ in Crore)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
i)	Payment of DICGC Insurance Premium	8.03	5.63
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"> <li>- Purchase of securities pending settlement</li> <li>- Capital Commitments</li> <li>- Amount deposited with RBI under Depositors Education and Awareness Fund</li> <li>- Others including regulatory notices</li> </ul>

Refer Schedule 12 for amounts relating to contingent liability

**16. Contingent Liabilities**

Claims against the Bank not acknowledged as Debts' item of Contingent Liability include Income Tax of ₹ 8.69 Crore (Previous Year: ₹ 8.69 Crore) and Service tax of ₹ 0.22 Crore (Previous Year: ₹ 0.22 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 2014-14 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:

(₹ in Crore)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
A.	<b>DTA</b>		
(i)	Provision for Loan Losses, Floating Provision and counter cyclical provision	5.59	5.12
(ii)	Provision for Standard Advances	1.78	1.47
(iii)	Provision for Funded Interest Term Loan	-	-
(iv)	Disallowed Expenses	1.43	0.83
(v)	Unabsorbed Losses	-	-
	<b>Total DTA</b>	<b>8.80</b>	<b>7.42</b>
B.	<b>DTL</b>		
(i)	Depreciation on Fixed Assets	(8.80)	(7.42)
	<b>Total DTL</b>	<b>(8.80)</b>	<b>(7.42)</b>
C.	<b>NET DTL / (DTA)</b>	-	-

## 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.

As per the RBI Circular DOR.AUT.REC.12/22.01.001/2022-23 dated April 07, 2022 on establishment of Digital Banking Unit (DBU), for the purpose of disclosure under 'Accounting Standard 17 - Segment Reporting', 'Digital Banking' has been identified as a sub-segment of the existing 'Retail Banking' segment by Reserve Bank of India (RBI). The Bank has not set up any Digital banking units (DBUs) as mentioned in the above referred RBI circular; hence NIL is reported as DBU. Accordingly, the Bank has only disclosed existing digital banking products, under the Digital Banking as a sub segment within Retail banking segment.

FY 2022-2023

(₹ in Crore)

Business Segments	Corporate	Treasury	Retail		Other Banking	Total
			Other Retail	Digital Banking		
Revenue	405.81	242.28	145.96	122.90	-	916.95
Results	84.78	13.97	(54.94)	(23.32)	-	20.49
Unallocated Revenue / (Expenses)						0.33
Operating Profit						20.82
Total Provision						-
Income Taxes						-
Extraordinary Profit/Loss						-
<b>Net profit/(Loss)</b>						<b>20.82</b>
Other Information						-
Segment Assets	3,915.92	4,896.35	868.16	374.22	-	10,054.65
Unallocable Assets						70.60
<b>Total Assets</b>						<b>10,125.25</b>
Segment liabilities	5,391.18	1,285.59	1,751.41	931.15	-	9,359.33
Unallocable Liabilities						765.92
<b>Total Liabilities</b>						<b>10,125.25</b>
Capital expenditure during the year						9.49
Depreciation expenditure during the year						14.83

FY 2021-2022

(₹ in Crore)

Business Segments	Corporate	Treasury	Retail		Other Banking	Total
			Other Retail	Digital Banking		
Revenue	282.03	172.68	35.14	23.69	-	513.54
Results	22.35	(0.37)	4.74	(9.12)	-	17.60
Unallocated Revenue / (Expenses)						-
Operating Profit						17.60
Income Taxes						1.29
Extraordinary Profit/Loss						-
<b>Net profit/(Loss)</b>						<b>16.31</b>
Other Information						-
Segment Assets	3,504.75	3,567.57	448.68	529.00	-	8,050.00
Unallocable Assets						34.62
<b>Total Assets</b>						<b>8,084.62</b>
Segment liabilities	5,063.86	270.20	1,756.02	286.06	-	7,376.14
Unallocable Liabilities						708.48
<b>Total Liabilities</b>						<b>8,084.62</b>
Capital expenditure during the year						8.51
Depreciation expenditure during the year						11.38

## 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 ₹4.85 Crore for the year ended March 31, 2023. (Previous Year: ₹3.08 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 ₹0.66 Crore (Previous Year: ₹0.42 Crore).
- d) As per the actuarial valuation, the Bank expects to contribute ₹5.20 Crore to gratuity fund in financial year 2023-2024.

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

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Present Value of Benefit Obligation at the Beginning of the year	6.08	4.69
Interest Cost	0.43	0.32
Current Service Cost	2.32	1.63
(Benefit paid from the Fund)	(0.18)	(0.32)
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	(0.26)	(0.16)
Actuarial (Gains)/Losses on Obligations - Due to Experience	0.07	(0.08)
Present Value of Benefit Obligation at the End of the year	<b>8.46</b>	<b>6.08</b>

### II) Change in the Fair Value of Plan Assets:

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Fair Value of Plan Assets at the Beginning of the year	4.63	3.30
Expected Return on Plan Assets	0.33	0.23
Contributions by the Employer	1.96	1.45
Assets Transferred In/Acquisitions	-	-
(Benefit Paid from the Fund)	(0.18)	(0.32)
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	0.06	(0.03)
Fair Value of Plan Assets at the End of the year	<b>6.80</b>	<b>4.63</b>

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

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Actuarial (Gains)/Losses on Obligation for the year	(0.19)	(0.24)
Actuarial (Gains)/Losses on Plan Asset for the year	(0.06)	0.02
Actuarial (Gains)/Losses Recognized in the Profit or Loss Account	(0.25)	(0.22)

**IV) Actual Return on Plan Assets:**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Expected Return on Plan Assets	0.33	0.22
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	0.06	(0.02)
Actual Return on Plan Assets	0.39	0.20

**V) Amount Recognized in the Balance Sheet:**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
(Present Value of Benefit Obligation at the end of the year)	(8.46)	(6.08)
Fair Value of Plan Assets at the end of the year	6.80	4.63
Funded Status (Surplus/ (Deficit))	(1.66)	(1.45)
Unrecognized Past Service Cost at the end of the year	-	-
Net (Liability)/Asset Recognized in the Balance Sheet	<b>(1.66)</b>	<b>(1.45)</b>

**VI) Net Interest Cost:**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Present Value of Benefit Obligation at the Beginning of the year	6.08	4.69
(Fair Value of Plan Assets at the Beginning of the year)	(4.63)	(3.30)
Net Liability/(Asset) at the Beginning	1.45	1.39
Interest Cost	0.43	0.32
(Expected Return on Plan Assets)	(0.33)	(0.23)
Net Interest Cost for Current Year	<b>0.10</b>	<b>0.09</b>

**VII) Expenses Recognized in the Profit or Loss Account:**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Current Service Cost	2.32	1.63
Net Interest Cost	0.10	0.09
Actuarial (Gains)/Losses	(0.25)	(0.22)
Past Service Cost - Vested Benefit Recognized During the year	-	-
Expenses Recognized in the Profit or Loss Account	<b>2.17</b>	<b>1.50</b>

**VIII) Balance Sheet Reconciliation:**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Opening Net Liability	1.45	1.39
Expense Recognized in Profit or Loss Account	2.17	1.50
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(1.96)	(1.44)
Net Liability/(Asset) Recognized in the Balance Sheet	<b>1.66</b>	<b>1.45</b>

**IX) Category of Assets:**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalentents	-	-
Insurance fund	6.80	4.63
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	<b>6.80</b>	<b>4.63</b>

**Actuarial assumptions:**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Expected Return on Plan Assets	7.50%	7.15%
Rate of Discounting	7.50%	7.15%
Rate of Salary Increase	6.88%	6.88%
Rate of Employee Turnover	6.00%	6.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14) (Urban)	Indian Assured Lives Mortality (2012-14) (Urban)

**Experience Adjustments:**

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Plan Assets	6.80	4.63
Defined Benefit Obligation	8.46	6.08
Surplus / (Deficit)	(1.66)	(1.45)
Experience adjustment gain / (loss) on plan assets	0.57	(0.25)
Experience adjustment (gain) / loss on plan liabilities	0.68	(0.77)

## 21. Related Party Transactions

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

The below category includes only those related parties with whom transactions have occurred during the year and / or previous year.

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	<ul style="list-style-type: none"> <li>a. Board of Directors</li> <li>b. Managing Director &amp; Chief Executive Officer – Mr. Sidharth Rath</li> <li>c. Chief Financial Officer – Mr. Saileshkumar Shah</li> <li>d. Company Secretary – Mrs. Bhavana Shinde (till 11.08.2022) &amp; Mr. Hitesh Gundigara (From 12.08.2022 to 31.01.2023)</li> <li>e. Head of Corporate Banking – Mr. Dipak Agarwal</li> <li>f. Head of Treasury – Mr. Mandar Pitale</li> <li>g. Head of Consumer &amp; Retail Banking – Mr. Neeraj Sinha</li> </ul>

### Transactions during the FY 2022-23:

(₹ in Crore)

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance
<b>Liabilities</b>								
Deposit	-	-	41.56	274.14	3.87	3.87	45.43	278.01
Borrowings	-	-	-	160.00	-	-	-	160.00
Interest payable	-	-	-	0.23	-	-	-	0.23
MTM loss on FX forwards	-	-	-	-	-	-	-	-
Payable to group	0.39	0.39	-	-	-	-	0.39	0.39
<b>Total</b>	<b>0.39</b>	<b>0.39</b>	<b>41.56</b>	<b>434.37</b>	<b>3.87</b>	<b>3.87</b>	<b>45.82</b>	<b>438.63</b>
<b>Assets</b>								
Lending	-	-	-	-	3.62	3.78	3.62	3.78
Balances with Bank	-	-	0.50	3.25	-	-	0.50	3.25
Interest receivable	-	-	-	-	-	-	-	-
MTM loss on FX forwards	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.50</b>	<b>3.25</b>	<b>3.62</b>	<b>0.85</b>	<b>4.12</b>	<b>4.10</b>
<b>Off-Balance Sheet items</b>								
FX Forwards	0.16	-	-	-	-	-	0.16	-
<b>Total</b>	<b>0.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.16</b>	<b>-</b>

(₹ in Crore)

Particulars	Parent	Subsidiaries of the Parent	Key Management Personnel	Total
<b>Profit &amp; Loss Account Items</b>				
Interest Received	-	-	0.07	<b>0.07</b>
Interest Paid	-	0.23	0.24	<b>0.47</b>
Fees Paid	-	-	1.00	<b>1.00</b>
Salary Cost	-	-	11.49	<b>11.49</b>
Management and other reimbursement expenses	9.73	-	-	<b>9.73</b>

## Transactions during the FY 2021-22:

(₹ in Crore)

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance
<b>Liabilities</b>								
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	-	-	-	-	0.18	0.18
<b>Total</b>	<b>6.51</b>	<b>6.51</b>	<b>8.08</b>	<b>298.88</b>	<b>5.31</b>	<b>5.31</b>	<b>19.90</b>	<b>310.70</b>
<b>Assets</b>								
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 gain on FX forwards	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.36</b>	<b>0.47</b>	<b>0.75</b>	<b>0.85</b>	<b>1.11</b>	<b>1.32</b>
<b>Off-Balance Sheet items</b>								
FX Forwards	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(₹ in Crore)

Particulars	Parent	Subsidiaries of the Parent	Key Management Personnel	Total
<b>Profit &amp; Loss Account Items</b>				
Interest Received	-	-	0.04	<b>0.04</b>
Interest Paid	-	-	0.31	<b>0.31</b>
Fees Paid	-	-	1.05	<b>1.05</b>
Salary Cost	-	-	9.67	<b>9.67</b>
Management and other reimbursement expenses	6.41	-	-	<b>6.41</b>

## 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

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Net profit after tax	20.82	16.31
Weighted average number of equity shares outstanding (in absolute no.)	823,625,084	776,319,148
Basic and diluted earnings per share in Rs.	0.25	0.21

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

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
The principal amount remaining unpaid to any supplier	0.09	0.07
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

The Bank computes depreciation on revalued premises over its estimated remaining useful life and accordingly an amount of ₹ 0.67 Crores (PY: ₹ 0.67 Crores) has been accounted as depreciation and reduced from the Revaluation Reserve during FY 2022-23.

Revaluation was done in the FY 2022-23 and accordingly there was upward valuation in revaluation account amounting to ₹ 5.49 Crores.

### 26. Software capitalized under Fixed Assets

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Cost at beginning of the year (gross)	52.90	41.60
Additions during the year	9.40	11.30
Deductions during the year	0.00	0.00
Depreciation to date	44.64	37.41
<b>Net Block</b>	<b>17.66</b>	<b>15.49</b>

### 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 ₹ 1 Crore (Previous Year: ₹1.05 Crores) 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.

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
1. Total future minimum lease payments as at year-end:	56.49	30.03
- Not later than one year	15.78	9.51
- Later than one year but not later than five years	29.67	18.12
- Later than five years	11.04	2.40
2. Lease payments recognized in the Profit and Loss Account in Schedule 16	15.35	8.62

## 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.

The details of CSR expenditure are given below:

(₹ in Crore)

Particulars	March 31, 2023	March 31, 2022
Amount required to be spent by the company during the year	0.34	-
Amount of expenditure incurred	0.27	0.20
Shortfall at the end of the year	0.07	-
Total of previous years shortfall	-	-
Reason for shortfall	In line with the Bank's commitment to sustainable living, poverty alleviation and promotion of healthcare and sanitation, it is proposed to allocate the unspent funds of ₹0.73 million to the 'PM's National Relief Fund'.	NA
Nature of CSR activities	Promotion of healthcare and sanitation, poverty alleviation and measures to reduce inequalities, environmental sustainability and rural development.	Computer centre for tribal candidates, funding of dental equipment
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, 2023 amounts to ₹ 8.97 Crores. (Previous Year: ₹ 18.32 Crores).

## 31. Other expenditure:

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

### FY 2022-23

(₹ in Crore)

Particulars	FY 2022-23
Debit card expense	15.87
IT Expenses	49.09
Referral Fees	10.24
Network Expenses	20.28
Currency Note Handling Charges	10.31

### FY 2021-22

(₹ in Crore)

Particulars	FY 2021-22
IT Expenses	26.74

## 32. Other liabilities (including provisions)

During the year there were no items under Schedule 5.5 which exceeded 1% of the total assets (Previous year NIL)

### 33. Other Assets

Details of others included in Other Assets in Schedule 11, exceeding 1% of the total asset are set out below:

Particulars	(₹ in Crore)
	FY 2022-23
Settlement & Receivable balances	182.80

### 34. Other Income

During the year there were no items under Schedule 14.8 which exceeded 1% of the total income (Previous year NIL)

### 35. TCS recoverable

In accordance with the provisions of section 206C of the Income-tax Act, 1961, all authorized dealers are required to collect Tax Collection at Source (TCS) for remittance transactions under the Liberalized Remittance Scheme (LRS) aggregating to ₹7 lacs or more in a financial year. These transactions include transactions initiated through SBM Bank Debit Cards or through any other channel(s) of SBM Bank.

During the year, total TCS amount of ₹ 30.73 Crores on such applicable international transactions has been paid by the Bank to the Income Tax Department on behalf of customers. Of ₹ 30.73 Crores, ₹ 3.74 Crores have been expensed out including interest component. Out of balance recoverable of ₹ 26.99 Crores, ₹ 13.14 Crores has been successfully recovered from respective customers. Bank has already initiated necessary steps towards recovery of the remaining balance. Further Bank has made provision of ₹ 2.77 Crores in the financial statement for March 31, 2023, basis the recovery estimate.

36. During the financial year ended March 31, 2023, 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.

37. 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

Sd/-

**Mr. Rajesh Joshi**

Partner

ICAI Membership No. 038526

**Place:** Mumbai

**Date:** May 29, 2023

**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/-

**Ms. Ruchi Sheth**

Company Secretary





SBM Bank (India) Ltd.

**Regd. Office:** 101, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra, India

**Corporate Office:** 306-A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra  
T: +91 022 4007 1500 | Toll free number: 1800 1033 817 | E: [customercare@smbank.co.in](mailto:customercare@smbank.co.in) | W: [www.smbank.co.in](http://www.smbank.co.in)

CIN No. : U65999MH2017FLC293229