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Independent Auditor's Report on Audited Quarterly financial results and year to date results of Bank pursuant to regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF SBM BANK (INDIA) LIMITED**

Report on the Audit of financial results

Opinion

We have audited the accompanying quarterly financial results ("the Statement") of SBM BANK (INDIA) LIMITED ("the Bank") for the quarter ended on 31st March, 2024 and the year to-date results for the period from 1st April, 2023 to 31st March, 2024 attached herewith, being submitted by the Bank pursuant to the requirement of regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), except for the disclosures relating to Pillar 3 disclosure as at 31st March, 2024 including Leverage Ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio under Basel III Capital Regulations as disclosed on the Bank's website in respect of which a link has been provided in the financial results which have not been audited by us.

In our opinion and to the best of our information and according to the explanations given to us, these financial results:

- i. are presented in accordance with the requirements of regulation 52 read with Regulation 63(2) of the Listing Regulations in this regard except for the disclosures relating to Pillar 3 disclosure as at 31st March, 2024 including Leverage Ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio under Basel III Capital Regulations as disclosed on the Bank's website in respect of which a link has been provided in the financial results which have not been audited by us;
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read along with the rules issued thereunder, the relevant provisions of the Banking Regulations Act, 1949, the

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circulars, guidelines and directions issued by the Reserve Bank of India from time to time (“RBI guidelines”) and other accounting principles generally accepted in India of the net loss for the quarter ended March 31, 2024 and of the net loss for the year ended March 31, 2024 and other financial information for the quarter ended 31st March, 2024 as well as the year to-date results for the period from 1st April, 2023 to 31st March, 2024.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Results 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 results, 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.

Board of Directors’ Responsibility for the Financial Results

These financial results have been compiled from the annual financial statements and approved by the Board of Directors. The Bank’s Board of Directors are responsible for the preparation of these Financial Results that give a true and fair view of the net profit/loss, as applicable and other financial information in accordance with the recognition and measurement principles laid down in Accounting Standard 25 (AS 25) “Interim Financial Reporting” specified under section 133 of the Act, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time (“RBI Guidelines”) and other accounting principles generally accepted in India and in compliance with regulation 52 read with Regulation 63(2) of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act/ Banking Regulation Act, 1949 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 results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial results, the Board of Directors are 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 the Board of

Directors 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 Results

Our objectives are to obtain reasonable assurance about whether the Financial Results 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 results. 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 results, 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, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 results 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 results, including the disclosures, and whether the standalone financial results 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.

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

1. Bank continues to carry a provision of 1% of Operating Income as at the year-end amounting to Rs. 4.17 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.
2. The figures for the quarter ended March 31 as reported in the Statement are the balancing figures in respect of the year ended March 31 and published year to date figures up to the end of the third quarter of the relevant financial year. The figures up to the end of the third quarter of the relevant financial year are only reviewed and not subject to audit.

Our opinion is not modified in respect of these matters.

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W
UDIN: **24038526BKEKRV2158**

Rajesh S. Joshi
Partner
Membership No.038526

Mumbai
Date: 29th May, 2024



SBM Bank (India) Ltd.

CIN:U65999MH2017FLC293229

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AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2024

(Rs. in lacs)

Sr No	Particulars	Three Months Ended			Year ended	
		31-Mar-2024	31-Dec-2023	31-Mar-2023	31-Mar-2024	31-Mar-2023
		Audited (Refer note 12)	Unaudited	Audited (Refer note 12)	Audited	Audited
1	Interest Earned (a)+(b)+(c)+(d)	18,146	18,099	18,726	75,293	66,567
	a) Interest/discount on advances/bills	12,437	12,360	12,044	50,521	44,962
	b) Income on Investments	4,948	4,692	6,030	21,457	18,557
	c) Interest on Balances with RBI and Other Inter-Bank Funds	366	284	391	1,447	2,085
	d) Others	395	763	261	1,868	963
2	Other income (Refer Note 6)	5,049	3,691	6,242	18,658	20,135
3	Total Income (1)+(2)	23,195	21,790	24,968	93,951	86,702
4	Interest Expended	12,419	12,739	13,456	52,755	45,339
5	Operating expenses (i)+(ii)	11,824	11,089	11,925	42,878	37,598
	i) Employees cost	4,007	3,930	3,757	15,340	12,157
	ii) Other operating expenses	7,817	7,159	8,168	27,538	25,441
6	Total expenditure (4)+(5) (Excluding provisions and Contingencies)	24,243	23,828	25,381	95,633	82,937
7	Operating profit before Provisions and Contingencies (3)-(6)	(1,048)	(2,038)	(413)	(1,682)	3,765
8	Provisions (other than tax) and Contingencies	767	(80)	217	2,309	1,683
9	Exceptional items	-	-	-	-	-
10	Profit/(Loss) from Ordinary Activities before tax (7)-(8)-(9)	(1,815)	(1,958)	(630)	(3,991)	2,082
11	Tax Expense (Refer Note 7)	334	-	-	334	-
12	Net Profit/(Loss) from Ordinary Activities after tax (10)-(11)	(2,149)	(1,958)	(630)	(4,325)	2,082
13	Extraordinary items (net of tax expense)	-	-	-	-	-
14	Net Profit/(Loss) for the period (12)-(13)	(2,149)	(1,958)	(630)	(4,325)	2,082
15	Paid up equity share capital (Face value of Rs 10/- each)	92,138	82,363	82,363	92,138	82,363
16	Reserves excluding revaluation reserves	-	-	-	(15,173)	(11,073)
17	Analytical Ratios and other disclosures	-	-	-	-	-
	(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL	NIL
	(ii) Capital Adequacy Ratio	16.90%	16.63%	16.16%	16.90%	16.16%
	(iii) Earnings per share (EPS) (Rs) (Face value of Rs 10/- each)	-	-	-	-	-
	(a) Basic EPS before or after extraordinary items (net of tax expense)	(0.25)	(0.24)	(0.08)	(0.52)	0.25
	(b) Diluted EPS before or after extraordinary items (net of tax expense)	(0.25)	(0.24)	(0.08)	(0.52)	0.25
	(iv) NPA ratios	-	-	-	-	-
	(a) Gross NPAs	12,363	10,534	9,748	12,363	9,748
	(b) Net NPAs	2,866	2,056	1,659	2,866	1,659
	(c) % of Gross NPAs to Gross Advances	2.59%	2.36%	1.98%	2.59%	1.98%
	(d) % of Net NPAs to Net Advances	0.61%	0.47%	0.34%	0.61%	0.34%
	(v) Return on assets (average)	-1.00%	-0.95%	-0.25%	-0.49%	0.22%
	(vi) Net worth	73,988	66,484	69,012	73,988	69,012
	(vii) Outstanding redeemable preference shares	-	-	-	-	-
	(viii) Capital redemption reserve	-	-	-	-	-
	(ix) Debt-equity ratio *	0.91	1.08	2.30	0.91	2.30
	(x) Debenture redemption reserve	-	-	-	-	-
	(xi) Total debts to total assets *	8.12%	9.45%	15.84%	8.12%	16.84%

* Debt represents total borrowings; Equity represents total of share capital and reserves.



Notes

1 Statement of Assets and Liabilities is given below :

Particulars	(Rs in lacs)	
	As at 31-Mar-2024	As at 31-Mar-2023
	Audited	Audited
CAPITAL & LIABILITIES		
Capital	92,138	82,363
Reserves & Surplus	(12,521)	(8,336)
Deposits	7,11,298	7,31,853
Borrowings	72,684	1,70,525
Other Liabilities and Provisions	30,988	36,120
Total	8,94,587	10,12,525
ASSETS		
Cash and Balances with Reserve Bank of India	63,143	97,131
Balances with banks and Money at Call and Short Notice	3,869	2,327
Investments	3,05,738	3,69,271
Advances	4,67,620	4,83,593
Fixed Assets	10,450	8,815
Other Assets	43,767	51,388
Total	8,94,587	10,12,525



2 Statement of Cash flow is given below :

		(Rs in lacs)	
		Year Ended 31-Mar-2024	Year Ended 31-Mar-2023
		Audited	Audited
A	Cash Flow from Operating Activities		
	Net Profit / (Loss) before Taxes	(3,991)	2,082
	Adjustments to profit/(loss) from operations		
	Depreciation on Fixed Assets	2,265	1,483
	Amortisation of premium on Held to Maturity investments	230	225
	Provision for Non-Performing Assets	679	479
	Depreciation on investments or (Profit)/ loss on revaluation of investments	(101)	195
	Non performing Advances written off	3,373	1,338
	Non performing Investments written off	70	-
	Provision on standard assets and other contingencies	(186)	392
	Sub-Total	2,339	6,194
	Changes in working capital		
	(Increase)/Decrease in Investments	42,807	(1,10,006)
	(Increase)/Decrease in Advances	11,920	(50,053)
	(Increase)/Decrease in Other Assets	8,086	(27,727)
	Increase/(Decrease) in Deposits	(20,556)	51,908
	Increase/(Decrease) in other liabilities & provisions	(4,946)	11,103
	Net Cash from Operating Activities before Income Tax	39,650	(1,18,581)
	Tax refund (net of taxes paid)	(798)	(403)
	Net Cash from Operating Activities after Income Tax	38,852	(1,18,984)
B	Cash Flow from Investing Activities		
	(Increase)/Decrease in Held To Maturity (HTM) securities	20,528	(36,897)
	Purchase of Fixed Assets	(3,984)	(2,853)
	Net Cash from Investing Activities	16,544	(39,750)
C	Cash Flow from Financing Activities		
	Proceeds from issue of share capital	10,000	-
	Proceeds from raising Tier-2 Capital	-	22,400
	Increase/(Decrease) in Borrowings	(97,841)	1,16,225
	Net Cash from Financing Activities	(87,841)	1,38,625
D	Cash and Cash Equivalent at the beginning of the year		
	I. Cash in Hand (including foreign currency notes)	148	205
	II. Balances with Reserve Bank of India	96,983	44,848
	III. Balances with Banks and Money at Call and Short Notice	2,327	74,514
		99,458	1,19,567
E	Cash and Cash Equivalent at the end of the year		
	I. Cash in Hand (including foreign currency notes)	195	148
	II. Balances with Reserve Bank of India	62,949	96,983
	III. Balances with Bank and Money at Call and Short Notice	3,869	2,327
		67,013	99,458
A	Cash Flow from Operating Activities	38,852	(1,18,984)
B	Cash Flow from Investing Activities	16,544	(39,750)
C	Cash Flow from Financing Activities	(87,841)	1,38,625
	Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	(32,445)	(20,109)
D	Cash and Cash Equivalent at the beginning of the year	99,458	1,19,567
E	Cash and Cash Equivalent at the end of the year (A+B+C+D)	67,013	99,458



3 The Bank has applied its significant accounting policies in the preparation of these financial results consistent with those followed in the annual financial statements for the year ended March 31, 2023. Any circular/direction issued by RBI is implemented prospectively when it becomes applicable.

4 In accordance with RBI guidelines, banks are required to make Pillar 3 disclosures including leverage ratio, liquidity coverage ratio and Net Stable Funding Ratio (NSFR) under the Basel III framework. The Bank has made these disclosures which are available on its website at the following link <https://www.smbank.co.in/aboutus/investor-corner.php>. The disclosures have not been subjected to audit or limited review by the statutory auditor of the Bank.

5 Details of Resolution plan implemented under the Resolution Framework for COVID -19 related Stress as per RBI Circular dated August 06,2020 (Resolution Framework 1.0) and May 05,2021 (Resolution Framework 2.0) as at March 31, 2024 are given below:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of the previous half year ended September 30,2023 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended March 31,2024	Of (A) amount written off during the half year	additional (interest accrued) during the half year ended March 31,2024	Of (A) amount paid by the borrowers during the half year March 31,2024	(Rs. in lacs)	
						Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half -year i.e. March 31,2024	
Personal Loans	-	-	-	-	-	-	-
Corporate persons*	-	-	-	-	-	-	-
Of which MSMEs	381	-	-	21	25	-	376
Others	312	41	-	15	73	-	213
Total	693	41	-	36	98	-	589

6 Other Income includes:

a Income on Insurance claim towards Cyber Fraud Recovery amounting to Rs 1,092 (In lacs).

b.Commission income from non-fund based activities, fees, earnings from foreign exchange transactions, profit and loss (including revaluations) from investments, etc.

7 Tax Expenses relate to write off of non realisable Tax assets from earlier assessment years.

8 During the quarter and year ended March 31, 2024, Bank has raised Tier I capital of Rs 10,000 (in lacs) by issue of 978 (In lacs) shares at a premium.

9 The above results have been approved by the Board of Directors of the Bank at its meeting held today.

10 These results for the quarter and year ended March 31, 2024 have been audited by statutory auditor – K. S. Aiyar & Co., Chartered Accountants who have issued an unmodified audit report thereon.

11 Details of loan transferred / acquired during the quarter ended March 31, 2024 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below :-

(i) The Bank has not transferred any stressed loans (Non- performing asset and Special Mention Account) and loans not in default during the quarter ended March 31, 2024.

(ii) The Bank has not acquired any stressed loans (NPA and SMA accounts) during the quarter ended March 31, 2024.

(iii) The Bank has not acquired any loans not in default through assignment during the quarter ended March 31, 2024.

(iv) Details of recovery ratings assigned for Security Receipts as on March 31, 2024:

Recovery Rating ^	Anticipated recovery as per recovery rating	March 31, 2024 (Rs in lacs)	Book Value **
India Rating (RR3)	50%-75%	242	
RR5/Unrated *	0%-25%	1,767	
Total		2,009	

^ Recovery rating is 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, 2024. Provision against the outstanding Security Receipts as on March 31, 2024 is Rs. 2,009 lacs.

12 The figures of the last quarter in each of the financial years are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the respective financial year.

13 Figures of the previous periods have been regrouped/reclassified wherever necessary to conform to current period's classification.

Place : Mumbai
Date : May 29, 2024



For SBM Bank (India) Ltd.

Mr. Ashish Vijayak
Managing Director &
Chief Executive Officer