

F-7 Laxmi Mills
Shakti Mills Lane (Off Dr E Moses Rd)
Mahalaxmi Mumbai 400 011 India
Tel : 91 22 2493 2502 / 6655 1770
Fax : 91 22 6655 1774
Grams : VERIFY
www.KSAiyar.com
Mail@KSAiyar.com

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, 2023 and the year to-date results for the period from 1st April, 2022 to 31st March, 2023 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, 2023 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 are 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, 2023 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 are 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 alongwith the rules issued thereunder, the relevant provisions of the Banking Regulations Act, 1949, , the 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, 2023 and of the net profit for the year ended March 31, 2023 and other financial information for the quarter ended 31st March, 2023 as well as the year to-date results for the period from 1st April, 2022 to 31st March, 2023.



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 has made an additional provision of 1% of Operating Income of the year having an impact of Rs. 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.
2. The Financial Results include the results for the quarter ended March 31, 2023 being the balancing figures between the audited figures in respect of the financial year ended March 31, 2023 and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Our opinion is not modified in respect of these matters.

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No.100186W
UDIN: **23038526BGWQDF3636**


Rajesh S. Joshi
Partner
Membership No.038526



Mumbai
Date: 29th May, 2023



SBM Bank (India) Ltd.

CIN:U65999MH2017FLC293229

Regd Office: 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai 400021

Website: <https://www.smbank.co.in>, Tel: +91 22 4302 8888

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023

(Rs in lacs)

Sr No	Particulars	Three Months Ended			Year ended	
		31-Mar-2023	31-Dec-2022	31-Mar-2022	31-Mar-2023	31-Mar-2022
		Audited (Refer note 10)	Unaudited	Audited (Refer note 10)	Audited	Audited
1	Interest Earned (a)+(b)+(c)+(d)	18,726	17,727	11,396	66,567	39,729
	a) Interest/discount on advances/bills	12,044	12,131	8,006	44,962	28,499
	b) Income on investments	6,030	4,940	2,740	18,557	8,602
	c) Interest on Balances with RBI and Other Inter-Bank Funds	349	438	554	2,095	1,712
	d) Others	303	218	96	953	916
2	Other income	6,242	4,623	4,889	20,135	11,345
3	Total income (1)+(2)	24,968	22,350	16,285	86,702	51,074
4	Interest Expended	13,456	11,509	8,057	45,339	27,221
5	Operating expenses (i)+(ii)	11,925	10,193	6,274	37,598	18,560
	i) Employees cost	3,757	3,108	2,583	12,157	7,540
	ii) Other operating expenses	8,168	7,085	3,691	25,441	11,020
6	Total expenditure (4)+(5) (Excluding provisions and Contingencies)	25,381	21,702	14,331	82,937	45,781
7	Operating profit before Provisions and Contingencies (3)-(6)	(413)	648	1,954	3,765	5,293
8	Provisions (other than tax) and Contingencies	217	219	567	1,683	3,534
9	Exceptional Items	-	-	-	-	-
10	Profit/(Loss) from Ordinary Activities before tax (7)-(8)-(9)	(630)	429	1,387	2,082	1,759
11	Tax Expense	-	-	-	-	129
12	Net Profit/(Loss) from Ordinary Activities after tax (10)-(11)	(630)	429	1,387	2,082	1,630
13	Extraordinary items (net of tax expense)	-	-	-	-	-
14	Net Profit/(Loss) for the period (12)-(13)	(630)	429	1,387	2,082	1,630
15	Paid up equity share capital (Face value of Rs 10/- each)	82,363	82,363	82,363	82,363	82,363
16	Reserves excluding revaluation reserves	-	-	-	(11,073)	(13,154)
17	Analytical Ratios and other disclosures	-	-	-	-	-
	(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL	NIL
	(ii) Capital Adequacy Ratio	16.16%	14.64%	17.28%	16.16%	17.28%
	(iii) Earnings per share (EPS) (Rs) (Face value of Rs 10/- each)					
	(a) Basic EPS before or after extraordinary items (net of tax expense)	(0.08)	0.05	0.17	0.25	0.21
	(b) Diluted EPS before or after extraordinary items (net of tax expense)	(0.08)	0.05	0.17	0.25	0.21
	(iv) NPA ratios					
	(a) Gross NPAs	9,748	10,675	9,324	9,748	9,324
	(b) Net NPAs	1,659	2,072	1,713	1,659	1,713
	(c) % of Gross NPAs to Gross Advances	1.98%	1.94%	2.10%	1.98%	2.10%
	(d) % of Net NPAs to Net Advances	0.34%	0.38%	0.39%	0.34%	0.39%
	(v) Return on assets (average)	-0.25%	0.18%	0.27%	0.22%	0.27%
	(vi) Net worth	69,012	70,041	67,461	69,012	67,461
	(vii) Outstanding redeemable preference shares	-	-	-	-	-
	(viii) Capital redemption reserve	-	-	-	-	-
	(ix) Debt-equity ratio *	2.30	2.00	0.45	2.30	0.45
	(x) Debenture redemption reserve	-	-	-	-	-
	(xi) Total debts to total assets *	16.84%	14.53%	3.95%	16.84%	3.95%
	* Debt represents total borrowings; Equity represents total of share capital and reserves.					





Notes

1 Statement of Assets and Liabilities is given below :

(Rs in lacs)

Particulars	As at	As at
	31-Mar-2023	31-Mar-2022
	Audited	Audited
CAPITAL & LIABILITIES		
Capital	82,363	82,363
Reserves & Surplus	(8,336)	(10,900)
Deposits	7,31,853	6,79,945
Borrowings	1,70,525	31,900
Other Liabilities and Provisions	36,120	24,624
Total	10,12,525	8,07,932
ASSETS		
Cash and Balances with Reserve Bank of India	97,131	1,14,053
Balances with banks and Money at Call and Short Notice	2,327	5,514
Investments	3,69,271	2,22,787
Advances	4,83,593	4,35,357
Fixed Assets	8,815	6,963
Other Assets	51,388	23,258
Total	10,12,525	8,07,932



2 Statement of Cash flow is given below :

(Rs in lacs)

Particulars	Year Ended	Year Ended
	31-Mar-2023	31-Mar-2022
	Audited	Audited
A Cash Flow from Operating Activities		
Net Profit before Taxes	2,082	1,759
Adjustments to profit/(loss) from operations		
Depreciation on Fixed Assets	1,483	1,138
Amortisation of premium on Held to Maturity investments	225	215
Provision for Non-Performing Assets	479	1,391
Depreciation on investments or (Profit)/ loss on revaluation of investments	195	564
Non performing Advances written off	1,338	1,881
Provision on standard assets and other contingencies	392	643
Sub-Total	6,194	7,591
Changes in working capital		
(Increase)/Decrease in Investments	(1,10,006)	(46,487)
(Increase)/Decrease in Advances	(50,053)	(1,46,896)
(Increase)/Decrease in Other Assets	(28,334)	(11,968)
Increase/(Decrease) in Deposits	51,908	2,94,425
Increase/(Decrease) in other liabilities & provisions	11,103	12,368
Net Cash from Operating Activities before Income Tax	(1,19,188)	1,09,033
Tax refund (net of taxes paid)	204	26
Net Cash from Operating Activities after Income Tax	(1,18,984)	1,09,059
B Cash Flow from Investing Activities		
(Increase)/Decrease in Held To Maturity (HTM) securities	(36,897)	(54,426)
Purchase of Fixed Assets	(2,853)	(2,391)
Net Cash from Investing Activities	(39,750)	(56,817)
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	1,16,225	15,002
Net Cash from Financing Activities	1,38,625	25,002
D Cash and Cash Equivalent at the beginning of the year		
I. Cash in Hand (including foreign currency notes and gold)	205	192
II Balances with Reserve Bank of India	44,848	10,650
III Balances with Banks and Money at Call and Short Notice	74,514	31,481
	1,19,567	42,323
E Cash and Cash Equivalent at the end of the year		
I. Cash in Hand (including foreign currency notes and gold)	148	205
II Balances with Reserve Bank of India	96,982	44,848
III Balances with Bank and Money at Call and Short Notice	2,327	74,514
	99,458	1,19,567
A Cash Flow from Operating Activities	(1,18,984)	1,09,059
B Cash Flow from Investing Activities	(39,750)	(56,817)
C Cash Flow from Financing Activities	1,38,625	25,002
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	(20,109)	77,244
D Cash and Cash Equivalent at the beginning of the year	1,19,567	42,323
E Cash and Cash Equivalent at the end of the year (A+B+C+D)	99,458	1,19,567



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, 2022. 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.sbm-bank.co.in/about-us/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, 2023 are given below:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at end of previous half year ended September 30, 2022 (A)	Of (A), aggregate debt that slipped into NPA during half year ended March 31, 2023.	Of (A) amount written off during half year	Addition (Interest accrued) during half year ended March 31,2023	Of (A) amount paid by the borrowers during the half year March 31, 2023	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, 2023.
Personal Loans	-	-	-	-	-	-
Corporate persons	387	-	-	18	23	382
Of which MSMEs	387	-	-	18	23	382
Others	418	80	-	21	36	323
Total	805	80	-	39	59	705

6 Other Income includes commission income from non-fund based activities, fees, earnings from foreign exchange transactions, profit and loss (including revaluations) from investments, etc.

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

8 These results for the quarter and year ended March 31, 2023 have been audited by statutory auditor – K. S. Aiyar & Co., Chartered Accountants who have issued an unmodified audit report thereon.

9 Details of loan transferred / acquired during the quarter ended March 31, 2023 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, 2023.

(ii) The Bank has not acquired any stressed loans (NPA and SMA accounts) during the quarter ended March 31, 2023.

(iii) Details of loans not in default acquired through assignment as given below:

Particulars	March 31, 2023
Aggregate amounts of loans acquired (Rs in lacs)	3,555
Aggregate consideration paid (Rs in lacs)	2,844
Weighted average residual maturity (in years)	2.11
Weighted average holding period by originator (in years)	0.68
Retention of beneficial economic interest by the originator	20%
Tangible security coverage	Unsecured Loans
Rating wise distribution of rated loans*	Unrated

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

(iv) Details of recovery ratings assigned for Security Receipts as on March 31, 2023:

Recovery Rating ^	Anticipated recovery as per recovery rating	March 31, 2023 (Rs in lacs)	Book Value **
BWRR1 / BWRR1+	100%-150%	242	242
BWRR3	50%-75%	225	225
RRS/Unrated *	0%-25%	1,767	1,767
Total		2,234	2,234

^ 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, 2023. Provision against the outstanding Security Receipts as on March 31, 2023 is 2,234 lacs.

10 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.

11 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 Rs. 7 Lacs or more in a financial year. These transactions include international transactions initiated through SBM Bank Debit Cards or through any other channel(s) of SBM Bank.

During the year, total TCS amount of Rs. 30.73 Crore on such applicable international transactions has been paid by the Bank to the Income Tax Department on behalf of customers. Of Rs. 30.73 crores, Rs. 3.74 Crores have been expensed out including interest component. Out of balance recoverable of Rs. 26.99 Crore, Rs. 13.14 Crore 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 Rs. 2.77 Crore in the financial statement for March 31, 2023, basis the recovery estimate.

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

Place : Mumbai
Date : May 29, 2023



For SBM Bank (India) Ltd.

Mr. Sidharth Rath
Managing Director &
Chief Executive Officer


