

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[Pursuant to Regulation 24A of the SEBI (LODR) Regulations, 2015 read with SEBI Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019]

To
**The Members,
 State Bank of India**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by State Bank of India (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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2021 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2021 according to the provisions of:

- i. The State Bank of India Act, 1955 ('the Act') and the State Bank of India General Regulations, 1955 ('the Regulations') made thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client#;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;
 - i. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
 - j. The Securities and Exchange Board of India (Investment Advisers) Regulations, 2013;
 - k. The Securities and Exchange Board of India (Stock Brokers) Regulations, 1992;
 - l. The Securities and Exchange Board of India (Underwriters) Regulations, 1993;
 - m. The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020;
 - n. The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994;
 - o. The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993;
 - p. The Securities and Exchange Board of India (Custodian) Regulations, 1996; and
 - q. The Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.
- # *The Regulations or Guidelines, as the case may be were not applicable for the period under review.*
- The list of Acts, Laws and Regulations specifically applicable to the Bank are given below:
- vi. The Banking Regulation Act, 1949, as amended.
 - vii. Master Directions, Notifications and Guidelines issued by RBI from time to time.
- We have also examined compliance with the applicable clauses of 'the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"]:
- During the period under review, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above, to the extent applicable except to the following:
- a) The Central Board of the Bank comprises of thirteen (13) Directors, constituting of five (05) Executive Directors (including the Chairman and four (04) Managing Directors); five (05) Independent Directors and three (03) Non-Executive & Non-Independent Directors as on March 31, 2021. Pursuant to regulation 17(1) of the Listing Regulations, the Chairman being an Executive Director, at least half of the Board of Directors should be comprised of Independent Directors whereas the Central Board of Bank comprises of only five (05) Independent Directors. Thus, the Bank did not have the requisite number of Independent Directors in its Central Board including Independent Woman Director. However, regulation 15 of the Listing Regulations provides that, the provisions of regulation 17 of the Listing Regulations, with respect to the constitution of the Central

Board in terms of section 19 of the State Bank of India Act, 1955 and General Rules & Regulations made thereunder, shall be applicable to the Bank to the extent that it does not violate their respective statutes and guidelines or directives issued by the relevant authorities.

- b) The Audit Committee of the Bank comprises of eight (08) Directors, of which six (06) are Non-Executive Directors including three (03) Independent Directors and two (02) are Executive Directors as on March 31, 2021. The Bank did not have requisite number of Independent Directors in its Audit Committee as required under regulation 18(1) of the Listing Regulations.

We further report that -

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

Adequate notice was given to all Directors to schedule the Central Board Meetings, agenda and detailed notes on agenda were sent in advance for meetings 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.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Bank commensurate with the size and

operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Bank has undertaken following events/actions:

- i) During the audit period, the Central Board of the Bank had approved raising of capital by way of issuance of Basel III compliant debt instrument under Additional Tier 1 (AT 1) capital up to an amount of ₹9,000 Crore and Tier 2 capital up to an amount of ₹21,015 Crore by way of Private Placement Issue.
- ii) During the audit period, the Committee of Directors for Capital Raising allotted Basel III compliant debt instrument under AT 1 amounting to ₹6,500 Crore and Tier - 2 capital amounting to ₹20,931 Crore.
- iii) The Executive Committee of Central Board (ECCB) of the Bank at its meeting held on July 08, 2020 had accorded its approval for investment in the Further Public Offering (FPO) of Yes Bank Limited subsequent to which 1,46,66,66,000 equity shares of face value ₹2 each of Yes Bank Limited were allotted to the Bank.
- iv) The Executive Committee of Central Board (ECCB) of the Bank at its meeting held on July 08, 2020 accorded approval whereby SBICAP, a wholly owned subsidiary of the Bank will acquire stake in Investec Capital Services India Pvt. Ltd. to form a Joint Venture along with transfer of SBICAP Securities Limited's (SSL) Institutional Equities Broking and Research Business to such Joint Venture entity.
- v) During the financial year ended March 31, 2021, the Bank has redeemed AT 1 Bonds aggregating to ₹200 Crores and Tier 2 Bonds aggregating

to ₹16,647.83 Crores; the total bond redemptions aggregating to ₹16,847.83 Crores.

- vi) The Reserve Bank of India (RBI) had, vide its letter dated March 16, 2021, imposed a monetary penalty of ₹2 Crore on the Bank, for contravention of provisions of Section 10 (1) (b) (ii) of the Banking Regulation Act, 1949 and specific directions of RBI issued to the Bank on payment of remuneration to employees in the form of commission.

For Bhandari & Associates

Company Secretaries
Firm Registration No.: P1981MH043700

S. N. Bhandari

Partner
FCS No.: 761; C P No.: 366
Mumbai: May 21, 2021
UDIN: F000761C000349461

*This report is to be read with our letter of even date which is annexed as **Annexure 'A'** and forms an integral part of this report.*