Dear Sir/Madam,

Subject: Annual Secretarial Compliance Report of the Bank for the Financial Year ended March 31, 2020

Pursuant to Regulation 24A of SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, we hereby submit Annual Secretarial Compliance Report of the Bank issued by M/s Bhandari & Associates for the year ended on March 31, 2020 in the format as specified by SEBI for your information and record.

Thanking you,

Yours faithfully
For State Bank of India

(Shima Devi)
Chief Manager-Company Secretary
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020


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, 2020 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, 2020 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, 1996;

j. The Securities and Exchange Board of India (Investment Advisers) Regulations, 2013;

k. The Securities and Exchange Board of India (Stock Brokers and Sub-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, 1993;

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 of Securities) 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 fourteen (14) Directors, constituting of five (05) Executive Directors (including the Chairman & Managing Director); six (06) Independent Directors and three (03) Non-executive & Non-Independent Directors. 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 six (06) Independent Directors. 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 nine (09) Directors, constituting seven (07) Non-Executive Directors including four (04) Independent Directors and two (02) Executive Directors as on March 31, 2020. The Bank did not have requisite number of Independent Directors in its Audit Committee during the period under review as required under regulation 18(1) of the Listing Regulations.

c) The Nomination and Remuneration Committee (“NRC”) of the Bank is duly constituted and has complied with the guidelines issued by the Reserve Bank of India (RBI), however there was no meeting of the NRC of the Bank held during the period under review as required under regulation 19 of the Listing Regulations. The NRC of the Bank has approved the framework/criteria for performance evaluation of the Board, Board Committees and Directors for financial year 2019-20 through circular resolution dated January 23, 2020.

d) During the financial year ended March 31, 2020, the Reserve Bank of India (RBI) has levied an aggregate penalty of Rs. 7,00,00,000/- (Rupees Seven Crores only) for violation of the directions issued on Income Recognition and Asset Classification norms and Rs. 50,00,000/- (Rupees Fifty Lacs only) for non-compliance of its directions issued with respect to the reporting of frauds.

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) The Executive Committee of the Central Board of Directors of the Bank had at its meeting held on April 24, 2019 had approved for raising of Long Term Fund in single/multiple tranches up to US$2.5 Billion under Rule 144A/Regulation - S of Securities Contract Act, 1933. The Bank issued the Bonds through their London Branch and the Bonds are listed on the Singapore Stock Exchange and India International Exchange, Gift City.

ii) The Executive Committee of the Central Board of Directors of the Bank had at its meeting held on May 29, 2019, had approved the issue of Non-Convertible, Unsecured, Basel – III compliant, Additional Tier - II Bonds in the nature of Debentures aggregating to Rs. 50,00,00,00,000/- (Rupees Five Thousand Crores Only) by way of Private Placement Issue.

iii) The Central Board of the Bank had at its meeting held on July 01, 2019 had approved issue of Non-Convertible, Unsecured, Basel – III compliant, Additional Tier - I Bonds in the nature of Debentures of Rs. 70,00,00,00,000/- (Rupees Seven Thousand Crores) by way of Private Placement Issue.

iv) In accordance with the Central Government notification no. CGDL-E-13032020-218653 dated March 13, 2020 and Yes Bank Limited Reconstruction Scheme, 2020 as issued by the Reserve Bank of India, the Bank has acquired 6,05,00,00,000 (Six Hundred and Five Crores) equity shares of Yes Bank Limited of Rs. 2/- each at a premium of Rs. 8/- per equity shares for a total consideration of Rs. 60,50,00,00,000/- (Rupees Six Thousand and Fifty Crores only). Pursuant to the said acquisition on March 14, 2020, the Bank has acquired a total stake of 48.21% in Yes Bank Limited.

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner
FCS No.: 761; C P No.: 366
Mumbai | June 05, 2020
ICSI UDIN: F000761B000318441

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.
To,
The Members,
State Bank of India

Our Secretarial Audit Report for the Financial Year ended on March 31, 2020 of even date is to be read along with this letter.

1. Maintenance of secretarial record 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 follow 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. Wherever 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.

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
Mumbai | June 05, 2020
ICSI UDIN: F000761B000318441