

DIRECTOR'S REPORT

To The Members,
State Bank Operations Support Services Private Limited

Your directors have the pleasure of presenting the First Annual Report on the business and operations of the Company together with the Audited Financial Statement for the first financial year 2022-23.

1. Financial Highlights**(Amount in Rs. Lakhs)**

Particulars	For the Financial Year ended March 31, 2023
Total Revenue	4236.40
Total Expenditure	3881.40
Profit Before interest, Depreciation & Tax	355.00
Less: Finance Cost	1.99
Less: Depreciation & Amortization Expense	1.14
Profit before Tax	351.87
Less: Current Tax	88.25
Less: Deferred Tax	0.31
Less: Tax adjustment for earlier Years	-
Profit after Tax	263.31
Less: Proposed Dividend & Tax Thereon	-
Balance carried to Balance Sheet	263.31
EPS (Rs.)	
Basic	2.63
Diluted	2.63

2. Performance of the Company

Since incorporation of wholly owned subsidiary of the Bank (SBOSS) and commencement of business from August 2022, the Company has been moving ahead with tremendous growth and making significant progress on activities outsourced so far in line with the approvals, along with delivering extraordinary enterprise value to the Bank through incremental sales in the RUSU areas. We are a strong 7,000+ workforce Company that ventured into revenue-generating direct sales channel through FOS (Feet on Street) in AGRI & MSME segment, deployed across Branches PAN India to assist them in sourcing incremental business for the Bank.

SBOSS is also ensuring support for smooth credit deployment in priority areas, encouraging financial inclusion at the last mile. The initiative is not just helping the Bank in positive topline, but 360-degree paradigm shift in overall customer acquisition framework & customer experience.

To complement the Bank's efforts in building innovative customer experiences while focusing on enhanced business growth, the Subsidiary is in process of implementing best in class technology solution like salesforce App with unique features to keep the entire journey digital and reduction of overall turnaround time by at least fifty percent. Salesforce App is a state of the art mobility solution, once goes live shall provide services like GPS tracking, offline data capture, Interactive dashboards etc.

Along with continuous focus on scaling up existing network of FOSs deployed at the Branches covering all the RUSU branches, the Company will also be activating LOB (lines of businesses) like contact center, collections, and ATM Monitoring & Vendor management under Phase 1 in FY 2023-24 in line with the expansion plan approved for the company by the Bank. It will further enhance the scale and size of the Company and value creation/delivery to the Bank. The new activities shall help the Bank in ensuring best in class service levels, tightened NPA's and better vendor governance for digital/ alternate channels.

The centralization of certain activities like Liability Operations and Credit Operations are also on cards, but subject to necessary regulatory & Internal approvals which are underway. The centralization of critical activities shall enhance focus on risk management & controls, scalability, cost rationalization, and mitigate the risk of collusion by eliminating end-to-end dominance in transaction processing in branches.

Leveraging the subsidiary to the fullest, the Bank would transform itself from a branch-centric organization to a truly customer-centric financial institution and deliver consistent service levels wrapped with an overall improved customer experience.

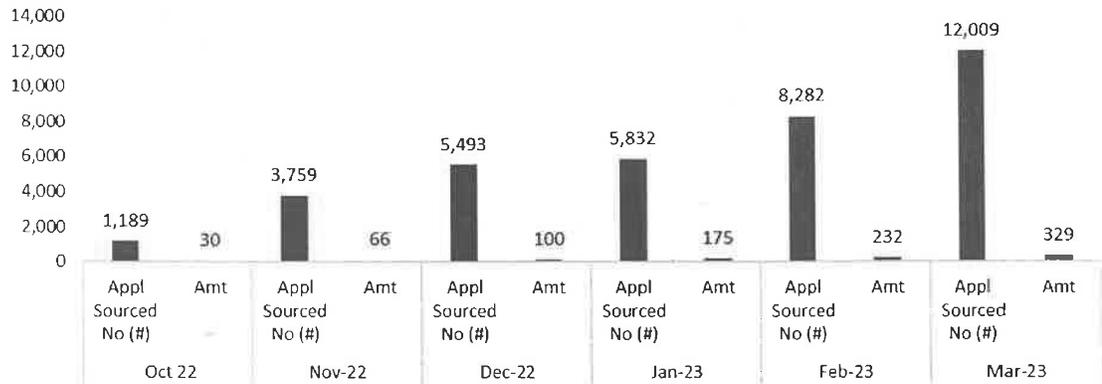
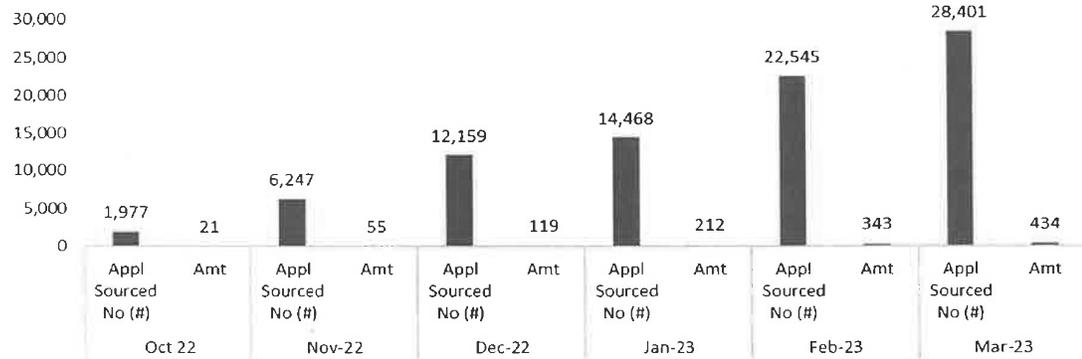
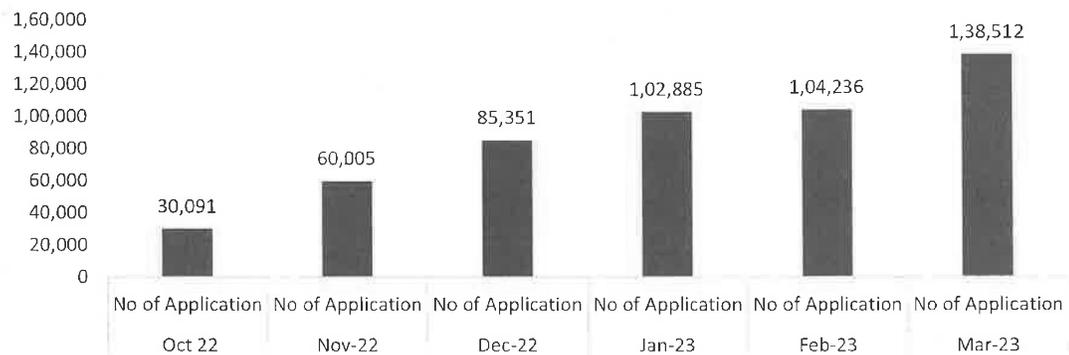
The Company is emerging as one of the leading employers in Rural/ Semi Urban segment providing job opportunities to youth with training/ upskilling, making them self-dependent which is a significant step towards the advancement/ empowerment of the youth of the Country. Also, we are constantly supporting taking the banking & credit facilities to the doorstep of the priority segment who had been dependent on informal channels for decades due to a lack of access to banks/ financial institutions.

Significant Developments/ Initiatives during FY 2022-23:

1. As on 31st March 2023, within a period of eight months since incorporation, the Company has scaled up to 5,000+ FOS activating RUSU Branches PAN India helping Branches to free up their bandwidth with focus on improving quality, compliances & customer experience.
2. The products covered so far by the FOSs under Agri/MSME loans are Kisan Credit Card (KCC) (New & Renewal), SME Credit Card, SME Smart Score, Prime Minister Mudra Yojana (PMMY), Stand-up-India (SUI) etc. The core activities performed by the FOS are sourcing, lead conversion, data entry of applications, document collection and other support activities.
3. Till date, we have touched the lives of more than 6 Lakh farmers by providing them either a new KCC or renewal of their existing KCC at their doorstep, gives an impression of change we would bring, in long run.
4. It resulted in incremental sourcing of Rs. 1184 Crore worth of value of KCC new loan applications and Rs. 7684 Crore worth of KCC renewal applications, itself a validation of the impact envisaged at the time of the creation of this entity. Over & above, more than 34,000 Loan applications aggregating Rupees 856 Crore were sourced by these FOS under Govt. of India's flagship schemes PMMY and SUI.
5. Significant impact was observed in KCC renewal pendency reduction across Pan India, from 24.81 % to 21.81 % at the Bank level. For some regions/AOs/Circles, the reduction is more than 500 bps.
6. With the FOS Application, which is ready to roll out, a multifold increase will be seen in impact, productivity, and customer experience with a completely digital onboarding channel.

The above initiatives would not only help the Bank in increasing its topline but also improve its Priority Sector Lending portfolio and restrict fresh Non-Performing Assets.

Amount (in Crore)

Trend - SME Including Mudra

Trend - KCC New

Trend - KCC Renewal


3. Technology updates

One of the biggest building blocks this Company thrives on is Technology, which will enable or facilitate the core objective of continuously innovating the processing channel through state-of-the-art tech interventions and ensure the safeguarding of the Brand, Data, and legacy through a robust security framework.

Some of the key highlights/achievements accomplished in the financial year 2022-23 are mentioned below:

1. A fully functional HRMS solution is rolled out via both web portal and mobile Application, to actively manage the complete lifecycle of employees from entry to exit digitally.
2. FOSs (Feet on Street) deployed at Branches by the Company for sourcing AGRI & MSME loans, have been given access to LOS, Jan Samarth & LLMS portals for sourcing and processing loan applications sourced by them.
3. A High-end APP is being developed that may be accessed by both handheld devices and Desktops, to generate leads, conversion of leads, and source and process new loans under a paperless environment in association with Salesforce, which will not only deliver cutting-edge customer experience but reduce the processing turnaround time significantly, shall go live in current Financial year. Some of the features like live GPS tracking of the FOS shall provide supervisors with a complete grip on a performance-driven approach.

The technology team for the Company is working cohesively along with the management team to deliver the impact and shall be constantly working on designing/ implementing the solutions which will be in next-gen approach and tech-driven 360-degree change in processing channels.

4. Dividend

The Company has posted a Profit After Tax of Rs. 2.63 Crore for the financial year ended 31st March 2023. The Company intends to retain the earnings for meeting its future capital requirements. Therefore, the dividend was not declared and the profit amount was transferred to the Reserves and Surplus of the Company.

5. Change in the nature of business, if any

During the period under review, there was no change in the business of your Company.

6. Share Capital

During the period under review, there was no change in the Share Capital of the Company. The Authorized Share Capital of the Company is Rs. 50,00,00,000/- (Fifty Crores only) divided into 5,00,00,000 shares at Rs. 10 each and the Issued/Paid-up/Subscribed Capital of the Company is Rs. 10,00,00,000/- (Ten Crores only) divided into 1,00,00,000 shares at Rs. 10 each.

The Company has not bought back any shares during the year. Further, the Company has not issued any Sweat Equity Shares or any Bonus Shares during the year and has not provided any Stock Option Scheme to the employees.

7. Subsidiary, Joint arrangements and Associate Companies

The Company is a wholly owned subsidiary of State Bank of India. The Company does not have any subsidiary, joint venture and/or associate company.

8. Board of Directors and Key Managerial Personnel

Composition of the Board of Directors ("Board") is in terms of the Companies Act, 2013, consists of Shri Dinesh Khara – Director (Chairman) (DIN: 06737041), Shri Sanjeev Naryani – Managing Director & CEO (DIN: 05330860), Shri Alok Kumar Choudhary – Director (DIN: 08480476), Shri Om Prakash Mishra – Director (DIN: 09244477), Shri Pravin Raghavendra – Director (DIN:09686944), as on the date of the report.

The Directors of your Company have submitted the declaration confirming that they are not disqualified under Section 164 of the Companies Act, 2013 to act as Directors.

During the period under review, Shri Sanjeev Naryani (DIN: 05330860) was also appointed as a Managing Director and CEO on the Board of the Company w.e.f. 1st August 2022 for a tenure of 3 years which may be further extended for another 2 years at the discretion of the Board.

Further, Ms. Shima Devi (Membership No.: 418830) was appointed as the Company Secretary of the Company w.e.f. 1st August 2022. Thereafter, she resigned w.e.f. 4th October 2022.

Ms. Anuradha Rawat (Membership No.: 28185) was appointed in place of Ms. Shima Devi w.e.f. 04.10.2022 as Company Secretary of the Company.

9. Corporate Social Responsibility

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within the purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on Corporate Social Responsibility.

10. Director's Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) & Section 134(5) of the Companies Act, 2013, your Directors hereby state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) they had selected such accounting policies & applied them consistently and made judgments & estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company for the financial year ended 31st March 2023 and of the profit of the Company for that period.
- (iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (v) the Directors had prepared the annual accounts on a going concern basis; and
- (vi) they had devised a proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. Number of meetings of the Board

During the period under review, the meetings of the Board of Directors of the Company were duly convened and held 5 (Five) times pursuant to Section 173(2) of the Companies Act, 2013 and the rules framed thereunder including Secretarial Standards.

S. No.	Date of Board Meeting held	No. of Directors entitled to attend the Meeting	No. of Directors attended the Meeting
1.	01.08.2022	5	5
2.	02.08.2022	5	5
3.	04.10.2022	5	3
4.	20.10.2022	5	4
5.	12.01.2023	5	5

12. Annual Return

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014, the extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013 can be accessed at the website of the Company i.e. <https://sboss.net.in/>.

13. Auditors

During the year under review, the office of the Comptroller and Auditor General of India (hereinafter referred to as "CAG") exercising the power conferred under Section 139 of the Companies Act, 2013, appointed M/s. G. Deep & Co., Chartered Accountants (Firm Registration Number 014097N) as Statutory Auditors of the Company for the financial year 2022-23.

Further, Statutory Auditors of the Company, for the Financial Year 2023-24 will be appointed by the Comptroller and Auditor General of India.

14. Auditors Report

Statutory Audit was duly conducted by M/s. G. Deep & Co., Chartered Accountants (Firm Registration Number 014097N) for the financial year 2022-23 and there are no qualifications, reservations or adverse remarks, or disclaimers made by the Statutory Auditor in their reports.

Also, the Supplementary Audit of the Company was conducted by the Principal Director of Audit (Industry & Corporate Affairs), New Delhi in accordance with Section 143 of the Companies Act, 2013. The comments from the CAG and management response are given as under:

SI	Details of Observation	Management Response
A	Comment on profitability	
A.1	Statement of Profit and Loss for the period 26th July to 31st March, 2023 Other Expenses (Note No. 19) -Rs. 1,10,12,768/-	
	As per Para no. 56 of the Accounting Standard 26 (AS 26), pre-operating cost needs to be recognised as an expense when it is incurred. However, the Company charged Rs. 926,488/- out of Rs. 46,32,441/- incurred as preliminary expenses, to the Statement of Profit and Loss and balance of Rs. 37,05,953/- was shown under other current assets as miscellaneous expenses as per the Significant Accounting Policy of the Company.	Noted for compliance. Accounting DTA will be recognized, and accordingly Tax would be calculated during the current year. Amortization of preliminary expenses was done keeping in view the provisions of I T Act. We confirm that the residual amount of incorporation expenses for Rs.37,05,953/- would be accounted for in the P&L Account in current year 2023-24.

<p>This has resulted in understatement of other expenses and overstatement of Profit before Tax and other non-current assets by Rs. 37,05,953/-. Consequently, this has also resulted in understatement of Deferred Tax Assets by Rs. 9,32,714/- (tax@25.168 of Rs. 37,05953/-) and overstatement of current tax.</p>	<p>The residual amount of incorporation expenses for Rs.37,05,953/- would be accounted for in the P&L Account in current year 2023-24. Accounting Notes would be updated accordingly.</p>
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The Statutory Audit Report has also been revised to give effect to three of the audit observations raised during the supplementary audit.

The CAG report forms an integral part of the Audited Financial Statement for the financial year 2022-23.

15. Deposits

The Company has neither accepted nor renewed any deposit within the meaning of Chapter V to Companies Act 2013 during the year under review. Further, no amount on account of principal or interest on deposit was outstanding as at the end of the year under report.

16. Loans/ Guarantees/ Investments

The Company has not made any investment, advanced any loan or provided any guarantee during the year under review in accordance with the provisions of Section 186 of the Act and rules made there under.

17. Particulars of employees

The provisions as envisaged under 197(12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014 is not applicable to your Company. Hence, the disclosure with reference to the particulars of employees is not attached to this report.

18. Related Party Transactions

There have been no material transactions with Directors or the Key Management Personnel and their relatives during F.Y. 2022-23 that could have potential conflict with the interest of the Company. To the best of our knowledge, all related party transactions with State Bank of India (holding company) during F.Y. 2022-23 were on an arm's length basis and in the ordinary course of business. The particulars of contracts/arrangements entered with related parties are disclosed in AOC-2, appended as an Annexure-1 to this Report. In accordance with the Accounting Standard - 18 prescribed by the Institute of Chartered Accountants of India (ICAI), transactions with related parties have been furnished in Note no. 24 in the Notes to Accounts under the heading "Related Party Disclosures".

19. Significant and material orders

During the period under review, there were no significant material orders passed by Regulators/ Courts/ Tribunals impacting the going concern status of the Company and its future operations.

20. Material changes and commitments

There are no material changes and commitments affecting the financial position of the Company subsequent to the close of the financial year to which the financial statement relates and the date of this report.

21. Conservation of energy/ Technology absorption/ Foreign Exchange Earnings and Outgo

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, for the financial year ended 31st March 2023 is given below:

- A. Conservation of Energy:** Your Company has not done any activities during the period under review which involves Conservation of Energy. Hence, the information to be provided under 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is not applicable.
- B. Technology Absorption:** Your Company has not done any activities during the period under review which involves absorption of technology. Hence the information to be provided under 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is not applicable.
- C. Foreign Exchange Earnings and Outgo:**
- | | |
|-------------------------------|-----|
| i) Foreign Exchange Earnings: | Nil |
| ii) Foreign Exchange outgo: | Nil |

22. Internal Financial Controls

The Company has reasonable Internal Financial Control in place which facilitate and helps in achieving the following effectively:

- To identify and mitigate risks.
- To provide reasonable assurance that operations are efficient and effective.
- To Safeguard Company assets (tangible & intangible both).
- To ensure financial reporting is accurate, reliable and on time.
- To ensure the Company's resources are used prudently and in an efficient, effective and economical manner.
- To ensure effective internal control and Internal Audit System in place.
- To design a framework through which Company's resources are directed, monitored and measured.
- To ensure that the Company is in compliance with all applicable laws, rules and regulations.
- To ensure Company policies and procedures are implemented effectively.

23. Risk Management

In terms of the provisions of Section 134(3)(n) of the Companies Act, 2013, the Company is having a robust risk management framework in place for identification, measurement, management, control and mitigation of various risks inherent in Company's business. The Company has constituted an Internal Audit and Risk Management Committee, with the overall responsibility of overseeing and reviewing risk management across the Company in line with the Risk Management Policy.

The risk management policy covers the key risks viz. Operational risk, Reputational risk, Information Technology risk, Compliance risk, Liquidity risk. Board level oversight is exercised through the Risk Management Committee of the Company which oversees formulation and review of risk management policy. The Board annually review the Risk Management Policy of the Company.

24. Fraud reporting

During the year under review, the Statutory Auditors of the Company have not reported any fraud to the Audit Committee/ Board of Directors of the Company and the Central Government pursuant to the provisions of Sections 134 and 143 of the Companies Act, 2013.

25. Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013

All contracts/ arrangements/ transactions entered by the Company during the year under review with related parties were in the ordinary course of business and on arm's length basis. Particulars of transactions with related parties referred to in Section 188(1) of the Companies Act, 2013 have been given in Annexure 1.

26. Disclosure under the sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Policy for Prevention of Sexual Harassment of Women at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Independent Internal Committee (IC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The aim is to provide safe and conducive work environment for the women employees to enable them to work without fear, prejudice, gender bias and sexual harassment. The following is a summary of sexual harassment complaints received and disposed of during financial year 2022-23.

No. of Complaints received	NIL
No. of Complaints disposed off	NIL

27. Whistle Blower Policy

The Company has in place the whistle blower policy to ensure highest ethical, moral and business standards in the course of functioning and to build a lasting and strong culture of Corporate Governance within the Company.

In terms of Policy, an internal mechanism is established for staff members to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct policy. The Policy is intended to encourage all employees of the Company to report suspected or actual occurrence of illegal, unethical or inappropriate actions, behavior or practices by staff members without fear of retribution. The employees can voice their concerns on irregularities, malpractices and other misdemeanors through this policy. It also provides necessary safeguard and protection to the employees who disclose the instances of unethical practices/ behaviour observed in the Company.

28. Secretarial Standards

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and General Meetings have been complied with by the Company.

29. Other disclosures

- a) There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

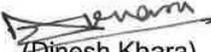
- b) The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the Company.
- c) The details of the application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year- NA
- d) The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof- NA

30. Acknowledgement

The Board of Directors acknowledge with gratitude the utmost co-operation and support extended by State Bank of India, Statutory Auditors, Comptroller and Auditor General of India and all the valued stakeholders and expect their continued support and patronage in future too. The Directors wish to place on record their deep appreciation for the dedicated service rendered by employees at all levels, enabling the Company to help achieve its growth plan during the year.

For and on behalf of the Board

Date: 14th September 2023
Place: Mumbai


(Dinesh Khara)
Chairman
DIN:06737041

FORM NO. AOC-2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of Contracts/ Arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
 - a) Name(s) of the related party and nature of relationship
 - b) Nature of Contracts/Arrangements/ Transactions
 - c) Duration of the Contracts/Arrangements/ Transactions
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any (e) Justification for entering into such Contracts or Arrangements or Transactions
 - e) Date(s) of approval by the Board
 - f) Amount paid as advances, if any
 - g) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188

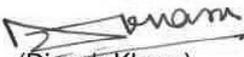
2. Details of material contracts or arrangements or transactions at arm's length basis

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/ transactions	Duration of contracts/arrangements /transactions	Date(s) of approval by the Board	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
1.	Shri Sanjeev Naryani, MD & CEO	Remuneration paid to KMP	Ongoing	Not Applicable as the Transactions are entered in the Ordinary Course of Business and at arms' length.	Appointed as Managing Director & CEO w.e.f.01.08.2022 for a term of 3 years which may be further extended for 2 years	-
2.	Ms. Anuradha Rawat, Company Secretary	Remuneration paid to KMP	Ongoing		Appointed w.e.f. 04.10.2022	-
3.	State Bank of India	Learning and Development Training Expenses	Ongoing		18,69,500	-
4.	State Bank of India	Services provided to	Ongoing		42,19,72,388	-

		State Bank of India				
5.	Short Term Borrowing- Cash Credit A/c- Limit - 45 Cr.	Short term borrowing received and paid during the year	Ongoing		16,21,00,000 (Received)	-
					(16,04,73,435) (Paid)	
6.	Term deposits placed with State Bank of India	FD Created during the Year with State Bank of India	Ongoing		13,98,00,000 (FD created)	-
					(11,16,16,873) (FD Encashed)	
7.	Interest Expense	Interest Paid on CC A/c held by State Bank of India	Ongoing		1,99,110	-
8.	Interest Income	Interest income on Fixed Deposit A/c held with State Bank of India	Ongoing		16,26,082	-

For and on behalf of the Board

Date: 14th September 2023
Place: Mumbai


(Dinesh Khara)
Chairman
DIN:06737041