



PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

Not applicable

2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

Against Sponsor: State Bank of India

- a. Penalties amounting to Rs. 1824/- is levied by INTL. tax range 4(2) , Mumbai, under section 271C of the IT act,1961. The penalty has been paid on 15.10.2022.
- b. A Show Cause Notice (SCN) amounting to Rs.37.15 lakhs has been received from Central GST (Audit) office , Patiala, in respect of e-SBP branches for the period April 2016 to march 2017 on the issue of non-payment of service tax on penal interest recovered from customers. Personal hearing by the Bank officials attended on 25.08.2023. Order in the matter is awaited.
- c. An SCN amounting to Rs.9.75 lakhs, has been received from Deputy Commissioner, Telangana, in respect of Telangana GSTIN for the period April 2020 to March 2021 on the issue of:
 - i. Excess ITC claimed on account of non-reconciliation of information declared in GSR09.
 - ii. Excess ITC reversed in GSTR9 over and above GSTR3B.
 - iii. Under- declaration of ineligible ITC.SBI has examined the issues involved and have observed that the claim is not sustainable. SBI has replied on 24th June 2022.
- d. An SCN amounting to Rs.17.29 crore, has been received from Central Excise (audit), Kochi in respect of eSBT for the period Oct-2016 to Mar-17 alleging:
 - i. Short Service Tax paid.
 - ii. Ineligible ITC.SBI has examined the issues involved and have observed that the Bank is not at fault and the claim by the tax authorities is not sustainable. SBI has replied to the SCN within stipulated time. Order has been passed by the Adjudicating Authority reducing the demand to Rs. 7.49 lac. Bank has paid the demand on 28.09.2023.
- e. An SCN amounting to Rs.9.28 crore from Joint Commissioner of States and Excise, Parwanoo in respect of wrong utilization of Input credit of GST paid of Inter bank Transactions(July 2017- to March 2018). SBI has examined the issues involved and have observed that the Bank is not at fault and claim by the tax authorities is not sustainable. SBI has already referred the matter to GST consultant. Appeal has been filed by the Bank with Commissioner in the matter.
- f. An SCN amounting to Rs13.10 crore from Joint Commissioner of States and Excise, Parwanoo in respect of wrong utilization of Input credit of GST paid of Inter bank Transactions(July 2018-

to March 2019). SBI has examined the issues involved and have observed that the Bank is not at fault and claim by the tax authorities is not sustainable. SBI has already referred the matter to GST consultant. Appeal has been filed by the Bank with Commissioner in the matter.

- g. An SCN amounting to Rs.13.72 crore from Joint Commissioner of States and Excise, Parwanoo in respect of wrong utilization of Input credit of GST paid of Inter bank Transactions(July 2019- to March 2020). SBI has examined the issues involved and have observed that the Bank is not at fault and claim by the tax authorities is not sustainable. SBI has already referred the matter to GST consultant. Appeal has been filed by the Bank with Commissioner in the matter.
- h. An SCN amounting to Rs.16.29 crore from Joint Commissioner of States and Excise, Parwanoo in respect of wrong utilization of Input credit of GST paid of Inter bank Transactions(July 2020- to March 2021). SBI has examined the issues involved and have observed that the Bank is not at fault and claim by the tax authorities is not sustainable. SBI has already referred the matter to GST consultant. Appeal has been filed by the Bank with Commissioner in the matter.
- i. An SCN amounting to Rs.17.52 crore from Joint Commissioner of States and Excise, Parwanoo in respect of wrong utilization of Input credit of GST paid of Interbank Transactions (April 2020- to March 2021). SBI has examined the issues involved and have observed that the Bank is not at fault and claim by the tax authorities is not sustainable. SBI has already referred the matter to GST consultant. Appeal has been filed by the Bank with Commissioner in the matter.
- j. An SCN amounting to Rs.9.28 crore from Joint Commissioner of States and Excise, Parwanoo in respect of wrong utilization of Input credit of GST paid of Inter bank Transactions(July 2021- to March 2022). SBI has examined the issues involved and have observed that the Bank is not at fault and claim by the tax authorities is not sustainable. SBI has already referred the matter to GST consultant. Appeal has been filed by the Bank with Commissioner in the matter.
- k. SCN amounting to Rs.42.74 lakh has been received from Assistant Commissioner of State, Raipur, in respect of Chattisgarh GSTIN for the period under 2020-21 in respect of Difference in GSTR 3 B with GSTR 2A. SBI has replied on 14.10.2022. Order passed on 28/04/2023 confirming the demand. Appeal against the same filed by the Bank and Personal hearing is scheduled on 19.01.2024.
- l. SCN amounting to Rs.11.89 lakh has been received from Assistant Commissioner of state, Vijaywada, in respect of Amrawati GSTIN for the period under 2021-22 in respect of GST TDS particulars not shown in GSTR-3B for the month of December 2021. SBI has replied on 10.10.2022. Bank had paid the amount demanded on 25.01.2023.
- m. 5 SCNs amounting to Rs. 303.25 crore has been received in respect of Rajasthan GSTIN for the period 2017-18 to 2021-22 on the issue of matching of Input Tax Credit (ITC) availment with GSTRA2A by SBI and ineligible ITC u/s 17(5). SBI has examined the issue involved and have observed that SBI is not at fault and the claim by the tax authorities is not sustainable. SBI has filed the reply to the tax authorities. Personal hearing in the matter is awaited.
- n. The bank failed to comply with Reserve Bank direction on Loans and Advances when it sanctioned a term loan of Rs. 6000 crores to Andhra Pradesh State Development Corporation Ltd. (APSDCL) as under:
 - (i) in lieu of or to substitute budgetary resources envisaged for the projects;
 - (ii) without undertaking due diligence on the viability and bankability of the projects to ensure that revenue streams from the projects are sufficient to take care of the debt servicing obligations; and
 - (iii) the repayment servicing of which was done out of budgetary resources.

RBI in its order informed that Bank contravened the directions contained in paragraphs 2.3.7.3 (iii) and 2.3.7.5 (i) of Reserve Bank Master Circular No. DBR.No.DirBC.10/13.03.00/2015-16 dated July 1, 2015, on "Loans and Advances – Statutory and Other Restrictions", which warrants imposition of monetary penalty.



Monetary penalty of Rs.1.00 Crore has been imposed by RBI. The penalty amount has been paid on 30.09.2023.

- o. The bank failed to comply with the Reserve bank directions on “kisan credit card (KCC) Scheme”, when despite being pointed out in RAR 2020 it levied interest at rates higher than the prescribed rate for loans up to Rs. 3 lakh in KCC accounts.

In this regard, Bank has submitted response to RBI on 27.04.2023 stating that Rate of interest in KCC is linked to Subvention Cycle, which is the period from the date of sanction/renewal date till due date or for one year whichever is earlier. For loans upto Rs 3.00 lakh, rate of interest is fixed at 7% during Subvention Cycle. For loan above Rs 3.00 lakh, rate of interest during Subvention Cycle is applied at tiered structure i.e. upto Rs 3.00 lakh at 7% p.a. and beyond Rs 3.00 lakh as per Product default rate. Beyond Subvention Cycle, the rate of interest is applied at Product default rate.

In order to ensure effective implementation of regulatory guidelines, apart from IT controls, the interest subvention claim data is duly certified / audited by the Statutory Auditors. In addition to this, a Compensatory Control Mechanism (CCM) has also been implemented, wherein, the data of interest rate in KCC (Crop Loan) and any kind of aberrations / inconsistency are being examined and addressed through data fix by giving value dating benefit to the farmers. This ensures that farmers get correct subvention benefits.

- p. The bank failed to comply with the Reserve bank directions on “Guidelines on management of Intra-group transactions and exposures.” when it failed to adhere to the intra group exposure limit, as it did not consider Rs. 35000 crore intraday limit sanctioned to SBI Mutual Fund for the purpose of computing intra group exposure limit.

RBI in its order informed that Bank has contravened the directions contained in Para 3.3(a) of Annex to RBI Circular No. DBOD. No. BP BC 96/21.06.1022013-14 dated February 11, 2014 on “Guidelines on Management of Intra-Group Transactions and Exposures”, which warrants imposition of monetary penalty.

Monetary penalty of Rs.30.00 lakhs has been imposed by RBI. The penalty amount has been paid on 30.09.2023.

- q. The Reserve Bank of India imposed penalty on various currency chests of State Bank of India. The circle wise summary of penalties imposed on currency chests for last three FY are as follows:

(Amount in millions)

CIRCLE	As on September 30, 2022
AHMEDABAD	32.86
AMARAVATI	0.64
BENGALURU	21.67
BHOPAL	3.31
BHUBANESWAR	6.24
CHANDIGARH	3.61
CHENNAI	0.64
GUWAHATI	1.81
HYDERABAD	0.77
JAIPUR	6.01
KOLKATA	5.84

LUCKNOW	2.27
MAHARASHTRA	1.12
MUMBAI METRO	1.45
NEWDELHI	1.86
PATNA	9.41
THIRUVANANTHAPURAM	0.15
TOTAL	99.65

r. In respect of Overseas Regulators, details of penalties imposed are furnished below:

- **Bank SBI Indonesia**

The Otoritas Jasa Keuangan conducted an inspection as on 30.04.2022, during which certain inadequacies in Regulatory Reporting were noted by the regulator and levied a penalty of IDR 153,250,000 in September 2022. The penalty has been paid on September 23, 2022.

- **SBI South Africa operations (SBISA)**

SBI South Africa operations (SBISA) has received a notice dated 26.07.2022 from Prudential Authority, notifying the regulators' intention to impose Administrative Sanctions on SBISA which include an aggregate financial penalty of ZAR10.25 million (INR 4.84 crore)(out of which ZAR 3.5 mio is suspended until 26.07.2025). the Prudential Authority (PA) in its letter dated 26.07.2022 has stated that SBISA may make representations to the PA, in writing on or before 06.09.2022, citing reasons as to why some or all the above mentioned sanctions should not be imposed.. SBISA submitted its representation on 04.10.2022.

The Prudential Authority (PA) vide letter dated 13.07.2023 has notified SBISA on 19.07.2023, the imposition of administrative sanctions in terms of Section 45C of the FIC Act; total amount of payment of penalty imposed is ZAR 10 million (INR 4.6 crores approx..).

The payable portion of the total financial penalty is ZAR 5.5 million (excluding the suspended amount of ZAR 4.5 million, suspended for 36 months from date of the final notification letter) and is due and payable within 30 days from the date of the letter i.e., 13.07.2023.

SBISA has engaged the Law firm to represent the Bank. The law firm have filed on 27.07.2023 the Notice of appeal against administrative sanction imposed in terms of section 45C of the Financial Intelligence Centre Act, 38 of 2001. It contains SBISA's intention to appeal against the penalty by 29.09.2023. The PA has acknowledged it vide letter dated 10.08.2023.

The law firm, on behalf of SBI South Africa, lodged an appeal against the administrative sanction on 27.09.2023.

The Respondent (PA, SARB) on 19.10.2023 through its Attorney WERKSMANS filed an intend to oppose this appeal. PA has to file their answering affidavit along with reasons before 09.11.2023.

- **SBI Australia (SBIA)**

SBIA noticed on 03.02.2023 that it did not notify *Australian Prudential Regulation Authority* (APRA) about the appointment of M/s. Findex Australia Pty Ltd. in June 2022 as Internal Auditors of SBIA. (As per APRA CPS 231-Outsourcing requirements, all outsourcing agreements entered into are to be notified to the regulator in not later than 20 business days). The apparent breach of APRA CPS 231-Outsourcing requirements came to the notice of SBIA on receipt of an APRA email dated 03.02.2023 seeking information on the existing Internal Auditors and their appointment notification. In response to APRA mail dated 03.02.2023, breach



Notification letter, including the causes of breach, details of the underlying SBIA procedures, the assessment of the breach and the letter of notification for appointment of the Internal Audit firm, was submitted by SBIA to APRA on 09.02.2023. APRA was given assurance that SBIA has outlined the appropriate corrective actions to ensure against repetition of the issue.

Noting the breach, APRA, vide letter dated 09.03.2023, confirmed that they have decided not to take further action on the basis that SBIA will thoroughly undertake the remedial actions outlined in its letter of 09.02.2023.

There are no any monetary penalties imposed and/ or action taken by any financial regulatory body or governmental authority, against the AMC and/ or the Board of Trustees /Trustee Company.

- 3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.**

Against Sponsor:

State Bank of India (SBI) had received a Show Cause Notice (SCN) under Rule 4 (1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of "Non-compliance of Regulation 7B of SEBI (Mutual Funds) Regulations, 1996 from Adjudicating Officer (AO) of SEBI vide his notice dated 12th March 2020. SEBI called upon the SBI to show cause as to why an inquiry should not be held against SBI in terms of Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) rules, 1995 and penalty should not be imposed on SBI for non-compliance of Regulation 7B of SEBI in respect of UTIAMCL and UTITCPL.

Reply to SCN had been filed by SBI vide letter dated 24th March 2020. Officials of SBI appeared for personal hearing before Adjudicating Officer (AO) and a written submission was made vide their letter dated 10th July 2020 praying the AO of SEBI not to initiate any action including penalty against SBI.

It has been brought to the notice of AO in their submissions that SBI was unable to comply with the Regulation 7B within specified time despite the efforts made by SBI including taking approval from DIPAM regarding divestment of its holding, meetings with sponsors, Institutional Investors etc. due to the processes involved in obtaining necessary approvals from various stakeholders.

It has been further brought to the notice of the AO, the specified order of Whole Time Member of SEBI dated 6th December 2019 wherein SBI has been provided time till December 31, 2020 to comply with Regulation 7B and UTIAMCL has initiated the process to divest SBI's stake in both UTIAMCL and UTITCPL and SBI will become compliant of the said regulation well before the revised timeline of 31st December.

AO passed an order on 14th August 2020 imposing a penalty of Rs.10 lacs on SBI for non-compliance with Regulation 7B of SEBI Mutual Funds Regulations and has given time of 45 days from the date of receipt of the order for payment of the penalty.

The Bank had filed an appeal before Securities Appellate Tribunal (SAT) on September 15, 2020 and the matter was heard on December 23, 2020. SAT vide its order dated January 07, 2021, has decided and ordered that appeal is partly allowed by substituting the monetary penalty of Rs. 10 lacs imposed on the Bank with that of a warning.

SEBI has filed an appeal before Supreme Court of India against the SAT order in the matter. Supreme Court of India vide order no 423/2021 dated February 19, 2021 has granted interim stay of operation of the order dated January 07, 2021 of SAT, Mumbai.



4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

Some ordinary routine litigations incidental to the business of the AMC are pending in various forums.

➤ **Show Cause Notice dated August 02, 2024 received from Goods & Service Tax Department (GST) - further demand order dated received on 23rd January 2025**

SBI Funds Management Limited had received Show Cause Notice dated August 02, 2024 from Directorate General of GST Intelligence (DGGI) Mumbai office under section 74 of GST Act, regarding Input Tax Credit (ITC) not eligible on brokerage expenses for the period July 2017 to October 2018 amounting to Rs 65.97 crore along with applicable interest & penalty. We have replied to said show cause notice stating ITC eligibility on brokerage expenses.

The Company has received a demand order from GST department under section 74 of the CGST Act, on 23rd January 2025, demanding Rs. 65.97 crore as tax plus equivalent amount as a penalty, along with applicable interest on account of disputed input tax credit (ITC) availed and utilised on services of distribution commission during the period July 2017 to Oct 2018. The company has obtained legal opinion on the matter, and appeal has been filed on 29th March 2025 against the said demand order.

➤ **Show Cause Notice dated April 24, 2023 received from Goods & Service Tax Department (GST) - further demand order dated received on October 30, 2024**

SBI Mutual Fund had received show cause notice under section 74(1) of CGST Act, 2017 Section 50(3) and Section 122(1) read along with corresponding MGST Act ,2017 on 24th April 2023 from Goods & Service Tax Department (GST) (CGST & CX Mumbai -East office) asking us why GST amounting to Rs 6.26 Cr not paid on Securities Lending & Borrowing (SLB) income for the period July,2017 to October 2018 along with applicable interest & penalty based on the Circular No. 119/38/2019-GST dated 11th October 2019 issued by Central Board of Indirect Taxes and Customs (CBIC). We had replied to said show cause notice stating non-applicability GST on SLB income along with payment of tax amount under protest (from AMC books) on 1st June 2023.

Further, SBI Mutual Fund received demand order dated 30th October 2024 (OIO-ME/JC/VR/188/GST/2024-25) under section 74(9) of CGST Act, 2017, Section 50(3) and Section 122(1) read along with corresponding MGST Act, 2017 and read with section 20 of IGST from GST (CGST & CX Mumbai -East office) of Tax amount Rs. 6,25,81,979/- along with Penalty of Rs. 6,25,81,979/- and applicable interest on SLB income for the period July 2017 to October 2018. Tax amount has been already paid under protest from AMC books. We have filed appeal against the said demand order on 28th January 2025.

Apart from this, following are the details of Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority against the AMC - SBI Funds Management Ltd (SBIFML) in a capacity of Investment Manager to the SBI Mutual Fund:

- a) SEBI has initiated an investigation for the transactions in the shares of M/S Polaris Software Lab Limited, made during the period April 01, 2002 to May 31, 2002 by SBI Mutual Fund, having suspected SBI Mutual Fund of indulging in insider trading on account of proposed merger of M/s Orbi Tech Solutions with M/s Polaris Software Lab Limited, i.e. 'unpublished price sensitive information' about Polaris under the SEBI (Insider Trading Regulation) Regulation, 1992.



SBIMF has denied having violated of any insider trading regulation or SEBI Act. SEBI had issued a show cause notice on June 20, 2007 and SBIMF has replied to SEBI on June 30, 2008. Since then, there has been no further communication on the matter from SEBI till date.

5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

Not Applicable

➤ **Settlement order in the matter of M/s. Padmini Technologies Limited (“PTL”):**

SEBI had initiated an investigation into certain transactions in the shares of M/s. Padmini Technologies Limited (“PTL”), during the period 2000-2001, which included an inquiry into the investments made by SBI Mutual Fund in the shares of PTL. The Central Bureau of Investigation had also investigated about various aspects of transactions in the shares of PTL which included investments by various schemes of SBI Mutual Fund during the period. A case was subsequently filed in the Sessions Court at Mumbai in 2006 against some ex-employees of the Company. SBI Funds Management Ltd (“SBIFML”), SBI Mutual Fund Trustee Company Pvt. Ltd. and SBI Mutual Fund are not parties to this case. The internal investigations conducted by the Chairman, Board of Trustees, SBI Mutual Fund, however, had ruled out any questionable intentions of SBI Mutual Fund in the matter.

Further, a show cause notice dated January 29, 2010 (“2010 SCN”) was received from SEBI in the matter and SBI Mutual Fund has replied to the show cause notice countering the allegations made by SEBI. SBI Mutual Fund had also made an application to SEBI to settle the matter through the consent process, i.e. on a no-fault basis, without accepting or denying guilt. The said consent proposal has not been accepted by SEBI vide its letter dated March 22, 2013. A fresh Show Cause Notice dated May 28, 2013 (“2013 SCN”) has been issued enclosing a copy of an enquiry report conducted again by a Designated Authority, recommending a prohibition on SBI Mutual Fund from launching any new mutual fund schemes for a period of 12 months. In terms of the opportunity made available in the 2013 SCN to avail the consent process, SBI Mutual Fund had filed a consent application which was returned by SEBI stating that the consent application by SBIFML shall not be reconsidered by SEBI.

Pursuant to Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (“Settlement Regulations”), the Fund house had filed the consent application on March 14, 2017, without admission or denial of guilt, in full and final settlement of all proceedings.

In this connection, SBIFML has paid full settlement charges and agreed to undertake certain non-monetary settlement terms. SEBI vide its settlement order dated September 28, 2018 has disposed the pending proceedings in the underlying matter of PTL.

➤ **SEBI Order dated April 13, 2020 in respect of the Show Cause Notice issued in the matter of Manappuram Finance Limited:**

The Securities and Exchange Board of India (SEBI) has instituted adjudication proceedings in respect of Manappuram Finance Limited (MFL) and has issued a show cause notice dated May 29, 2019 (SCN), under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officers) Rules, 1995 and Rule 4(1) of the Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005, *inter alia*, to SBI Funds Management Ltd (SBIFML), as one of the noticees for the alleged violation of Sections 12A(d) and 12A(e) of the SEBI Act, 1992 read with Regulations 3(i), 3A and 4 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 read with Regulation 12(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015. It has, *inter alia*, been alleged in the SCN that SBIFML traded in the scrip of MFL when in possession of unpublished price sensitive information. In terms of the SCN, SEBI had called upon, *inter alia*, SBIFML to show cause as to why an inquiry be not held against it in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and Rule 4 of the Securities Contracts (Regulation) (Procedure for Holding



Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005 read with Section 15-I of the SEBI Act, 1992, and penalty be not imposed in terms of the provisions of Section 15G(i) of the SEBI Act, 1992. SBIFML had submitted its reply to the SCN on August 07, 2019. Thereafter, pursuant to an opportunity of personal hearing granted to SBIFML by the Hon'ble Adjudicating Officer, SEBI (AO), the authorized representatives of SBIFML appeared before the AO on November 14, 2019 and made due submissions in the matter. Subsequently, SBIFML has also filed written submissions in the matter to SEBI on November 27, 2019. SEBI vide its order dated April 13, 2020 has disposed of the SCN in the matter without any penalty.