

SBM Bank (INDIA) Limited

August 19, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Certificate Of Deposit	RBI	500.00	CARE A1+	Reaffirmed
Tier II Bonds	SEBI	250.00	CARE A; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Tier-II Bonds under Basel III are characterised by a point-of-non-viability (PONV) trigger, due to which investor may suffer a loss of principal. PONV will be determined by the Reserve Bank of India (RBI), and is a point at which, the bank may no longer remain a going concern on its own, unless appropriate measures are taken to revive its operations, and thus enable it to continue as a going concern. In addition, difficulties faced by a bank should be such that these are likely to result in financial losses and raising Common Equity Tier-I capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable.

Rationale and key rating drivers

Reaffirmation of ratings to the debt instruments of SBM Bank (India) Limited (SBIL) continue to draw comfort from its ultimate parentage SBM Holdings Limited (SBM Holdings; rated CARE MAU AA+; Stable) and its demonstrated and expected support to SBIL, which remains an important subsidiary of the SBM group and shares the common brand name. The group has been supporting SBIL with frequent equity infusions, including ₹100 crore in FY24 (FY refers to April 01 to March 31), ₹80 crore in FY25, ₹95 crore in FY26, and ₹75 crore in June 2026, with a further commitment of ₹75 crore planned in the later part of FY27 to support its capital adequacy requirements amidst losses, which have reduced capital cushions. CareEdge Ratings believes that the SBM group remains committed to support SBIL through further equity infusion and in case of exigencies. Reaffirmation of the ratings further derives comfort from SBIL's positive operating profit from Q3FY26 onwards; however, sustenance of the same remains a key monitorable.

The rating strengths are offset by the bank's weak profitability profile, with losses reported in the last three fiscals, which are expected to continue in the current fiscal as well. The losses were primarily driven by lower revenues arising from a slowdown in business, which led to stagnant advances, subdued fee-based income, and higher operating expenses incurred towards corrective measures following regulatory restrictions imposed in FY23. Given these factors, the bank's profitability is likely to remain muted until sizeable scale is achieved, making equity infusion essential to support the scaling up of operations, capital buffers, and profitability. CareEdge Ratings expects SBIL to report core profitability from Q4FY27 onwards and anticipates the group will continue to support SBIL's growth through equity infusion.

Ratings also continue to remain constrained on account of SBIL's small scale of operations, moderate asset quality, and relatively higher concentration in advances with lumpy exposures.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in credit profile of the SBM group.
- Significant scale up in operations accompanied by healthy profitability, adequate capitalisation and stable asset quality parameters.

Negative factors

- Deterioration in credit profile of the SBM group or significant dilution in stake by SBM group in SBIL
- Sustained decline in capital buffers with cushion falling below 2.5% over the regulatory minimum, or inability to raise planned equity to support business growth.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

- Deterioration in asset quality with gross non-performing assets (GNPA) rising above 4% or weakening of earnings profile on a sustained basis.

Analytical approach: Standalone

CareEdge Ratings has assessed the standalone profile of SBIL to arrive at the rating, while also adequately factoring in the strong linkages, shared brand name, board representation and expectation of continued support in the form of equity from the ultimate holding company i.e. SBM Holdings Limited

Outlook: Stable

The stable outlook is on the expectation that continuous capital infusion will enable SBIL to scale up its advances book while reducing its losses in FY27.

Detailed description of key rating drivers

Key strengths

Benefits derived from being part of the SBM Group and expected support

SBIL benefits from being a wholly owned subsidiary of SBM (Bank) Holdings Limited, which is the holding company for all the banking entities of the group, and a step-down subsidiary of SBM Holdings Limited, the listed holding company of the SBM Group. The Government of Mauritius and related entities hold a 42% stake as on June 30, 2026, making them the largest shareholders in SBM Holdings Limited. SBM Bank (Mauritius) Limited is the second-largest bank in Mauritius, with total assets aggregating ₹82,929 crore (1 MAU = 1.94 INR) as on December 31, 2025. The group has been supporting SBIL with frequent equity infusions, including ₹100 crore in FY24 (FY refers to April 01 to March 31), ₹80 crore in FY25, ₹95 crore in FY26, and ₹75 crore in June 2026, with a further commitment of ₹75 crore planned in the later part of FY27 to support its capital adequacy requirements amidst losses, which have reduced capital cushions, and has also provided an undertaking to the Reserve Bank of India (RBI) to extend financial support, which is in line with the RBI's framework for wholly owned subsidiaries (WOS) of foreign banks. CareEdge Ratings believes that the SBM group remains committed to support SBIL through further equity infusion and in case of exigencies. SBIL also enjoys strong linkages with its parent through a shared brand name, board-level representation, and oversight of the SBM Group through its presence in key committees and management decisions. Furthermore, CareEdge Ratings will continue to monitor the proceedings against the suspended Group CEO- Raoul Gufflet, with the outcome of the proceedings and any resultant implications for the management and operations of the Group remaining key monitorable.

Key weaknesses

Weak profitability and capital buffers

Regulatory guidelines and supervisory observations have constrained SBIL's advances growth and deposit mobilisation, while also significantly increasing operating expenses in the last three years. In FY26, the bank's net interest income continued to decline despite significant growth in advances as the growth was primarily in the later part of the year, while deposits grew by 21%, primarily comprising bulk deposits. Fee income continued to be stable despite subdued treasury income. Elevated operating expenses led to a net loss of ₹15 crore in FY26, compared to a loss of ₹87 crore in FY25. The reduction in losses was primarily attributable to controlled operating expenses and lower credit costs, supported by a reversal of provisions for a corporate account. SBIL continues to rationalise its operating expenses through various cost-cutting measures. In Q1FY27, the bank reported net loss of ₹18 crore, mainly on account of moderation in credit costs. While SBIL has started reporting operating profit from Q3FY26 onwards, sustenance of the same through meaningful scale-up of operations is yet to be seen.

Given these factors, CareEdge Ratings expects SBIL's profitability to remain subdued in the near term until it meaningfully scales up its advances book. However, with the narrowing of quarterly losses and improving operating performance, the bank is expected to remain PPOP positive in the near term and achieve PBT-level profitability by Q4FY27. Accordingly, CareEdge Ratings expects the bank's earnings to improve gradually as the advances book scales up, while continued equity infusion from the parent remains important to support business growth, maintain adequate capital buffers and bridge the period until sustainable profitability is achieved.

As on March 31, 2026, SBIL's net worth stood at over ₹855 crore, supported by regular capital infusions despite losses in FY25 and FY26. Its capital adequacy ratio (CAR) and common equity tier-I (CET-I) stood at 15.26% and 11.67%, respectively, comfortably above regulatory norms. However, with profitability likely to remain muted in the near term, its ability to raise capital or secure continued support from the parent remains a key rating sensitivity for SBIL's ability to maintain sufficient capital buffers over regulatory limits while also scaling up its business.

Moderate asset quality parameters

Headline asset quality parameters have improved in FY26 and Q1FY27. The bank's gross non-performing assets (GNPA) reduced from 3.42% as on March 31, 2025, to 2.07% as on March 31, 2026, largely due to lower write-offs and recoveries. GNPA further increased to 2.33% as on June 30, 2026 (June 30, 2025: 2.71%), on account of higher slippages in Q1FY27. While the gross slippage ratio remained stable at 1.59% in FY26 (FY25: 1.52%) and 0.54% (2.15% annualised) in Q1FY27 (Q1FY26: 5.29%; annualised), it has continued to improve compared to previous years.

Provision coverage ratio (PCR, excluding technical write-offs) increased significantly to 57.30% as on June 30, 2026, from 40.90% as on June 30, 2025. Gross stressed assets to gross advances improved to 3.53% as on March 31, 2026, from 5.25% as on March 31, 2025, while net stressed assets to net worth increased to 7.63% from 6.05% during the same period.

Wholesale corporate advances constituted 89% of the total loan book as on June 30, 2026. The bank's loan portfolio also remains concentrated, with the top 20 individual exposures accounting for 33% of total advances and 231% of net worth as on June 30, 2026. The bank's ability to improve and sustain its asset quality amidst such a concentrated book remains a monitorable

Moderate scale with limited diversification and concentrated deposit profile

The bank operates only 22 branches concentrated in metro cities, with a wholesale-dominated loan book and limited retail presence. With total assets of ~₹11,422 crore and a gross loan book of ₹6,224 crore, the scale of operations remains modest compared to other mid-sized private sector banks and small finance banks.

On the liabilities side, deposit concentration remains elevated, with the top 20 term depositors accounting for ~22% of total deposits as on March 31, 2026. The bank also continues to rely significantly on bulk deposits (above ₹3 crore), contributing to a relatively high cost of funds. However, the CASA share improved to 25.08% as on March 31, 2026, from 20.22% as on March 31, 2025, providing some support to the overall funding profile.

The bank's ability to improve granularity in its deposit base, alongside diversification of advances, remains a key monitorable.

Liquidity: Adequate

The bank's average liquidity coverage ratio stood at 120.67% as on June 30, 2026, against the minimum regulatory requirement of 100%. The bank's asset-liability maturity (ALM) statement as on June 30, 2026, had no cumulative negative mismatches up to two months and had a negative gap of 21% in the asset-liability tenors up to one year. The bank manages short-term mismatches and maintains excess statutory liquidity ratio (SLR), has access to market liquidity, which provides comfort. The bank had surplus SLR of ₹1,730 crore (17% of net time and demand liabilities) as on June 30, 2026, comprising government securities, which can be sold to generate liquidity. The liquidity profile further draws comfort from SBIL's parentage under the SBM Group and the expectation of continued capital support.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Banks](#)

[Financial Ratios - Financial Sector](#)

[Short Term Instruments](#)

[Rating Basel III - Hybrid Capital Instruments issued by Banks](#)

[Factoring Linkages Parent Sub JV Group](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Banks	Other Bank

SBM Holding Limited

SBM Holdings Ltd. (rated CARE MAU AA+; Stable by CARE Africa) is one of the largest listed entities on the Stock Exchange of Mauritius with a market capitalization of MUR 16.7 billion (approx. Rs. 3,300 crore) as of August 2026. Government of Mauritius and other government-backed entities including pension funds remain the largest shareholders with 43% stake as on December 31, 2025. SBM Group is present in Mauritius, Madagascar, India and Kenya. SBM Holdings Limited is the holding company of all the banking and financial activities of the SBM Group (Mauritius). It houses three intermediate investment arms of the Group, namely SBM (Bank) Holdings Limited for banks, SBM (NBFC) Holdings Limited for non-banking financial segment which holds stake in various non-banking financial services entities including insurance broking, asset management, factoring, etc. and SBM (NFC) Holdings Ltd which is into non-financial segment.

SBM Bank (India) Limited

SBIL has been operating in India as a branch in Mumbai from 1994 as part of SBM Bank (Mauritius) Limited India operations under the branch model. SBIL was incorporated on March 30, 2017, to operate as a subsidiary of foreign bank per RBI WOS framework dated November 06, 2013. RBI sanctioned a scheme of amalgamation for the Indian branches of SBM Bank (Mauritius) Limited and SBM Bank (India) Limited, which was granted a license to carry out banking operations effective December 01, 2018. SBIL was the first banking institution to have been granted a license by RBI to operate as a scheduled commercial bank - offering universal banking services through the subsidiary route. SBIL is a step-down subsidiary of SBM Holdings Limited, a listed entity in the Mauritius Stock Exchange, promoted by the Government of Mauritius. The bank is operating across 22 branches in India.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total income	917	1,017	265
Profit after tax (PAT)	-87	-15	-18
Total assets	9,552	11,422	11,244
Net interest margin (NIM) (%)	2.12	1.67	1.83
Gross non-performing assets (NPA) (%)	3.42	2.07	2.33
Net NPA (%)	0.99	1.06	1.01
Capital adequacy ratio (CAR) (%)	15.52	15.26	15.43

A: Audited; UA: Unaudited Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds-Tier II Bonds	SEBI	Complex	Proposed	-	-	-	26.00	CARE A; Stable
Bonds-Tier II Bonds	SEBI	Complex	INE07PX08019	05-Apr-2022	9.75	05-Apr-2032	125.00	CARE A; Stable
Bonds-Tier II Bonds	SEBI	Complex	INE07PX08027	24-Jan-2023	9.88	24-Jan-2033	99.00	CARE A; Stable
Certificate of Deposit	RBI	Simple	Proposed	-	-	-	500.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Certificate of Deposit	ST	500.00	CARE A1+	-	1)CARE A1+ (20-Aug-25)	1)CARE A1+ (21-Aug-24)	1)CARE A1+ (23-Oct-23)
2	Bonds-Tier II Bonds	LT	250.00	CARE A; Stable	-	1)CARE A; Stable (20-Aug-25)	1)CARE A; Stable (21-Aug-24)	1)CARE A+; Negative (23-Oct-23)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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