

PRIVATE & CONFIDENTIAL - FOR ADDRESSEE ONLY

(THIS PLACEMENT MEMORANDUM IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS). THIS PLACEMENT MEMORANDUM IS PREPARED IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON CONVERTIBLE SECURITIES) REGULATIONS, 2021, THE OPERATIONAL CIRCULAR FOR ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES, SECURITISED DEBT INSTRUMENTS, SECURITY RECEIPTS, MUNICIPAL DEBT SECURITIES AND COMMERCIAL PAPER ISSUED VIDE CIRCULAR NO. SEBI/HO/DDHS/P/CIR/2021/613 DATED AUGUST 10, 2021, THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND THE RESERVE BANK OF INDIA'S MASTER CIRCULAR - BASEL III CAPITAL REGULATIONS ISSUE VIDE CIRCULAR NO. RBI/2015-16/58 DBR.NO.BP.BC.1/21.06.201/2015-16 DATED JULY 1, 2015 AND CLARIFICATIONS AND AMENDMENTS THERETO ISSUED FROM TIME TO TIME.



Name: SBM Bank (India) Ltd
CIN: U65999MH2017FLC293229; **Bank Regn No:** MUM:137 (License No.); **PAN:** AAYCS4336A
Registered Address: 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra
Corporate Address: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
Tele No.: +91 22 4302 8888; +91 22 4007 1500; **Email:** secretarial@sbmbank.co.in
Date and place of incorporation: 30/03/2017 at ROC-Mumbai
Company Secretary & Compliance Officer: Mr. Hitesh Gundigara
Contact number and email ID of Compliance Officer: +91 22 4007 1626 / +91 22 6874 4200 and secretarial@sbmbank.co.in

Chief Financial Officer: Mr. Saileshkumar Shah
Contact number and email ID of Chief Financial Officer: 91 22 4007 1524 and Saileshkumar.shah@sbmbank.co.in
Promoter: SBM (Bank) Holdings Ltd

Contact number and email ID of Promoter: (230) 202 1111 And sbm@sbmgroup.mu **Website:** <https://www.sbmbank.co.in>

PLACEMENT MEMORANDUM

PLACEMENT MEMORANDUM FOR PRIVATE PLACEMENT OF BASEL III COMPLIANT RATED, LISTED, UNSECURED, SUBORDINATED, REDEEMABLE, NON CONVERTIBLE, TAXABLE, FULLY PAID UP TIER 2 BONDS IN THE NATURE OF DEBENTURES (SERIES II) OF FACE VALUE OF RS. 1,00,00,000 EACH (FOR CASH AT PAR) ("BONDS" OR "DEBENTURES") AND COUPON OF 9.88% PAYABLE ANNUALLY, AND WITH A BASE ISSUE AGGREGATING TO TOTAL ISSUE SIZE NOT EXCEEDING RS. 99 CRORE BY SBM BANK (INDIA) LTD (the "Issuer" / the "Bank"), FOR INCLUSION IN TIER 2 CAPITAL OF THE BANK.

GENERAL RISK

For taking an investment decision, investors must rely on their own examination of the Issuer and the Offer including the risks involved. The Bonds have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Placement Memorandum. The Bonds are capital instruments and not deposits of the Bank and they cannot be used as collateral for any loan made by the Bank or any of its Subsidiaries or Associates. The Bonds are different from Fixed Deposits and are not covered by Deposit Insurance. Unlike the Fixed Deposits which are repaid at the option of Deposit Holder, the Bonds are not redeemable at the option of the Bondholders or without prior consent of RBI. The Bonds are subject to features (including write off at the Bank's PONV, as determined by RBI) as per RBI Guidelines on Basel III, which may impact payment of Interest and Principal.

COMPLIANCE CLAUSE OF EBP

This Offer is made on the Electronic Book Building Mechanism of NSE in compliance with SEBI Debt Regulations and circulars issued by SEBI. A draft of this Placement Memorandum has been uploaded on the EBP of NSE on January 19, 2023.

CREDIT RATING AGENCY

Name: ICRA Limited
CIN: L74999DL1991PLC042749
Address: B-710, Statesman House
 148, Barakhamba Road
 New Delhi-110001
Tele No.: +91-11-23357940
Contact Person: Mr. L ShivaKumar
Email Id: shivakumar@icraindia.com
Website: <https://www.icra.in>



Name: CARE Ratings Limited
CIN: L67190MH1993PLC071691
Address: 4th Floor, Godrej Coliseum, Somaia Hospital Road,
 Off Eastern Express Highway,
 Sion (East), Mumbai - 400 022
Tele No.: 022-6754 3456
Contact Person: Aditya Acharekar
Email Id: aditya.acharekar@careedge.in
Website: <https://www.careratings.com>

ICRA Limited and CARE Ratings limited have assigned "A(+)" Stable" rating to these Debentures.

Rated Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The above ratings are not recommendation to buy, sell or hold securities and Investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future.

LISTING

The Debentures are proposed to be listed on the Wholesale Debt Market ("WDM") Segment of NSE.

ELIGIBLE INVESTORS

The offer is made to only those eligible investors who are categorized as "Qualified Institutional Buyers" as per SEBI Debt Regulations. For details, please refer Term Sheet.

DEBENTURE TRUSTEE TO THE ISSUE

Name: Axis Trustee Services Limited
CIN: U74999MH2008PLC182264
Address: The Ruby, 2nd Floor, SW, Senapati Bapat Marg, Dadar W, Mumbai - 400028
Tele No.: 022- 22 62300451
Fax No.: +91 22 62300700
Contact Person: Mr. Anil Grover
Email Id: anil.grover@axistrustee.in / debenturetrustee@axistrustee.in
Website: <https://www.axistrustee.com>



Name: KFin Technologies Limited (earlier known as KFin Technologies Private Limited)
CIN: U72400TG2017PTC117649
Address: Selenium Tower B, Plot No.31 & 32,
 Financial District Nanakramguda, Hyderabad- 500 032,
 Telangana, India
Tele No+91 40 6716 2222, 7961 1000
040 6716 2222
Contact Person: Mr. SP Venugopal
Email Id: venu.sp@kfin.tech
Website: <https://www.kfintech.com>

ISSUE PROGRAMME

Issue Opening Date	January 23, 2023	Issue Closing Date	January 23, 2023
Issue Pay in Date	January 24, 2023	Issue Allotment Date	January 24, 2023

The issue of Bonds shall be subject to the applicable provisions of SEBI Debt Regulations, SEBI LODR Regulations and other applicable SEBI Guidelines, the terms and conditions of this Placement Memorandum filed with the Designated Stock Exchange, the Application Form, the Debenture Trust Deed and other Transaction Documents in relation to such Issue. The Issue is not underwritten. Capitalized terms used here have the meaning ascribed to them in this Placement Memorandum.

The Issuer reserves the right to prepone the Issue earlier from the aforesaid date or post pone the Issue at its sole and absolute discretion without giving any reasons or prior notice. In the event of any change in the above Issue programme, the Issuer will intimate the Investors about the revised Issue programme.

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ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue, which is material in the context of the issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading.

*** DEFINITIONS/ ABBREVIATIONS**

"SBM Bank"/ "Company"/ "Issuer"	SBM Bank (India) Ltd, is a Company registered under the provisions of the Companies Act, 2013
Allotment/Allot/ Allotted	The issue and allotment of the Bonds to successful Applicants in relation to the Issue
Application	An application to subscribe to the Bonds offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Money by any of the modes as prescribed under this Offer Document
Application Form	The form in terms of which the Eligible Investors shall make an offer to subscribe to the Bonds and which will be considered as the Application for Allotment of Bonds in terms of this Offer Document
Application Money	The aggregate value of the Bonds applied for, as indicated in the Application Form for the Issue
Articles	The articles of association of the Issuer
AY	Assessment Year
BASEL III Guidelines	Master Circular no. RBI/2015-16/58 DBR.NO.BP.BC.1/21.06.201/2015-16 dated July 01, 2015, and clarifications / amendments / modifications thereto issued from time to time.
Beneficial Owner(s)	Bondholder (s) holding Bond (s) in dematerialized form (Beneficial Owner of the Debenture(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996)
Board/ Board of Directors	The Board of directors of SBM Bank (India) Limited or Committee thereof, unless otherwise specified
Bondholder(s)	Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositories
BR ACT, 1949	Banking Regulation Act, 1949
BSE	BSE Limited
CAR	Capital Adequacy Ratio
CARE	CARE RATINGS Ltd
CDSL	Central Depository Services (India) Limited
Companies Act, 1956	The Companies Act, 1956 along with the rules made thereunder, as amended from time to time (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 along with the rules made thereunder, to the extent in force pursuant to the notification of the Notified Sections and as amended from time to time
Coupon / Interest Payment Date	As mentioned in the Term Sheet
Debentures / Bonds	Basel III Compliant Rated, Listed, Unsecured, Subordinated, Redeemable Non-Convertible Fully Paid-Up Taxable Tier 2 Bonds in the nature of Debenture
Debenture Holder	The holder of the Debentures
Debenture Trustee/ Trustee to the Issue	Axis Trustee Services Limited
Debenture Trusteeship Appointment Agreement	The debenture trusteeship appointment agreement entered into between the Issuer and the Debenture Trustee for appointing the Debenture Trustee
Debenture Trust Deed	The debenture trust deed to be entered into between the Debenture Trustee and the Issuer within the prescribed timelines
Deemed Date of Allotment	The cut-off date declared by the Bank with effect from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholder(s). The actual allotment

	of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) registered with SEBI under the SEBI (Depositories and Participants) Regulations, 2018, as amended from time to time
DIN	Director Identification Number
DP	Depository Participant as defined under Depositories Act, 1996
DRR	Bond/ Debenture Redemption Reserve
EBP Guidelines	Guidelines for Electronic Bidding Platform issued by NSE, as amended and modified from time to time.
FIIs	Foreign Institutional Investors
FY	Financial Year
FIs	Financial Institutions
FPIs	Foreign Portfolio Investors
FRN	Firm Registration Number
GIR	General Index Registration Number
GoI	Government of India/ Central Government
ICRA	ICRA Limited
I.T. Act	The Income Tax Act, 1961, as amended from time to time
IFSC	Indian Financial System Code
Issue/Offer/ Offering	Basel III Compliant Rated, Listed, Unsecured, Subordinated, Redeemable Non-Convertible Fully Paid Up Taxable Tier 2 Bonds in the nature of Debenture
IT Act	The Income Tax Act, 1961 (as amended from time to time)
Listing Agreement	Listing Agreement entered into/to be entered into by the Issuer with the NSE, in relation to the listing of the Bonds, as per the format issued by Securities and Exchange Board of India in its circular dated October 13, 2015 (bearing reference CIR/CFD/CMD/6/2015) read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations dated September 2, 2015, as amended from time to time.
Loss Absorbency	As defined in Term Sheet
Market Lot	Means one Bond
MF	Mutual Fund
MoF	Ministry of Finance
NEFT	National Electronic Funds Transfer
NPA's	Non-performing Assets
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Operational Guidelines	Refers to, collectively the SEBI EBP Guidelines and the EBP Guidelines
PAN	Permanent Account Number
PONV	The Bonds, at the option of the Reserve Bank of India, can be permanently written off upon occurrence of the trigger event, called the Point of Non- Viability Trigger ("PONV Trigger").
R&TA	Registrar and Transfer Agent
Rating Agency	Means and includes a credit rating agency registered by SEBI which has provided a credit rating for the Issue
RBI	Reserve Bank of India

RBI Norms / RBI Guidelines / Basel III Guidelines	Please refer to RBI Master Circular on Basel III Capital Regulations, RBI/2015- 16/58 DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 & amendments thereof on time to time
Record Date	As mentioned in the Term Sheet
Registrars to the Issue/ Registrar & Transfer Agent	KFin Technologies Limited (earlier known as KFin Technologies Private Limited)
Rs. / INR	Indian National Rupee
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time)
SEBI EBP Circular	Circular no. CIR/IMD/DF1/48/2016 dated April 21, 2016 and SEBI Operational Circular each as amended from time to time
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time read with SEBI Operational Circular as amended from time to time
SEBI Operational Circular	SEBI operational circular dated August 10, 2021 bearing reference SEBI /HO/DDHS/P/CIR/2021/613 as amended from time to time.
TDS	Tax Deducted at Source as per the provisions of the Income Tax Act-and rules there under modified from time to time.
The Companies Act	Companies Act, 2013, as amended and to the extent notified by the Government of India and Companies Act, 1956 (to the extent applicable)
Trustees	Trustees for the Bondholders in this case being Axis Trustee Services Limited
Working Days	“working day” means all days on which commercial banks in the city, as specified in the offer document, are open for business; Explanation: For the purpose of this definition, in respect of - (i) Announcement of bid /issue period: working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in the city as notified in the offer document are open for business; (ii) the time period between the bid/ issue closing date and the listing of the non-convertible securities on the stock exchanges: working day shall mean all trading days of the stock exchanges for non-convertible securities, excluding Saturdays, Sundays and bank holidays, as specified by the Board;
All other words and expressions used but not defined in these regulations, shall have the same meanings respectively assigned to them in the Act or the Companies Act, 2013 (18 of 2013) or the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Depositories Act, 1996 (22 of 1996) and/or the rules and regulations made thereunder or any statutory modification or re-enactment thereto, unless the context requires otherwise.	

**** DISCLAIMER(S)**

DISCLAIMER OF THE ISSUER

This Placement Memorandum is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in accordance with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI circular number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 ("SEBI Operational Circular") and all other relevant circulars issued by SEBI and RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 read with RBI circular DBR.No.BP.BC.71/21.06.201/2015-16 dated January 14, 2016, each as amended from time to time. This Placement Memorandum does not constitute an offer to public in general to subscribe for or otherwise acquire the Bonds to be issued by ("SBM Bank (India) Ltd"/ "SBM Bank"/ the "Issuer"/ the "Bank"). This Placement Memorandum is for the exclusive use of the addressee and it should not be circulated or distributed to third party(ies). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This bond issue is made strictly on private placement basis. Apart from this Placement Memorandum, no offer document or prospectus has been prepared in connection with the offering of this bond issue or in relation to the issuer.

The bond issue will be under the electronic book mechanism as required in terms of Chapter VI of the Securities and Exchange Board of India ("SEBI") Operational Circular dated August 10, 2021 bearing reference SEBI/HO/DDHS/P/CIR/2021/613 read with operational guidelines for Electronic Bidding Platform issued by NSE and any amendments thereto, collectively referred to as the "EBP Guidelines").

This Placement Memorandum and the contents hereof are restricted for only the Investors who have been specifically addressed through a communication by the Issuer, and only such Identified Investors are eligible to apply for the Debentures. All Identified Investors are required to comply with the relevant regulations/ guidelines applicable to them, including but not limited to the EBP Guidelines for investing in this issue. The contents of this Placement Memorandum and any other information supplied in connection with this Placement Memorandum or the bonds are intended to be used only by those Identified Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced or disseminated by the recipient.

This Placement Memorandum is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the bonds issued by SBM Bank. This Placement Memorandum has been prepared to give general information regarding the Bonds, to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. SBM Bank believes that the information contained in this Placement Memorandum is true and correct as of the date hereof.

SBM Bank does not undertake to update this Placement Memorandum to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with SBM Bank. However, SBM Bank reserves its right for providing the information at its absolute discretion. SBM Bank accepts no responsibility for statements made in any advertisement or any other material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility. Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscriber to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for and purchase the Bonds. It is the responsibility of the prospective subscriber to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Placement Memorandum should be construed as advice or recommendation by the Issuer or by the Arrangers, if any to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers, if any to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

This Placement Memorandum is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The securities mentioned herein are being issued on private placement Basis and this offer does not constitute a public offer/ invitation.

The Issuer reserves the right to withdraw the private placement of the bond issue prior to the issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law.

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Placement Memorandum has not been filed with Securities & Exchange Board of India ("SEBI"). The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Placement Memorandum. It is to be distinctly understood that this Placement Memorandum should not, in any way, be deemed or construed to mean that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Placement Memorandum. The Issue of Bonds being made on private placement basis, filing of this Placement Memorandum is not required to be filed with SEBI.

DISCLAIMER OF THE STOCK EXCHANGE

As required, a copy of this Placement Memorandum has been submitted to National Stock Exchange of India Limited (hereinafter referred to as "NSE"). It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref. No.: or hosting the same on website of NSE in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, should not in any way be deemed or construed that the Placement Memorandum has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER IN RESPECT OF JURISDICTION

The private placement of Debentures is made in India to Companies, Corporate Bodies, Trusts registered under the Indian Trusts Act, 1882, Societies registered under the Societies Registration Act, 1860 or any other applicable laws, provided that such Trust/ Society is authorised under constitution/ rules/ byelaws to hold Debentures in a Company, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Insurance Companies, Commercial Banks including Regional Rural Banks and Cooperative Banks, Provident, Pension, Gratuity, Superannuation Funds as defined under Indian laws. The Placement Memorandum does not, however, constitute an offer to sell or an invitation to subscribe to securities offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Placement Memorandum comes is required to inform him about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of courts and tribunals of Mumbai. All information considered adequate and relevant about the Issuer has been made available in this Placement Memorandum for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever.

DISCLAIMER OF THE ARRANGER TO THE ISSUE:

The role of the Arranger in the assignment is confined to marketing and placement of the Bonds on the basis of this Placement Memorandum as prepared by the Bank. The Arranger has neither scrutinized nor vetted nor reviewed nor has it done any due-diligence for verification of the contents of this Placement Memorandum. The Arranger shall use this Placement Memorandum for the purpose of soliciting subscription(s) from Eligible Investors in the Bonds to be issued by the Bank on a private placement basis. It is to be distinctly understood that the aforesaid use of this Placement Memorandum by the Arranger should not in any way be deemed or construed to mean that the Placement Memorandum has been prepared, cleared, approved, reviewed or vetted by the Arranger; nor should the contents to this Placement Memorandum in any manner be deemed to have been warranted, certified or endorsed by the Arranger so as to the correctness or completeness thereof.

Nothing in this Placement Memorandum constitutes an offer of securities for sale in the United States of America or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation. No action is being

taken to permit an offering of the bonds in the nature of debentures or the distribution of this Placement Memorandum in any jurisdiction where such action is required. The distribution/taking/sending/dispatching/transmitting of this Placement Memorandum and the offering and sale of the Bonds may be restricted by law in certain jurisdictions, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

The Issuer has prepared this Placement Memorandum and the Issuer is solely responsible and liable for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental, corporate and other necessary approvals for the issuance of the Bonds. The Bank confirms that all the information contained in this Placement Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or their affiliates for the accuracy, completeness, reliability, correctness or fairness of this Placement Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaims any responsibility or liability to the fullest extent for the contents of this Placement Memorandum, whether arising in tort or contract or otherwise, relating to or resulting from this Placement Memorandum or any information or errors contained therein or any omissions there from. Neither Arranger and its affiliates, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of this document. By accepting this Placement Memorandum, the Eligible Investor accepts terms of this Disclaimer Clause of Arranger, which forms an integral part of this Placement Memorandum and agrees that the Arranger will not have any such liability.

The Eligible Investors should carefully read this Placement Memorandum. This Placement Memorandum is for general information purposes only, without regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation and the Eligible Investors are not to construe the contents of this Placement Memorandum as investment, legal, accounting, regulatory or Tax advice, and the Eligible Investors should consult with its own advisors as to all legal, accounting, regulatory, Tax, financial and related matters concerning an investment in the Bonds. This Placement Memorandum should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities mentioned therein, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

This Placement Memorandum is confidential and is made available to potential investors in the Bonds on the understanding that it is confidential. Recipients are not entitled to use any of the information contained in this Placement Memorandum for any purpose other than in assisting to decide whether or not to participate in the Bonds. This document and information contained herein or any part of it does not constitute or purport to constitute investment advice in publicly accessible media and should not be printed, reproduced, transmitted, sold, distributed or published by the recipient without the prior written approval from the Arranger and the Bank. This Placement Memorandum has not been approved and will or may not be reviewed or approved by any statutory or regulatory authority in India or by any stock exchange in India. This document may not be all inclusive and may not contain all of the information that the recipient may consider material.

Each person receiving this Placement Memorandum acknowledges that:

Such person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein; and

Has not relied on the Arranger and/or its affiliates that may be associated with the Bonds in connection with its investigation of the accuracy of such information or its investment decision.

Issuer hereby declares that the Issuer has exercised due-diligence to ensure complete compliance of applicable disclosure norms in this Placement Memorandum. The Arranger: (a) is not acting as trustee or fiduciary for the investors or any other person; and (b) is under no obligation to conduct any "know your customer" or other procedures in relation to any person. The Arranger is not responsible for (a) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Issuer or any other person in or in connection with this Placement Memorandum; or (b) the legality, validity, effectiveness, adequacy or enforceability of this Placement Memorandum or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with this Placement Memorandum; or (c) any determination as to whether any information provided or to be provided to any investor is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

The Arranger or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information

contained in this document. By accepting this Placement Memorandum, investor(s) agree(s) that the Arranger will not have any such liability.

Please note that:

The Arranger and/or their affiliates may, now and/or in the future, have other investment and commercial banking, trust and other relationships with the Issuer and with other persons ("Other Persons");

As a result of those other relationships, the Arranger and/or their affiliates may get information about Other Persons, the Issuer and/or the Issue or that may be relevant to any of them. Despite this, the Arranger and/or their affiliates will not be required to disclose such information, or the fact that it is in possession of such information, to any recipient of this Placement Memorandum;

The Arranger and/or their affiliates may, now and in the future, have fiduciary or other relationships under which it, or they, may exercise voting power over securities of various persons. Those securities may, from time to time, include securities of the Issuer; and

The Arranger and/or their affiliates may exercise such voting powers, and otherwise perform its functions in connection with such fiduciary or other relationships, without regard to its relationship to the Issuer and/or the securities."

DISCLAIMER BY DEBENTURE TRUSTEE

Investors should carefully read and note the contents of the Placement Memorandum. Each prospective investor should make its own independent assessment of the merit of the investment in Bonds and the issuer Bank. Prospective investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Bonds and should possess the appropriate resources to analyze such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgement before making the investment and are believed to be experienced in Investing in debt markets and can bear the economic risk of investing in such instruments.

DISCLAIMER IN RESPECT OF CREDIT RATING

The rating reflects the Rating Agency's current opinion on the likelihood of timely payment of the obligation under rated instrument and does not contribute an audit of the rated entity by the Rating Agency. The Rating Agency's ratings are based on the information provided by the issuer or obtained by the Rating Agency from sources it considers reliable. The Rating Agency does not guarantee the completeness or accuracy of the information on which the rating is based. A rating is not a recommendation to buy, sell or hold the rated instrument, it does not comment on the market price or suitability for a particular investor. All the Rating Agency's ratings are under surveillance. The Rating Agency or its associates may have other commercial transactions with the company/entity. Ratings are revised as and when circumstances so warrant. The Rating Agency is not responsible for any errors and especially, states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. The Rating Agency's Ratings rating criteria are available on their website.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security.

DISCLAIMER IN RESPECT OF THE BANKING REGULATION ACT, 1949 AS AMENDED FROM TIME TO TIME ("RBI REGULATIONS"):

The company is having a valid certificate of Registration No MUM:137 (License No.) dated 6th December, 2017 issued by the Reserve Bank of India ("RBI") the Banking Regulation Act, 1949 as amended from time to time ("RBI REGULATIONS") (RBI). The RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/discharge of liabilities by the Company.

FORWARD LOOKING STATEMENTS

The Bank has included statements in this Placement Memorandum which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, “our judgment” and similar expressions or variations of such expressions, that are “forward-looking statements”. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Bank’s expectations with respect to, but not limited to, the actual growth in demand for banking and other financial products and services, its ability to successfully implement its strategy, including its use of the internet and other technology and its rural expansion, its ability to integrate recent or future mergers or acquisitions into its operations, its ability to manage the increased complexity of the risks the Bank faces following its rapid international growth, future levels of impaired loans, its growth and expansion in domestic and overseas markets, the adequacy of its allowance for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions the Bank is or will become a party to, the future impact of new accounting standards, its ability to implement its dividend policy, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on the Bank, including on the assets and liabilities of SBM Bank, its ability to roll over its short-term funding sources and its exposure to credit, market and liquidity risks. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward- looking statements contained in this Placement Memorandum include, but are not limited to, the monetary and interest rate policies of India and the other markets in which the Bank operates, natural calamities, general economic, financial or political conditions, instability or uncertainty in India, southeast Asia, or any other country, caused by any factor including terrorist attacks in India or elsewhere, military action or social unrest in any part of India, inflation, deflation, unanticipated turbulence in interest rates, changes or volatility in the value of the rupee, instability in the subprime credit market and liquidity levels in the foreign exchange rates, equity prices or other market rates or prices, the performance of the financial markets in general, changes in domestic and foreign laws, regulations and taxes, changes in the competitive and pricing environment in India, and general or regional changes in asset valuations.

A. ISSUER INFORMATION:**NAME AND ADDRESS OF THE FOLLOWING:**

SR. No	PARTICULARS	: DETAILS
(i)	REGISTERED OFFICE OF THE ISSUER	
	• Name	: SBM Bank (India) Ltd
	• CIN	: U65999MH2017FLC293229
	• RBI Reg. No	: MUM:137 (License No.)
	• Address	: 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra
	• Tele No	: +91 22 4302 8888
	• Email	: secretarial@sbmbank.co.in
	• Website	: https://www.sbmbank.co.in
	• Date and place of Incorporation	: Incorporated on 30/03/2017 and registered at ROC-Mumbai
	• PAN	: AAYCS4336A
(ii)	CORPORATE OFFICE OF THE ISSUER	
	• Name	: SBM Bank (India) Ltd
	• Address	: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
	• Tele No	: +91 22 4007 1500
	• Email	: secretarial@sbmbank.co.in
	• Website	: https://www.sbmbank.co.in
(iii)	COMPANY SECRETARY & COMPLIANCE OFFICER OF THE ISSUER	
	• Name	: Mr. Hitesh Gundigara
	• Address	: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
	• Tele No	: +91 22 4007 1626
	• Email	: secretarial@sbmbank.co.in
	• Website	: https://www.sbmbank.co.in
(iv)	CHIEF FINANCIAL OFFICER OF THE ISSUER	
	• Name	: Mr. Saileshkumar Shah
	• Address	: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
	• Tele No	: +91 22 4007 1524
	• Email	: saileshkumar.shah@sbmbank.co.in
	• Website	: https://www.sbmbank.co.in
(v)	DEBENTURE TRUSTEE OF THE ISSUE	
	• Name	: Axis Trustee Services Limited
	• Address	: Registered office: Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025 Corporate office: The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai - 400028
	• Contact Person and designation	: Mr. Anil Grover
	• Tele No	: +91 22 62300451
	• Fax No	: +91 22 62300700
	• Email	: anil.grover@axistrustee.in / debenturetrustee@axistrustee.in

	Website	:	https://www.axistrustee.com 
(vi)	REGISTRAR TO THE ISSUE		
	Name	:	KFin Technologies Limited (earlier known as KFin Technologies Private Limited)
	Address	:	Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana, India - 500 032.
	Contact Person and designation	:	Mr. S P Venugopal, General Manager
	Tele No	:	+91 40 6716 2222, 7961 1000
	Fax No.	:	+91 40-23001153
	Email	:	venu.sp@kfintech.com
	Website	:	https://www.kfintech.com 
(vii)	CREDIT RATING AGENCY		
A	Name	:	ICRA Limited
	Address	:	B-710, Statesman House 148, Barakhamba Road New Delhi-110001
	Contact Person	:	Mr. L Shivakumar
	Tele No	:	+91-11-23357940
	Email	:	shivakumar@icraindia.com
	Website	:	https://www.icra.in 
B	Name	:	CARE Ratings Limited
	Address	:	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022.
	Contact Person	:	Mr. Aditya Acharekar
	Tele No	:	+91 22 6754 3456
	Email	:	aditya.acharekar@careedge.in
	Website	:	www.careratings.com 
(vii)	ARRANGERS TO THE ISSUE - N.A.		
(ix)	AUDITORS OF THE ISSUER		
A	Name	:	K. S. Aiyar & Co
	Address	:	F-7 Laxmi Mills Shakti Mills Lane (Off Dr. E Moses, Mahalaxmi, Mumbai 400011
	Tele No	:	91 22 2493 2502 / 6655 1770
	Fax No	:	91 22 6655 1774
	Contact person	:	Rajesh Joshi
	Email	:	rjoshi@KSAiyar.com
	Website	:	www.KSAiyar.com

B. BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF COMPANY, ITS SUBSIDIARIES WITH THE DETAILS OF ITS DETAILS OF BRANCHES OR UNITS, IF ANY AND ITS LINE OF BUSINESS CONTAINING ATLEAST FOLLOWING INFORMATION: -

- (i) **OVERVIEW:** - SBM Bank (India) Limited is a wholly owned subsidiary ("WOS") of SBM (Bank) Holdings Ltd. (in accordance with the Companies Act 2013). SBM (Bank) Holdings Ltd. in turn is 100% owned by SBM Holdings Ltd., a Group holding entity largely comprising banking and non-banking financial subsidiary companies. SBM Holdings Ltd. is listed on the Stock Exchange of Mauritius.

SBM Bank (India) Limited ("SBMBI" or "Bank") commenced operations on 1st December, 2018, pursuant to obtainment of a universal banking license through the WOS mode, thereby becoming the first Bank to be awarded such a license under the WOS mode in the country. Simultaneous to the license award, the Scheme of Amalgamation, under Section 44A of the Banking Regulation, 1949 was sanctioned allowing for the amalgamation of the business of SBM Bank (Mauritius) Limited, India (branch operations of SBM Bank (Mauritius) Limited in India, operational since 1994) with the business of the newly formed SBMBI.

SBMBI currently offers a comprehensive suite of wholesale, consumer and retail banking services, including multi-channel payments', settlements' and remittances' solutions, in addition to providing treasury and trade financing products and services.

SBMBI's branch network comprises 11 branches located in Mumbai, New Delhi, Bengaluru, Chennai, Hyderabad, Ahmedabad, Pune, Chandigarh, Palghar, Abitghar and Ramachandrapuram. The Bank's distribution channels also include various Banking-as-a-Service focused collaborations entered into with various tech-led BFSI players

The Bank's Registered Office is located at 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai- 400021, Maharashtra while it's Corporate Office is located at 306-A, The Capital, G-Block, Bandra-Kurla Complex, Bandra East, Mumbai- 400051, Maharashtra

(i) **RISK FACTORS:-**

- **If the level of our non-performing assets increases and the overall quality of our loan portfolio deteriorates, our business will suffer.**

Our gross non-performing assets ("NPAs") represented 1.63% of our gross loans as of September 30, 2022. Our NPAs net of specific provisions represented 0.12% of our net loan portfolio as of September 30, 2022. Our management of credit risk involves having appropriate credit policies, underwriting standards, approval processes, loan portfolio monitoring, remedial management, and the overall architecture for managing credit risk. In the case of our secured loan portfolio, the frequency of the valuation of collateral may vary based on the nature of the loan and the type of collateral, which is prudent and conforms to the regulatory guidelines at present. A decline in the value of collateral or an inappropriate collateral valuation increases the risk in the secured loan portfolio because of inadequate coverage of collateral. As of September 30, 2022, 92.36% of our loan book was partially or fully secured by collateral or Bank/Government Guarantee. There is still a possibility that our risk mitigation and risk monitoring techniques may not be accurate or appropriately implemented and we may not be able to anticipate future economic and financial events, leading to an increase in our NPAs.

The determination of an appropriate level of loan losses and provisions required inherently involves a degree of subjectivity and requires that we make estimates of current credit risks and future trends, all of which may undergo material changes. Our provisions may not be adequate to cover any further increase in the amount of non-performing loans which may be triggered by the deterioration of the credit profile of our clients or the change in the economic / business cycle, level of disruption caused by new technology, products, customer behaviour, unexpected events like socio political events, pandemics etc. or any further deterioration in our non-performing loan portfolio. However, as part of its supervision process, the RBI assesses our asset classification and provisioning requirements on an ongoing basis. In the event that additional provisioning is mandated by the RBI, our profits, balance sheet and capital adequacy could be affected, which could have a material adverse impact on our business, future financial performance. At present, Bank has, during the quarter ended September 2022 made additional provision of Rs.59.75 lakhs (cumulative till 30/09/2022 Rs225.43 lacs) @ 0.5% of its operating income as advised by RBI. Any imposition in the future of more stringent regulatory requirements or any directives by the

RBI on the methodology of classification of non-performing loans may result in a significant increase in our non-performing loans and resultant additional provision in the future.

A number of factors outside of our control affect our ability to control and reduce NPAs. These factors include developments in the broad economy, domestic or global political and socio-economic turmoil, global competition, changes in interest rates and exchange rates and changes in regulations, including those with respect to regulations around priority sector lending or otherwise, requiring us to lend to certain sectors identified by the RBI or the Government of India. These factors, coupled with other factors such as volatility in commodity markets, unfavorable changes in business and consumer confidence and decreases in business and consumer spending, could impact the operations of our customers and in turn impact their ability to fulfil their obligations under the loans granted to them by us. In addition, the expansion of our business may cause an increase in NPAs, given increased credit exposure across segments of varying risk profiles. If our NPAs increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would have been and would adversely affect our financial condition.

➤ **The impact of the Covid-19 pandemic is uncertain as the situation is still evolving and could adversely affect our business.**

The spread of the coronavirus (COVID-19) and global health concerns relating to this outbreak have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade, and could continue to do so or could worsen for an unknown period of time, which would in turn have a material adverse impact on our Bank's business, cash flows, financial results, operational conditions including liquidity and asset quality and could hamper the Bank's growth trajectory.

The recent upsurge in reported cases of COVID-19 pandemic and emergence of any new outbreaks in future may affect the Bank in several ways and the Bank expects the potential magnitude and duration of each to be severe:

- The Bank's corporate, commercial and consumer borrowers, particularly its small/medium enterprise segment, may default on loan and other payments or other commitments. Further, there may also be defaults by some of the large borrowers of the Bank. The Bank's delinquency ratios may substantially increase, and its asset quality may deteriorate;
- We may be required to recognize higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to COVID-19, which may adversely impact our asset quality and profitability in future periods;
- COVID-19 has disproportionately affected borrowers in certain sectors such as tourism, aviation, hospitality, real estate, logistics, transportation and entertainment, and other borrowers that have high fixed costs or high leverage, leading to restructuring of their loans and additional stress.
- Large scale furloughs, or terminations of employees or reductions in salaries may lead to defaults by the Bank's retail borrowers.
- An overall deterioration in the economy may also lead to a reduction in the value of collateral provided for our loans, leading to higher than anticipated losses on default. Further, as our unsecured loan portfolio is not supported by any collateral, in the event of non-payment by borrowers under these loans, we may be unable to collect the unpaid balance.
- During periods of uncertainty, people avoid higher risk assets and shift to safer assets such as bank deposits. Further, we believe that depositors also shift to larger banks that are considered safer, better capitalized and better able to withstand economic shock. This tends to result in a tightening of liquidity in smaller Indian banks during periods of uncertainty. There may be challenges due to numerous requests to restructure loans across the industries and segments, especially from SMEs, mid-corporates and large corporates. Such restructuring would be expected to result in deferrals of interest and principal payments, and Indian banks (including the Bank) would require substantial liquidity to compensate for such deferrals. The RBI has previously undertaken measures to support liquidity (such as the reduction of the repo rate, cash reserve ratio and liquidity ratio) but is presently focused on withdrawal of accommodation (increase in benchmark rates from 4% to 6.25% during April'22 to Dec'22) to ensure that inflation remains within the target going

forward. Any further tightening of liquidity by RBI may result in a loss of return to banks or increase interest cost depending on the changed liquidity management policy of the RBI.

- In particular, we face heightened cyber-security risks on account of focus of the Bank on digital channels. Though the Bank has taken all adequate and prudent steps to mitigate such risk in this regard, any unforeseen weaknesses in these processes exposes us to operational risk.

Any of these factors could have a material adverse effect on our Bank's operational and financial performance.. Further, our Statutory Auditors have included emphasis of matters in their audit reports on our standalone financial statements for quarter ended September 2022, noting that in view of the uncertainties due to the outbreak of COVID-19, the impact on the Bank's standalone financial statements for the subsequent periods is significantly dependent on future developments.

➤ **If regulatory and legal changes continue to impose increasingly stringent requirements regarding nonperforming loans and provisioning for such loans, our business will suffer.**

The Reserve Bank of India has substantially expanded its guidance relating to the identification and classification of non-performing assets over the last few years, which resulted in an increase in our loans classified as non-performing and an increase in provisions. Nevertheless, these provisions may not be adequate to cover further increases in the amount of non-performing loans or further deterioration in our non-performing loan portfolio. In addition, the Reserve Bank of India's annual supervisory process may assess higher provisions than we have made.

Our Bank operates in a highly regulated environment in which the RBI extensively supervises and regulates all banks. The business could be directly affected by any changes in policies for banks in respect of directed lending, NPA classification, provisioning requirements, reserve requirements and other areas. In addition, we could be subject to other changes in laws and regulations, such as those affecting the extent to which we can engage in specific businesses, those that reduce our income through a cap on either fees or interest rates chargeable to our customers, or those affecting foreign investment in the banking industry, as well as changes in other Government policies and enforcement decisions, income tax laws, foreign investment laws and accounting principles. Laws and regulations governing the banking sector may change in the future and any changes may adversely affect our business, our future financial performance and the price of our Equity Shares.

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➤ **We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in meeting these requirements may be required to be invested in Government schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio, our business and the prices of our equity shares.**

The RBI prescribes guidelines on priority sector lending ("PSL") in India. Under these guidelines, banks in India are required to lend 40.0% of their adjusted net bank credit ("ANBC") or the credit equivalent amount of off-balance sheet

exposures ("CEOBE"), whichever is higher, as defined by the RBI and computed in accordance with Indian GAAP figures, to certain eligible sectors categorised as priority sectors. From Fiscal Year 2017, PSL achievement is required to be evaluated at the end of the financial year based on the average of priority sector target / sub-target achievement as at the end of each quarter of that financial year. Under the guidelines, scheduled commercial banks having any shortfall in lending to the priority sector shall allocate amounts for contribution to the Rural Infrastructure Development Fund ("RIDF") established with National Bank for Agriculture and Rural Development ("NABARD") and other Funds with NABARD, National Housing Bank ("NHB"), Small Industries Development Bank of India ("SIDBI") or Micro Units Development & Refinance Agency Limited ("MUDRA"), as decided by the RBI from time to time. The interest rates on such deposits may be substantially lower than the interest rates which the Bank would have obtained by investing these funds at its discretion. The Bank is required to comply with the priority sector lending requirements as applicable to domestic banks as laid down in RBI circular on Priority Sector Lending. Relaxation, upto a maximum period of five years from date of conversion into WOS, has been granted to the Bank to achieve the priority sector targets and sub-targets. We have been continuously working towards achieving this objective in line with the action plan submitted to RBI.

We may experience a higher level of NPAs in our PSL lending portfolio, particularly in loans to the small enterprises and weaker sections, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. In addition to the PSL requirements, the RBI has encouraged banks in India to have a financial inclusion plan for expanding banking services to rural and unbanked centres and to customers who currently do not have access to banking services. The expansion into these markets involves significant investments and recurring costs. Future changes by the RBI in the directed lending norms may result in our inability to meet the PSL requirements as well as requiring us to increase our lending to relatively riskier segments and may result in an increase in non-performing loans.

➤ **Our exposure to the securities of asset reconstruction companies could generally affect our business, financial condition and results of operations.**

We also have investments in security receipts arising from the sale of non-performing assets by us to reconstruction companies registered with the Reserve Bank of India. At September 30, 2022, the Bank had an outstanding net investment of ₹ 41 million in security receipts issued by asset reconstruction companies. There can be no assurance that reconstruction companies will be able to recover these assets and redeem our investments in security receipts and that there will be no reduction in the value of these investments. Any such inability to recover assets or redeem our investments without a diminution in value could generally affect our business, financial condition, and results of operations.

➤ **The value of our collateral may decrease, or we may experience delays in enforcing our collateral when borrowers default on their obligations to us which may result in failure to recover the expected value of collateral security exposing us to a potential loss.**

Among other factors, we consider a mix of cash flow and availability of collateral while taking lending decisions. Many of our loans to corporate customers are secured by various assets, including property, plant and equipment. Loans to corporate customers also include working capital credit facilities that are typically secured by a first charge on inventory, receivables and other current assets. In some cases, we may have taken further security of a first or second charge on fixed assets and a pledge of financial assets including marketable securities, corporate guarantees and personal guarantees. A significant portion of our loans to retail customers is also secured by the underlying assets financed, mainly property. As of September 30, 2022, 92.36% of our Bank advances were secured by tangible assets or covered by the Bank/Government guarantees.

Despite the availability of tools like SARFAESI Act, DRT, Insolvency and Bankruptcy Code 2016 etc, we may not be able to realize the full value of the collateral, due to, among other things, economic downturn, fall in the values of relevant collateral, stock market volatility, changes in economic policies of the Indian government, obstacles and delays in legal proceedings, borrowers and guarantors not being traceable, the Bank's records of borrowers' and guarantors addresses being ambiguous or outdated and defects in the perfection of collateral and fraudulent transfers by borrowers. In the event that a specialised regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed. In addition, the value of collateral may be less than we expect or may decline. If we are unable to foreclose on our collateral or realise adequate value, our losses will increase, and our net profits will decline.

➤ **Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance.**

Our results depend to a great extent on our net interest income, as one of our primary revenue sources is interest income from our advances book and our investments in interest-earning securities. During half year ended September 2022, interest earned for the Bank represented 74.54% of its total income (interest earned plus other income) on a standalone basis.

Changes in market interest rates affect the interest rates charged on our interest earning assets differently from the interest rates paid on our interest-bearing liabilities and the same also affect the value of our investments. An increase in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our advances, which would lead to a reduction in our net interest income and net interest margin. Further, an increase in interest rates could negatively affect demand for our loans and credit substitutes and we may not be able to achieve our volume growth, which could materially adversely affect our net profits. A decrease in interest rates could result in a decrease in interest income relative to interest expense due to the repricing of our loans at a pace faster than the rates we pay on our interest-bearing liabilities. The quantum of the changes in interest rates for our assets and liabilities may also be different. If the interest rate were to fluctuate, this could materially and adversely affect our net interest margin. Though the Bank has, instituted various guard-rails to contain the interest rate risk, and measures the impact of possible changes in interest rates on its earnings and capital, a sudden change in interest rate regimen can create impact on the profitability and net worth.

➤ **Our inability to effectively manage credit, market and liquidity risk and inaccuracy of our valuation models and accounting estimates may have an adverse effect on our earnings, capitalization, credit ratings and cost of funds.**

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk (including fraud), reputational risk and legal risk (including actions taken by our own employees). The effectiveness of our risk management is limited by the quality and timeliness of available data and other factors outside of our control. For example, our hedging strategies and other risk management techniques may not be fully effective in mitigating risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated.

Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

As part of our credit sanctioning process, we rely on credit rating models for arriving at probability of default of a prospective borrower. These models are based on historical data and supplemented with managerial input and comments. There are no assurances that these models and the data being analysed are accurate or adequate to guide our strategic and operational decisions and protect us from risks. Any deficiencies or inaccuracies in the models or the data might have a material adverse effect on our business, financial conditions or results of operation.

Additionally, management of operational, legal or regulatory risk requires, among other things, policies and procedures to ensure certain prohibited actions are not taken and to properly record and verify a number of transactions and events. Although we believe we have established such policies and procedures, they may not be fully effective, and we cannot guarantee that all our employees will follow these policies and procedures in all circumstances. Unexpected shortcomings in these policies and procedures or a failure to follow them may have a materially adverse effect on our business, financial position or results of operations.

Our future success will depend, in part, on our ability to respond to new technological advances and emerging banking and finance industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt its transaction-processing systems to customer requirements or emerging market standards. Failure to properly monitor, assess and manage risks, could lead to losses which may have an adverse effect on our future business, financial position or results of operations.

➤ **Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected.**

Most of our funding requirements are met through short-term and medium-term funding sources, primarily in the form of retail and corporate deposits. Short-term deposits are those with a maturity not exceeding one year. Medium-term

deposits are those with a maturity of greater than one year but not exceeding three years. Further as on September 30, 2022, total deposits of top 20 depositors constitute 27.18% of our total deposits.

However, a portion of our assets have long-term maturities, which sometimes causes funding mismatches. As of September 30, 2022, 29% of our loans are expected to mature within the next one year. As of September 30, 2022, 64% of our deposits are expected to mature within the next year. In our experience, a substantial portion of our customer deposits has been rolled over upon maturity and has become, over time, a stable source of funding. However, if a substantial number of our depositors do not roll over deposited funds upon maturity, our liquidity position will be adversely affected and we may be required to seek more expensive sources of funding to finance our operations, which would result in a decline in our net profits and have a material adverse effect on our financial condition. Any sudden or large withdrawals by such large depositors may impact our liquidity position.

- **We are subject to capital adequacy requirements and liquidity requirements stipulated by the Reserve Bank of India, including Basel III, as well as general market expectations regarding the level of capital adequacy large Indian private sector banks should maintain, and any inability to maintain adequate capital or liquidity ratios due to changes in regulations, a lack of access to capital markets, or otherwise may impact our ability to grow and support our businesses.**

As of September 30, 2022, the RBI requires a minimum capital adequacy ratio of 11.50% (including capital conservation buffer) of our total risk-weighted assets in addition to a minimum paid-up equity of Rs.5 billion. Our capital adequacy ratio was 16.76% as of September 30, 2022. Our CET-I ratio was 13.34% as of September 30, 2022. Further the increasing asset size of the Bank is likely to increase the risk weighted assets of the Bank which will put downward pressure on our capital adequacy ratios. In the absence of timely capital raising, our ability to support and grow our business would be limited by a declining capital adequacy ratio. While we have various measures at our disposal to offset declines in our capital adequacy ratio, we may be unable to raise capital at the appropriate time or the terms of any such financing may be unattractive due to various reasons attributable to changes in the general market environment, including political, legal and economic conditions.

Additionally, the Basel III Liquidity Coverage Ratio ("LCR"), which is a measure of the Bank's high quality liquid assets compared to its anticipated cash outflows over a 30-day stressed period, are also applicable on the Bank. It is required of the Bank to maintain a minimum LCR of 100% effective from 01/04/2021. In addition to this, Net Stable Funding Ratio (NSFR) has also become applicable on Bank w.e.f. 01/10/2021. Though the Bank has been able to meet the LCR and NSFR requirement on an ongoing basis, these various requirements including requirements to increase capital to meet desired capital adequacy ratios could require us to forego certain business opportunities.

- **We and our customers are exposed to fluctuations in foreign exchange rates.**

Foreign currency exchange rates depend on various factors and can be volatile and difficult to predict. We enter into foreign exchange contracts with our borrowers to manage their foreign currency exchange risk exposure. Volatility in these exchange rates may lead to losses in derivative transactions for our borrowers. Some of our borrowers with foreign exchange and derivative exposures may be adversely impacted by volatility in foreign exchange market. The failure of our borrowers to manage their exposures to foreign exchange and derivative risk, particularly adverse movements, and volatility in foreign exchange rates, may adversely affect our borrowers and consequently the quality of our exposure to our borrowers and our business volumes and profitability.

- **We may be subject to fines, restrictions or other sanctions for past instances of regulatory failures, which may adversely affect our financial position or our ability to expand our activities.**

Failure to comply with applicable regulations, including unauthorized actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and ensuing inquiries or investigations or proceedings by regulatory and enforcement authorities may result in the future, in regulatory actions, including financial penalties and restrictions on or suspension of the related business operations though the Bank has instituted guard-rails to control such events. Whenever it is appropriate and the regulatory guidelines so permit, we may seek to settle or compound regulatory inquiries or investigations or proceedings through consensual process with the concerned regulator entailing monetary payment by us or non-monetary terms being agreed upon. The non-monetary terms may include suspension or cessation of business activities for a specified period; change in key management personnel or restrictions being placed on key management personnel; disgorgement; implementation of enhanced policies and procedures to prevent future violations; appointing or engaging an independent consultant to review internal policies, processes and procedures; providing enhanced training and education; and/or submitting to

enhanced internal audit, concurrent audit or reporting requirements. We cannot predict the timing or form of any current or future regulatory or law enforcement initiatives.

- **Commission, exchange and profit on foreign exchange transactions and other sources of fee income are important elements of our profitability, and regulatory changes and market conditions could cause these income streams to decline and adversely impact our financial performance.**

We earn commission, exchange and brokerage income from a variety of activities, including loan processing for corporate clients with respect to their acquisition and project financing, transaction banking and retail credit products. Our commission, exchange and brokerage income are therefore impacted by the level of corporate activity including new financing proposals, the demand for retail financial products and the overall level of economic and trade activity. Our commission, exchange and brokerage income are also impacted by applicable regulations governing various products and segments of financial services and changes in these regulations may adversely impact our ability to grow in this area.

Our commission, exchange and brokerage income are also impacted by the level of corporate investment activity and new financing proposals. Our ability to earn fees in the near term may be impacted by the Covid-19 pandemic as the Bank continues to move further in digital banking mode where income and commission earnings faces stiff competition in market.

- **Our industry is very competitive and our strategy depends on our ability to compete effectively.**

We face strong competition in all areas of our business, and some of our competitors are larger than we are. We compete directly with large public and private sector banks, some of which are larger than we are based on certain metrics such as customer assets and deposits, branch network and capital. These banks are becoming more competitive as they improve their customer services and technology. We may face increased competition with participation of foreign ownership in the Indian banking industry, and the entry of new banks in the private sector, which could cause us to lose existing business or be unable to compete effectively for new business.

In order to grow our business, Bank has focussed on tie-ups with Fintech Companies. However, with the entry of many new Fintechs, offering a wide variety of services through digital platforms, into the financial services industry, competition is likely to be intensified in the business environments in which we operate. Further, the updated guidelines issued by RBI from time to time may also impact our growth prospects through Fintech partnerships. There can be no assurance that we will be able to respond effectively and timely to current or future competition or that the technological investments we make in response to such competition will be successful. Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services (whether current or new offerings) at reasonable returns and this may adversely impact our business. If we are unable to retain and attract new customers, our revenue and net profits will decline, which could materially adversely affect our financial condition.

- **We face security risks, including denial of service attacks, hacking, social engineering attacks targeting our colleagues and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect our business or reputation, and create significant legal and financial exposure.**

We offer a variety of banking services to our customers which include multiple services such as electronic funds transfer, bill payment services, usage of credit cards on-line, issuing account statements, and providing check books. Working in a highly automated environment and making use of the latest technologies to support various operations exposes the banks to various threats including:

- a) phishing and trojans targeting our customers, whereby fraudsters send unsolicited mails to our customers seeking account-sensitive information or infecting customer computers in an attempt to search and export account-sensitive information;
- b) hacking, whereby attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services;
- c) data theft whereby cyber criminals attempt to intrude into our network with the intention of stealing our data or information or to extort money; and
- d) leaking, whereby sensitive internal Bank data or customer information is inappropriately disclosed by parties entitled to access it.

Further, the Bank has engaged with multiple Fintech partners which is one of its key strategies for growth. Being in the services sector, Information Security and Data Protection are of paramount importance. Third parties with which we do business or that facilitate our business activities could also be sources of operational and information security risk to us, including from breakdowns or failures of their own systems or capacity constraints. We, our customers, regulators and other third parties, including other financial services institutions and companies engaged in data processing, have been subject to, and are likely to continue to be the target of, cyberattacks.

The Bank has put in place a governance framework and a board-approved information security policy and Cyber security policy to mitigate information technology-related risks. While cyber threats and cyber-attacks like hacking, phishing, ransomware and other means, resulting in disruption of services or theft or leak of sensitive internal data or customer information are growing, our Bank has invested in preventing and protecting against such attacks. The Bank has also invested in detect, respond, and recovery mechanisms for any eventualities. Controls such as firewalls, anti-malware, anti-advance persistent threats, Intrusion prevention/detection, 24*7 security operation centre, Honeypot solutions, etc. have been put in place.

Further the Bank conducts vulnerability assessment, penetration testing, application security testing, secure configuration reviews, source code review and red teaming exercises of its IT systems and environment through an external entity. Gaps reported by such exercises are remediated by the IT team. The Bank has a robust third-party risk assessment process which is conducted before the on-boarding of any new Fintech partners.

We have a governance framework in place for security and have implemented information security policies, procedures, and technologies. The Bank has an independent information security team headed by a Chief Information Security Officer reporting to the Chief Risk Officer. The Information Security Steering Committee (ISSC) chaired by the MD of the Bank is the apex decision-making body in the Bank for information security-related issues and meets monthly. The ISSC reports to the IT steering committee of the Board.

However, considering that technology is currently in a phase of rapid evolution and that the methods used for cyber-attacks are also changing frequently or, in some cases, are not recognized until an actual attack, we may not be able to anticipate or to implement effective preventive measures against all security breaches. Any third-party technology failure, cyber-attack or other information or security breach, termination or constraint could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our business. Our customers could also be exposed to increased phishing and vishing attacks that could result in a financial loss to them, and in turn lead to claims for compensation from the Bank or reputation loss for the Bank.

As the sophistication of cyber incidents continues to evolve, we will likely be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. There is also the risk of our customers incorrectly blaming us and terminating their accounts with us for a cyber-incident which might have occurred on their own system or with that of an unrelated third party. Any cyber security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

➤ **Adoption of a different basis of accounting or new accounting standards may result in changes in our reported financial position and results of operations for future and prior periods.**

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of IND-AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. However, the RBI, by its notification dated March 22, 2019, has deferred the implementation of Ind-AS for required all scheduled banks until further notice.

The possible impact of IND-AS on our financial reporting, the nature and extent of such impact is still uncertain. Further, the new accounting standards will change, among other things, our methodology for estimating allowances for expected loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy. For estimation of expected loan losses, the new accounting standards will require us to calculate the present value of the expected future cash flows realisable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This will result in us recognising allowances for expected loan losses in the future which may be higher or lower than those under current Indian GAAP. There can be no assurance, therefore, that our financial condition, cash flows, results of operations or cash flows will not appear materially worse under IND-AS than under Indian GAAP. In our transition to IND-AS reporting, we may encounter difficulties in the ongoing process of

implementing and enhancing our management information systems. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our adoption of IND-AS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IND-AS could materially adversely affect our business, cash flows, financial condition and results of operations.

➤ **We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law.**

In order to expand our business, Bank has adopted the model of outsourcing and tie-ups with third party service providers. These tie-ups and arrangements have been made in compliance with the RBI guidelines on outsourcing. These vendors provide services which include, among others, Fintech firms for loan book development, cash management services, software services, client sourcing, debt recovery services and call centre services. However, we cannot guarantee that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, cash flows, financial condition and results of operations will be adversely affected.

Given the increasing use of technology, our Bank is required to work with a number of interconnected service providers such as aggregators, merchants and payment systems to provide solutions to customers. Any weaknesses in the systems, processes or robustness of security in any part of this network exposes our Bank to potential losses due to transactional errors, cyber events and other technical errors. In case of any dispute, we cannot assure that the terms of such agreements will not be breached, wherein the occurrence of such breaches may result in litigation costs. We may also suffer from reputational and legal risks if our third-party service providers act unethically or unlawfully, including mis-selling, which could materially and adversely affect our business, cash flows, financial condition and results of operations in addition to penalties.

➤ **Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, cash flows, financial condition and results of operations.**

Our operations are subject to various risks inherent in the banking industry, as well as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. Our insurance cover includes, among other things, professional indemnity, banker indemnity, personnel accident (including accidental death), general commercial liability. We maintain insurance for our operations in India largely through third party insurers in India. None of our insurance policies are assigned in favour of any third party.

We may not have identified every risk and further may not be insured against every risk, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could materially harm our financial condition, cash flows and future results of operations. There can be no assurance that any claims filed will be honoured fully or timely under our insurance policies. Also, our financial condition may be affected to the extent we suffer any loss or damage that is not covered by insurance, or which exceeds our insurance coverage. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all.

➤ **Any failure of a bank in India or one of our key overseas correspondent banks would materially and adversely affect our business.**

Our clearing and treasury business relies heavily on our domestic and overseas correspondent banks to facilitate our market related and international transactions. In India, the banking industry is also inter-dependent to facilitate domestic transactions. There is no assurance that our overseas correspondent banks or our domestic banking partners will not fail or face financial problems. If any bank in India, or any of our key overseas correspondent banks were to fail, this would materially and adversely affect our business, cash flows, financial condition and results of operations.

- **We may experience difficulties in expanding its business into new regions and markets which may adversely affect its business prospects, financial conditions and results of operations.**

At present, Bank has been operating through the WOS mode since 2018 and has limited number of branches and ATMS relative to its peers. Being a new bank, Bank is making all necessary efforts to increase its visibility in new areas and regions within the country to further expand its customer base, reach and balance sheet. However, we may face difficulty in gaining the confidence of customers particularly in Tier-2 and Tier-3 cities, which will in turn affect our future plans and efforts for expanding into these areas in the immediate future. This may result or force us to revisit our strategy for business development which will result in additional costs thereby straining on our financial condition and overall profitability.

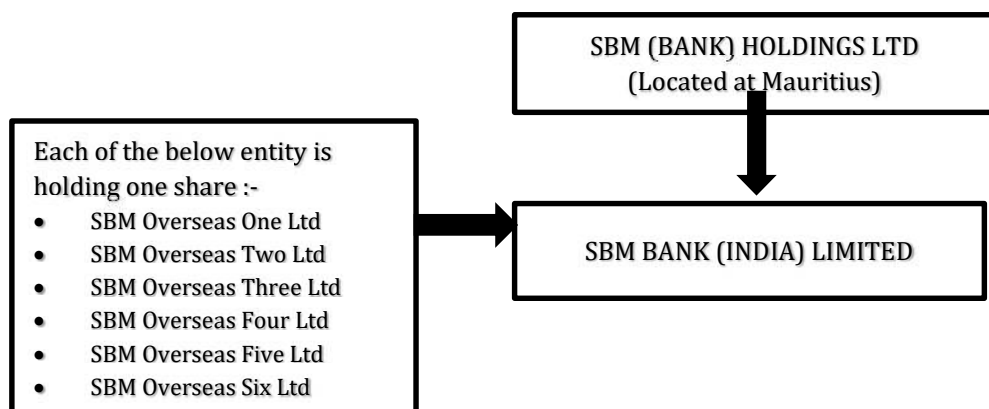
- **Deficiencies in accuracy and completeness of information about customers and counterparties may adversely impact us.**

We rely on the accuracy and completeness of information about our customers and counterparties, and on representations by them or third parties as to the accuracy and completeness of such information, while carrying out transactions with these entities or on their behalf. For example, when deciding whether or not to extend credit to a customer, we may rely on reports of independent auditors with respect to the financial statements of the customer. We also rely on credit ratings assigned to our customers. Further, with respect to some of our loans, we do not have any direct control over how the customer actually utilizes the loan proceeds. Although our credit appraisal system conducts a due diligence during its underwriting process and exercises caution in its lending, any use of loan proceeds for purposes outside those stated on the application may negatively affect the repayment capacity of the borrowers to repay the loan. Any failure to repay such loans could have an adverse effect on our financial condition, results of operations and cash flows. Our business, cash flows, financial condition and results of operations could also be negatively impacted by such reliance on information that is inaccurate or materially misleading. Additionally, this may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a consequence, our ability to effectively manage our credit risk may be adversely affected.

- **The Bank may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation.**

The Bank is required to comply with applicable anti-money-laundering (“AML”) and anti-terrorism laws and other regulations in India and in other jurisdictions where it has operations. These laws and regulations require the Bank, among other things, to adopt and enforce know-your-customer (“KYC”) policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. While the Bank has adopted policies and procedures aimed at detecting and preventing the use of its banking networks for money laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where the Bank may be used by other parties to engage in money laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures.

(ii) CORPORATE STRUCTURE: -



(iii) KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS: -

STANDALONE BASIS:

(Rs. in crores)

Parameters	FY 2019-20	FY 2020-21	FY 2021-22	30 th September 2022 (Audited)	Remarks
Balance Sheet					
Net Fixed Assets	61.50	57.78	69.63	70.01	
Current Assets	934.10	1,096.82	2,451.95	2,968.68	Note 3
Non-current assets	1,505.83	3,584.70	5,563.05	6,795.37	Note 4
Total Assets	2,501.43	4,739.30	8,084.63	9,834.06	
Non-current Liabilities	1,581.49	3,182.97	5,246.18	6,213.31	
(including maturities of long-term borrowings and short term borrowings)					
Financial (borrowings, trade payables and other financial liabilities)	1,581.49	3,182.97	5,246.18	6,213.31	Note 5
Provisions	NA	NA	NA	NA	
Deferred tax liabilities (net)	NA	NA	NA	NA	
Other non-current liabilities	NA	NA	NA	NA	
Current Liabilities (including maturities of long term borrowings)	338.92	957.34	2,123.83	2,883.64	

(Rs. in crores)

Parameters	FY 2019-20	FY 2020-21	FY 2021-22	30 th September 2022 (Audited)	Remarks
Financial (borrowings, trade payables and other financial liabilities)	263.55	841.19	1,872.27	2,298.19	Note 6
Provisions	NA	NA	NA	NA	
Current tax liabilities (net)	NA	NA	NA	NA	
Other current liabilities	75.37	116.15	251.56	585.45	Note 7
Equity (equity and other equity)	581.02	598.99	714.62	737.11	
Total equity and liabilities	2,501.43	4,739.30	8,084.63	9,834.06	-
Profit and loss					
Total revenue	116.52	160.23	240.96	200.25	
From Operations	48.18	78.17	125.08	97.40	
Other income	68.34	82.06	115.88	102.85	
Total Expenses	114.62	141.59	224.66	177.43	
Total comprehensive income	NA	NA	NA	NA	Note 8
Profit/ (Loss)	1.90	18.64	16.30	22.82	-
Other comprehensive income	NA	NA	NA	NA	Note 8

Profit/ (loss) after tax	1.90	18.64	16.30	22.82	
Earnings per equity share: (a) basic; and (b) diluted					
Continuing Operations					
(a) basic;	0.03	0.25	0.21	0.28	
(b) diluted	0.03	0.25	0.21	0.28	
Discontinued operations					
(a) basic;	0	0	0	0	
(b) diluted	0	0	0	0	
Total continuing and discontinued operations					
(a) basic;	0.03	0.25	0.21	0.28	
(b) diluted	0.03	0.25	0.21	0.28	
Cash flow					
Net cash generated from operating activities	2.09	198.72	1,090.60	(954.48)	
Net cash used in/ generated from investing activities	(11.96)	(441.83)	(568.17)	(296.79)	
Net cash used in financing activities	52.00	153.98	250.02	930.60	
Cash and cash equivalents (at the beginning of the year)	470.23	512.36	423.23	1,195.68	
Balance as per statement of cash flows	512.36	423.23	1,195.68	875.01	

(Rs. in crores)

Parameters	FY 2019-20	FY 2020-21	FY 2021-22	30th September 2022 (Audited)	Remarks
Additional information					
Net worth (Capital + Reserves and Surplus)	581.02	598.99	714.62	737.11	
Cash and cash equivalents	512.36	423.23	1,195.68	875.01	
Current investments	328.22	559.15	1,018.38	1,577.19	Note 9
Assets under management	2,501.43	4,739.30	8,084.63	9,834.06	Note 10
Off balance sheet assets	2,238.89	5,696.04	8,346.71	9,719.03	
Total debts to total assets	0.01	0.04	0.04	0.13	Note 11
Debt service coverage ratio	0.94	0.21	1.69	0.07	Note 12
Interest income	126.70	233.19	397.29	301.14	
Interest expense	78.52	155.02	272.21	203.74	
Interest service coverage ratio	9.21	14.01	6.74	4.75	
Provisioning and write offs (including tax)	26.79	15.91	37.83	12.57	
Bad debts to accounts receivables ratio	0.02	(0.00)	0.01	0.00	Note 13
Gross NPA (%)	8.59%	2.97%	2.10%	1.63%	
Net NPA (%)	2.90%	0.90%	0.39%	0.12%	
Tier I Capital Adequacy ratio (%)	31.48%	19.46%	16.06%	13.34%	

Tier II Capital Adequacy ratio (%)	0.96%	1.26%	1.22%	3.42%	
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(iv) **KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS: -**
CONSOLIDATED BASIS – Consolidation is not applicable as Banks do not have any subsidiaries companies.

Note:

1. Pursuant to approval of the Scheme of Amalgamation, between the SBM Bank (India) Ltd and SBM Bank (Mauritius) Ltd. – Indian Operations (the ‘Indian Operations’), by the Reserve Bank of India on October 30, 2018, under section 44A of the Banking Regulations Act, 1949, the undertaking of the Indian Operations are amalgamated with the SBM Bank (India) Ltd..
2. The financial statements of the Bank are prepared in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) and the relevant provisions of the Act read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act and Companies (Accounting Standard) Amendment Rules 2016 in so far as they apply to the Bank and practices prevailing within the banking industry in India. Classifying assets and liabilities as current and non-current is not defined in the applicable regulations for the Bank, and accordingly the same has been computed as per Notes described below.
3. Current assets comprise of Cash and Balances with Reserve Bank of India, Balance with Banks and Money at Call and Short Notice, Investments classified as Available for Sale (AFS) and Held for Sale (HFT) and Other Assets.
4. Non-current assets comprise of Advances and Investments other than AFS and HFT securities.
5. Financial non-current liabilities comprise of Term Deposits and Borrowings from Other Institutions and Agencies.
6. Financial current liability comprises of Current Accounts and Saving Accounts under Deposits, and Borrowings from RBI and Other Banks.
7. Other current liabilities comprise of Other Liabilities and Provisions.
8. Information relating to Total Comprehensive Income and Other Comprehensive Income are not furnished as Ind AS is not yet made applicable to banks.
9. Current Investment comprises of Investments classified as AFS and HFT securities.
10. Assets under management represents total assets of the Issuer.
11. Total debts comprise borrowings of the issuer.
12. Debts Service Coverage Ratios is computed as percentage of earnings before interest, tax and depreciation to total borrowing of the issuer up to 1 year.
13. Bad debts to Account receivable ratio is computed as percentage of sum of amount charged to the Profit and Loss account towards provision for non-performing assets and bad debts written off, to Net Advances of the Issuer.

(v) AUDITED FINANCIAL INFORMATION ALONG WITH LIMITED AUDIT REVIEW REPORT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2022: -

The audited financial information along with limited audit review report for the half year ended 30th September, 2022 is as follows:

STANDALONE BASIS:

(Rs. in crores)

Parameters	FY 2019-20	FY 2020-21	FY 2021-22	30 th September 2022 (Audited)	Remarks
Balance Sheet					
Net Fixed Assets	61.50	57.78	69.63	70.01	
Current Assets	934.10	1,096.82	2,451.95	2,968.68	Note 3
Non-current assets	1,505.83	3,584.70	5,563.05	6,795.37	Note 4
Total Assets	2,501.43	4,739.30	8,084.63	9,834.06	
Non-current Liabilities	1,581.49	3,182.97	5,246.18	6,213.31	
(including maturities of long-term borrowings and short term borrowings)					
Financial (borrowings, trade payables and other financial liabilities)	1,581.49	3,182.97	5,246.18	6,213.31	Note 5
Provisions	NA	NA	NA	NA	
Deferred tax liabilities (net)	NA	NA	NA	NA	
Other non-current liabilities	NA	NA	NA	NA	
Current Liabilities (including maturities of long term borrowings)	338.92	957.34	2,123.83	2,883.64	

(Rs. in crores)

Parameters	FY 2019-20	FY 2020-21	FY 2021-22	30 th September 2022 (Audited)	Remarks
Financial (borrowings, trade payables and other financial liabilities)	263.55	841.19	1,872.27	2,298.19	Note 6
Provisions	NA	NA	NA	NA	
Current tax liabilities (net)	NA	NA	NA	NA	
Other current liabilities	75.37	116.15	251.56	585.45	Note 7
Equity (equity and other equity)	581.02	598.99	714.62	737.11	
Total equity and liabilities	2,501.43	4,739.30	8,084.63	9,834.06	-
Profit and loss					
Total revenue	116.52	160.23	240.96	200.25	
From Operations	48.18	78.17	125.08	97.40	
Other income	68.34	82.06	115.88	102.85	
Total Expenses	114.62	141.59	224.66	177.43	
Total comprehensive income	NA	NA	NA	NA	Note 8

Profit/ (Loss)	1.90	18.64	16.30	22.82	-
Other comprehensive income	NA	NA	NA	NA	Note 8
Profit/ (loss) after tax	1.90	18.64	16.30	22.82	
Earnings per equity share: (a) basic; and (b) diluted					
Continuing Operations					
(a) basic;	0.03	0.25	0.21	0.28	
(b) diluted	0.03	0.25	0.21	0.28	
Discontinued operations					
(a) basic;	0	0	0	0	
(b) diluted	0	0	0	0	
Total continuing and discontinued operations					
(a) basic;	0.03	0.25	0.21	0.28	
(b) diluted	0.03	0.25	0.21	0.28	
Cash flow					
Net cash generated from operating activities	2.09	198.72	1,090.60	(954.48)	
Net cash used in/ generated from investing activities	(11.96)	(441.83)	(568.17)	(296.79)	
Net cash used in financing activities	52.00	153.98	250.02	930.60	
Cash and cash equivalents (at the beginning of the year)	470.23	512.36	423.23	1,195.68	
Balance as per statement of cash flows	512.36	423.23	1,195.68	875.01	

(Rs. in crores)

Parameters	FY 2019-20	FY 2020-21	FY 2021-22	30th September 2022 (Audited)	Remarks
Additional information					
Net worth (Capital + Reserves and Surplus)	581.02	598.99	714.62	737.11	
Cash and cash equivalents	512.36	423.23	1,195.68	875.01	
Current investments	328.22	559.15	1,018.38	1,577.19	Note 9
Assets under management	2,501.43	4,739.30	8,084.63	9,834.06	Note 10
Off balance sheet assets	2,238.89	5,696.04	8,346.71	9,719.03	
Total debts to total assets	0.01	0.04	0.04	0.13	Note 11
Debt service coverage ratio	0.94	0.21	1.69	0.07	Note 12
Interest income	126.70	233.19	397.29	301.14	
Interest expense	78.52	155.02	272.21	203.74	
Interest service coverage ratio	9.21	14.01	6.74	4.75	
Provisioning and write offs (including tax)	26.79	15.91	37.83	12.57	
Bad debts to accounts receivables ratio	0.02	(0.00)	0.01	0.00	Note 13
Gross NPA (%)	8.59%	2.97%	2.10%	1.63%	

Net NPA (%)	2.90%	0.90%	0.39%	0.12%	
Tier I Capital Adequacy ratio (%)	31.48%	19.46%	16.06%	13.34%	
Tier II Capital Adequacy ratio (%)	0.96%	1.26%	1.22%	3.42%	

CONSOLIDATED BASIS: Consolidation is not applicable as Banks do not have any subsidiaries companies.

Gross Debt: Equity Ratio of the Company*:

Before the issue of debt securities (as on 30 th September 2022)	1.52
After the issue of debt securities**	1.64

*The Gross Debt Equity Ratio is computed as = Total Debt/Total Paid up Equity Share Capital. Debts represent total borrowing.

**Computed considering debt issue size of INR 99 crore.

(vi) PROJECT COST AND MEANS OF FINANCING, IN CASE OF FUNDING OF NEW PROJECTS: -

Not applicable

(vii) SUBSIDIARIES OF THE COMPANY (If any): None

(viii) DETAILS OF CONTINGENT LIABILITIES BASED ON THE LAST AUDITED FINANCIAL STATEMENTS INCLUDING AMOUNT AND NATURE OF LIABILITY

➤ The details of contingent liabilities of the issuer on a standalone basis as on 30.09.2022 is as follows:

	Rs in crores
Particulars	As on 30 Sept 2022 (Audited)
Claims against the Bank not acknowledged as Debts	8.91
Liability for Partly Paid Investments	-
Liability on account of outstanding Forward Exchange Contracts & Derivatives	7,416.13
Guarantees given on behalf of Constituents	-
a) In India	521.33
b) Outside India	459.66
Acceptances, Endorsements and Other Obligation	410.31
Other items for which the Bank is Contingently Liable	902.69
Total	9,719.03

Claims against the Bank not acknowledged as Debts' item of Contingent Liability includes Income Tax of Rs. 86,904 thousand (Previous Year: 86,904 thousand) and Service tax of Rs. 2,201 thousand (Previous Year: 2,201 thousand). The Bank has gone in appeal to Income Tax Appellate Tribunal (ITAT) and High Court against the income tax assessment order of the department for AY 1996-97, 1997-98, 1999-00 to 2008-09, 2012-13 and 2013-14. The appeals are pending for the final outcome of the ITAT and high court and the Bank is expecting favorable judicial decisions.

➤ The details of contingent liabilities of the issuer on a consolidated basis as on 30.09.2022 is as follows: Consolidation

assessment order of the department for AY 1996-97, 1997-98, 1999-00 to 2008-09, 2012-13 and 2013-14. The appeals are pending for the final outcome of the ITAT and high court and the Bank is expecting favorable judicial decisions.

- The details of contingent liabilities of the issuer on a consolidated basis as on 30.09.2022 is as follows: Consolidation is not applicable as Banks do not have any subsidiaries companies.

(C) A BRIEF HISTORY OF THE ISSUER SINCE ITS INCORPORATION GIVING DETAILS OF IT'S FOLLOWING ACTIVITIES: -

I. DETAILS OF SHARE CAPITAL AS ON LAST QUARTER END (I.E 31ST DECEMBER 2022): -

Share Capital	Rs. In Crores
Authorized Share Capital	1000
Issued, Subscribed and Paid-up Share Capital (Prior to the offer)	823.6250840
Issued, Subscribed and Paid-up Share Capital (After the offer)	823.6250840

II. CHANGES IN ITS CAPITAL STRUCTURE AS ON LAST QUARTER END (I.E 31ST DECEMBER 2022), FOR THE LAST THREE YEARS: -

Date of change (AGM/EGM)	Rs in Crores	Particulars
NIL	NIL	NIL

III. EQUITY SHARE CAPITAL HISTORY OF THE COMPANY AS ON LAST QUARTER END (I.E 31ST DECEMBER 2022), FOR THE LAST THREE YEARS: -

Date of Allotment	No of Equity Shares	Face Value (Rs.)	Issue Price (In Rs)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity share capital (Rs.)	Equity share premium (in Rs.)	
27.08.2019	52000000	10	10	Cash	Rights Issue	75,69,58,418	756,95,84,180	NIL	
16.12.2021	6,66,66,666	10	15	Cash	Rights Issue	82,36,25,084	823,62,50,840	33,33,33,330	

IV. DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST 1 YEAR:-

NIL

V. DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 YEAR: -

Type of Event	Date of Announcement	Date of Completion	Details
NIL	NIL	NIL	NIL

(D) DETAILS OF THE SHAREHOLDING OF THE COMPANY AS ON THE LATEST QUARTER END

I. SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST DECEMBER 2022

Sl No.	Name	Category of shareholder	No. of shares held in Demat	No. of shares held in Physical	Total No. of shares held	%
1	SBM (Bank) Holdings Ltd	Body Corporate	NIL	82,36,25,078	82,36,25,078	99.9999
2	SBM Overseas One Ltd	Body Corporate	NIL	1	1	0.0001
3	SBM Overseas Two Ltd	Body Corporate	NIL	1	1	0.0001
4	SBM Overseas Three Ltd	Body Corporate	NIL	1	1	0.0001
5	SBM Overseas Four Ltd	Body Corporate	NIL	1	1	0.0001
6	SBM Overseas Five Ltd	Body Corporate	NIL	1	1	0.0001
7	SBM Overseas Six Ltd	Body Corporate	NIL	1	1	0.0001
	TOTAL			82,36,25,084	82,36,25,084	100.00

Notes: - Shares pledged or encumbered by the promoters (if any): Nil

II. LIST OF TOP 10 HOLDERS OF EQUITY SHARES OF THE COMPANY AS ON 31ST DECEMBER 2022

Please refer the table inserted in D(I) above.

(E) FOLLOWING DETAILS REGARDING THE DIRECTORS OF THE COMPANY: -

i. DETAILS OF THE CURRENT DIRECTORS OF THE COMPANY

Name, Designation and DIN	Age (in years)	Address	Date of appointment	Details of other Directorship	Whether wilful defaulter (Yes/No)
Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula (Part Time Chairman) DIN - 01724586	63	2 Remy Ollier Avenue, Phoenix, Mauritius	09.07.2020	1. W.S.I Holdings Limited 2. Palm Residences Ltd 3. Universal Business Solutions Ltd 4. Grant Thornton (Advisory Services) Ltd 5. Grant Thornton Ltd 6. Grant Thornton (Business School) Ltd 7. Grant Thornton (BPO) Ltd 8. Caroline House Ltd 9. City Screen Investments Ltd 10. Coniston Investments Ltd 11. Shah Institute Of Technology & Co. Ltd 12. Societe City Screen 13. Grant Thornton (Indian Ocean) Ltd 14. Receptoria Administrator Ltd 15. Societe Duchess Of Bath 16. Island Life Assurance Co Ltd 17. The Damson Plum Foundation 18. Societe Plank 19. SBM Holdings Ltd 20. SBM (NBFC) Holdings Ltd 21. SBM Capital Markets Ltd 22. SBM Factors Ltd 23. SBM 3S Ltd	No

Name, Designation and DIN	Age (in years)	Address	Date of appointment	Details of other Directorship	Whether wilful defaulter (Yes/No)
				24. SBM eBusiness Ltd 25. SBM Africa Holdings Ltd 26. SBM Infrastructure General Partner Ltd (under winding-up) 27. AutoXpress International Ltd 28. AutoXpress Holdings Mauritius Limited 29. Starlight Real Estate Mauritius Ltd 30. Starlight Real Estate (Ascot) Mauritius Ltd 31. Richmond (Middle East) Holdings Ltd 32. Inter Global Shipping Limited 33. Richmerc Holdings Ltd 34. TAHA Holding Limited 35. Richmond International (Mauritius) Limited 36. Richmond Asia Holdings Limited 37. GTMC (Mauritius) Limited 38. BASAN LTD 39. BREMAR (BREVETS ET MARQUES) LTD (INT) 40. Ham Soham Limited 41. Lecofruit Mauritius 42. Nomadisms International Ltd (indirect directorship through Hebdomad Ltd) 43. Seminomad Group Ltd (indirect directorship through Hebdomad Ltd) 44. Hebdomad Ltd 45. Le Morne Investment Ltd 46. Emirates Real Estate Ltd 47. Centaur Investors Ltd 48. Ocean Gulf Property Enterprises Ltd. 49. SBM Bank (Seychelles) Ltd. (under winding-up) 50. SBM Bank (India) Ltd 51. SBM Bank (Kenya) Ltd 52. Banque SBM Madagascar SA 53. Kelper Limited	
Mr. Sidharth Rath (MD & CEO) DIN – 00682901	53	Flat No. 901, Block No. B, Jagat Vidya CHS, BKC, Bandra East, Mumbai – 400051	01.10.2018	None	No
Mrs. Sudha Ravi (Independent Director) DIN – 06764496	67	704/A, 7 th Floor, Joanna CHS, Manuel Gonsalves Road, Bandra West Mumbai – 400050	30.03.2017	1. Goodyear India Limited 2. Alkem Laboratories Ltd. 3. Baroda Medicare Private Limited (upto 28/4/2022) 4. Enzene Biosciences Limited	No
Mr. Ameet Patel (Independent Director) DIN – 00726197	60	701, Vogue, Vimal Kunj CHS Ltd., Meera Baug, Santacruz West, Mumbai – 400054	26.02.2019	1. LIC Housing Finance Ltd 2. Quantum Trustee Company Private Limited (wef 29/8/2022)	No
Mr. Shyam Sundar Barik (Independent Director) DIN - 08184820	65	Flat No. C-403, Pinnacolo, RBK School Lane, Near Gaurav Residency Phase 2, Mira – Bhayandar, Mira Road East, Thane – 401107	26.02.2019	India Sme Asset Reconstruction Company Limited	No

Name, Designation and DIN	Age (in years)	Address	Date of appointment	Details of other Directorship	Whether wilful defaulter (Yes/No)
Mr. Umesh Jain (Independent Director) DIN - 06432749	52	C 101, Lodha Bellissimo, N M Joshi Marg, Mahalaxmi, Mumbai – 400 011	14.10.2020	Digital Citizen Technologies Private Limited	No
Mr. Raoul Gufflet (Non-Executive Director) DIN - 09194722	54	Eureka Road, 80819, Moka, Mauritius	16.06.2021	1. SBM (Bank) Holdings Limited 2. SBM Bank (Mauritius) Limited 3. SBM Bank (Kenya) Limited 4. Banque SBM Madagascar	No
Mr. Amalorpavanathan (Independent Director) DIN - 06941432	63	B-106, Srivatsa Srilakshmi Apartment, CODISSIA Road, Peelamedu, Coimbatore, Tamil Nadu - 6410045	16.09.2021	1. Finblend Development Consultants Private Limited 2. National Commodity and Derivatives Exchange Limited	No
Ms. Sharon Ramdenee (Non Executive & Independent) DIN-09342424	42	Ave Dr Leclezio, Mount Ory, Moka, Mauritius – 80825	16.12.2021	1. SBM Holdings Limited 2. SBM (NFC) Holdings Limited 3. SBM Bank (Kenya) Limited	No

ii. DETAILS OF CHANGE IN DIRECTORS SINCE LAST THREE YEARS: -

Name, Designation and DIN	Date of appointment	Date of cessation if applicable	Date of resignation if applicable	Remarks
Mr. Azim Currimjee	25.01.2019	-	12.03.2020	
Mr. Vidianand Lutchmeeparsad	25.01.2019	-	10.03.2020	
Mr Andrew Bainbridge	01.03.2019	-	05.08.2021	
Mr. Sanjay Kumar Bhattacharya	30.03.2017	27.01.2022	-	Demise of Director

(F) FOLLOWING DETAILS REGARDING THE AUDITORS OF THE COMPANY: -

i. DETAILS OF THE AUDITOR OF THE COMPANY: -

Name of the Auditor	Address	Auditor since
K. S. Aiyar & Co	F-7 Laxmi Mills Shakti Mills Lane (Off Dr. E Moses, Mahalaxmi, Mumbai 400011	16/09/2021

ii. DETAILS OF CHANGE IN AUDITOR SINCE LAST THREE YEARS: -

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of Resignation, if applicable
M/s M. P. Chitale & Co	Hamam House Ambalal Doshi Marg, Fort Mumbai - 400001	20/09/2019	18.06.2021 (Withdrawn of consent by the firm pursuant to eligibility requirements in terms of RBI regulations)	--
K. S. Aiyar & Co	F-7 Laxmi Mills Shakti Mills Lane (Off Dr. E Moses, Mahalaxmi, Mumbai 400011	16/09/2021	--	--

(G) DETAILS OF BORROWINGS OF THE COMPANY, AS ON THE LATEST QUARTER END: SEPTEMBER 30, 2022: -

(i) DETAILS OF OUTSTANDING SECURED LOAN FACILITIES:

Lender's Name	Type of Facility	Amount Sanctioned (Rs)	Principal Amount Outstanding (Rs)	Repayment Date /Schedule	Security
Clearing Corporation of India	TREP Borrowing	5,00,00,000.00	4,99,76,791.60	03-10-2022	G SEC / TBILL
Clearing Corporation of India	TREP Borrowing	15,00,00,000.00	14,99,30,374.80	03-10-2022	G SEC / TBILL
Clearing Corporation of India	TREP Borrowing	3,00,00,000.00	2,99,86,074.96	03-10-2022	G SEC / TBILL
Clearing Corporation of India	TREP Borrowing	10,00,00,000.00	9,99,53,501.08	03-10-2022	G SEC / TBILL
Clearing Corporation of India	TREP Borrowing	10,00,00,000.00	9,99,53,501.08	03-10-2022	G SEC / TBILL
Clearing Corporation of India	TREP Borrowing	27,85,00,000.00	27,83,70,729.21	03-10-2022	G SEC / TBILL
Clearing Corporation of India	TREP Borrowing	50,00,00,000.00	49,97,67,916.00	03-10-2022	G SEC / TBILL
Clearing Corporation of India	TREP Borrowing	1,00,00,00,000.00	99,95,27,620.51	03-10-2022	G SEC / TBILL
Clearing Corporation of India	TREP Borrowing	1,00,00,00,000.00	99,95,31,726.23	03-10-2022	G SEC / TBILL
Clearing Corporation of India	TREP Borrowing	1,00,00,00,000.00	99,94,98,881.38	03-10-2022	G SEC / TBILL
Clearing Corporation of India	TREP Borrowing	1,00,00,00,000.00	99,94,98,881.38	03-10-2022	G SEC / TBILL

(ii) DETAILS OF OUTSTANDING UNSECURED LOAN FACILITIES:

(Rs. In Crore)

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule
National Bank for Agriculture and Rural Development (NABARD)	Refinancing	300	285	The periodicity for repayment of the principal amount of refinance will be quarterly INR 15 Crs starting from September 30, 2022 and last payment due on February 28, 2027
National Bank for Agriculture and Rural Development (NABARD)	Refinancing	300	300	The periodicity for repayment of the principal amount of refinance will be quarterly INR 27 Crs starting from December 31, 2022 and last Payment of INR 30 Crs will be due on May 31, 2025

(iii) DETAILS OF NCDS AND OTHER NON- CONVERTIBLE SECURITIES

Series of NCDs	Tenor / Period of Maturity	Coupon	Amount (Rs. In Cr)	Date of Allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security
INE07PX08019	10 years	9.75%	125 Cr	05.04.2022	05.04.2032	ICRA A+	Unsecured	N.A

(iv) LIST OF TOP 10 DEBENTURE HOLDERS (AS ON 31ST DECEMBER 2022)

Sr No.	Name of holders of NCDs	Amount (Rs. In Cr)	% of total NCDs outstanding
1	WELSPUN INDIA LIMITED	78	62.4%
2	WELSPUN CORP LTD	23	18.4%
3	WELSPUN CAPTIVE POWER GENERATION LTD	14	11.2%
4	WELSPUN ENERGY ORISSA PRIVATE LIMITED	4	3.2%
5	EQUIRUS WEALTH PRIVATE LIMITED	2	1.6%
6	TITHAL TRADING PRIVATE LIMITED	2	1.6%
7	EQUIRUS SECURITIES PRIVATE LIMITED	1	0.8%
8	WELSPUN REALTY PVT LTD	1	0.8%

(v) DETAILS OF REST OF THE BORROWING BY THE ISSUER ALONG WITH NAME OF THE COUNTERPARTY (LIKE NAME OF THE SUBSIDIARY, JV ENTITY, GROUP COMPANY, ETC) ON BEHALF OF WHOM IT HAS BEEN ISSUED:

NIL

(vi) DETAILS OF COMMERCIAL PAPER: - THE TOTAL FACE VALUE OF COMMERCIAL PAPERS OUTSTANDING AS ON THE LATEST QUARTER END TO BE PROVIDED AND ITS BREAKUP IN FOLLOWING TABLE:

Maturity date	Amount outstanding
Not Applicable	Not Applicable

(vii) DETAILS OF REST OF THE BORROWING (IF ANY INCLUDING HYBRID DEBT LIKE FCCB, OPTIONALLY CONVERTIBLE DEBENTURES / PREFERENCE SHARES) AS ON 30th SEPTEMBER 2022-

(Rs. in crores)

Party Name (in case of Facility) / Instrument Name	Type of Facility / Instrument	Amount Sanctioned/ Issued	Principal Amount outstanding	Repayment Date/ Schedule	Credit Rating	Secured / Unsecured	Security
Reserve Bank of India	Term LAF Borrowing	3	3	16-02-2023	NA	Secured	G-sec/ T Bills
Reserve Bank of India	Term LAF Borrowing	3	3	01-03-2023	NA	Secured	G-sec/ T Bills
Reserve Bank of India	Term LAF Borrowing	7	7	07-03-2023	NA	Secured	G-sec/ T Bills
Reserve Bank of India	Term LAF Borrowing	6	6	07-04-2023	NA	Secured	G-sec/ T Bills

(viii) DETAILS OF ALL DEFAULT/S AND/OR DELAY IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE COMPANY, IN THE PAST 3 YEARS.

NIL

(ix) DETAILS OF ANY OUTSTANDING BORROWINGS TAKEN/ DEBT SECURITIES ISSUED WHERE TAKEN / ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (II) AT A PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF AN OPTION;

NIL

(x) DETAILS OF CERTIFICATES OF DEPOSIT OUTSTANDING AS ON 30th SEPTEMBER, 2022:-

S. No.	ISIN of Certificate of Deposit	Maturity Date	Amount Outstanding
NIL	NIL	NIL	NIL

(H) DETAILS OF PROMOTERS OF THE COMPANY:

Individual Promoter: Not Applicable

Corporate Promoter:

(1) Name	SBM (Bank) Holdings Ltd
Date of Incorporation	11.10.2013
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroupp.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	- Investment Holding Company
Photograph	NA

Permanent Account Number	NA
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(2) Name	SBM Overseas One Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroup.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

(3) Name	SBM Overseas Two Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroup.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

(4) Name	SBM Overseas Three Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroup.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

(5) Name	SBM Overseas Four Limited
Date of Incorporation	03.06.2016

Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroupp.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

(6) Name	SBM Overseas Five Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroupp.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

(7) Name	SBM Overseas Six Limited
Date of Incorporation	03.06.2016
Personal Address	C/o SBM Tower, 1 Queen Elizabeth II, Avenue, Place D'Armes, Port Louis Mauritius
Contact	(230) 202 1111
Email ID	sbm@sbmgroupp.mu
Educational Qualifications	NA
Experience in the Business or Employment	NA
Positions/Posts held in the past	NA
Directorships held	NA
Other Ventures /Interest of each Promoter	NA
Special Achievements	NA
Business and Financial Activities	Activities of holding/ management/ Investment companies (with or without managing)
Photograph	NA
Permanent Account Number	NA

Declaration: We hereby declare that the Promoter(s) are corporate entities incorporated at Mauritius and hence does not have Permanent Account Number, Aadhaar Number, Driving License Number and Passport Number. The Bank Account Number of Promoter(s) and Permanent Account Number of directors shall be submitted to the stock exchanges on which the non-convertible securities are proposed to be listed, at the time of filing the Placement Memorandum.

(i) DETAILS OF PROMOTER HOLDING IN THE COMPANY AS ON THE LATEST QUARTER END (DECEMBER 31, 2022):-

Sl. No.	Name of the Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares pledged with respect to shares owned
1	SBM (Bank) Holdings Ltd	82,36,25,078	NIL	99.9999	NIL	NIL
2	SBM Overseas One Ltd	1	NIL	0.0001	NIL	NIL
3	SBM Overseas Two Ltd	1	NIL	0.0001	NIL	NIL
4	SBM Overseas Three Ltd	1	NIL	0.0001	NIL	NIL
5	SBM Overseas Four Ltd	1	NIL	0.0001	NIL	NIL
6	SBM Overseas Five Ltd	1	NIL	0.0001	NIL	NIL
7	SBM Overseas Six Ltd	1	NIL	0.0001	NIL	NIL
	Total	82,36,25,084		100.00		

(I) ABRIDGED VERSION OF AUDITED CONSOLIDATED (WHEREVER AVAILABLE) AND STANDALONE FINANCIAL INFORMATION (LIKE PROFIT & LOSS STATEMENT, BALANCE SHEET AND CASH FLOW STATEMENT) FOR AT LEAST LAST THREE YEARS AND AUDITOR QUALIFICATIONS, IF ANY. *

*** BALANCE SHEET FOR THE LAST THREE YEARS**

Annexure 1

***PROFIT AND LOSS ACCOUNT FOR THE LAST 3 YEARS**

Annexure 1

***STATEMENT OF CASH FLOW FOR THE LAST 3 YEARS**

Annexure 1

*** AUDITOR QUALIFICATIONS – Standalone and Consolidated**

Financial Year	Auditors' Qualifications
2019-20	Nil
2020-21	Nil
2021-22	Nil

(J) ABRIDGED VERSION OF LATEST AUDITED/ LIMITED REVIEW HALF YEARLY CONSOLIDATED (WHEREVER AVAILABLE) AND STANDALONE FINANCIAL INFORMATION (LIKE PROFIT & LOSS STATEMENT, AND BALANCE SHEET) AND AUDITORS QUALIFICATIONS, IF ANY.

Refer point B (iv)

(K) ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS/CREDIT QUALITY (E.G. ANY MATERIAL REGULATORY PROCEEDINGS AGAINST THE ISSUER/PROMOTERS, TAX LITIGATIONS RESULTING IN MATERIAL LIABILITIES, CORPORATE RESTRUCTURING EVENT ETC) AT THE TIME OF ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR'S DECISION TO INVEST / CONTINUE TO INVEST IN THE DEBT SECURITIES.

NIL

Details of default and non-payment of statutory dues NIL

(L) WHERE THE ISSUER IS A NON-BANKING FINANCE COMPANY OR HOUSING FINANCE COMPANY THE FOLLOWING DISCLOSURES ON ASSET LIABILITY MANAGEMENT SHALL BE PROVIDED FOR THE LATEST

AUDITED FINANCIALS

Not Applicable

- (M) IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT, A COPY OF THE SAME SHALL BE DISCLOSED. IN CASE SUCH DOCUMENT DOES NOT CONTAIN DETAILED PAYMENT STRUCTURE (PROCEDURE OF INVOCATION OF GUARANTEE AND RECEIPT OF PAYMENT BY THE INVESTOR ALONG WITH TIMELINES), THE SAME SHALL BE DISCLOSED IN THE OFFER DOCUMENT.**

Not Applicable

- (N) DETAILS OF THE ISSUER FOR FOLLOWING DISCLOSURES ON ASSET LIABILITY MANAGEMENT SHALL BE PROVIDED FOR THE LATEST AUDITED FINANCIALS:**

Not Applicable

- (O) DISCLOSURES PERTAINING TO WILFUL DEFAULTER:**

Our Company, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

- (P) UNDERTAKING BY THE ISSUER:**

The Issuer undertakes that:

- (i) Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by the any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of
- (ii) The Issuer having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Issuer and the issue, that the information contained in this Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
- (iii) The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the offer document/Placement Memorandum. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

‘Risk Factors’ given under point B (ii) under the Section ‘General Risks’.

- (Q) THE NAMES OF THE DEBENTURE TRUSTEE(S) SHALL BE MENTIONED WITH STATEMENT TO THE EFFECT THAT DEBENTURE TRUSTEE(S) HAS GIVEN HIS CONSENT TO THE ISSUER FOR HIS APPOINTMENT UNDER REGULATION 4 (4) AND IN ALL THE SUBSEQUENT PERIODICAL COMMUNICATIONS SENT TO THE HOLDERS OF DEBT SECURITIES.**

Debenture Trustee

Name : Axis Trustee Services Limited
Registered Address: Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025
Contact Person : Mr. Anil Grover
Tel No : 022- 22 62300451
Email id : anil.grover@axistrustee.in / debenturetrustee@axistrustee.in
Website : <https://www.axistrustee.com>

In accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued vide Circular No. SEBI/LAD-NRO/GN/2021/39 dated August 9, 2021, the Issuer has appointed Axis Trustee Services Limited to act as Trustees to the Bondholder(s).

Copy of letter from Axis Trustee Services Limited dated January 06, 2023, conveying their consent to act as Trustees for the current issue of Bonds is enclosed as Annexure 6 in this Placement Memorandum.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustee may in its absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds. Any payment made by the Issuer to the Trustee on behalf of the Bondholder(s) shall discharge the Issuer pro -tanto to the Bondholder(s). No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to proceed, fail to do so.

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Placement Memorandum and all other related transaction documents, with due care, diligence and loyalty.

(R) THE DETAILED RATING RATIONALE (S) ADOPTED (NOT OLDER THAN ONE YEAR ON THE DATE OF OPENING OF THE ISSUE)/ CREDIT RATING LETTER ISSUED (NOT OLDER THAN ONE MONTH ON THE DATE OF OPENING OF THE ISSUE) BY THE RATING AGENCIES SHALL BE DISCLOSED.

The detailed rating rationale from ICRA Limited and CARE Ratings Limited are attached as Annexure3.

RATING SCALE AND RATING AGENCY.

ICRA Limited vide its letter dated January 11, 2023 and CARE Ratings Limited vide its letter dated January 12 ,2023 have assigned a credit rating of "ICRA A+ (Stable)" and "CARE A+ (Stable)" respectively for the proposed issue of Basel III Tier 2 Bonds aggregating to Rs. 250 crores.

Copy of rating letter from ICRA Limited and CARE Ratings Limited are enclosed as Annexure 2 in this Placement Memorandum.

Other than the credit ratings mentioned herein above, the Issuer has not accepted any other credit rating from any other credit rating agency(ies) for the Bonds offered for subscription under the terms of this Placement Memorandum. However, the Issuer reserves the right to get the issue rated by any other credit rating agency at a later date, should it feel the necessity.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision

at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

- (S) IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT, A COPY OF THE SAME SHALL BE DISCLOSED. IN CASE SUCH DOCUMENT DOES NOT CONTAIN DETAILED PAYMENT STRUCTURE (PROCEDURE OF INVOCATION OF GUARANTEE AND RECEIPT OF PAYMENT BY THE INVESTOR ALONG WITH TIMELINES); THE SAME SHALL BE DISCLOSED IN THE OFFER DOCUMENT.**

NOT APPLICABLE

- (T) COPY OF CONSENT LETTER FROM THE DEBENTURE TRUSTEE SHALL BE DISCLOSED.**

Copy of letter dated January 06, 2023, conveying their consent to act as Trustee for the current issue of Bonds is enclosed in Annexure 6 in this Placement Memorandum.

- (U) NAMES OF ALL THE RECOGNISED STOCK EXCHANGES WHERE THE DEBT SECURITIES ARE PROPOSED TO BE LISTED CLEARLY INDICATING THE DESIGNATED STOCK EXCHANGE.**

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the National Stock Exchange Limited ("NSE"). The Company shall obtain an in-principle approval from the NSE for listing of said Bonds on its Wholesale Debt Market (WDM) Segment. NSE shall be the designated stock exchange for the purpose of this Issue.

The Company shall create recovery expense fund with NSE.

- (V) OTHER DETAILS:**

i. Debenture Redemption Reserve (DRR) Creation

The Debenture Redemption Reserve, if and as applicable, shall be created as per the applicable laws.

ii. Issue/Instrument Specific Regulations - Relevant Details (Companies Act, RBI Guidelines, etc).

The debentures are offered and issued pursuant to the provisions of the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014, the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, relevant SEBI circulars, The Banking Regulation Act, 1949, Basel III Regulations, each as amended from time to time ("RBI Regulations").

iii. Default in payment.

In the event of default in payment, Debenture Trustee shall have all the rights to take necessary actions under the Applicable Laws after obtaining consent of majority Debenture holders in accordance with Transaction Documents.

In case of default in payment of Interest and/or principal redemption on the due dates, additional interest rate @ 2% p.a. over coupon rate will be payable by the Company for the defaulting period

iv. Delay in listing.

The Company shall be in compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations 2021 as amended from time to time. Further the Company shall also adhere to any other guidelines / regulations applicable for private placement of listed debt securities.

SBM Bank shall make an application to the stock exchange to list the Bonds and shall obtain such listing approval within T+3 days from the closure of the issue (T Day).

In case of delay in listing of the debt securities beyond above said period, SBM Bank will pay penal interest of at least 1 % p.a. over the coupon rate for the delay of period to the investor (i.e. from the deemed date of allotment till the listing of such debt securities)

v. Delay in allotment of securities.

The Company shall be in compliance with SEBI (Issue and Listing of Non- Convertible Securities) Regulations 2021 and Companies Act, 2013, each as amended from time to time. Further the Company shall also adhere to any other guidelines / regulations applicable for private placement of listed debt securities.

(W) APPLICATION PROCESS:

(i) Who can apply:

Only those investors who are permitted to invest in this issue as per RBI Guidelines and SEBI Debt Regulations, applicable for issuance and listing of these Bonds.

The following class of investors who fall under the definition of “Qualified Institutional Buyers” under Regulation 2 (ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, are eligible to participate in the offer (being “Eligible Investors”):

- (i) a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI
- (ii) a foreign portfolio investor (“FPIs”) other than Individuals, corporate bodies and family offices,
- (iii) a Public Financial Institution;
- (iv) a Scheduled Commercial Bank ;
- (v) a multilateral and bilateral developmental financial institution ;
- (vi) a state industrial development corporation ;
- (vii) an Insurance Company registered with the Insurance Regulatory and Development Authority of India
- (viii) a Provident Fund with minimum corpus of Rs. 25 crores
- (ix) a Pension Fund with minimum corpus of Rs. 25 crores
- (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India
- (xi) insurance funds set up and managed by army, navy or air force of the Union of India; and insurance funds set up and managed by the Department of Posts, India;
- (xii) Systemically important non-banking financial companies.

All investors are required to comply with the relevant regulations / guidelines applicable to them for investing in this Issue.

(ii) NO PERSON OTHER THAN ELIGIBLE INVESTORS CAN APPLY

The following class of investors are not eligible to participate in the offer:

- (i) Resident Individual Investors;
- (ii) Foreign Nationals;
- (iii) any related party over which the Bank exercises control or significant influence (as defined under the relevant accounting standards (“Accounting Standards”);
- (iv) Persons resident outside India, other than FPIs;
- (vi) Partnership firms formed under applicable laws in India in the name of the partners;
- (vii) Hindu Undivided Families through Karta; and
- (viii) Person ineligible to contract under applicable statutory/ regulatory requirements.

*Investment by FPIs in these Bonds raised in Indian Rupees shall be within an overall limit of 49% of the issue size subject to the restriction that investment by each FPI shall not exceed 10% of the issue size.

Further, investment by FPIs in these Bonds raised in Indian Rupees shall be subject to compliance with terms and conditions stipulated by the RBI, SEBI or any other regulatory authorities on investment in these Bonds.

The issuance being a private placement through the EBP Platform, the investors who have bid on its own account or through arrangers, if any, appointed by Issuer, in the issue through the said platform and in compliance with SEBI circulars on the above subject and EBP Platform operating guidelines are only eligible to apply. Any other application shall be at the sole discretion of the Issuer.

Further, notwithstanding anything contained above, only eligible investors who have been addressed through the application form are eligible to apply.

Prior to making any investment in these Bonds, each Eligible Investor should satisfy and assure himself/herself/itself that he/she/it is authorized and eligible to invest in these Bonds. The Bank shall be under no obligation to verify the eligibility/authority of the Eligible Investor to invest in these Bonds. Further, mere receipt of this Placement Memorandum (and/or any Transaction Document in relation thereto and/or any draft of the Transaction Documents and/or this Placement Memorandum) by a person shall not be construed as any representation by the Bank that such person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Bank shall not be responsible in any manner.

Notwithstanding any acceptance of bids by the Bank on and/or pursuant to the bidding process on the Electronic Book Platform, (a) if a person, in the Bank's view, is not an Eligible Investor, the Bank shall have the right to refuse allotment of Bonds to such person and reject such person's application; (b) if after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Issuer shall not be responsible in any manner.

(iii) APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES

In case of applications made under a power of attorney or by a limited company or a body corporate or registered society or mutual fund, and scientific and/or industrial research organizations or trusts etc., the relevant power of attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the memorandum and articles of association and/or bye-laws as the case may be must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the Application Form, quoting the serial number of the Application Form and the bank's branch where the application has been submitted, at the office of the registrars to the Issue after submission of the Application Form to the bankers to the Issue or any of the designated branches as mentioned on the reverse of the Application Form, failing which the applications are liable to be rejected. Such authority received by the registrars to the Issue more than 10 days after closure of the subscription list may not be considered.

(iv) APPLICATIONS UNDER POWER OF ATTORNEY

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to its registrars or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

(v) SUBMISSION OF DOCUMENTS

Investors need to submit the certified true copies of the following documents, along-with the Application Form, as applicable:

- Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed/ other constitutional document;
- Government notification/ certificate of incorporation (in case of Primary Co-operative Bank and RRBs);
- SEBI registration certificate, if applicable;
- RBI registration certificate, if applicable;
- Board Resolution authorizing investment along with operating instructions;
- Power of Attorney/ relevant resolution/ authority to make application;
- Form 15AA granting exemption from TDS on interest, if any;
- Form 15G/ 15H for claiming exemption from TDS on interest on application money, if any;
- Order u/s197 of Income Tax Act, 1961;
- Order u/s10 of Income Tax Act, 1961;
- Copy of PAN card issued by the Income Tax Department;
- Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority.

(vi) PROCEDURE FOR APPLYING FOR DEMAT FACILITY

- (i) The Applicant must have at least one beneficiary account with any of the DPs of NSDL/ CDSL prior to making the application.
- (ii) The Applicant must necessarily fill in the details (including the beneficiary account number and DPs ID appearing in the Application Form under the heading 'Details for Issue of debentures in Electronic/ Dematerialized Form'.)
- (iii) Bonds allotted to an applicant will be credited directly to the applicant's respective Beneficiary Account(s) with the DP.
- (iv) For subscribing the Bonds names in the Application Form should be identical to those appearing in the account details in the depository. In case of joint holders the names should necessarily be in the same sequence as they appear in the account details in the depository.
- (v) Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrars to the Issue.
- (vi) If incomplete/incorrect details are given under the heading 'Details for Issue of Bonds in Electronic/ Dematerialized Form' in the Application Form it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
- (vii) For allotment of Bonds the address, nomination details and other details of the Applicant as registered with his/her DP shall be used for all correspondence with the Applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient the Issuer would not be liable for losses, if any.
- (viii) Payment of Interest or repayment of principal would be made to those Bond Holders whose names appear on the list of Beneficial Owners given by the Depositories to the Issuer as on Record Date/ book closure date. In case of those Bonds for which the Beneficial Owner is not identified by the Depository as on the Record Date/ book closure date, the Issuer would keep in abeyance the payment of Interest or repayment of principal, till such time that the Beneficial Owner is identified by the Depository and conveyed to the Issuer, whereupon the Interest or principal would be paid to the beneficiaries, as identified, within a period of 30 (thirty) days.
- (ix) The Bonds shall be directly credited to the beneficiary account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the Applicant by the Registrars to the Issue but the confirmation of the credit of the Debentures to the Applicants Depository account will be provided to the Applicant by the Depository Participant of the Applicant.

(vii) HOW TO APPLY

For this SEBI Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, on 'Electronic book mechanism for issuance of securities on private placement basis' and as amended from time to time, may be referred to along with the operating guideline of Stock Exchange on the same.

Further, this being a private placement offer, only the investors who have been addressed through this Private Placement Offer Letter are eligible to apply.

Applications for the Bonds must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein. Applications not completed in the prescribed manner are liable to be rejected. The name of the applicant's bank, type of account and account number, total amount & face value of Bonds applied for must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/redemption warrants.

Applications along with details of payment of requisite amount and other necessary documents may be submitted to Issuer's head office on or before the closure of the issue or to the Arrangers to the Issue.

For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Term Sheet and the Application Form.

(viii) INVESTOR GRIEVANCE AND REDRESSAL SYSTEMS

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Issuer endeavors to resolve the investor's grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at registered office of the Issuer. All investors are hereby informed that the Issuer has appointed a Compliance Officer who may be contracted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this PLACEMENT MEMORANDUM.

Investor Relations Officer	Mr. Hitesh Gundigara
Designation/ Dept	Company Secretary and Compliance Officer, Secretarial Department
Address	SBM Bank (India) Ltd., 306-A, The Capital, G-Block, Behind ICICI Tower, Bandra Kurla Complex, Bandra East, Mumbai – 400 051
Ph No	+91 22 4007 1626
Email	secretarial@sbmbank.co.in
Website	https://www.sbmbank.co.in

(X) TERM SHEET:

ISSUE DETAILS

Security Name	9.88% SBM Bank (India) Ltd Basel III Tier 2 Bonds (Series II – 2023)
SBM Bank	SBM Bank (India) Ltd
Type of Instrument	Unsecured, Subordinated, Non Convertible, Fully Paid up, Taxable, Redeemable, Basel III compliant Tier 2 bonds which will qualify as tier 2 capital of SBM Bank (Bonds)
Nature of Instrument & Seniority	Unsecured & Subordinated The Bonds are neither secured nor covered by a guarantee of SBM Bank nor related entity or other arrangements that legally or economically enhances the seniority of the claim vis-à-vis other creditors of SBM Bank. Bondholders will not be entitled to receive notice of or attend or vote at any meeting of shareholders of SBM Bank or participate in management of SBM Bank.
Mode of Issue	Private placement through NSE-EBP platform and in dematerialized form
Eligible Investors	In terms of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("NCS Regulations") along with the Operational Circular for issue and listing of non-convertible securities, securitised debt instruments, security receipts, municipal debt securities and commercial papers dated 10 August 2021

	("Operational Circular"), only Qualified Institutional Buyers ("QIBs") are allowed to participate in the issuance of the Bonds. The following class of investors who fall under the definition of "Qualified Institutional Buyers" under Regulation 2 (ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, are eligible to participate in the offer (being "Eligible Investors"): (i) a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI (ii) a foreign portfolio investor ("FPIs") other than Individuals, corporate bodies and family offices, (iii) a Public Financial Institution; (iv) a Scheduled Commercial Bank (v) a multilateral and bilateral developmental financial institution (vi) a state industrial development corporation (vii) an Insurance Company registered with the Insurance Regulatory and Development Authority of India (viii) a Provident Fund with minimum corpus of Rs. 25 crores (ix) a Pension Fund with minimum corpus of Rs. 25 crores (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India (xi) insurance funds set up and managed by army, navy or air force of the Union of India; and insurance funds set up and managed by the Department of Posts, India; and (xii) systemically important non-banking financial companies. Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue. The issuance being a private placement through the Electronic Bidding Platform of NSE, the investors who have bid on its own account or through arrangers, if any, appointed by SBM Bank, in the issue through the said platform and in compliance with SEBI circulars on the above subject and NSE EBP operating guidelines are only eligible to apply. Any other application shall be at the sole discretion of SBM Bank. Further, notwithstanding anything contained above, only eligible investors who have been addressed through the application form are eligible to apply. Prior to making any investment in these Bonds, each Eligible Investor should satisfy and assure himself/herself/itself that he/she/it is authorized and eligible to invest in these Bonds. The Bank shall be under no obligation to verify the eligibility/authority of the Eligible Investor to invest in these Bonds. Further, mere receipt of the Placement Memorandum (and/or any Transaction Document in relation thereto and/or any draft of the Transaction Documents and/or the Placement Memorandum) by a person shall not be construed as any representation by the Bank that such person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Bank shall not be responsible in any manner. Notwithstanding any acceptance of bids by the Bank on and/or pursuant to the bidding process on the Electronic Book Platform, (a) if a person, in the Bank's view, is not an Eligible Investor, the Bank shall have the right to refuse allotment of Bonds to such person and reject such person's application; (b) if after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, SBM Bank shall not be responsible in any manner.
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	The Bonds are Proposed to be listed Wholesale Debt Market ("WDM") segment of the National Stock Exchange Limited ("NSE").

	SBM Bank shall make an application to the stock exchange to list the Bonds and shall obtain such listing approval within T+3 days from the closure of the issue (T day). In case of delay in listing of the debt securities beyond above said period, SBM Bank will pay penal interest of at least 1 % p.a. over the coupon rate for the delay of period to the investor (i.e. from the deemed date of allotment till the listing of such debt securities)
Rating of the Instrument	"ICRA A+ (Stable)" by ICRA Ltd; CARE A+ (Stable) by CARE RATINGS Ltd
Issue Size	Aggregate total issue size not exceeding Rs. 99 Cr
Option to retain oversubscription (Amount)/ Green Shoe Option	NA
Minimum subscription	Not applicable since the Issue is by way of private placement
Objects of the Issue	Augmenting Tier 2 capital (as the term is defined in the Basel III Guidelines) and the overall capital of the bank to strengthen its capital adequacy and to enhance its long term resources in accordance with RBI Guidelines.
Details of the utilization of the Proceeds	SBM Bank shall utilize the proceeds of the issue for augmenting Tier 2 capital and overall capital base and for the purpose of its regular business activities and other associated business objectives.
Coupon Rate	9.88%
Step Up/Step Down Coupon Rate	N.A.
Coupon Payment Frequency	Annual, subject to relevant RBI Guidelines
Coupon payment dates	24th January, 2024 (On the anniversary of the Deemed Date of Allotment every year till redemption of Bonds) subject to the relevant RBI Guidelines and up to the Call Option Date, where applicable.
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	N.A.
Day Count Basis	Interest shall be computed on an "Actual/Actual basis" in accordance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 notified vide SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021 read with SEBI Operational Circular bearing number SEBI/ HO/ DDHS/ CIR/ 2021/ 613 dated August 10, 2021. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis.
Working Day Convention	'Working Day' shall be a day on which the money market is functioning in Mumbai. If the date of payment of interest/redemption of principal does not fall on a Working Day, the payment of interest/principal shall be made in accordance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 notified vide SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021. If any of the Coupon Payment Date(s), falls on a day that is not a Working Day, the payment shall be made by SBM Bank on the immediately succeeding Working Day, which becomes the Coupon Payment Date for that coupon. However, the future coupon payment date(s) would continue as per the schedule originally stipulated at the time of issuing the Debentures. If the Redemption Date of the Bond (also being the last Coupon Payment Date) falls on a day that is not a Working Day, the redemption amount shall be paid by SBM Bank on the immediately preceding Working Day along with interest accrued on the Debentures until but excluding the date of such payment. It is clarified that Interest and/or Redemption Amount with respect to the Debentures shall be made only on the days when the money market is functioning in Mumbai. If the Record Date falls on a day which is not a Working Day, the immediately succeeding Working Day will be considered as the Record Date.

Interest on Application Money	Interest at the Coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in the Designated Bank Account up to one day prior to the Date of Allotment. The Interest on Application Money will be computed as per Actual/Actual Day count convention. Such Interest would be paid on all the valid applications including the refunds. For the application amount that has been refunded, the Interest on Application Money will be paid along with the refund orders and for the application amount against which Bonds have been allotted, the Interest on Application Money will be paid within ten working days from the Deemed Date of Allotment. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the Interest on refunded money. TDS (tax deducted at source) will be deducted at the applicable rate on Interest on Application money. Provided that, notwithstanding anything contained herein above, SBM Bank shall not be liable to pay any interest on monies liable to be refunded in case of invalid applications or applications liable to be rejected including applications made by persons ineligible to apply for and/or hold the Bonds.
Default Interest Rate	Default in Payment of Interest and/or Redemption Amount: The Company shall be in compliance with SEBI (Issue and Listing of Non- Convertible Securities) Regulations 2021 as amended from time to time. Further the Company shall also adhere to any other guidelines / regulations applicable for private placement of listed debt securities. In case of default in payment of Interest and/or principal redemption on the due dates, additional interest rate @ 2% p.a. over coupon rate will be payable by the Company for the defaulting period Delay in Listing: The Company shall be liable to the default interest rate(s) and/ or other default conditions in case of delay in listing of the NCDs, in compliance with SEBI (Issue and Listing of Non- Convertible Securities) Regulations 2021 as amended from time to time. Further the Company shall also adhere to any other guidelines / regulations applicable for private placement of listed debt securities Delay in execution of Trust Deed: The Company shall be liable to the default interest rate(s) and/ or other default conditions in case of delay in execution of the Debenture Trust Deed, in compliance with SEBI (Issue and Listing of Non- Convertible Securities) Regulations 2021 as amended from time to time. Further the Company shall also adhere to any other guidelines / regulations applicable for private placement of listed debt securities.
Execution of Debenture Trust Deed	SBM Bank shall ensure that the Debenture Trust Deed is executed prior to making listing application for the Debentures.
Tenor	10 years from the Deemed Date of Allotment, subject to the exercise of any Call Option by SBM Bank as may be permitted by RBI.
Redemption Date	24th January 2033. The Bond shall be redeemed at par 10 (ten) years from the Deemed Date of Allotment, 24th January 2023; subject to the exercise of any Call Option by SBM Bank as may be permitted by RBI.
Redemption Amount	Bullet repayment at par, at ₹ 1,00,00,000 (Rupees One Crore) per Bond along with the Coupon payable on the Redemption Date. No incentives shall be payable at the time of redemption.
Redemption Premium /Discount	N.A.
Issue Price	₹ 1,00,00,000/- (Rupees One Crore) per Bond
Face Value	₹ 1,00,00,000/- (Rupees One Crore) per Bond
Discount at which security is issued and the effective yield as a result of such discount.	N.A.
Put option Date	N.A.
Put option Price	N.A.

Call Option Date	SBM Bank shall have the right (but not the obligation) to exercise the Call Option in respect of the Bond at the end of 5 years from the Deemed Date of Allotment (“Call Option”) or any anniversary date thereafter with prior approval of RBI, subject to “Tax call”/ “Regulatory Call” Any notices to Bond Holders, the Debenture Trustee or stock exchanges will be provided in accordance with applicable laws.
Condition for exercise of Call Option	Exercise of Tax Call or Regulatory Call on the Bonds by SBM Bank will be subject to the Basel III Guidelines, as amended from time to time. In terms of the extant Basel III Guidelines, exercise of Tax Call option or Regulatory Call option on the Bonds by SBM Bank will be subject to all the conditions mentioned below: 1. To exercise a Tax Call option or Regulatory Call option SBM Bank must receive prior approval of RBI (Department of Banking Regulation); and 2. SBM Bank must not do anything which creates an expectation that the Tax Call option or Regulatory Call option will be exercised. For example, to preclude such expectation of the instrument being called, the Dividend / Coupon Reset Date need not be co-terminus with the call date. SBM Bank may, at their discretion, consider having an appropriate gap between Dividend / Coupon Reset Date and call date; and 3. SBM Bank shall not exercise a call option unless: (a) The Bond is replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of SBM Bank; or (b) SBM Bank demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised. Minimum capital requirement refers to Common Equity Tier 1 of 8% of risk weighted assets (including capital conservation buffer of 2.5%) and total capital of 11.5% of risk weighted assets including any additional capital requirement identified under Pillar 2.
Tax Call	If there is any change in or amendment to the laws affecting taxation (or regulations or rulings promulgated thereunder) in India or any change in the official application of such laws, regulations or rulings (a “Tax Event”) SBM Bank will no longer being entitled to claim a deduction in respect of computing its taxation liabilities with respect to coupon on the Bonds, and SBM Bank may at its option, redeem the Bonds in whole but not in part, at par along with interest subject to the terms specified herein and/or substitute the bonds with new bonds having tax deductible coupons. Any redemption upon the occurrence of a Tax Event will be subject to the provisions described under “Call Notification Time” and conditions 1 to 3 enumerated under “Condition for exercise of Call Option”. (“Tax Call Date”) The RBI may permit SBM Bank to exercise the Tax Call only if the RBI is convinced that SBM Bank was not in a position to anticipate the Tax Event at the time of issuance of the Bonds. Potential Investors may note that approvals to be obtained from the RBI to exercise Tax Call option are not routine and are subject to the discretion of the RBI. Further, the RBI shall, before providing such approvals, thoroughly consider the financial and capital position of SBM Bank or any other criteria or basis it deems fit.
Regulatory Call	If there is a change in the regulatory classification of the Bonds that occurs on or after the issue date of the Bonds (a “Regulatory Event”), SBM Bank may, at its option, redeem the Bonds, in whole but not in part, at par along with Interest, subject to the terms specified herein and/or substitute the bonds so that the new bonds have better regulatory classification, with prior approval of the RBI. Any redemption upon the occurrence of a

	Regulatory Event will be subject to the provisions described under “Call Notification Time” and conditions 1 to 3 enumerated under “Condition for exercise of Call Option” (“Regulatory Call Date”). RBI may permit SBM Bank to exercise the Regulatory Call only if the RBI is convinced that SBM Bank was not in a position to anticipate the Regulatory Call at the time of issuance of the Bonds. Potential investors may note that approvals to be obtained from the RBI to exercise Regulatory Call option are not routine and are subject to the discretion of the RBI. Further, RBI shall before providing such approvals, thoroughly consider the financial and capital position of SBM Bank or any other criteria or basis it deems fit.
Call Option Price	Redemption for any Bond will be at par at ₹ 1,00,00,000/- (Rupees One Crore) per Bond. No incentives or premium shall be paid on exercise of Call Option or for any early redemption.
Put Notification Time	N.A.
Call Notification Time	Any redemption of the Bonds on account of exercise of Call Option shall be subject to SBM Bank giving a prior notice of not less than 21 days before the date from which such call option right becomes exercisable. SBM Bank shall also provide a copy of such notice to the stock exchange(s) where such non-convertible securities are listed and shall make an advertisement in an English national daily and regional daily having wide circulation, in accordance with the NCS Regulations
Minimum Application and in multiples of Debt securities thereafter	The minimum application shall be 1 Bond having face value of ₹ 1,00,00,000/- (Rupees One Crore) and in multiples of 1 (One) Bond thereafter.
Basis of Allotment (if any)	The allotment will be done on uniform yield basis in line with the SEBI EBP Circular and NSE EBP Guidelines.
Manner of settlement	Successful bidders should ensure the funds pay-in from their same bank account which is updated by them in NSE-EBP. Payment should be made by the deadline specified in the EBP Guidelines. Successful bidders should do the funds pay-in to the bank account of the NSE Clearing Limited, appearing on the NSE-EBP.
Settlement cycle	T+1 days
Issuance mode of the Instrument	In dematerialized form.
Trading mode of the Instrument	In dematerialized form.
Settlement mode of the Instrument	Payment of Interest and Redemption Amount will be made by way of RTGS / NEFT / any other electronic mode / any other permissible mode of payment.
Effect of holidays	If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. If the Redemption Date and Coupon Payment Date of the Bonds falls together on a day that is not a Working Day, the redemption proceeds shall be paid by SBM Bank on previous Working Day along with interest accrued on the Bonds until but excluding the date of such payment. # If any Coupon/ Interest Payment Date falls on a day that is not a Working Day, the payment shall be made on the immediately following Working Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon/ Interest Payment Date.

	If the Redemption Date of any Series of the Debentures falls on a day that is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the Debentures until but excluding the date of such payment. In the event the Record Date/ Payment Date or Due Date falls on a day which is not a Working Day, the immediately succeeding Working Day will be considered as the Record Date/ Payment Date or Due Date.
Record Date	15 (fifteen) days prior to each Coupon Payment Date, Call Option Date, or Redemption Date. In the event the Record Date for Coupon Payment Date falls on a day which is not a Working Day, the immediately succeeding Working Day will be considered as the Record Date. In the event the Record Date for Call Option Date or Redemption Date falls on a day which is not a Working Day, the immediately preceding Working Day will be considered as the Record Date.
Repurchase/Buyback/ Redemption	SBM Bank may at the, subject to the following conditions having been satisfied and such repayment being otherwise permitted by then prevailing BASEL III Guidelines, repay the principal amount of the Bonds by way of repurchase, Buy-back or redemption: - the prior approval of RBI shall be obtained. - SBM Bank has not assumed or created any market expectations that RBI approval for such repurchase/ redemption/buy-back shall be given: - SBM Bank: - replace the Bond with capital of the same or better quality and the replacement of this Bond is done at the conditions which are sustainable for the income capacity of SBM Bank; or - demonstrates that its capital position is well above the minimum capital requirements after the repurchase / buy- back / redemption; - any other preconditions specified in Basel III Guidelines at such time have been satisfied. Such Bonds may be held, reissued, resold, extinguished or surrendered, at the option of SBM Bank.
Loss Absorption	The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) are issued subject to Loss Absorbency features applicable for non-equity capital instruments issued in terms of Basel III Guidelines including in compliance with the requirements of Annex 5 thereof and are subject to certain Loss Absorbency features as described herein and required of Tier-II instruments at the Point of Non-Viability as provided for in Annex 16 of the aforesaid circular. Accordingly, the Bond and the Bondholders' claims, if any, against Bank, wherever situated, may at the option of RBI be permanently written-off, in whole or in part, upon the occurrence of the trigger event called Point of Non-Viability ("PONV"). PONV trigger event shall be as defined in the aforesaid Basel III Guidelines and shall be determined by the RBI. RBI may in its imminence alter or modify the PONV trigger whether generally or in relation to the Bank or otherwise. In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such Bondholder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Placement Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari passu or subordinate, and

	whether a Tier-I capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders. The write-down will have the following effects: (a) Reduce the claim of the Bonds in liquidation; (b) Reduce the amount re-paid when a call is exercised; and (c) Partially or fully reduce Coupon payments on the Bonds.
Permanent principal write-down on PONV Trigger Event	Bonds are issued subject to Basel III Guidelines as amended from time to time (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) and , at the option of the Reserve Bank of India, can be permanently written off upon occurrence of the trigger event, called the Point of Non- Viability Trigger ("PONV Trigger"). If a PONV Trigger (as described below) occurs, SBM Bank shall: (i) notify the Trustee; (ii) cancel any Coupon which is accrued and unpaid on the Bonds as on the write- down date; and (iii) Without the need for the consent of Bondholders or the Trustee, write down the outstanding principal of the Bonds by such amount as may be prescribed by RBI ("PONV Write Down Amount") and subject as is otherwise required by the RBI at the relevant time. SBM Bank will affect a write-down within thirty days of the PONV Write-Down Amount being determined and agreed with the RBI. PONV Trigger, in respect of SBM Bank or its group, means the earlier of: (i) a decision that a principal write-down, without which SBM Bank or its group (as the case may be) would become non-viable, is necessary, as determined by the RBI; and (ii) the decision to make a public sector injection of capital, or equivalent support, without which SBM Bank or its group (as the case may be) would have become non-viable, as determined by the RBI. The PONV Trigger will be evaluated both at consolidated and solo level and breach at either level will trigger write-off. For this purpose, a non-viable bank will be: A bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 Capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include a permanent write-off in combination with or without other measures as considered appropriate by the RBI. RBI would follow a two-stage approach to determine the non- viability of SBM Bank. The Stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of SBM Bank approaching non-viability and, therefore, a closer examination of SBM Bank's financial situation is warranted. The Stage 2 assessment would consist of supplementary subjective criteria which, in conjunction with the Stage 1 information, would help in determining whether SBM Bank is about to become non-viable. These criteria would be evaluated together and not in isolation. Once the PONV is confirmed, the next step would be to decide whether rescue of SBM Bank would be through write-off alone or write-off in conjunction with a public sector injection of funds. The Write-off of any Common Equity Tier-I capital shall not be required before the write-off of any Non-equity (Additional Tier-I and Tier-II) regulatory capital instrument. The order of write-off of the Bonds shall be as specified in the order of seniority as per the Placement Memorandum and any other regulatory norms as may be stipulated by the RBI

	from time to time. A write-down may occur on more than one occasion. Once the principal of the Bonds have been written down pursuant to PONV Trigger Event, the PONV Write-Down Amount will not be restored under any circumstances, including where the PONV Trigger Event has ceased to continue. A write-down due to a PONV Trigger Event shall occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. However, any capital infusion by Government of India into SBM Bank as the promoter of SBM Bank in the normal course of business may not be construed as a PONV Trigger. The Bondholders shall not have any residual claims on SBM Bank which are senior to ordinary shares of SBM Bank, following a PONV Trigger and when write-off is undertaken. If SBM Bank is amalgamated with any other bank after the Bonds have been written down pursuant to a PONV Trigger, these cannot be written up by the amalgamated bank. If the RBI or other relevant authority decides to reconstitute SBM Bank or amalgamate SBM Bank with any other bank, pursuant to Section 45 of the BR Act, SBM Bank will be deemed as non-viable or approaching non- viability and the PONV Trigger and pre-specified trigger as per Basel III Guidelines will be activated. Accordingly, the Bonds will be permanently written-down in full prior to any reconstitution or amalgamation. A bank facing financial difficulties and approaching a point of non-viability shall be deemed to achieve viability if within a reasonable time in the opinion of the RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including augmentation of equity capital through a permanent write-off or public sector injection of funds are likely to: - restore confidence of the depositors/ investors; - improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and - augment the resource base to fund balance sheet growth in the case of fresh injection of funds The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write-off. The Bonds can be written-down multiple times in case the Bank hits the PONV Trigger Level subsequent to the first write-down. The Bonds which has been written off shall not be written up. In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to any Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Placement Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari passu or subordinate, and whether a Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)
Disclosure of interest and redemption dates	The first Interest payment will be on 24th January 2024, and then on 24th January every year, and the accrued Interest on the last Interest payment will be on 24 th January 2033

	along with the redemption amount.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	All covenants applicable to the issue are covered in the offer document and there are no other side letters.
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/ Placement Memorandum.	Unsecured
Security Creation	NA.
Transaction Documents	SBM Bank has executed/ shall execute the documents including but not limited to the following in connection with the Issue: 1) Letter appointing Axis Trustee Service Limited as Trustee to the Bondholders; 2) Debenture Trustee/ Bond Trustee Agreement 3) Debenture Trust Deed 4) Rating Letter from Credit Rating Agencies 5) Tripartite Agreement between SBM Bank, Registrar to the Issue and NSDL for bonds in dematerialized form; 6) Tripartite Agreement between SBM Bank, Registrar to the Issue and CDSL for bonds in dematerialized form; 7) Letter Appointing Registrar and MoU entered into between SBM Bank and the Registrar; 8) Application made to NSE for seeking its in-principle approval for listing of Bonds; 9) Listing Agreement with NSE 10) Placement Memorandum with the application form
Conditions Precedent to Disbursement	The subscription from applicants shall be accepted for allocation and allotment by SBM Bank subject to the following: 1) Rating Letter from ICRA Limited & CARE RATINGS Limited; 2) Consent letter from Axis Trustee Service Limited to act as the Trustee to the Bondholders 3) Letter from NSE conveying in principal approval for listing and trading of bonds

Condition Subsequent to Disbursement	SBM Bank shall ensure that the following documents are executed/ activities are completed as per terms of this Placement Memorandum: 1) Credit of Demat account(s) of the Allottee(s) within Two Business Days from the Deemed Date of Allotment. 2) Making Listing Application to NSE and obtain the listing approval within Four Trading Days from the closure of the issue.
Events of Default	The holders of the Bonds shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation of SBM Bank.
Creation of Debenture Redemption Reserve	SBM Bank shall comply with the provisions of the Companies Act, the rules made thereunder and the circulars and notifications issued by RBI, from time to time, in respect of the requirements of creation of debenture redemption reserve.
Creation of Recovery Expense Fund	The Company shall maintain a reserve to be called the "Recovery Expense Fund" with NSE on terms as maybe specified by SEBI. The Company shall inform the Debenture Trustee about the same.
Conditions for Breach of Covenants (as specified in Debenture Trust Deed)	In relation to default by SBM Bank in performance or observance of any covenant in the Disclosure Document, private placement offer letter or the Debenture Trust Deed (other than obligation to pay the Redemption Amount or Interest), if such default continues for 30 (thirty) days and has not been remedied, it will be an Event of Default. The Debenture Trustee may waive any breach by SBM Bank of any of the covenants and provisions in the Debenture Trust Deed with the prior written consent of the Debenture Holders by way of Special Resolution.
Provisions related to Cross Default Clause	Not applicable
Role and Responsibilities of Debenture Trustee	The Debenture Trustee shall protect the interest of the Debenture Holders as required under applicable law and as set out in the Debenture Trust Deed. Any enforcement action following an Event of Default shall be taken by the Debenture Trustee on behalf of all Debenture Holders at the cost of SBM Bank. No Debenture Holder shall be entitled to proceed directly against SBM Bank unless the Debenture Trustee, having become so bound to proceed, fail to do so. SBM Bank shall enter into a Debenture Trust Deed, inter alia, specifying the terms and conditions of the Debentures and the powers, authorities, duties and obligations of SBM Bank and the Debenture Trustee in respect of the Debentures.
Risk factors pertaining to the issue	As specified in Management's Perception of Risk Factors of the Placement Memorandum
Compliance with Laws	The Bonds shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital, listing and disclosure regulations, issued by RBI, SEBI, the Government of India, FEMA regulations, RBI and/or other authorities, as amended from time to time, and other documents that may be executed in respect of the Debentures. The Bonds shall also be subject to the provisions of the Companies Act and rules and the Memorandum and the Articles of Association of SBM Bank.
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. The parties shall endeavour to settle any dispute arising in connection with the interpretation, performance, termination of the Transaction Documents, or otherwise in connection with the Bonds ("Dispute"), through consultations and negotiations. If no settlement can be reached through consultations and negotiations of the parties within 30 (thirty) days of one party delivering a written notice of the Dispute to the other party, then such matter shall be finally settled through proceedings initiated in the courts of competent jurisdiction at Mumbai, which courts shall have exclusive jurisdiction to settle such Disputes.
Debenture Trustee	Axis Trustee Services Limited
Registrar	KFin Technologies Limited (earlier known as KFin Technologies Private Limited)

* ISSUE TIMING *	
Issue Opening Date	23 January, 2023
Issue Closing Date	23 January, 2023
Pay-in Date	24 January, 2023
Deemed Date of Allotment	24 January, 2023
Bidding type	Open bidding in accordance with the Operational Guidelines.
Allocation Option	Uniform yield.
Payment Mode	RTGS Details of the Clearing Corporation for application money payment as per NSE-EBP Portal.

* Subject to deduction of tax at source as applicable.

** The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, Investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Date is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.

(Y) DISCLOSURE OF CASH FLOWS: as per SEBI Circular No: SEBI/HO/DDHS/P/CIR/2021/613

Company	SBM Bank (India) Ltd
Tenor	10 Years from the Deemed Date of Allotment
Face Value (per security)	Rs. 1,00,00,000/- (Rupees One Crore) per bond
Date of Allotment	24 January, 2023
Final Redemption Date	24 January, 2033
Call Option Date	24 January, 2028, 5 years from the Deemed Date of Allotment ("Call Option") or any anniversary date thereafter
Coupon Rate	9.88%
Frequency of the interest payment with specified dates	Annual. Subject to the 'Working Day Convention' as set out above, the first Interest payment will be on 24 January, 2024, and then on 24 January every year, and the accrued Interest on the last Interest payment will be on 24 January, 2033 along with Redemption Amount
Day count Convention	Actual/ Actual

Cash Flows:

SCENARIO 1: WHEN CALL OPTION IS NOT EXERCISED

Cash Flows	Interest Payment Date	Actual Payment Date	No. of Days in Coupon Period	Total Cash flow per Bond
				Amount (in Rs.)
1st Coupon	Wednesday, 24 January, 2024	Wednesday, 24 January, 2024	365	9,88,000
2nd Coupon	Friday, 24 January, 2025	Friday, 24 January, 2025	366	9,88,000
3rd Coupon	Saturday, 24 January, 2026	Tuesday, 27 January, 2026	365	9,88,000
4th Coupon	Sunday, 24 January, 2027	Monday, 25 January, 2027	365	9,88,000
5th Coupon	Monday, 24 January, 2028	Monday, 24 January, 2028	365	9,88,000
6th Coupon	Wednesday, 24 January, 2029	Wednesday, 24 January, 2029	366	9,88,000
7th Coupon	Thursday, 24 January, 2030	Thursday, 24 January, 2030	365	9,88,000

8th Coupon	Friday, 24 January, 2031	Friday, 24 January, 2031	365	9,88,000
9th Coupon	Saturday, 24 January, 2032	Tuesday, 27 January, 2032	365	9,88,000
10th Coupon	Monday, 24 January, 2033	Monday, 24 January, 2033	366	9,88,000
Redemption	Monday, 24 January, 2033	Monday, 24 January, 2033		1,00,00,000

SCENARIO 2: WHEN CALL OPTION IS EXERCISED

Cash Flows	Interest Payment Date	Actual Payment Date	No. of Days in Coupon Period	Total Cash flow per Bond Amount (in Rs.)
1st Coupon	Wednesday, 24 January, 2024	Wednesday, 24 January, 2024	365	9,88,000
2nd Coupon	Friday, 24 January, 2025	Friday, 24 January, 2025	366	9,88,000
3rd Coupon	Saturday, 24 January, 2026	Tuesday, 27 January, 2026	365	9,88,000
4th Coupon	Sunday, 24 January, 2027	Monday, 25 January, 2027	365	9,88,000
5th Coupon	Monday, 24 January, 2028	Monday, 24 January, 2028	365	9,88,000
Call Option	Monday, 24 January, 2028	Monday, 24 January, 2028		1,00,00,000

(Z) MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

Sr. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer.
2	Capital Raising Committee Meeting dated January 16, 2023 authorizing issue of Debentures offered under terms of this Placement Memorandum.
3	Copies of Annual Reports of the Company for the last three financial years.
4	Credit rating letter and rating rationale from ICRA Limited dated January 11, 2023.
5	Credit rating letter and rating rationale from CARE Ratings Limited dated January 12, 2023.
6	Letter from Axis Trustee Services_ Limited giving its consent to act as Debenture Trustee dated January 06, 2023
7	Certified true copy of the certificate of incorporation of the Company.
8	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and NSDL/CDSL.
9	Copy of application made to NSE for grant of in-principle approval for listing of Debentures.
10	Debenture Trustee Agreement dated January 17, 2023
11	Consent of the Registrar to the Issue dated January 09, 2023
12	Any other document designated by the Trustee and Issuer a material document in relation to the Issue

The Directors of the Issuer hereby attest that:

- a) The Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act and the rules and regulations made thereunder;
- b) the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debt securities/non-convertible redeemable preference shares, is guaranteed by the Central Government
- c) the monies received under the offer shall be used only for the purposes and objects indicated in the Placement Memorandum;
- d) Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.
- e) Following clause on "General Risks" has been incorporated in box format in the Placement Memorandum:
"Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section General Risks of this placement memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities."

DECLARATION

The issuer undertakes that this Placement Memorandum contains full disclosures in conformity section 42 Companies Act, 2013 and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Companies Act, 2013 read with relevant rules thereunder and any amendments thereto.

The Issuer accepts no responsibility for the statements made otherwise than in this Placement Memorandum or in any other material issued by or at the instance of the Issuer and that any one relying on such information from any other source would be doing so at his own risk.

Whatever is stated in this Placement Memorandum and in the attachments thereto is true and correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Associations and Articles of Association of the Company.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Placement Memorandum.

For SBM BANK (INDIA) LTD

SAILESHKUMAR

KAPURCHAND SHAH

Saileshkumar Shah

Chief Financial Officer

Digitally signed by SAILESHKUMAR
KAPURCHAND SHAH
Date: 2023.01.23 15:06:49 +05'30'

Date: 23rd January 2023

Place: Mumbai

ANNEXURE(S)

1. FINANCIAL STATEMENTS OF LAST 3 YEARS

Detailed Financials along with auditors' report can be accessed from link:

<https://www.sbmbank.co.in/aboutus/investor-corner.php>

2. RATING LETTER

3. RATING RATIONALE

4. BOARD RESOLUTION

5. SHAREHOLDER'S RESOLUTION

6. DEBENTURE TRUSTEE CONSENT LETTER

7. IN-PRINCIPAL APPROVAL LETTER

8. FORM PAS - 4

9. APPLICATION FORM

M. P. Chitale & Co.

Chartered Accountants

Hamam House, Anantlal Doshi Marg, Fort, Mumbai - 400 001 • Tel : 22651186/ 22653023 / 24 • Fax : 2265 5334 • E-mail : office@mpchitale.com

Independent Auditors' Report

To,

The Members of SBM Bank (India) Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of SBM Bank (India) Limited ("the Bank"), which comprise the Balance Sheet as at 31 March 2020, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the section 29 of the Banking Regulation Act, 1949, as well as the Companies Act, 2013 ('Act') and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rules made thereunder of the state of affairs of the Bank as at 31 March 2020, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 37 of Scheduled 17B which describes the business uncertainties due to the outbreak of SARS-CoV-2 virus (COVID-19). In view of these uncertainties, the impact on the Bank's results for subsequent period is significantly dependent on future developments.

Our opinion is not modified in respect of this matter



Information Other Than Financial Statements and Auditors' Report Thereon

The Bank's Board of Directors is responsible for the preparation of Other Information, which comprises the Directors' Report and its Annexures but does not include the Standalone Financial Statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures).

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cashflows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's Management is also responsible for overseeing the Bank's financial reporting process.



Auditors' Responsibilities for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The financial statement of the Bank for the year ended March 31, 2019 were audited by the predecessor audit firm, who has expressed an unmodified opinion dated September 20, 2019 on such financial statements.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provision of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act and Rules made thereunder.
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory.
 - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - c. The financial system of the bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by branches.
3. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 and Schedule V of the Companies Act, 2013 read with Section 35B (2A) of the Banking Regulation Act, 1949;
4. Further, as required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - c) the Balance Sheet, and the Statement of Profit and Loss, dealt with by this report are in agreement with the books of account;



- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act and Rules made thereunder, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- e) on the basis of written representation received from the directors as on March 31, 2020 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2020 from being appointed as director in terms of Section 164 (2) of the Companies Act 2013;
- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements to the extent determinable/ascertainable. – Refer Schedule 12.1 and Note 23 of Schedule 17.B to the standalone financial statements.
 - ii) The Bank has made provision, as required, under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. Refer Note 25 of Schedule 17.B to the standalone financial statements.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For M P Chitale & Co.
Chartered Accountants
ICAI FRN 101851W



Ashutosh Pednekar
Partner

ICAI M. No. 041037
UDIN: 20041037AAAABP7539
Place: Mumbai
Date: June 29, 2020



Annexure A to the Independent Auditor's Report of even date on the financial statements of SBM Bank (India) Limited

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of SBM Bank (India) Limited ('the Bank') as at March 31, 2020 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial



statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Bank's internal financial control with reference to financial statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the bank; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

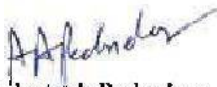
Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Opinion

In our opinion the bank has maintained, in all respects, an adequate internal financial control system with reference to financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2020, based on internal control over financial reporting criteria established by the bank considering the essential components of internal control stated in Guidance Note of Internal Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M P Chitale & Co.
Chartered Accountants
ICAI FRN 101851W


Ashutosh Pednekar

Partner

ICAI M. No. 041037

UDIN: 20041037AAAABP7539

Place: Mumbai

Date : June 29, 2020



M. P. Chitale & Co.

Chartered Accountants

Ilamam House, Ambalal Doshi Marg, Fort, Mumbai - 400 001 • Tel : 22651186/ 22653023 / 24 • Fax : 2265 5334 • E-mail : office@mpchitale.com

Independent Auditors' Report

To,

The Members of SBM Bank (India) Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of SBM Bank (India) Limited ("the Bank"), which comprise the Balance Sheet as at 31 March 2021, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the section 29 of the Banking Regulation Act, 1949, as well as the Companies Act, 2013 ('Act') and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rules made thereunder of the state of affairs of the Bank as at 31 March 2021, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 37 of Scheduled 17.B which describes the business uncertainties due to the outbreak of SARS-CoV-2 virus (COVID-19). In view of these uncertainties, the impact on the Bank's results for subsequent period is significantly dependent on future developments.

Our opinion is not modified in respect of this matter



Information Other Than Financial Statements and Auditors' Report Thereon

The Bank's Board of Directors is responsible for the preparation of Other Information, which comprises the Directors' Report and its Annexures but does not include the Standalone Financial Statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures).

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cashflows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's Management is also responsible for overseeing the Bank's financial reporting process.



Auditors' Responsibilities for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provision of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act and Rules made thereunder.
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory.
 - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - c. Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 1 branch to examine the records maintained at such branch for the purpose of our audit. Subsequently, due to the ongoing Covid-19 pandemic and the lockdowns the audit processes were conducted remotely without visiting the branches.
3. With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

The Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.
4. Further, as required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - c) the Balance Sheet, and the Statement of Profit and Loss, dealt with by this report are in agreement with the books of account;



- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act and Rules made thereunder, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- e) on the basis of written representation received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as director in terms of Section 164 (2) of the Companies Act 2013;
- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements to the extent determinable/ascertainable- Refer Schedule 12.1 and Note 23 of Schedule 17.B to the standalone financial statements.
 - ii) The Bank has made provision, as required, under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. Refer Note 25 of Schedule 17.B to the standalone financial statements.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For M P Chitale & Co.
Chartered Accountants
ICAI FRN 101851W

Jathar



Shraddha Jathar
Partner
ICAI M. No. 136908
UDIN: 21136908AAAABC2034
Place: Mumbai
Date: June 16, 2021

**Annexure A to the Independent Auditor's Report of even date on the financial statements of
SBM Bank (India) Limited**

**Report on the Internal Financial Controls with reference to financial statements under
Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls with reference to financial statements of SBM Bank (India) Limited ('the Bank') as at March 31, 2021 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Bank's internal financial control with reference to financial statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the bank; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Opinion

In our opinion the bank has maintained, in all respects, an adequate internal financial control system with reference to financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2021, based on internal control over financial reporting criteria established by the bank considering the essential components of internal control stated in Guidance Note of Internal Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M. P. Chitale & Co.
Chartered Accountants
ICAI FRN 101851W



Shraddha Jathar
Partner

ICAI M. No. 136908
UDIN: 21136908AAAABC2034
Place: Mumbai
Date: June 16, 2021

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Independent Auditors' Report

To,
The Members of SBM Bank (India) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of SBM Bank (India) Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2022, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by Banking Regulation Act, 1949, as well as the Companies Act, 2013 ("the Act") and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rules made thereunder, of the state of affairs of the Bank as at March 31, 2022, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

We draw attention to Note 4(h) of Schedule 17B which describes the business uncertainties due to the outbreak of the SARS-CoV-2 virus (COVID-19). In view of these uncertainties, the impact on the Bank's results for the subsequent period is significantly dependent on future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key Audit Matters	How our audit addressed the key audit matter
Identification of Non-performing asset (NPA) and provisioning on advances The Reserve Bank of India's ("RBI") guidelines on income recognition and asset classification ("IRAC") prescribe the prudential norms for identification & classification of non-performing assets ("NPA") and the minimum provision required for such assets. The Bank management is required to apply its judgement to determine the identification and provision required against the NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision on NPA is estimated by management of the Bank based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and it is subject to the minimum provisioning norms specified by RBI and approved policy of the bank in this regard.	Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring & recovery of loans, monitoring overdue/stressed accounts, identification of NPA, provision for NPA & valuation for security and collateral. Testing of application controls include testing of automated controls, reports and system reconciliations. Evaluated the governance process & review controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board-approved policy. Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and the Bank policy. Performed other substantive procedures included and not limited to the following:



Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as additional provisions.

Since the identification of NPAs and Provisioning for advances require a significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.

- Selected samples of performing loans and assessed independently as to whether those should be classified as NPA;
- For samples selected reviewed the collateral valuation, financial statements and other qualitative information;
- Considered the accounts reported by the Bank and other Banks as Special Mention Accounts ("SMA") in RBI's Central Repository of Information on Large Credits (CRILC) to identify stress;
- For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts;
- Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA;
- Examined the early warning reports generated by the Bank to identify stressed loan accounts;
- Held specific discussions with the management of the Bank on accounts where there is perceived credit risk and the steps taken to mitigate the risks to identified accounts;
- Selected samples for standard accounts, default but standard accounts and overdue accounts and assessed compliance with RBI circular on COVID-19 Regulatory Package;
- Selected and tested samples of accounts which were restructured under Resolution Framework for COVID-19 related stress circular for their compliance with the RBI directions; and

Information Technology ("IT") Systems and Controls

The Bank has an IT architecture to support its day-to-day business operations. High volume

Our Audit procedures with respect to this matter included:

For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists



of transactions is processed and recorded on single or multiple applications.

The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.

Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.

We have identified 'IT systems and controls' as key audit matter because of the high-level automation, multiple number of systems being used by the management and its impact on the financial reporting system.

as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems.

Obtained a comprehensive understanding of IT applications implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.

Key IT audit procedures includes review of design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes review of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included review of requests for access to systems were appropriately logged, reviewed, and authorized. Also, entity level controls pertaining to policy and procedure was also part of our audit procedure.

In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were reviewed. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also reviewed few controls using negative



testing technique. We had taken adequate samples of instances for our review

Reviewed compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

Information Other Than Financial Statements and Auditors' Report Thereon

The Bank's Board of Directors is responsible for the preparation of Other Information. The Other Information comprises the Directors' Report including Annexures to Directors' Report (collectively called as "Other Information") but does not include the Financial Statements and our auditor's report thereon and the Pillar 3 Disclosures under Basel III Capital Regulations, Leverage Ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

As the Other Information is not prepared by the management as on the date of this report, we are not in a position to comment on the same.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cashflows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in



accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the business activities within the Bank and its branches to express an opinion on the Bank's financial statements. Materiality is the magnitude of the misstatements in the financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The financial statements of the Bank for the year ended March 31, 2021, were audited by M.P. Chitale & Co. whose report dated June 16, 2021 expressed an unmodified opinion on those financial statements.

Bank has made an additional provision of 0.5% of Operating Income of the year having an impact of Rs. 1.20 Crores, as advised by the Reserve Bank of India in view of certain non-compliances observed in its inspection with respect to Automation of Income Recognition, Asset classification and Provisioning processes.

Our opinion is not modified in respect of this matters.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provision of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act and Rules made thereunder.
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory.
 - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - c. Since the key operations of the Bank are automated with the key applications integrated into the core banking systems, the audit is carried out centrally, as all the necessary records and data required for the purposes of our audit are available therein. Therefore, no returns are being received from the branches. However, in view of the prevailing situation of Covid 19, we could not visit any of the branches of the Bank to examine the records that are maintained at the branches for the purpose of our audit.
 - d. The statement of profit and loss shows a true balance of profit for the year then ended.

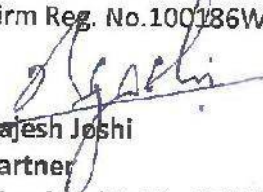


3. In our opinion and to the best of our information and according to the explanations given to us, as the Bank is governed by Section 35B (2A) of the Banking Regulation Act, 1949, Section 197 of the Act relating to managerial remuneration is not applicable.;
4. Further, as required by section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
 - c) the Balance Sheet, the statement of profit and loss and the statement of cash flows, dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act and Rules made thereunder, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - e) on the basis of written representation received from the directors as on March 31, 2022 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as director in terms of Section 164 (2) of the Companies Act, 2013;
 - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, In our opinion and to the best of our information and according to the explanations given to us;
 - i) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements to the extent determinable/ascertainable—Refer Note 15 of Schedule 12 and Note 17 of Schedule 17B to the financial statements.
 - ii) The Bank has made provision, as required, under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. Refer Note 17 of Schedule 17B to the financial statements.



- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
- iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Bank from any persons or entities), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that were considered reasonable and appropriate by us in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (a) and (b) contain any material misstatement.
- v) During the year the Bank has not declared or paid any dividend.

For K. S. Aiyar & Co.
Chartered Accountants,
Firm Reg. No. 100186W


Rajesh Joshi

Partner

Membership No. 038526

UDIN: 22038526AJRYF5074



Place: Mumbai

Date: May 11, 2022

Annexure A to the Independent Auditor's Report of even date on the financial statements of SBM Bank (India) Limited

(Referred to in paragraph 4 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of SBM Bank (India) Limited ("the Bank") as at March 31, 2022 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the Internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing ("the SAs"), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Bank's internal financial control with reference to financial statements includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and Directors of the Bank; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become

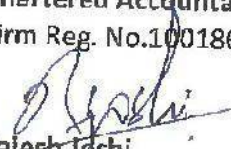


inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Bank has in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the Internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K. S. Aiyar & Co.
Chartered Accountants,
Firm Reg. No.100186W


Rajesh Joshi
Partner

Membership No. 038526
UDIN: 22038526AJRYF5074



Place: Mumbai
Date: May 11, 2022

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Review report to;
The Board of Directors,
SBM Bank (India) Limited.

We have reviewed the accompanying statement of unaudited financial results of SBM Bank (India) Limited ('the Bank') for quarter and six months the period ended 30th September, 2022 ('the Statement') being submitted by the Bank pursuant to the requirements of Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended (the Regulations') except for the disclosures, referred to in Note 4 to the Statement, relating to Pillar 3 disclosure as at September 30, 2022 including leverage ratio, liquidity coverage and Net Stable Funding Ratio under Basel III Capital Regulations as disclosed on the Bank's website in respect of which a link has been provided in the Statement which have not been reviewed by us.

This statement is the responsibility of the Bank's Management and approved by the Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 'Interim Financial Reporting ('AS 25') prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by Reserve Bank of India (the RBI') from time to time and other recognized accounting principles generally accepted in India.

Our responsibility is to issue a review report on this Statement of Unaudited Financial Results based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in

accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Emphasis of Matter

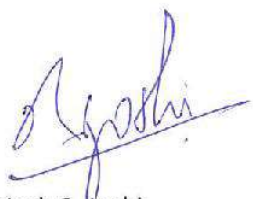
We draw attention to Note 5 to the Statement of unaudited financial results which describes the business uncertainties due to the outbreak of the SARS-CoV-2 virus (COVID-19). In view of these uncertainties, the impact on the Bank's results for the subsequent period is significantly dependent on future developments.

Other Matter

1. The Statement includes figures with respect to corresponding quarter and six months period of previous year ended on September 30, 2021 which are not subjected to any review or audit and are stated as prepared by the management.
2. Bank has, during the current quarter, made additional provision of Rs.59.75 Lakhs (cumulative till 30.09.2022 Rs.225.43 Lakhs) @ 0.5% of its operating income, as advised by the Reserve Bank of India, in view of certain non-compliances observed in its inspection with respect to automation of Income Recognition, Asset classification and Provisioning processes.

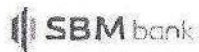
Our Review Conclusion is not modified in respect of these matters.

For K.S. Aiyar & Co;
Chartered Accountants;
Firm Registration No. 100186W
UDIN: 22038526BCKH3527



Rajesh S. Joshi
Partner,
Membership No. 038526

Mumbai
November 07, 2022



SBM Bank (India) Ltd.

CIN:U65999MH-2017-PLC293229

Head Office: 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai 400022

Website: <https://www.sbmbank.co.in>, Tel: +91 22 4922 9868

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEP 30, 2022

Sr No	Particulars	Quarter Ended			Half Year Ended		(Rs in lacs)
		30-Sep-2022	30-Jun-2022	30-Sep-2021	30-Sep-2022	30-Sep-2021	Year ended
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	31-Mar-2022
1	Interest Earned (a)+(b)+(c)+(d)	16,099	14,015	9,556	30,124	17,554	39,729
	a) Interest/discount on advances/bills	11,277	9,510	7,089	20,787	13,131	28,499
	b) Income on investments	4,775	3,362	1,704	7,587	3,369	8,602
	c) Interest on Balances with RBI and Other Inter-Bank Funds	457	841	513	1,298	786	1,729
	d) Others	140	302	252	442	668	899
2	Other Income	5,637	4,648	2,349	10,285	4,911	11,588
3	Total Income (1)+(2)	21,736	18,663	11,907	40,399	22,465	51,317
4	Interest Expended	10,786	9,588	6,200	20,374	11,827	27,221
5	Operating expenses (b)+(ii)	9,245	7,250	4,171	16,465	7,748	16,683
	i) Employees cost	2,752	2,540	1,551	5,292	3,271	7,308
	ii) Other operating expenses	6,493	4,710	2,620	11,193	4,477	11,375
6	Total expenditure (4)+(5) (Excluding provisions and Contingencies)	20,021	16,838	10,371	36,839	19,575	45,904
7	Operating profit before Provisions and Contingencies (3)-(6)	1,715	1,825	1,536	3,540	3,190	5,413
8	Provisions (other than tax) and Contingencies	662	595	2,007	1,257	1,810	3,654
9	Exceptional Items	-	-	-	-	-	-
10	Profit/(Loss) from Ordinary Activities before tax (7)-(8)-(9)	1,053	1,230	(471)	2,283	1,371	1,759
11	Tax Expense	-	-	67	-	129	129
12	Net Profit/(Loss) from Ordinary Activities after tax (10)-(11)	1,053	1,230	(538)	2,283	1,242	1,630
13	Extraordinary items (net of tax expense)	-	-	-	-	-	-
14	Net Profit/(Loss) for the period (12)-(13)	1,053	1,230	(538)	2,283	1,242	1,630
15	Paid up equity share capital (face value of Rs 10/- each)	82,363	82,363	75,696	82,363	75,696	82,363
16	Reserves excluding revaluation reserves	-	-	-	-	-	(13,154)
17	Analytical Ratios and other disclosures						
	(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL	NIL	NIL
	(ii) Capital Adequacy Ratio	16.76%	16.69%	18.81%	16.76%	18.81%	17.28%
	(iii) Earnings per share (EPS) (Rs) (Face value of Rs 10/- each)						
	(a) Basic EPS before or after extraordinary items (net of tax expense)	0.13	0.15	(0.07)	0.28	0.16	0.21
	(b) Diluted EPS before or after extraordinary items (net of tax expense)	0.13	0.15	(0.07)	0.28	0.16	0.21
	(iv) NPA ratios						
	(a) Gross NPAs	8,775	9,145	9,048	8,775	9,048	9,324
	(b) Net NPAs	651	1,372	1,002	651	1,002	1,713
	(c) % of Gross NPAs to Gross Advances	1.63%	1.78%	2.59%	1.63%	2.59%	2.10%
	(d) % of Net NPAs to Net Advances	0.12%	0.27%	0.29%	0.12%	0.29%	0.39%
	(v) Return on assets (average) (Annualised)	0.45%	0.58%	-0.40%	0.52%	0.49%	0.27%
	(vi) Net worth	69,794	68,842	58,124	69,794	58,124	67,461
	(vii) Outstanding redeemable preference shares	-	-	-	-	-	-
	(viii) Capital redemption reserve	-	-	-	-	-	-
	(ix) Debt-equity ratio *	1.70	1.53	0.03	1.70	0.03	0.45
	(x) Debenture redemption reserve	-	-	-	-	-	-
	(xi) Total debt to total assets *	12.71%	12.19%	0.35%	12.71%	0.33%	3.95%

* Debt represents total borrowings; Equity represents total of share capital and reserves

Notes

1 Statement of Assets and Liabilities is given below :

Particulars	(Rs in lacs)	
	As at	As at
	30-Sep-2022	31-Mar-2022
	Unaudited	Audited
CAPITAL & LIABILITIES		
Capital	82,363	82,363
Reserves & Surplus	(9,651)	(10,900)
Deposits	7,26,190	6,79,945
Borrowings	1,74,960	31,900
Other Liabilities and Provisions	58,545	25,155
Total	9,83,408	8,08,463
ASSETS		
Cash and Balances with Reserve Bank of India	82,532	45,054
Balances with banks and Money at Call and Short Notice	4,968	74,534
Investments	3,07,452	2,22,787
Advances	5,29,804	4,35,357
Fixed Assets	7,001	6,963
Other Assets	52,650	23,788
	9,83,408	8,08,463



2 Statement of Cash flow is given below :

		(Rs in lacs)	
	Particulars	As at 30-Sep-2022 Unaudited	As at 30-Sep-2021 Unaudited
A	Cash Flow from Operating Activities		
	Net Profit after Taxes	2,283	1,242
	Adjustments to profit/(loss) from operations:		
	Depreciation on Fixed Assets	705	559
	Amortization of premium on Investments	116	114
	Specific Provision for NPA	515	1,826
	Diminution on Investment	87	17
	Direct Taxes	-	129
	Non performing Advances written off	23	5
	Provision for Standard Advances	584	182
	Provision for country exposure	-	(10)
	Provision for Diminution in fair value of restructured accounts	-	(13)
	Provision for NPA automation: RBI direction	105	-
	Sub-Total	4,418	4,051
	Changes in working capital		
	(Increase)/Decrease in Investments	(55,967)	(16,805)
	(Increase)/Decrease in Advances	(94,985)	(52,684)
	(Increase)/Decrease in Other Assets	(28,066)	(4,532)
	Increase/(Decrease) in Deposits	46,245	1,17,761
	Increase/(Decrease) in Other Liabilities	32,700	2,796
	Net Cash from Operating Activities before Income Tax	(95,655)	51,587
	Advance Income tax paid	-	(28)
	Refund received from Income Tax	207	-
	Net Cash from Operating Activities after Income Tax	(95,448)	51,559
B	Cash Flow from Investing Activities		
	(Increase)/Decrease in Held To Maturity (HTM) securities	(28,901)	(27,677)
	Purchase of Fixed Assets	(1,781)	(406)
	Net Cash from Investing Activities	(29,679)	(28,083)
C	Cash Flow from Financing Activities		
	Increase/(Decrease) in Borrowings	93,060	(14,588)
	Net Cash from Financing Activities	93,060	(14,998)
D	Cash and Cash Equivalent at the beginning of the half year		
	i. Cash in Hand (including foreign currency notes and gold)	206	192
	ii. Balances with Reserve Bank of India	44,848	10,650
	iii. Balances with Banks and Money at Call and Short Notice	74,525	31,481
		1,19,568	42,323
E	Cash and Cash Equivalent at the end of the half year		
	i. Cash in Hand (including foreign currency notes and gold)	157	287
	ii. Balances with Reserve Bank of India	82,375	18,098
	iii. Balances with Bank and Money at Call and Short Notice	4,969	32,576
		87,501	50,801
A	Cash Flow from Operating Activities	(95,448)	51,559
B	Cash Flow from Investing Activities	(29,679)	(28,083)
C	Cash Flow from Financing Activities	93,060	(14,998)
	Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	(32,067)	8,478
D	Cash and Cash Equivalent at the beginning of the year	1,19,568	42,323
E	Cash and Cash Equivalent at the end of the year (A+B+C+D)	87,501	50,801





- 3 The Bank has applied its significant accounting policies in the preparation of these financial results consistent with those followed in the annual financial statements for the half year ended September 30, 2022. Any circular/direction issued by RBI is implemented prospectively when it becomes applicable.
- 4 In accordance with RBI guidelines, banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio and Net Stable Funding Ratio (NSFR) under the Basel III framework. The Bank has made these disclosures which are available on its website at the following link <https://www.sbm.bank.co.in/aboutus/investor-corner.php>. The disclosures have not been subjected to audit or limited review by the joint statutory auditors of the Bank.
- 5 India is emerging from the after effect of COVID-19 virus, a global pandemic that affected the world economy over the last two years. The extent to which any new wave of COVID-19 will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain.
- 6 Details of Resolution plan implemented under the Resolution Framework for COVID-19 related Stress as per RBI Circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at September 30, 2022 are given below:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the	Of (A), aggregate debt that slipped into NPA during the half year ended September 30, 2022	Of (A) amount written off during the half year	additional during the half year	Of (A) amount paid by the borrowers during the half year	(Rs in lacs)	
						Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of	
Personal Loans	-	-	-	-	-	-	-
Corporate persons*	394	-	-	18	25	387	
Of which MSMEs	394	-	-	18	25	387	
Others	506	80	-	20	28	418	
Total	900	80	-	38	53	805	

- 7 Other Income includes commission income from non-fund based activities, fees, earnings from foreign exchange transactions, profit and loss (including revaluations) from investments, etc.
- 8 The above results have been approved by the Board of Directors of the Bank at its meeting held today.
- 9 These results for the half year ended September 30, 2022 have been reviewed by statutory auditors - K. S. Aiyar & Co., Chartered Accountants who have issued an unmodified audit report thereon.
- 10 Details of loan transferred / acquired during the quarter ended September 30, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:-

- (i) The Bank has not transferred any stressed loans (Non-performing asset and Special Mention Account) and loan not in default during the quarter ended September 30, 2022.
- (ii) The Bank has not acquired any stressed loans (NPA and SMA accounts) during the quarter ended September 30, 2022.
- (iii) Details of loans not in default acquired through assignment as given below:

Particulars	Amount (in lacs)
Aggregate amounts of loans acquired (Rs in lacs)	14,213
Aggregate consideration paid (Rs in lacs)	11,371
Weighted average residual maturity (in years)	1.15
Weighted average holding period by originator (in years)	0.59
Retention of beneficial economic interest by the originator	20%
Tangible security coverage	Unsecured Loans
Rating wise distribution of rated loans*	Unrated

* The loans are unrated as these are from non-corporate borrowers.

(iv) Details of recovery ratings assigned for Security Receipts as on September 30, 2022:

Recovery Rating ^	Anticipated recovery as per recovery rating	Book Value **
BWRR1 / BWRR1+	100%-150%	242
BWRR3	50%-75%	225
RRS/Unrated *	0%-25%	1,767
Total		2,234

^ Recovery rating is assigned by various external agencies.

* Represents security receipts for which 8 years have been completed.

** The Bank has not made any investment in Security Receipts during the half year ended September 30, 2022. Provision against the outstanding Security Receipts as on September 30, 2022 is Rs 1,825 lacs.

11 The Figures for the quarter ended September 30, 2021 are the balancing figures between unaudited figures for the half year end September 30, 2021 and the published year to date reviewed figures upto June 30, 2021.

12 Figures of the previous periods have been regrouped/reclassified wherever necessary to conform to current period's classification.

Place : Mumbai
Date : November 07, 2022



For SBM Bank (India) Ltd.

Mr. Sidharth Rath
Managing Director & Chief Executive Officer

No. CARE/HO/RL/2022-23/3658

Shri Sidharth Rath
MD & CEO
SBM Bank (INDIA) Limited
 306 - A, The Capital, G Block,
 Bandra-Kurla Complex, Bandra East,
 Mumbai, Maharashtra-400051

January 12, 2023

Confidential

Dear Sir,

Credit rating for Tier II Bonds (Basel III)

Please refer to our letter no. CARE/HO/RL/2022-23/2698 dated October 20, 2022, and your request for revalidation of the rating assigned to the Tier II Bonds (Basel III) issue of your bank, for a limit of Rs.250.00 crore.

2. The following rating(s) have been reviewed:

Sr. No.	Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
1.	Tier II Bonds (Basel III)	250.00	CARE A+; Stable (Single A Plus; Outlook: Stable)	Reaffirmed
	Total Instruments	250.00 (Rs. Two Hundred Fifty Crore Only)		

- Please refer **Annexure-I** for details of rated instruments.
- Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** from the date of this letter.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors
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- CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

CARE Ratings Limited

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Phone: +91-22-6754 3456 • Email: care@careedge.in • www.careedge.in

CIN-L67190MH1993PLC071691

7. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
8. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
9. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
10. CARE Ratings Ltd. ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



Sakshi Arora

Lead Analyst

sakshi.arora@careedge.in



Aditya R Acharekar

Associate Director

aditya.acharekar@careedge.in

Encl.: As above

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CIN-L67190MH1993PLC071691

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

ARA

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Annexure -I

Details of instruments rated:

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)
Tier II Bonds (Basel III)	INE07PX08019	April 5, 2022	9.75%	April 5, 2032	125.00
Tier II Bonds (Basel III) (Proposed)	-	-	-	-	125.00

ARA

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CIN-L67190MH1993PLC071691



ICRA Limited

CONFIDENTIAL

Ref: ICRA/SBM Bank (India) Limited/11012023/2

Date: January 11, 2023

Mr. Siddharth Rath
MD & CEO
SBM Bank (India) Limited
306 – A, The Capital, G-Block
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

Dear Sir,

Re: ICRA Credit Rating for the Basel III Tier II Bond programme of Rs. 250 crore (Rs. 125 crore unplaced) of SBM Bank (India) Limited

Please refer to your request dated **January 07, 2023** for revalidating the rating letter issued for the captioned programme.

We hereby confirm that the **[ICRA]A+** (pronounced as ICRA A plus) rating with a Stable Outlook assigned to your captioned programme and last communicated to you vide our letter dated **July 22, 2022** stands. Instruments with **[ICRA]A+** are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The modifier {"+"(plus)} reflects the comparative standing within the category.

The other terms and conditions for the rating of the aforementioned instrument shall remain the same as communicated vide our letters dated **July 22, 2022**.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the instruments issued by you.

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Anil Gupta
Senior Vice President
anilg@icraindia.com

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RATING

RESEARCH

INFORMATION



Encl.

Annexure1: Instrument wise Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated	Current Rating and Outlook
					(Rs. crore)	
INE07PX08019	Basel III Tier II Bonds	April 5, 2022	9.75%	April 5, 2032	125.00	[ICRA]A+(Stable)
NA	Basel III Tier II Bonds	Unplaced	NA	NA	125.00	[ICRA]A+(Stable)

No. CARE/HO/RR/2022-23/1379**Shri Sidharth Rath****MD & CEO****SBM Bank (INDIA) Limited**306 - A, The Capital, G Block,
Bandra-Kurla Complex, Bandra East,
Mumbai, Maharashtra-400051.

October 31, 2022

Dear Sir,

Credit rating of debt instruments

Please refer to our letters dated October 20, 2022 on the above subject.

2. The rationale for the rating is attached as an **Annexure - I**.
3. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by November 1, 2022 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

**Aditya R Acharekar**

Associate Director

End: As above

CARE Ratings LimitedUnit No. O-509/C, Spencer Plaza, 5th Floor
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Email: care@careedge.in • www.careedge.in

Annexure-I
Rating Rationale
SBM Bank (India) Limited

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Tier II Bonds (Basel III) #	250.00	CARE A+; Stable (Single A Plus; Outlook: Stable)	Assigned
Total Long-Term Instruments	250.00 (₹ Two Hundred Fifty Crore Only)		
Certificate Of Deposit	500.00	CARE A1+ (A One Plus)	Assigned
Total Short-Term Instruments	500.00 (₹ Five Hundred Crore Only)		

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 the 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, the difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier-I capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. In CARE Ratings Limited's (CARE Ratings') opinion, the parameters considered to assess whether a bank will reach the PONV are similar to the parameters considered to assess the rating of Tier-II instruments even under Basel II. CARE Ratings has rated the Tier-II bonds under Basel III after factoring in the additional feature of PONV.

Detailed rationale and key rating drivers

The ratings assigned to debt instruments of SBM Bank (India) Limited (SBIL) factor in the bank's adequate capitalisation levels, growth in scale of operations over the last three years, diversified income profile and improvement in asset quality parameters.

The rating draws comfort from the parentage of SBM Holdings Limited (SBM Holdings) which the ultimate holding company of the Mauritius-based SBM group and listed on Stock Exchange of Mauritius.

SBM Holdings is the flagship holding company of the group and has various investment arms including its wholly-owned subsidiary SBM (Bank) Holdings Ltd. which holds 100% shareholding in SBIL and holds majority stake in SBM Bank (Mauritius) Ltd., Banque SBM Madagascar SA and SBM Africa Holdings Ltd which in turn holds shareholding in SBM (Kenya) Ltd. SBM Holdings' non-banking investment arm - SBM (NBFC) Holdings Ltd. holds stake in various non-banking financial services entities including insurance broking, asset management, factoring, etc.

ARA

SBIL was the first universal bank to commence operations in India under the Wholly Owned Subsidiary (WOS) route of operations of foreign banks in India and as a part of licensing, SBM Holdings has provided undertaking to RBI to provide financial support to SBIL if it is unable to meet any of its liabilities.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

During FY22, SBM Holdings has infused equity capital of ₹100 crore which has enhanced the tangible net worth of SBIL to over ₹692 crore against the minimum required net worth of ₹500 crore as per the RBI's requirement for having WOS of foreign bank.

The ratings are constrained due to moderate profitability with high operating cost model adopted by the bank to grow its operations in the initial phase, relatively higher concentration in advances and deposits in spite of the bank focusing on improving the granularity, small size of operations, low seasoning of the loan book due to limited track record and significant proportion of non-interest income which is prone to volatility due to global market scenario and regulatory actions.

Rating sensitivities

Positive factors – Factors that could lead to positive rating action/upgrade:

- Improvement in credit profile of the SBM group
- Significant improvement in scale with improvement in operational parameters and adequate capitalisation

Negative factors: Factors that could lead to negative rating action/downgrade

- Decline in capitalisation level with cushion of less than 2.5% over the minimum regulatory requirement
- Deterioration in credit profile of the SBM group or inability to provide funding support
- Deterioration in asset quality impacting profitability

Detailed description of the key rating drivers

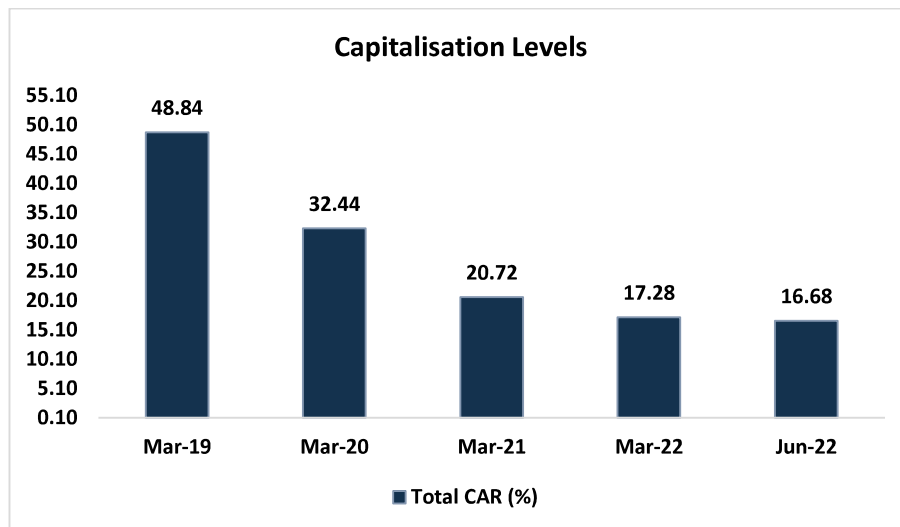
Adequate capitalisation levels supported by capital infusion by the parent during FY22

As per the RBI's scheme for WOS, the bank is required to have minimum net worth of ₹500 crore. The bank received equity infusion of ₹500 crore from the parent group as a part of initial capitalization. Furthermore, SBM Holdings infused equity capital of ₹100 crore in November 2022, which helped the bank's tangible net worth to increase to ₹692 crore as on March 31, 2022. SBM Holdings has infused aggregate capital of ₹857 crore till date and holds the entire shareholding in SBIL.

Supported by regular equity infusion by the parent company, SBM Bank has maintained adequate capital levels over the past four years. SBIL reported overall capital adequacy ratio (CAR) and Tier I CAR stood at 17.28% and 16.06% as on March 31, 2022, as against 20.72% and 19.46% respectively as on March 31, 2021. The reduction in CAR was on account of significant growth of advances in FY22. To support its capitalization levels, the bank raised capital through Tier II Bonds aggregating to ₹ 125 crore in April 2022.

The total CAR and Tier I CAR stood at 16.68% and 13.23% respectively as on June 30, 2022. The bank plans to raise equity capital of ₹400 crore during FY23, by way of private placement wherein the shareholding of SBM Holdings would come down to 74%. Furthermore, the bank plans to raise Tier II capital of ₹125 crore which would help it to maintain capitalization levels and support growth. The bank expects to maintain CAR above 15% and CET I Ratio above 12% over the medium term.

ARA



Source: SBM Bank (India) Limited's data, CARE Ratings

WOS Scheme and Requirements

On the background of 2008 financial crisis, RBI issued guidelines for domestic incorporation of foreign banks. RBI has allowed foreign banks to operate in India either through branch presence or they can set up a wholly owned subsidiary (WOS) with near national treatment. The foreign banks have to choose one of the above two modes of presence and shall be governed by the principle of single mode of presence. RBI has laid down guidelines and various eligibility criteria for operating as WOS.

Key points are mentioned below:

- The WOS would be responsible for the core management functions which cannot be outsourced including to Group entities whether in India or abroad
- WOS would be permitted to open branches in Tier 1 to 6 centres (except at certain sensitive locations) without having the need to take prior permission from Reserve Bank of India in each case, subject to reporting requirements such as 1. at least 25 percent of the total number of branches opened during the financial year must be opened in unbanked rural (Tier 5 and Tier 6) centres 2. The total number of branches opened in Tier 1 centres during the financial year cannot exceed the total number of branches opened in Tier 2 to 6 centres and all centres in the North Eastern States and Sikkim, 3. If for some reason a WOS is unable to meet obligations of opening branches in Tier 2 to 6 centres in aggregate, or in unbanked rural centres (Tiers 5 to 6 centres) during the financial year, it must necessarily rectify the shortfall in the next financial year.
- The initial minimum paid-up voting equity capital for a WOS shall be Rs.500 crore. The WOS shall meet the Basel III requirements on a continuous basis from the time of its entry / conversion. WOS is however required maintain a minimum capital adequacy ratio, on a continuous basis for an initial period of 3 years from the commencement of its operations at 1 per cent higher than that required capital under the phased implementation of Basel III

ARA

- The parent of the WOS would be required to issue a letter of comfort (LOC) to the Reserve Bank for meeting the liabilities of the WOS. RBI would take into account this commitment of the parent to support the subsidiary before a foreign bank is allowed to set up a WOS in India
- WOS of foreign banks may raise rupee resources through issue of non-equity capital instruments, as allowed to domestic banks.
- WOS of foreign banks may, at their option dilute their stake to 74 per cent or less in accordance with the extant FDI policy on foreign investment in banking sector and list on stock exchanges in India
- WOSs may be permitted, subject to regulatory approvals and such conditions as may be prescribed, to enter into mergers and acquisition transactions with any private sector bank in India subject to the overall foreign investment limit of 74 per cent.
- Under the FDI policy WOSs of the foreign banks, even though locally incorporated, being foreign owned and controlled companies, will be treated as "foreign banks" in terms of which a company owned by non-residents means an Indian company where more than 50% of the capital in it is beneficially owned by non-residents and/or "controlled" by non-residents.

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

SBIL is part of the SBM group with SBM Bank (Holdings) Ltd. Holding 99.99% of the bank. SBIL is a step-down subsidiary of SBM Holdings Ltd. (the erstwhile State Bank of Mauritius Ltd) which is the flagship holding company of the group, listed on Mauritius Stock Exchange and promoted by the Government of Mauritius (GOM) which is the largest shareholder in SBM Holdings through direct shareholding as well as shareholding through various GOM-backed entities. SBM Holdings Limited's operations are spread across countries like Kenya and Madagascar. Additionally, SBM Bank (Mauritius) Limited is the second-largest bank in Mauritius with assets of MUR 276,573 million (approximately ₹51,719 crore) as on December 31, 2021.

SBIL has been operating in India under branch model since 1994, with approval from RBI to operate as a wholly-owned subsidiary of foreign bank. As per RBI WOS framework dated November 06, 2013, the bank commenced operations on December 1, 2018. The bank has been present in India for over 20 years and has received continuous support from the parent in terms of capital. During the last three years SBM Bank (Holdings) has infused ₹857 crore of which ₹100 crore has been infused in November 2021.

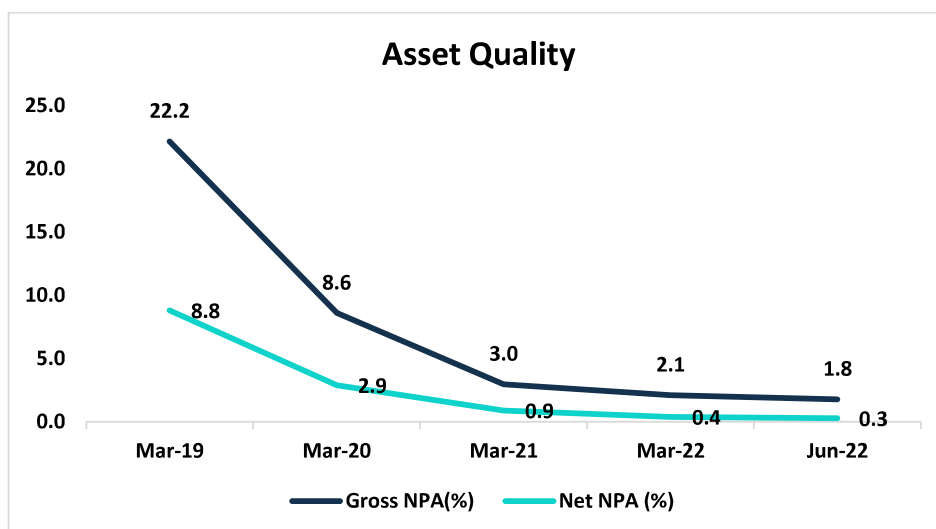
SBIL has an independent Board of Directors (Board) which looks after the operations of the bank which is headed by Sattar Hajee Abdoula (Chairman) and has two directors from the SBM group and six independent directors.

Furthermore, comfort is drawn from the undertaking provided by SBM Holdings to support SBIL in meeting its debt obligations in case SBIL is unable to repay as a requirement for obtaining WOS license by the bank.

APA

Improved asset quality parameters

The bank was operating in branch model since 1994 and was engaged in wholesale lending and thus faced asset quality challenges in the past. The bank's Gross NPA ratio and Net NPA ratio stood at 22.17% and 8.81% respectively as on March 31, 2019. The bank wrote-offs NPAs aggregating to ₹57 crore, in FY20 and FY21 which helped it report Gross NPA ratio of 2.97 % and Net NPA ratio of 0.90% as on March 31, 2021 (PY: 8.59% and 2.90% as on March 31, 2020). With improvement in recoveries and lower slippages, GNPA and NNPA improved to 1.78% and 0.27% as on June 30, 2022. (GNPA and NNPA stood at 2.10% and 0.39% as on March 31, 2022). GNPA in Retail Segment stood at 2.25% and in corporate segment stood at 1.62% as on June 30, 2022.



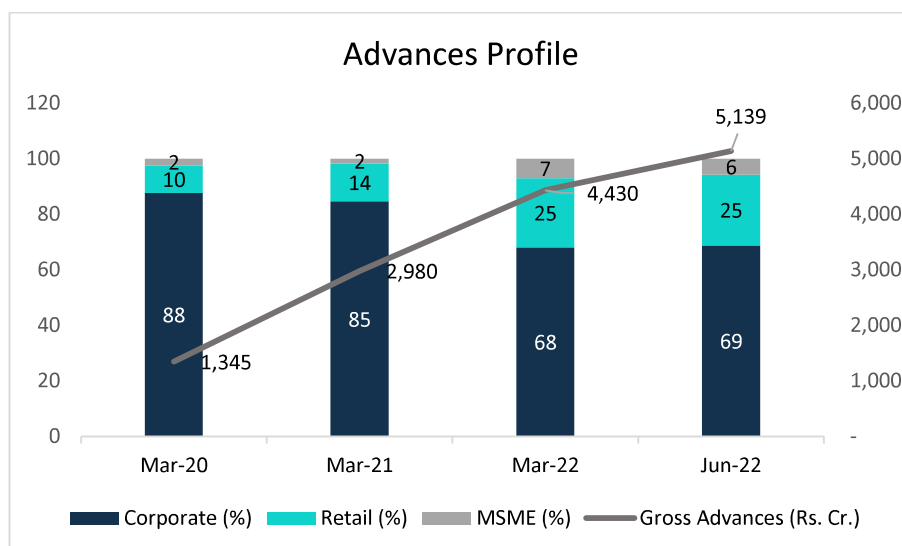
Source: SBM Bank (India) Limited's data, CARE Ratings

The bank restructured advances aggregating to ₹9 crore (0.2% of advances) as on March 31, 2022 under COVID-19 resolution framework 1.0 and 2.0. Gross stressed assets (GNPA + standard restructured assets + security receipts outstanding) stood at 2.81% as on March 31, 2022 and 2.39% as on June 30, 2022 as against 3.82% as on March 31, 2021. The Bank has also disbursed Emergency Credit Line Guarantee Scheme (ECLGS) aggregating to ₹31.65 crore in March 2022 (i.e. 0.71% of gross advances).

ARA

Scale-up of operations in last three years through partnership-led model

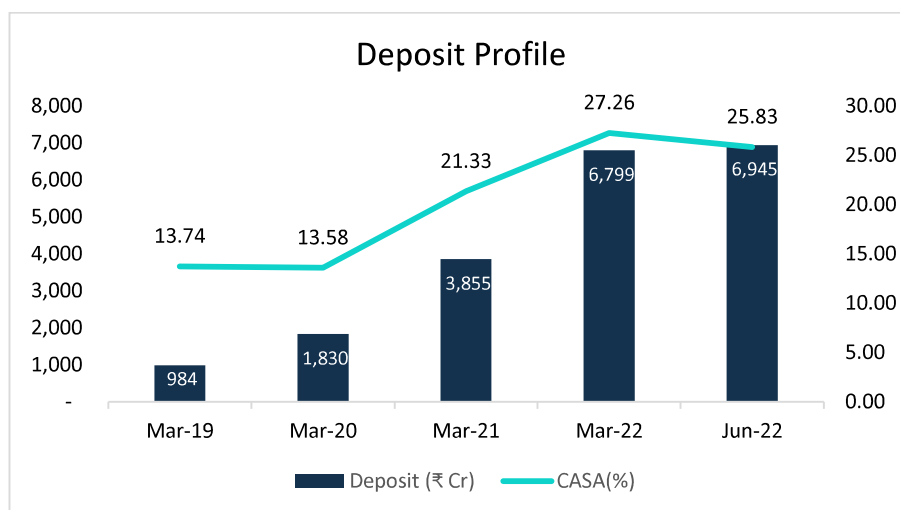
The bank started operations in December 2018 and has expanded into retail lending gradually over the last four years and is currently operating on a partnership model majorly with fintech which helps the bank offer various transaction-related banking products and generate deposit float including low-cost current account savings account (CASA) deposits and garner fee-based income while it scales up its advances book. The focus of the bank on the advances side is towards granular retail advances and also focus on selective mid-sized and large corporates. SIBL's advances grew by 49% in FY22 and stood at ₹4,354 crore as on March 31, 2022 (PY: ₹2,917 crore) and further to ₹5,061 crore as on June 30, 2022. Advances represented a growth of 49% Y-o-Y, and the CAGR growth (March 2019 to March 2022) of SBM stood at 66%. As on June 30, 2022, wholesale advances constituted 69% of total advances which the bank plans to bring down to 60% by the end of FY23 and around 50% in the medium term.



Source: SBM Bank (India) Limited's data, CARE Ratings

Concentration in deposits; although the mix has been improving

SBIL's deposits grew by 76% Y-o-Y in FY22 to ₹6,799 crore as on March 31, 2022 as against ₹3,855 crore as on March 31, 2021. The share of CASA improved during the year to 27% as on March 31, 2022, as against 21% as on March 31, 2021 largely supported by current account deposits. The concentration in deposits is represented by the top 20 depositors comprising around 34% of the total deposits as on March 31, 2022, and 31% as on June 30, 2022. Deposits greater than ₹2 crore comprise nearly 63% of term deposits as on March 31, 2022. The improvement in granularity of deposits remains a key monitorable.



Source: SBM Bank (India) Limited's data, CARE Ratings

Moderate profitability profile with relatively high cost to income

SBIL started operating in December, 2018 as a wholly owned subsidiary. With the support from the parent in terms of timely capital infusion, the bank achieved breakeven in the first year of operation and reported Profit After Tax (PAT) of Rs.2 crore in FY20.

In the initial stages of operations as a WOS, SBIL is following a transaction-led banking model through partnerships, thus the bank's fee-based income is high along with high operating cost due to fee sharing with the partners.

ARA

Currently, the ratio of net interest income (NII) to non-interest income stood at 50:50. The non-interest income is majorly derived from commission income and gain on exchange transactions. The income from exchange transactions majorly includes Vostro flows.

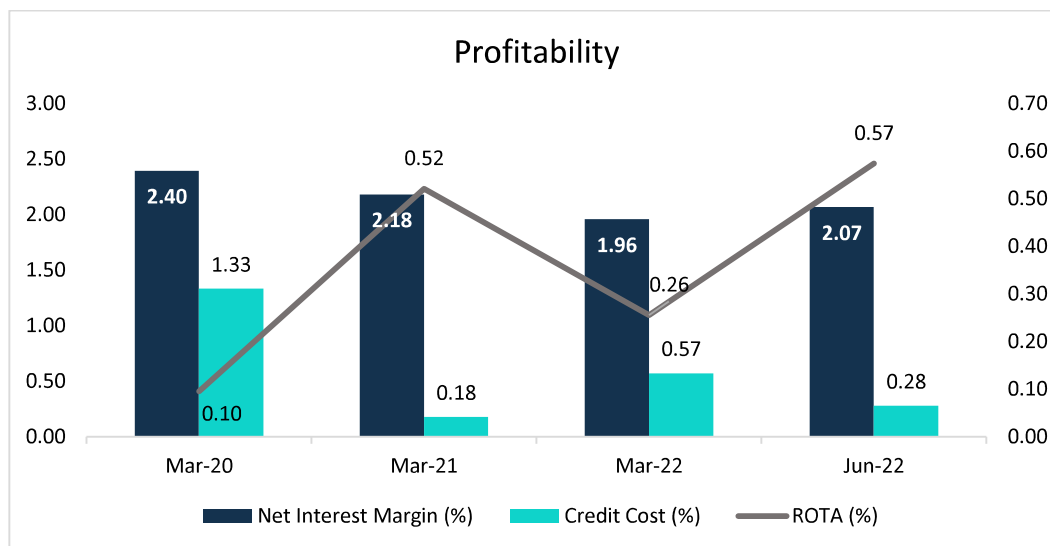
During FY21, the bank saw improvement in non-interest income, decline in operating expenses and relatively lower credit cost supported by various government policies on account of covid-19 induced pandemic helped the bank's profitability and SBIL reported Return on Total Assets (ROTA) of 0.52% in FY21 (PY: 0.10%).

During FY22, with marginal decline in yield on advances, interest income (as a % of average interest earning assets) declined, further Non-Interest Income (as a percentage of ATA) also reduced marginally to 1.81% from 2.05% in FY21 majorly on account of lower traction in income from foreign exchange transactions in Q3FY22. During the year, deposits grew by 76% as against advances reported a growth of 49%, which in turn impacted the net interest margin (NIM) of the bank, which reduced to 1.96% in FY22 from 2.18% in FY21.

The operating cost for the bank remains high and its cost to income ratio remains higher at 78% for FY22 (P.Y.: 84%) which was higher compared to the private sector banks operating in India. As the bank scales up its advances book and gradually expands its branch network, the cost to income is expected to reduce to the range of ~65% over the medium term. The credit cost, witnessed increase on account of impact of second wave of covid-19 induced pandemic in Q2FY22; Notwithstanding the increase in credit cost and supported by marginal improvement in operating expense, bank reported profit after tax (PAT) of ₹16 crore (PY: ₹19 crore) for FY22. As part of the bank's strategy, bank is expected to expand further in retail lending with a focus on fee-based income with the help of partnership model.

ARA

In Q1FY23, the bank's NIM improved supported by improvement in yields, and non-interest income reported improvement supported by exchange income and improved fee income, further supported by lower credit cost, the bank reported ROTA of 0.57% in Q1FY23. Going forward, credit cost is expected to be contained within 1%, and as scale of operations improve, the management expects improvement in profitability levels with ROTA within a range of 0.6 to 1%.



Source: SBM Bank (India) Limited's Presentation, CARE Ratings

Limited geographical diversification with moderate scale of operations

The bank is operating across 11 branches in India spread across Mumbai, New Delhi, Chandigarh, Pune, Bengaluru, Chennai, Hyderabad, and Ahmedabad, also including the rural centers like Ramachandrapuram, Palghar and Aitghar. SBIL is headquartered in Mumbai which represents around 41% of the advances book, followed by Delhi 29%, Chennai and Hyderabad (10-11% each), Bengaluru (5%). The bank has also expanded to Ahmedabad which comprises 2% of the advances book as on March 31, 2022.

The bank's advances represented growth of 49% and stood at ₹4,430 crore as on March 31, 2022 as against ₹2,980 crore as on March 31, 2021, however the scale of operations continues to be moderate in comparison to the peers in the industry.

Moderate track record with unseasoned portfolio

The bank commenced operations as WOS in December 2018, thus the bank has a limited track record of four years, and limited seasoning. Thus, performance of the corporate book and the strategy of the bank to increase granularity of the advances by expanding into retail and MSME remains to be seen.

Liquidity: Adequate

As per the ALM statement of the bank as on June 30, 2022, the bank had no cumulative negative mismatches up to six months but had cumulative negative mismatches in the six months to twelve months' time bucket on account of longer tenure of loans as compared to tenure of deposits. However, SBIL had excess SLR investments of ₹1,509 crore as on June 30, 2022, which also provides comfort. SBIL's liquidity coverage ratio remained comfortable at 142.48% as on June 30, 2022. against the minimum regulatory requirement of 100%. The bank reported net stable funding ration (NSFR) of 118.46% for the quarter ended June 30, 2022.

ARA

Analytical approach: Standalone approach with expected support from the parent SBM Holdings.

Applicable criteria

[Criteria on assigning 'outlook' and 'credit watch' to credit ratings](#)

[CARE Ratings' policy on Default Recognition](#)

[Financial ratios – Financial sector](#)

[CARE Ratings' rating methodology for banks](#)

[Rating Basel-III – Hybrid capital instruments issued by banks](#)

[Criteria for Short Term Instruments](#)

About the bank

SBIL has been operating in India since 1994 as a branch in Mumbai as a part of SBM Bank (Mauritius) Limited India operations under the branch model. SBIL was incorporated on March 30, 2017, with the purpose to operate as a wholly-owned subsidiary of foreign bank as per RBI WOS framework dated November 06, 2013 and the bank commenced operations on December 1, 2018. SBIL was the first banking institution to have been granted license by RBI to operate as a scheduled commercial bank - offering universal banking services through the wholly-owned subsidiary route. Simultaneous to the license award, the Scheme of Amalgamation, under Section 44A of the Banking Regulation, 1949 was sanctioned allowing for the amalgamation of the business of SBM Bank (Mauritius) Limited, India (branch operations of SBM Bank (Mauritius) Limited in India, operational since 1994) with the business of the newly formed Bank. SBIL is a step-down subsidiary of SBM Holdings Ltd., a listed entity in the

Mauritius Stock Exchange, promoted by the Government of Mauritius. SBIL is led by Sidharth Rath (Managing Director and Chief Executive Officer; MD & CEO), and Sattar Hajee Abdoula (Chairman) (who is also Chairman of SBH Holdings) backed by an eminent Board. The bank is operating across 11 branches in India. As on March 31, 2022, the total advances of the bank stood at ₹4,430 crore and total deposits stood at ₹6,799 crore.

Financial performance

(₹ crore)

For the period ended/as on March 31,	FY20 (12m,A)	FY21 (12m,A)	FY22 (12m,A)	Q1FY23 (3m,P)
Interest income	127	233	397	140
Non-interest income	68	74	116	46
Total income	195	307	513	186
Interest expense & financial charges	79	155	272	96
Net interest income	48	78	125	44
Operating expenses	88	127	187	73
Operating profit	29	25	54	18
Total provision/Write-offs	27	6	37	6
PAT	2	19	16	12
<u>Financial position</u>				
Deposits	1,830	3,855	6,799	6,945
Tangible net worth	557	576	692	704
Advances	1,266	2,917	4,354	5,061
Investments	568	1,227	2,228	2,789
Total assets	2,450	4,716	8,062	9,084
<u>Key ratios (%)</u>				
Interest income/Avg interest earning assets	6.96	6.97	6.78	7.77
Interest expenses/Avg interest bearing liabilities	5.55	5.28	4.89	5.06
Net interest margin (NIM)	2.40	2.18	1.96	2.07
Non interest Income / Avg Total Assets (%)	3.40	2.05	1.81	2.17
Operational expenses/Avg total assets	4.36	3.54	2.92	3.38
Cost to Income	75.37	83.52	77.53	0.00
Return on total assets (ROTA)	0.10	0.52	0.26	0.57
Return on net worth (RONW)	0.36	3.30	2.57	7.05
<u>Solvency</u>				
Overall gearing (times)	3.33	7.03	10.31	11.44
Capital adequacy ratio (CAR) (%)	32.44	20.72	17.28	16.68
Tier I CAR (%)	31.48	19.46	16.06	13.23
CET 1	31.48	19.46	16.06	13.23
Credit/Deposit ratio (times)	69.19	75.67	64.03	72.87
<u>Asset Quality</u>				
Gross NPA ratio	8.59	2.97	2.10	1.78
Net NPA ratio	2.90	0.90	0.39	0.27
Net NPA to net worth (%)	6.61	4.99	2.48	1.95

A: Audited

Tangible Net worth and Total assets exclude Revaluation Reserve

Note: H1FY23 results are yet to be published by the company

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Tier II Bonds (Basel III)	INE07PX08019	April 5, 2022	9.75%	April 5, 2032	125.00	CARE A+; Stable
Tier II Bonds (Basel III) (Proposed)	-	-	-	-	125.00	CARE A+; Stable
Certificate Of Deposit (Proposed)	-	-	-	-	500.00	CARE A1+

Annexure-2: Rating history for the 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Certificate Of Deposit	ST	500.00	CARE A1+				
2	Bonds-Tier II Bonds	LT	250.00	CARE A+; Stable				

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities :

Name of the Instrument	Detailed Explanation
A. Non-financial covenants	
Tier-II Bonds (Basel III)	Optional call date: Bank shall have the right (but not the obligation) to exercise the Call Option in respect of the Bond at the end of 5 years from the Deemed Date of Allotment ("Call Option") or any anniversary date thereafter with prior approval of RBI, subject to "Tax call"/ "Regulatory Call"

APA

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Bonds-Tier II Bonds	Complex
2	Certificate Of Deposit	Simple

Annexure-5: Bank lender details for this company: NA

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

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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July 28, 2022

SBM Bank (India) Ltd: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Basel III Tier II Bond Programme	250.00	250.00	[ICRA]A+ (Stable); Reaffirmed
Certificates of Deposit	500.00	500.00	[ICRA]A1+; Reaffirmed
Total	750.00	750.00	

**Instrument details are provided in Annexure I*

Rationale

The ratings continue to factor in SBM Bank (India) Ltd's overall satisfactory performance, given the strong growth in its scale, the adequate capitalisation profile and the improvement in the overall asset quality levels. Moreover, the monitorable book, comprising the overdue and restructured book, remains manageable at 0.33% of standard advances as on March 31, 2022. Furthermore, as the bank continues to grow its franchise, operational costs remain high, thereby weighing down on its overall profitability. Also, despite the improvement in the granularity of the asset and liability profile, the same remains concentrated. The bank's ability to build a low-cost and granular liability base while reducing its cost of funds will remain critical for its ability to scale up its assets and absorb the increase in overheads to further improve its profitability.

The ratings continue to draw comfort from the parentage in the form of SBM Holdings Limited, the ultimate holding company of SBM Bank (Mauritius) Limited (rated Baa3 (negative)/P-3/BCA ba1 by Moody's) and SBM Bank (India) Ltd. SBM Holdings Limited is the holding company for all the banking and financial activities of the SBM Group(Mauritius) It houses two intermediate investment arms of the Group, namely SBM (Bank) Holdings Limited for banks and SBM (NFC) Holdings Limited for non-banks, which together operate banking and non-banking entities across Africa and India. Furthermore, the Government of Mauritius (rated Baa2 (negative) by Moody's) is the largest shareholder in SBM Holdings Limited.

ICRA draws comfort from the operational linkages of SBM Bank (India) Ltd with the Group and its position as a 100% step-down subsidiary of SBM Holdings Limited. ICRA will continue to closely monitor the credit profile and the impact of international developments on both SBM Holdings Limited and SBM Bank (Mauritius) Limited as these could also be the rating drivers of SBM Bank (India) Ltd in the near to medium term.

As per the Reserve Bank of India's (RBI) framework for the wholly-owned subsidiaries (WOS) of foreign banks in India, SBM (Bank) Holdings Limited has undertaken to provide necessary financial support to SBM Bank (India) Ltd if it is unable to meet any of its liabilities as well as ensure that it maintains a minimum net worth at the regulatory requirement of Rs. 500 crore. The parent infused Rs. 100 crore of equity into SBM Bank (India) Ltd in FY2022, which led to further expansion in the overall net worth position over the regulatory levels. This supported the capitalisation profile and growth, even while internal capital generation remained suboptimal.

Key rating drivers and their description

Credit strengths

Part of SBM Group (Mauritius) – ICRA continues to draw comfort from the parentage of SBM Bank (India) Ltd and its position as a step-down WOS of SBM Holdings Limited, the ultimate holding company of SBM Bank (Mauritius) Limited. SBM Holdings Limited's shareholders include the Government of Mauritius, which, along with other state-owned entities including state-owned pension funds, remains the largest shareholder. Additionally, SBM Bank (Mauritius) Limited is the second largest bank in Mauritius with assets of USD 6.26 billion as on December 31, 2021. SBM Holdings Limited's operations are spread across countries like Kenya and Madagascar. The parent company's continued strong commitment towards supporting the Indian operations serves as a credit positive. Strong operational linkages with the Group in terms of ownership, a shared name and its overall importance in advancing the growth plans of the Group in the region provide further comfort.

The parent has demonstrated support through capital infusions in the past as the Indian branches transitioned to the subsidiary model with SBM (Bank) Holdings Limited infusing capital of ~Rs. 48 crore during FY2019 and ~Rs.52 crore in FY2020 for provisions on legacy stressed assets while maintaining the capital above the regulatory requirements. Additional capital support of Rs. 100 crore was extended in FY2022, which, in turn, helped the overall growth momentum during the year. ICRA factors in the strong likelihood of continued support from the parent to the Indian entity, if required. Moreover, SBM Bank (Holdings) Limited has given 'in-principle approval' to provide the necessary financial support to the Indian entity to meet any liability that SBM Bank (India) Ltd is unable to meet. This remains in line with the RBI's framework for the WOS of foreign banks in India.

Adequate capitalisation supported by capital infusion – SBM Bank (India) Ltd's overall net worth increased to Rs. 715 crore as on March 31, 2022 from Rs. 599 crore as on March 31, 2021, leading to an expansion in the cushion above the regulatory requirement of Rs. 500 crore for the WOS of foreign banks. This was mainly attributable to the Rs. 100-crore infusion by the parent in FY2022, as internal capital generation remained suboptimal. Further, the Tier I ratio and the capital-to-risk weighted assets ratio (CRAR) remained adequate at 16.06% and 17.28%, respectively, as on March 31, 2022 (against 19.46% and 20.72%, respectively, as on March 31, 2021). As the bank will continue to push towards growing its franchise, the cost-to income level is likely to remain elevated over the near to medium term, resulting in modest internal capital generation. Accordingly, it may need to raise capital to scale up the business and to provide for unexpected asset quality shocks in future.

Asset quality metrics improve – The fresh non-performing advances (NPA) generation remained steady at 0.68% in FY2022 (0.00% in FY2021). This, along with the rapid scaling up of the book, resulted in an improvement in the headline asset quality levels with the gross NPA (GNPA) and net NPA (NNPA) at 2.10% and 0.39%, respectively, as on March 31, 2022 (2.97% and 0.90%, respectively, as on March 31, 2021) while the provision coverage ratio (PCR), excluding write-offs, was satisfactory at 81.62% as on March 31, 2022 (70.33% as on March 31, 2021). Furthermore, the overall monitorable book of the bank, comprising the overdue (special mention account (SMA) 1 and SMA 2) and restructured book, remained manageable at 0.33% of standard advances as on March 31, 2022. However, given the limited operating profitability and the concentrated loan book, any slippage from the corporate borrowers could drive an increase in the credit provisions, which could put pressure on the bank's net profitability.

Credit challenges

Despite improvement in granularity, deposit base remains concentrated – SBM Bank (India) Ltd's deposit base registered a strong ~76% YoY growth in FY2022 (to Rs. 6,799 crore as on March 31, 2022), while net advances grew by ~49% (to Rs. 4,354 crore as on March 31, 2022), albeit on a small base. During this period, the share of current and savings accounts (CASA) improved to 27% as on March 31, 2022 (21.3% as on March 31, 2021), largely driven by the stronger growth in CA deposits. Thus, the overall deposit concentration level as reflected by the share of the top 20 depositors moderated to 34% of the

total deposits as on March 31, 2022 (38% as on March 31, 2021, 43.01% as on March 31, 2020) although it remains high. Similarly, loan book concentration remains very high and the asset quality and profitability could remain susceptible to slippages of any large exposure. The top 20 exposures accounted for 20.02% of the total exposures and 170.29% of the bank's net worth as on March 31, 2022 compared to 27.75% and 173.20%, respectively, as on March 31, 2021.

Operating profitability and return metrics expected to remain modest as bank scales up its operations – Deposit growth outpaced advances growth in FY2022, leading to a moderation in the credit-to-deposit ratio and higher liquidity levels. As a result, the net interest margin (NIM) declined to 1.95% of the average total assets (ATA) in FY2022 (2.16% in FY2021). Furthermore, with the scaling up of the book, including the expansion of retail products (co-branded credit cards, etc), forex income, etc, supported the traction in non-interest income. Accordingly, fee income improved to 1.69% of average assets in FY2022 (1.08% in FY2021, excluding cyber fraud recoveries). However, as the bank continues to scale up, the operating cost remained elevated at 2.91% of average assets (3.5% in FY2021), resulting in a muted core operating profitability of 0.74% of ATA in FY2022 (0.67% in FY2021). While the limited fresh gross slippages in FY2022 and the relatively high provision coverage on the legacy NPAs resulted in total provision including credit cost of 0.57% in FY2022 (0.18% in FY2021), the return indicators remained suboptimal with the return on assets (RoA) at 0.25% in FY2022 (0.52% in FY2021).

As a part of its strategy to improve its scale and profitability, SBM (Bank) India Ltd is working towards offering various transaction-related businesses to improve the float of low-cost CASA deposits. To offer these services, the bank has tied up with third-party service providers. Further, on the asset side, while the focus is on relatively smaller-ticket loan exposures to mid-sized corporates, the bank continues to focus on relatively larger corporates as well. To improve its franchise and liability base, SBM (Bank) India Ltd will position itself as a premium bank and grow its footprint in India by expanding its branches while outsourcing the associated infrastructure. However, as the overall scale improves over time, operating leverage is likely to improve, which, in turn, could support an improvement in the operating profitability from the current level over the medium to long term.

Liquidity position: Adequate

The statutory liquidity ratio (SLR) stood at ~31% of the net demand and time liabilities (NDTL) as on March 31, 2022, which was well above the regulatory requirement of 18%, while the liquidity coverage ratio (LCR) remained comfortable at ~158% in FY2022. Despite a high level of surplus Government securities, which can be sold to generate liquidity, SBM (Bank) India Ltd has negative cumulative mismatches in the less than 1-year bucket because of the relatively longer tenor of its loans in relation to the deposits as per the structural liquidity statement (SLS) as on March 31, 2022. While the bank has sizeable near-term liquid assets, high depositor concentration leads to significant reliance on deposit rollovers to maintain liquidity.

Rating sensitivities

Positive factors – ICRA could upgrade the long-term rating on an improvement in the credit profile of the SBM Group.

Negative factors – ICRA could downgrade the ratings if the Tier I capital cushion declines to less than 2% over the regulatory levels (9.5%). Further, a deterioration in the credit profile of the SBM Group or lack of adequate funding support to help SBM Bank (India) Ltd maintain its capital and liquidity cushions, if required, will be negative triggers.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA Rating Methodology for Banks Impact of Parent or Group Support on an Issuer's Credit Rating
Parent/Group support	Group Company: SBM Holdings Limited ICRA expects SBM Bank (India) Ltd's parent, SBM Holdings Limited, which is also the holding company of SBM Bank (Mauritius) Limited, to be willing to extend financial support to the bank, if required, given the high strategic importance that the bank holds for SBM Holdings Limited for meeting its diversification objectives and for driving growth in the region. Both SBM Holdings Limited and SBM Bank (India) Ltd share a common name, which, in ICRA's opinion, would persuade SBM Holdings Limited to provide financial support to the bank to protect its reputation from the consequences of a group entity's distress.
Consolidation/Standalone	Standalone

About the company

SBM Bank (India) Ltd: The SBM Group commenced banking operations in India in 1994 with four branches in Mumbai, Chennai, Hyderabad and Ramachandrapuram, which operated as branches of SBM Bank (Mauritius) Limited. In December 2018, the RBI sanctioned a Scheme of Amalgamation of the Indian branches of SBM Bank (Mauritius) Limited and SBM Bank (India) Ltd, which was granted a licence to carry out banking operations under the WOS mode. The scheme came into effect from December 1, 2018. Following this, all the Indian branches started functioning as branches of SBM Bank (India) Ltd. As on June 30, 2021, the bank had eight branches in India against four at the time of its conversion to a WOS.

The bank reported a net profit of Rs. 16 crore in FY2022 on a total asset base of Rs. 8,085 crore as on March 31, 2022. The CRAR stood at 17.28% as on March 31, 2022 (20.72% as on March 31, 2021). The asset quality improved marginally with the GNPA and NNPA at 2.10% and 0.39%, respectively, as on March 31, 2022 (2.97% and 0.90%, respectively, as on March 31, 2021).

SBM Bank (Mauritius) Limited: Established in 1973, it is the second-largest domestic bank in Mauritius. It provides retail, corporate, small-and-medium-sized enterprise, and cross-border banking as well as other services, including bancassurance, financial market services such as structured treasury and money market instruments, and custodial services. In 2014, the Group restructured its operations and segregated its banking operations from its non-banking operations. SBM Holdings Limited was established as the new holding company for the operating companies and is the entity listed on the Stock Exchange of Mauritius.

For calendar year (CY) 2021, SBM Bank (Mauritius) Limited reported a net profit of USD 50.1 million on total assets of USD 6.26 billion as on December 31, 2021, compared to a net profit of USD 38.4 million in CY2020 on total assets of USD 5.78 billion as on December 31, 2020. It reported a Tier I capital of 17.33% as on December 31, 2021 compared to 15.90% as on December 31, 2020.

SBM Holdings Limited: SBM Holdings Limited is the ultimate holding company of SBM Bank (India) Ltd and SBM Bank (Mauritius) Limited. On a consolidated basis, SBM Holdings Limited reported a net profit of USD 41.60 million on total assets of USD 8.12 billion as on December 31, 2021 compared to a net profit of USD 26.56 million in CY2020 on total assets of USD 7.27 billion as on December 31, 2020.

Key financial indicators (standalone)

SBM Bank (India) Ltd	FY2020	FY2021	FY2022
Months	12	12	12
Net interest income	48	78	125
Operating profit (excl trading gain)	26	25	54
Profit after tax	2	19	16
Loan book	1,266	2,917	4,354
Total assets	2,474	4,739	8,085
Net interest margin / Average total assets	2.37%	2.17%	1.95%
Return on average assets	0.09%	0.52%	0.25%
Return on net worth	0.33%	3.11%	2.28%
Tier I	31.48%	19.46%	16.06%
CRAR	32.44%	20.72%	17.28%
Gross NPA	8.59%	2.97%	2.10%
Net NPA	2.90%	0.90%	0.39%
PCR (excl TWO)	68.18%	70.33%	81.62%
Solvency (Net NPA/Tier I capital)	6.61%	4.60%	NA

Source: SBM Bank (India) Ltd & ICRA Research; Amount in Rs. crore
All ratios as per ICRA's calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Type	Current Rating (FY2023)			Chronology of Rating History for the Past 3 Years			
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Rating	FY2022		FY2021	FY2020
					Jul-28-2022	Sep-17-2021	Jun-03-2021	May-26-2020	Apr-30-2019
1	Basel III Tier II Bonds	Long Term	250.00	125.00	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	-	-	-
2	Certificates of Deposit Programme	Short Term	500.00	185.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Source: ICRA Research

Complexity level of the rated instrument

Instrument	Complexity Indicator
Basel III Tier II Bonds	Highly Complex
Certificates of Deposit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instruments credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE07PX16269	Certificates of Deposit	February 23, 2022	4.90%	August 19, 2022	30.00	[ICRA] A1+
INE07PX16251	Certificates of Deposit	February 23, 2022	4.90%	August 26, 2022	30.00	[ICRA] A1+
INE07PX16277	Certificates of Deposit	March 15, 2022	5.05%	September 14, 2022	25.00	[ICRA] A1+
INE07PX16285	Certificates of Deposit	March 16, 2022	5.05%	September 2, 2022	50.00	[ICRA] A1+
INE07PX16293	Certificates of Deposit	March 16, 2022	5.05%	September 9, 2022	50.00	[ICRA] A1+
NA	Certificates of Deposit	Yet to be placed	-	7-365 days	315.00	[ICRA] A1+
INE07PX08019	Basel III Tier II Bonds	April 5, 2022	9.75%	April 5, 2032	125.00	[ICRA]A+ (Stable)
NA	Basel III Tier II Bonds	Yet to be placed	-	-	125.00	[ICRA]A+ (Stable)

* As on July 21, 2022

Source: SBM Bank (India) Ltd

Annexure II: List of entities considered for consolidated analysis – Not applicable

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communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

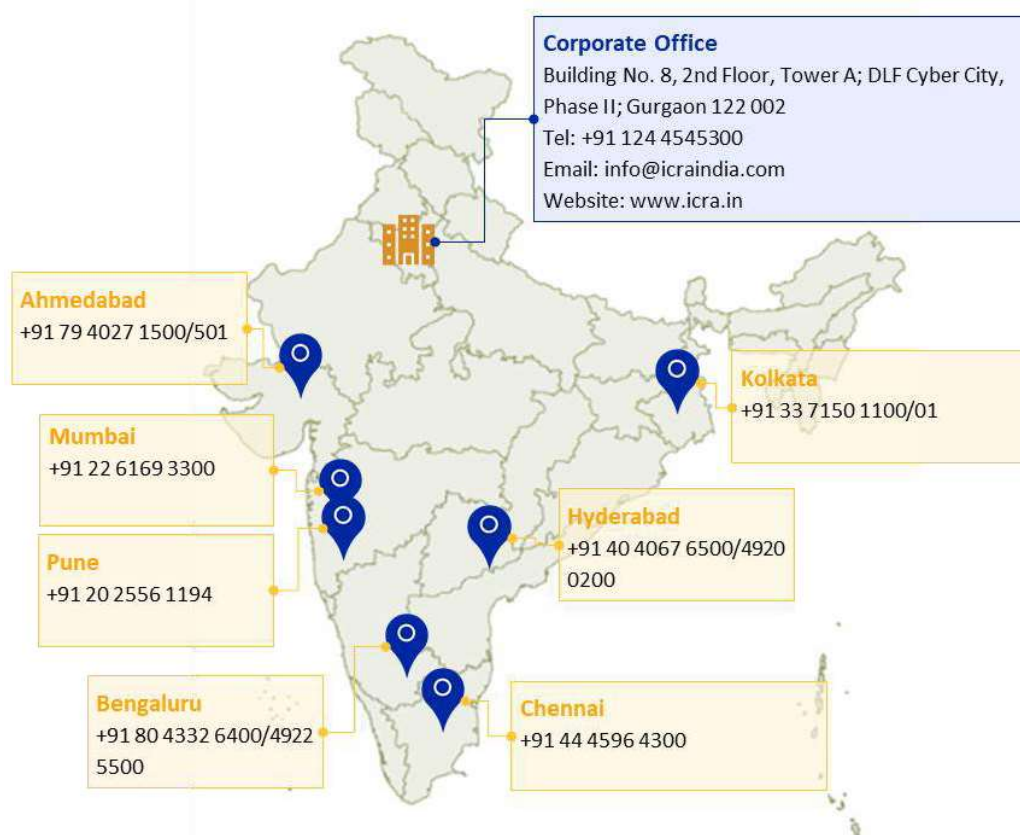
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Branches



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**CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF
SBM BANK (INDIA) LIMITED IN ITS MEETING HELD ON MONDAY, 7TH NOVEMBER 2022**

**TO CONSIDER AND APPROVE ISSUANCE OF DEBT SECURITIES ON PRIVATE PLACEMENT
BASIS**

"RESOLVED THAT pursuant to the provisions of Section 42 and other applicable provisions of the Companies Act, 2013, read with the rules made thereunder; the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the applicable provisions of the Banking Regulation Act, 1949 and the rules, circulars, directions and guidelines issued by the Reserve Bank of India ("RBI") and/or the Securities and Exchange Board of India in this regard, from time to time; all other relevant provisions of applicable law(s) (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force); the Memorandum and Articles of Association of the Bank and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies), the approval of the Board of Directors of the Bank be and is hereby accorded, subject to approval of the Members of the Bank (hereinafter referred to as "the Board" and which term shall be deemed to include any Committee or any other persons to whom powers are delegated by the Board as permitted under the Companies Act, 2013), for borrowing/raising funds denominated in Indian rupees or any other permitted foreign currency by issuance of debt securities including but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments, notes and Tier II Capital Bonds or such other debt securities, in domestic and/or overseas market as may be permitted under RBI guidelines from time to time, and/or for making offers and/or invitations thereof and/or issue(s)/issuances and/or allotment of securities thereof, on private placement basis, for a period of one year from the date of passing of this resolution, in one or more tranches and/or series and under one or more shelf disclosure documents and/or one or more letters of offer and on such terms and conditions for each series / tranches, including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board of Directors, as per the structure and within the limits permitted by the RBI of an amount not exceeding Rs. 125 Crores, within the overall borrowing limits of the Bank.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, things, matters, as may be necessary and expedient and to delegate all or any of its powers conferred herein to any Committee or any director(s) or officer(s) of the Bank for giving effect to this resolution."

For SBM Bank (India) Limited



Hitesh Gundigara
Company Secretary

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE CAPITAL RAISING COMMITTEE OF SBM BANK (INDIA) LIMITED AT ITS MEETING HELD ON MONDAY, 16TH JANUARY 2023.

TO APPROVE THE ISSUANCE OF NON-CONVERTIBLE DEBENTURES (NCDs) ON PRIVATE PLACEMENT BASIS

"RESOLVED THAT pursuant to the provisions of Section 42 and other applicable provisions of the Companies Act, 2013, read with the rules made thereunder; the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the applicable provisions of the Banking Regulation Act, 1949 and the rules, circulars, directions and guidelines issued by the Reserve Bank of India ("RBI") and/or the Securities and Exchange Board of India in this regard, from time to time; all other relevant provisions of applicable law(s) (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force); the Memorandum and Articles of Association of the Bank and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies) and pursuant to the powers vested to the Capital Raising Committee ("the Committee"), approval of the Committee of the Bank be and is hereby accorded, for borrowing/raising funds denominated in Indian rupees or any other permitted foreign currency by issuance of debt securities including but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments, notes and Tier II Capital Bonds or such other debt securities, in domestic and/or overseas market as may be permitted under RBI guidelines from time to time, and/or for making offers and/or invitations thereof and/or issue(s)/issuances and/or allotment of securities thereof, on private placement basis, in one or more tranches and/or series and under one or more shelf disclosure documents and/or one or more letters of offer and on such terms and conditions for each series / tranches, including the price, coupon, premium, discount, tenor etc. as deemed fit by the Committee, as per the structure and within the limits permitted by the RBI, of an amount upto INR 99 Crores, within the overall borrowing limits of the Bank.

"RESOLVED FURTHER THAT the following Intermediaries / authorities for the said issue as mentioned hereunder is hereby approved"

Sr. No.	Name	Intermediary / Agency / Authority
1	Axis Trustee Limited	Debenture Trustee
2	ICRA Limited	Credit Rating Agency
3	CARE Ratings Limited	Credit Rating Agency
4	KFIN Technologies Limited	Registrar & Transfer Agent
5	National Securities Depository Limited & Central Depository Services (India) Limited	Depositories
6	National Stock Exchange	Designated Stock Exchange

SBM BANK (INDIA) LTD

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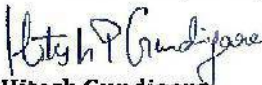
"RESOLVED FURTHER THAT the Committee hereby approves the draft Information / Placement Memorandum and authorizes the Managing Director & CEO, Head – Treasury, Chief Financial Officer and Head – Legal & Corporate Affairs severally to make changes to the Placement Memorandum as may be required and / or make updates till the date of issue of the Placement Memorandum to the proposed investors, as may be necessary."

"RESOLVED FURTHER THAT the Committee be and hereby authorizes the creation of "Recovery Expense Fund" to the tune of INR 99,000/- (Indian Rupees Ninety Nine Thousand Only) with the National Stock Exchange in accordance with SEBI Circular on "Contribution by Issuers of listed or proposed to be listed debt securities towards creation of Recovery Expense Fund" dated October 22, 2020."

"RESOLVED FURTHER THAT the following officials be and hereby authorized severally as may be required to execute necessary acts, agreements, documents, papers, e-forms etc as may be required towards pre and / or post issuance, pre and / post allotment of debentures and not limited to admission of debenture(s) in the depository system, execution of listing agreement, seeking approval from Stock Exchange / regulatory authorities, execution of documents with Intermediaries, Corporate Action(s) etc:

Mr. Sidharth Rath	- Managing Director & CEO
Mr. Prashant Kadam	- Chief Operating Officer
Mr. Mandar Pitale	- Head - Treasury
Mr. Saileshkumar Shah	- Chief Financial Officer
Mr. Prakash Narayanan	- Head - Operations
Mr. Anuj Bhala	- DVP - Treasury
Mr. Dyanesh Mahajan	- DVP – Treasury
Ms. Aparna Sharma	- Head – Legal & Corporate Affairs"

For **SBM BANK (INDIA) LTD**


Hitesh Gundigara
Company Secretary



SBM BANK (INDIA) LTD

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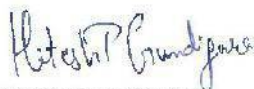
CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED UNANIMOUSLY BY THE SHAREHOLDERS OF SBM BANK (INDIA) LIMITED (THE "COMPANY") AT THE EXTRAORDINARY GENERAL MEETING HELD ON WEDNESDAY, 23RD NOVEMBER 2022 AT 306-A, THE CAPITAL, G-BLOCK, BEHIND ICICI BANK TOWER, BANDRA KURLA COMPLEX, BANDRA EAST, MUMBAI - 400 051

TO APPROVE ISSUANCE OF DEBT SECURITIES ON PRIVATE PLACEMENT BASIS

"RESOLVED THAT pursuant to the provisions of Section 42 and other applicable provisions of the Companies Act, 2013, read with the rules made thereunder; the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the applicable provisions of the Banking Regulation Act, 1949 and the rules, circulars, directions and guidelines issued by the Reserve Bank of India ("RBI") and/or the Securities and Exchange Board of India in this regard, from time to time; all other relevant provisions of applicable law(s) (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force); the Memorandum and Articles of Association of the Bank and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies), the approval of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred to as "the Board" and which term shall be deemed to include any Committee or any other persons to whom powers are delegated by the Board as permitted under the Companies Act, 2013) for borrowing/raising funds denominated in Indian rupees or any other permitted foreign currency by issuance of debt securities including but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments, notes and Tier II Capital Bonds or such other debt securities, in domestic and/or overseas market as may be permitted under RBI guidelines from time to time, and/or for making offers and/or invitations thereof and/or issue(s)/issuances and/or allotment of securities thereof, on private placement basis, for a period of one year from the date of passing of this resolution, in one or more tranches and/or series and under one or more shelf disclosure documents and/or one or more letters of offer and on such terms and conditions for each series / tranches, including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board, as per the structure and within the limits permitted by the RBI of an amount not exceeding Rs. 125 Crores, within the overall borrowing limits of the Bank.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, things, matters, as may be necessary and expedient and to delegate all or any of its powers conferred herein to any Committee or any director(s) or officer(s) of the Bank for giving effect to this resolution."

For SBM Bank (India) Limited



Hitesh Gundigara
Company Secretary

CERTIFIED TRUE COPY OF THE EXTRACT OF EXPLANATORY STATEMENT ANNEXED TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING HELD ON WEDNESDAY, 23RD NOVEMBER 2022 AT 306-A, THE CAPITAL, G-BLOCK, BEHIND ICICI BANK TOWER, BANDRA KURLA COMPLEX, BANDRA EAST, MUMBAI - 400 051

Explanatory statement annexed to the Notice Pursuant to Section 102 of the Companies Act, 2013

Item No. 2:

To approve issuance of debt securities on private placement basis

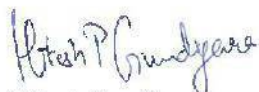
The Board of Directors of the Bank at its Meeting held on November 7, 2022 had approved the proposal of issuance of debt securities on private placement basis subject to the approval of the Members of the Bank. Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribes that a company can make private placement of securities subject to the condition that such subscription of securities has been previously approved by the shareholders of the company, by a special resolution, for each of the offers or invitations.

In view of the above, the approval of the Members is being sought to enable the Bank to borrow/raise funds, if deemed appropriate by the Bank, denominated in Indian rupees or any other permitted foreign currency by offering/issuance of long term bonds, non-convertible debentures, perpetual debt instruments and Tier II Capital Bonds or such other debt securities as may be permitted under RBI guidelines from time to time, on a private placement basis, for an amount not exceeding INR 125 crores.

The proposed issuance is within the overall borrowing limits of INR 2000 Crores approved by the Shareholders under Section 180(1)(c) of the Companies Act, 2013 at the Annual General Meeting held on July 21, 2022.

None of the directors and the Key Managerial Personnel of the Bank and their respective relatives are concerned or interested in the resolution.

For SBM Bank (India) Limited



Hitesh Gundigara
Company Secretary

ATSL/CO/22-23/9378

January 06, 2023

To,

SBM Bank (India) Limited,
101, Raheja Centre First Floor,
Free Press Journal Marg,
Nariman Point, Mumbai - 400021

Dear Sir/ Madam,

Sub.: Consent to act as Debenture Trustee for the proposed privately placed issue of Listed Unsecured Redeemable Non-Convertible Debentures issue upto Rs. 99 Crore by SBM Bank (India) Limited ("Issuer").

We, Axis Trustee Services Limited, hereby give our consent to act as the Debenture Trustee for the abovementioned issue of Debentures having a tenure of more than one year and are agreeable to the inclusion of our name as Debenture Trustee in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum and/or application to be made to the Stock Exchange for the listing of the said Debentures.

Axis Trustee Services Limited (ATSL) consenting to act as Debenture Trustee is purely its business decision and not an indication on the Issuer's standing or on the Debenture Issue. By consenting to act as Debenture Trustee, ATSL does not make nor deems to have made any representation on the Issuer, its Operations, the details and projections about the Issuer or the Debentures under Offer made in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document. Applicants / Investors are advised to read carefully the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document and make their own enquiry, carry out due diligence and analysis about the Issuer, its performance and profitability and details in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document before taking their investment decision. ATSL shall not be responsible for the investment decision and its consequence.

We also confirm that we are not disqualified to be appointed as Debentures Trustee within the meaning of Rule 18(2)(c) of the Companies (Share Capital and Debenture) Rules, 2014.

Yours truly,

For Axis Trustee Services Limited


Vasu Lohia
Senior Manager Operation



Corporate Identity Number : U74999MH2008PLC182264 | MSME Registered UDYAM MH-190046029

Registered Office :

Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025

Corporate Office:

The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai - 400 028

Tel No.: 022-62300451 Fax No.: 022-6230 0700 Website: www.axistrustee.in



AXIS TRUSTEE



National Stock Exchange Of India Limited

Ref. No.: NSE/LIST/5835

January 18, 2023

The Company Secretary
SBM Bank India Limited
101, Raheja Centre First Floor,
Free Press Journal Marg,
Nariman Point, Mumbai- 400021

Kind Attn.: Mr. Hitesh Gundigara

Dear Sir,

Sub.: In-principle approval for listing of Non-Convertible Bonds in the nature of Debentures on private placement basis

This is with reference to your application dated January 18, 2023 requesting for In-principle approval for the proposed listing of unsecured, rated, subordinated, fully paid-up, redeemable, non-convertible, non-cumulative, taxable, basel III compliant, tier II bonds in the nature of debentures of face value of Rs. 10000000/- each (under Series II), aggregating to total issue size of Rs. 9900 lakhs, to be issued by SBM Bank India Limited on private placement basis. In this regard, the Exchange is pleased to grant in-principle approval for the said issue, subject to adequate disclosures to be made in the Offer Document in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard and provided the Company includes the following Disclaimer Clause as given below in the Offer Document after the SEBI disclaimer clause:

“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref.: NSE/LIST/5835 dated January 18, 2023 or hosting the same on the website of NSE in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever”

Ref. No.: NSE/LIST/5835

January 18, 2023

Please note that the approval given by the exchange should not in any way be deemed or construed that the draft Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this draft offer document; nor does it warrant that the securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project.

Kindly also note that these debt instruments may be listed on the Exchange after the allotment process has been completed, provided the securities of the issuer are eligible for listing on the Exchange as per our listing criteria and the issuer fulfills the listing requirements of the Exchange. The issuer is responsible to ensure compliance with all the applicable guidelines issued by appropriate authorities from time to time including Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard.

Specific attention is drawn towards Para 1 of Chapter XV of SEBI Operational Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021. Accordingly, Issuers of privately placed debt securities in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of allotment of securities. The details can be uploaded using the following links:

<https://www.nse-cbp.com>
<https://www.nseebp.com/ebp/rest/reportingentity?new=true>

Kindly ensure compliance with SEBI Circular No. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/167 dated November 30, 2022 with respect to the timelines for listing of securities issued on a private placement basis.

Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/Rule/Bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any.

Yours faithfully,
For National Stock Exchange of India Limited

Priya Iyer
Senior Manager



FORM NO. PAS - 4

PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[Pursuant to section 42 and rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014]

	SBM BANK (INDIA) LTD 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra. Website: https://www.sbmbank.co.in Tel No.: +91 22 4302 8888; +91 22 4007 1500 Email: secretarial@sbmbank.co.in
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1) GENERAL INFORMATION:

1. Name, address, website and other contact details of the company indicating both registered office and corporate office;

SR. No	PARTICULARS	DETAILS
(i)	REGISTERED OFFICE OF THE ISSUER	
	• Name	: SBM BANK (INDIA) LTD
	• Address	: 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra
	• Tele No	: +91 22 4302 8888
	• Email	: secretarial@sbmbank.co.in
	• Website	: https://www.sbmbank.co.in
	• Date of Incorporation	: 30/03/2017
(ii)	CORPORATE OFFICE OF THE ISSUER	
	• Name	: SBM BANK (INDIA) LTD
	• Address	: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
	• Tele No	: +91 22 4007 1500
	• Email	: secretarial@sbmbank.co.in
	• Website	: https://www.sbmbank.co.in
(iii)	COMPLIANCE OFFICER OF THE ISSUER	
	• Name	: Mr. Hitesh Gundigara
	• Address	: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
	• Tele No	: +91 22 4007 1626 / +91 22 6874 4200
	• Email	: secretarial@sbmbank.co.in
	• Website	: https://www.sbmbank.co.in
(iv)	CHIEF FINANCIAL OFFICER OF THE ISSUER	
	• Name	: Mr. Saileshkumar Shah
	• Address	: 306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
	• Tele No	: +91 22 4007 1524
	• Email	: Saileshkumar.shah@sbmbank.co.in
	• Website	: https://www.sbmbank.co.in

2. Business carried on by the company and its subsidiaries with the details of branches or units, if any;

SBM Bank (India) Limited is a wholly owned subsidiary ("WOS") of SBM (Bank) Holdings Ltd. (in accordance with the Companies Act 2013). SBM (Bank) Holdings Ltd. in turn is 100% owned by SBM Holdings Ltd., a Group holding

entity largely comprising banking and non-banking financial subsidiary companies. SBM Holdings Ltd. is listed on the Stock Exchange of Mauritius.

SBM Bank (India) Limited ("SBMBI" or "Bank") commenced operations on 1st December, 2018, pursuant to obtainment of a universal banking license through the WOS route, thereby becoming the first Bank to be awarded such a WOS license in the country. Simultaneous to the license award, the Scheme of Amalgamation, under Section 44A of the Banking Regulation, 1949 was sanctioned allowing for the amalgamation of the business of SBM Bank (Mauritius) Limited, India (branch operations of SBM Bank (Mauritius) Limited in India, operational since 1994) with the business of the newly formed SBMBI

SBMBI currently offers a complete suite of wholesale, consumer and retail banking services in addition to providing Treasury and Trade Financing Products and Services.

SBMBI's branch network comprises 8 branches located in Mumbai, New Delhi, Bengaluru, Chennai, Hyderabad, Ahmedabad and 2 unbanked rural centers in Palghar and Ramachandrapuram. The Bank's distribution channels also include various Banking-as-a-Service focused partnerships entered into with Fin-Techs and neo-banks (in line with Bank's core principle of being a nimble, cost & capital efficient and digitally enabled banking services provider).

The Bank's Registered Office is located at 101, Raheja Centre First Floor, Free Press Journal Marg, Nariman Point, Mumbai- 400021, Maharashtra while it's Corporate Office is located at 306-A, The Capital, G-Block, Bandra-Kurla Complex, Bandra East, Mumbai- 400051, Maharashtra.

3. Brief particulars of the management of the company;

Name	Age (in years)	Address	Occupation
Sidharth Rath	53	B-901 Jagat Vidya CHS, Bandra Kurla Complex Near Gurunanak Hospital Bandra (East) Mumbai 400051.	MD & CEO
Dipak Agarwal	47	Flat No 101 Block 16 Uts Appartment 69s K Deb Road Lake Town-Sreebhurni Kolkata 700048	Head – Corporate Banking
Neeraj Sinha	45	B-121 Raheja Brookheaven J.V.L.R Opp. Fantasy Land Andheri(East) Mumbai 400060.	Head Retail Banking
Mandar Pitale	51	Opp Vidya Nagari Campus Manipada Kalina Vidyanagari Mumbai 400098.	Head Treasury
Narendra Patra	61	Flat No 502 Acme Regency SV Road, Near Sony Mony Vileparle (West) Mumbai 400056.	Chief Risk Officer
Sachindrakumar Rai	43	103 Melange Building Road No 4 Tps 111 Santacruz East K 11 Fitness Acadamy Mumbai 400055	Chief Compliance Officer
Sajitha Pillai	47	6 Dharma Krupa 87 Garodia Nagar Ghatkopar (East) Mumbai 400077	Head HR
Saileshkumar Shah	48	302 Girnar Apartment 69 Tardeo Road Near A C Market Tardeo Tulsiwadi Mumbai 400034	Chief Financial Officer
Pravin Yadav Bhosle	52	1d – 141, Kalpatru Aura, Lbs Road, Opposite R City Mall, Ghatkopar (West), Mumbai 400081	Chief Information Officer
Prashant Kadam	57	Flat no 404, Parashudhar CHS, Plot no 5, Sector 25, Near Safal Park, Nerul East, Navi Mumbai, Nerul Node III, Maharashtra 400706	Chief Operating Officer

4. Names, addresses, DIN and occupations of the directors (As on December 31, 2022);

Name, Designation and DIN	Age (in years)	Address	Occupation	Director of the Company since	Details of other Directorship
Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula (Part Time Chairman) DIN - 01724586	63	2 Remy Ollier Avenue, Phoenix, Mauritius	Chairman of SBM Holdings Ltd	09.07.2020	1. W.S.I Holdings Limited 2. Palm Residences Ltd 3. Universal Business Solutions Ltd 4. Grant Thornton (Advisory Services) Ltd 5. Grant Thornton Ltd 6. Grant Thornton (Business School) Ltd 7. Grant Thornton (BPO) Ltd 8. Caroline House Ltd 9. City Screen Investments Ltd 10. Coniston Investments Ltd 11. Shah Institute Of Technology & Co. Ltd 12. Societe City Screen 13. Grant Thornton (Indian Ocean) Ltd 14. Receptoria Administrator Ltd 15. Societe Duchess Of Bath 16. Island Life Assurance Co Ltd 17. The Damson Plum Foundation 18. Societe Plank 19. SBM Holdings Ltd 20. SBM (NBFC) Holdings Ltd 21. SBM Capital Markets Ltd 22. SBM Factors Ltd 23. SBM 3S Ltd 24. SBM eBusiness Ltd 25. SBM Africa Holdings Ltd 26. SBM Infrastructure General Partner Ltd (under winding-up) 27. AutoXpress International Ltd 28. AutoXpress Holdings Mauritius Limited 29. Starlight Real Estate Mauritius Ltd 30. Starlight Real Estate (Ascot) Mauritius Ltd 31. Richmond (Middle East) Holdings Ltd 32. Inter Global Shipping Limited 33. Richmerc Holdings Ltd 34. TAHA Holding Limited 35. Richmond International (Mauritius) Limited 36. Richmond Asia Holdings Limited 37. GTMC (Mauritius) Limited 38. BASAN LTD 39. BREMAR (BREVETS ET MARQUES) LTD (INT) 40. Ham Soham Limited 41. Lecofruit Mauritius 42. Nomadisms International Ltd (indirect directorship through Hebdomad Ltd) 43. Seminomad Group Ltd (indirect directorship through Hebdomad Ltd)

Name, Designation and DIN	Age (in years)	Address	Occupation	Director of the Company since	Details of other Directorship
					44. Hebdomad Ltd 45. Le Morne Investment Ltd 46. Emirates Real Estate Ltd 47. Centaur Investors Ltd 48. Ocean Gulf Property Enterprises Ltd. 49. SBM Bank (Seychelles) Ltd. (under winding-up) 50. SBM Bank (India) Ltd 51. SBM Bank (Kenya) Ltd 52. Banque SBM Madagacar SA 53. Kelper Limited
Mr. Sidharth Rath (MD & CEO) DIN - 00682901	53	Flat No. 901, Block No. B, Jagat Vidya CHS, BKC, Bandra East, Mumbai - 400051	MD & CEO of SBM Bank (India) Ltd.	01.10.2018	1. None
Mrs. Sudha Ravi (Independent Director) DIN - 06764496	67	704/A, 7 th Floor, Joanna CHS, Manuel Gonsalves Road, Bandra West Mumbai - 400050	Service (Retainership with HFC)	30.03.2017	1. Goodyear India Limited 2. Alkem Laboratories Ltd. 3. Baroda Medicare Private Limited (upto 28/4/2022) 4. Enzene Biosciences Limited
Mr. Ameet Patel (Independent Director) DIN - 00726197	60	701, Vogue, Vimal Kunj CHS Ltd., Meera Baug, Santacruz West, Mumbai - 400054	Partner in a CA firm - Manohar Chowdhry & Associates	26.02.2019	1. LIC Housing Finance Ltd 2. Quantum Trustee Company Private Limited (wef 29/8/2022)
Mr. Shyam Sundar Barik (Independent Director) DIN - 08184820	65	Flat No. C-403, Pinnacolo, RBK School Lane, Near Gaurav Residency Phase 2, Mira - Bhayandar, Mira Road East, Thane - 401107	Consultant	26.02.2019	India Sme Asset Reconstruction Company Limited
Mr. Umesh Jain (Independent Director) DIN - 06432749	52	C 101, Lodha Bellissimo, N M Joshi Marg, Mahalaxmi, Mumbai - 400 011	Technology Advisor and Consultant	14.10.2020	Digital Citizen Technologies Private Limited

Name, Designation and DIN	Age (in years)	Address	Occupation	Director of the Company since	Details of other Directorship
Mr. Raoul Gufflet (Non-Executive Director) DIN – 09194722	54	Eureka Road, 80819, Moka, Mauritius	CEO – SBM (Bank) Holdings Ltd	16.06.2021	1. SBM (Bank) Holdings Limited 2. SBM Bank (Mauritius) Limited 3. SBM Bank (Kenya) Limited 4. Banque SBM Madagascar
Mr. Amalorpavanathan (Independent Director) DIN - 06941432	63	B-106, Srivatsa Srilakshmi Apartment, CODISSIA Road, Peelamedu, Coimbatore, Tamil Nadu - 6410045	Independent Consultant	16.09.2021	1. Finblend Development Consultants Private Limited 2. National Commodity and Derivatives Exchange Limited
Ms. Sharon Ramdenee (Non Executive & Independent Director) DIN-09342424	42	Ave Dr Leclezio, Mount Ory, Moka, Mauritius – 80825	CEO of Agiliss Limited, Mauritius	16.12.2021	1. SBM Holdings Limited 2. SBM (NFC) Holdings Limited 3. SBM Bank (Kenya) Limited

5. Management's perception of risk factors;

The Issuer believes that the following factors may affect its ability to fulfill its obligations for the Debentures issued under this Information Memorandum. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risks mentioned in this Section are as envisaged by the Issuer and the prospective investors should consider the following risk factors carefully for evaluating the Issuer and its business before making any investment decision relating to the Debentures. The risk factors mentioned herein are indicative and not exhaustive and unless specified or quantified in the relevant risk factors, the Issuer is not in a position to quantify the financial or other implications of any risk mentioned below.

Prospective investors are advised to carefully read these key risks associated with the Debentures. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the Debentures or the investors' decision to purchase the Debentures. Prospective investors should also read the information set out elsewhere in this Information Memorandum and reach their own conclusions prior to making any investment decision.

5.1 RISKS RELATING TO OUR BUSINESS

Our business depends substantially on the continuing efforts of our senior executive officers and key management personnel, and our business may be severely disrupted if we lose their services and are unable to attract additional qualified personnel, if required.

We substantially depend upon the efforts and skills of our current senior management. Our future success and expansion strategy substantially depends on the continued services and performance of our Directors, members of our management team and other key employees possessing technical and business capabilities and industry expertise.

We may also need to increase our pay structures to attract and retain such personnel, which could affect our profit margins. Further, there can be no assurance that increased salaries will be successful in retaining such personnel. The loss of the services of our Directors, senior management or other key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects. Our success in attracting additional qualified personnel, if required, will depend on many factors, including our ability to provide them with competitive compensation arrangements and other benefits. There is no assurance that we will be successful in attracting highly qualified individuals in key positions.

5.2 REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER

Potential investors should be aware that receipt of the principal amount (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

5.3 THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID

The Debentures may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Potential investors may have to hold the Debentures until redemption to realize any value.

5.4 CREDIT RISK & RATING DOWNGRADE RISK

The Rating Agency has assigned the credit rating to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential investors may incur losses on revaluation of their investment or make provisions towards sub-standard/non-performing investment as per their usual norms.

5.5 CHANGES IN INTEREST RATES MAY AFFECT THE PRICE OF DEBENTURES

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

5.6 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

Special tax considerations and legal considerations may apply to certain types of investors. Potential investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

5.7 ACCOUNTING CONSIDERATIONS

Special accounting considerations may apply to certain types of taxpayers. Potential investors are urged to consult with their own accounting advisors to determine implications of the investment.

5.8 SECURITY MAY BE INSUFFICIENT TO REDEEM THE DEBENTURES

These are unsecured Debentures. This is not applicable.

5.9 MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS

The Issuer is subject generally to changes in Indian law, as well as to change in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

5.10 LEGALITY OF PURCHASE

Potential investors of the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates or for compliance by that potential investor with any law, regulation or regulatory policy applicable to it.

5.11 POLITICAL AND ECONOMIC RISK IN INDIA

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further, slowdown in economic growth, investment and consumption. Any such slowdown could adversely affect our business, prospects, results of operations and financial conditions.

5.12 THE RESTRICTIVE COVENANTS IMPOSED ON US UNDER OUR FINANCING AGREEMENTS COULD ADVERSELY AFFECT OUR ABILITY TO CONDUCT OUR BUSINESS

Our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. The major corporate actions for which our Company requires the prior lender consents include, *inter alia*, change in capital structure, or creating, incurring, assuming or suffering indebtedness, except as permitted under the existing financing arrangements.

Any failure to comply with requirements to obtain a consent or perform any condition or covenant could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities which may adversely affect our ability to conduct our business and have a material adverse effect on our financial condition and results of operations.

5.13 Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –

- i) Statutory dues: NIL
- ii) Debentures and interest thereon: Not Applicable
- iii) Deposits and interest thereon: NIL
- iv) Loan from any bank or financial institution and interest thereon: NIL

6. Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.

Name	:	Mr. Mandar Pitale
Address	:	306 - A, The Capital, G block, Bandra-Kurla Complex, Bandra East, Mumbai 400051, Maharashtra
Tele No	:	+91 22 6874 4200
Email	:	mandar.pitale@sbmbank.co.in

7. **Any default in Annual filing of the Company under the Companies Act 2013 or the rules made thereunder:**
No

8. **PARTICULARS OF THE OFFER:**

Sr No.	Particulars	Details
a.	Financial position of the Company for last 3 financial years	Refer part B (iv) "KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS"
b.	Date of passing of Capital Raising Committee Resolution	January 16, 2023
c.	Date of passing of resolution in the general meeting, authorizing the offer of securities	November 23, 2023
d.	Kinds of securities offered (i.e. whether share or debenture) and class of security	Debenture
e.	Price at which the security is being offered including the premium, if any, along with justification of the price	N.A.
f.	Name and address of the valuer who performed valuation of the security offered	N.A.
g.	Relevant date with reference to which the price has been arrived at ; [relevant date means a date atleast thirty days prior to the date on which the general meeting of the Company is scheduled to be held	N.A.
h.	The class or classes of persons to whom the allotment is proposed to be made	As per the Term Sheet
i.	Amount which the company intends to raise by way of securities	Aggregate total issue size not exceeding Rs. 99 Cr
j.	Terms of raising of securities, Duration, if applicable, Rate of dividend or rate of interest, mode of payment and repayment	Debentures of face value of Rs.1 Crore amounting to Rs.99 Crores only (Rupees Ninety-Nine Crore Only) Coupon Rate: 9.88% Original Duration – 10yr Current Tranche Duration – 10yr Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism.
k.	Proposed time within which the allotment shall be completed	Issue will open and close on 23 rd January 2023 with allotment date 24 th January 2023
l.	The change in control, if any, in the Company that would occur consequent to the private placement	Not Applicable
m.	The number of persons to whom allotment on preferential basis/private placement/right issue has already been made during the year, in terms of number	NIL

	of securities as well as price	
n.	The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable
o.	Proposed time scheduled for which the private placement offer cum application letter is valid	Issue will open and close on 23 rd January 2023
p.	Purposes and objects of the offer	Augmenting Tier 2 capital (as the term is defined in the Basel III Guidelines) and the overall capital of the Issuer to strengthen its capital adequacy base and for the purpose of its regular business activities and other associated business objectives.
q.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	Not Applicable
r.	Principle terms of assets charged as security, if applicable	Not Applicable
s.	Details of significant and material orders passed by the Regulations, courts and tribunals impacting going concern status of the Company and its future prospects	None
t.	Mode of payment for subscription; 1. Cheque 2. Demand Draft 3. Other banking channels	Through NEFT / RTGS. Bank Details will be as per the Application Form.

9. THE PRE-ISSUE AND POST-ISSUE SHAREHOLDING PATTERN OF THE COMPANY;

The Shareholding Pattern of the Company shall remain the same post issuance of NCDs.

Shareholding Pattern as on December 31, 2022:

SL.No.	Name of Shareholders	No. of Equity Shares held (of Rs. 10 each)	Percentage of shareholding (rounded off)
1.	SBM (Bank) Holdings Ltd	82,36,25,078	100.00
2.	SBM Overseas One Ltd	1	Negligible
3.	SBM Overseas Two Ltd	1	Negligible
4.	SBM Overseas Three Ltd	1	Negligible
5.	SBM Overseas Four Ltd	1	Negligible
6.	SBM Overseas Five Ltd	1	Negligible
7.	SBM Overseas Six Ltd	1	Negligible
TOTAL		82,36,25,084	100.00

10. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATIONS, ETC:

- Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons. – Nil
- Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the issue of private placement offer cum application letter and any direction issued by

such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.- Nil

- c. Remuneration of directors (during the current year and last three financial years);

Financial Year	Amount (Rs.)
2019-2020	3,11,89,600
2020-2021	3,60,14,600
2021-2022	4,02,96,484

- d. Related party transactions entered during the last three financial years immediately preceding the year of issue of private placement offer cum application letter including with regard to loans made or, guarantees given or securities provided: Nil
- e. Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of issue of private placement offer cum application letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark: Nil
- f. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of issue of private placement offer cum application letter in the case of company and all of its subsidiaries, and if there were any prosecution filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries: Nil
- g. Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company: Nil

11. FINANCIAL POSITION OF THE COMPANY

The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);

- a. **DETAILS OF SHARE CAPITAL OF THE COMPANY AS ON LAST QUARTER END (I.E 31ST DECEMBER, 2022)**

Share Capital	Rs. In Crores
Authorized Share Capital	1000
Issued, Subscribed and Paid-up Share Capital (Prior to the offer)	823.6250840
Issued, Subscribed and Paid-up Share Capital (After the offer)	823.6250840

- b. **Size of the present offer-**

Debentures of face value of Rs. 1,00,00,000(Rupees One Crore Only), with a total issue size of Rs. 99 crore

- c. **Paid Up Capital**

- after the offer:** INR 823.6250840 Crores
- after conversion of convertible instruments (if applicable):** Not Applicable, as proposed issuance is for Non Convertible Debentures.

- d. **Share Premium Account (before and after the offer) :** INR 33.33 Crs (As on December 31, 2022)

Considering the allotment date of Debentures is proposed is Jan 24, 2023 and no further issuance of shares proposed as on the current date, the Share Premium Account after the aforesaid Debentures offer would remain same at INR 33.33 crs.

- e. **The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration .**

Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case;

Details of existing share capital of company					
Sr No.	Date of Allotment	No. of shares allotted	Face Value of Shares Allotted	Price at which shares are allotted	Form of Consideration
1	01.12.2018	15,69,58,418	INR 10	1,56,95,84,180	For Consideration other than Cash (In pursuant to scheme of amalgamation as on December 1, 2018 where transferee bank allotted 65,69,58,418 equity shares. As such total paid up capital of Rs 6,56,95,84,180/- includes initial paid up capital of 500,00,00,000. Accordingly, PAS 3 pertains to 15,69,58,418 equity shares)
2	30.03.2019	4,80,00,000	INR 10	48,00,00,000	Payable in Cash
3	27.08.2019	5,20,00,000	INR 10	52,00,00,000	Payable in Cash
4	16.12.2021	6,66,66,666	INR 10	99,99,99,990	Payable in Cash

Note:

500,000,000 equity shares of face value of Rs. 10/- each were allotted to the subscribers of memorandum of association. 15,69,58,418 equity shares of face value of Rs. 10/- each aggregating to Rs. 156,95,84,180/- issued and allotted pursuant to scheme of amalgamation and RBI's order with regard to capital requirements of the RBI WOS Scheme (The total paid-up share capital of Rs. 656,95,84,180/- includes the initial paid-up share capital of Rs. 5,000,000,000/- comprising of 500,000,000 equity shares of face value of Rs. 10/- each allotted to the subscribers of memorandum of association)

- f. **Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter;**

Particulars	Rs. In Crores		
	Preceding Year (2022)	Preceding Year (2021)	Preceding Year (2020)
Profit before tax	17.59	18.65	1.90
Profit after tax	16.30	18.64	1.90
Dividends declared by the Company	Nil	Nil	NIL

- g. **Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)**

Year	Dividend	Interest Coverage Ratio
2022	NIL	6.74
2021	NIL	14.01
2020	NIL	9.21

- h. A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter:**

Refer part B (iv) "KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS"

Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter;

Refer part B (iv) "KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS"

- i. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company:**

No change in accounting policy during last three years.

DECLARATION BY THE DIRECTORS THAT:

- a. The company has complied with the provisions of the Act and the rules made there under;
- b. The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;
- c. The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter;

I am authorized by the Capital Raising Committee of the Company vide resolution number dated January 16, 2023 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For SBM BANK (INDIA) LTD

SAILESHKUMAR
KAPURCHAND SHAH

Saileshkumar Shah
Chief Financial Officer

 Digitally signed by SAILESHKUMAR
KAPURCHAND SHAH
Date: 2023.01.23 15:07:58 +05'30'

Date: 23rd January 2023
Place: Mumbai