

SBM Bank (India) Limited (Revised)
January 30, 2023

Reserve Bank of India (RBI) vide its press release dated January 23, 2023, has directed SBM Bank (India) Ltd. to stop, with immediate effect, all transactions under Liberalised Remittance Scheme (LRS) till further orders. This action is based on certain material supervisory concerns observed in the bank. CARE Ratings has taken note of the same.

Reportedly, income from such remittances comprises around 7% of total income of the bank and the net income from such remittances constituted around 1.25% of total income for 9MFY23. The same is likely to have some negative impact on the profitability. However, same is not likely to have long-standing impact on the profitability of the bank as CARE Ratings expects the management to take remedial actions to address the RBI's observations. CARE Ratings will continue to monitor the performance of the bank closely with respect to the abovementioned development, and will take appropriate rating action, if warranted.

During H1FY23, SBM Bank reported Profit After Tax (PAT) of Rs.23 crore (unaudited) on a total income of Rs.404 crore (Rs.16 crore on a total income of Rs.513 crore in FY22).

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