



Date: 27th July, 2024

National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400051.
NSE Symbol: SBFC

BSE Limited,
Phiroze Jeejeebhoy Towers,
21st Floor, Dalal Street,
Mumbai – 400001.
BSE Equity Scrip Code: 543959
(BSE NCD Scrip Code: 973372,
975436, 975435, 975460, 975656, 975839)

Sub: Investor Presentation

Dear Sir(s),

Further to our letter dated 24th July, 2024 intimating about Earnings Conference Call, please find attached the investor presentation which will be referred during the earnings call scheduled to be held on Monday, 29th July, 2024 with investors in connection with the financial results and operational performance of the Company for the quarter ended 30th June, 2024.

We request you to take this on record.

Thanking you,

Yours faithfully,
For **SBFC Finance Limited**
(Erstwhile SBFC Finance Private Limited)



Jay Mistry
Company Secretary & Chief Compliance Officer
ICSI membership no. ACS34264

Encl: a/a

SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)

Registered Office: Unit No. 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East) Mumbai - 400 059
T. : +91-22-67875300 • F : +91-22-67875334 • www.SBFC.com • Email: complianceofficer@sbfc.com
CIN No : U67190MH2008PLC178270



Investor Presentation

Q1 FY 2025



























Safe Harbor

This presentation and the accompanying slides ("Presentation"), which have been prepared by SBFC Finance Limited (the "Company"), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Forward looking statements concerning the Company's future business prospects and business profitability are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The Company does not undertake to make any announcement in case any of the forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the Company.

SBFC – Q1 FY25 Performance

Size and Growth	Distribution	Granular Book	Asset Quality	Liability Profile	Profitability
 7,167 AUM YoY +35% QoQ +5%	 186 # Branches	 99% % Secured	 2.60% GNPA YoY +6 bps QoQ +17 bps	 2,604 Tangible Net worth	 79 PAT YoY +68% QoQ + 7%
 5,954 Secured MSME AUM YoY +38% QoQ +4%	 3,944 Employees	 9.20* 0.89* Average Ticket Size: Secured MSME / LAG (Lakhs)*	 1.51% NNPA YoY -4 bps QoQ +15 bps	 CRAR 40.8% Capital Adequacy	 4.56% Return on AAUM YoY +84 bps QoQ +0 bps
 534 Secured MSME Disbursal Value YoY -18% QoQ -26%	 16 States & 2 UTs Pan India presence	 1,43,126 # live customers	 0.86% Credit Cost YoY +6 bps QoQ +1 bps	 9.32% Cost of Borrowing YoY -15 bps QoQ +1 bps	 17.58% Yield YoY +102 bps QoQ -4 bps
 5,806 Secured MSME Disbursal Volume YoY -13% QoQ -23%	 100% in-house Sourcing	 LTV 41.4% / 68.1% Secured MSME / LAG	 42.63% PCR	 AA- (Stable) Credit rating ¹	 8.26% Spread YoY +117 bps QoQ -5 bps

Note: All values in ₹ Cr unless stated otherwise, All metrics as of / for Q1 FY25 unless stated otherwise;

¹Long term credit rating by India Ratings and CARE Ratings



About the company
Management and Shareholders
Business
Technology
Credit
Collections
Financials

Executive Summary



Team: Experienced, cycle-tested, professional management with strong corporate governance backed by marquee investors



Focused Segment: Offering Secured MSME loan to small businesses with focus on ₹5 lakh - ₹30 lakh ticket size



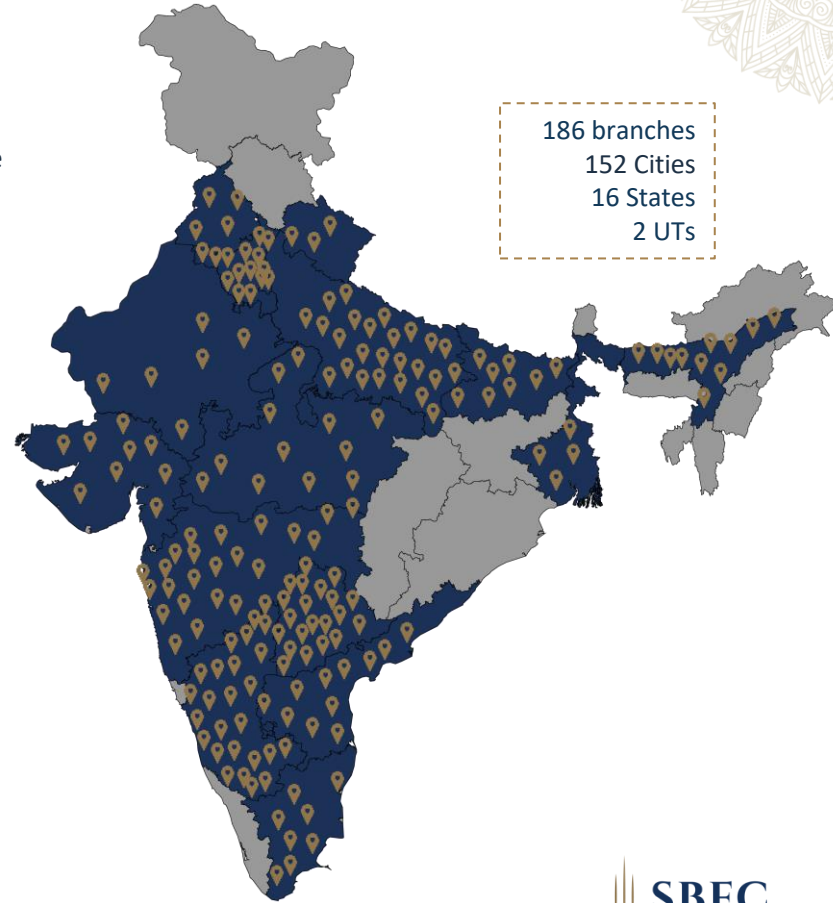
Opportunity: Market size (₹5 lakh - ₹30 lakh MSME financing) of ₹2.5 lakh crore, growing at 24%¹



Go to Market Approach: Diversified pan-India network with presence in 16 states & 2 UTs: top state at 17% AUM



Credit Underwriting: Understanding of segment with a tested credit underwriting and risk management framework



¹CRISIL Industry Report

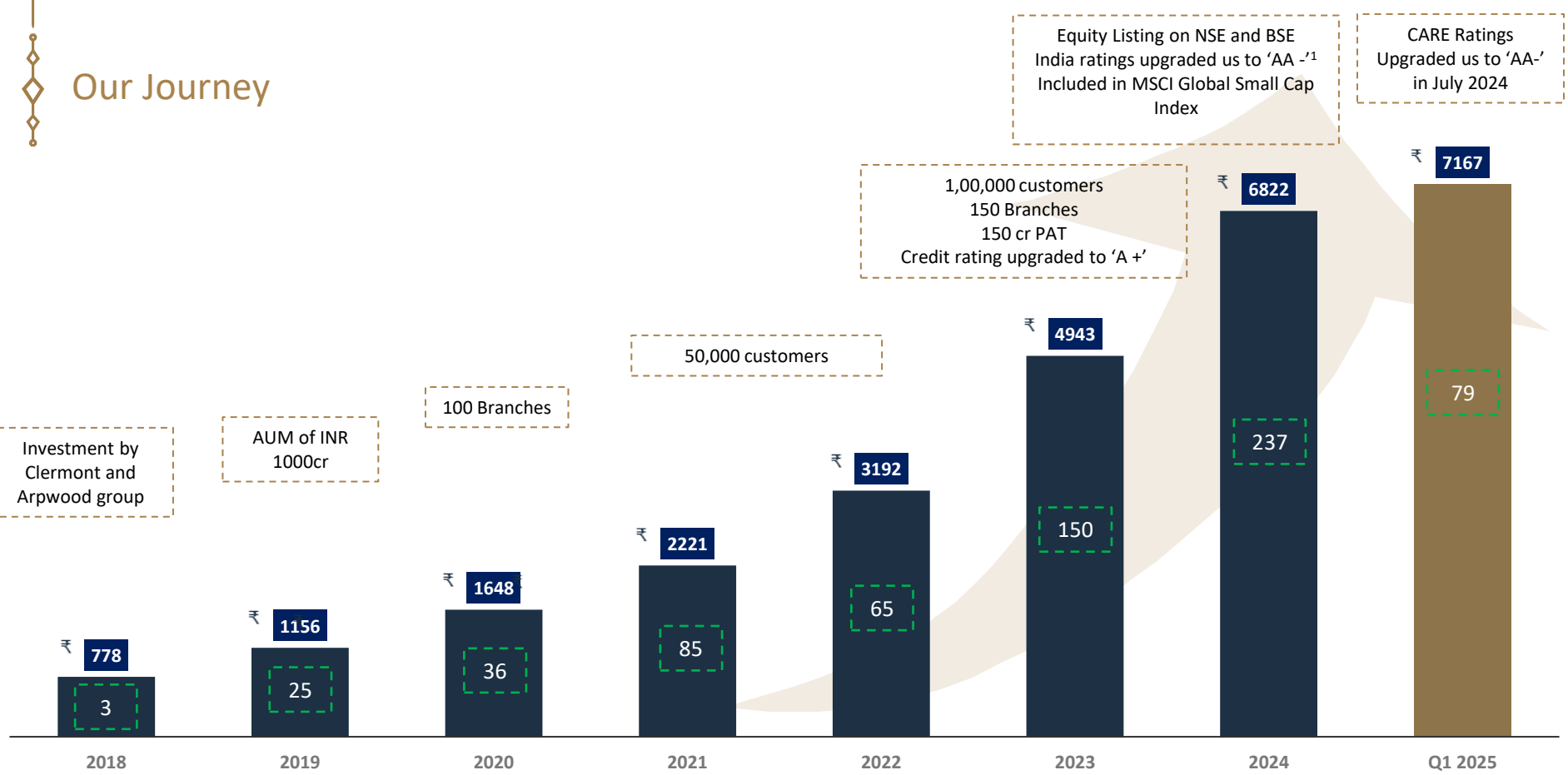
SBFC Focus Segment – customers borrowing ₹0.05 to ₹0.3 cr

Large segment within MSME of ₹2.5 lakh cr and growing at CAGR 24%

Segment	Market Size ¹ (₹ tn)	CAGR ² (%)	% of Market	
>₹1 cr	3.6	13.1%	42%	
₹0.5 – 1 cr	1.1	17.0%	13%	
₹0.3 – 0.5 cr	0.9	20.4%	10%	
₹0.05– 0.3 cr	2.5	23.7%	30%	Focus Segment
<₹0.05 cr	0.5	29.3%	6%	
Total	8.5	17.7%	100%	

Source: CRISIL Industry Report;
¹ As of Mar-23;
² CAGR period over FY18 to FY23

Our Journey



All figures in ₹ Cr

AUM

PAT

Management

Experienced, cycle-tested, professional management



Aseem Dhru

MD & CEO



Mahesh Dayani

Chief Business Officer



Narayan Barasia

Chief Financial Officer



Pankaj Poddar

Chief Risk Officer



Sanket Agrawal

Chief Strategy Officer and IR



Sumeet Ghai

Chief Human Resource Officer



Ganesh Vaidya

Chief Technology Officer



VM Maneesh

Chief Operating Officer



Sai Prashant Menon

Chief Collection Officer

Board of Directors

Strong corporate governance backed by long term investors

Independent



Neeraj Swaroop
Chairman of the Board



Rajesh Agrawal
Jt. Managing Director,
Ajanta Pharma



Surekha Marandi
Ex Executive Director,
RBI



Ravi Venkatraman
Ex Executive Director &
CFO,
Mahindra & Mahindra
Financial Services



Koni Uttam Nayak
Ex Senior Vice President,
Visa Direct Organization
at Visa



John Mescall
Managing Director
Clermont Group



Jonathan Tatur
Senior Vice President
Clermont Group



Managing
Director



Aseem Dhru
MD & CEO

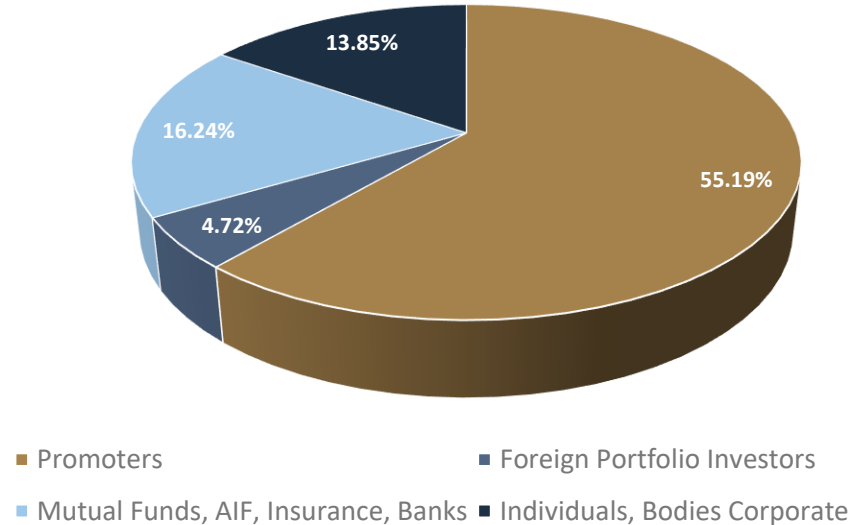
Shareholding

Category of Shareholders	% Share#
Promoter	
Clermont Group	55.19%
Other Major Shareholders	
SBI Mutual Fund	9.01%
Amansa Capital	4.12%
Malabar Funds	4.12%
Aditya Birla Sun Life	2.27%

Management & Employees hold 10% of diluted share capital

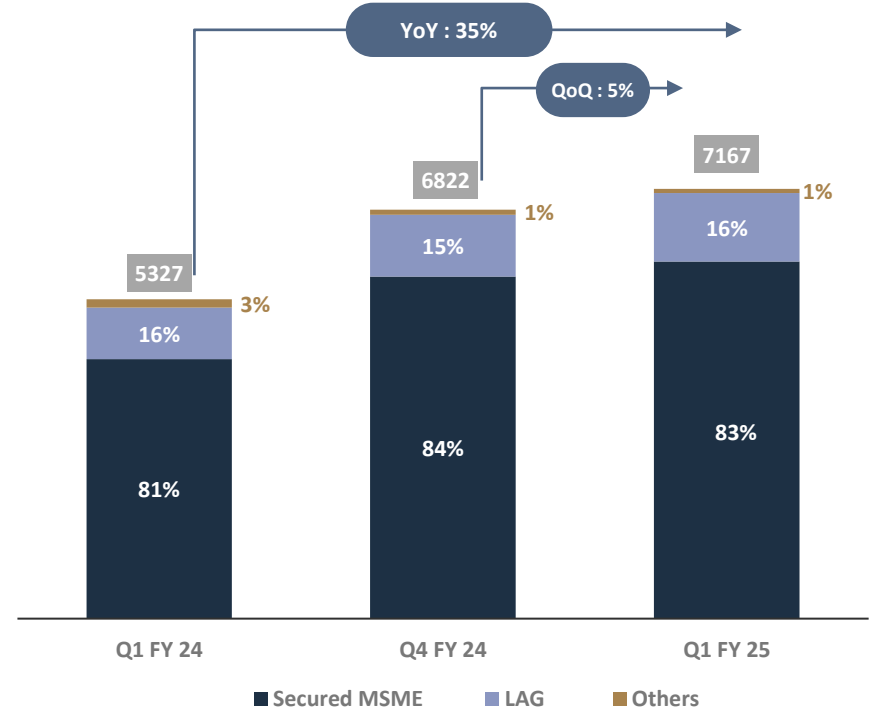
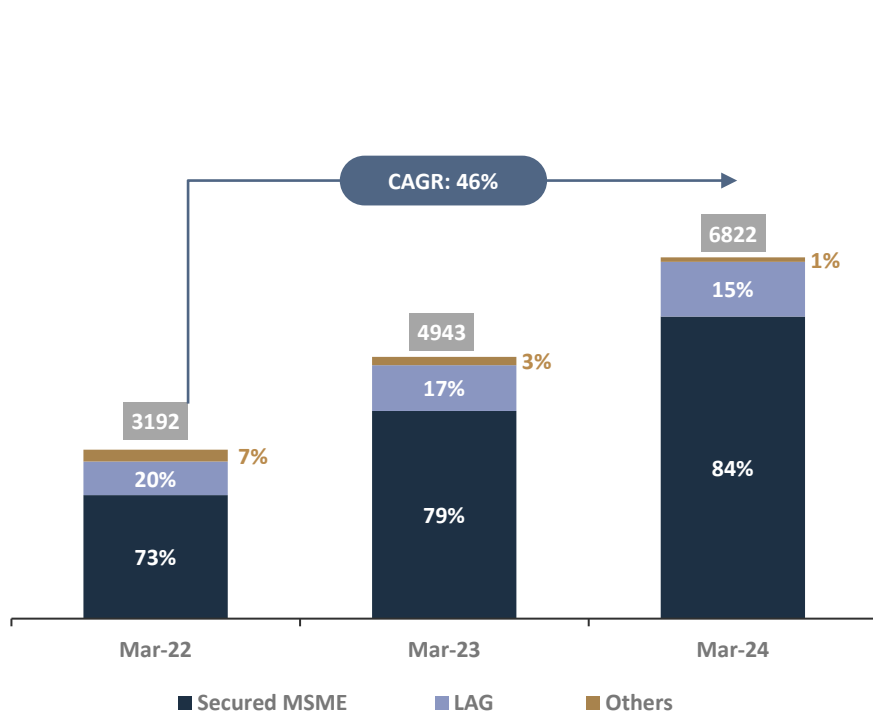
Non-diluted Status as on June 30 2024

Shareholding Pattern



Business Momentum

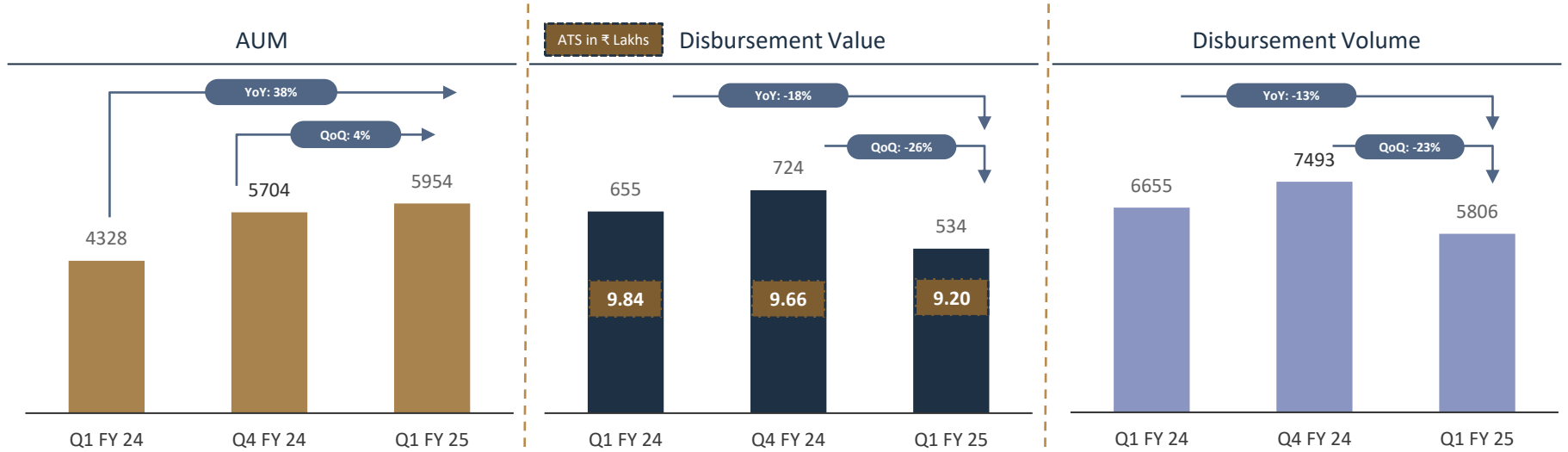
Delivering Consistent Growth



All figures in ₹ Cr.

AUM

Business Momentum – Secured MSME

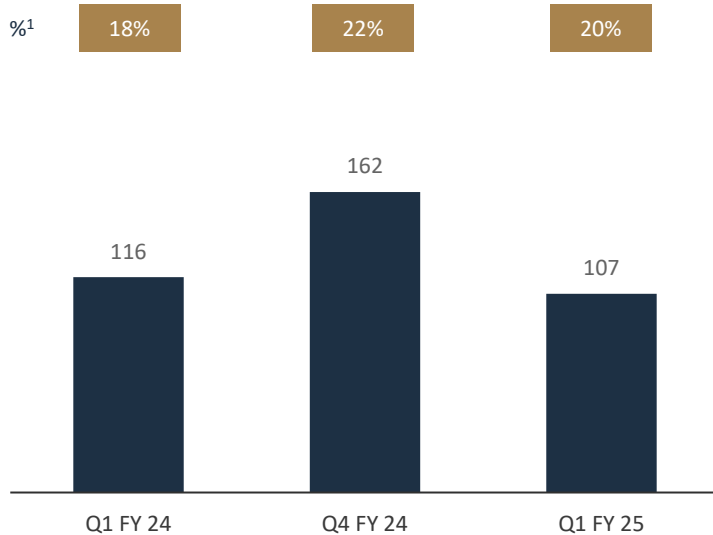


AUM Secured MSME
All figures in ₹ Cr

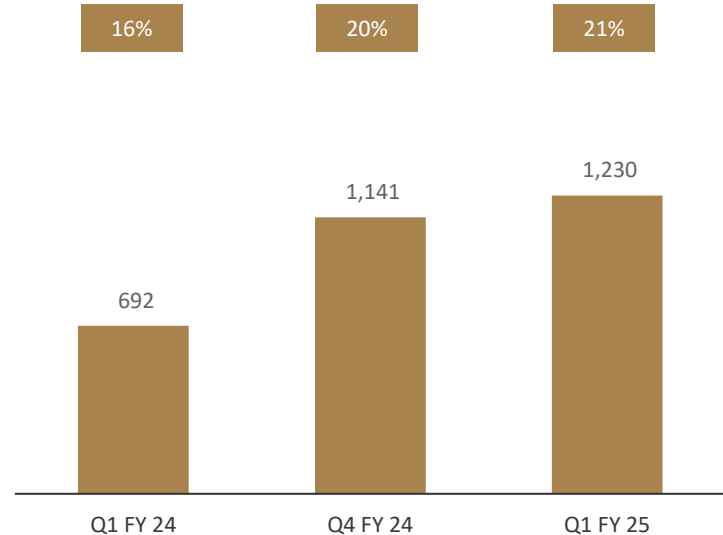
Business Momentum

Co-origination – Validates our profitable origination

Co-origination Disbursement (₹ Cr)



Co-origination AUM (₹ Cr)

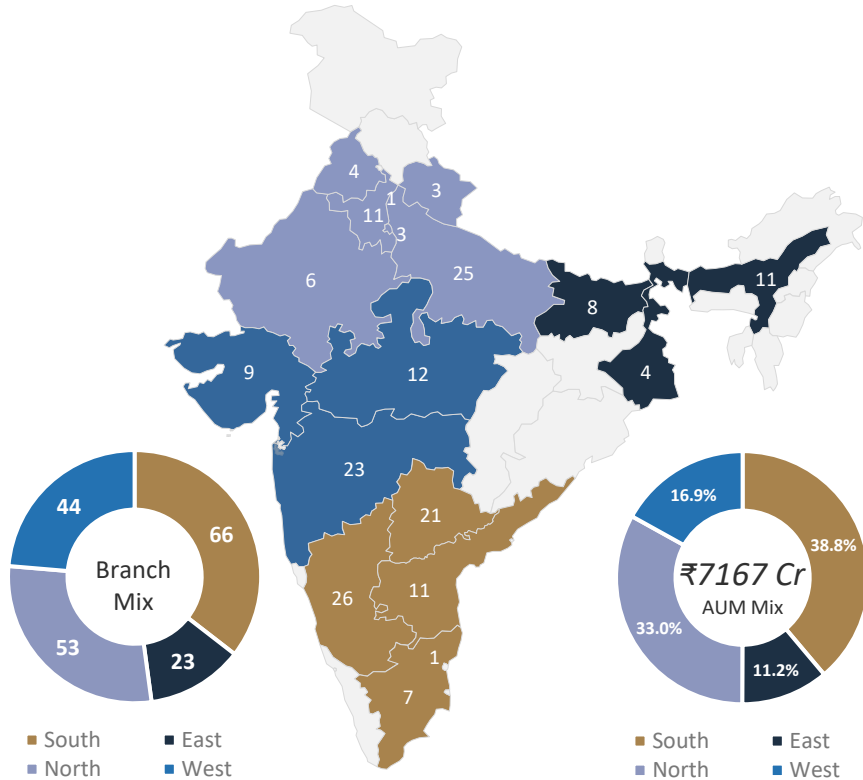


¹Percentage is on Total Secured MSME Loans

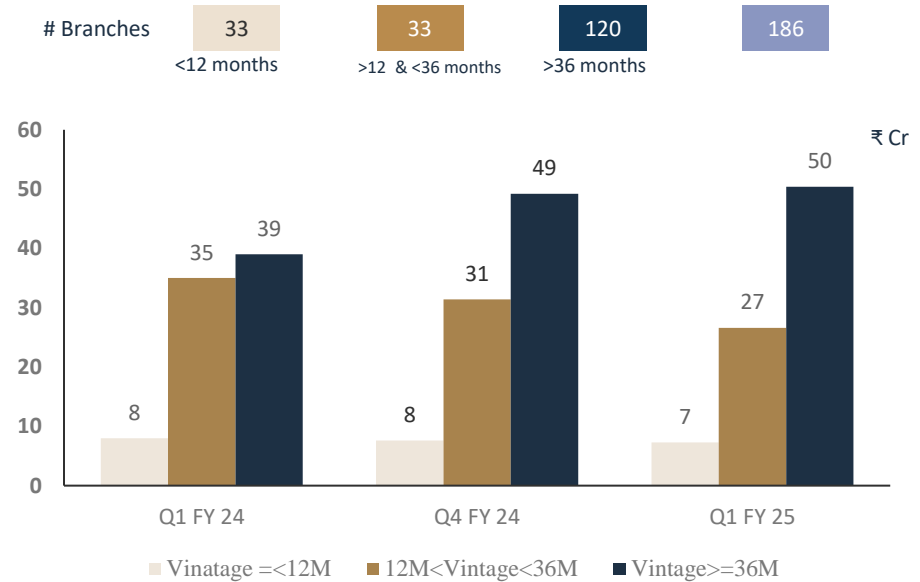
Business Momentum

No concentration risk & well distributed growth

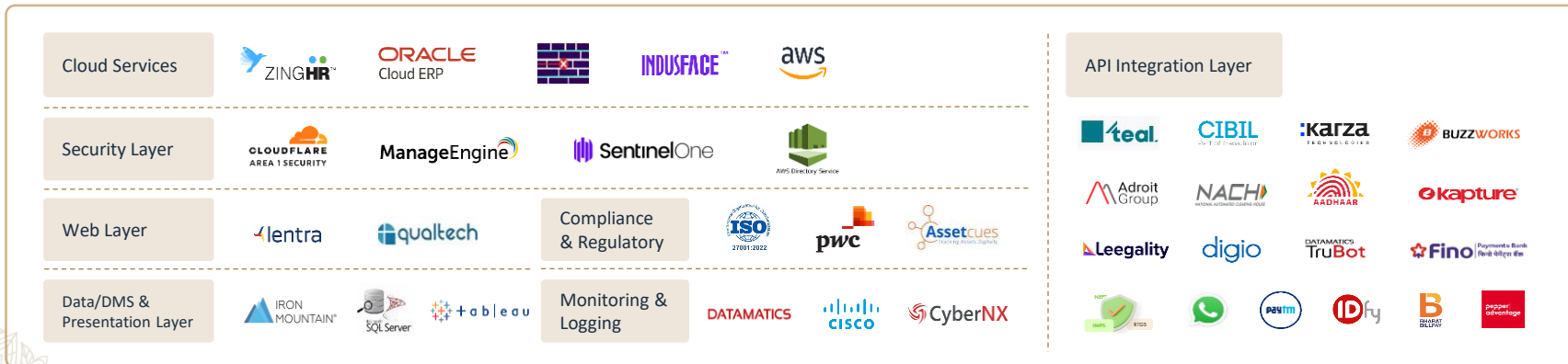
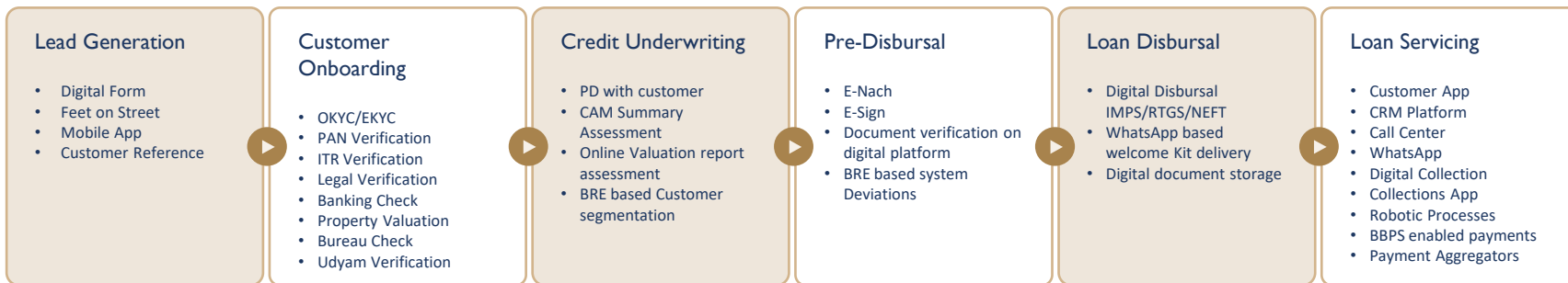
Present in 16 states, 2 UTs covering 152 cities via 186 branches



Driven by steady rise in AUM per branch



Technology Landscape



Credit Underwriting

Tailored to service underserved, underbanked informal customers

Most small businesses in India have challenges



Partial Income Proof



Limited Commercial Credit History



Collateral with local nuances



Bank Statements with Limited Transactions



Small scale businesses lack resilience

SBFC's business model, backed by experience in this segment

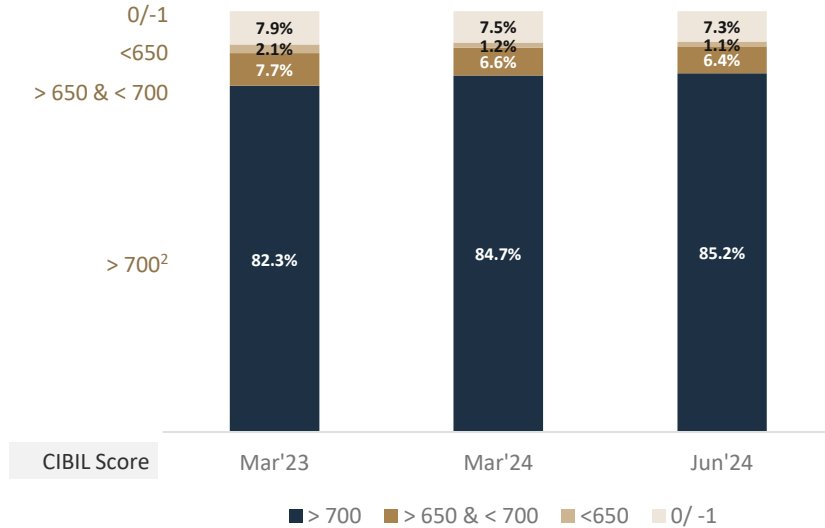
- Credit officer spends time to understand income & cash flow (documented + non-documented) at family level
- Evaluation of historical asset creation
- SBFC customers are often first-time commercial borrowers with past consumer loans
- Reference check from the neighbourhood, locality and their customer and suppliers
- Local team with knowledge of local nuances and local collateral dynamics
- Spouse or parent act as co-borrower on all loans
- Analytics driven 'customer segmentation'
- Triangulation of income sources from multiple data points
- Focus on services/ trading/ retailing businesses
- Customer with businesses in essential services - less impacted by macro down-cycles

Deep understanding of customer behavior (over 75K MSME customers) & strong knowledge of local markets (16 states, 2 UTs)

Credit Underwriting

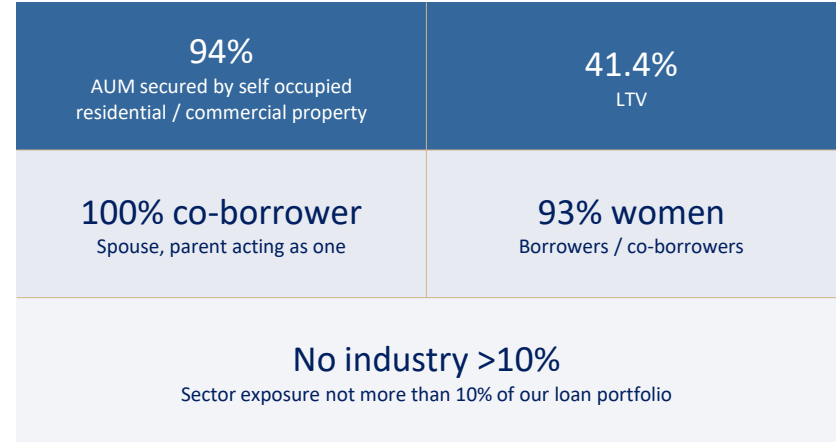
Quality borrowers with credit score above 700

Over 85% AUM from customers with CIBIL >700^{1,2}



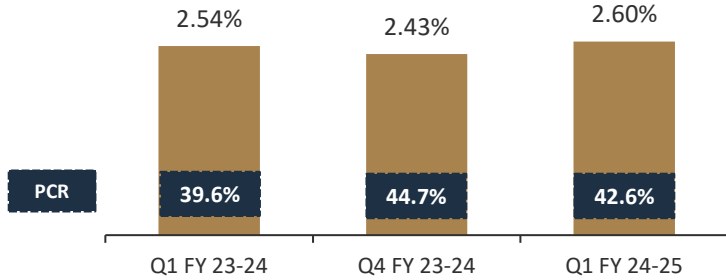
¹Pertains to secured MSME Loans;
²>700 range is combination of 700 -750 & >750 numbers

Granular loan book with high quality collateral¹

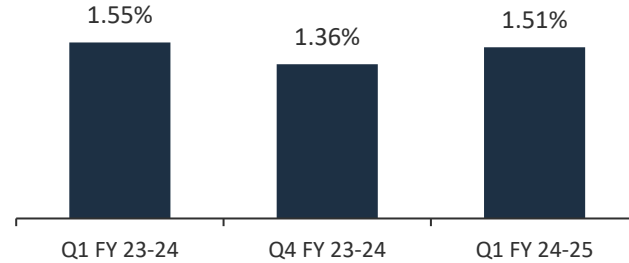


Credit Indicators

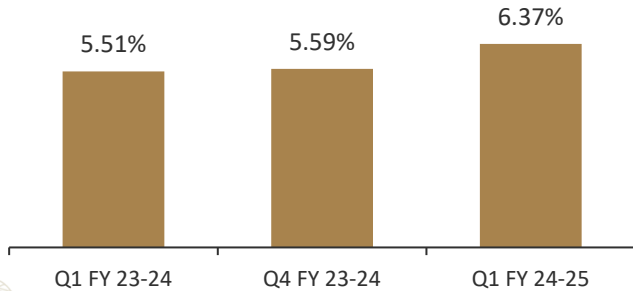
Gross NPA %¹



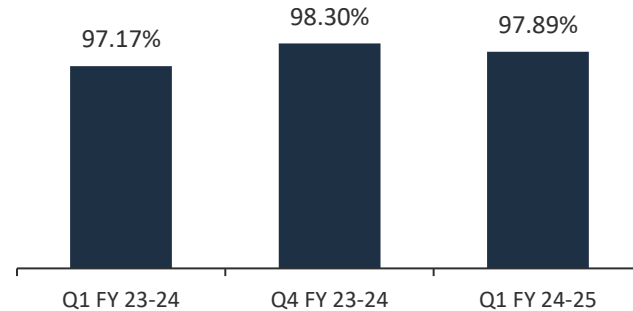
Net NPA %²



1+ DPD %³



Collections Efficiency %⁴



Note:

1. Gross NPA% (Stage 3%) as per IND AS (including EIR adjustment).
2. Net NPA% is as per IND AS.
3. 1+ DPD % is for secured MSME at AUM level
4. Collections efficiency defined for Standard Secured MSME loans as "amount of EMI received during the month, restricted to a max of 1 EMI per loan divided by EMI demand for the current month"

ECL Provisions Summary

As on June 30, 2024	Stage 1	Stage 2	Stage 3	Total
Gross Loans Outstanding	5,833	231	162	6,226
ECL Provision	34	12	69	115
Net Loans Outstanding	5,799	219	93	6,111
ECL Provision %	0.58%	5.37%	42.63%	1.85%

As on March 31, 2024	Stage 1	Stage 2	Stage 3	Total
Gross Loans Outstanding	5,543	260	144	5,947
ECL Provision	33	13	64	110
Net Loans Outstanding	5,510	247	80	5,837
ECL Provision %	0.59%	5.02%	44.74%	1.86%

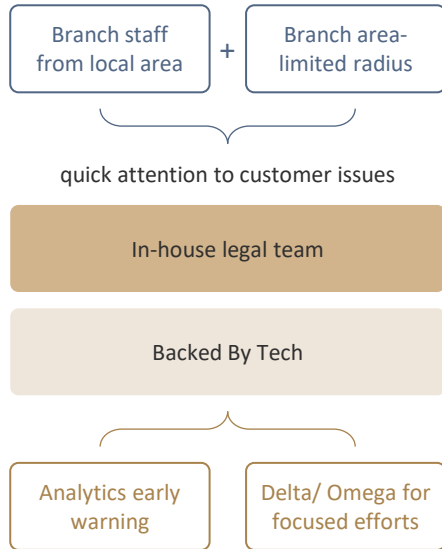
As on June 30, 2023	Stage 1	Stage 2	Stage 3	Total
Gross Loans Outstanding	4,499	180	122	4,801
ECL Provision	28	12	48	88
Net Loans Outstanding	4,471	168	74	4,713
ECL Provision %	0.63%	6.48%	39.56%	1.84%

All figures in ₹ Cr

Collections Approach

In-house, on-ground collections teams – **98%** collected digitally

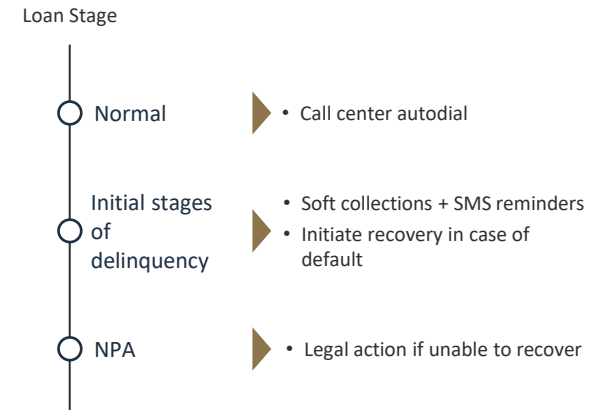
On-ground Teams



Scalable Structure

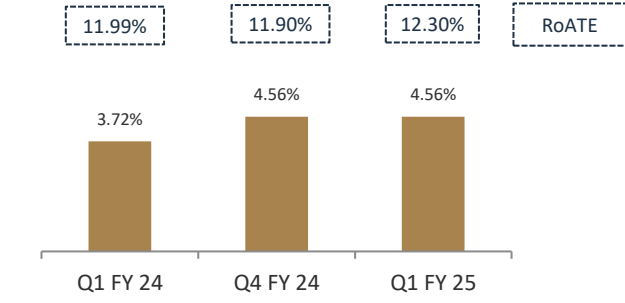
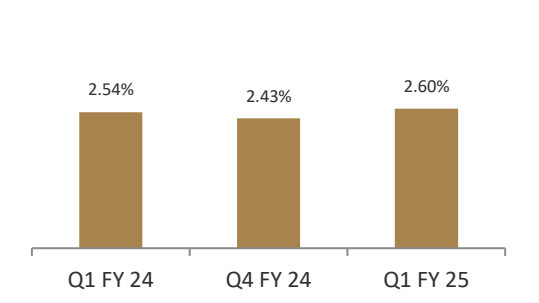
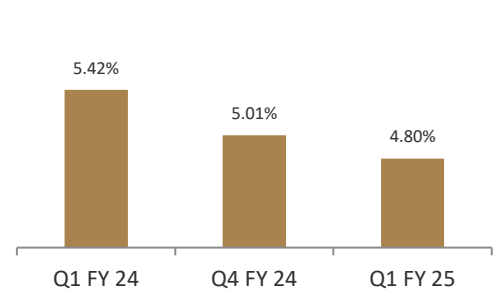
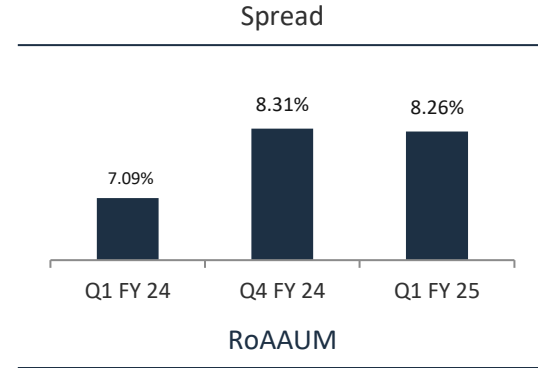
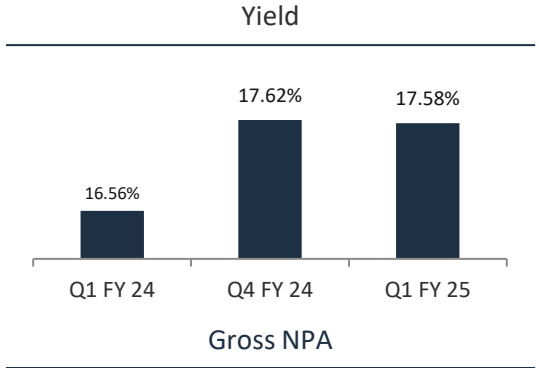
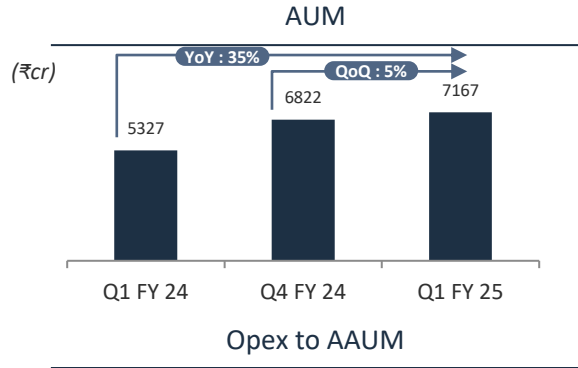


Adaptable collection strategy as per loan stage



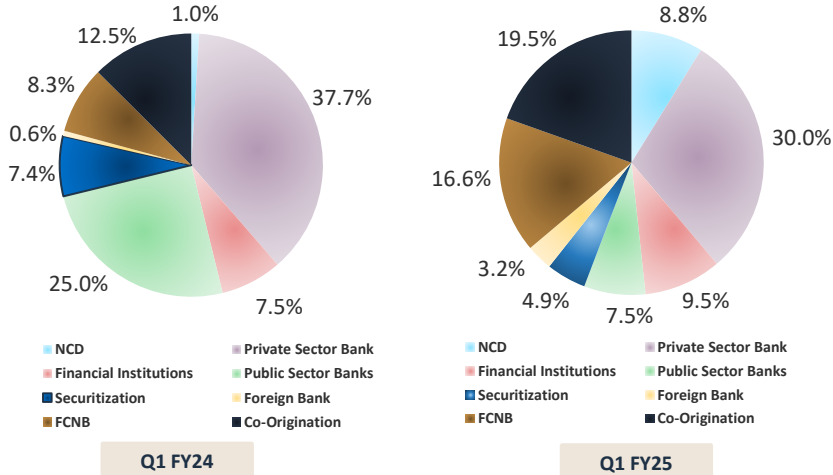
Financial Performance

Quarterly Trends in KPIs



Sources of Borrowing

Diversified Borrowing Mix



Q1 FY24

Q1 FY25

AA- (Stable)

A+ (Stable)

India Ratings & Research
A Fitch Group Company

CareEdge
RATINGS

ICRA
A MOODY'S INVESTORS
SERVICE COMPANY

Lenders to the Company

Public Sector Banks



Private Sector Banks



Financial Institutions (FIs)



Foreign Banks

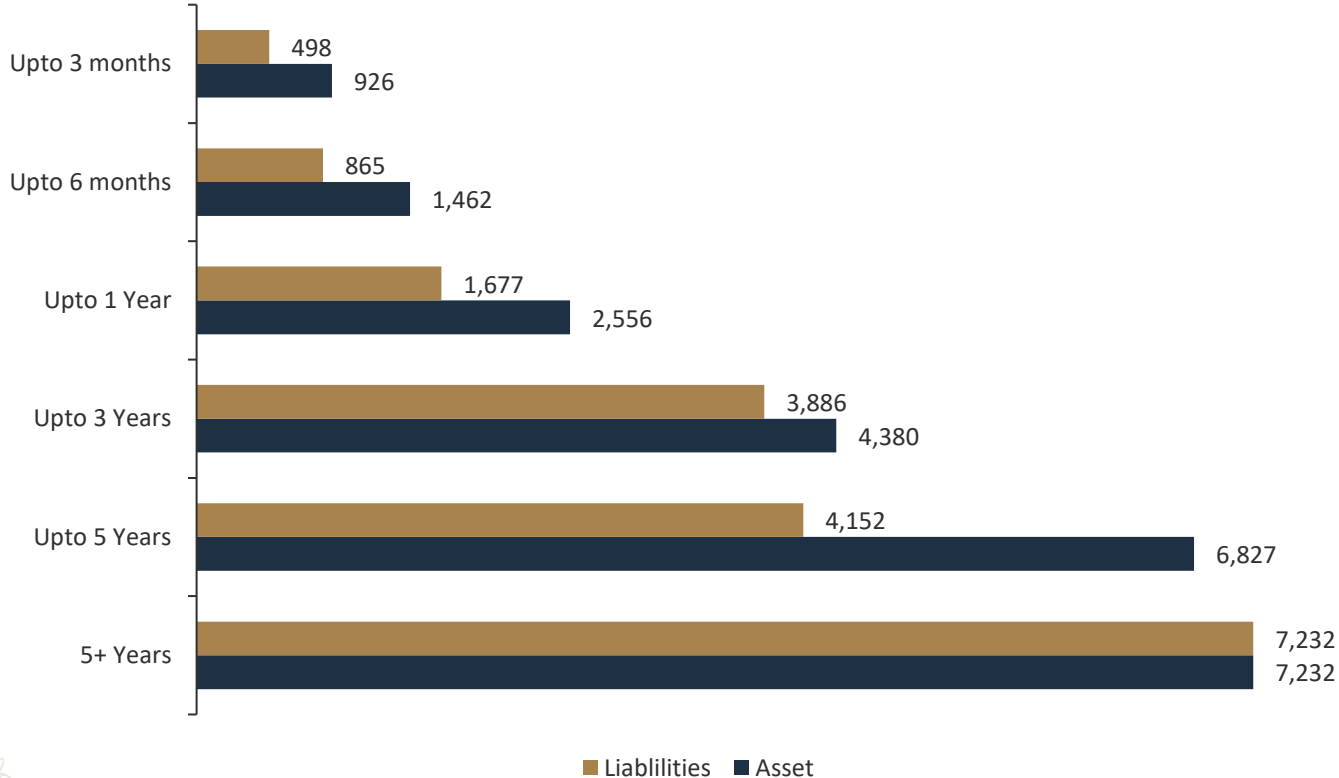


NCD



SBFC

ALM – June 2024



Surplus

428

597

879

494

2,675

All figures in ₹ Cr

■ Liabilities ■ Asset

Summary Financial Statements – Profit & Loss Statement

Particulars	Quarter Ended			Growth (%)	
	June 2024	March 2024	June 2023	Q-o-Q	Y-o-Y
Interest Income on Loans	263	248	188		
Interest Income other than on Loans	8	10	16		
Fee & Other Income	27	22	26		
Total Income	298	280	230	6.5%	29.4%
Finance Cost	95	88	89		
Operating Expenses	83	81	68		
Pre-Provisioning Operating Profit	120	111	73	8.5%	64.5%
Credit Cost	15	14	10		
Tax Expense	26	24	16		
Profit after Tax	79	73	47	7.2%	67.6%
Basic EPS (₹/ Share)	0.73	0.69	0.52		
Diluted EPS (₹/ Share)	0.72	0.67	0.49		

All figures in ₹ Cr

ROE Tree

Ratios	Q1 FY25	Q4 FY24	Q1 FY24	FY 24	FY 23
Interest Income on Loans/ Average Loan Book	17.58%	17.62%	16.56%	17.08%	16.12%
Fee & Other Income/ Average AUM	1.53%	1.36%	2.06%	1.77%	2.16%
Finance costs/ Average Borrowings	9.33%	9.32%	9.49%	9.40%	8.67%
Spread	8.26%	8.31%	7.09%	7.70%	7.48%
Net Interest Margin/ Average AUM	10.22%	10.52%	9.13%	9.91%	9.45%
Operating Expenses/ Average AUM	4.80%	5.01%	5.42%	5.34%	5.77%
Credit Cost/ Average AUM	0.86%	0.85%	0.80%	0.82%	0.80%
Profit after Tax/ Average AUM	4.56%	4.56%	3.72%	4.14%	3.75%
Leverage (Avg AUM/ Avg Tangible Equity)	2.70	2.61	3.22	2.72	2.97
RoATE	12.30%	11.90%	11.99%	11.28%	11.12%

Balance Sheet

Particulars	As On	
	June 2024	March 2024
Assets		
Cash and Bank Balances	303	466
Receivables	29	15
Loan Assets	6,111	5,836
Investments	268	427
Other financial assets	7	7
Current & Deferred tax assets (Net)	-	6
Property, Plant and Equipment etc.	301	301
Other non-financial assets	12	5
Total Assets	7,031	7,063
Liabilities and Equity		
Derivative Instrument	7	5
Payables	17	22
Borrowings	4,057	3,996
Other financial liabilities	69	246
Non-Financial Liabilities	16	16
Equity & Reserves	2,865	2,778
Total Liabilities and Equity	7,031	7,063

All figures in ₹ Cr



THANK YOU!