



August 29, 2023

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

To
BSE Limited
Phiroze Jeejeebhoy Towers,
21st Floor, Dalal Street,
Mumbai – 400001
BSE Scrip Code: 543959

Dear Sir/ Madam,

Sub: Investors Presentation

Further to our letter dated August 24, 2023 intimating about Earnings Conference Call, please find attached the investor presentation which will be referred during the earnings call with investors in connection with the financial results for the quarter ended June 30, 2023.

We request you to take this on record.

**For SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)**



Jay Mistry
Company Secretary & Chief Compliance Officer
ICSI membership no – A34264

SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)

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CIN: U67190MH2008PLC178270



Investor Presentation

Q1 FY 2024



























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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 – At a glance

Size and Growth	Distribution	Granular Book	Asset Quality	Liability Profile	Profitability
 5,327 AUM YoY 47% QoQ 8%	 162 # Branches	 97.4% % Secured	 2.54% GNPA	 1,666 Tangible Net worth	 47 Q1 FY24 PAT
 4,328 Secured MSME AUM YoY 61% QoQ 10%	 3,136 Employees	 9.84* 0.85* Average Ticket Size: Secured MSME / LAG (Lakhs)*	 1.55% NNPA	 CRAR 33.6% Capital Adequacy	 3.72% Return on AAUM
 655 Secured MSME Disbursal Value YoY 32% QoQ 4%	 16 States & 2 UTs Pan India presence	 1,06,752 # live customers	 0.80% Credit Cost	 23 Lender Relationship Count	 16.56% Q1 FY24 Yield
 6,655 Secured MSME Disbursal Volume YoY 31% QoQ 7%	 100% in-house Sourcing	 LTV 42.4% / 67.8% Secured MSME / LAG	 39.56% PCR	 A+ (Stable) Credit rating ¹	 7.09% Spread

Note: All values in INR (Cr) unless stated otherwise, All metrics as of June 30, 2023/ Q1FY24 unless stated otherwise;

¹Long term credit rating by ICRA, India Ratings and CARE Ratings



About the company

Management and Shareholder

Business

Credit & Risk

Financials

ESG

Executive Summary



RBI registered, systemically important, non-deposit taking non-banking finance company (“NBFC-ND-SI”)



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

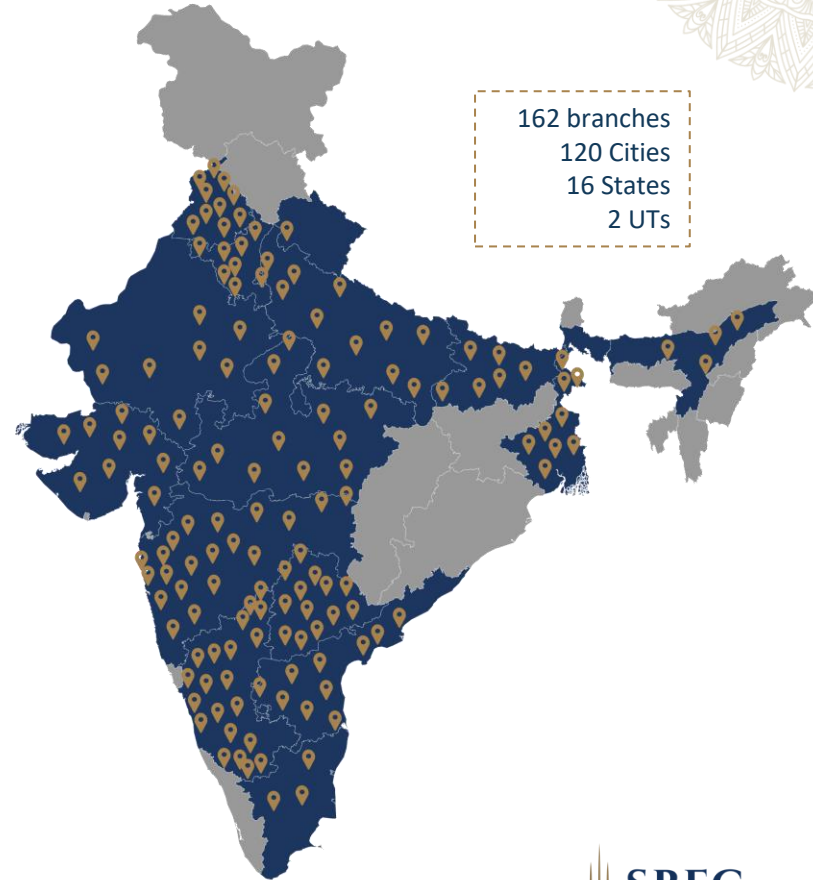


Go to Market Approach: Diversified pan-India network with presence in 16 states & 2 UTs: top state at 17.4% AUM



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%	

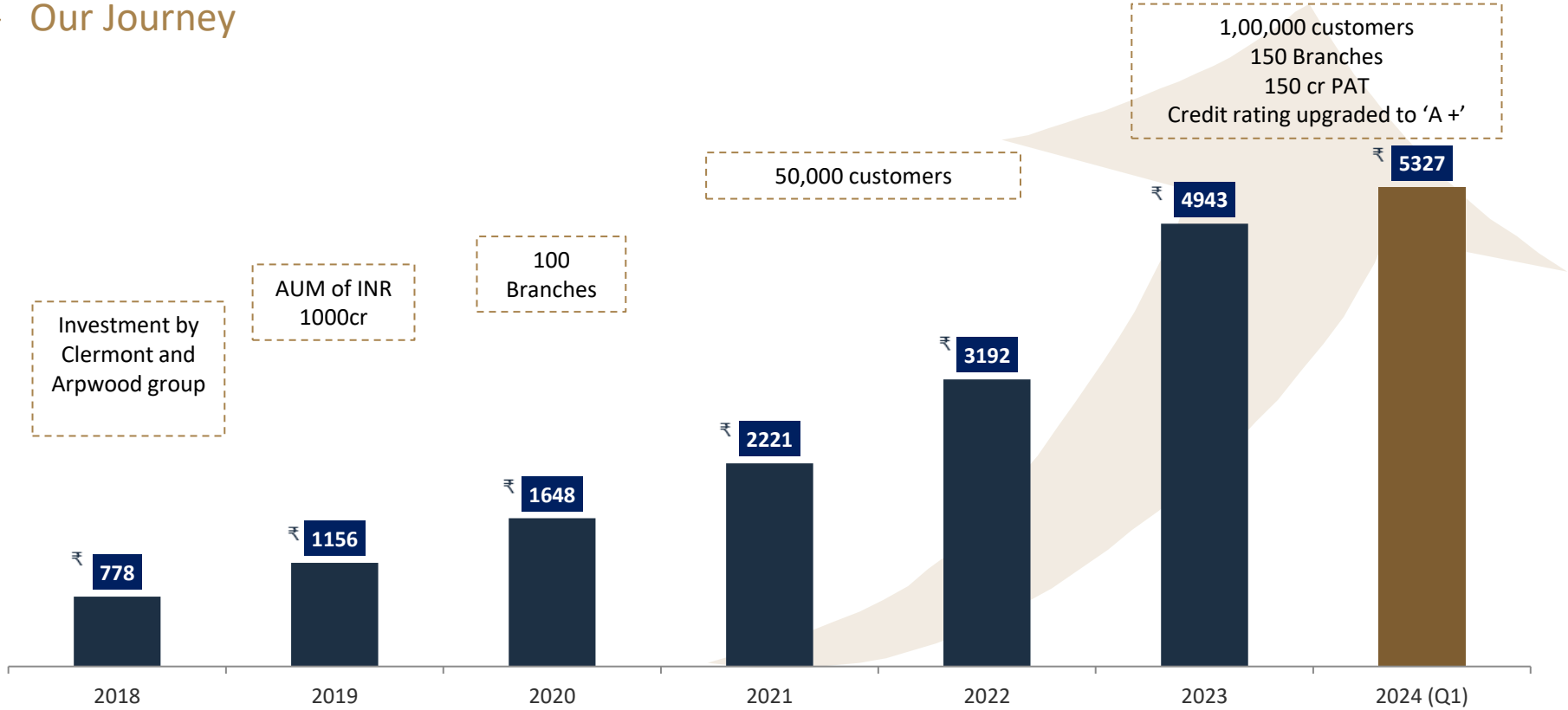
Source: CRISIL Industry Report;

¹ As of Mar-23;

² CAGR period over FY18 to FY23



Our Journey



All figures in Rs. crore.

AUM



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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



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

SGX
Ex-CEO
Standard Chartered



Rajesh Agrawal

Jt. Managing Director,
Ajanta Pharma



Surekha Marandi

Ex Executive Director,
RBI



John Mescall

Managing Director
Clermont Group



Jonathan Tatur

Investments
Clermont Group



Arjun Sahuja

Investments
Clermont Group



Amol Jain

Co-founder
Arpwood Partners

Managing
Director

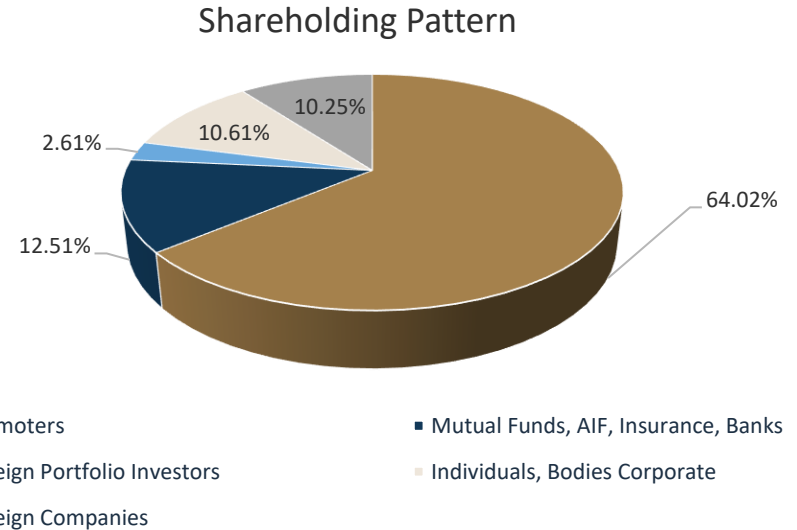


Aseem Dhru

MD & CEO

Shareholding

Category of Shareholders	% Share
Promoters	
Clermont Group	58.52%
Arpwood Group	5.50%
Other Major Shareholders	
SBI Mutual Fund	7.32%
Amansa	4.16%
Malabar Funds	4.16%
Steadview Capital	1.88%
Massachusetts Institute of Technology	1.48%



Status as on August, 25 2023



About the company

Management and Shareholder

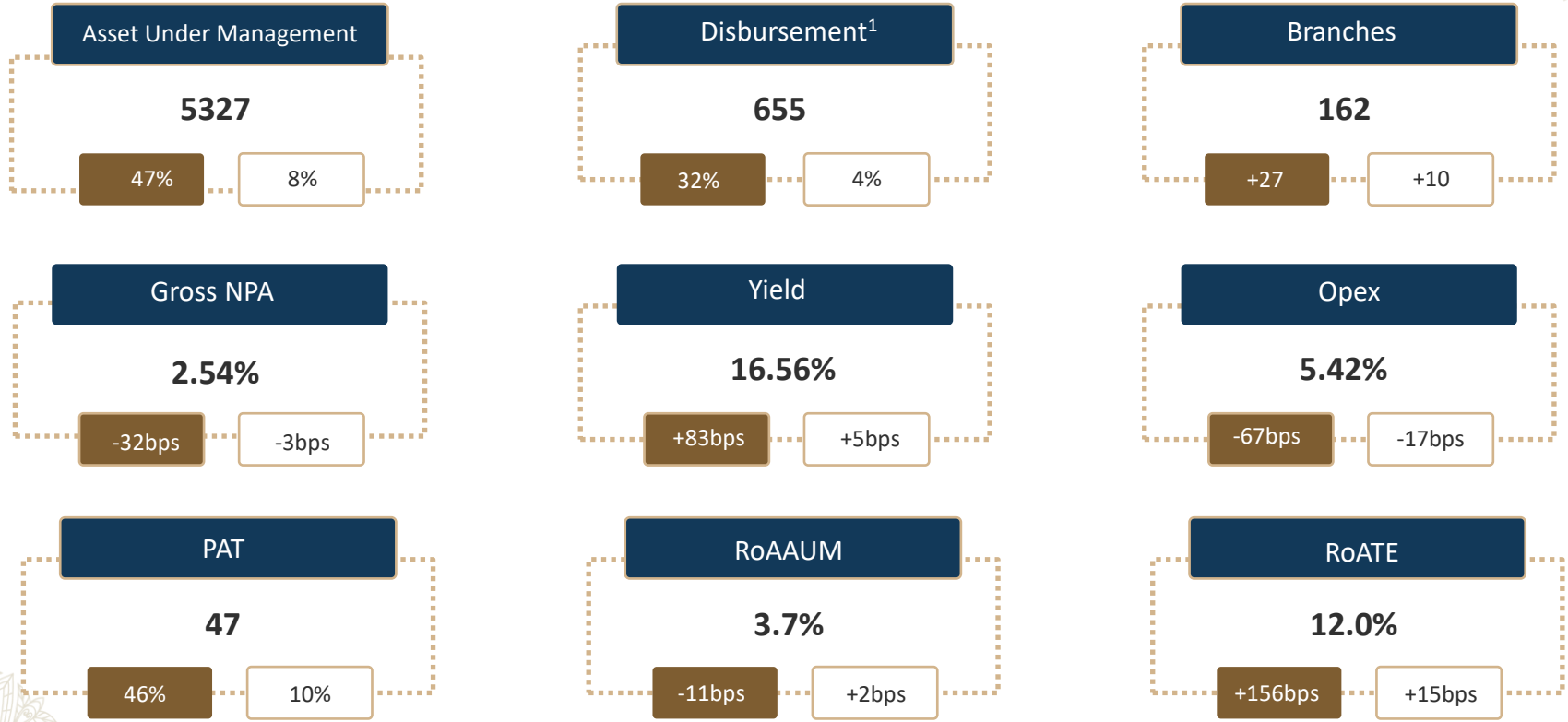
Business

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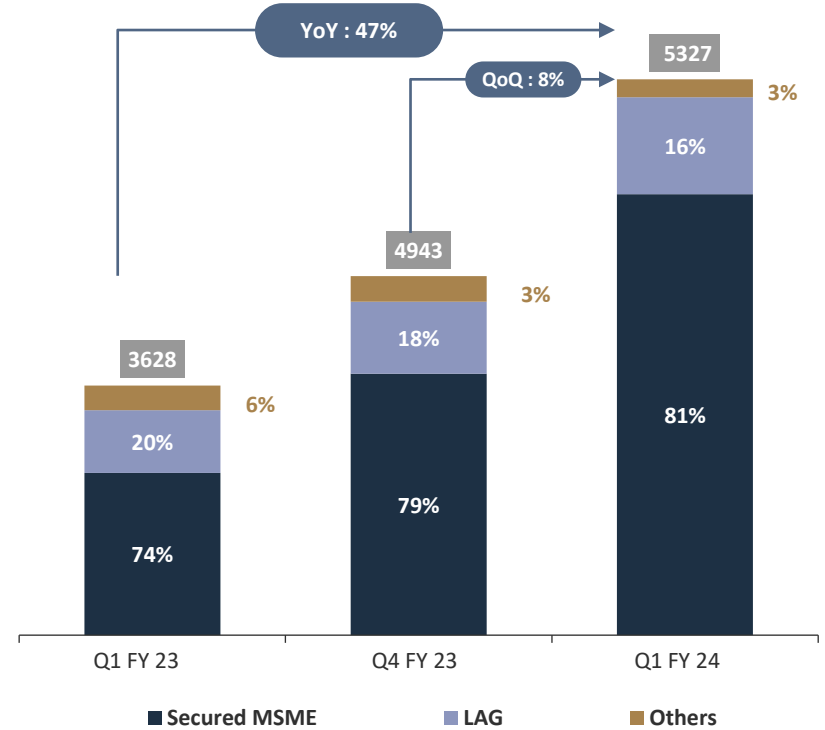
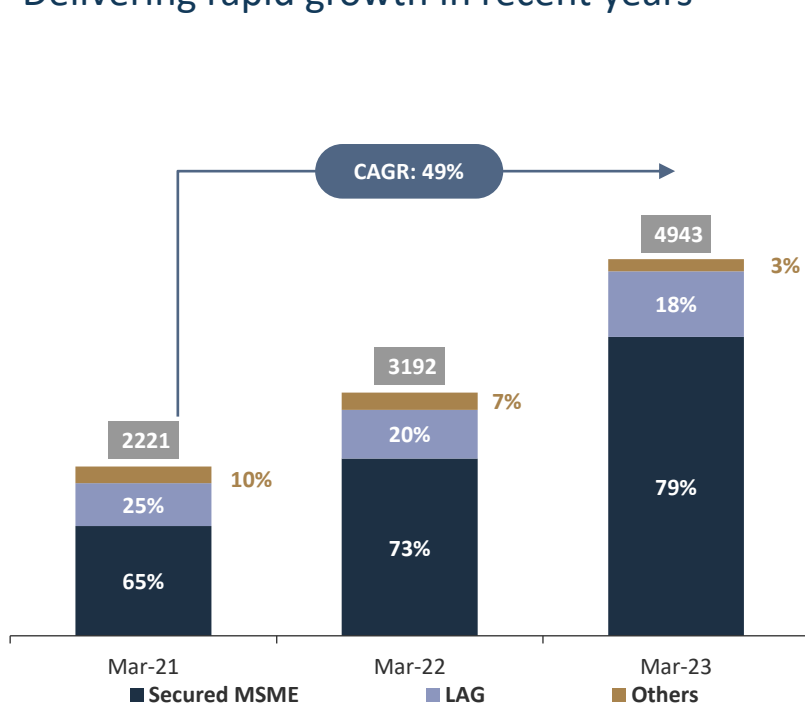
Executive Summary - Q1 FY24



¹Secured MSME
All figures are in ₹cr

Business Momentum

Delivering rapid growth in recent years

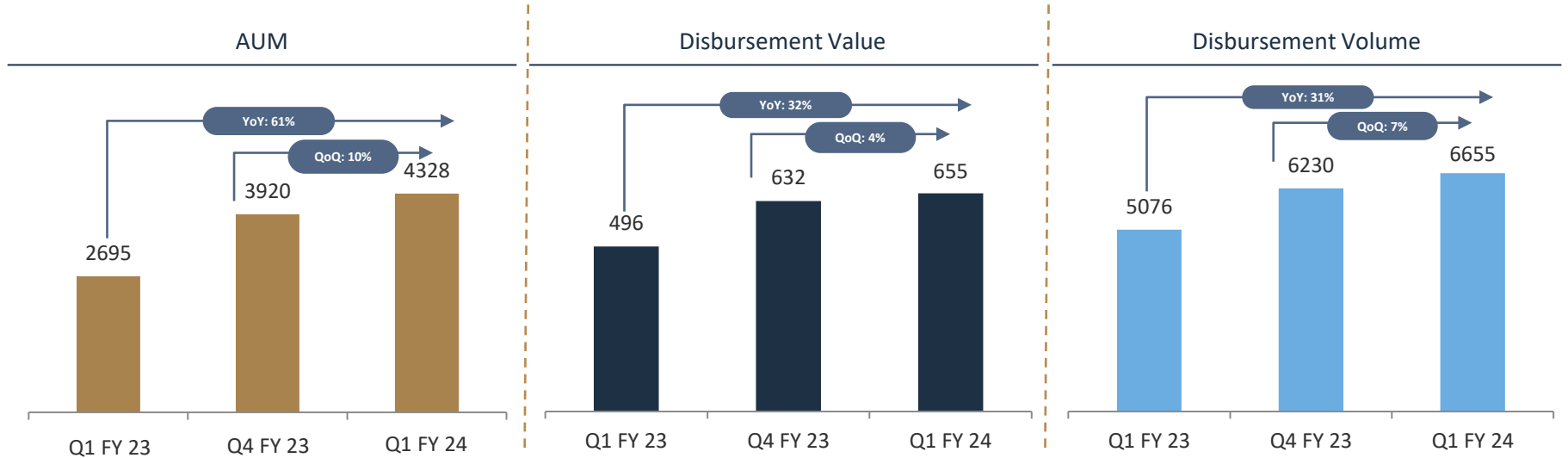


All figures in Rs. crores.

AUM

Business Momentum – Secured MSME

Growth in both Volume & Value

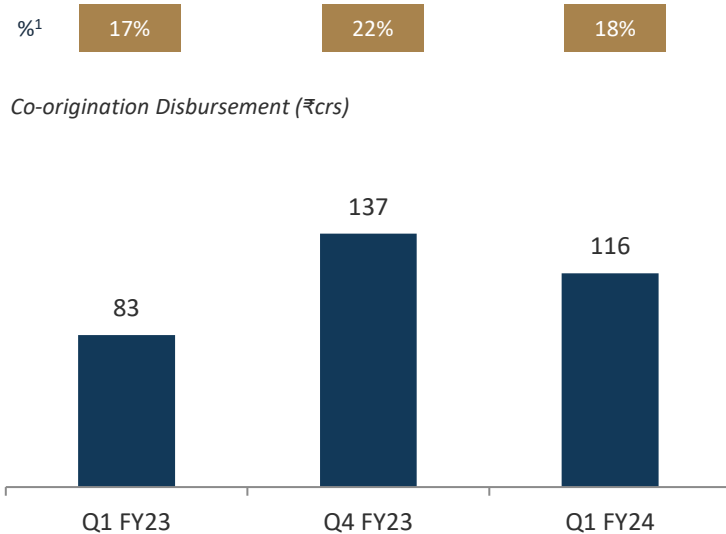


AUM Secured MSME
All figures in ₹cr

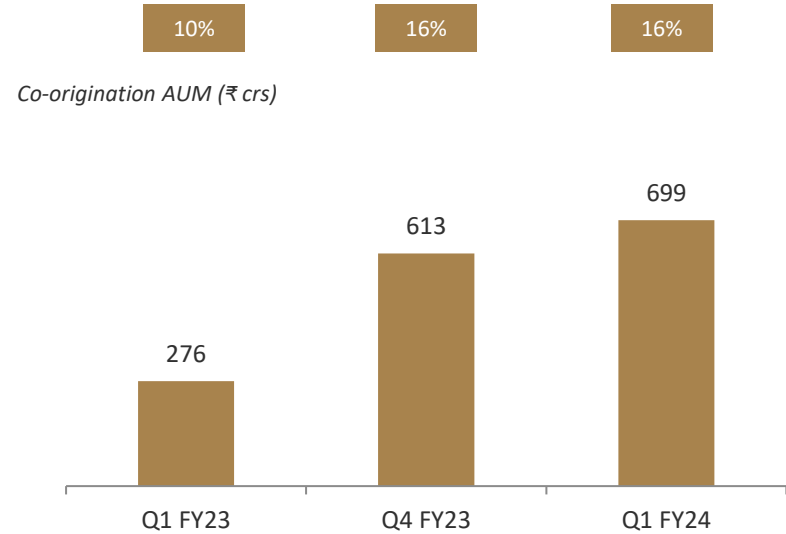
Business Momentum

Co-origination – Validates our profitable origination

Steady rise in co-origination disbursement...



...leading to rise in co-origination AUM over the years



%¹

17%

22%

18%

10%

16%

16%

Co-origination Disbursement (₹crs)

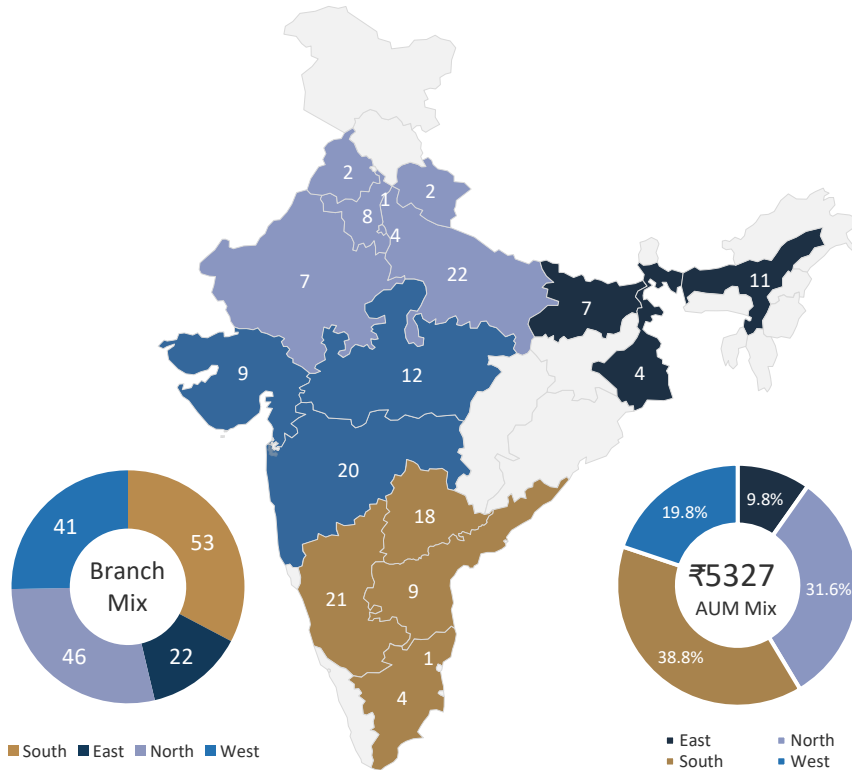
Co-origination AUM (₹ crs)

¹Percentage is on Total Secured MSME Loans

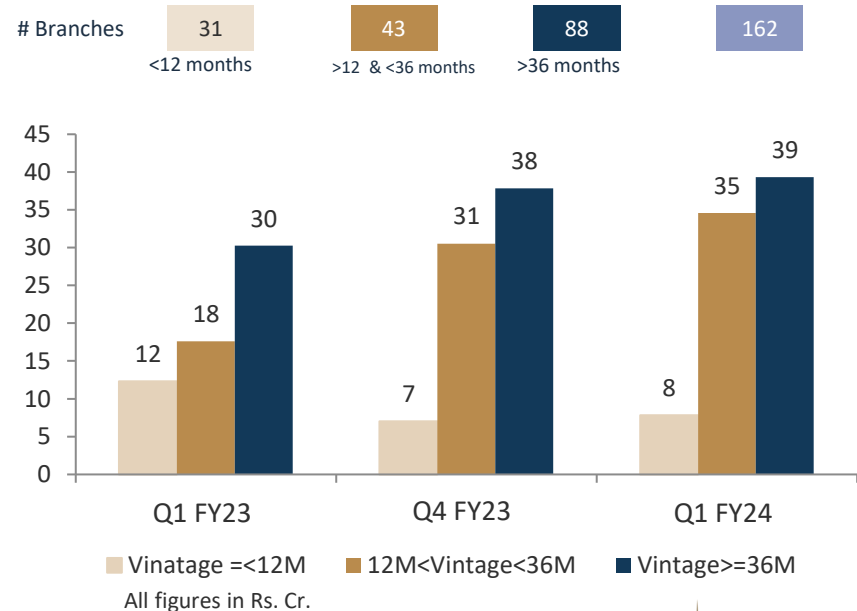
Business Momentum

No concentration risk & well distributed growth

Present in 16 states, 2 UTs covering 120 cities via 162 branches



Driven by steady rise in AUM per branch





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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 51K MSME customers) & strong knowledge of local markets (16 states, 2 UTs)

Credit Underwriting

Robust end-to-end credit process

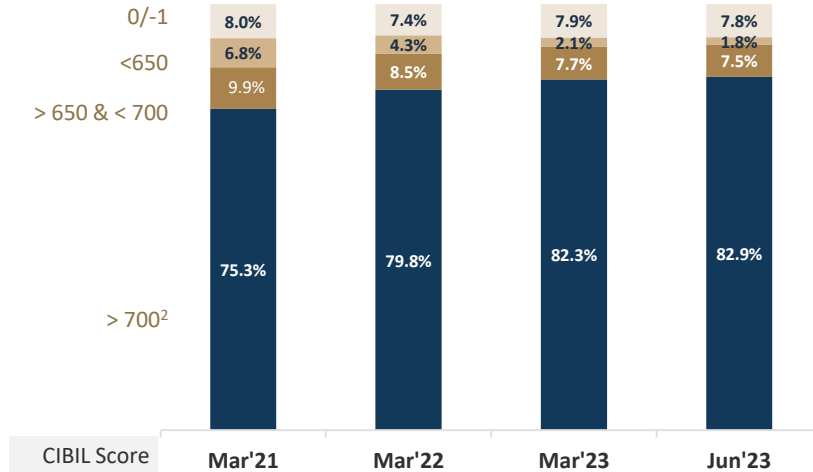
	 Sourcing	 Appraisal	 Credit	 Disbursement	 Account Management
Key Steps	100% in house loan sourcing	KYC Verification & DeDupe	Personal Discussion	Sanction Letter	NACH, PDC & EMI Presentation
	CIBIL Check (failure → rejection)	Analysis of Financials, Banking, Repayment Track Record	Property Visit	Loan details captured	Collections & Bounce tracking
	Capture details of customer, business and collateral	CAM Preparation	Legal & Valuation	Property document filing & charge creation	Legal
		RCU Checks, Collateral dedupe, RV, OV, BV, ITR, Reference checks	Case Proposal	CERSAI & CIBIL update	Customer Service

Note: RCU: Risk Control Unit, ITR: Income Tax Return., RV: Residence Verification, OV: Office Verification, BV: Bank Verification

Credit Underwriting

Quality borrowers with credit score above 700

Over 83% AUM from customers with CIBIL >700^{1,2}



Granular loan book with high quality collateral¹

<p>94.01% AUM secured by self occupied residential/ commercial property</p>	<p>42.39% LTV</p>
<p>100% co-borrower Spouse, parent acting as one</p>	<p>90.4% women Borrowers/ co-borrowers</p>
<p>No industry >10% Sector exposure not more than 10% of our loan portfolio</p>	

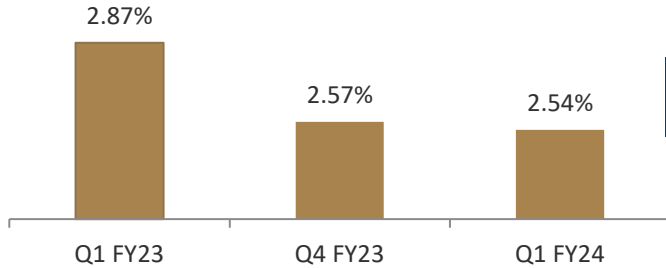
¹Pertains to secured MSME Loans;

²>700 range is combination of 700 -750 & >750 numbers

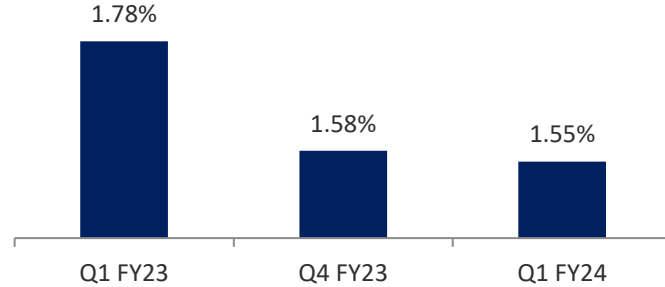
Credit Indicators



Gross NPA % ¹

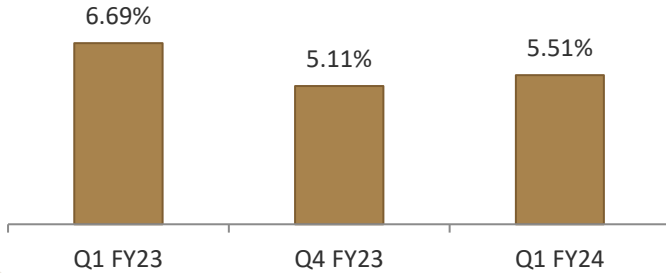


Net NPA % ²

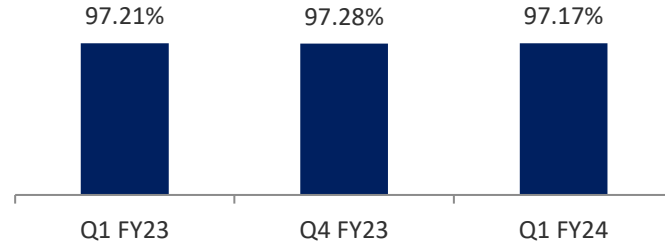


**PCR
39.56%**

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, 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%

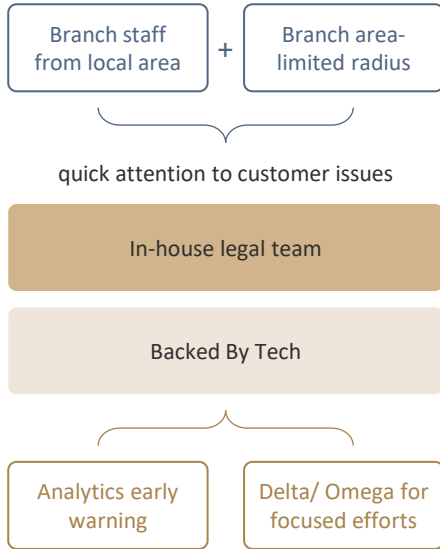
As on March 31, 2023	Stage 1	Stage 2	Stage 3	Total
Gross Loans Outstanding	4,223	160	116	4,499
ECL Provision	27	11	45	83
Net Loans Outstanding	4,196	149	71	4,416
ECL Provision %	0.63%	7.02%	39.32%	1.85%

As on June 30, 2022	Stage 1	Stage 2	Stage 3	Total
Gross Loans Outstanding	3,166	172	99	3,437
ECL Provision	19	14	38	71
Net Loans Outstanding	3,147	158	61	3,366
ECL Provision %	0.61%	8.12%	38.56%	2.07%

Collections Approach

In-house, on-ground collections teams – 92% collected digitally

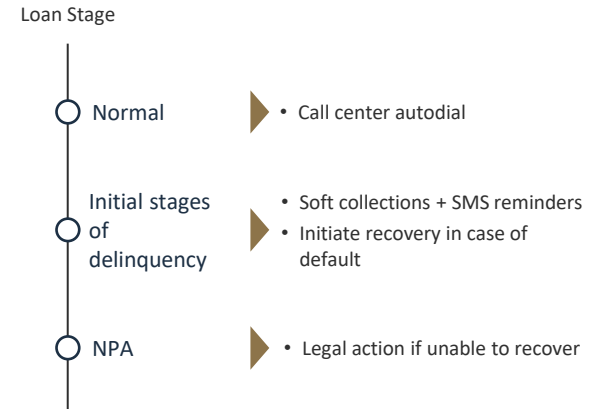
On-ground Teams



Scalable Structure



Adaptable collection strategy as per loan stage





About the company

Management and Shareholder

Business

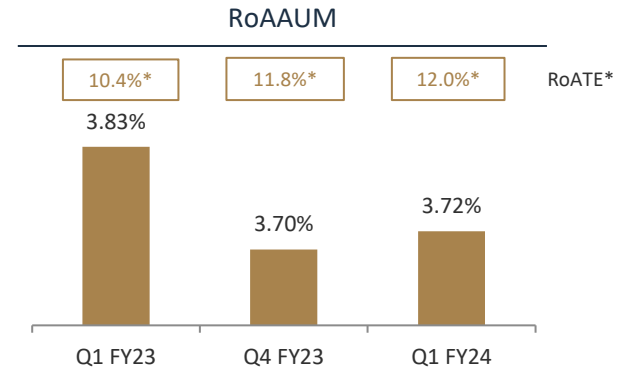
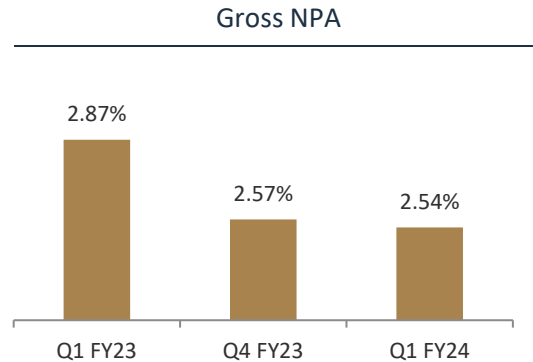
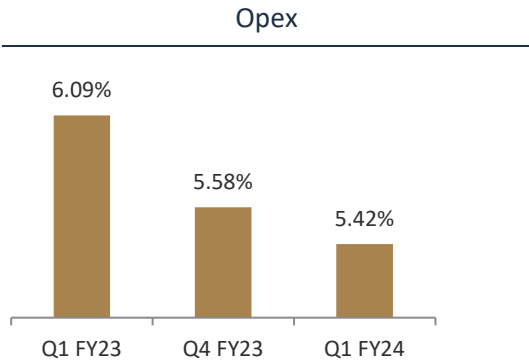
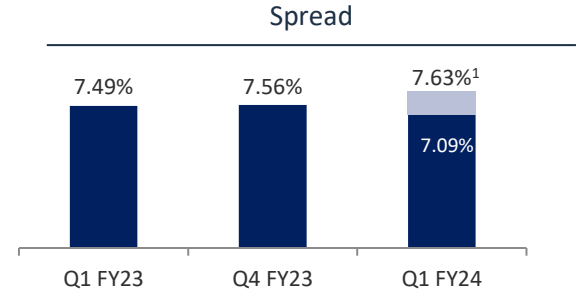
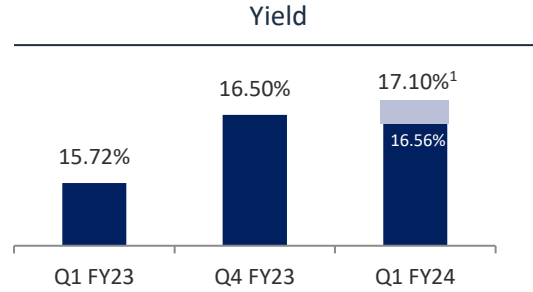
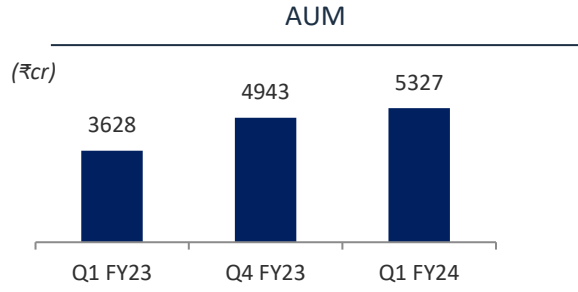
Credit & Risk

Financials

ESG

Financial Performance

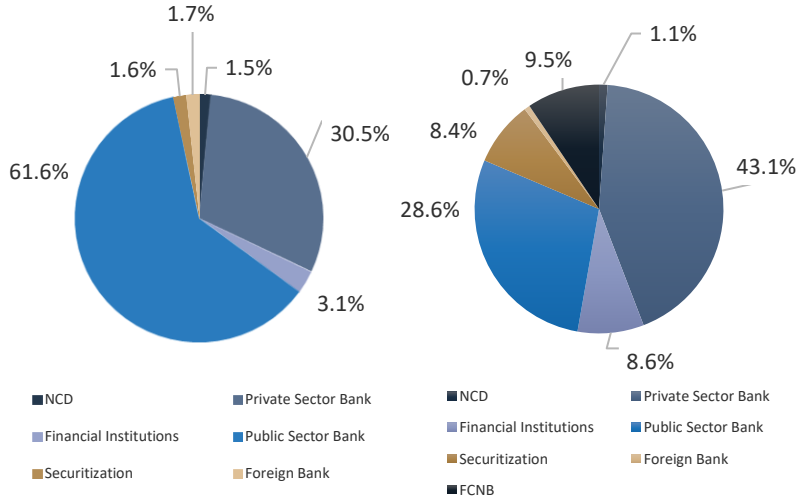
Trends in KPIs



¹The Company does not accrue for Interest on NPA accounts exceeding 90 days with effect from Q1 2024. It has reversed ₹ 6.2 Crore for the Interest already accrued. Adjusted for the above, Yield and Spread will be 17.10% & 7.63% respectively for Q1 FY24.

Sources of Borrowing

Diversified Borrowing Mix



Q1 FY23

16

Number of Lenders

Q1 FY24

23

Long Term Credit rating A+ (Stable)



Lenders to the Company

Public Sector Banks



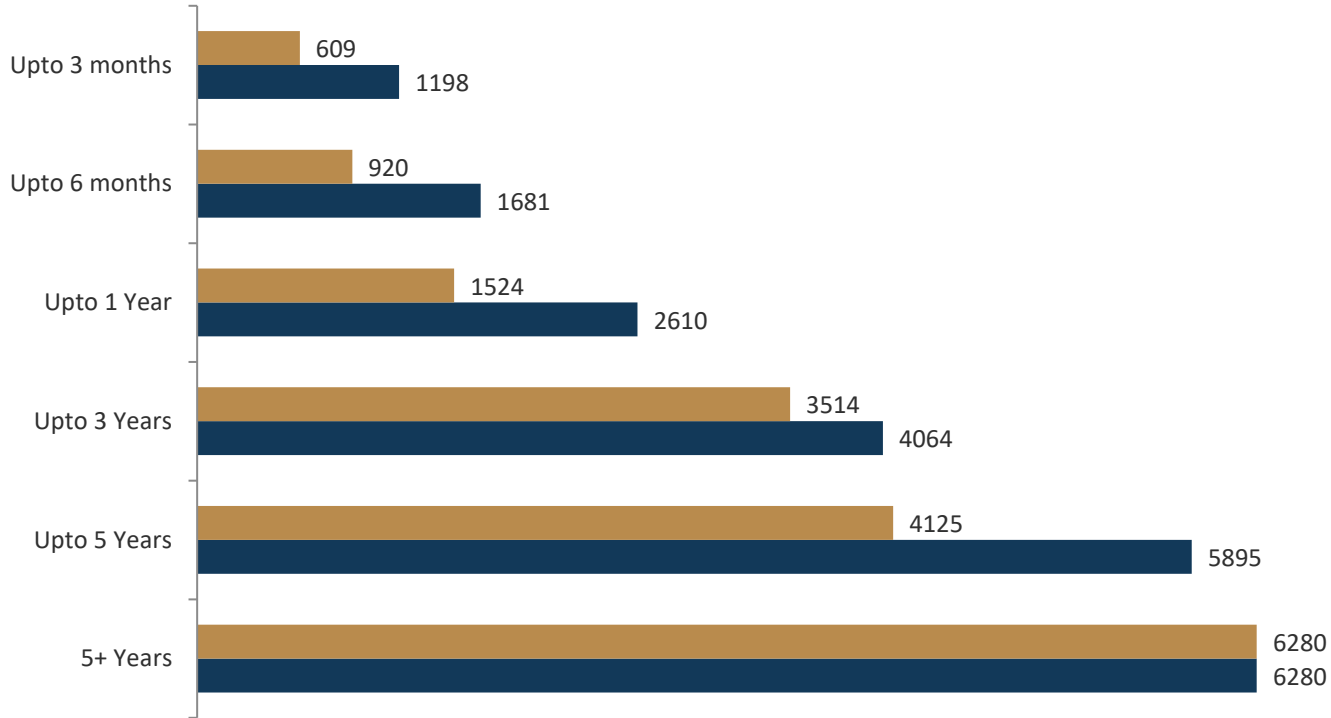
Private Sector Banks



Financial Institutions (FIs)



ALM – June 2023



Surplus

589

761

1086

550

1770

All figures in Rs. Cr.

■ Liabilities ■ Asset

Summary Financial Statements – Profit & Loss Account

Particulars	Q1FY24	Q4FY23	Q1FY23	Q-o-Q	Y-o-Y	FY 23	FY 22	Y-o-Y
				Growth	Growth			Growth
Interest Income on Loans	187.9 ¹	173.1	124.6	8.5%	50.8%	595.3	382.5	55.6%
Interest Income other than on Loans	16.0	16.0	14.9			58.9	90.6	
Fee & Other Income	26.0	19.6	20.6	32.9%	26.0%	86.2	57.6	49.8%
Total Income	229.9	208.7	160.1	10.2%	43.6%	740.4	530.7	39.5%
Finance Cost	88.6	78.7	59.7	12.6%	48.4%	276.5	220.6	25.3%
Operating Expenses	68.4	64.6	51.0	5.9%	34.1%	230.4	176.6	30.5%
Pre-Provisioning Operating Profit	72.9	65.4	49.4	11.5%	47.7%	233.5	133.5	74.9%
Credit Cost	10.1	7.3	6.5			32.1	46.8	
Tax Expense	15.8	15.3	10.8			51.6	22.2	
Profit after Tax	47.0	42.8	32.1	9.8%	46.5%	149.8	64.5	132.2%
Basic EPS (₹/ Share)	0.52	0.48	0.37			1.71	0.81	
Diluted EPS (₹/ Share)	0.49	0.44	0.36			1.62	0.79	

¹The Company does not accrue for Interest on NPA accounts exceeding 90 days with effect from Q1 2024. It has reversed ₹ 6.2 Crore for the Interest already accrued.
All figures in Rs. Cr.

ROE Tree

Ratios	Q1FY24	Q4FY23	Q1FY23	FY 23	FY 22
Interest Income on Loans/ Average Loan Book	16.6% ¹	16.5%	15.7%	16.1%	15.5%
Fee & Other Income/ Average AUM	2.1%	1.7%	2.5%	2.2%	2.2%
Finance costs/ Average Borrowings	9.5%	9.0%	8.3%	8.7%	8.1%
Spread	7.1% ¹	7.6%	7.5%	7.5%	7.5%
Net Interest Margin/ Average AUM	9.1%	9.5%	9.5%	9.5%	9.7%
Operating Expenses/ Average AUM	5.4%	5.6%	6.1%	5.8%	6.8%
Credit Cost/ Average AUM	0.8%	0.6%	0.8%	0.8%	1.8%
Profit after Tax/ Average AUM	3.7%	3.7%	3.8%	3.7%	2.5%
Leverage (Avg AUM/ Avg Tangible Equity)	3.22	3.20	2.73	2.97	2.63
RoATE	12.0%	11.8%	10.4%	11.1%	6.6%

¹The Company does not accrue for Interest on NPA accounts exceeding 90 days with effect from Q1 2024. It has reversed ₹ 6.2 Crore for the Interest already accrued. Adjusted for the above, Yield and Spread will be 17.10% & 7.63% respectively for Q1 FY24.

Balance Sheet

Particulars	Q1FY24	Q4FY23	Q1FY23
Assets			
Cash and Bank Balances	440	400	278
Receivables	18	11	10
Loan Assets	4,713	4,415	3,366
Investments	623	607	665
Other financial assets	4	4	5
Current & Deferred tax assets (Net)	-	-	34
Property, Plant and Equipment etc.	297	297	299
Other non-financial assets	21	12	6
Total Assets	6,116	5,746	4,663
Liabilities and Equity			
Derivative Instrument	1	-	-
Payables	20	13	13
Borrowings	3,903	3,739	2,817
Other financial liabilities	249	251	239
Non-Financial Liabilities	16	16	22
Equity & Reserves	1,927	1,727	1,572
Total Liabilities and Equity	6,116	5,746	4,663

	FY 23	FY 22
	400	335
	11	8
	4,415	2,983
	607	848
	4	4
	-	34
	297	299
	12	4
	5,746	4,515
	-	-
	13	12
	3,739	2,940
	251	250
	16	26
	1,727	1,287
	5,746	4,515

All figures in Rs. Cr.



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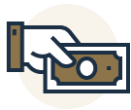
Financials

ESG

Governance

Strong ESG framework, serving the underserved in tier 2 & 3 locations

Focus on financial inclusion



Underserved Customers



90.4%
Women borrowers¹

~8%
Secured MSME borrowers new to formal lending



Underbanked regions



Tier 2/3
locations primarily served by SBFC

Local staff
hired from tier-2/3 locations



Economic gains for customers



~81%
MSME credit from informal sources²

30-60% p.a.
interest rate charged by informal lenders²

Governance framework

3 Independent Directors

4 Nominee Directors

1 Woman Director

Board committees for oversight

Audit Committee

Nomination & Remuneration

Business Review & Monitoring

Risk Management

IT Strategy

IT Steering

CSR

¹Implies borrowers and co-borrowers;

²As per CRISIL Industry Report

CSR towards Skill development

In our effort to support the Skill India mission, we initiated SBFC Gurukul. The program is run under the guidelines of National Apprenticeship Promotion Scheme and National Apprentice Training Scheme , where we groom and train fresh undergraduates and graduates in skills which matches their aptitude and interest.



Representation by NAPS employee as a Speaker at Akhil Bhartiya Shiksha Samagam Inaugurated by The Honourable Prime minister of India

CSR towards Education

The aim is to transform the lives of less privileged children by maximizing impact in the education sector by focusing on upgrading basic infrastructure facilities, electrical work, sitting benches, furniture of staff room and stationary in schools.

The Contribution from SBFC has been given to Yuva Unstoppable which is used to improve the infrastructure of Shri Swaminarayan Vidyalaya, Manipura, Ahmedabad.



Before



After





THANK YOU!