



October 27, 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 October 23, 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 September 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
Encl: As above

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
CIN: U67190MH2008PLC178270



Investor Presentation

Q2 FY 2024



























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.

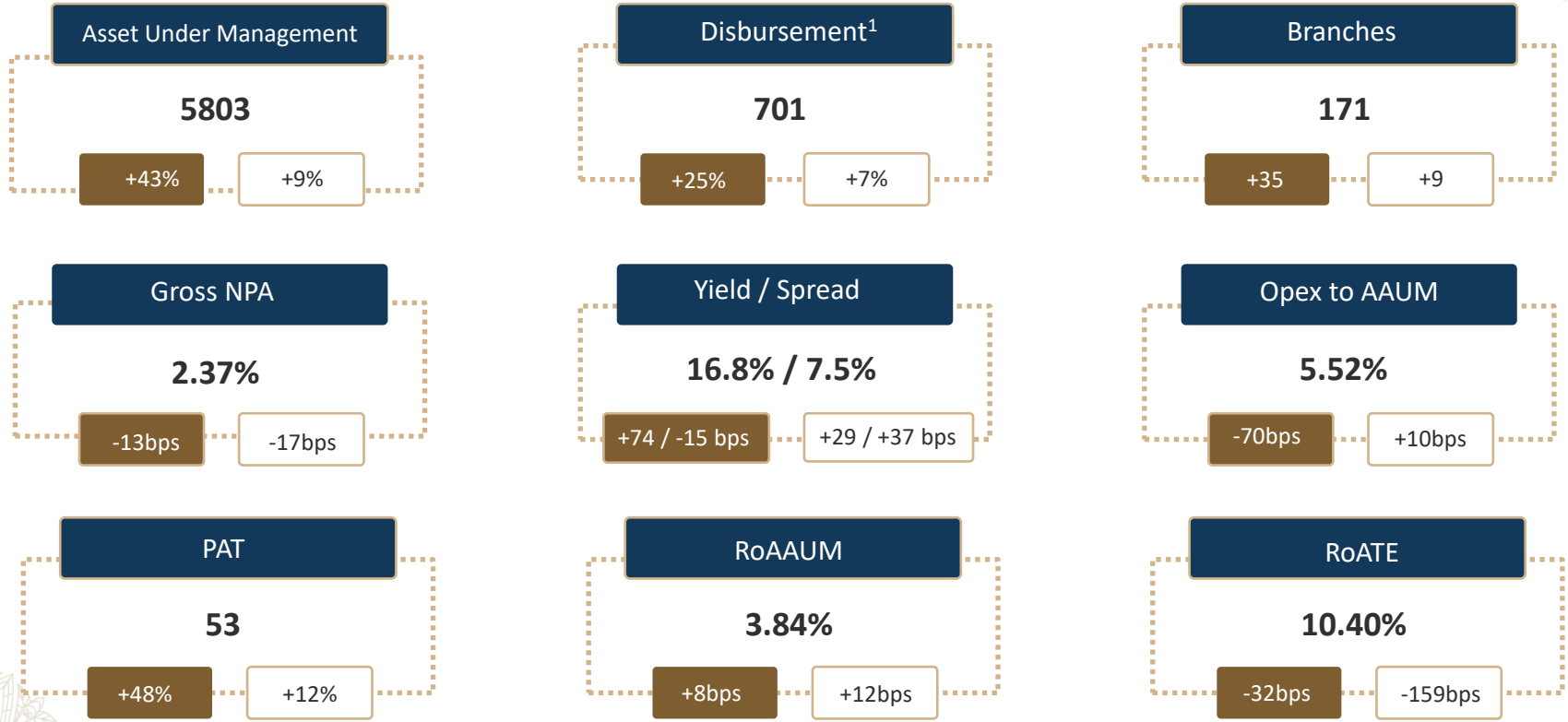
SBFC – FY24 H1 Performance

Size and Growth	Distribution	Granular Book	Asset Quality	Liability Profile	Profitability
 5,803 AUM YoY +43%	 171 # Branches	 97.9% % Secured	 2.37% GNPA YoY -13 bps	 2,339 Tangible Net worth	 100 H1 FY24 PAT YoY +47%
 4,787 Secured MSME AUM YoY +55%	 3,278 Employees	 9.89* 0.86* Average Ticket Size: Secured MSME / LAG (Lakhs)*	 1.33% NNPA YoY -30 bps	 CRAR 45.0% Capital Adequacy	 3.8% Return on AAUM
 1,356 Secured MSME Disbursal Value YoY +25%	 16 States & 2 UTs Pan India presence	 1,12,235 # live customers	 0.8% Credit Cost	 23 Lender Relationship Count	 16.7% H1 FY24 Yield YoY +79 bps
 13,720 Secured MSME Disbursal Volume YoY +25%	 100% in-house Sourcing	 LTV 42.6% / 66.9% Secured MSME / LAG	 44.6% PCR	 A+ (Stable) Credit rating ¹	 7.3% Spread YoY -27 bps

Note: All values in ₹ Cr unless stated otherwise, All metrics as of / for the H1 FY24 unless stated otherwise;

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

Executive Summary – Q2 FY24



¹Secured MSME
All figures are in ₹ Cr

YoY QoQ





About the company

Management and Shareholder

Business

Credit & Risk

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



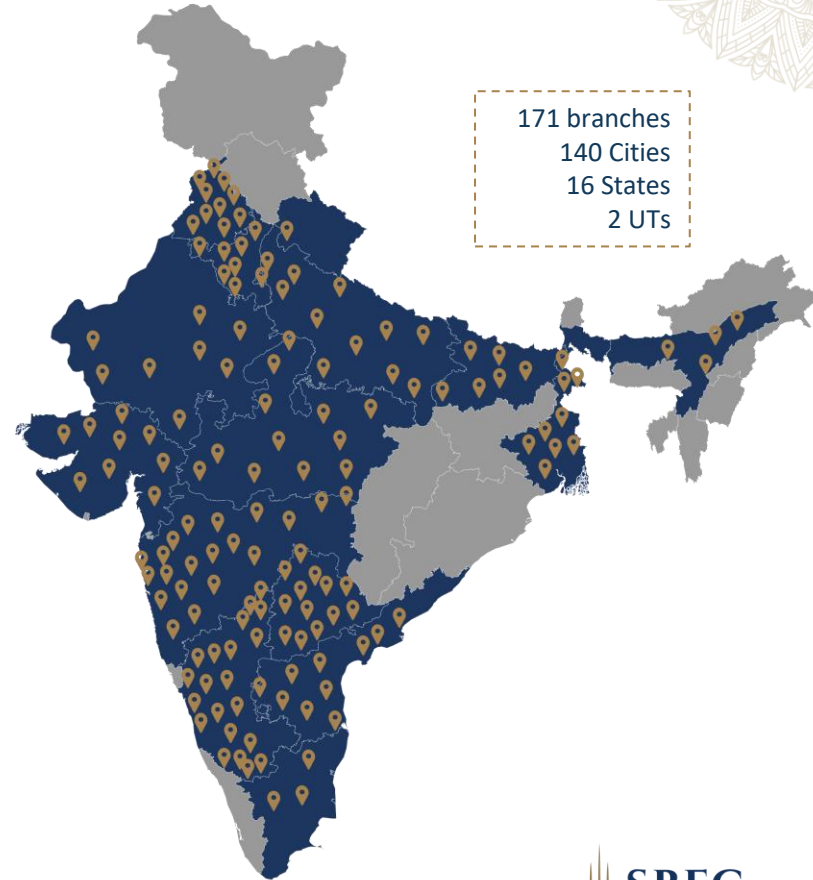
Opportunity: Market size (₹5 lakh - ₹30 lakh MSME financing) of ₹2.5 lakh crore, growing at 24%¹



Go to Market Approach: Diversified pan-India network with presence in 16 states & 2 UTs: top state at 17.25% AUM



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



¹CRISIL Industry Report

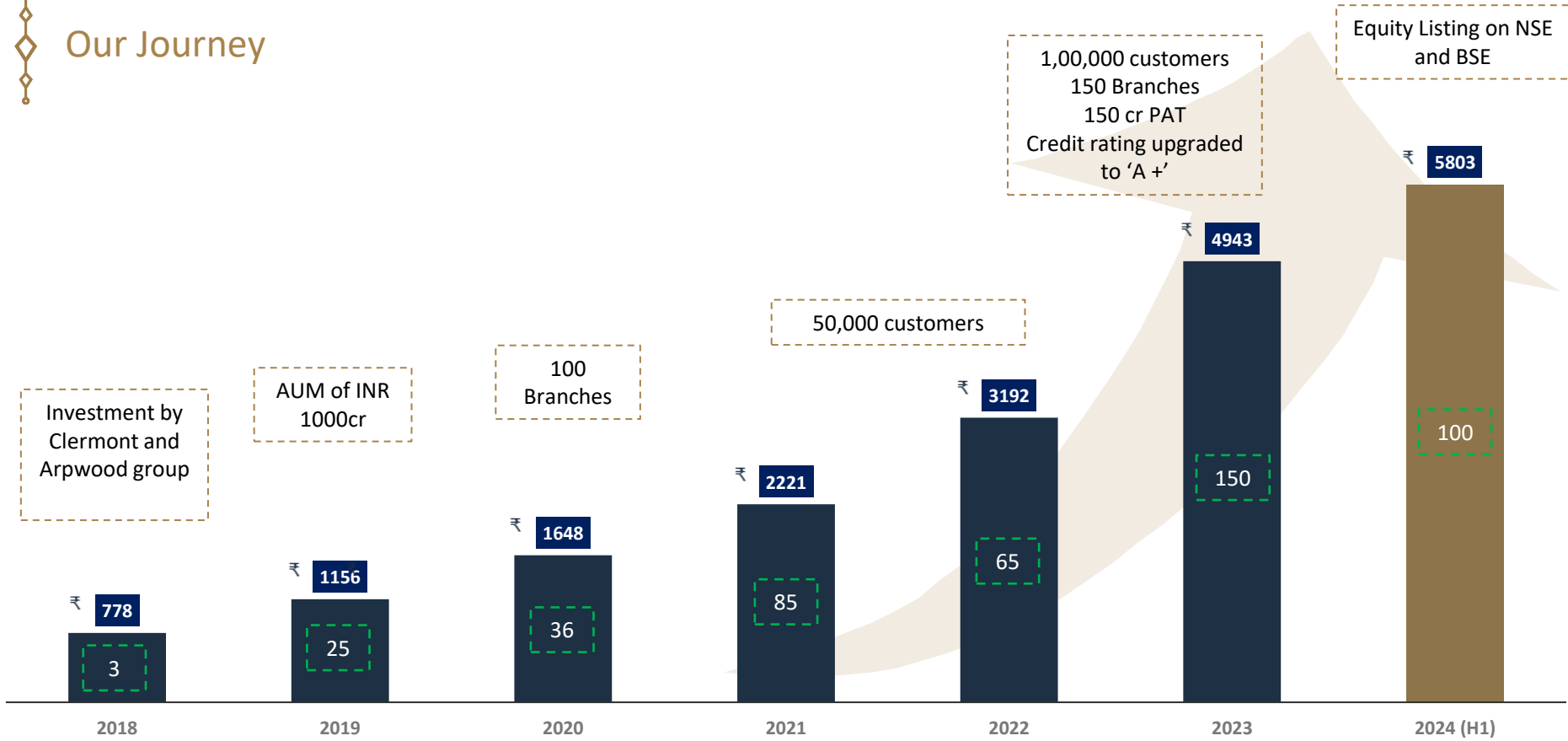
SBFC Focus Segment – customers borrowing ₹0.05 to ₹0.3 cr

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



About the company

Management and Shareholder

Business

Credit & Risk

Financials

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



John Mescall
Managing Director
Clermont Group



Jonathan Tatur
Investments
Clermont Group



Arjun Sahuja
Investments
Clermont Group



Amol Jain
Co-founder
Arpwood Partners

Managing
Director

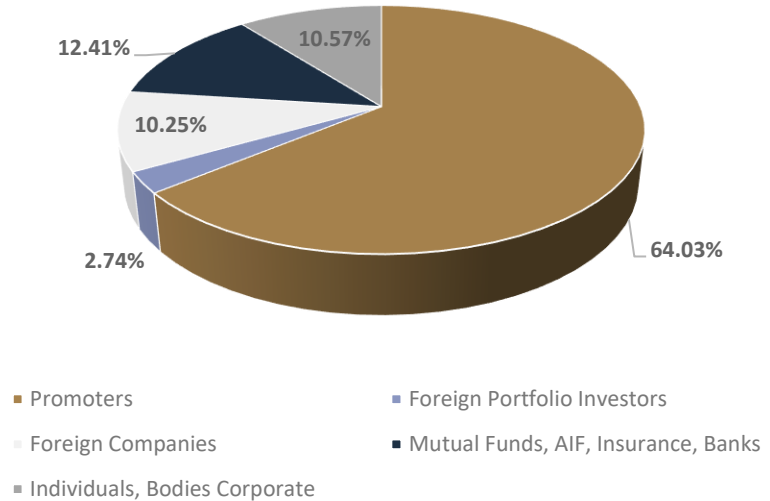


Aseem Dhru
MD & CEO

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%

Shareholding Pattern



Status as on September 30 2023



About the company

Management and Shareholder

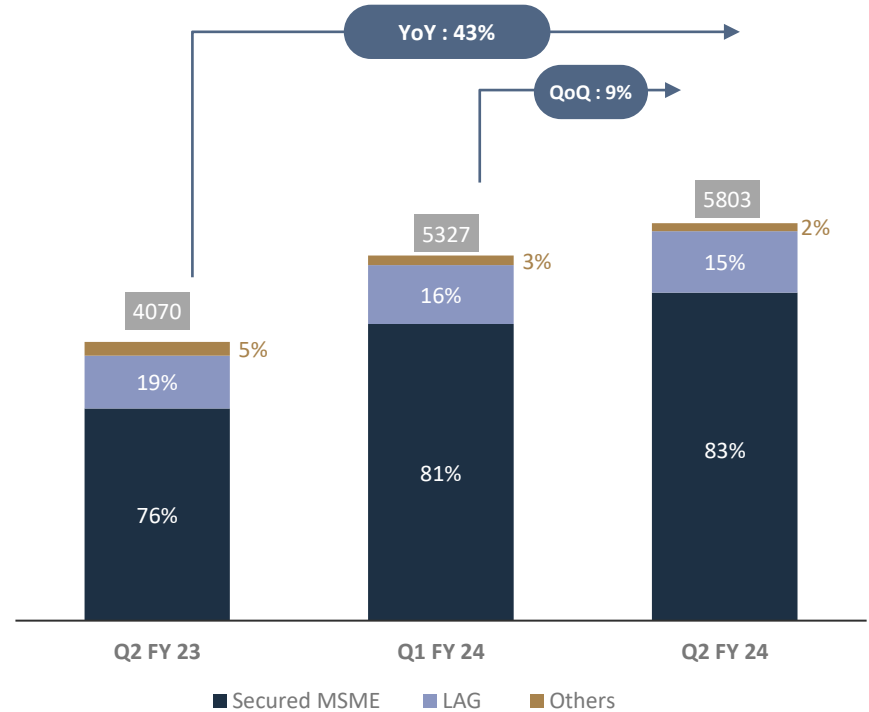
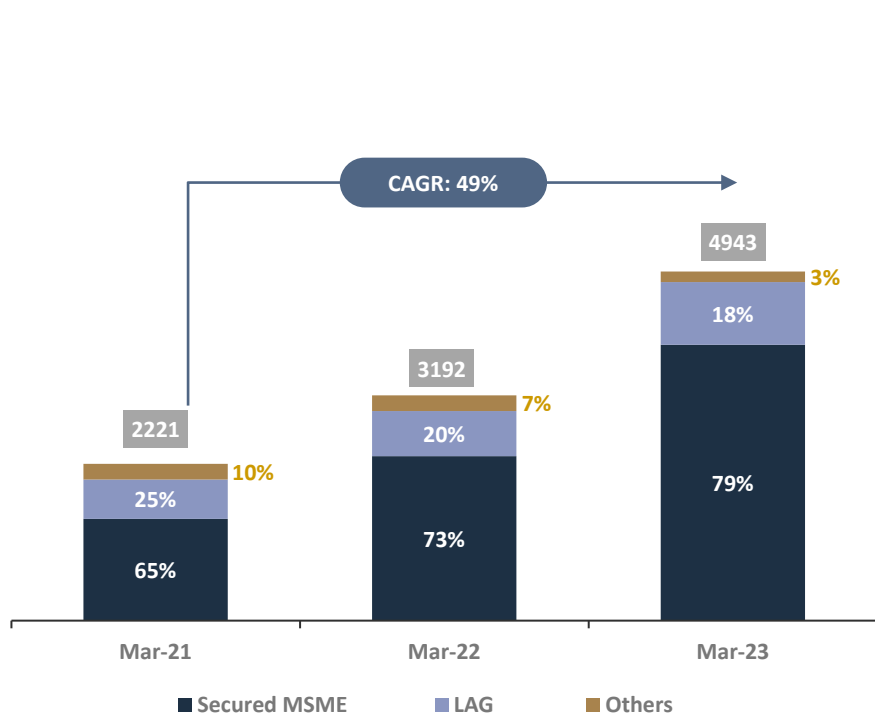
Business

Credit & Risk

Financials

Business Momentum

Delivering rapid growth in recent years

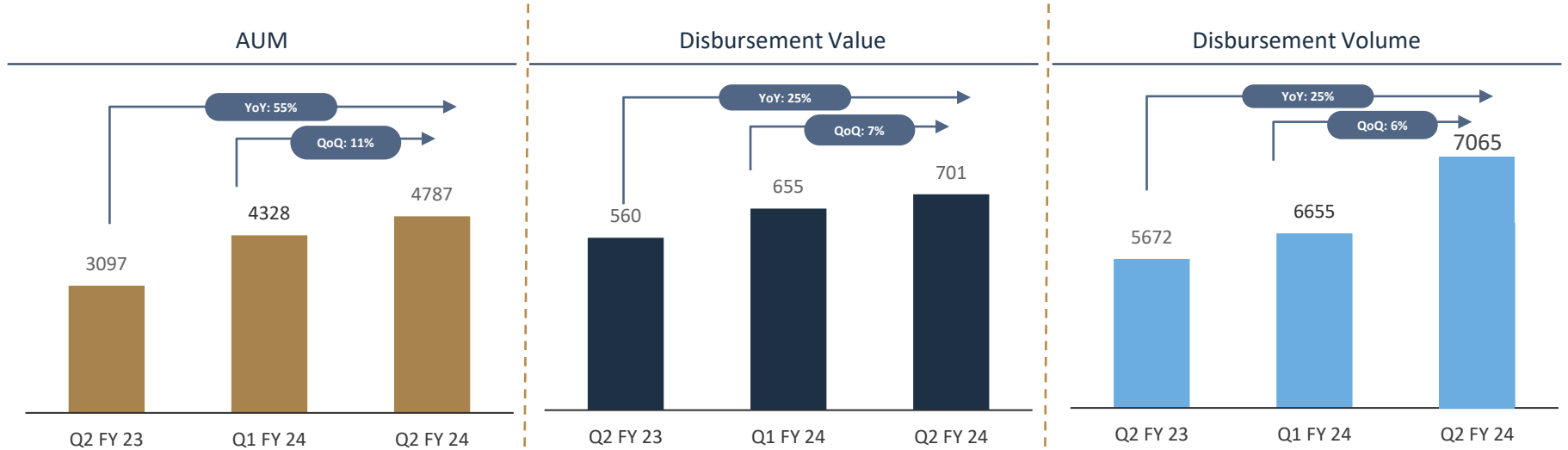


All figures in ₹ Cr.

AUM

Business Momentum – Secured MSME

Growth in both Volume & Value

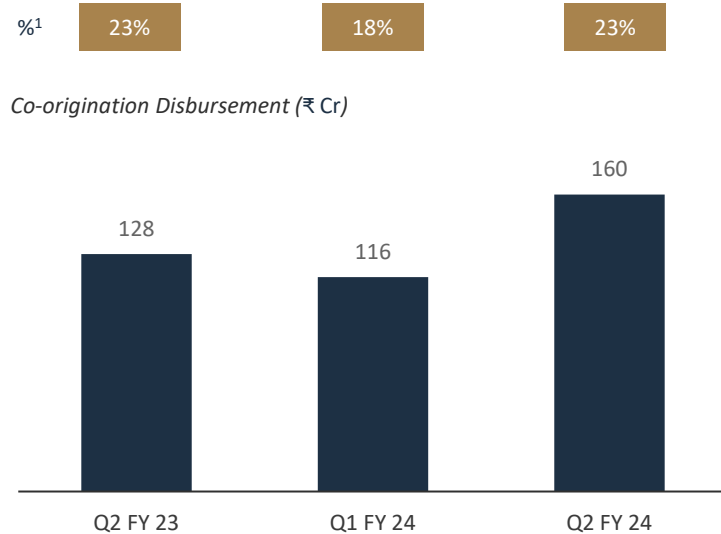


AUM Secured MSME
All figures in ₹ Cr

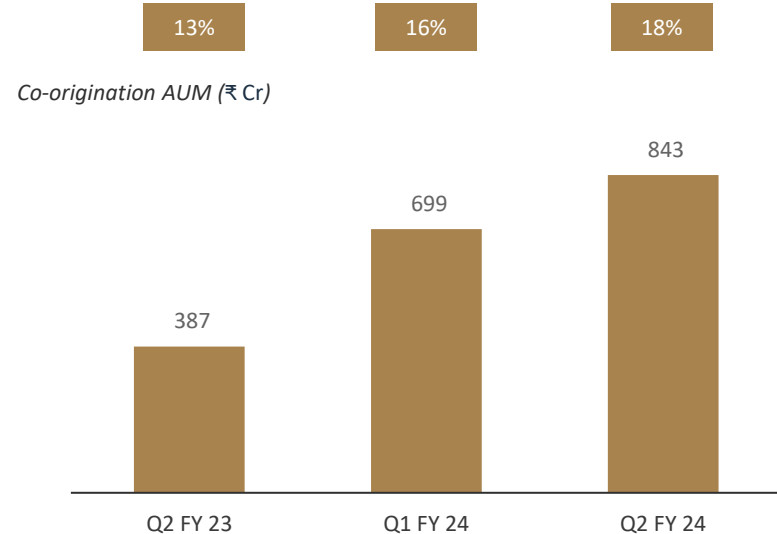
Business Momentum

Co-origination – Validates our profitable origination

Steady rise in co-origination disbursement...



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



%¹

23%

18%

23%

13%

16%

18%

Co-origination Disbursement (₹ Cr)

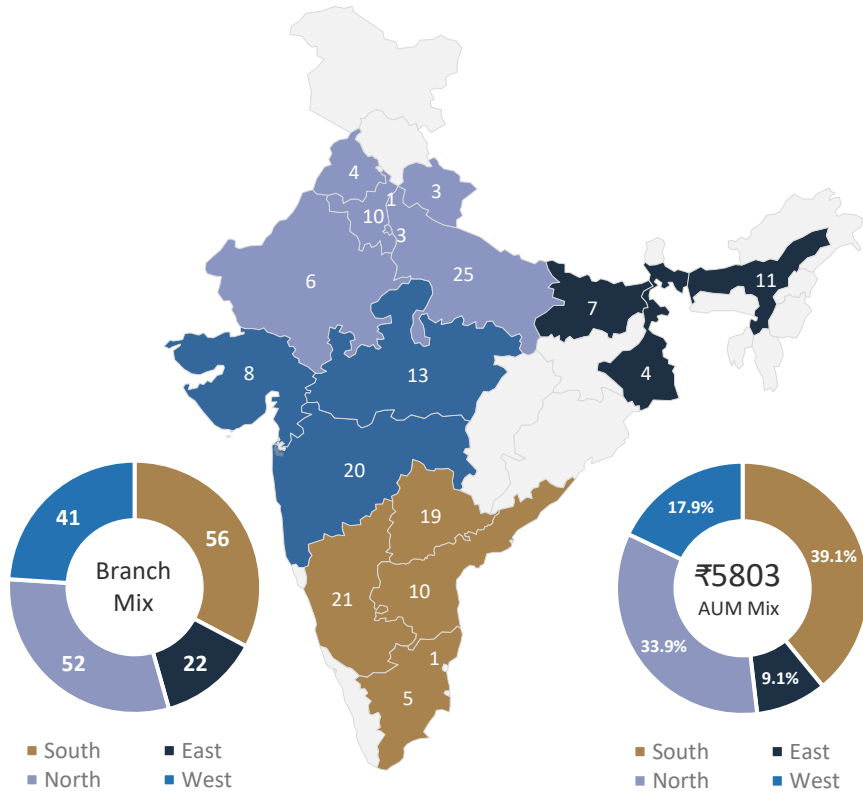
Co-origination AUM (₹ Cr)

¹Percentage is on Total Secured MSME Loans

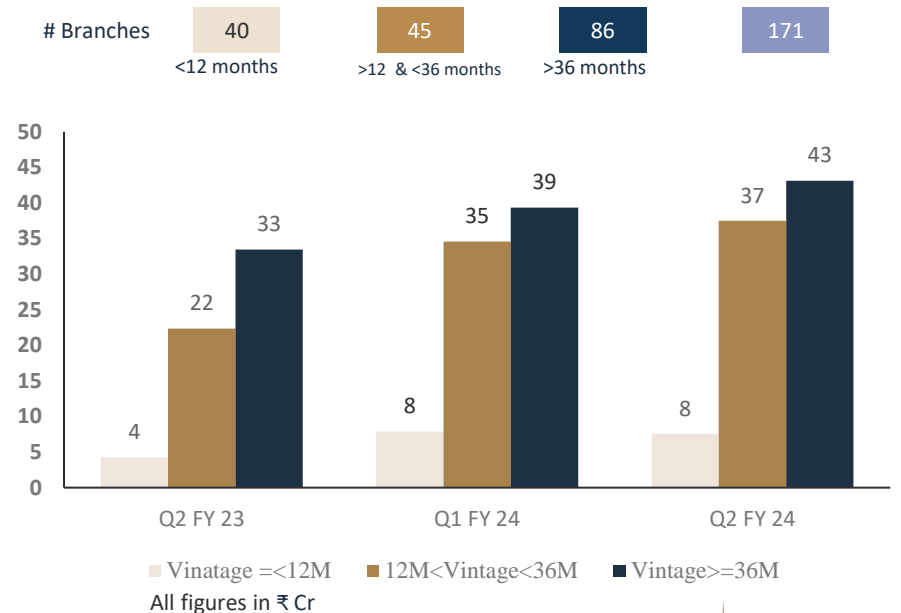
Business Momentum

No concentration risk & well distributed growth

Present in 16 states, 2 UTs covering 140 cities via 171 branches



Driven by steady rise in AUM per branch





About the company

Management and Shareholder

Business

Credit & Risk

Financials

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

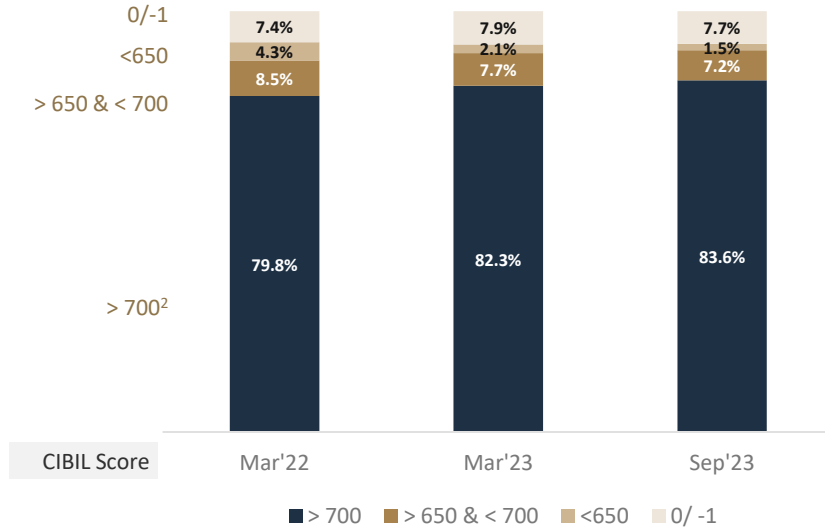
- Credit officer spends time to understand income & cash flow (documented + non-documented) at family level
- Evaluation of historical asset creation
- SBFC customers are often first-time commercial borrowers with past consumer loans
- Reference check from the neighbourhood, locality and their customer 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 57K MSME customers) & strong knowledge of local markets (16 states, 2 UTs)

Credit Underwriting

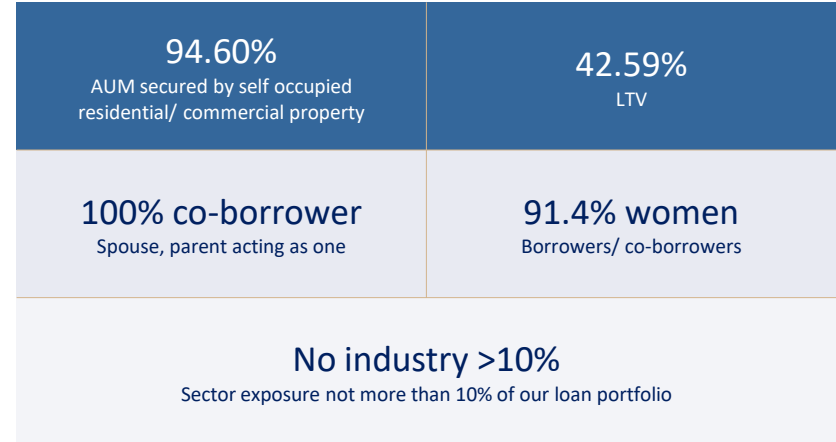
Quality borrowers with credit score above 700

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



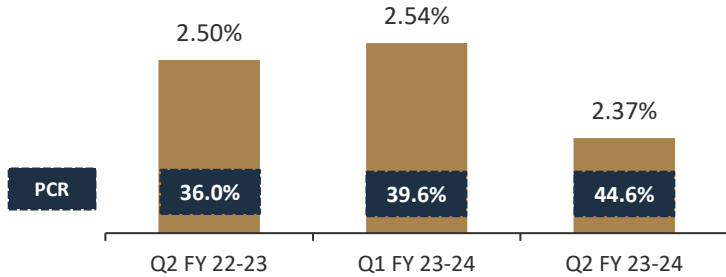
¹Pertains to secured MSME Loans;
²>700 range is combination of 700 -750 & >750 numbers

Granular loan book with high quality collateral¹

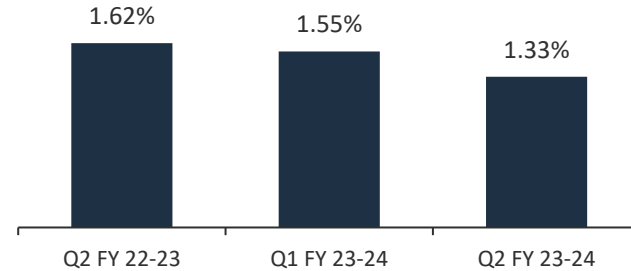


Credit Indicators

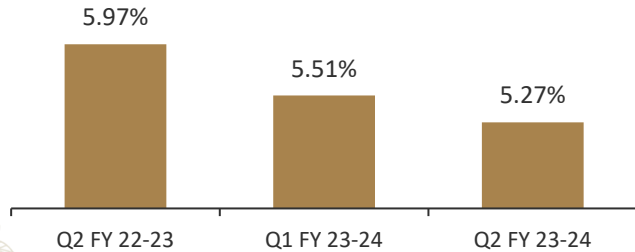
Gross NPA %¹



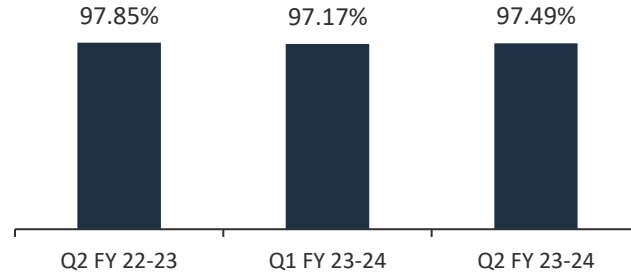
Net NPA %²



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 September 30, 2023	Stage 1	Stage 2	Stage 3	Total
Gross Loans Outstanding	4,811	225	122	5,158
ECL Provision	30	13	55	98
Net Loans Outstanding	4,781	212	67	5,060
ECL Provision %	0.63%	5.91%	44.62%	1.91%

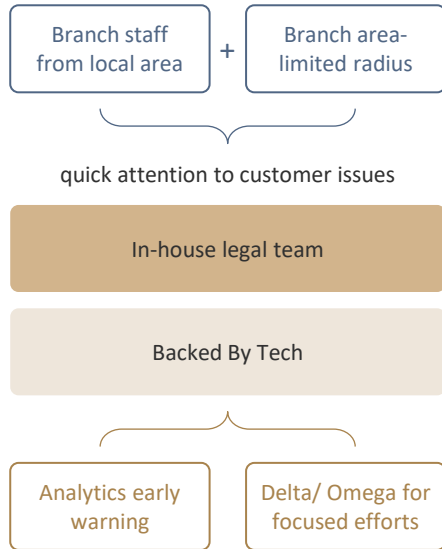
As on June 30, 2023	Stage 1	Stage 2	Stage 3	Total
Gross Loans Outstanding	4,499	180	122	4,801
ECL Provision	28	12	48	88
Net Loans Outstanding	4,471	168	74	4,713
ECL Provision %	0.63%	6.48%	39.56%	1.84%

As on September 30, 2022	Stage 1	Stage 2	Stage 3	Total
Gross Loans Outstanding	3,539	153	95	3,787
ECL Provision	22	12	34	68
Net Loans Outstanding	3,517	141	61	3,719
ECL Provision %	0.61%	8.04%	36.05%	1.80%

Collections Approach

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

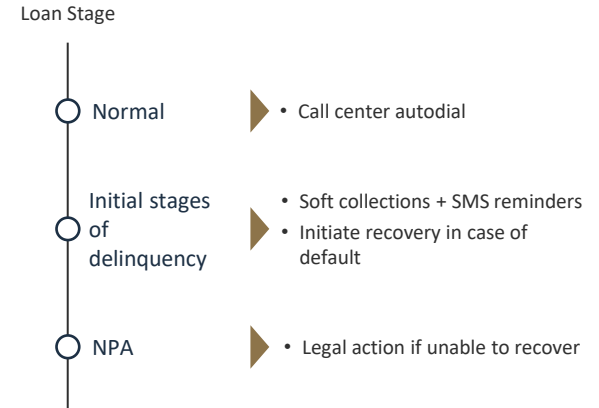
On-ground Teams



Scalable Structure



Adaptable collection strategy as per loan stage

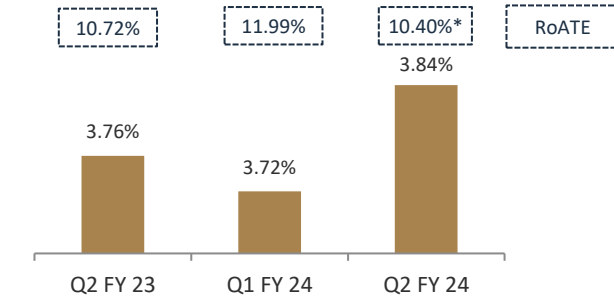
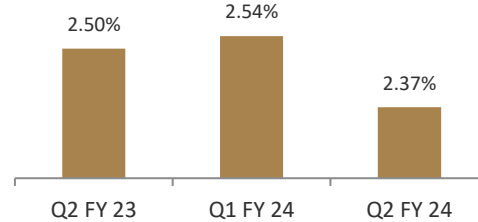
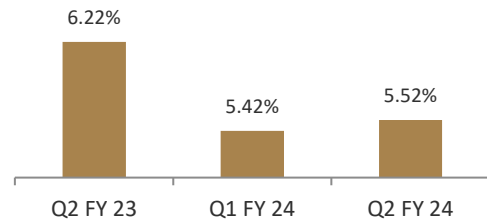
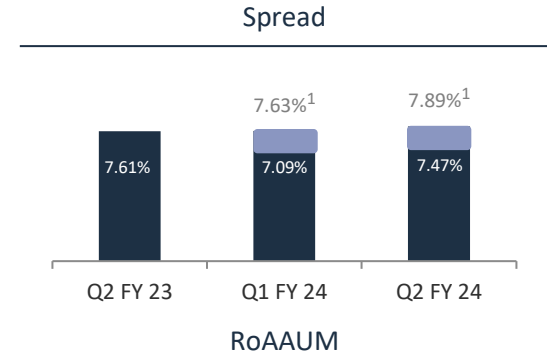
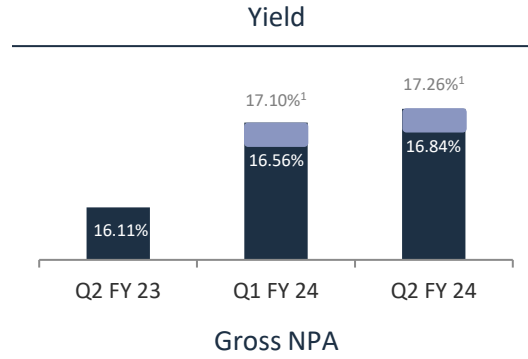
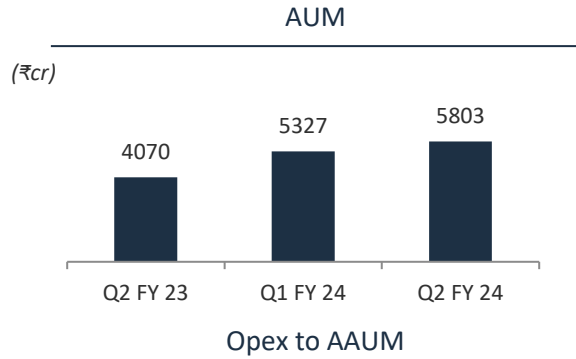




About the company
Management and Shareholder
Business
Credit & Risk
Financials

Financial Performance

Quarterly Trends in KPIs

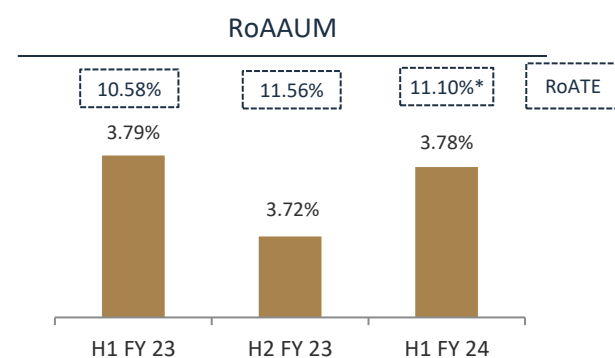
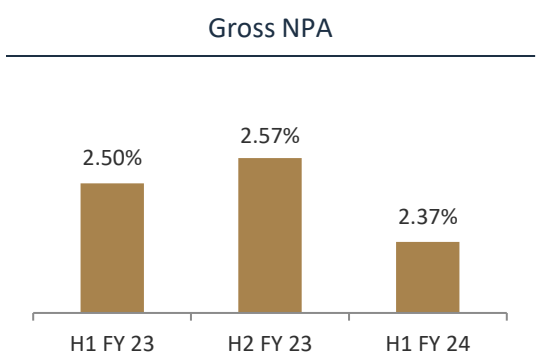
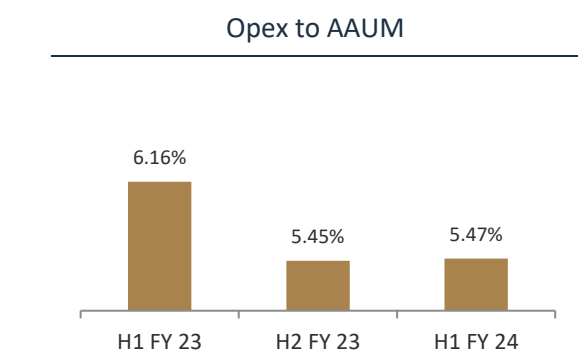
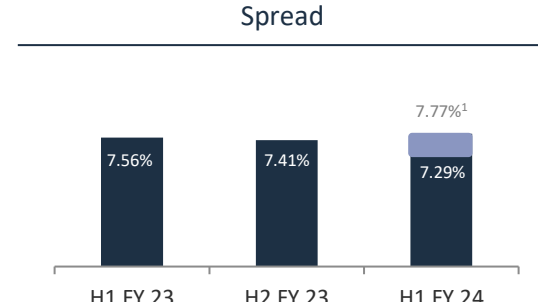
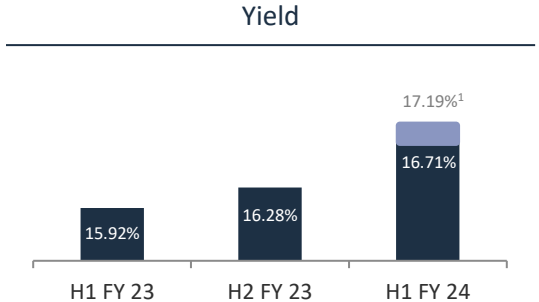
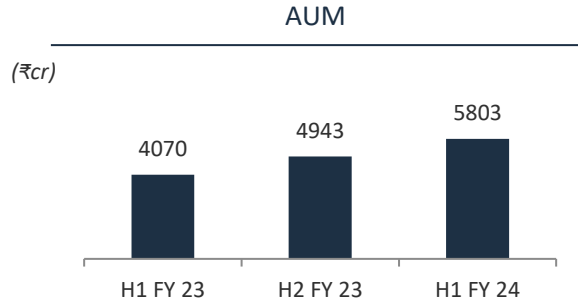


¹Interest Income on credit impaired loan assets which are classified as Non Performing Assets, is not being recognized unless realized as a matter of prudence. The Company has reversed Rs 6.2 Cr in Q1 FY 24 and Rs 5.1 Cr in Q2 FY 24 for the Interest already accrued.

*The company has received an equity infusion of Rs. 600 crore in the current quarter

Financial Performance

Half-yearly Trends in KPIs

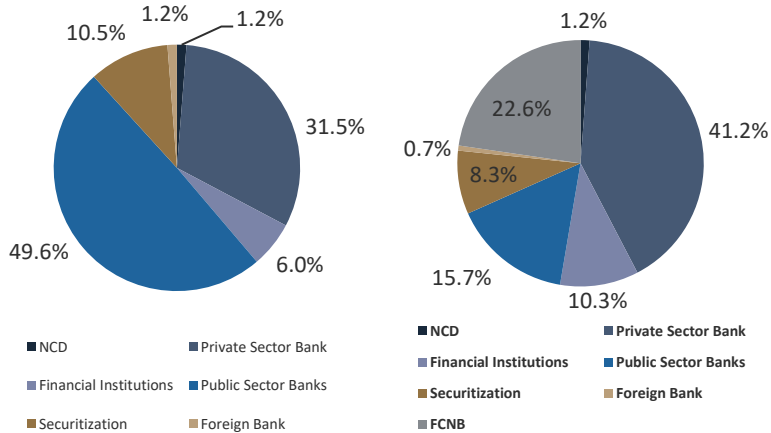


¹Interest Income on credit impaired loan assets which are classified as Non Performing Assets, is not being recognized unless realized as a matter of prudence. The Company has reversed Rs 11.3 Cr in H1 FY 24 for the Interest already accrued.

*The company has received an equity infusion of Rs. 600 crore in the current quarter

Sources of Borrowing

Diversified Borrowing Mix



Long Term Credit rating A+ (Stable)



Lenders to the Company

Public Sector Banks



Private Sector Banks



Financial Institutions (FIs)



Q2 FY23

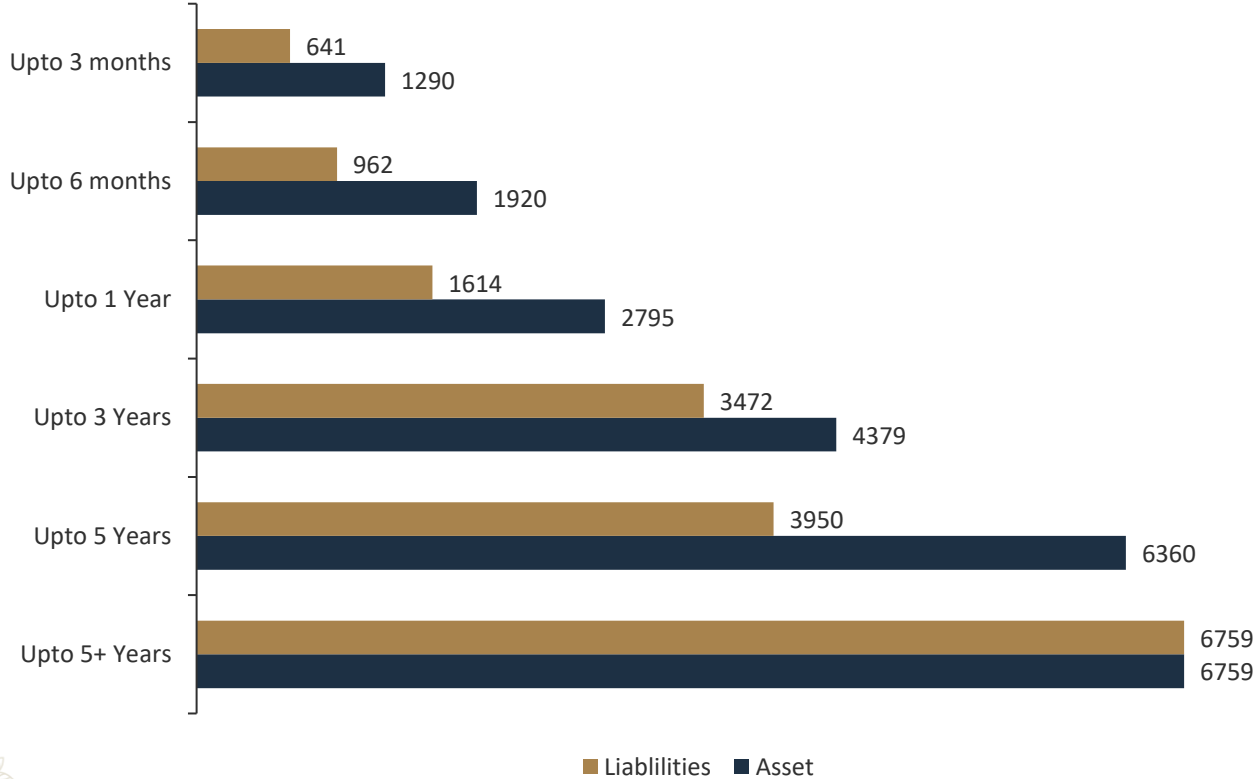
19

Number of Lenders

Q2 FY24

23

ALM – September 2023



Surplus

649

958

1181

907

2401

All figures in ₹ Cr

Summary Financial Statements – Profit & Loss Account for Q2 FY24

Particulars	Quarter Ended			Growth (%)	
	30 September 2023	30 June 2023	30 September 2022	Q-o-Q	Y-o-Y
Interest Income on Loans	205 ¹	188 ¹	143	9.3%	44.1%
Interest Income other than on Loans	15	16	13	-9.3%	8.4%
Fee & Other Income	27	26	21	2.0%	25.3%
Total Income	247	230	177	7.2%	39.1%
Finance Cost	89	89	62	0.6%	43.1%
Operating Expenses	76	68	59	10.7%	28.3%
Pre-Provisioning Operating Profit	82	73	56	11.9%	46.2%
Credit Cost	11	10	8		
Tax Expense	18	16	12		
Profit after Tax	53	47	36	12.0%	47.6%
Basic EPS (₹/ Share)	0.52	0.52	0.41		
Diluted EPS (₹/ Share)	0.51	0.49	0.39		

¹Interest Income on credit impaired loan assets which are classified as Non Performing Assets, is not being recognized unless realized as a matter of prudence. The Company has reversed Rs 6.2 Cr in Q1 FY 24 and Rs 5.1 Cr in Q2 FY 24 for the Interest already accrued.

Summary Financial Statements – Profit & Loss Account for H1 FY24

Particulars	Half Year Ended		Growth (%)	Annual
	30 September 2023	30 September 2022	Y-o-Y	31 March 2023
Interest Income on Loans	393 ¹	267	47.2%	595
Interest Income other than on Loans	31	28	8.0%	59
Fee & Other Income	53	42	25.6%	86
Total Income	477	337	41.3%	740
Finance Cost	178	122	45.7%	276
Operating Expenses	144	110	30.9%	230
Pre-Provisioning Operating Profit	155	105	46.9%	234
Credit Cost	21	14		32
Tax Expense	34	23		52
Profit after Tax	100	68	47.1%	150
Basic EPS (₹/ Share)	1.04	0.78		1.71
Diluted EPS (₹/ Share)	1.00	0.75		1.62

¹Interest Income on credit impaired loan assets which are classified as Non Performing Assets, is not being recognized unless realized as a matter of prudence. The Company has reversed Rs 11.3 Cr in H1 FY 24 for the Interest already accrued.

ROE Tree

Ratios	H1FY24	H1FY23	FY 23	FY 22
Interest Income on Loans/ Average Loan Book	16.7% ¹	15.9%	16.1%	15.5%
Fee & Other Income/ Average AUM	2.0%	2.4%	2.2%	2.2%
Finance costs/ Average Borrowings	9.5%	8.4%	8.7%	8.1%
Spread	7.3% ¹	7.6%	7.5%	7.5%
Net Interest Margin/ Average AUM	9.3% ¹	9.7%	9.5%	9.7%
Operating Expenses/ Average AUM	5.5%	6.2%	5.8%	6.8%
Credit Cost/ Average AUM	0.8%	0.8%	0.8%	1.8%
Profit after Tax/ Average AUM	3.8%	3.8%	3.7%	2.5%
Leverage (Avg AUM/ Avg Tangible Equity)	2.9	2.8	3.0	2.6
RoATE	11.1%	10.6%	11.1%	6.6%

¹Interest Income on credit impaired loan assets which are classified as Non Performing Assets, is not being recognized unless realized as a matter of prudence. The Company has reversed Rs 11.3 Cr in H1 FY 24 for the Interest already accrued.

Balance Sheet

Particulars	Quarter Ended			Annual
	30 September 2023	30 June 2023	30 September 2022	31 March 2023
Assets				
Cash and Bank Balances	714	440	393	400
Derivative Instrument	4	-	-	-
Receivables	12	18	9	11
Loan Assets	5,060	4,713	3,719	4,415
Investments	476	623	834	607
Other financial assets	8	4	4	4
Current & Deferred tax assets (Net)	5	-	31	-
Property, Plant and Equipment etc.	296	297	298	297
Other non-financial assets	6	21	6	12
Total Assets	6,581	6,116	5,294	5,746
Liabilities and Equity				
Derivative Instrument	-	1	-	-
Payables	54	20	13	13
Borrowings	3,657	3,903	3,439	3,739
Other financial liabilities	261	249	210	251
Non-Financial Liabilities	10	16	19	16
Equity & Reserves	2,599	1,927	1,613	1,727
Total Liabilities and Equity	6,581	6,116	5,924	5,746

All figures in ₹ Cr



THANK YOU!