



25th January, 2024

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(s),

Sub: Investor Presentation

Further to our letter dated 23rd January, 2024 intimating about Earnings Conference Call, please find attached the investor presentation which will be referred during the earnings call on 29th January, 2024 with investors in connection with the financial results for the quarter ended 31st December, 2023.

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. 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 • Email: complianceofficer@sbfc.com
CIN No : U67190MH2008PLC178270



Investor Presentation

Q3 FY 2024



























Safe Harbor

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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 – FY24 9M Performance

Size and Growth	Distribution	Granular Book	Asset Quality	Liability Profile	Profitability
 6,266 AUM YoY +40%	 177 # Branches	 98.4% % Secured	 2.38% GNPA YoY -28 bps	 2,417 Tangible Net worth	 164 9M FY24 PAT YoY +47%
 5,246 Secured MSME AUM YoY +50%	 3,535 Employees	 9.70* 0.90* Average Ticket Size: Secured MSME / LAG (Lakhs)*	 1.36% NNPA YoY -35 bps	 CRAR 41.5% Capital Adequacy	 3.97% Return on AAUM
 2,069 Secured MSME Disbursal Value YoY +26%	 16 States & 2 UTs Pan India presence	 1,17,715 # live customers	 0.81% Credit Cost	 23 Lender Relationship Count	 16.88% 9M FY24 Yield YoY +91 bps
 21,325 Secured MSME Disbursal Volume YoY +27%	 100% in-house Sourcing	 LTV 42.6% / 68.2% Secured MSME / LAG	 43.46% PCR	 AA- (Stable) Credit rating ¹	 7.47% Spread YoY +3 bps

Note: All values in ₹ Cr unless stated otherwise, All metrics as of / for the 9M FY24 unless stated otherwise;

¹Long term credit rating by India Ratings is **Upgraded** in Q3 from A+ (Stable) to AA- (Stable)

Executive Summary – Q3 FY24



Asset Under Management

6266

+40%

+8%

Disbursement¹

713

+21%

+2%

Branches

177

+40

+6

Gross NPA

2.38%

-28 bps

+1 bp

Yield / Spread

17.2% / 7.8%

+114 / +55 bps

+34 / +32 bps

Opex to AAUM

5.48%

+18 bps

-4 bps

PAT

64

+63%

+22%

RoAAUM

4.31%

+57 bps

+47 bps

RoATE

10.77%

-50 bps

+37 bps

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



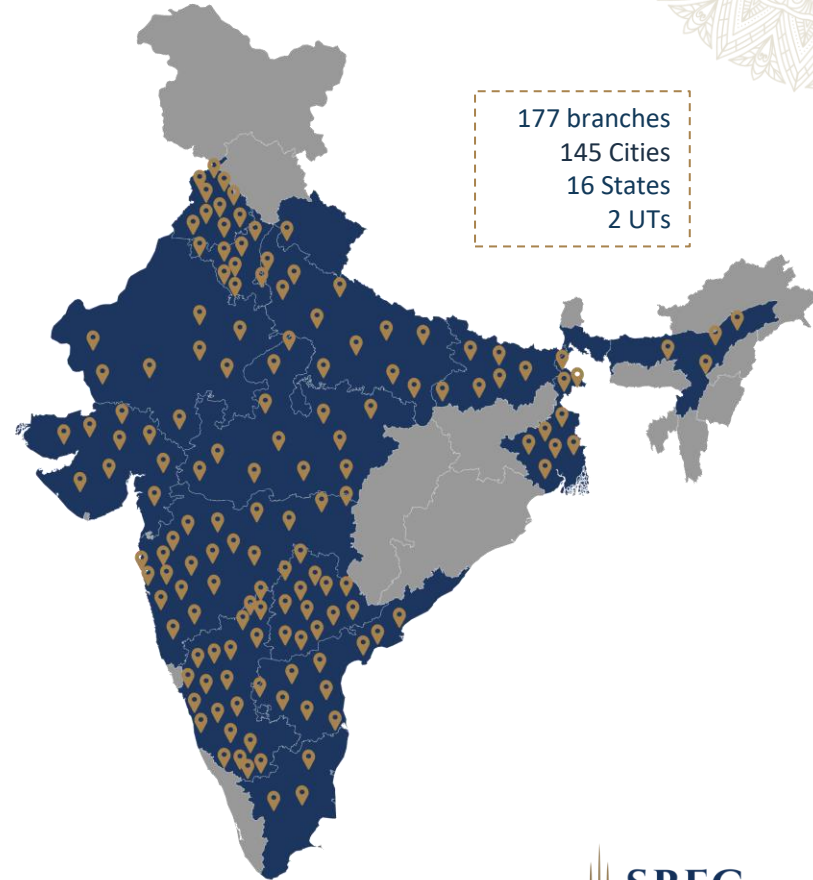
Opportunity: Market size (₹5 lakh - ₹30 lakh MSME financing) of ₹2.5 lakh crore, growing at 24%¹



Go to Market Approach: Diversified pan-India network with presence in 16 states & 2 UTs: top state at 17.11% 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%	

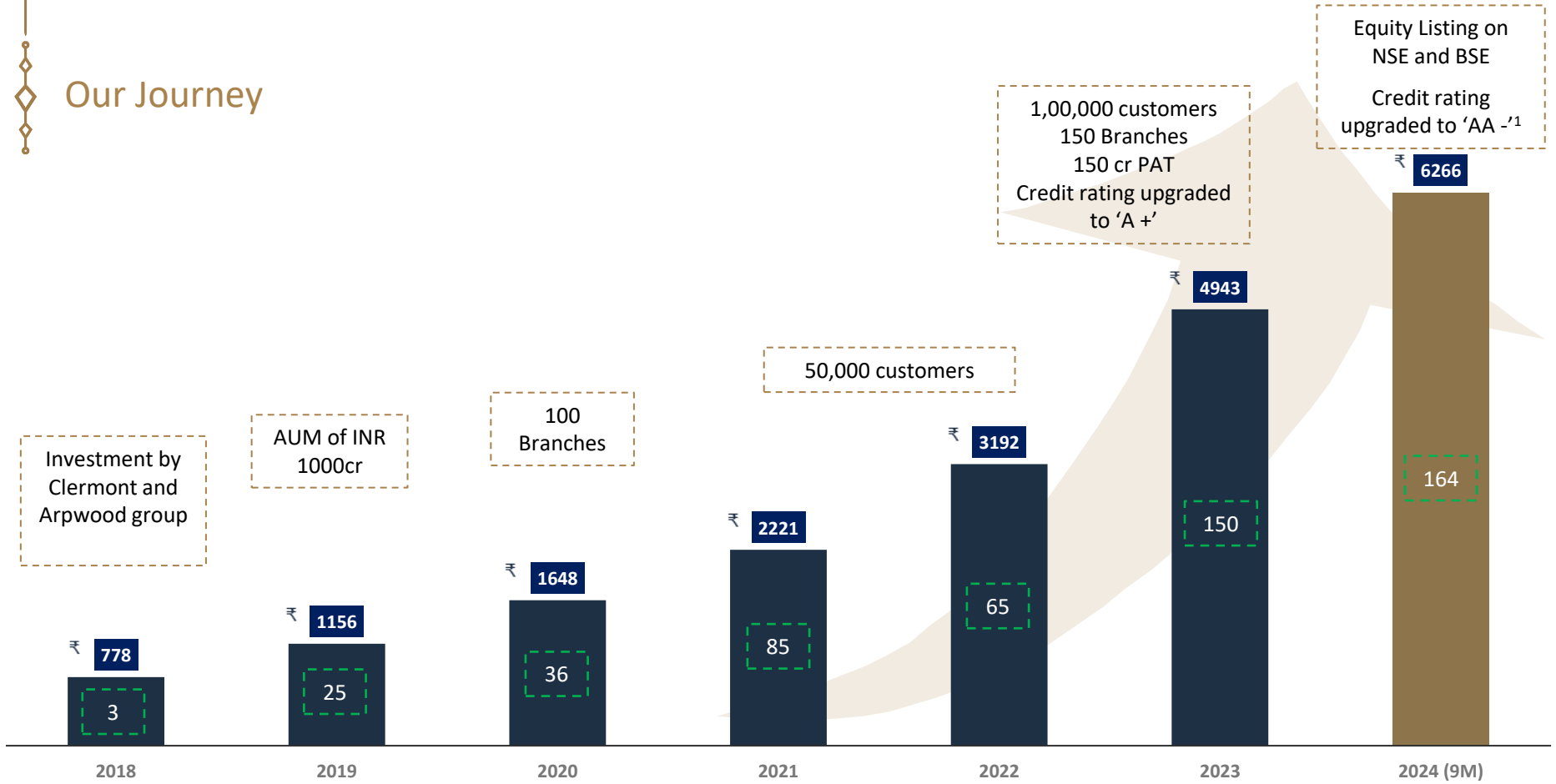
Source: CRISIL Industry Report;

¹ As of Mar-23;

² CAGR period over FY18 to FY23



Our Journey



¹Long term credit rating by India Ratings

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 Sakhua
Investments
Clermont Group



Amol Jain
Co-founder
Arpwood Partners

Managing
Director



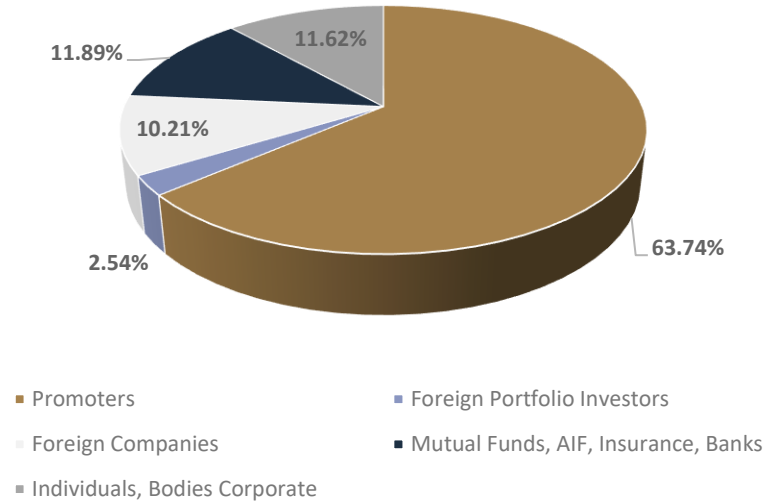
Aseem Dhru
MD & CEO

Shareholding

Category of Shareholders	% Share
Promoters	
Clermont Group	58.26%
Arpwood Group	5.48%
Other Major Shareholders	
SBI Mutual Fund	7.25%
Amansa	4.14%
Malabar Funds	4.14%
Steadview Capital	1.87%
Massachusetts Institute of Technology	1.47%

Status as on December 31 2023

Shareholding Pattern





About the company

Management and Shareholder

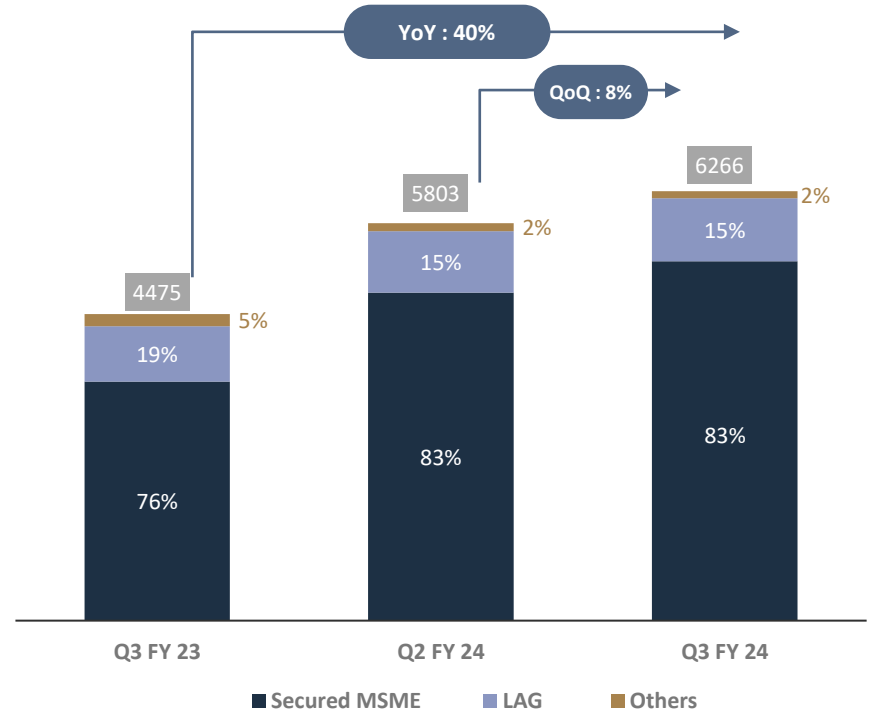
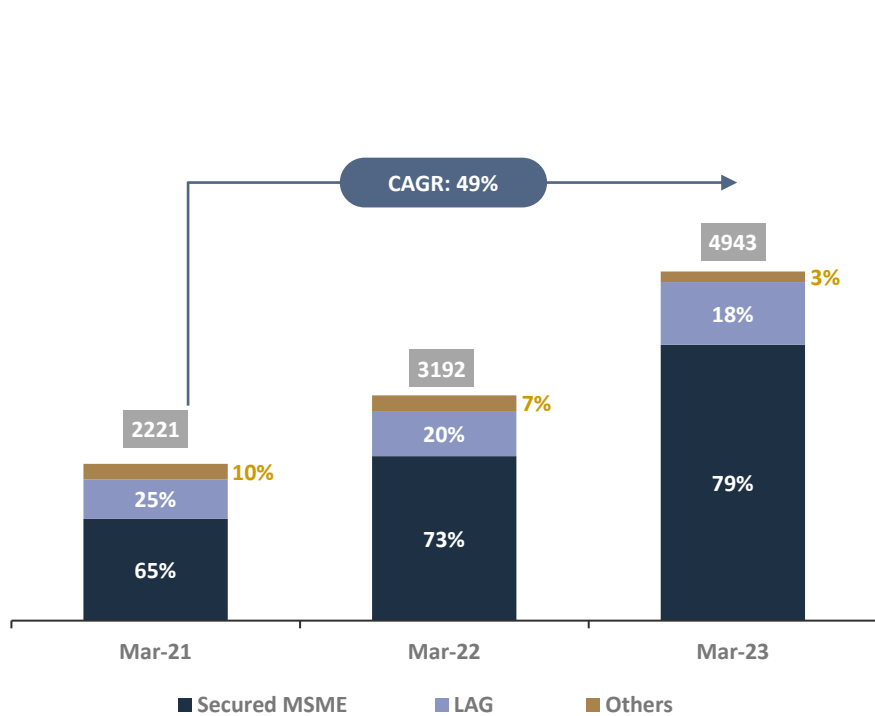
Business

Credit & Risk

Financials

Business Momentum

Delivering rapid growth in recent years

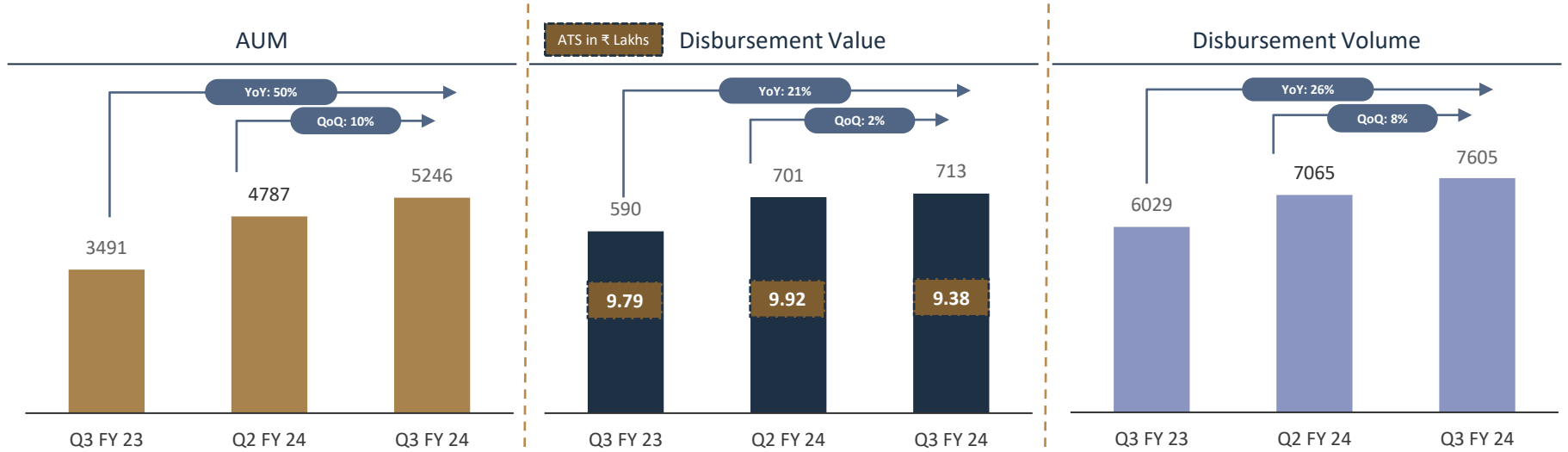


All figures in ₹ Cr.

AUM

Business Momentum – Secured MSME

Growth in both Volume & Value

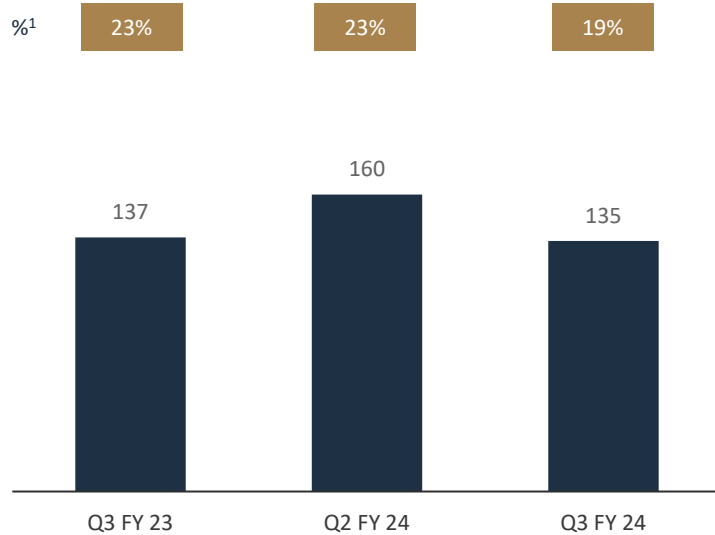


AUM Secured MSME
All figures in ₹ Cr

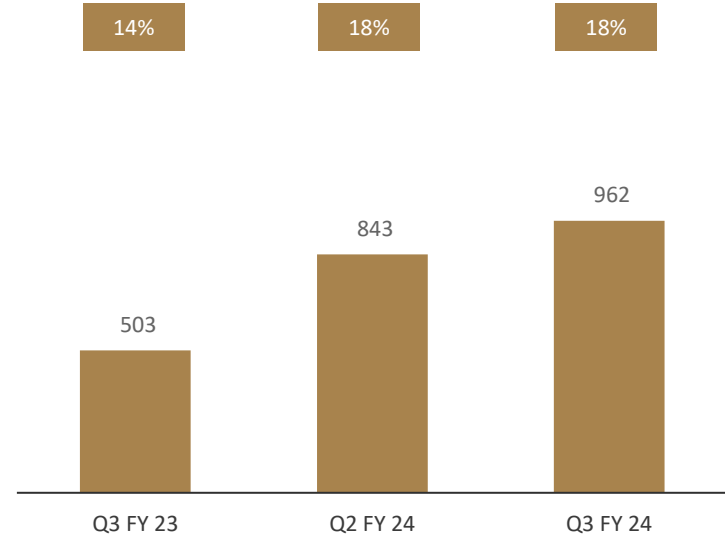
Business Momentum

Co-origination – Validates our profitable origination

Co-origination Disbursement (₹ Cr)



Co-origination AUM (₹ Cr)

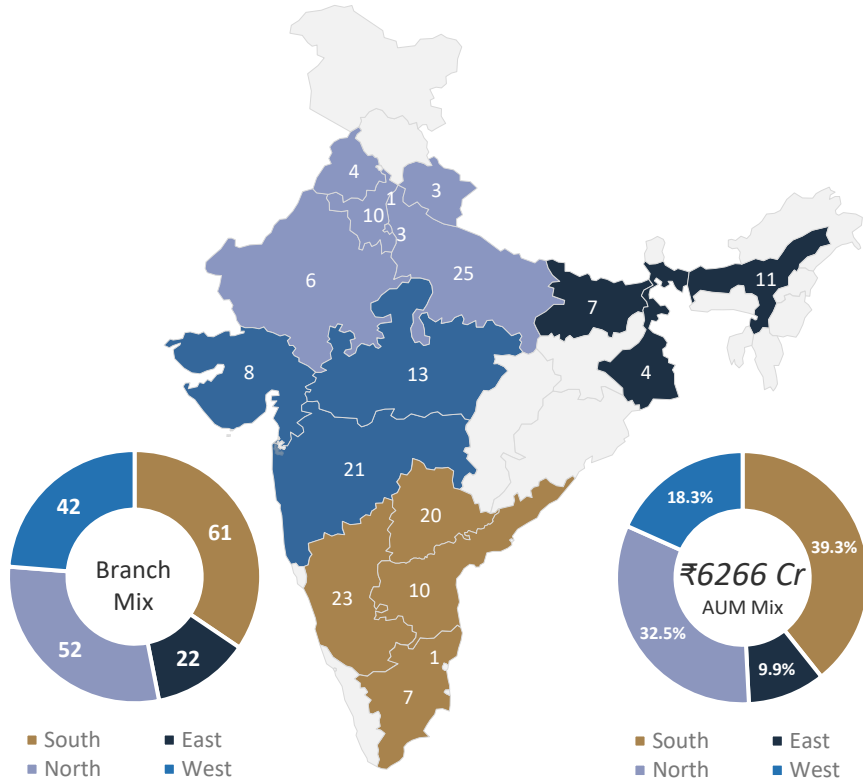


¹Percentage is on Total Secured MSME Loans

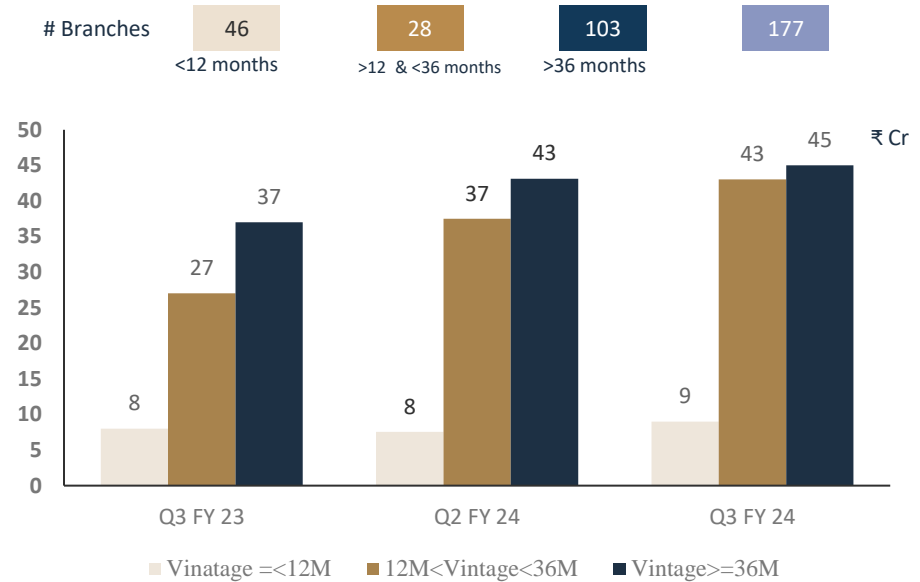
Business Momentum

No concentration risk & well distributed growth

Present in 16 states, 2 UTs covering 145 cities via 177 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

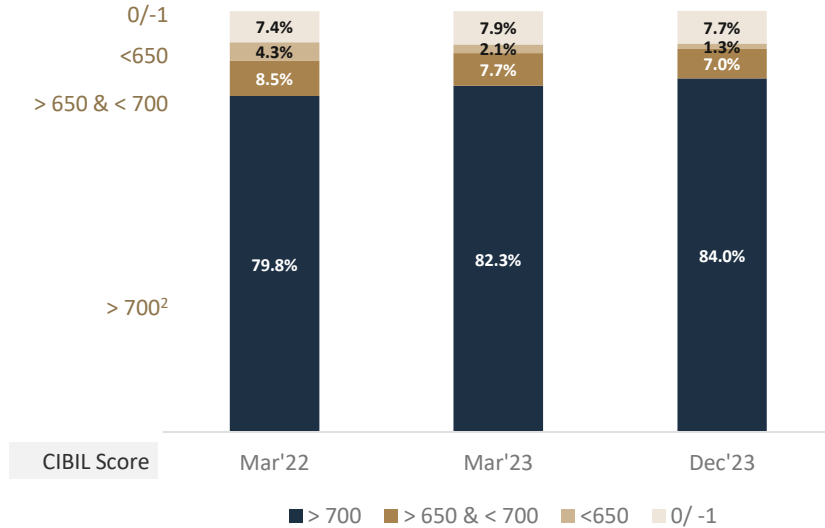
- Credit officer spends time to understand income & cash flow (documented + non-documented) at family level
- Evaluation of historical asset creation
- SBFC customers are often first-time commercial borrowers with past consumer loans
- Reference check from the neighbourhood, locality and their customer 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 64K MSME customers) & strong knowledge of local markets (16 states, 2 UTs)

Credit Underwriting

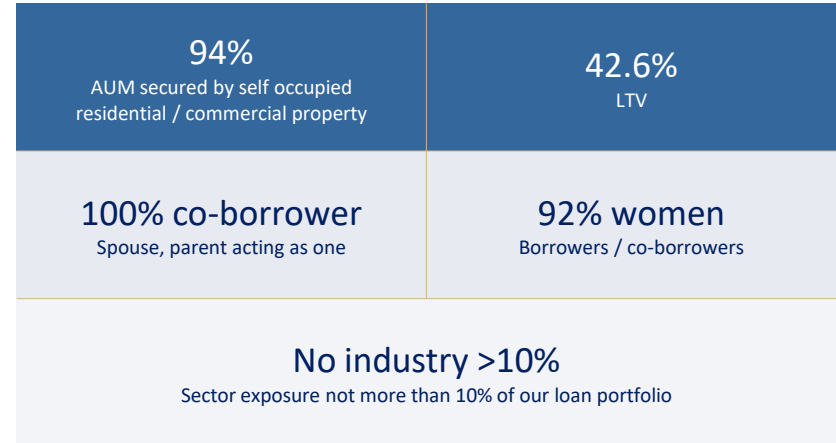
Quality borrowers with credit score above 700

Over 84% AUM from customers with CIBIL >700^{1,2}

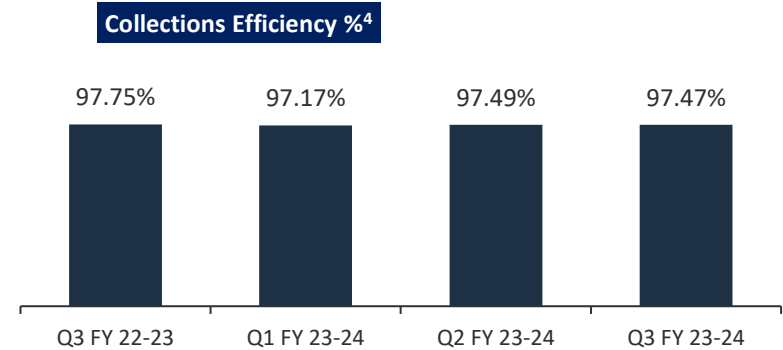
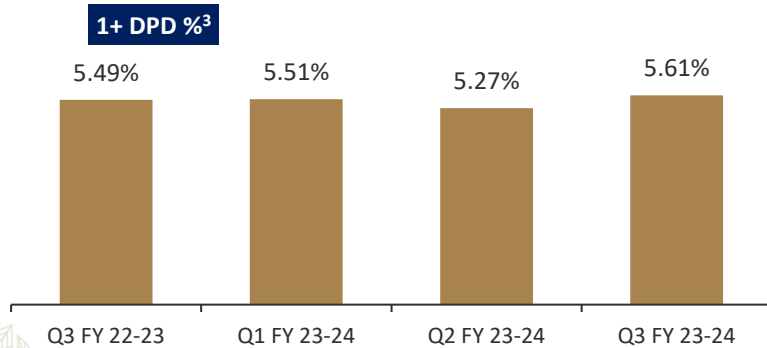
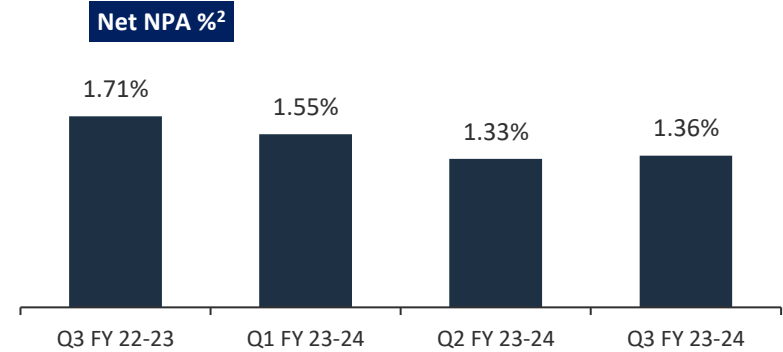
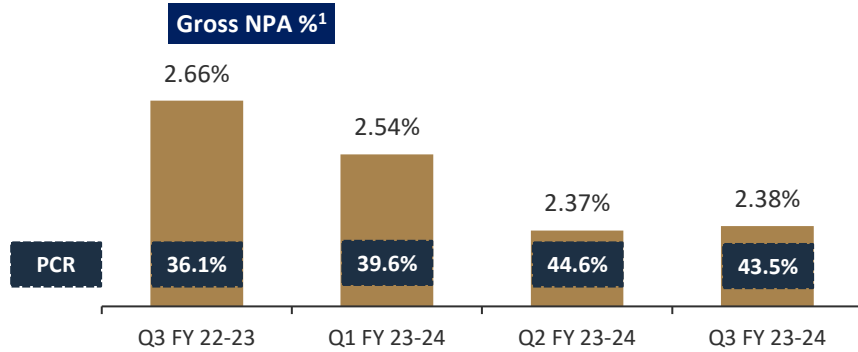


¹Pertains to secured MSME Loans;
²>700 range is combination of 700 -750 & >750 numbers

Granular loan book with high quality collateral¹



Credit Indicators



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 December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Gross Loans Outstanding	5,151	241	132	5,524
ECL Provision	32	13	57	102
Net Loans Outstanding	5,119	229	74	5,422
ECL Provision %	0.62%	5.21%	43.46%	1.84%

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%

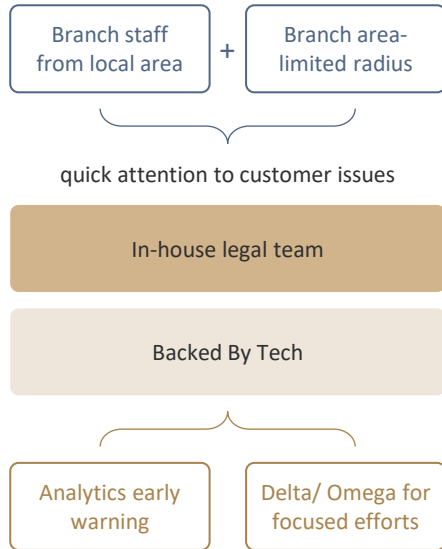
As on December 31, 2022	Stage 1	Stage 2	Stage 3	Total
Gross Loans Outstanding	3,876	136	109	4,121
ECL Provision	25	12	40	77
Net Loans Outstanding	3,851	124	70	4,045
ECL Provision %	0.64%	8.50%	36.10%	1.87%

All figures in ₹ Cr

Collections Approach

In-house, on-ground collections teams – **96%** collected digitally

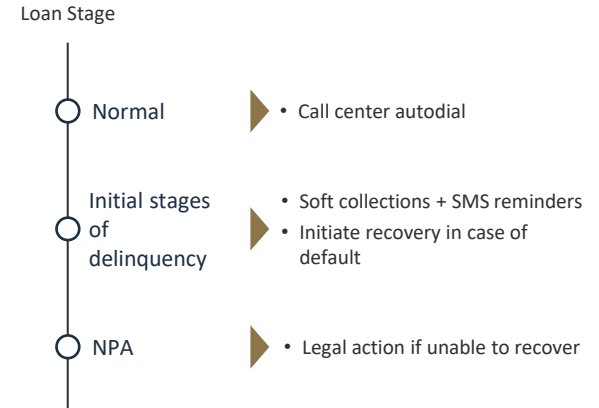
On-ground Teams



Scalable Structure



Adaptable collection strategy as per loan stage

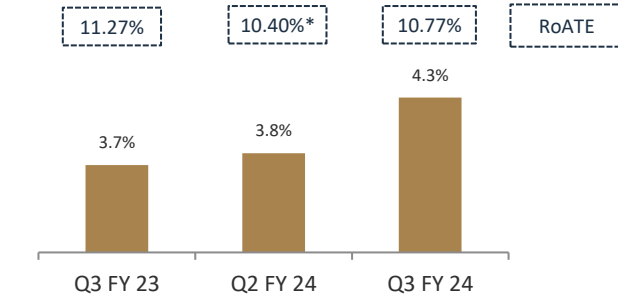
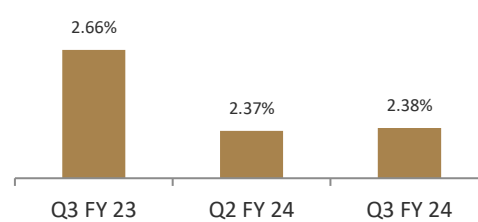
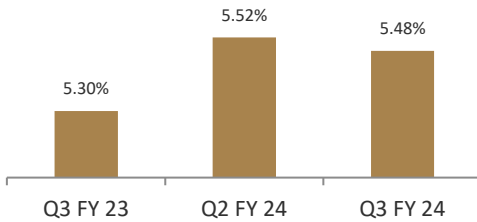
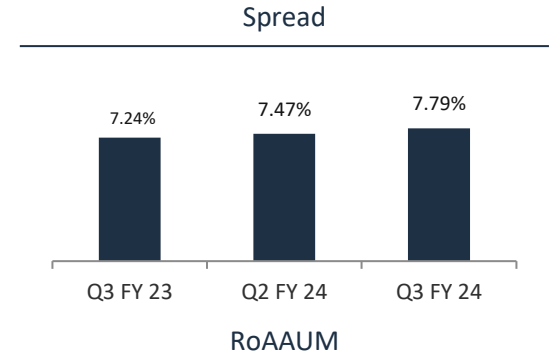
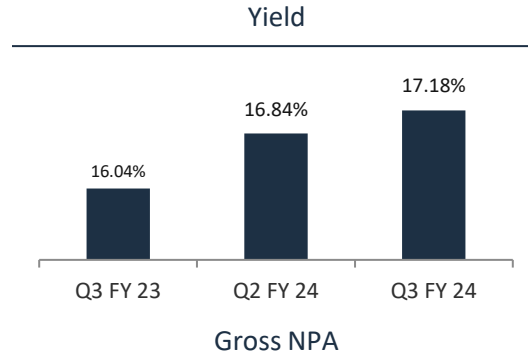
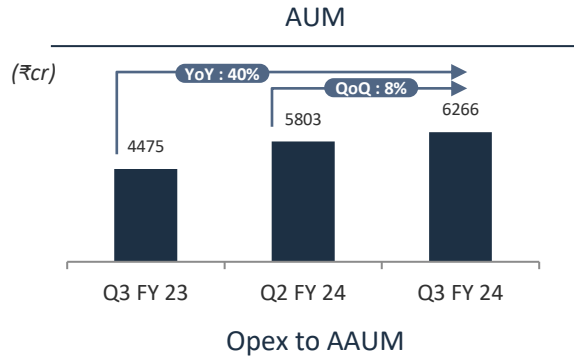




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Financial Performance

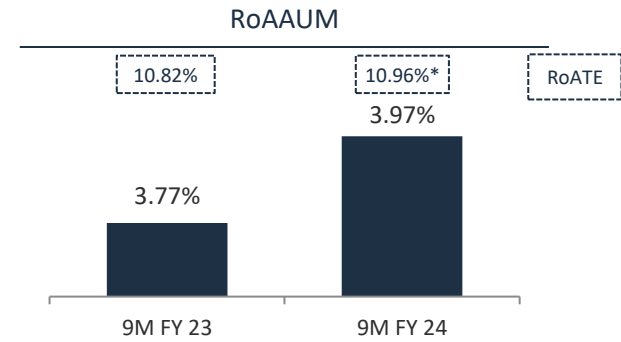
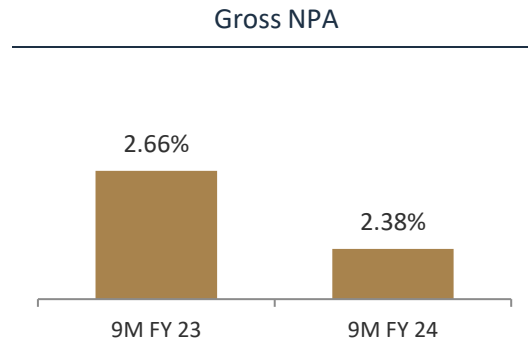
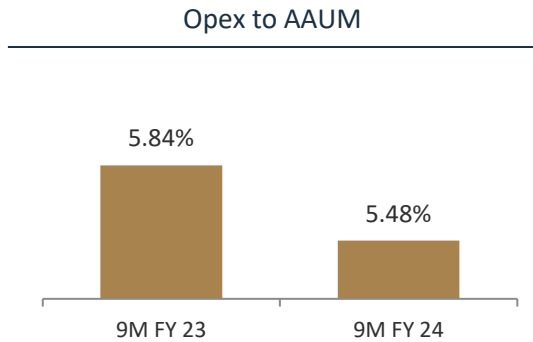
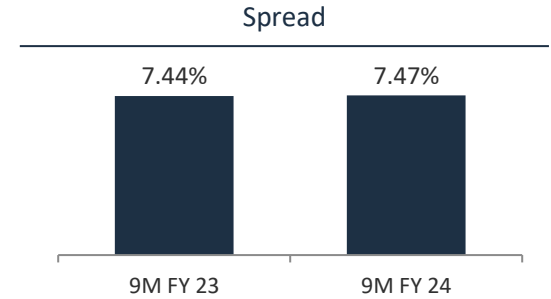
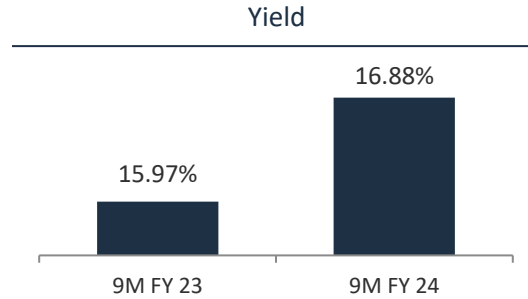
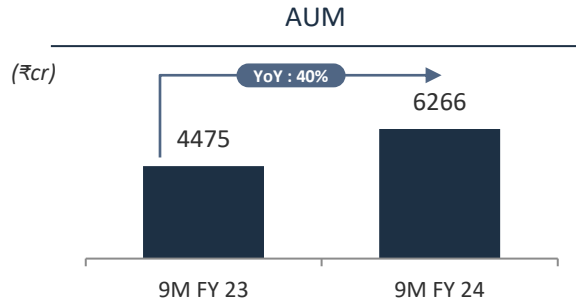
Quarterly Trends in KPIs



*The company has received an equity infusion of Rs. 600 crore in Q2 FY 24

Financial Performance

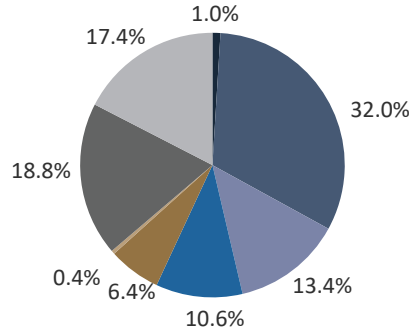
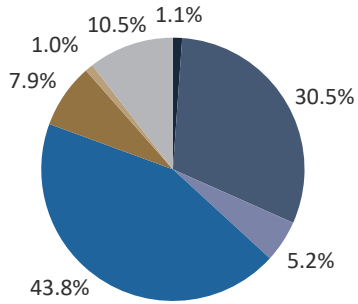
Trends in KPIs – 9M



*The company has received an equity infusion of Rs. 600 crore in Q2 FY 24

Sources of Borrowing

Diversified Borrowing Mix



- NCD
- Private Sector Bank
- Financial Institutions
- Public Sector Banks
- Securitization
- Foreign Bank
- Co-Origination

- NCD
- Private Sector Bank
- Financial Institutions
- Public Sector Banks
- Securitization
- Foreign Bank
- FCNB
- Co-Origination

Q3 FY23

21

Number of Lenders

Q3 FY24

23

AA- (Stable)

A+ (Stable)

India Ratings & Research
A Fitch Group Company

ICRA
A MOODY'S INVESTORS SERVICE COMPANY

CareEdge
RATINGS

Lenders to the Company

Public Sector Banks



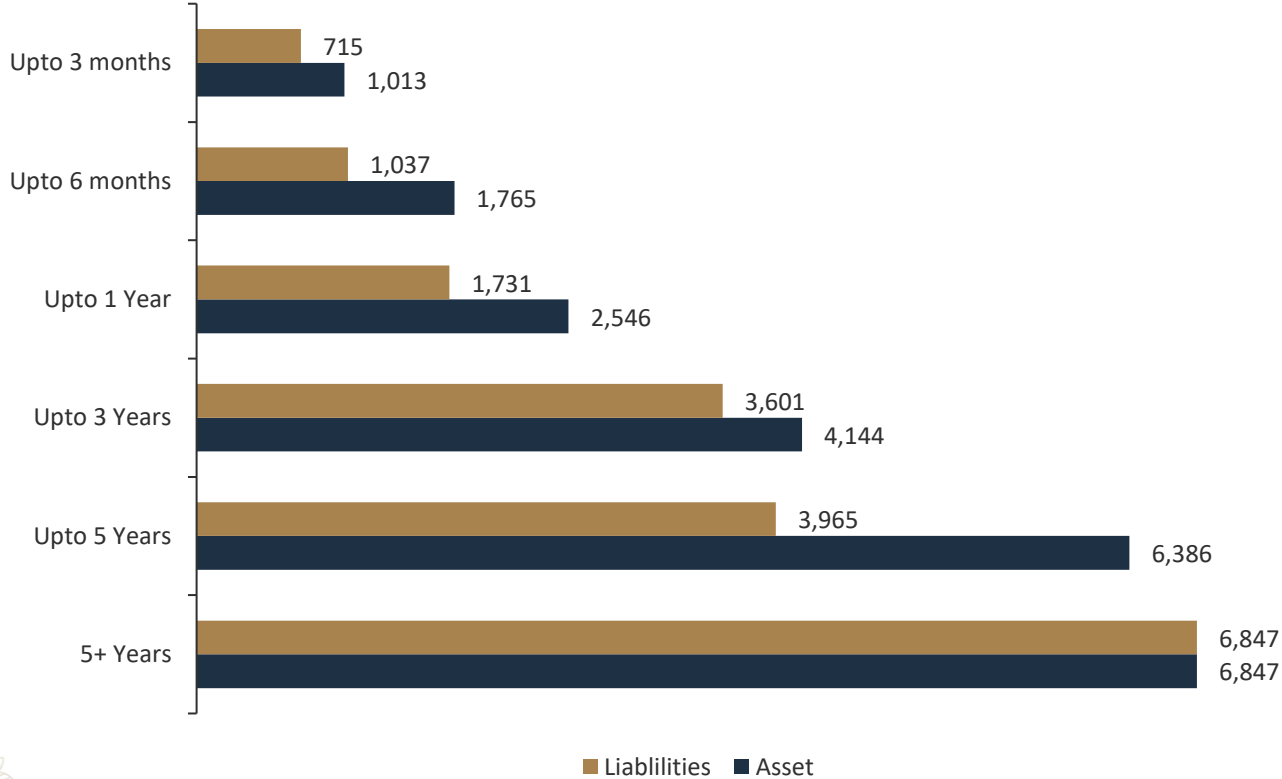
Private Sector Banks



Financial Institutions (FIs)



ALM – December 2023



All figures in ₹ Cr

Surplus

298

727

815

543

2,421

Summary Financial Statements – Profit & Loss Account for Q3 FY24

Particulars	Quarter Ended			Growth (%)	
	December 2023	September 2023	December 2022	Q-o-Q	Y-o-Y
Interest Income on Loans	225	205	155	9.4%	45.1%
Interest Income other than on Loans	12	15	15		
Fee & Other Income	27	27	25	2.3%	9.2%
Total Income	264	247	194	7.1%	35.8%
Finance Cost	85	89	76	-5.1%	11.7%
Operating Expenses	81	76	56	7.4%	46.0%
Pre-Provisioning Operating Profit	98	82	63	20.1%	55.8%
Credit Cost	12	11	10		
Tax Expense	22	18	13		
Profit after Tax	64	53	39	21.7%	62.9%
Basic EPS (₹/ Share)	0.60	0.52	0.52		
Diluted EPS (₹/ Share)	0.58	0.51	0.49		

All figures in ₹ Cr

Summary Financial Statements – Profit & Loss Account for 9M FY24

Particulars	Nine Month Ended		Growth (%)	Annual
	December 2023	December 2022	Y-o-Y	March 2023
Interest Income on Loans	618	422	46.4%	595
Interest Income other than on Loans	42	43		59
Fee & Other Income	80	67	19.5%	86
Total Income	740	532	39.2%	740
Finance Cost	262	198	32.7%	276
Operating Expenses	225	166	36.0%	230
Pre-Provisioning Operating Profit	253	168	50.2%	234
Credit Cost	33	25		32
Tax Expense	56	36		52
Profit after Tax	164	107	52.9%	150
Basic EPS (₹/ Share)	1.64	1.22		1.71
Diluted EPS (₹/ Share)	1.60	1.17		1.62

All figures in ₹ Cr

ROE Tree

Ratios	9MFY24	9MFY23	FY 23	FY 22
Interest Income on Loans/ Average Loan Book	16.9%	16.0%	16.1%	15.5%
Fee & Other Income/ Average AUM	1.9%	2.3%	2.2%	2.2%
Finance costs/ Average Borrowings	9.5%	8.6%	8.7%	8.1%
Spread	7.5%	7.4%	7.5%	7.5%
Net Interest Margin/ Average AUM	9.7%	9.4%	9.5%	9.7%
Operating Expenses/ Average AUM	5.5%	5.8%	5.8%	6.8%
Credit Cost/ Average AUM	0.8%	0.9%	0.8%	1.8%
Profit after Tax/ Average AUM	4.0%	3.8%	3.7%	2.5%
Leverage (Avg AUM/ Avg Tangible Equity)	2.8	2.9	3.0	2.6
RoATE	11.0%	10.8%	11.1%	6.6%

Balance Sheet

Particulars	Quarter Ended			Annual
	December 2023	September 2023	December 2022	March 2023
Assets				
Cash and Bank Balances	434	714	584	400
Derivative Instrument	-	4	-	-
Receivables	20	12	10	11
Loan Assets	5,422	5,060	4,045	4,415
Investments	471	476	362	607
Other financial assets	7	8	4	4
Current & Deferred tax assets (Net)	5	5	22	-
Property, Plant and Equipment	33	33	33	34
Intangibles	264	263	264	263
Other non-financial assets	5	6	11	12
Total Assets	6,661	6,581	5,335	5,746
Liabilities and Equity				
Derivative Instrument	7	-	-	-
Payables	46	54	13	13
Borrowings	3,648	3,657	3,403	3,739
Other financial liabilities	277	261	222	251
Non-Financial Liabilities	6	10	15	16
Equity & Reserves	2,677	2,599	1,682	1,727
Total Liabilities and Equity	6,661	6,581	5,335	5,746

All figures in ₹ Cr



THANK YOU!