



ShaliBhadra FINANCE LIMITED

CIN : L65923MH1992PLC064886

Corporate Office :

3, Kamat Industrial Estate,

396, Veer Savarkar Marg,

Opp. Siddhi Vinayak Temple,

Next to Chintamani Jewellers,

Prabhadevi, Mumbai - 400 025.

Phone : 022-2432 2993 / 022-2432 2994

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E-mail : shalibhadra_mum@yahoo.co.in

Date: 16th February, 2024

To,

The Manager

BSE Limited

Phiroze Jeejeeboy Towers,

Dalal Street, Fort, Mumbai 400 001

Scrip Code: 511754

Sub: Investor Presentation for the Quarter ended December 31, 2023

Dear Sir/Madam,

Please find enclosed herewith Investor Presentation for the Quarter ended December 31, 2023

We request you to kindly take the same on record.

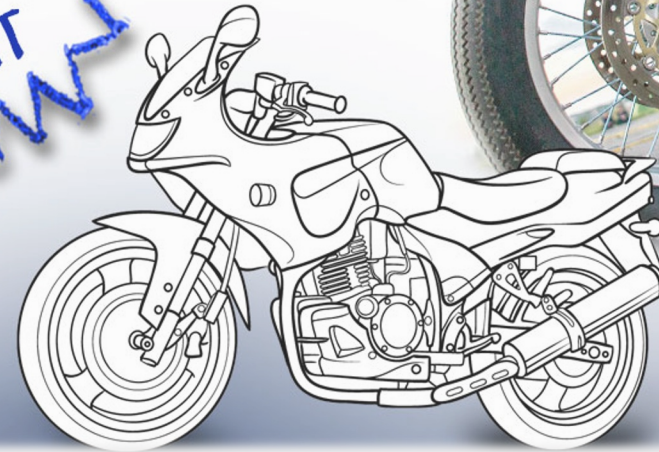
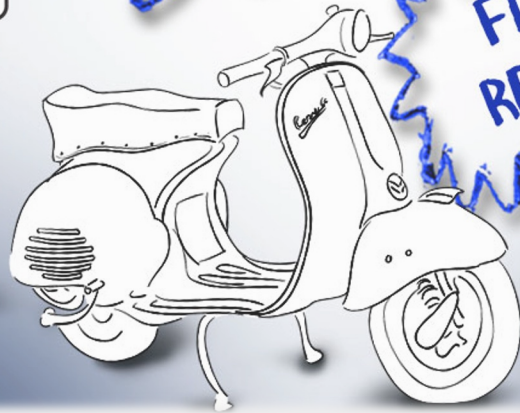
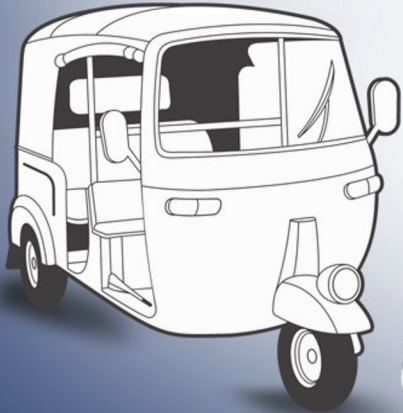
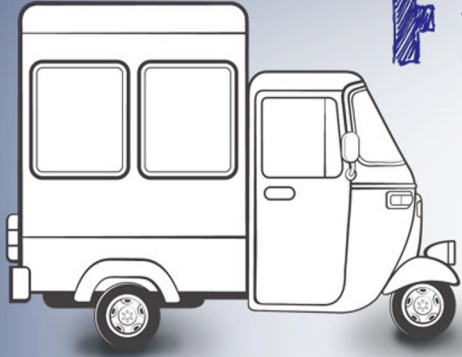
Thanking You

Yours Sincerely,

For Shalibhadra Finance Limited

Minesh Doshi
Managing Director

FULFILL YOUR DREAMS



FAST
DISBURSEMENT

CHEAP CREDIT

FLEXIBLE
REPAYMENT



INVESTOR PRESENTATION – Q3FY24

16th February 2024



Company Overview

.....> 03 - 12



Outlook

.....> 13 - 15



Financial and Operational Preview

.....> 16 - 24



Board Members and Shareholding

.....> 25 - 27

“Young and resilient NBFC offering customized retail products and catering to the diversified financial needs of rural, semi-urban and other under banked geographies of Gujarat, Maharashtra and MP”

20+

Yrs. Of Endeavors

₹ 1,243 Mn

AUM

101,241

Customers

161

Employees

42

Branches

3

States Presence

60.6 %

CRAR

6.9 %

Return on Assets

12.3 %

Return on Equity

Product Portfolio



Used and New
Two-Wheeler Loans



Used Three and
Four-Wheeler Loans



OUR VISION

To cater to the diverse financial needs of rural India

OUR MISSION

To become leading NBFC serving rural & semi urban areas of India by creating a sustainable & innovative business model meeting the needs of all our stakeholders



A dividend-paying company since inception, maintaining profitability throughout the operational history.



Core team of 25 dedicated employees has remained unchanged for many years, contributing to our enduring success.

Bridging Geographic Disparities	Empowering the Underbanked
Addressing the Financial Needs of Underserved	Reducing Dependence on Informal Credit
Enabling Entrepreneurship	Accessibility in the Remote Corners
Creating Financial Resilience	Enhancing Economic Opportunities

Diversified Product Offerings

Simple, Speedy, Small Ticket Asset Financing Products with High Yields



New Two-Wheeler Loans

Target
Customer

Offering loan for purchase of new two wheelers across manufacturers and brands

Average
Ticket
Size

INR 30,000 to 90,000

Loan
Tenure

6 to 30 months



Used Two-Wheeler Loans

Used Two-wheeler loans to customers, which primarily include farmers and self-employed individuals

INR 15,000 to 75,000

6 to 24 months



Used Three/Four-Wheeler Loans

Loan against pre-owned three/four-wheeler for personal use as well as commercial use

INR 30,000 to 1,50,000

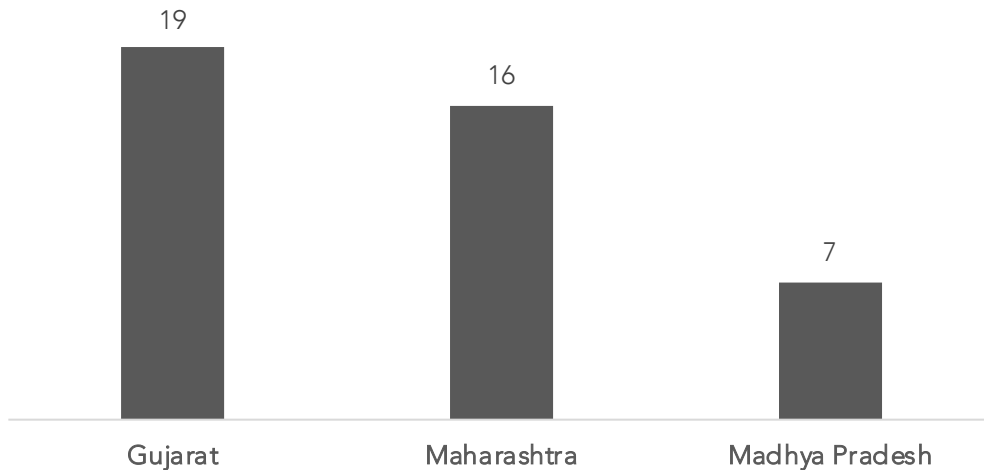
6 to 30 months



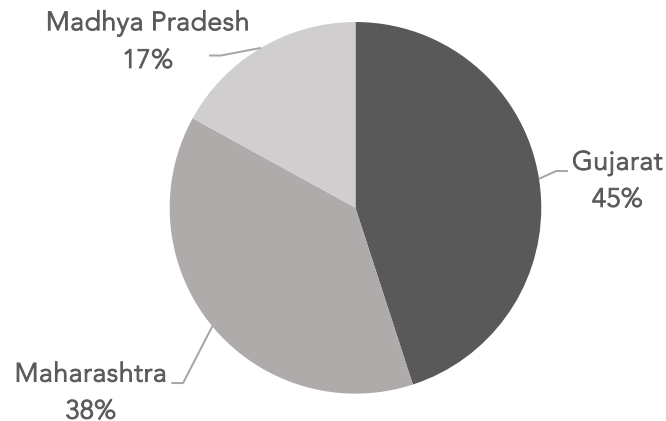
Strong Distribution Network

Branch Network Spread Across Three Different States in India...

Branch Network (in Nos.)



Branch Mix (in %)



Note : All numbers stated ending FY23

1

With a network of 42 branches, currently the company serve a total of 33 districts across these three states.

2

The company has established partnerships with dealers, brokers, and service stations within a 50 km radius of each branch for generating regular business.

3

The company does not operate using a franchise or Direct Selling Agent (DSA) model; instead, established own branches in owned premises.

4

Planning to inaugurate new branches in Maharashtra and extending presence in Madhya Pradesh; aiming to surpass a count of 50 branches by March 2024.

5

Branches established within the past three years have yet to achieve saturation; will further aid in AUM growth across those branches.

Rural Resilient Business Model

Transforming Challenges into Competitive Advantages

Seasonal Income-Centric Repayment Structure

- Customized repayment plans aligned with the seasonal income patterns prevalent in rural India.
- Flexibility to adapt to varying cash flows, ensuring sustainable and manageable repayments.



Informal Credit Rating System

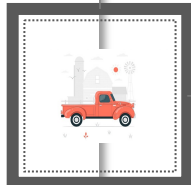
- Recognition that CIBIL scores may not be reflective of rural realities.
- Utilization of an informal credit rating methodology, acknowledging the unique financial landscape.



**COMPETITIVE
ADVANTAGE**

Last Mile Accessibility in Extreme Rural Areas

- Strategic focus on reaching the remotest corners of rural India; difficult for banks to cater and service these borrowers.
- Dedicated efforts to establish a robust last-mile delivery system for maximum market penetration.



Robust Network: Proximity Centric Operation

- Emphasize on physical presence within a 50 km radius from each branch, ensuring high service standards and direct interaction with rural borrowers.
- Operates through owned branches and no following any franchise or DSA model.



Distinctive Attributes Fuelling Success

Positioning Ourselves as a Distinguished Player in the Industry.



Loyalty Enriched

40% Repeat Customer Base: A testament to our commitment and service excellence, nearly 40% of our customers choose us again, demonstrating the trust we've earned.



Stability in Workforce

Low Employee Attrition: Our dedicated team's average tenure of 10 years underscores a stable and experienced workforce, contributing to consistent service delivery; Hiring local rural people fosters strong relationships with local customers



Ownership Empowered

All Branches Owned by Company: Complete ownership of our branches ensures unified control, streamlined operations, and a cohesive brand experience, setting us apart in the market.

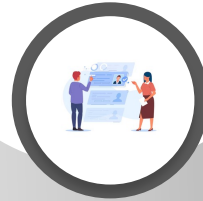
Seamless Digital Customer Onboarding

Leveraging Technology from Origination to Disbursement



Implementing LOS & LMS

- Introduction of LMS and LOS marks a significant step in business scalability.
- Streamlines training processes, adds performance tracking and personalized learning.
- Simplifies onboarding/upskilling.
- Enhanced data analytics capabilities within LOS and LMS systems provide insights into learning outcomes, enabling informed decision-making for future training initiatives.



Digital Onboarding

- Streamlined end-to-end digital onboarding process, encompassing registration, data collection, verification, approval, and disbursement, without any paperwork involved.
- Aids in reduced time delays and operational costs associated with physical document handling.
- Digital tools and algorithms to assess and work out customer's creditworthiness based on the provided information and financial history.



API Integrations

- Integrating multiple APIs such as credit bureau checks and fraud detection to enhance operational capabilities and financial assessments.
- Increases accuracy and reduces manual work; enhances risk management and compliance.
- Improves customer trust through robust security.
- Streamlines processes by automating checks.



Collections

- Partnering with several payment gateways to expand the accessibility of digital payment options, catering to a broader customer base.
- Offering diverse payment options enhances overall customer satisfaction, as customers can select the most convenient method for them.
- Risk Mitigation by providing redundancy in payment processing options.

Intrinsic Capabilities...

Brand Strength

- Engaged in Auto Finance Business for the past 2 decades.
- Known for offering simple vehicle financing products in rural areas.

Robust Balance Sheet

- **Low leverage:** D/E stands at 0.7x ending FY23; leaving ample headroom for growth.
- Well Capitalized with CRAR at 60.6% ending FY23.

Well Established Relationships

- Strong connections with dealers and brokers, forming a strong foundation for business activities in rural areas.
- Rural business is majorly driven by well established relationships with Dealers & Brokers; difficult for new entrant to penetrate market.

Robust Risk Management Framework

- Customized credit norms established through adequate experience in this line of business.
- Maintaining small loan sizes, funding up to 75% of vehicle costs, implementing a strong hypothecation policy, and partnering with local businesses.

Retail Franchise

- Advances spread over large customer and geographic base.
- Focus on retail loans and building granular book with an Average Ticket size of ~30K; Risk based pricing.

Efficiently Managed Liability Book

- The company has got rating renewal of BBB- (Stable) from ICRA. This will help in raising funds at a cheaper rate.

...Tackling Challenges and Seizing on the Market Opportunities

Rural Development and Improving Infrastructure

Rising demand for personal mobility solutions, particularly in rural and semi-urban areas.

Shift towards ecosystem play

With Strong Focus on Core Inherent Strengths...



Unique Business Model



Quick Disbursements



Robust Credit Assessment



Focus on "Difficult to Reach Areas"



Sufficient Capital Adequacy



Leveraging Technology



Strong Workforce



Flexible Repayment Options



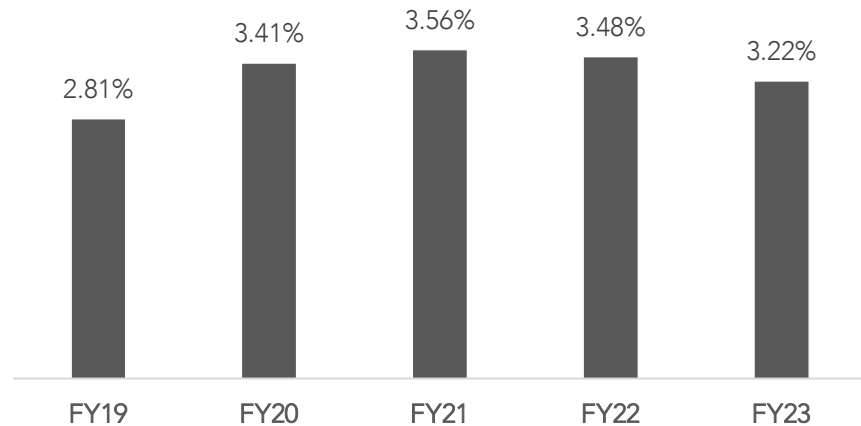
100% Cashless Disbursements

Driving Financial Empowerment: Empowering Journeys, Fueling Futures

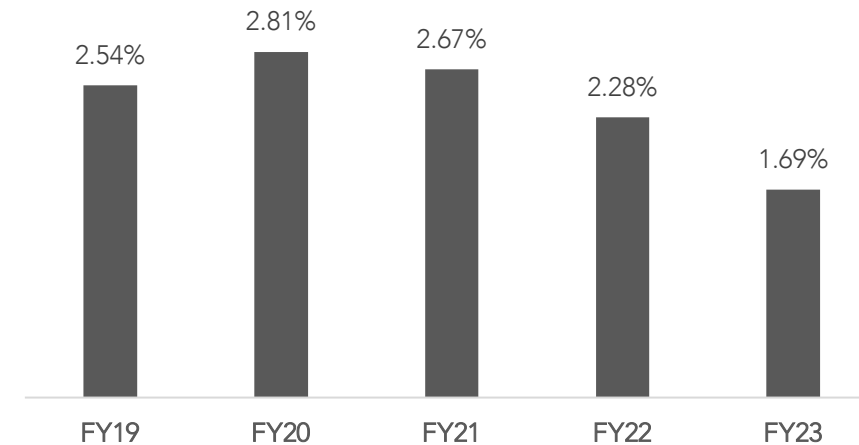
Proven Model Despite COVID Stress

Efficiently Managed Asset Quality

Gross NPA (%)



Net NPA (%)

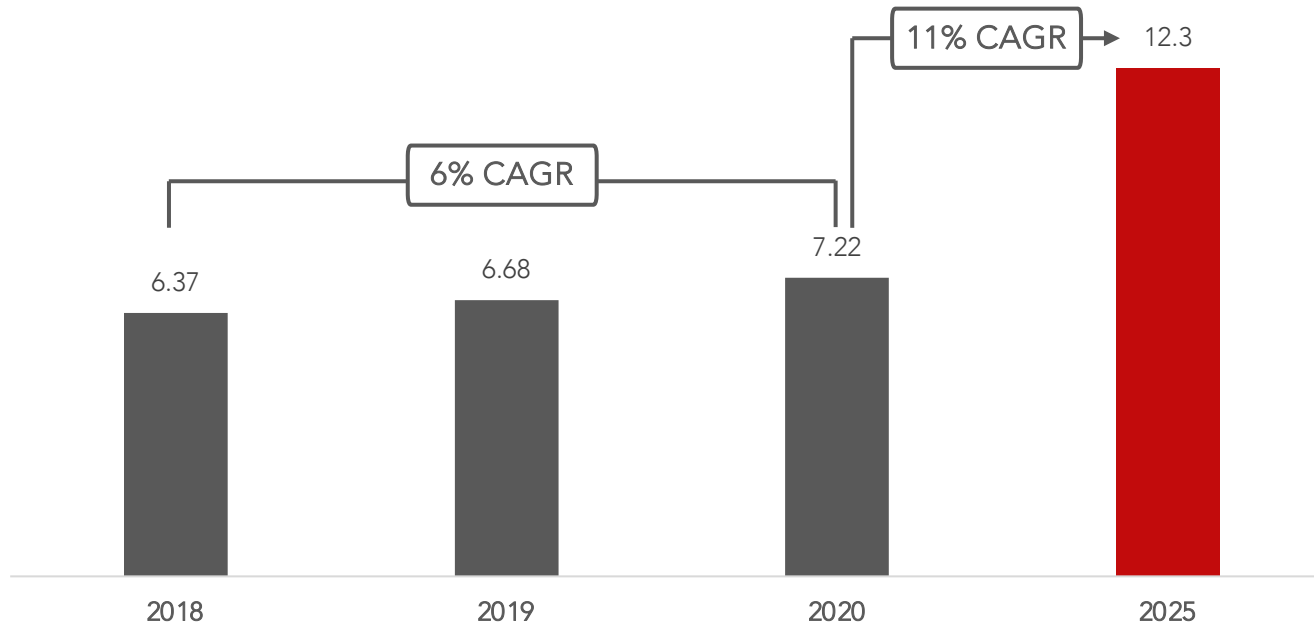


- Demonstrated robustness in managing asset quality, maintaining stability and reliability during the challenging COVID-19 period.
- Increased write-offs year over year, characterized by conservative accounting practices aimed at maintaining clean financial records.
- Deployed effective collections strategies tailored to the unique circumstances of rural borrowers, ensuring consistent repayment and minimizing defaults.
- Provided customized support and flexible repayment options for rural borrowers, acknowledging the specific economic impact of the pandemic on their livelihoods.
- Outlook – Focused on increased provisioning, with a strategic goal to achieve a Provision Coverage Ratio of 100% by FY26.

Future Driving Forces

Accelerating 2-Wheeler Demand in India

Value of Two-Wheeler Loan Market in India (USD)



In the Indian two-wheeler segment, 75% of the purchases are funded by loans. The share of banks and NBFCs in the two-wheeler loan market is 60% and 40%, respectively.

According to CRIF High Mark's CreditScope, originations share (value) of Two-Wheeler Loans by NBFCs continue to rise in comparison to banks.

Acceleration to be Driven By...



Large Millennial and GenZ Base



Increased Ownership of 2W Vehicles



Significant Shift in Borrowing Trends



Rising Disposable Income



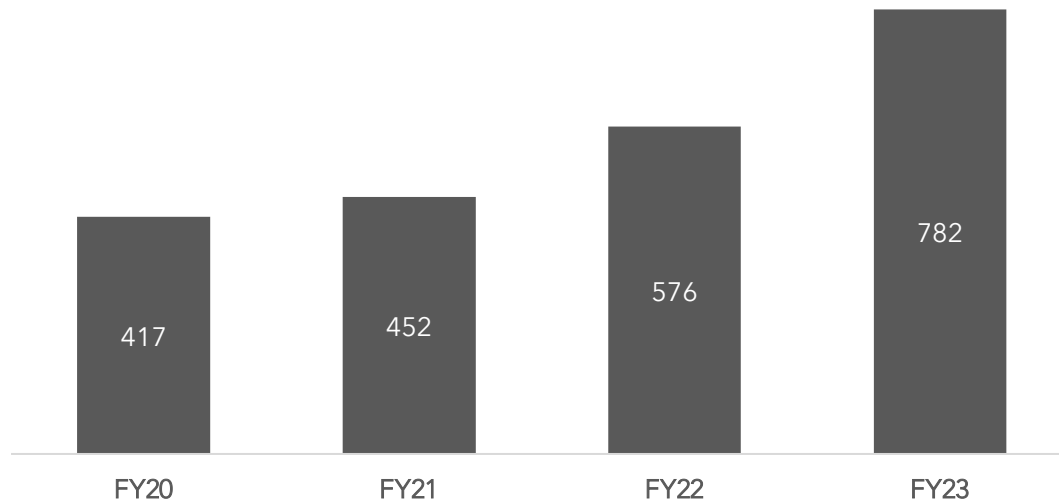
Stable Fuel Prices



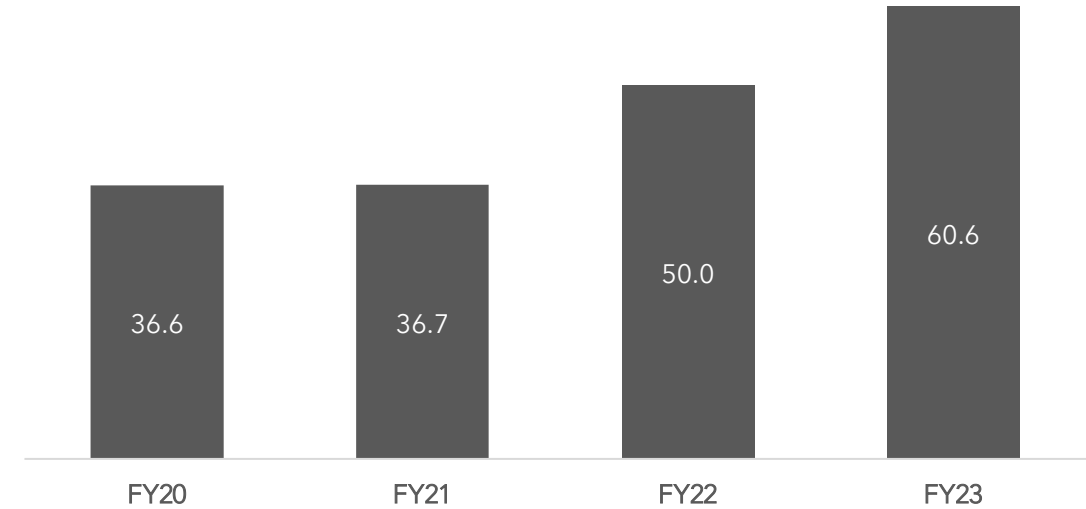
Changing Consumer Preferences

... We Are Well Capitalized to Capture the Surge in Demand

Consolidated Network (INR Mn)



Capital Adequacy (%)



Adequate cash position on balance sheet

+

Strong capital adequacy to support future growth

+

Significant Headroom for Incremental Borrowings

=

3x AUM in medium term without additional capital infusion

01

AUM

Target to take AUM to **INR 2,750 Mn by FY27** v/s 1,243 Mn currently.

AUM growth to be further bolstered by growth in branches / growth in AUM of existing branches.

02

Branches

Surpass **100 branches by FY27** compared to the current count of 42 branches.

03

Product Mix

Adding new products like Used Tractor Loan & Salaried Personal Loan

Increasing share of higher-yielding products in the overall AUM; **will further enhance our RoA.**

04

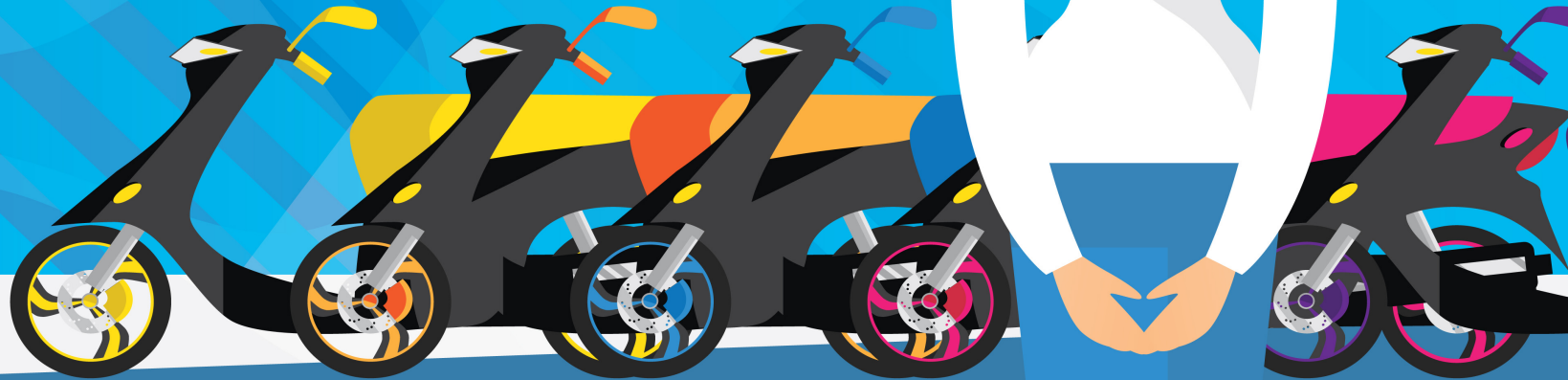
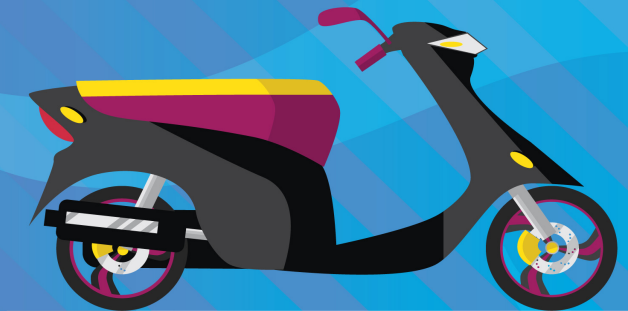
Borrowing

To **lower the cost of funds**; increasing the portion of borrowing from nationalized banks within the overall borrowing portfolio.

05

Geography

Plans to expand to other states like **Rajasthan, Karnataka and Goa.**



9MFY24 Financial and Operational Preview

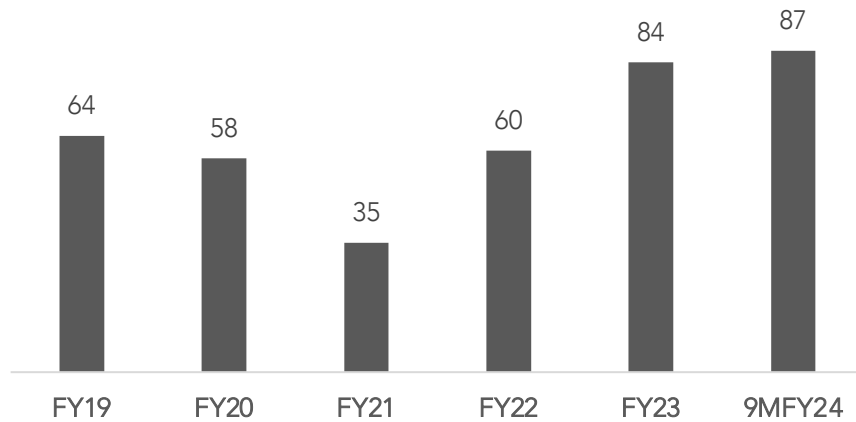
Q3 and 9MFY24 Performance At a Glance

- ❑ In Q3 FY24, the company witnessed a robust growth of 28% YoY in its Net Interest Income (NII), reaching INR 66.1 Mn. This growth trajectory continued throughout the nine-month period of FY24, with the NII recording a substantial increase of 29% YoY, totalling INR 185.1 Mn. This growth in NII underscores the company's ability to generate higher interest income from its loan portfolio and other interest-bearing assets while effectively managing its interest expenses.
- ❑ In the first nine months of FY24, the Pre-Provision Operating Profit (PPOP) amounted to INR 132 Mn, nearly reaching the PPOP achieved in the entire FY23.
- ❑ Maintaining the trajectory of profitability, the company witnessed a 41% YoY growth in PAT (Profit After Tax) to INR 316 Mn in Q3 FY24, along with a 42% growth to INR 866 Mn in PAT over the first nine months of FY24. Furthermore, the company holds a positive outlook for the future and anticipates sustaining this momentum in profitability moving forward.

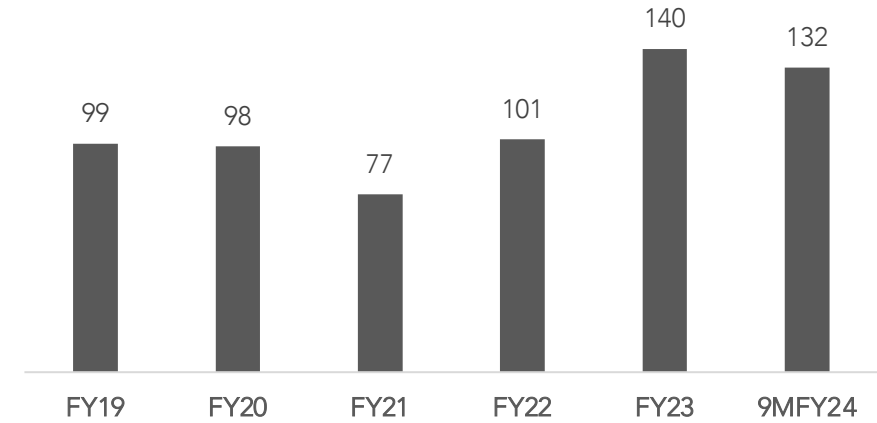
Net Interest Income



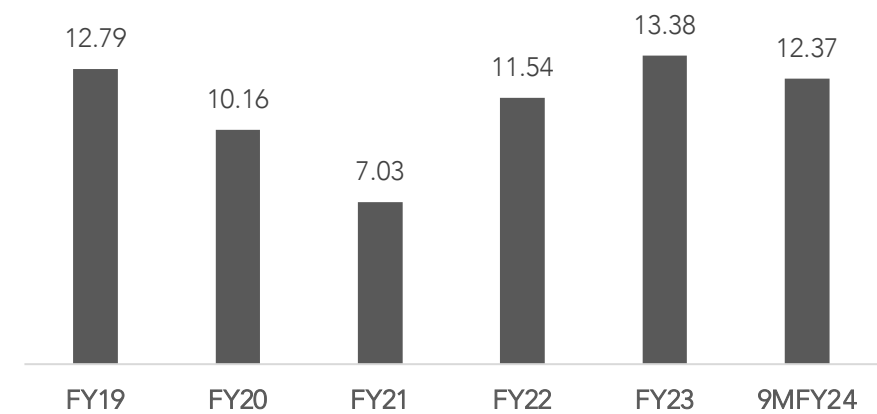
Profit After Tax



Pre-Provision Operating Profit

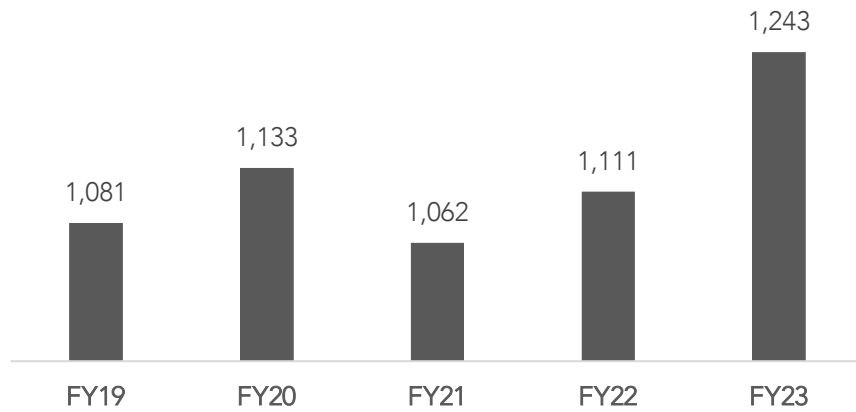


Earnings Per Share

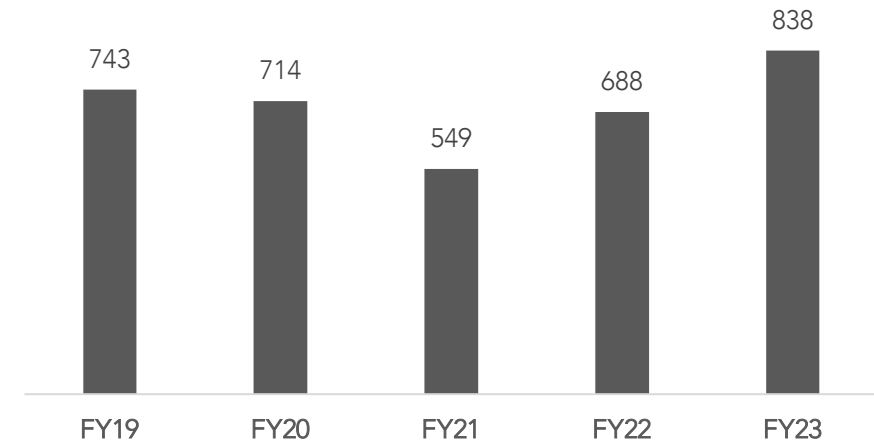


Followed by Healthy Performance on Operational Front

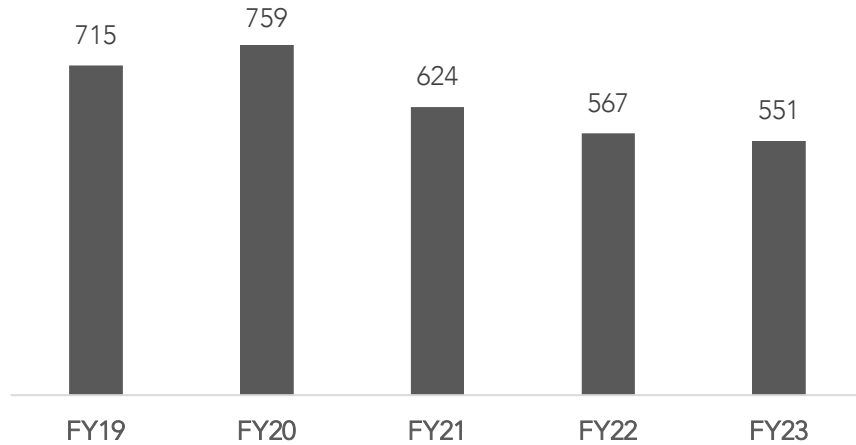
AUM



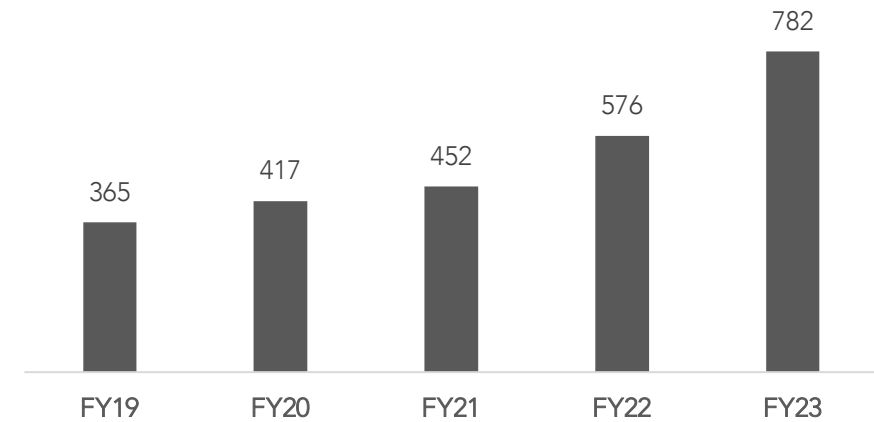
Disbursements



Borrowings

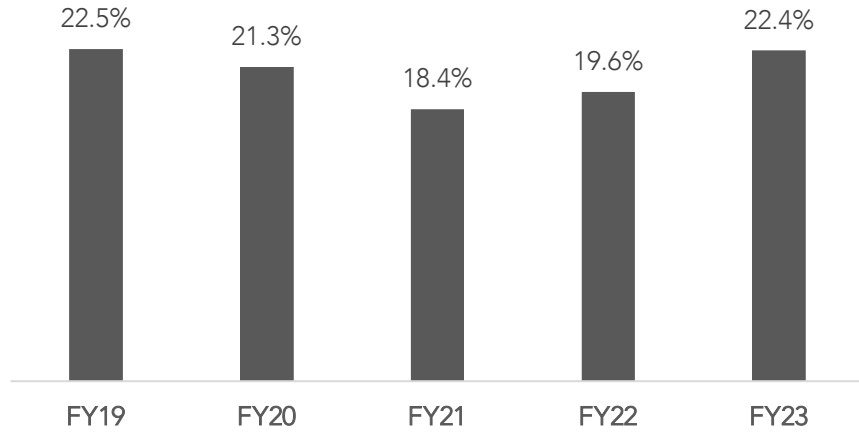


Net Worth

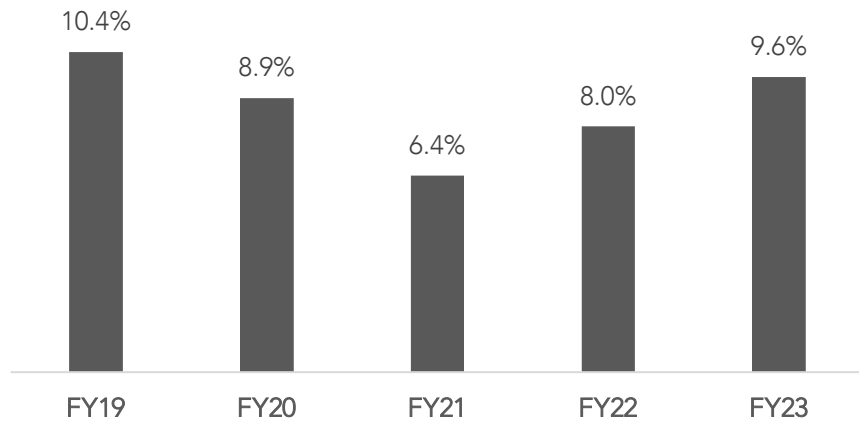


With Significantly Higher Margins...

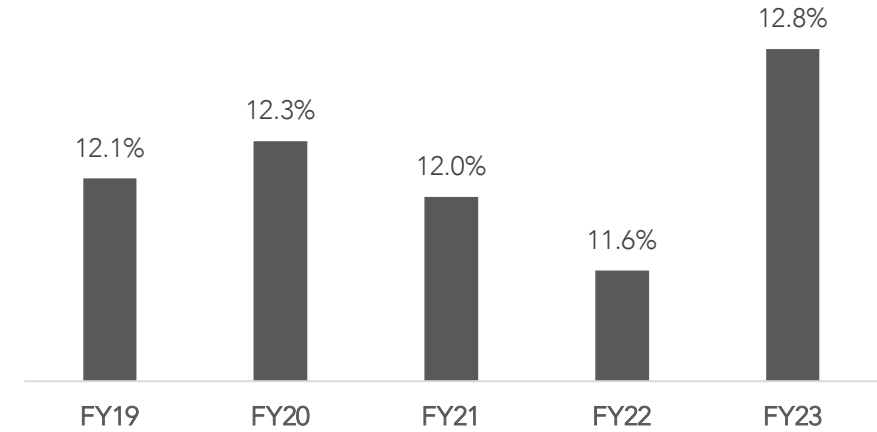
Yields on Advances (%)



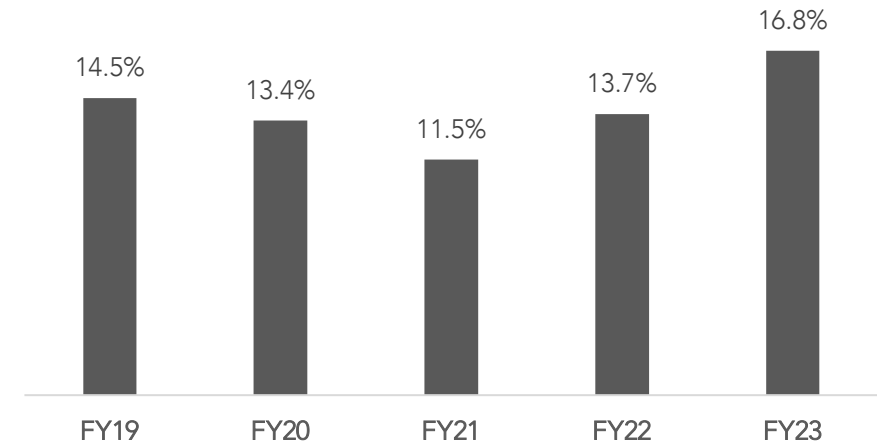
Spreads (%)



Cost of Funds (%)

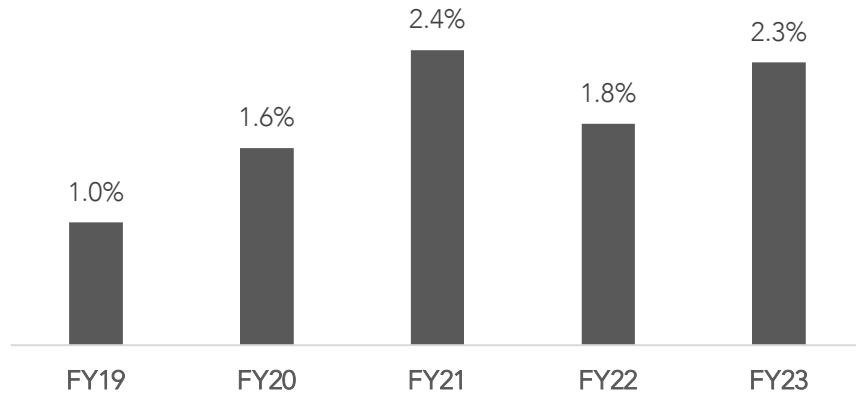


NIMs (%)

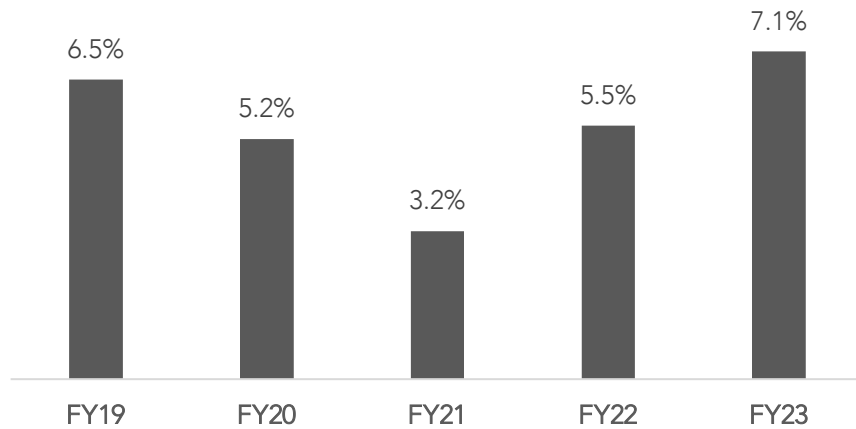


And Improving Efficiency and Return Ratios...

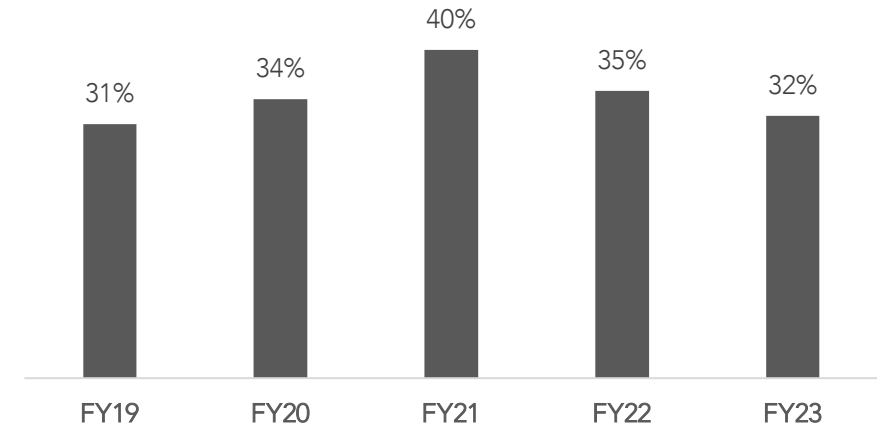
Credit Costs (%)



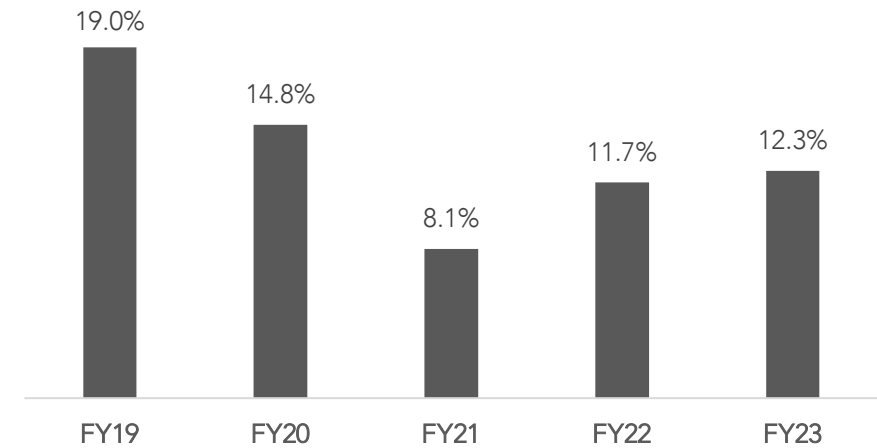
RoA (%)



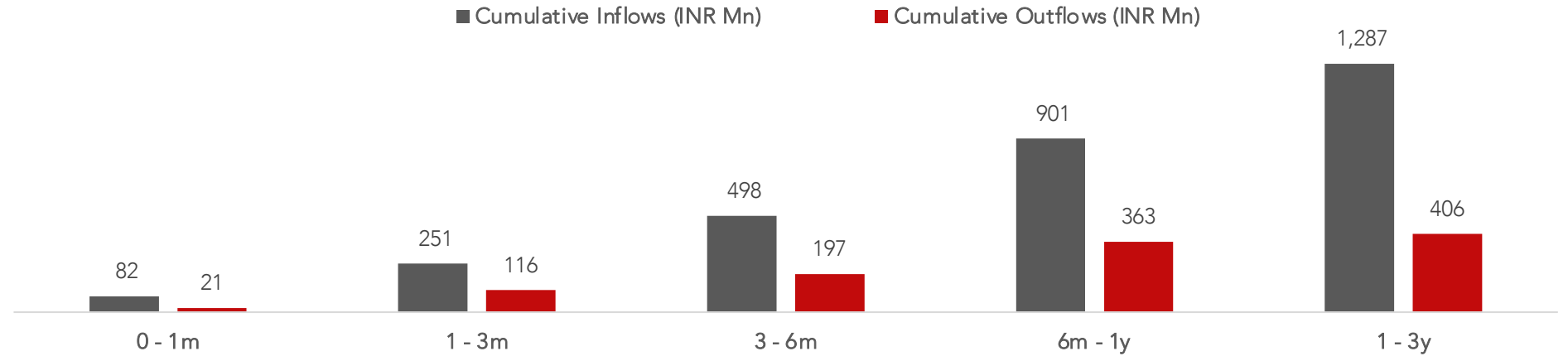
Cost – Income (%)



RoE (%)



Liquidity Statement as on 31st March 2023



Cumulative Positive Gap	61	135	300	538	881
Cumulative (%)	298%	117%	152%	148%	217%

- Liquidity as on 31st Mar 2023 is INR 71 Mn in the form of cash, cash equivalents and undrawn bank lines.
- Significant reduction achieved in average cost of borrowing; Well positioned to manage expected rise in interest rates
- Widened and strengthened existing relationships with nationalised banks

Profit & Loss Statement

Particulars (INR Mn)	FY19	FY20	FY21	FY22	FY23	9MFY24
Interest Earned	222	237	206	221	274	231
Interest Expended	79	91	83	69	72	46
Net Interest Income	143	146	123	152	202	185
Other Income	-	3	6	3	3	2
Operating expense	44	51	52	54	66	54
- Employee cost	21	24	26	29	32	30
- Depreciation	1	1	1	1	1	1
- Others	22	27	26	24	34	24
Operating Profit	99	98	77	101	140	132
Total provisions	10	18	27	19	27	16
PBT	89	80	50	82	113	117
Tax	25	22	15	21	29	30
PAT	64	58	35	60	84	87

Profit & Loss (Du-Pont Analysis)

Particulars (DuPont on AUM)	FY19	FY20	FY21	FY22	FY23
NIM + Fees	14.4%	13.1%	11.0%	13.5%	16.6%
Other Income	0.04%	0.3%	0.5%	0.2%	0.3%
NIM + Non-Interest Income	14.5%	13.4%	11.5%	13.7%	16.8%
Cost/Income	31%	34%	40%	35%	32%
OpEx	4.4%	4.6%	4.7%	4.8%	5.4%
Operating Profit	10.1%	8.8%	6.9%	9.0%	11.4%
Credit Cost	1.0%	1.6%	2.4%	1.7%	2.2%
Tax Rate %	28%	28%	30%	26%	26%
RoA	6.5%	5.2%	3.1%	5.4%	6.9%
Leverage	2.9	2.8	2.6	2.2	1.8
RoE	19.0%	14.8%	8.1%	11.7%	12.3%



Key Management Personnel and Shareholding



Minesh M Doshi

Managing Director

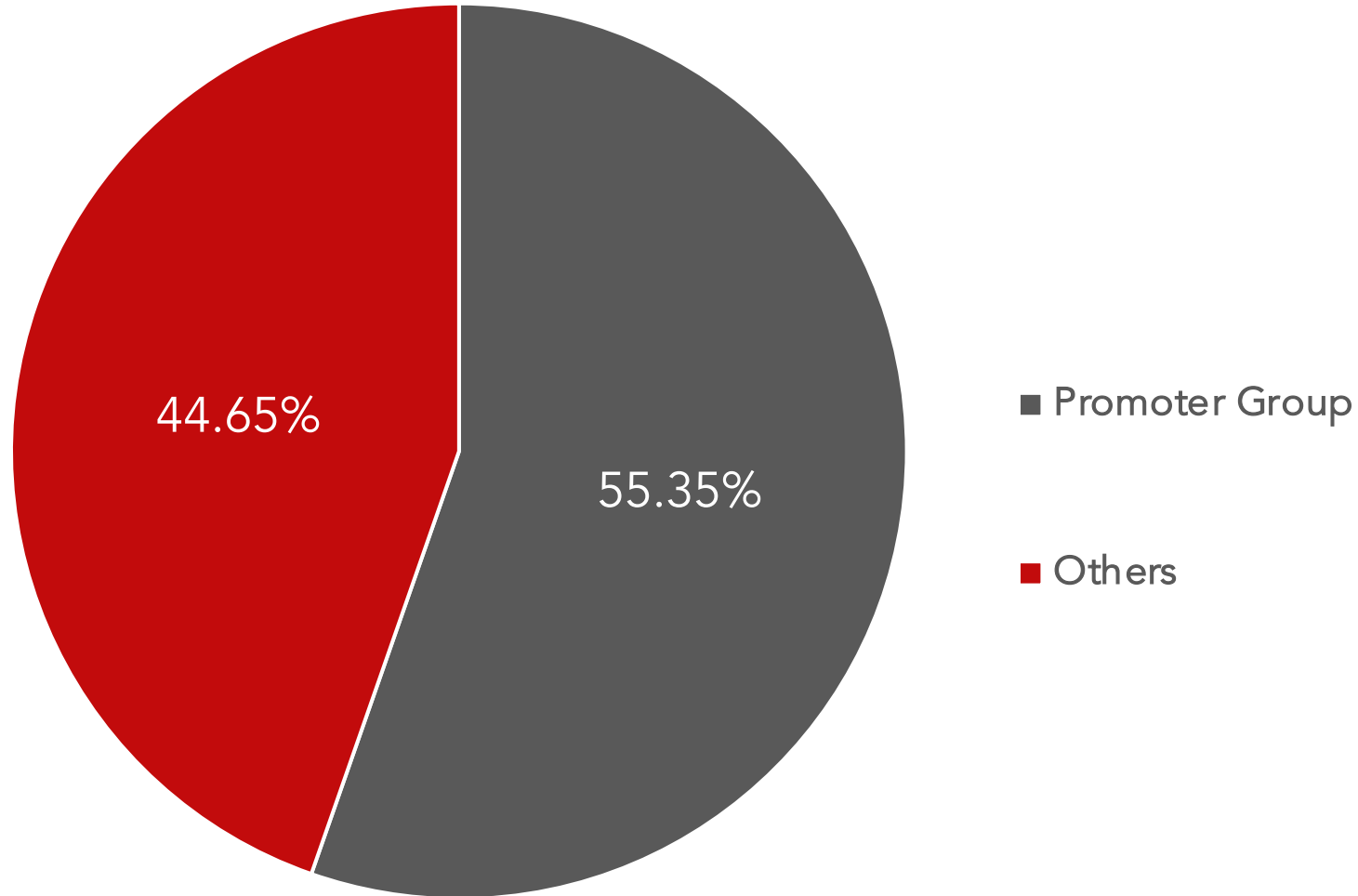
- ❑ Founder and Promoter of the Shalibhadra Finance Limited.
- ❑ More than 3 decades of experience in finance, and socio-economic development.
- ❑ His vast reservoir of experience, coupled with a futuristic vision, has helped the entire company to work with a shared vision and values, resulting in a very satisfied workforce.
- ❑ Chartered Accountant & Cost Accountant by Education.



Vatsal M Doshi

Executive Director

- ❑ More than 6 years' experience in finance, marketing and operation of Vehicle financing
- ❑ Oversees the entire company's operations under the guidance of Mr. Minesh M Doshi.
- ❑ Contributed vastly to the company's expansion, overseeing the growth from 24 branches to 42 branches as of the current date.
- ❑ Chartered Accountant and Chartered Financial Analyst by Education.



Market Capitalization[^]
Rs 3,720mn | US\$ 45.4mn

Net worth (Q2FY23)
Rs 935 mn

Paid-up Equity (Q3FY23)
Rs 70 mn

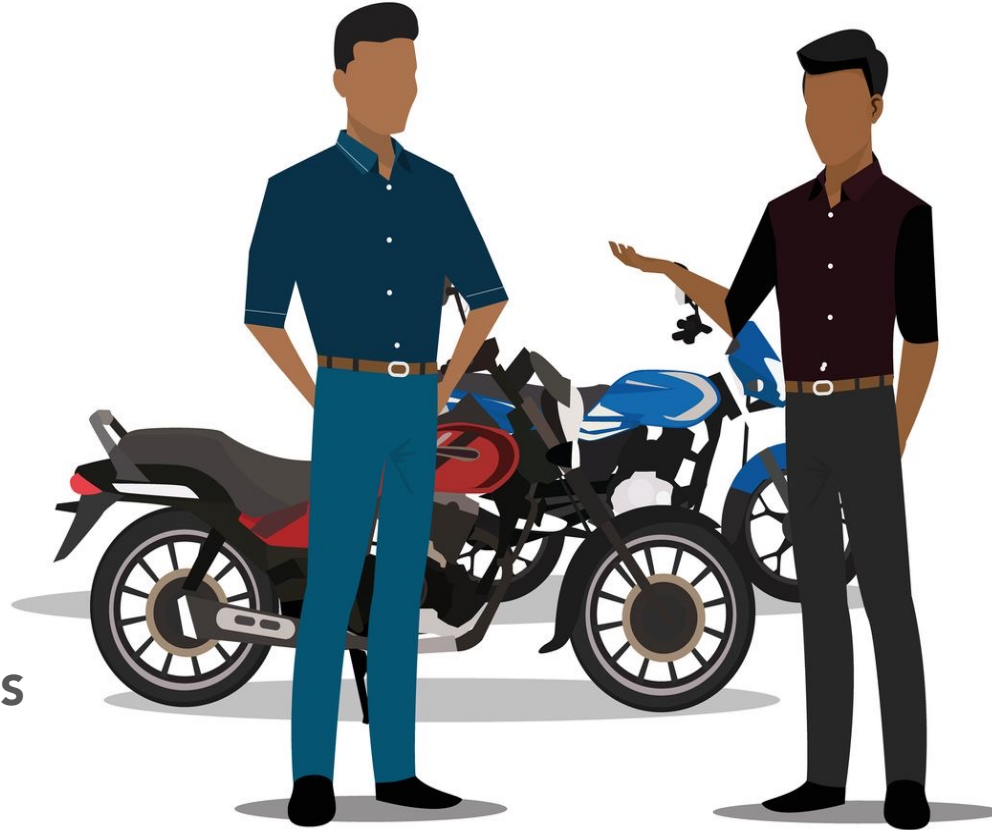
FV
Rs 10

Dividend Per Share (FY23)
Rs 1

[^]Average of market capitalization on BSE and NSE as of 15th Feb'24
1 US\$ = ₹ 82

THANK YOU
INVESTOR RELATIONS

Ms. Darshana Chauhan
Company Secretary
Email: shalibhadra_mum@yahoo.co.in



Mr. Rajat Gupta
Go India Advisors.
Email: rajat@goindiaadvisors.com