



SBFC FINANCE LIMITED

IPO NOTE

August 2023

ISSUE HIGHLIGHTS

- SBFC Finance Limited (“SBFC”) was incorporated on January 25, 2008. SBFC Holdings Pte. Ltd., Clermont Financial Pte. Ltd. (together, “Clermont Group”), Arpwood Capital Pvt Ltd, Arpwood Partners Investment Advisors LLP and Eight45 Services LLP (together, “Arpwood Group”) are the corporate promoters of the company.
- SBFC is a systematically important, non-deposit taking non-banking finance company (“NBFC-ND-SI”) offering Secured MSME Loans and Loans against Gold, with a majority of their borrowers being entrepreneurs, small business owners, self-employed individuals, salaried and working-class individuals.
- Among MSME-focused NBFCs in India, SBFC has one of the highest assets under management (“AUM”) growth, at a CAGR of 44% in the period from Fiscal 2019 to Fiscal 2023 and also witnessed robust disbursement growth, at a CAGR of 40% between Fiscal 2019 and Fiscal 2023.
- SBFC has a diversified pan-India presence, with an extensive network in their target customer segment. As of March 31, 2023, they have an expansive footprint in 120 cities, spanning 16 Indian states and 2 union territories, with 152 branches.
- Their AUM is diversified across India, with 30.84% in the North, 38.53% in the South and 30.63% in the West and East collectively, as of March 31, 2023.
- As of Marh 31, 2023, approximately 89.49% of their Secured MSME Loan collections and 90.92% of the unsecured loan collections were non-cash-based EMI collections, thus reducing their cash management risk, and enabling customers to receive real-time payment receipts through SMS.
- Their mobile application also enables customers to manage existing loans, in addition to servicing loans online. They have introduced ‘Leviosa’, a loan origination platform capable of on boarding and disbursing loans. For their Loan against Gold portfolio, they have set up a dedicated ‘Gold Genie’ sales application, enabling gold loan disbursement at a customer’s home.
- Their collection services are aided by a mobile application ‘Delta’ and a web application ‘Omega’, which are collections applications providing a priority list of overdue customers to the collection team in real-time.

BRIEF FINANCIAL DETAILS*

(₹ IN Cr)

	As at Mar' 31,		
	2023	2022	2021
Share Capital	889.57	806.80	796.67
Reserves	837.70	480.37	408.43
Net Worth	1,727.27	1,287.17	1,205.11
Revenue from Operations	732.81	529.05	507.10
Revenue Growth (%)	38.51%	4.33%	-
EBITDA	490.53	319.09	362.06
Profit before Tax	201.37	86.70	114.07
Net Profit for the year	149.74	64.52	85.01
Net Profit Margin (%)	20.43%	12.20%	16.76%
EPS – Basic (₹)	1.71	0.81	1.09
EPS – Diluted (₹)	1.62	0.79	1.06
RONW (%) as stated	9.93%	5.18%	7.67%
Net Asset Value (₹)	19.26	15.42	14.66
ROA (%)	2.92%	1.48%	2.01%

Source: RHP, *Restated Statement

Issue Details

Fresh Issue of Equity Shares aggregating upto ₹600 Crore and Offer for Sale of Equity shares aggregating upto ₹425 Cr

Issue summary

Issue size: ₹ 1,025 Cr
 No. of shares: 189,887,816 - 179,889,950 Shares
 Face value: ₹ 10/-
 Employee Reservation: Shares aggregating upto ₹10.25 Cr

Price band: ₹ 54 - 57

Bid Lot: 260 Shares and in multiple thereof
 Employee Discount: ₹ 2/- per share

Post Issue Implied Market Cap = ₹ 5,778 – 6,066 Cr

BRLMs: Axis Capital, ICICI Securities, Kotak Mahindra Capital

Registrar: KFin Technologies Ltd.

Issue opens on: Thursday, 3rd August'2023

Issue closes on: Monday, 7th August'2023

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	10-08-2023
Refunds/Unblocking ASBA Fund	11-08-2023
Credit of equity shares to DP A/c	14-08-2023
Trading commences	16-08-2023

Issue break-up

	No. of Shares		₹ In Cr	% of Issue
	@Lower	@upper		
QIB	93,958,330	89,013,156	507.38	50%
NIB	28,187,500	26,703,948	152.21	15%
-NIB1	9,395,834	8,901,316	50.74	
-NIB2	18,791,666	17,802,632	101.48	
RET	65,770,833	62,309,210	355.16	35%
Emp	1,971,153	1,863,636	10.25	-
Total	189,887,816	179,889,950	1,025.00	100%

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Category	Retail Category	NII-Bid between ₹ 2 - 10 Lakhs	NII - Bid Above ₹ 10 Lakhs
Minimum Bid Lot (Shares)	260 Shares	3,640 Shares	17,680 Shares
Minimum Bid Lot Amount (₹)	₹14,820 [^]	₹207,480 [^]	₹1,007,760 [^]
No. of Applications for 1x	2,39,651 Applications	2,445 Applications	4,891 Applications

Listing: BSE & NSE

Shareholding (No. of Shares)

Pre- Issue	Post-Issue [~]	Post-Issue [^]
958,908,906	1,070,093,021	1,064,237,454

[~]@Lower price Band [^]@ Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	80.48%	65.51%
Public – Investor S/h	16.98%	15.30%
Public –Other	2.05%	18.75%
Shares held by Employee Trust	0.50%	0.45%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The Company was incorporated as 'MAPE Finserve Private Limited', on January 25, 2008. SBFC Holdings Pte. Ltd., Clermont Financial Pte. Ltd. (together, "**Clermont Group**"), Arpwood Capital Pvt Ltd, Arpwood Partners Investment Advisors LLP and Eight45 Services LLP (together, "**Arpwood Group**") are the corporate promoters of the company. Currently, the Promoters hold an aggregate of 771,707,101 Equity Shares, comprising 80.48 % of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors

Neeraj Swaroop is an Independent Director and Chairperson of the Board. He has been associated with the company since November 21, 2017. Prior to joining the company, he was associated with Pond's (India) Ltd, Bank of America, HDFC Bank, Standard Chartered Bank and Singapore Exchange Ltd.

Aseem Dhru is the Managing Director and Chief Executive Officer of the company. He has over 25 years of experience in the banking industry and has been associated with the company since September 28, 2017. Prior to joining the company, he was associated with HDFC Bank Ltd., HDFC Securities Ltd. as managing director and a director on the board of HDB Financial Services Ltd.

Amol Jain is the Non-Executive Nominee Director of the company. He has been associated with the company since May 9, 2017. He is part of the senior leadership team at Arpwood Partners Fund I LLP as its co-founder. Previously, he was associated with TPG Capital India Pvt Ltd and was part of DSP Merrill Lynch from 1999 to 2005. He has also been a director on the board of Shriram Equipment Finance Ltd, Shriram Holdings Madras Pvt Ltd and TPG Wholesale Pvt Ltd (now renamed as Vishal Mega Mart Pvt Ltd).

Arjun Sakhuja is the Non-Executive Nominee Director of the company and employee of Clermont Group. He has been associated with the company since February 5, 2020. Prior to joining the Clermont Group, he was associated with Citigroup Global Markets Ltd and Boston Consulting Group International Inc. (BCG) as project leader.

John Mescall is the Non-Executive Nominee Director of the company and employee of Clermont Group. He has been associated with the company since May 29, 2019. Prior to joining the Clermont Group, he was associated with Ernst and Young, Ireland.

Jonathan Tadeusz Tatur is the Non-Executive Nominee Director of the company and employee of Clermont Group. He has been associated with the company since December 17, 2019.

Rajesh Mannalal Agrawal is an Independent Director of the company. He has been associated with the company since November 11, 2020. He is currently associated with Ajanta Pharma Ltd.

Surekha Marandi is an Independent Director of the company. She has been associated with the company since September 23, 2022. Prior to joining the company, she has served at the Reserve Bank of India for over 3 decades. She has also served on the boards of United Bank of India and Bank of Baroda.

Key Managerial Personnel

Narayan Barasia is the Chief Financial Officer of the company. He joined the Company on October 24, 2018. He has more than 2 decades of experience, and has worked at Godrej Foods Ltd, Godrej Sara Lee Ltd, and subsequently worked with Olam Agro India Ltd. Prior to joining the company, he was working with Greaves Cotton Ltd.

Jay Mistry is the Company Secretary and Compliance Officer of the company. He joined the company on June 5, 2021. He has more than 5 years of experience in securities and corporate laws, and corporate compliances.

Mahesh Dayani, is chief business officer of the company. He joined the company on November 1, 2017. He has over 22 years of experience across wholesale and retail banking and has worked at ICICI Bank Ltd and HDFC Bank Ltd. Prior to joining the company, he was working with Kotak Mahindra Bank.

Pankaj Poddar is chief risk officer of the company. He joined the company on November 20, 2017. He has over 19 years of experience in the financial services sector where he has handled various leadership roles in the retail and SME space. Prior to joining the company, he was working with Bajaj Finance Ltd.

Saiprashant Menon is chief collection officer of the company. He joined the Company on May 29, 2020. He has more than 21 years of experience in collections. Prior to joining the company, he was working with Bajaj Housing Finance Ltd.

Sanket Agrawal is chief internal auditor of the company. He joined the Company on September 30, 2020. He has approximately 10 years of experience, and started his career with Deloitte Haskins & Sells LLP

VM Maneesh is chief operations officer of the company. He joined the company on March 21, 2022. He has over 19 years of financial services experience. Prior to joining the company, he was working with Bajaj Finance Ltd.

Sumeet Ghai is chief human resource officer of the company. He joined the company on February 4, 2022. He has over 15 years of experience in human resource management.

OFFER DETAILS

			WACA Per Equity Shares (₹)
Fresh Issue	₹ 600.00 Cr	No. of Shares	
Fresh Issue	₹ 600.00 Cr	Upto 111,184,115 [~] - 105,328,548 [^] Equity Shares	–
The Offer for Sale by:	₹ 425.00 Cr	Upto 78,703,701[~] - 74,561,402[^] Equity Shares	
The Promoter Selling Shareholder:			
Arpwood Partners Investment Advisors LLP	₹ 306.25 Cr	Upto 56,712,962 [~] - 53,728,070 [^] Equity Shares	12.69
Arpwood Capital Pvt Ltd	₹ 75.16 Cr	Upto 13,918,888 [~] - 13,186,315 [^] Equity Shares	15.98
Eight45 Services LLP	₹ 43.59 Cr	Upto 8,071,851 [~] - 7,647,017 [^] Equity Shares	12.73

([~] at lower price band and [^] upper price band); # shares are rounded/adjusted to the nearest.

SHAREHOLDING PATTERN*

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	771,707,101	80.48%	74,561,402	697,145,699	65.51%
Total for Promoter	771,707,101	80.48%	74,561,402	697,145,699	65.51%
Public	182,450,805	19.03%		362,340,754	34.05%
Total for Public Shareholder	182,450,805	19.03%		362,340,754	34.05%
Shares held by Employee Trust	4,751,000	0.50%		4,751,000	0.45%
Total Equity Share Capital	958,908,906	100.00%	74,561,402	1,064,237,454	100.00%

* Shareholding pattern based on RHP;

Public shareholders include Marquee investors viz. (Amansa Investment Ltd - 40,909,091 shares), (Malabar India Fund Ltd - 22,909,635 shares), (Steadview Capital Mauritius Ltd - 18,181,818 shares), (Massachusetts Institute of Technology - 13,636,363 shares), (Malabar Select Fund - 12,036,364 shares), (Aseem Dhru - 42,958,167 shares) and Mahesh Dayani - 12,150,166 shares)

Details of Pre- IPO Placement of ₹ 150 Cr

The company has undertaken a Pre-IPO Placement of 27,272,727 **Equity Shares** at a price of ₹ 55/- per share, aggregating to ₹ 150 crore as under:

Name of the Entity	No. of Equity Shares	Amount (₹ Cr)
Amansa Investments Ltd.	27,272,727	150.00
Total		150.00

BUSINESS OVERVIEW

SBFC Finance Ltd (“**SBFC**”) is a systematically important, non-deposit taking non-banking finance company (“**NBFC-ND-SI**”) offering Secured MSME Loans and Loans against Gold, with a majority of their borrowers being entrepreneurs, small business owners, self-employed individuals, salaried and working-class individuals. Among MSME-focused NBFCs in India, they have one of the highest assets under management (“**AUM**”) growth, at a CAGR of 44% in the period from Fiscal 2019 to Fiscal 2023. They have also witnessed robust disbursement growth, at a CAGR of 40% between Fiscal 2019 and Fiscal 2023. The company focuses on disbursing loans with a ticket size in the range of ₹ 0.50 million to ₹ 3.00 million and as of March 31, 2023, 87.27% of their AUM had a ticket size within this range.

Company’s products allow many underserved and underbanked customers to thrive. As of March 31, 2023, the average ticket size (“**ATS**”) of their Secured MSME Loans, Loans against Gold and other unsecured loans, on the basis of disbursed amounts was ₹ 0.99 million, ₹ 0.09 million and ₹ 0.69 million, respectively. Among NBFCs, the Gross NPA for Secured MSME Loans for ticket sizes between ₹ 0.50 million and ₹ 3 million was 4.2% in Fiscal 2023. As of March 31, 2023, their Gross NPA to AUM ratio for ticket sizes between ₹ 0.50 million and ₹ 3 million was 1.97%. They serve customers in tier II and tier III cities, thereby fostering entrepreneurship in these regions, focusing on customers who have a strong credit history but may lack formal proof of income documents.

SBFC has a diversified pan-India presence, with an extensive network in their target customer segment. As of March 31, 2023, they have an expansive footprint in 120 cities, spanning 16 Indian states and 2 union territories, with 152 branches. Their geographically diverse distribution network, spread across the North, South, East and West zones, allows them to penetrate underbanked populations in tier II and tier III cities in India. Among MSME focussed NBFCs, SBFC had the lowest proportion of AUM emanating from the largest state in their portfolio as of March 31, 2023, being 17.42%, demonstrating better diversification. As a result of their active management of state concentration, they have been able to maintain low levels of AUM concentration per state despite their growth over the years.

Their AUM is diversified across India, with 30.84% in the North, 38.53% in the South and 30.63% in the West and East collectively, as of March 31, 2023. Their disbursements across zones are also well-distributed, and they have reduced their concentration risk across industries and sectors, as demonstrated by the fact that no single industry, including manufacturing sector contributes more than 10% of their loan portfolio as of March 31, 2023.

Company's complete portfolio of loans has in-house origination and benefits from their risk management framework. Leveraging their significant operational experience, they have set up stringent credit quality checks and customised operating procedures that exist at each stage for comprehensive risk management. They primarily focus on small enterprise borrowers, with a demonstrable track record of servicing loans such as gold loans, loans for 2-wheeler vehicles and have a CIBIL score above 700 at the time of origination. They source customers directly through their sales team of 1,911 employees as of March 31, 2023, and have adopted a direct sourcing model. Their risk management and underwriting processes, including their extensive customer assessment methods, and monitoring systems, have resulted in healthy portfolio quality indicators such as low rates of Gross NPAs and Net NPAs. As of March 31, 2021, March 31, 2022, and March 31, 2023, their Gross NPA ratio was 3.16%, 2.74% and 2.43%, respectively, and their Net NPA ratio was 1.95%, 1.63% and 1.41%, respectively.

While their underwriting model contributes to suitable customers being onboarded, they have also created a strong on-ground collections infrastructure to ensure that they maintain a high asset quality. Their collections process is also technology driven. As of Marh 31, 2023, approximately 89.49% of their Secured MSME Loan collections and 90.92% of the unsecured loan collections were non-cash-based EMI collections, thus reducing their cash management risk, and enabling customers to receive real-time payment receipts through SMS.

Technology is at the core of their operations and they have adopted a well-defined IT strategy since their inception. Their mobile application also enables customers to manage existing loans, in addition to servicing loans online. They have introduced 'Leviosa', a loan origination platform capable of on boarding and disbursing loans.

For their Loan against Gold portfolio, they have set up a dedicated 'Gold Genie' sales application, enabling gold loan disbursal at a customer's home. Thereafter, the dedicated customer service team reminds customers about interest payments and collects feedback on any service improvements suggested.

Their business model focuses on collection of cash flows. Company's AUM has grown at a CAGR of 49.17% from ₹2,221.32 crore as of March 31, 2021 to ₹ 4,942.82 crore as of March 31, 2023. In terms of business momentum, they witnessed disbursement growth, at a CAGR of 40% between Fiscal 2019 and Fiscal 2023.

SBFC has an experienced and dedicated management team with significant industry experience and who have demonstrated their ability to deliver growth and profitability, across business cycles. The significant business expertise of their management team positions them well to capitalize on future growth opportunities. Each of them have extensive experience in the banking or related industry such as finance, commercial operations, strategy, audit, business development, human resources, compliance and public relations. They are backed by marquee institutional investors such as the **Clermont Group**, **Arpwood Group** and **Malabar Group**, who provide their expertise to their operations, including through their representatives on their Board. In addition to providing them with capital, their institutional shareholders have assisted them in their growth through strategic guidance based on their previous experience and insight into the financial services sector in India.

The key financial and operational parameters in the relevant periods:

Particulars	As of / For the Year Ended March 31,		
	2023	2022	2021
Customers	102,722	72,816	56,587
AUM (₹ Cr)	4,942.82	3,192.18	2,221.32
Net Worth (₹ Cr)	1,727.27	1,287.17	1,205.11
Tangible Net Worth (₹ Cr)	1,466.88	1,026.78	944.72
Leverage (AUM/ Net worth)	2.86	1.63	1.84
AUM/ Tangible Net Worth	3.37	3.11	2.35

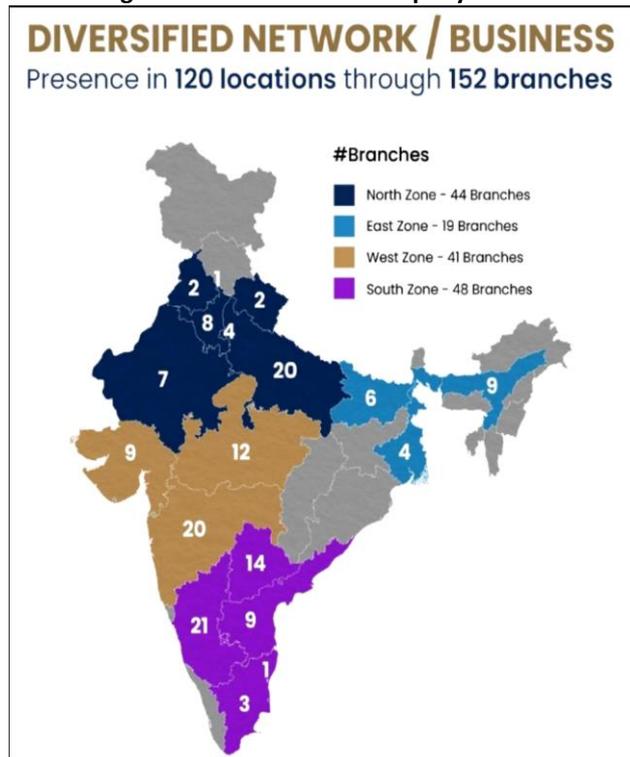
Particulars	As of / For the Year Ended March 31,		
	2023	2022	2021
Restated Profit After Tax for the Year / Period (₹ Cr)	149.74	64.52	85.01
ROA (%)	2.92%	1.48%	2.01%
ROE (%)	9.93%	5.18%	7.67%
Return on Tangible Equity	12.01%	6.55%	10.02%
Branches	152	135	124
Employees	2,822	2,048	1,471
AUM per branch (₹ Cr)	32.52	23.65	17.91
AUM per employee (₹ Cr)	1.75	1.56	1.51
Disbursement (Secured MSME Loans) per branch per month (₹ Cr)	1.25	0.82	0.40
Disbursement (Secured MSME Loans) per employee per month (₹ Cr)	0.11	0.09	0.07
Gross NPA ratio (%)	2.43%	2.74%	3.16%
Net NPA ratio (%)	1.41%	1.63%	1.95%
Operating Expenses to Average AUM (%)	5.70%	6.59%	6.59%
Average cost of borrowing (%)	8.22%	7.65%	8.11%
Cost to income ratio (%)	49.82%	57.19%	46.34%
Provision Coverage Ratio (%)	42.04%	40.44%	38.25%
Average yield on Gross Loan Book (%)	15.91%	14.89%	15.09%
Net Interest Margin (%)	9.32%	9.39%	11.73%

The key financial and operational parameters pertaining to the Secured MSME Loan portfolio:

Particulars	As of / For the Year Ended March 31,		
	2023	2022	2021
Live MSME loan accounts	40,872	23,018	12,250
MSME borrowers	34,738	19,004	9,665
MSME disbursements (₹ Cr)	2,276.82	1,332.83	595.52
AUM from MSMEs (₹ Cr)	3,920.00	2,326.27	1,442.28

DIVERSIFIED NETWORK

The Regional Distribution of Company's Branches



The branch network on a state/territory basis:

State	District	Branches	% of Total Branches	AUM (₹ Cr)	% of Total AUM
Andhra Pradesh	13	9	5.92%	270.87	5.48%
Assam	27	9	5.92%	228.64	4.63%
Bihar	38	6	3.95%	195.56	3.96%
Chandigarh	1	1	0.66%	13.33	0.27%
Delhi	9	4	2.63%	120.46	2.44%
Gujarat	33	9	5.92%	154.84	3.13%
Haryana	21	8	5.26%	328.23	6.64%
Karnataka	30	21	13.82%	861.11	17.42%
Maharashtra	35	20	13.16%	520.53	10.53%
Madhya Pradesh	51	12	7.89%	361.68	7.32%
Punjab	22	2	1.32%	72.83	1.47%
Puducherry	4	1	0.66%	12.35	0.25%
Rajasthan	33	7	4.61%	117.57	2.38%
Tamil Nadu	32	3	1.97%	140.49	2.84%
Telangana	10	14	9.21%	619.98	12.54%
Uttar Pradesh	75	20	13.16%	767.42	15.53%
Uttarakhand	13	2	1.32%	104.40	2.11%
West Bengal	19	4	2.63%	52.54	1.06%
Total	466	152	100.00%	4,942.82	100.00%

REVENUE FROM OPERATIONS

(₹ Cr)

Particulars	For the Year Ended March 31,		
	2023	2022	2021
Revenue from Operations			
- Interest income	654.15	473.15	463.17
- Fees and commission income	41.25	27.24	24.15
- Net gain on fair value changes	11.98	15.72	9.11
- Net gain on derecognition of financial instruments under amortized cost category	2.83	-	3.97
- Other operating income	22.60	12.94	6.71
Total for Revenue from Operations	732.81	529.05	507.10

The details of the customer segmentation in terms of AUM:

Customer segment	As of March 31,					
	2023		2022		2021	
	AUM (₹ Cr)	% of Total AUM	AUM (₹ Cr)	% of Total AUM	AUM (₹ Cr)	% of Total AUM
South India	1,904.80	38.53%	1,199.42	37.57%	863.25	38.86%
North India	1,524.24	30.84%	1,030.33	32.28%	648.60	29.20%
West India	1,037.05	20.98%	741.01	23.21%	574.34	25.85%
East India*	476.74	9.65%	221.20	6.93%	134.78	6.07%
Total	4,942.82	100.00%	3,192.18	100.00%	2,221.32	100.00%

Note: North India comprises the presence in the states and union territories of Chandigarh, Delhi, Haryana, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand, South India comprises the presence in the states and union territories of Karnataka, Andhra Pradesh, Telangana, Tamil Nadu and Puducherry, West India comprises the presence in the states of Gujarat, Madhya Pradesh and Maharashtra and East India comprises company's presence in the states of West Bengal, Assam, and Bihar.

* Includes discontinued business AUM of ₹ 3.49 million and ₹ 2.28 million, comprising 0.02% and 0.01% of total AUM as of March 31, 2021, and March 31, 2022, respectively.

COMPETITIVE STRENGTHS`

- Diversified pan-India presence with an extensive network**

SBFC is a lender that provides loans to borrowers being entrepreneurs, small business owners, self-employed individuals, salaried and working-class individuals. As of March 31, 2023, they have an expansive footprint in 120 cities, spanning 16 Indian states and 2 union territories, with 152 branches. Their extensive, geographically diverse distribution network allows them to penetrate underbanked populations in tier II and tier III cities in India. Also, less than 15% of the approximate 70 million MSMEs in India have access to formal credit in any form which is consequently limited or restricted to informal lending channels. As a result of their active management of state concentration, they have been able to maintain low levels of AUM concentration per state despite their growth over the years.

While MSME focused NBFCs have a significant portion of their portfolio (between 25% to 42%) emanating from the largest state in their respective portfolio, SBFC had the lowest proportion of AUM, being 17% in Fiscal 2023, emanating from the largest state in their portfolio, demonstrating better diversification and a granular, even spread.

Their branches are also spread across India to reduce concentration risk, with 28.95% in the North, 31.58% in the South, and 39.47% in the West and East collectively and through their 152 branches, they strategically focus for untapped customers with potential for superior yield. Their presence in 16 states and 2 union territories reduces their concentration risk in comparison to peers, while also allowing them to penetrate a larger number of territories without the risk of entry into an unfamiliar market. As of March 31, 2023, they had reached an average district level penetration of 27.68% in the states in which they operate, calculated on the basis of location of their branches, which gives them ability to scale, expand, underwrite prime risk and mitigate concentration risk.

- 100% in-house sourcing, leading to superior business outcomes**

SBFC acknowledges the complexities of underwriting loans, and to ensure positive business outcomes, 100% of their loan portfolio has in-house origination, limiting their reliance on direct selling agents or connectors in order to ensure a more direct, thorough understanding of the customer's profile. They source customers directly through their sales team of 1,911 personnel as of March 31, 2023, and have adopted a direct sourcing model through branch-led local marketing efforts, repeat customers or through walk-ins. Their in-house sourcing model helps them make a better credit evaluation of customers on a wide range of parameters after collating all customer information in their database. They are aided in their loan origination process by technology.

- Comprehensive credit assessment, underwriting and risk management framework**

The company has a credit assessment and risk management framework to identify, monitor and manage risks inherent in their operations. Credit management is crucial to their business since a significant number of their customers are from the

underserved financial segment. They focus on customers who have better income profiles, providing them with a stable growth trajectory. Accordingly, as a lender, their lending decisions are contingent on their evaluation of the ability of the individual and the business to service the loan, and the basis for such assessment is a combination of credit history and present cash flows. Company's risk management committee has developed risk management policies, addressing credit risk, market risk, liquidity risks and operational risks. Leveraging their significant operational experience, they have set up stringent credit quality checks and customised operating procedures that exist at each stage for comprehensive risk management.

The company follows individual file-based credit buying but manage risk at a portfolio level. To this end, they have developed their scorecard-based 'customer segmentation' approach for customer selection for ticket sizes up to ₹ 3 million, in order to ensure credit performance. The grade-based classification shows differential credit performance which ranks risks.

The details of the customer segmentation in terms of AUM:

Customer segment	As of March 31,					
	2023		2022		2021	
	AUM (₹ Cr)	% of Total AUM	AUM (₹ Cr)	% of Total AUM	AUM (₹ Cr)	% of Total AUM
Grade 1	732.66	20.38%	366.71	17.96%	129.68	11.58%
Grade 2	1,225.21	34.08%	564.79	27.67%	228.01	20.36%
Grade 3	427.04	11.88%	243.99	11.95%	128.44	11.47%
Grade 4	802.86	22.33%	445.54	21.83%	261.91	23.39%
Grade 5	331.23	9.21%	301.06	14.75%	236.02	21.08%
Not Segmented	75.97	2.11%	119.28	5.84%	135.56	12.11%
Sub-Total	3,594.97	100.00%	2,041.37	100.00%	1,119.61	100.00%

The customer segmentation in terms of disbursal amount:

Customer segment	As of March 31,					
	2023		2022		2021	
	Disbursement (₹ Cr)	% of total disbursement (%)	Disbursement (₹ Cr)	% of total disbursement (%)	Disbursement (₹ Cr)	% of total disbursement (%)
Grade 1	474.83	22.12%	285.13	22.39%	109.49	20.43%
Grade 2	826.70	38.51%	415.89	32.66%	145.88	27.22%
Grade 3	253.57	11.81%	151.55	11.90%	64.04	11.95%
Grade 4	489.61	22.81%	263.52	20.69%	104.67	19.53%
Grade 5	81.88	3.81%	125.79	9.88%	91.52	17.08%
Not Segmented	20.32	0.95%	31.63	2.48%	20.28	3.79%
Sub-Total	2,146.90	100.00%	1,273.50	100.00%	535.87	100.00%

The company has introduced 'Leviosa', a loan origination platform capable of on-boarding and disbursing loans. Leviosa can be accessed remotely, and it automates and manages the complete loan processing outflow of all retail asset products. For Loans against Gold they have a dedicated in-house team of 167 chief valuers as of March 31, 2023, who are distributed across branches for valuation of gold, and who are guided by valuation guidelines approved by them.

- Extensive on-ground collections infrastructure leading to maintenance of robust asset quality**

Company's underwriting model contributes to suitable customers being onboarded and they have also created an extensive on-ground collections infrastructure to ensure that they maintain a high asset quality. They have a 3-tier collections infrastructure, comprising (i) tele-calling, (ii) field collection, and (iii) legal recovery, in order to optimize collections and minimize NPAs. They also track collections in real time through their mobile application. Additionally, they deploy collection agencies to assist their in-house collections team, and as of March 31, 2023, they have engaged 19 such agencies which are dedicated to their Secured MSME Loan portfolio.

Their collection services are aided by a mobile application 'Delta' and a web application 'Omega', which are collections applications providing a priority list of overdue customers to the collection team in real-time. They leverage their collections infrastructure to assist collections on behalf of third parties.

- Healthy liability franchise with low cost of funds**

The company intends to continue to diversify their funding sources, identify new sources and pools of capital and implement ALM policies with the aim of further optimizing their borrowing costs and expanding their net interest margin. They have secured financing from diversified sources of capital, including term loans, proceeds from loans securitized, proceeds from the issuance of NCDs from banks and financial institutions to meet their capital requirements.

The company has the ability to access borrowings at a competitive cost due to their stable credit history, credit ratings, conservative risk management policies and brand equity. They have received a rating of CARE A+; Stable for their long-term bank facilities in April 2023. Their ratings indicate resilient liability origination despite challenges faced by the Indian economy for varied factors. In addition, they have entered into a **co-origination agreement with ICICI Bank** in 2019, through which ICICI Bank and the company co-originate Secured MSME Loans at a mutually agreed ratio of 80:20, respectively.

- **Consistent financial performance backed by profitable growth**

In a limited period, the company has demonstrated a history of healthy financial performance. As of March 31, 2023, their average yield on Gross Loan Book was 15.91%, with Secured MSME Loans and Loans against Gold accounting for 15.89% and 15.64%, respectively. Their Secured MSME Loans have progressively increased from comprising 64.93% of their AUM as of March 31, 2021, to 79.31% as of AUM as of March 31, 2023, reflecting their increased focus on this segment.

The contribution of each of the product categories in terms of AUM and as a percentage of total AUM and yield for each of the corresponding periods:

Customer segment	AUM CAGR (Fiscal 2021 - 2023) (%)	As of March 31,					
		2023		2022		2021	
		AUM (₹ Cr)	% of total AUM (%)	AUM (₹ Cr)	% of total AUM (%)	AUM (₹ Cr)	% of total AUM (%)
Secured MSME Loans	64.86%	3,920.00	79.31%	2,326.27	72.87%	1,442.28	64.93%
Loans against Gold	24.21%	864.10	17.48%	639.56	20.04%	560.05	25.21%
Others*	(14.87)%	158.72	3.21%	226.35	7.09%	219.00	9.86%
Total	49.17%	4,942.82	100.00%	3,192.18	100.00%	2,221.32	100.00%

*Others include unsecured loans. This also includes discontinued business AUM of ₹ 0.35 crore and ₹ 0.23 crore as of March 31, 2021 and March 31, 2022, respectively.

The Return on Tangible Equity was 10.02%, 6.55% and 12.01% in Fiscal 2021, 2022 and 2023. Further, the Return on Total Tangible Assets was 2.15%, 1.57% and 3.07% in Fiscal 2021, 2022 and 2023. The company also provides loan management services to third party financial institutions as a master service provider and act as a backup servicer to a leading global bank, where such institutions benefit from their experienced portfolio management, collection, and related services.

- **Experienced, cycle-tested and professional management team with strong corporate governance**

The company has an experienced and dedicated management team, including KMPs and Senior Management with significant industry experience and who have demonstrated their ability to deliver growth and profitability, across business cycles. Their Key Managerial Personnel and Senior Management includes a combination of management executives and independent members who bring in significant business experience, which positions them well to capitalize on future growth opportunities. Each of them have extensive experience in the banking or related industry such as finance, commercial operations, strategy, audit, business development, human resources, compliance, and public relations. The industry experience of heads of functional groups, such as operations, risk, finance, audit, and collections, enhance the quality of their management. They have zonal heads for business, credit, and collections, with regional experience that allows them to grow their operations in their respective areas and ensure business efficiency. Each of their zonal heads has more than 10 years of relevant experience with proven record of scaling businesses.

The company is backed by marquee institutional investors such as the **Clermont Group, Arpwood Group, and Malabar Group**, who provide their expertise to their operations. They offer strategic guidance and have enabled the company to develop their multi-state, multi-city operations across India.

KEY BUSINESS STRATEGIES

- **Leverage the pan-India network to deepen the penetration in the target customer segment**

The company's business model is scalable and by drawing on the experience of their team, they expect to be able to expand their operations efficiently, with low incremental costs. Owing to their geographical diversification at present, they intend to undertake geographical expansion by penetrating further in states in which they are already present. They are constantly evaluating additional locations using their criteria and expect to continue to add branches to grow out network in the near term. As of March 31, 2023, they had reached an average district level penetration of 27.68% in the states in which they operate, calculated on the basis of location of their branches.

- **Expand the product portfolio through offering affordable housing finance to the target customer segment, utilising their existing network**

In December 2022, SBFC Finance has incorporated a subsidiary, SBFC Home Finance Pvt Ltd, through which they intend to commence their housing finance business. The subscription to the equity share capital of the Subsidiary is proposed to be

funded from the company’s internal accruals. They intend to focus on providing financing for affordable housing loans to individual borrowers from the EWS, LIG, and middle-income segments, with a focus on tier II and tier III cities and towns, which benefit from higher transparency in the sector, increasing affordability and urbanisation, and government schemes such as Housing for All.

• **Diversify the source of borrowings and improve operating leverage**

The company has diversified their funding sources by using term loans, proceeds from loans securitized, proceeds from the issuance of NCDs from banks and financial institutions to ensure that their debt capital requirements are met at optimal costs. Their average cost of borrowings was 8.11%, 7.65% and 8.22% in Fiscal 2021, 2022 and 2023, respectively. They intend to expand and diversify their lender base. They are focused on their asset and liability management to ensure that they continue to have a positive asset-liability position. This will help them improve their credit ratings further and reduce the average cost of their borrowings. Their developed distribution and collections infrastructure is a key factor in their operating leverage and will help reduce their operating expenses. They will continue to review and identify means to improve their cost to income ratio and improve their overall net interest margin from current levels, which stands at 9.32% as of March 31, 2023.

• **Utilize technology to drive operational efficiency**

The company has made strategic investments in their information technology systems and implemented automated, digitized technology-enabled platforms and tools, to strengthen their offerings and derive greater operational, cost and management efficiencies. They plan to ensure that their information technology systems continue to help them with several functions, including loan origination, credit underwriting, collections, and customer service. They intend to strategically invest their resources for leveraging technology for efficient operations as they scale up to ensure increased effectiveness of their operations.

COMPETITION

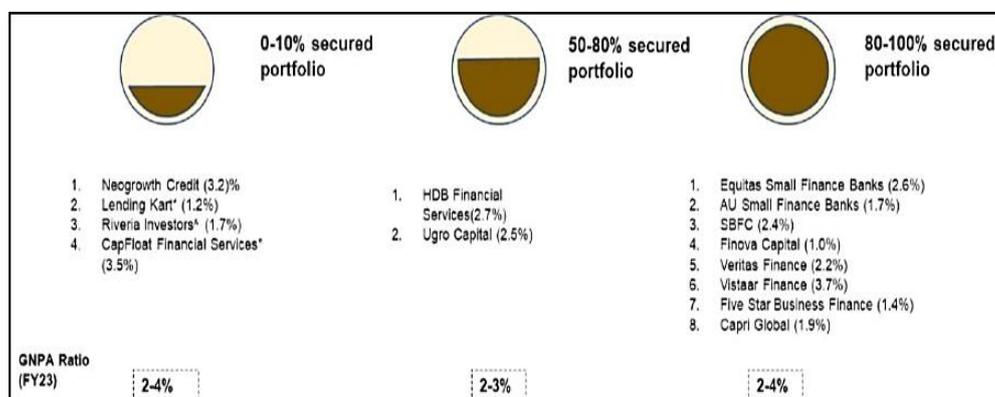
The financial services market is being served by a range of financial entities, including traditional banking institutions, captive finance affiliates of players in various industries, NBFCs and small finance banks approved by RBI to enhance credit penetration. SBFC Finance attempt to ensure that the interest rates they charge are in line with the market and similar to those charged by their competitors.

The company competes with players in:

• MSME finance	• Vistaar Finance, Veritas Finance, AU Small Finance Bank, and the Non-home segment of affordable housing finance companies
• Loan against Gold segment	• Fedbank Financial Services, Manappuram Finance, Muthoot Fincorp and Muthoot Finance

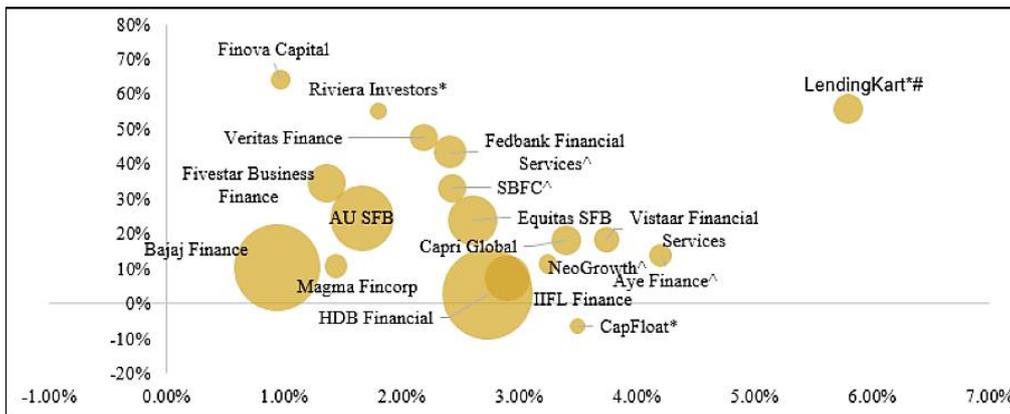
COMPETITIVE LANDSCAPE

Comparison of players based on secured and unsecured loans mix in small business loans



Note: (*) GNPA as of September 2022, (^) GNPA as of December 2022; Source: Company reports, CRISIL MI&A

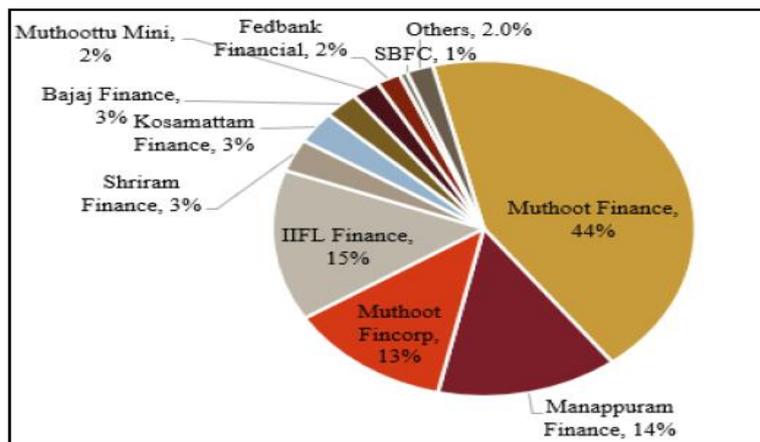
Comparison of various players based on portfolio size, portfolio growth (Fiscal 2019 - 2023) and GNPA ratio (Fiscal 2022\3)



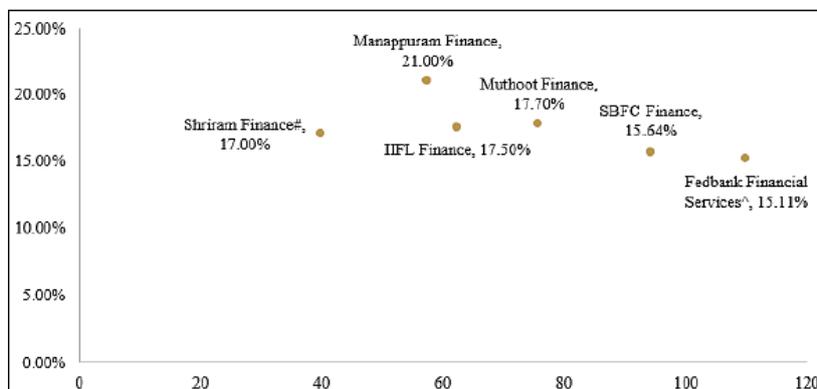
Note: Size of the bubble denotes relative size of the MSME loan portfolio as of March 2023, ^AUM, GNPA as of December 2022, *AUM, GNPA as of September 2022, # CAGR growth from Fiscal 2018 – Fiscal 2023, Source: Company Reports, CRISIL MI&A

Within NBFCs, Muthoot Finance, Manappuram Finance and Muthoot Fincorp are the largest players, who together account for 70% of the gold loan portfolio of NBFCs as of Fiscal 2023. Other players in Top-10 includes key players such as IIFL Finance, Shriram City Union Finance, Kosamattam Finance, Bajaj Finance, Muthoottu Mini, Fedbank Financial Services, HDB Financial Services and SBFC Finance.

Top-3 Gold financing NBFC account for 70% share in overall NBFC gold loans book in Fiscal 2023



Comparison of various players based on yield on advances on gold loans and average ticket size (Fiscal 2023)



Note: (^) Average ticket size, Yield on advances as of September 2021; (#) Shriram City Union Finance is now merged into Shriram Finance Limited, Data as of Fiscal 2022; Source: Company Reports, CRISIL MI&A

Financial Performance

Trend of Yield on advances and Cost of Borrowings of players (Fiscal 2023)

	Players	Yield on Advances					Cost of Borrowings				
		Avg (FY20-23)	FY23	FY22	FY21	FY20	Avg (FY20-23)	FY23	FY22	FY21	FY20
Housing Finance Companies	Aavas Financiers	13.3%	13.5%	12.8%	13.1%	13.5%	7.3%	6.6%	6.7%	7.8%	7.9%
	Home First Finance Co	13.2%	14.0%	12.5%	12.8%	13.3%	7.6%	7.3%	6.6%	7.8%	8.8%
	Aptus Value Housing Finance	17.5%	18.1%	17.2%	17.2%	17.6%	9.0%	8.5%	8.0%	9.1%	10.2%
	Vastu Housing Finance	15.1%	15.1%	14.5%	15.8%	15.1%	8.7%	7.0%	8.8%	9.1%	9.7%

	Players	Yield on Advances					Cost of Borrowings				
		Avg (FY20-23)	FY23	FY22	FY21	FY20	Avg (FY20-23)	FY23	FY22	FY21	FY20
MSME Focused NBFCs	HDB Financial Services	14.5%	14.3%	14.3%	14.5%	14.8%	7.5%	6.8%	6.7%	7.8%	8.6%
	IIFL Finance	21.7%	25.3%	23.8%	20.0%	17.7%	9.5%	8.7%	9.9%	10.1%	9.1%
	Shriram City Union Finance	20.5%	NM	20.5%	20.1%	20.9%	9.0%	NM	9.0%	8.8%	9.4%
	Fedbank Financial Services	15.3%	NA	15.6%	15.9%	14.9%	8.0%	NA	7.4%	8.3%	8.3%
	Five-Star Business Finance	24.6%	25.1%	24.7%	24.3%	24.2%	10.5%	7.8%	10.0%	11.2%	13.1%
	SBFC Finance	15.6%	16.1%	15.1%	15.3%	15.9%	9.2%	8.3%	7.7%	8.2%	12.5%
	Vistaar Finance	19.2%	18.5%	18.6%	19.2%	20.7%	9.9%	9.3%	9.2%	10.2%	10.8%
Veritas Finance	23.5%	22.6%	22.4%	23.4%	24.9%	11.0%	9.3%	10.5%	10.7%	13.2%	
Small Finance Bank	AU Small Finance Bank	12.9%	13.1%	12.1%	12.8%	13.7%	6.2%	5.6%	5.3%	6.5%	7.4%
Gold NBFCs	Muthoot Finance	19.8%	16.8%	19.0%	21.2%	22.0%	8.3%	7.4%	8.0%	8.9%	8.7%
	Manappuram Finance	22.7%	20.1%	20.6%	25.1%	24.8%	8.7%	8.1%	7.8%	9.7%	9.2%
Average of all above peers		18.0%	18.0%	17.6%	18.1%	18.3%	8.7%	7.8%	8.1%	8.9%	9.8%

Trend of Debt to Equity and Net Interest Margin (Fiscal 2023)

	Players	Debt to Equity					Net Interest Margin				
		Avg (FY20-23)	FY23	FY22	FY21	FY20	Avg (FY20-23)	FY23	FY22	FY21	FY20
Housing Finance Companies	Aavas Financiers	2.8	3.0	2.8	2.6	2.6	6.4%	6.5%	6.5%	6.2%	6.5%
	Home First Finance Co	2.4	2.6	2.2	2.2	2.7	6.0%	7.1%	6.2%	5.3%	5.4%
	Aptus Value Housing Finance	1.1	1.1	0.9	1.3	1.2	10.9%	12.2%	11.4%	10.2%	9.9%
	Vastu Housing Finance	1.2	1.2	0.6	1.5	1.5	7.2%	8.5%	7.7%	7.0%	5.7%
MSME Focused NBFCs	HDB Financial Services	5.5	4.8	5.1	6.0	6.2	7.7%	8.2%	8.1%	7.5%	7.1%
	IIFL Finance	3.8	3.4	3.7	4.3	4.0	7.8%	8.5%	8.6%	7.3%	6.8%
	Shriram City Union Finance	2.6	NM	2.7	2.5	2.7	10.7%	NM	9.9%	10.5%	11.8%
	Fedbank Financial Services	4.7	NA	4.4	5.2	4.7	7.4%	NA	7.9%	7.2%	7.2%
	Five-Star Business Finance	1.1	1.0	0.7	1.5	1.2	15.2%	16.4%	14.9%	13.6%	15.8%
	SBFC Finance	2.4	2.2	2.3	2.3	3.0	6.0%	7.4%	5.8%	5.3%	5.5%
	Vistaar Finance	2.3	2.7	2.4	2.1	2.0	10.2%	9.1%	9.5%	10.0%	12.2%
Veritas Finance	1.3	1.5	0.8	1.4	1.2	12.1%	14.4%	12.3%	11.3%	10.5%	
Small Finance Bank	AU Small Finance Bank	1.2	0.6	0.8	1.1	2.4	5.3%	5.6%	5.4%	5.0%	5.1%
Gold NBFCs	Muthoot Finance	2.8	2.4	2.7	3.0	3.2	11.2%	9.3%	10.6%	11.6%	13.0%
	Manappuram Finance	2.6	2.1	2.3	2.6	3.3	12.8%	11.5%	12.0%	13.8%	14.0%
Average of all above peers		2.5	2.2	2.3	2.6	2.8	9.1%	9.6%	9.1%	8.8%	9.1%

Profitability analysis of companies (Fiscal 2023)

	Players	RoA					RoE				
		Avg (FY20-23)	FY23	FY22	FY21	FY20	Avg (FY20-23)	FY23	FY22	FY21	FY20
Housing Finance Companies	Aavas Financiers	3.6%	3.5%	3.6%	3.5%	3.8%	13.3%	14.2%	13.7%	12.9%	12.7%
	Home First Finance Co	3.2%	3.9%	3.9%	2.5%	2.7%	11.4%	13.5%	12.6%	8.6%	10.9%
	Aptus Value Housing Finance	7.1%	7.8%	7.3%	6.5%	7.0%	15.8%	16.1%	15.1%	14.5%	17.5%
	Vastu Housing Finance	4.9%	5.7%	5.45	4.0%	4.5%	11.4%	12.2%	11.4%	10.7%	11.2%
MSME Focused NBFCs	HDB Financial Services	1.7%	3.0%	1.6%	0.6%	1.7%	12.0%	18.7%	11.2%	4.8%	13.2%
	IIFL Finance	2.3%	3.4%	3.3%	1.6%	0.85	12.1%	16.9%	18.1%	9.2%	4.2%
	Shriram City Union Finance	3.1%	NM	2.9%	3.1%	3.3%	13.5%	NM	12.7%	13.2%	14.7%
	Fedbank Financial Services	1.4%	NA	1.7%	1.3%	1.3%	8.4%	NA	10.4%	8.1%	6.8%
	Five-Star Business Finance	7.6%	8.0%	7.5%	7.1%	7.8%	15.7%	15.0%	15.0%	16.8%	15.8%
	SBFC Finance	1.9%	2.9%	1.5%	2.0%	1.2%	6.6%	9.9%	5.2%	7.7%	3.8%
	Vistaar Finance	2.9%	3.2%	2.9%	3.0%	2.5%	9.7%	12.0%	10.0%	9.6%	7.3%
Veritas Finance	3.4%	5.2%	3.1%	3.1%	2.3%	7.7%	11.8%	6.6%	7.3%	5.3%	
Small Finance Bank	AU Small Finance Bank	2.0%	1.8%	1.9%	2.5%	1.8%	17.9%	15.4%	16.4%	22.0%	17.9%
Gold NBFCs	Muthoot Finance	6.0%	4.9%	5.9%	6.5%	6.8%	24.3%	17.6%	23.5%	27.8%	28.3%
	Manappuram Finance	56%	4.5%	5.0%	6.9%	5.9%	21.4%	15.0%	17.6%	27.7%	25.2%
Average of all above peers		3.8%	4.4%	3.9%	3.6%	3.6%	13.5%	14.5%	13.7%	13.4%	13.0%

NNPA for Players and Trend in capital adequacy ratio for players (Fiscal 2023)

	Players	NNPA					Capital Adequacy Ratio				
		Avg (FY20-23)	FY23	FY22	FY21	FY20	Avg (FY20-23)	FY23	FY22	FY21	FY20
Housing Finance Companies	Aavas Financiers	0.6%	0.7%	0.8%	0.7%	0.3%	52.3%	46.9%	51.9%	54.4%	55.9%
	Home First Finance Co	1.2%	1.1%	1.8%	1.2%	0.8%	53.3%	49.4%	58.6%	56.2%	48.8%
	Aptus Value Housing Finance	0.7%	0.9%	0.9%	0.5%	0.6%	80.6%	80.8%	85.6%	73.6%	82.5%
	Vastu Housing Finance	0.6%	0.7%	0.9%	0.5%	0.3%	72.4%	67.6%	99.8%	57.1%	65.1%
MSME Focused NBFCs	HDB Financial Services	2.5%	1.0%	2.5%	3.2%	3.2%	19.6%	20.1%	20.2%	18.9%	19.4%
	IIFL Finance	1.0%	0.6%	1.8%	0.9%	0.8%	21.6%	20.4%	23.9%	25.4%	16.6%
	Shriram City Union Finance	3.5%	NM	3.3%	3.1%	4.2%	27.7%	NM	26.8%	28.6%	27.7%
	Fedbank Financial Services	1.4%	2.0%	1.8%	0.7%	1.1%	21.9%	23.0%	23.0%	23.5%	17.9%
	Five-Star Business Finance	0.8%	0.7%	0.7%	0.8%	1.1%	63.5%	67.2%	75.2%	58.9%	52.9%
	SBFC Finance	1.6%	1.4%	1.6%	2.0%	1.6%	26.5%	31.8%	26.2%	26.3%	21.9%
	Vistaar Finance	2.2%	NA	1.9%	2.2%	2.5%	32.6%	26.4%	30.0%	36.5%	37.6%
	Veritas Finance	1.6%	1.3%	2.3%	1.4%	1.3%	54.9%	45.0%	64.4%	50.7%	59.3%
Small Finance Bank	AU Small Finance Bank	1.0%	0.4%	0.5%	2.2%	0.8%	22.5%	23.6%	21.0%	23.4%	22.0%
Gold NBFCs	Muthoot Finance	2.2%	3.4%	2.7%	0.8%	1.9%	28.7%	31.8%	30.0%	27.4%	25.5%
	Manappuram Finance	1.4%	1.2%	2.7%	1.4%	0.5%	28.4%	31.7%	31.3%	29.0%	21.7%
Average of all above peers		-	-	-	-	-	40.4%	40.4%	44.5%	39.3%	38.3%

Note: As of December 2022; NA: Not Available, Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful

KEY FINANCIAL AND OPERATIONAL METRICS

(₹ in Cr, except per share and %)

Particulars	SBFC Finance			Aavas Financiers			Home First Finance Co		
	As of and for Fiscal			As of and for Fiscal			As of and for Fiscal		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Scale									
AUM	4,942.82	3,192.18	2,221.32	14,166.70	11,350.20	9,454.30	7,198.00	5,380.00	4,141.00
AUM Growth (%)	54.84%	43.71%	34.77%	24.81%	20.05%	21.27%	33.79%	29.92%	14.46%
Product wise disbursement									
Secured MSME	2,276.82	1,332.83	595.52	-	-	-	-	-	-
Loan against Gold	1,323.36	1,127.00	830.04	NA	NA	NA	NA	NA	NA
Others	31.07	111.05	76.90	-	-	-	-	-	-
Capital									
Tangible Net Worth	1,466.88	1,026.78	944.72	-	-	-	-	-	-
Capital Adequacy Ratio (%)	31.90%	26.21%	26.25%	46.94%	51.90%	54.40%	49.40%	58.61%	56.19%
Total Borrowings to Tangible Equity ratio	2.55	2.87	2.93	-	-	-	-	-	-
Profitability									
Total Income	740.36	530.70	511.53	1,610.15	1,305.56	1,105.34	795.60	595.70	489.10
Net interest income	378.94	254.24	226.90	797.14	651.27	518.15	417.94	296.03	212.72
Fee and other income	86.21	57.56	48.37	221.96	176.79	128.94	73.37	84.01	58.98
Profit After Tax	149.74	64.52	85.01	430.07	356.80	289.50	228.29	186.10	100.00
Yield on Average Gross Loan Book	15.91%	14.89%	15.09%	-	-	-	-	-	-
Spread	7.69%	7.23%	6.98%	6.89%	6.17%	5.29	6.67%	5.89%	4.97%
Return Ratio									
Net Income to Average AUM	11.44%	11.52%	14.23%	-	-	-	-	-	-
Net Interest Margin	9.32%	9.39%	11.73%	6.25%	6.26%	6.01%	6.65%	6.22%	5.48%
Operating Expenses to Average AUM	5.70%	6.59%	6.59%	3.53%	3.37%	2.98%	2.78%	2.70%	2.72%
Credit cost to Average AUM	0.79%	1.73%	1.74%	0.10%	0.22%	0.43%	0.34%	0.53%	0.83%
PAT to Average AUM	3.68%	2.38%	4.39%	3.37%	3.43%	3.36%	3.63%	3.91%	2.58%
RoA (%)	2.92%	1.48%	2.01%	3.52%	3.57%	3.48%	3.85%	3.87%	2.50%
Return on Total Tangible Assets (%)	3.07%	1.57%	2.15%	-	-	-	-	-	-
Return on Tangible Equity (%)	12.01%	6.55%	10.02%	-	-	-	-	-	-
NPA									
Gross NPA (%)	2.43%	2.74%	3.16%	0.92%	1.00%	1.00%	1.61%	2.30%	1.80%

Particulars	SBFC Finance			Aavas Financiers			Home First Finance Co		
	As of and for Fiscal			As of and for Fiscal			As of and for Fiscal		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Net NPA (%)	1.41%	1.63%	1.95%	0.68%	0.80%	0.70%	1.10%	1.80%	1.20%
Provision Coverage Ratio (%)	42.04%	40.44%	38.25%	26.90%	23.06%	27.25%	33.96%	24.87%	35.96%
Earnings per share									
Basic	1.71	0.81	1.09	54.44	45.31	36.94	26.01	21.26	12.37
Diluted	1.62	0.79	1.06	54.32	45.02	36.62	25.20	20.85	12.18
No. of States & UTs	18	18	18	12	13	11	13	13	12
No. of branches	152	135	124	346	314	280	111	80	72
Credit ratings									
CARE	-	-	-	AA/A1+ (Stable)	AA-/A1+ (+ve)	AA-/A1+ (Stable)	AA- (Stable)	A+ (Stable)	A+ (Stable)
ICRA	A+ (Stable)	A(+ve)	A (Stable)	AA/A1+ (Stable)	AA-/A1+ (+ve)	AA-/A1+ (Stable)	AA-/A1+ (Stable)	A+/A1+ (+ve)	AA-/A1+ (Stable)
CRISIL	-	-	-	-	-	-	-	-	-
India Ratings	A+/Stable	A+/Stable	A/Stable	A1+	A1+	A1+	AA-/ A1+ (Stable)	AA- / A1+ (Stable)	A1+

Particulars	Aptus Value Housing Finance			AU Small Finance Bank			Five Star Business Finance		
	As of and for Fiscal			As of and for Fiscal			As of and for Fiscal		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Scale									
AUM	6,738.00	5,180.00	4,068.00	59,158.0	47,831.00	37,712.00	6,914.80	5,067.08	4,445.38
AUM Growth (%)	30.08%	27.34%	27.80%	23.68%	26.83%	22.07%	36.47%	14.00%	14.00%
Product wise disbursement									
Secured MSME	-	-	-	-	-	-	-	-	-
Loan against Gold	NA	NA	NA	-	-	-	NA	NA	NA
Others	-	-	-	-	-	-	-	-	-
Capital									
Tangible Net Worth	-	-	-	-	-	-	-	-	-
Capital Adequacy Ratio (%)	80.79%	85.61%	73.63%	23.60%	21.00%	23.00%	67.17%	75.20%	58.86%
Total Borrowings to Tangible Equity ratio	-	-	-	-	-	-	-	-	-
Profitability									
Total Income	1,129.00	840.21	658.20	9,239.87	6,915.43	6,370.98	1,528.93	1,256.17	1,051.26
Net interest income	782.49	583.08	420.32	4,425.28	3,234.13	2,365.45	1,232.53	903.16	689.69
Fee and other income	70.60	48.55	31.35	1,034.46	993.69	1,420.93	30.14	52.41	36.38
Profit After Tax	503.01	370.14	266.94	1,427.93	1,129.83	1,170.68	603.50	453.55	358.99
Yield on Average Gross Loan Book	-	-	-	-	-	-	25.14%	24.74%	24.31%
Spread	9.66%	9.25	8.10%	7.47%	6.81%	6.31%	17.31%	14.70%	13.08%
Return Ratio									
Net Income to Average AUM	-	-	-	-	-	-	-	-	-
Net Interest Margin	13.13%	12.61%	11.59%	8.27%	7.56%	6.90%	20.57%	18.99%	16.55%
Operating Expenses to Average AUM	2.77%	2.53%	2.78%	6.43%	5.64%	4.83%	7.31%	6.43%	5.14%
Credit cost to Average AUM	0.57%	0.75%	0.16%	0.29%	1.60%	2.79%	0.34%	0.96%	0.84%
PAT to Average AUM	8.44%	8.00%	7.36%	2.67%	2.64%	3.41%	10.07%	9.54%	8.61%
RoA (%)	7.82%	7.25%	6.46%	1.79%	1.87%	2.50%	8.02%	7.47%	7.08%
Return on Total Tangible Assets (%)	-	-	-	-	-	-	-	-	-
Return on Tangible Equity (%)	-	-	-	-	-	-	-	-	-
NPA									
Gross NPA (%)	1.15%	1.20%	0.70%	1.66%	2.00%	4.30%	1.36%	1.05%	1.02%
Net NPA (%)	0.86%	0.90%	0.50%	0.42%	0.50%	2.20%	0.69%	0.68%	0.84%
Provision Coverage Ratio (%)	25.00%	25.31%	27.48%	75.03%	70.59%	49.73%	49.33%	34.89%	17.96%
Earnings per share									
Basic	10.11	7.58	5.56	21.86	18.03	38.19	20.71	16.09	14.01
Diluted	10.08	7.53	5.55	21.74	17.85	37.86	20.49	15.92	13.61
No. of States & UTs	5	5	4	24	20	17	8	9	9

Particulars	Aptus Value Housing Finance			AU Small Finance Bank			Five Star Business Finance		
	As of and for Fiscal			As of and for Fiscal			As of and for Fiscal		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
No. of branches	231	208	190	1,027	919	744	373	300	262
Credit ratings									
CARE	AA- (Stable)	A+ (+ve)	A+ (Stable)	AA/A1+ (Stable)	AA/A1+ (Stable)	AA-/A1+ (Stable)	A+ /A1+ (Stable)	A+ / A1+ (Stable)	A/ A1 (Stable)
ICRA	AA- (Stable)	AA- (Stable)	A+ (Stable)	-	-	-	AAA (CE)/ AA- (Stable)	AAA (CE)/ AA+ (Stable)	AAA (CE)/ A (Stable)
CRISIL	-	-	-	AA+/AA/ A1+ (Stable)	AA- /AA+/A1+ (+ve)	AA-/A1+ (Stable)	-	-	-
India Ratings	-	-	-	AA/A1+ (Stable)	AA-/A1+ (Stable)	AA-/A1+ (Stable)	AA-	-	-

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH, 2023)

Name of the Company	Consolidated / Standalone	Face Value	Closing price on 7 th Jul'2023	Total income for FY 2023 (₹ Cr)	EPS		NAV	P/B (FY23)	P/E	RoNW (%)	Networth (₹ Cr)	PAT FY2022 (₹ Cr)	No. of Shares
					Basic	Diluted							
SBFC Finance Ltd	Standalone	10	NA	740.36	1.71	1.62	19.26	[•]	[•]	9.93	1,727.33	149.80	897,023,682
Aavas Financiers Ltd	Consolidated	10	1,562.90	1,610.61	54.38	54.26	413.58	3.78x	28.80	13.14	3,269.66	429.64	79,056,874
Home First Finance Co India Ltd	Standalone	2	784.10	795.60	26.01	25.20	206.48	3.80x	31.12	12.56	1,817.34	228.29	88,016,767
Aptus Value Housing Finance India	Consolidated	2	249.95	1,129.00	10.11	10.08	67.05	3.73x	24.80	15.06	3,339.33	503.02	498,030,251
AU Small Finance Bank Ltd	Standalone	10	761.05	9,239.87	21.86	21.74	164.64	4.62x	35.01	13.01	10,977.34	1,427.93	666,745,055
Five Star Business Finance Ltd	Standalone	1	665.30	1,528.93	20.71	20.49	148.94	4.47x	32.47	13.91	4,339.53	603.50	291,366,120

Source:RHP; P/E Ratio has been computed based on the closing price as on July 7, 2023 on BSE

AXIS CAPITAL LIMITED

Axis House, 1st Floor, Level-1, C-Wing, C-2, Wadia International Center, Pandurang Budhkar Marg, Worli, Mumbai 400 025.

Tel: +91 22 4325 2525; Fax: +91 22 4325 3000

www.axiscapital.co.in

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