



## IPO DETAILS

#IPOology

# SBFC FINANCE LIMITED IPO



### Issue Opens

3 August, 2023 Thursday

### Issue Closes

7 August 2023, Monday

### Min. Lot Size

260 Shares

### Issue Price Band

₹54 - ₹57

### Industry

NBFC

### Issue Size

Fresh Issue: 105.26mn  
Eq shares (₹6,000mn)

### OFS:

74.56 mn eq shares  
(₹4250 mn)

### Face Value

₹10

### Listing at

NSE, BSE

### Rationale

Considering the FY23 BVPS of Rs 21.87 on a post-issue basis, the company is going to list at a P/B of 2.61x with a market cap of Rs. 60,658 mn. whereas its peers namely Aavas Financiers Ltd, Home First Finance Ltd, and AU Small Finance Bank Ltd are trading at P/B of 3.80x, 4.23x, and 4.40x.

We assign a 'Subscribe' rating to this IPO, given the company's diversified pan-India presence, robust network to target customers, 100% in-house sourcing, and favorable valuation compared to peers.

### Objectives of the issue

The Company proposes to utilize the Net Proceeds towards augmenting the Company's capital base to meet their future capital requirements arising out of the growth of the business and assets.

### Rating

**SUBSCRIBE**

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SBFC FINANCE LIMITED

## Company Overview

SBFC Finance is a systemically important, non-deposit taking non-banking finance company offering Secured MSME Loans and Loans against Gold, with a majority of borrowers being entrepreneurs, small business owners, self-employed individuals, salaried and working-class individuals.

They target customers in tier II and tier III cities, promoting entrepreneurship in those areas. Focuses on creditworthy individuals without formal proof of income documents.

### Key Elements

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

As of March 31, 2023, they have an expansive footprint in 120 cities, spanning 16 Indian states and 2 union territories, with 152 branches.

Supported by top institutional investors (Clermont Group, Arpwood Group, Malabar Group) providing expertise and board representation.

They have a diversified pan-India presence, with an extensive network in the target customer segment.



## Innovative Loan Origination

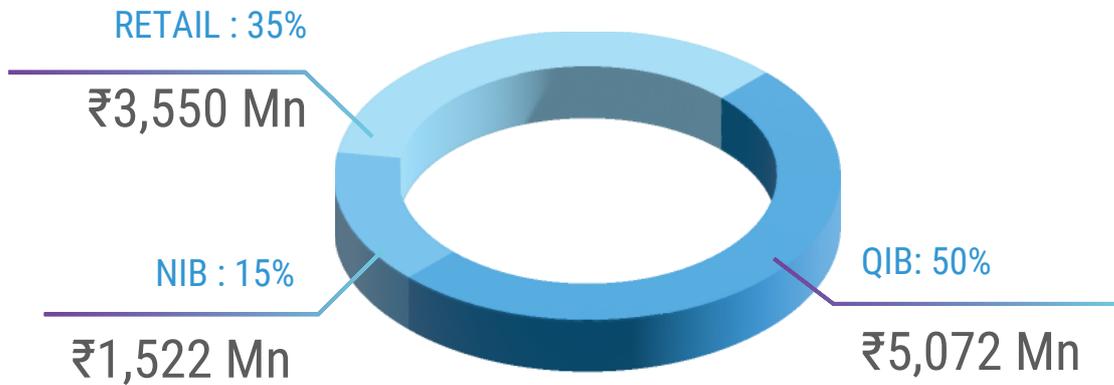
They have introduced 'Leviosa', a loan origination platform capable of on-boarding and disbursing loans. For Loan against Gold portfolio, they have set up a dedicated 'Gold Genie' sales application, enabling gold loan disbursement at a customer's home.



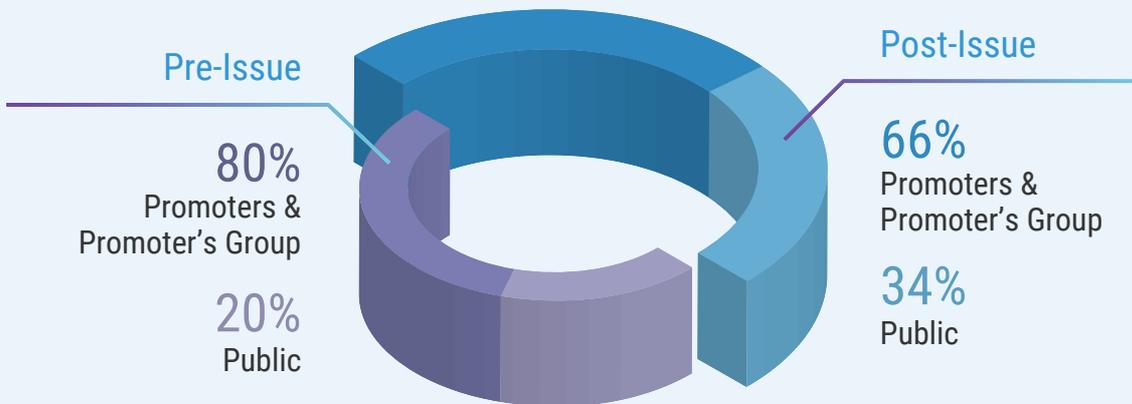
SBFC FINANCE LIMITED

# Issue Details

## Issue Break-Up



## Shareholding Pattern



## Capital Structure (in ₹)



**13,000 Mn**

Authorised Equity Share Capital



**9,589 Mn**

Paid-Up Capital (Pre-Offer)



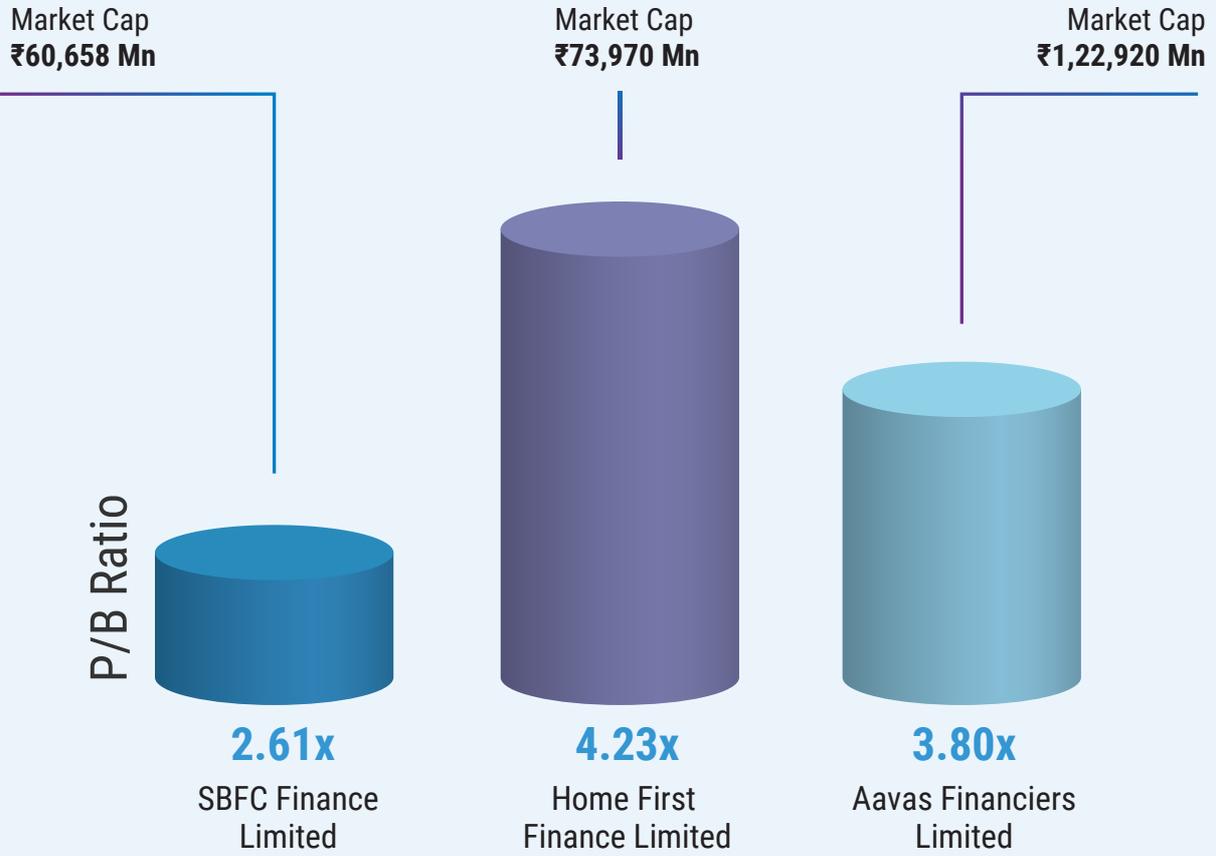
**10,642 Mn**

Paid-Up Capital (Post-Offer)



SBFC FINANCE LIMITED

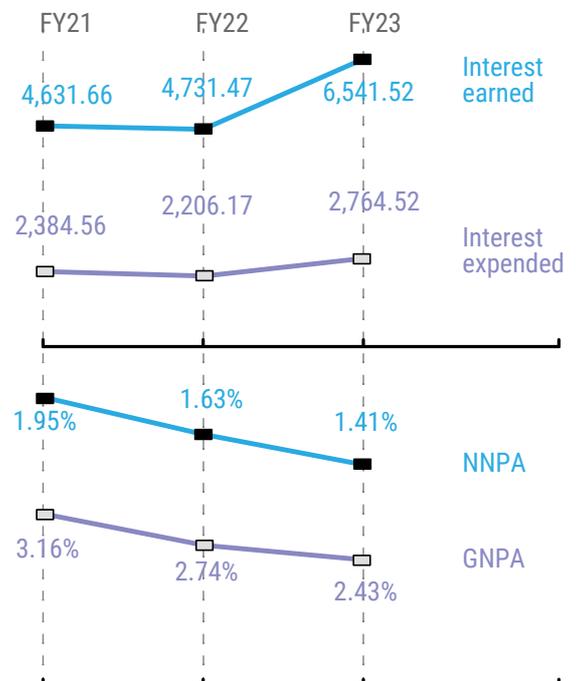
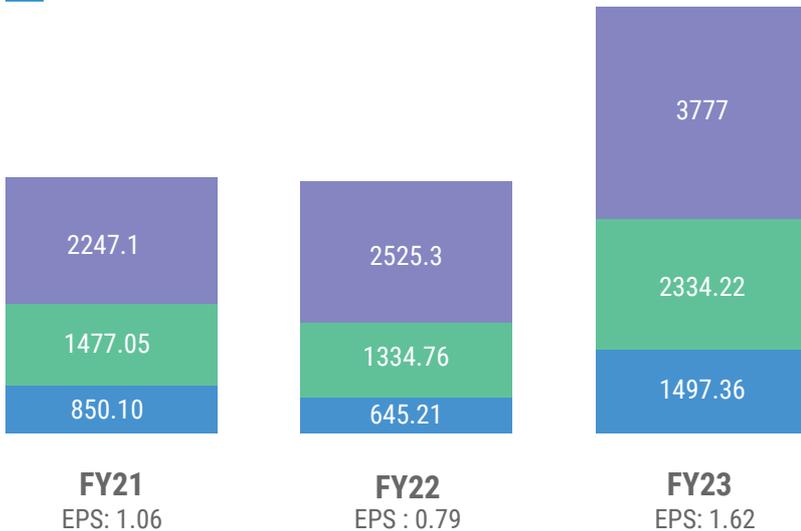
# Valuations and Peer Comparison



Market Cap data of listed securities as on August 01, 2023

## Financial Snapshot (in ₹ Mn)

- NII
- PPOP
- PAT





SBFC FINANCE LIMITED

# Business Insights



## Competitive Strengths

- Diversified pan-India presence with an extensive network to cater to target customer segment
- 100% in-house sourcing, leading to favorable business outcomes.
- Comprehensive credit assessment, underwriting and risk management framework
- Extensive on-ground collections infrastructure leading to maintenance of asset quality
- Healthy liability franchise with low cost of funds
- Consistent financial performance backed by profitable growth
- Experienced, cycle-tested and professional management team with good corporate governance backed by marquee investors.



## Business Strategy

- Leverage pan-India network to deepen penetration in target customer segment.
- Expand product portfolio through offering affordable housing finance to target customer segment, utilizing existing network.
- Diversify source of borrowings and improve operating leverage.
- Utilize technology to drive operational efficiency.



## Risks

- The risk of non-payment or default by borrowers may adversely affect business, results of operations and financial condition.
- They depend on the accuracy and completeness of information provided by customers and certain third-party service providers and reliance on any erroneous or misleading information may affect judgement of their creditworthiness, as well as the value of and title to the collateral
- They require substantial capital for business and any disruption in sources of capital could have an adverse effect on business, results of operations and financial condition.

## Promoters and Management Details

Neeraj Swaroop - Independent Director & Chairperson

Aseem Dhru - Managing Director & Chief Executive Officer