31st July, 2026

National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400051.
NSE Symbol: SBFC

BSE Limited,
Phiroze Jeejeebhoy Towers,
21st Floor, Dalal Street,
Mumbai – 400001.
BSE Equity Scrip Code: 543959

Sub: Transcript of Earnings Conference Call

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call which was held on Saturday, 25th July, 2026.

The transcript of the Earnings Conference Call is also being uploaded on the website of the Company at https://www.sbfc.com/investors under the section 'Investor Presentation – Call Transcripts'.

Kindly take the same on your records.

Thanking you,

Yours faithfully,
For **SBFC Finance Limited**

SANKET AGRAWAL

Digitally signed by SANKET AGRAWAL
Date: 2026.07.31 15:08:59 +05'30'

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Sanket Agrawal
Chief Financial Officer

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CIN No : L67190MH2008PLC178270

"SBFC Finance Limited
Q1 FY '27 Earnings Conference Call"
July 25, 2026

MANAGEMENT:	**MR. ASEEM DHRU – EXECUTIVE VICE CHAIRMAN** **MR. MAHESH DAYANI – MD & CEO** **MR. SANKET AGRAWAL – CHIEF FINANCIAL OFFICER** **MR. RAJIV THAKKER – CHIEF RISK OFFICER**
MODERATOR:	**MR. RENISH BHUVA – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the SBFC Finance Limited Q1 FY27 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Renish from ICICI Securities. Thank you and over to you, sir.

Renish: Yes, thank you Swapnali. Hi, good evening, everyone and welcome to SBFC Finance Q1 FY27 earnings call. On behalf of ICICI Securities, I would like to thank SBFC management team for giving us the opportunity to host this call. Today we have with us the entire top management team of SBFC represented by Mr. Aseem Dhru, Executive Vice Chairman; Mr. Mahesh Dayani, MD and CEO; Mr. Sanket Agrawal, Chief Financial Officer; and Mr. Rajiv Thakker, Chief Risk Officer. I will now hand over the call to Aseem for his opening remarks and then we'll open the floor for Q&A. Over to you, sir.

Aseem Dhru: Thank you, Renish, and good evening, everyone. So, as our standing in credit markets with lenders has improved over the years, we have been able to avail new loans at better interest rates as well as diversify our lenders. Aided by the transmission of repo rate cuts, our cost of funds has come down by about 90 basis points year on year. Cost of operations have been calibrated in a downward sloping curve and we continue our guidance of a 25-basis point reduction this year over the 150-basis point reduction we've delivered since listing. Cost of credit will remain range-bound.

The US 10-year bonds may force Fed rates, on the other hand for a rate increase. Independently, India's currency market situation could also force RBI's hand sooner. Independent of repo, deposit rates have performed up and as banks' deposit growth continues to lag lending, interest rates in India will have an upward bias and we could arrive sooner if crude continues to push $100 and stays above it longer. One thing is abundantly clear; it is impossible to crystal gaze into what will happen. We are living in a strange world. If you look at the 30-year, the US bond market is sitting in a 2008 crisis level even as their stock market continues in a bull sprint. Geopolitical uncertainties and India's mother of all problem, oil -- one doesn't know directionally what to pencil in. So, the only clarity we have is that we have to prepare for what cannot be anticipated.

In our anti-fragile approach build, we always remain cautiously optimistic. We have taken steps needed to ensure that we keep walking the guided path with metronomical consistency. Our premise at SBFC from the start has been that acceleration and deceleration both put load on the engine and create heat and fuel waste. What's important is steady momentum. For 30 quarters, we have delivered this through system shocks created by successive failure of financial companies, COVID waves one and two, interest rate rides up and down. When we did our strategy meeting charting out our growth from INR 10,000 crores to INR 20,000 crores, we concluded that the risks ahead never remain the same. The external challenges change, the internal challenges also change, but we will endeavor to keep a steady pace through all the cross-currents we face. Our approach continues to be learning from our mistakes using analytics and technology and onboarding better customers, managing risks better and keeping a superior provisioning which is currently 2x regulatory minimum. As we have in the past and in the future, we also remain focused on spreads, NIMs, ROAs, and ROEs as we believe that consistent profitable growth is our North Star. With that, I hand over the call to Mahesh.

Mahesh Dayani: Thank you, Aseem. We entered the first quarter of 2027 with multiple headwinds. Interest rates were volatile in March and with the global situation continuing to write its own script, we had to plan our borrowings with more prudence than usual. Measure twice, borrow once.

Second, gold prices were on a declining trend and with new regulations effective April 1st, 2026, resetting eligibility norms, the loan amount landing in customers' hands came down accordingly. Less shine, less size, so to speak.

Third, the regulator's circular mandating banks not to accept collateral security for MSME customers within the 20 lakh ticket size had a direct bearing on our co-origination which accounts for roughly 20% of our disbursals and book.

Lastly, a few birds strayed on the badminton court, by which I mean competitors showing up with competitive pricing or generous loan amounts which simply made us adjust our footwork.

Despite all this, the underlying business held its ground. AUM grew 6% for the quarter at 27%-odd for the full year at INR 11,922 crores. MSME disbursements rose 3% Q-o-Q to INR 809 crores. Following the revised guidelines, the co-origination mix reset to 10%. This has since stabilized and we expect a return to the usual run rate from this quarter onwards.

On the household side, the incomes haven't materially changed over the year, but inflation has quietly eaten into the disposable income, denting repayment capacity. We've seen this show up in our login to disbursal conversion which moderated to 34% from 42%. This isn't just our anecdote; the RBI's FSR report June 2026 echoes the same pattern, noting that nearly 60% of lending is now flowing towards consumption rather than asset creation. The sub-10 lakh segment in particular is showing signs of leveraged stress and warrants close monitoring. We have the distribution and gunpowder to push the pedal right now, but we'd rather scale this the right way than rush it.

We were deliberate about pricing through the quarter, which meant walking away from some business rather than chasing it at any cost. Capital allocation discipline helped us protect spreads, which improved by 39 bps at 9.4% driven by both a lower cost of borrowing and better pricing on the asset side. NIMs moved up by a similar basis point as spreads and stood at 10.6% even as absolute borrowings increased, proof that growing the balance sheet and protecting the margin aren't mutually exclusive, just occasionally in tension. Opex came in at 4.29%, down 30 basis points year on year, though sequentially higher than March, largely on account of increments and full-year cost impact of branches opened over the last two quarters. As a result, our PPOP improved 7.3% Q-o-Q and 34.4% Y-o-Y.

On asset quality, 0+ rose by 70 bps during the quarter and that's our homework for the current quarter. The momentum on rollbacks is better and we should stabilize here for a quarter before a pullback in the subsequent quarters. NPAs improved 12 bps Y-o-Y to 2.66%, though up 5 bps sequentially. As flagged in our last call, we took Stage 2 ECL up to 16% from 6%, bringing total provisioning to assets at 1.91% - The highest we've taken to date and roughly twice the regulatory requirement. We'd rather over-insulate the P&L now than explain a surprise later, call it prudence with a margin of safety. In a secured book, this level of coverage appears to be amongst the highest in our peer set. PAT stood at INR 130 crores, up 6% Q-o-Q and 29% Y-o-Y, marginally outpacing book growth. That gap reflects the combined efficiency of risk-adjusted pricing, disciplined borrowing costs, and distribution, each working together. We close the quarter at 14.7% ROE and our guidance for the coming quarter remains unchanged on all fronts. No surprises there, birds on the badminton court notwithstanding.

With that, I'll hand it over to Sanket to walk through the detailed financials for the quarter and the year-on-year performance.

Sanket Agrawal: Thank you, Mahesh. Good evening, everyone. In terms of business, our total AUM for June 2026 is at INR 11,922 crores with a growth of 27% on Y-o-Y basis and 6% on Q-o-Q basis. Our MSME AUM is at INR 9,271 crores which has increased 4.5% on Q-o-Q basis. Our MSME disbursement for the quarter stands at INR 809 crores which has increased 3% on Q-o-Q basis. The loan against gold AUM is at INR 2,631 crores with a growth of 11% on Q-o-Q basis. We added five branches during the quarter, bringing the total branch count to 256 as on June 2026.

In terms of yields and margins, our yields for the quarter is at 17.9% with a reduction of 9 basis points Y-o-Y and an increase of 29 basis points on Q-o-Q basis. Our cost of borrowing for the quarter is at 8.42% which has reduced 90 bps Y-o-Y and 10 bps Q-o-Q. Consequently, our spread for the quarter is at 9.48% with a growth of 81 basis points on Y-o-Y basis and 39 basis points on Q-o-Q basis.

In terms of borrowing and capital position, we have upfronted borrowing seeing the macro environment and thus have a closing liquidity of INR 1,864 crores. As we grow towards INR 15,000 crores, we intend to keep higher liquidity on the balance sheet. Given the movements in bond yields during the quarter, the CD rates and the overall cost environment, we think we should now stabilize on the cost of borrowing at current levels. Our capital adequacy ratio is sufficient at 32% with tangible net worth at INR 3,613 crores as of June 2026.

In terms of cost, our opex for the quarter is at 4.29% which is 36 bps increase on Q-o-Q basis. This is largely due to increase in branches in the last quarter of FY 2026 and the impact of increments rolled out for the year. As the AUM grows on these set of branches, we will start to see the cost to average AUM coming down and we should be closer to 4% or below at the end of the year. The guidance for the year of 25 bps reduction remains unchanged.

In terms of asset quality, our GNPA is range-bound at 2.66% which has reduced by 12 bps Y-o-Y and increased 5 bps Q-o-Q with a PCR of 42%. Our credit cost for the quarter is at 1.45%, we expect it to remain in this range in the short term. In terms of return ratios, our return on average AUM is 4.53% with ROE at 14.73% for the quarter. Our PAT for the quarter is INR 130 crores, growing 29% Y-o-Y and 6% on Q-o-Q basis.

With this, we open the floor for questions and answers.

Moderator: Thank you, sir. We will now begin with the question and answer session. We have the first question from the line of Renish. Please go ahead.

Renish: Yes, hi sir. So, congratulations on a good set of numbers. Just two things, one on the Mahesh's comment about, the over-leveraged position in sub-INR 10 lakh ticket size. So where do we stand, in terms of cycle in that particular product? Are we at the end of the cycle or we are in middle of the cycle?

Mahesh Dayani: Sorry, we missed you in between. Can you just repeat the question?

Renish: Yes. So, Mahesh, you did mention that, sub-INR 10 lakh ticket size, there is still some sort of over-leveraging which is visible and sort of which requires close monitoring. So according to you, where do we stand in terms of cycle and also how it should impact SBFC's growth plans or maybe the overall profitability metrics in FY27?

Mahesh Dayani: Yes, so I think, from our earlier commentary and, what I had articulated in the call earlier today, we've not seen the situation improve in the sub-INR 10 lakh category. And even on the new origination front, if you probably look at, our presentation, you will see that most of the CIBIL scores are now more than 700 and almost 90% of the portfolio have a score of more than 700.

But despite that, our throughputs have dropped from almost 42% to 35%. So effectively, which means that a lot of these customers where bureau scores are more than 700 are still not passing through the filter. One strange thing that's actually emerging is that you have scores, but eligibility is not, passing through your filters, which effectively means that you might have a score but the amount of credit that's been sought is still extremely high.

So that's the reason we're a bit watchful on that segment. And if you would see that our average ticket size has inched up compared to last year or last quarter versus this quarter, and that's largely because of the shift that's beginning to happen from that segment.

Aseem Dhru: If you had seen the latest CLSA report, on the household DSR in India now almost touching 14%, and which is one of the highest in the world. So, while, people look at retail to GDP which also is now pushing 45% plus and is really high, but what is concerning is the DSR. So clearly, the signals are saying that you have to be watchful. It is not that we are seeing anything that worries us or concerns us. This is part of the business we do and our job is to be a little worried. That's part of our job description. So, if we are not worried, you should be very worried. So, we have to be careful because, we don't know when cycles turn. We really don't know if you're on the start of the cycle or the middle of the cycle, these are all guesswork. So, in reality, you have to be watchful and if you're seeing signals in your customers that there is a build-up of leverage, then you better be watchful rather than be sorry later.

Renish: Got it, got it. And so, my second question again on this, the journey from INR 10,000 to INR 20,000. So, till now we have been stuck to two products, right? The small ticket LAP and gold loan. Do you feel that over next maybe 12-18 months we need to think about adding new products, to build a more robust franchise or do you think there is enough white space at least in these two products in which we operate and hence it's not right time to think about new products?

Aseem Dhru: No, we keep doing what we are doing. We have to get better at what we are doing. We still have a lot of work to do in that. So, we will keep focusing. We have learned something over the last 8 years, and once you've learned it, hopefully over the next 8 years you will better it. So, we don't want to, at this stage look at anything different or new. We will continue doing what we are doing. Hopefully we will do it better than what we have done so far.

Renish: Got it, got it. That's all from my side, sir. Thank you and best of luck.

Aseem Dhru: Thank you.

Moderator: Thank you. We have the next question from the line of Meghna Luthra from InCred. Please go ahead.

Meghna Luthra: Hi, thank you sir for the opportunity and congratulations for a good set of numbers. I just had few questions. One is around the employee cost - Is the increase in employee cost largely based on increments and bonuses or is there anything else to read in it?

Sanket Agrawal: Meghna, so there are two things that has happened during the quarter - One obviously is the rollout of increment that has happened, that has one impact. The second is that the last quarter we opened close to 20-25 branches, again this quarter we've added five, so, all those employees that we've hired, full-blown cost has come in this quarter. So, both put together is the increase in that cost. What will happen over a period of this next 9 months is that once those employees become productive and we add it on the AUM, you will tend to see the cost to AUM starts coming back where we intend to.

Meghna Luthra: Got it, got it. And the second question was on the yield front. Although we have just inched up our ticket sizes marginally during the quarter, our yields have improved by 30 basis points. Do we see like a similar, is it because we are incorporating higher risk and that's why we are, we have increased our yield on, because of the risk?

Sanket Agrawal: See, what happens is that we in our model have baked in a spread of 9% since last one year and said that this 9% something we have to hold to ensure the return metrics make sense for us. To that effect, what happens is between products there are some yield improvements, some reduction. So, gold in this quarter has done a better job in terms of yields, so that has added to the yield improvement of 29 basis points, but the range that we are looking at should be in the range of 17.50% to 17.75%. That's our range where the yields generally stabilize. One good quarter of either product gives a 10-15 bps up and down. So, that's the range we will be at and which ensures that at say current cost of fund 10 bps up and down will give you a spread of more than 9%. So, that compensates more than enough for your risk-adjusted pricing and gives you the desired return ratios.

Meghna Luthra: Okay, so it's largely related to the gold portfolio that we're seeing a spike during the quarter. This is a one-off, right, in the yield?

Sanket Agrawal: Yes. It keeps moving slightly up or down on the gold front, but the stable yield, what we can see is between 17.50% to 17.75%. That's the company yield which is largely we bake in internally.

Meghna Luthra: Got it, got it. And what would be the branch expansion plan during the year?

Sanket Agrawal: So, we upfronted a lot of it in the H2 of last year. So, we will go slow this year. We will be in the range of say 10-15 branches, not beyond that. So, all the branches that we have opened in the last quarter have to become productive, those employees have to become productive and start giving us the returns that we expect.

We generally base our expansion on profitability metrics and once those returns come in, that's when we do further expansion. So, this year should be between 10-15 branches, three, four up and down based on what the supervisors generally request you to and you approve. That's the plan.

Mahesh Dayani: Yes, just to add, if you look at our distribution mix, you'll see that our branches which are more than 67 crores, roughly around 60% of that distribution is more than 67 crores. And this number was substantially higher because largely because most of these 52 odd branches that we opened in the last one year. I think the whole idea is that we will consolidate at these increased branches that we've opened, and we follow a policy of growth and consolidate and then start to grow. Now, these addition of branches have to actually start delivering the required returns before we add in any more branches.

Meghna Luthra: Got it. And, and lastly sir, on the credit cost for the year, do we see a 1.4% sort of a range stable for the full year, right?

Sanket Agrawal: Yes, so we are penciling in that it will be range-bound in this current range. So, 1.4% or 1.5%, this is the range that we are looking at for at least next two quarters. We are at 1.45%, should be in this range.

Meghna Luthra: Got it. All right, thank you.

Moderator: Thank you. We will take the next question from the line of Madan Shah from Madan Investments. Please go ahead.

Madan Shah: Hi, good evening. Congratulations on a good set of numbers. My question is regarding the 1+ DPD. So, we have seen a slight uptick compared to the last quarter. So, if you could throw some color on that?

Mahesh Dayani: Yes, so first quarter, there's been a slight increase and this was pretty much similar what we experienced last year in the first quarter as well and then it stabilizes. In fact, and that was my opening remark as well so that's a bit of our homework to do, but the rollbacks have been, pretty within our required control so we should be able to roll it back or stabilize in this quarter and roll it back in the subsequent quarter. But we're not seeing any red alerts from the slippages that we've seen.

Madan Shah: Okay, yes. Thank you.

Mahesh Dayani: Thank you.

Moderator: Thank you. We will take the next question from the line of Nischint from Kotak. Please go ahead.

Nischint: Hi. Just two questions. One is, what is the incremental yield in both the segments?

Sanket Agrawal: So, we generally don't call out product-wise. Incremental yield is in the same range. So that's what we answered previously as well, that it will remain the overall yield for the company will remain in this 17.50% to 17.75% range. Incremental yield is also in this same range, slightly uptick because of the gold yields, but otherwise it will be in the same range.

Mahesh Dayani: So, Nischint, I think, the way what we've seen in the last 24 months that our focus is largely on spreads and that's what we've called out is that whichever way the market moves, we'll at least ensure that our spreads are upwards of 9%. You may have a season where you accelerate on gold or, you accelerate on co-origination or the non-co-origination, but the whole idea is that we land at the spreads. So, if you look at our yields, probably they're lower than last year by 10 basis points, but probably higher than the previous quarter. So, you will see these movements, but I think the only parameter that one should probably look at is whether we've been able to maintain our spreads. But obviously gold is higher than the MSME yields.

Nischint: And directionally do you see gold yields going down?

Mahesh Dayani: My sense is that the 25-30 basis increase you shouldn't pencil-in and extrapolate the numbers from here. My sense is that, it's going to be pretty range-bound. I mean, you could see marginal reduction but not a very sharp fall.

Nischint: Okay. And on the disbursement side, is this kind of the trend this quarter was sort of a little more technical because of the co-lending norms or is it something to do with the fact that in terms of demand there was a challenge or, or maybe you chose to lie a little low?

Mahesh Dayani: So, probably let me give you some sense as to where it is. So, one obviously we'll see an upside because of the co-origination reset which happened, and that run rate's come back to normal, so you'll see that upside coming in this quarter. But I think the larger question that has to be answered with respect to the pass-through of the customers. So, we login roughly say 21,000 odd applications a quarter and a 7% drop is roughly around 1,400, so that's roughly around INR 140 crores which probably was going through earlier but was not going through now. Now, that's some bit of that reset has to come back or that part has to come back or we need to originate a lot more. But clearly the whole idea is that, we will not really push through if it's not passing through the filters. As and when, it starts passing through the filters, we will see that improvement come through. So, there's going to be some marginal uptick which is going to come from co-origination and some betterment with respect to higher logins, but we expect that the login to disbursement to be maintained at the similar level of 35% odd.

Nischint: But maybe in an environment where you probably see things getting a little tougher or probably the loans getting difficult to pass through the screens, would you not want to spread yourself wider so that you can continue to maintain the growth momentum in the future?

Mahesh Dayani: No, so I think our insights have been, so let's see what's changed over the last one year - Over the last one year, I think when we called out that the segment below 5 or below 6 Lakhs was not looking too good, now it's more to do with below 10 Lakhs is not looking as attractive as they were. But you have a separate segment across geographies, there is an opportunity for us to deep-dive in these geographies and make up for the numbers. And I think from a growth perspective, the numbers that we have to roll out is not extraordinarily high, so we really don't have to push ourselves very hard to achieve on the guided range that we've already called out for. So, I don't think there's a pressing need to add a particular product or add additional geographies to deliver what we've called out for the full year.

Nischint: Got it. And just one last clarification, the reset because of the co-origination side is done, right? So, from next quarter onwards I think things get better...

Mahesh Dayani: Yes, the numbers are going to come back this quarter.

Nischint: Perfect. Got it. Thank you very much.

Mahesh Dayani: Thank you.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question. I now hand the conference back to the management for the closing comments. Thank you and over to you, sir.

Sanket Agrawal: Thank you so much for joining the call. Have a happy weekend.

Moderator: Thank you, members of the management. On behalf of ICICI Securities, we conclude this conference. Thank you everyone for joining with us today and you may now disconnect your lines.