



Ref: SSFL/Stock Exchange/2021-22/45

Date: August 15, 2021

To
BSE Limited,
Department of Corporate Services
P. J. Towers, 25th Floor,
Dalal Street,
Mumbai - 400001

To
National Stock Exchange of India Limited,
Listing Department
Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra (E)
Mumbai - 400051

Scrip Code: 542759
Dear Sir/Madam,

Symbol: SPANDANA

Sub: Investors' Presentation - Quarter ended June 30, 2021

Pursuant to the provisions of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have enclosed herewith the Investors' Presentation on the financial and operational performance of the Company for quarter ended June 30, 2021.

This presentation will also be available on the website of the Company at www.spandanaindia.com.

Kindly take the above on record.

Thank you.

Yours sincerely,
For Spandana Sphoorty Financial Limited

Ramesh Periasamy
Digitally signed by Ramesh Periasamy
Date: 2021.08.15 13:57:43 +05'30'

Ramesh Periasamy
Company Secretary and Compliance Officer

Encl. as above

Spandana Sphoorty Financial Limited

....Committed to low-income households



Investor Presentation

August 2021

Q1 FY22



Safe Harbor

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Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third-party statements and projections.

1	Business Update
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2	Key Operating Metrics
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3	Key Financial Metrics
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4	Borrowing Profile
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5	Overview of Criss Financial (Subsidiary) & Abhiram (Associate Co.)
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6	Strong Management Team & Risk Management Processes
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7	Annexure
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Executive Summary

Overview

- **Second largest microfinance company** in India with an AUM of **Rs 7,390 crore** and an active customer base of **24.5 lakhs**
- Best in class portfolio quality with a GNPA of **4.6%**
- Raised **Rs 751 crore** debt in a challenging environment
- Industry Leading Capital Adequacy of **42.4%**
- PPOP of Rs **226** crore and PBT of Rs **71** crore
- Strong distribution network of **1,067 branches spread across 290 Districts of 18 states**

Financial Metrics

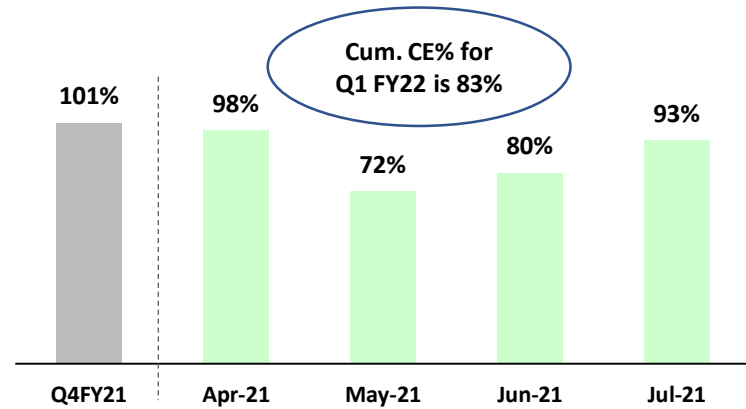
Strong Balance Sheet & Liquidity

Particulars	Q4FY21	Q1FY22
Networth (Rs crore)	2,749	2,785
Book Value Per Share (Rs)	427	433
Borrowings raised (Rs crore)	1,914	751
Cash & Cash equivalents (Rs crore)	1,135	1,694

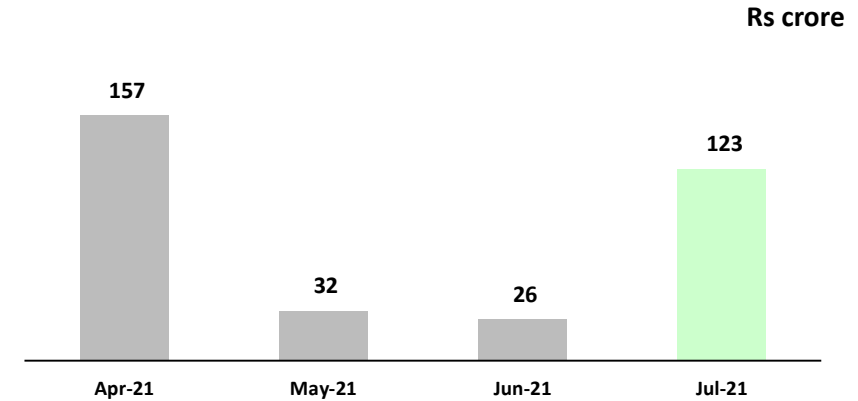
Efficiency & Profitability

Particulars	FY21	Q1FY22
Financial Cost ratio %*#	7.7%	8.1%
Cost-to-Income Ratio %	21.9%	22.5%
Normalised ROA%#	7.8%	8.6%
Normalised ROE %#	20.9%	24.2%

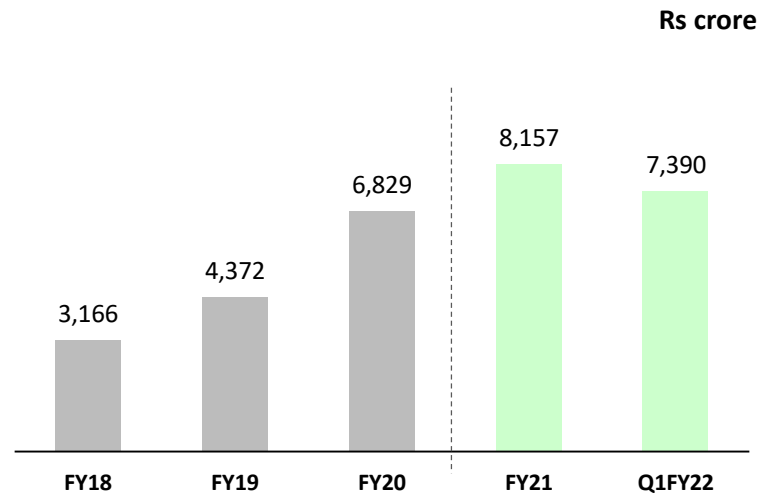
Collection Efficiency* impacted in Q1, but significantly improved in July'21



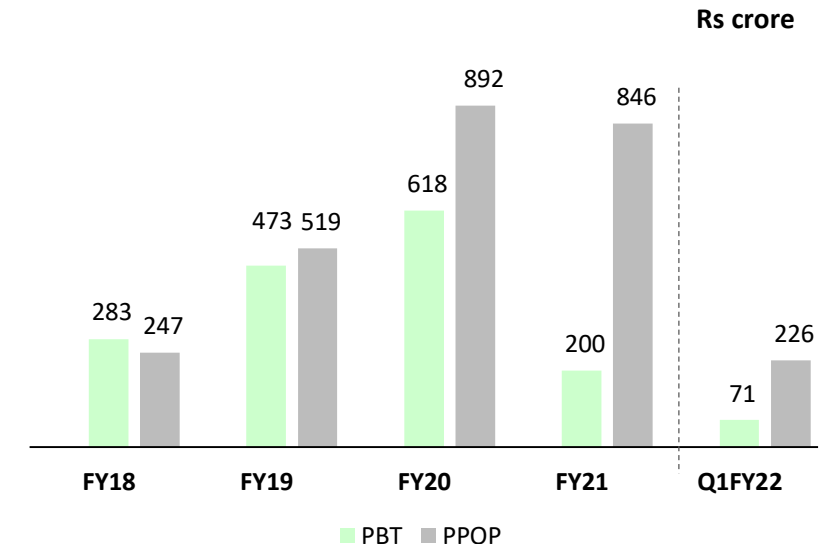
Increased focus on Collections & conscious decision to lower Disbursements



AUM Growth impacted by COVID 2.0...



...However, PPOP intact



- * Collection Efficiency includes arrears & excludes prepayments
- * Excluding Provision related to Covid-19 and others
- *# Financial cost ratio : Interest Cost/Average AUM

Q1 FY22 – Performance Highlights

Sustained Growth

- Assets under management grew by 6% YoY and de-grew by 9% QoQ to Rs 7,390 crore
- Field Staff spent significant time and effort on collections and addressing borrowers concerns
- Cautious approach followed on loan disbursements –Rs. 216 crore in Q1 FY22
- Sustained Industry leading NIM of 14.1% for Q1 FY22

Robust Asset Quality & Prudent Provisioning

- Collection Efficiency of 83% for Q1 FY22 due to localised restrictions, however improved to 93% in July'21
- As a precautionary measure, Rs. 151 Crore accelerated provision has been made on 765 Cr portfolio affected by Covid 2.0
- Early recognition of risk over the last six quarters resulted in company carrying on Rs. 577 crore of provision which accounts for 7.8% of the total AUM
- Collected 8.4 Cr from written off portfolio during the quarter
- PAR 1-30 stood at 14.7%, 31-60 at 3.6% and 61-90 at 1.1% as on June 30th, 2021
- Sustained best in class portfolio quality with GNPA of 4.6% and NNPA of 2.3%

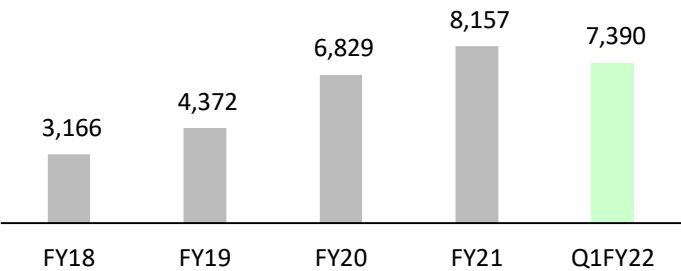
Strong Liquidity Position

- CRISIL awarded A (stable) rating in July 21
- Rs. 751 crore debt raised in Q1 FY22
- Raised 337.5 Cr in a single MLD transaction which is highest ever in Micro Finance Industry; signifying confidence of retail investors
- Strong funding access with cash surplus of Rs. 1,694 crore as on 30th Jun 2021 and strong pipeline

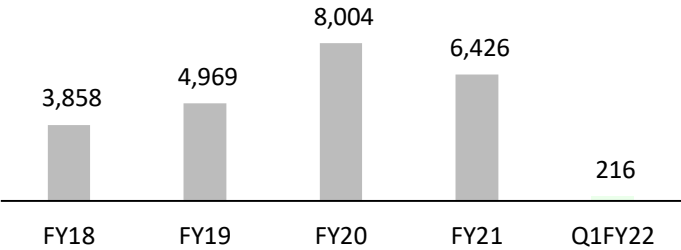
Spandana has always shown consistent growth, profitability and sustainability...

Growth

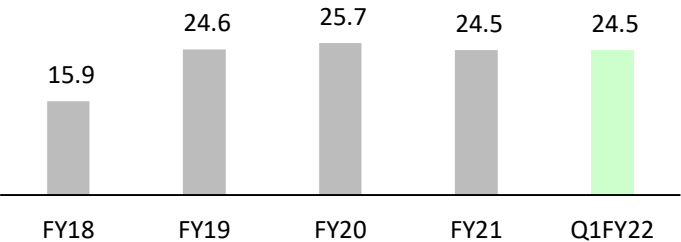
Robust AUM (Rs crore)



Disbursements (Rs crore)

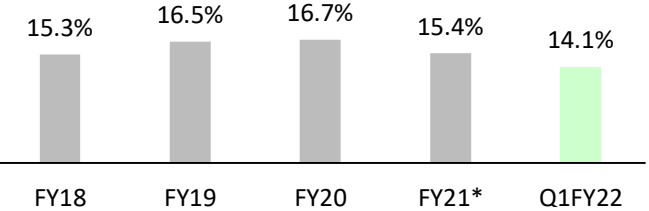


Borrowers (Lakhs)



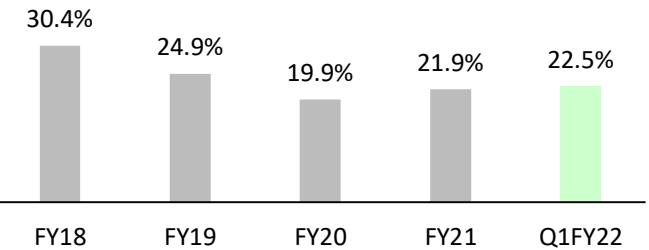
Profitability

Industry Leading NIM (%)

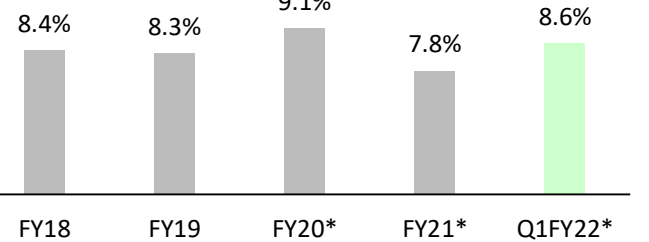


*NIM for FY21 is lower due to reduction in lending rate

Cost to Income Ratio



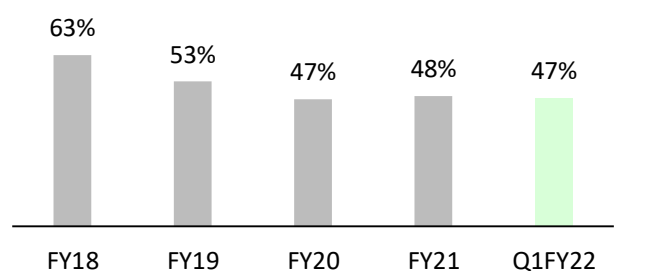
Higher Returns – RoA%



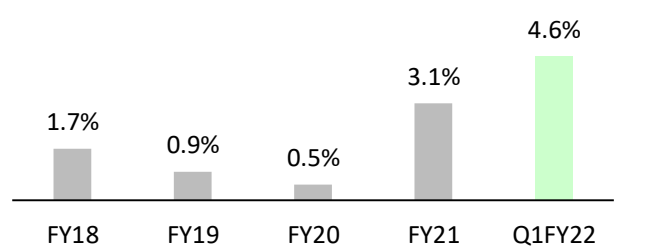
*Normalized figures (excluding Covid and other related provisions & one-time deferred adjustments)

Sustainability

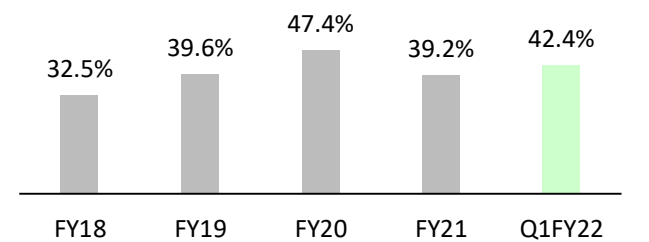
Limited Concentration Risk – Top 3 States



GNPA (%)



High Capital Adequacy Ratio (%)*



* On Standalone basis

...with its ‘all-weather’ team having successfully navigated multiple cycles...



SPANDANA

**18+ years of
experience –
Navigated
multiple crises
and mastered
crisis
management**

AP Crisis: 2010

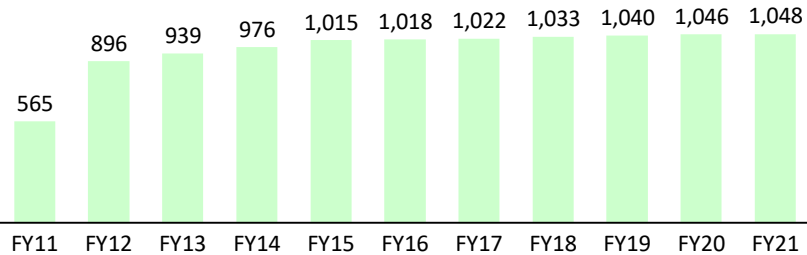
Measures Taken

- ✓ Kept on-ground presence in AP by keeping branches open and engaging with customers

Outcome

- ✓ Only MFI to collect ~44% of old AP portfolio while other MFIs were <25%
- ✓ Only one of two MFIs to survive AP crisis, and emerge stronger with 6x AUM and 16x PBT growth
- ✓ Resulted in highly diversified footprint, with 90% rural focus

Increase in Cumulative Collections from Old AP Book each year



Demonetization: 2016

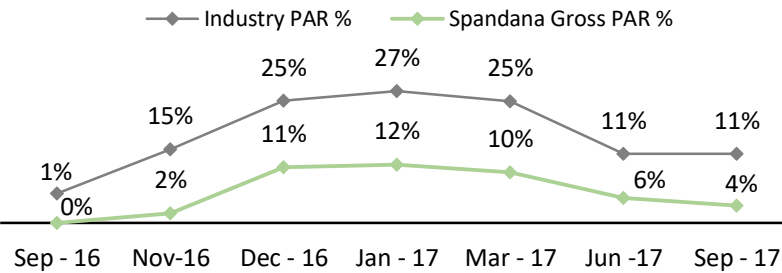
Measures Taken

- ✓ Constant engagement with clients and reassurance of continued services by conducting village level mass meetings and awareness camps
- ✓ Sr. Mgmt. travelled across the breadth and depth of the country and Kept the team motivated through training and timely guidance

Outcome

- ✓ Achieved 97% collection efficiency. Significant reduction in PAR (less than half the industry average).

PAR 0+ Industry Comparison



Kerala Floods & Orissa Cyclone: 2018 & 2019

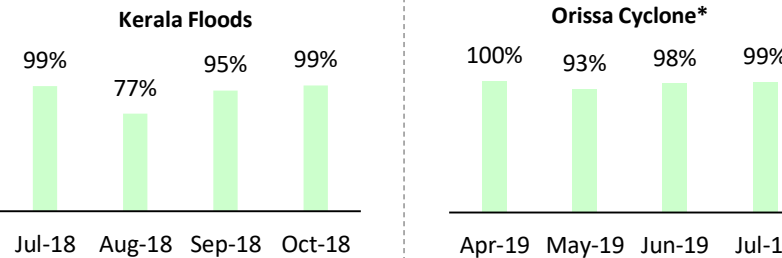
Measures Taken

- ✓ Assisted borrowers through various relief activities and providing emergency loans to revive their income generating activities

Outcome

- ✓ Created borrower ties with the company, which resulted in collection efficiency normalizing in less than two months, ahead of other MFIs

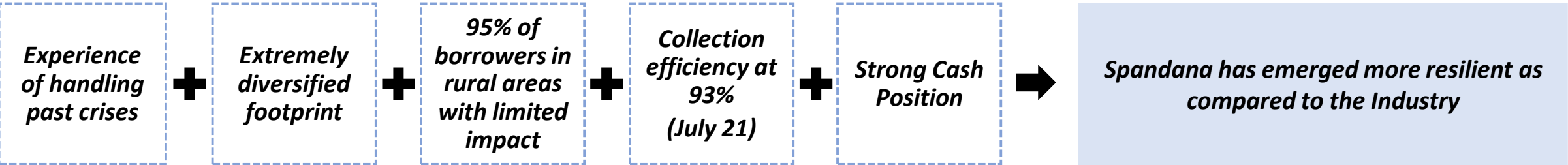
Collections recovered significantly within 2- 3 months in both cases



*CE% of only affected districts

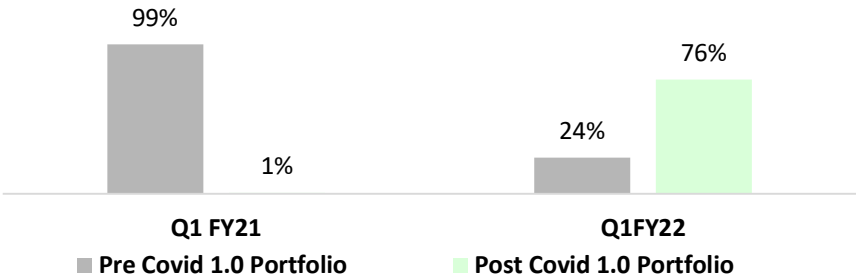
...with Covid19 being another demonstration of this same ability

First MFI to resume operations	<ul style="list-style-type: none">▪ First MFI to resume business post-lockdown, opening branches across 18 states in April 2020 – significant advantage in collections effort▪ Quickly moved branches from ‘red’ to nearby ‘green’ zones to enable immediate start of operations – another demonstration of our agility
Agile team management approach	<ul style="list-style-type: none">▪ Put in place healthcare measures and special allowances to incentivize staff, and protect their well-being – led to highly motivated field team▪ To ensure effective communication and to move towards a flatter hierarchy, a supervisory layer between cluster manager and AVP was removed – continuous focus on efficiency▪ While the entire industry has been laying off staff, Spandana has actually increased hiring, especially at senior levels – investing for growth
‘Client-first’ engagement philosophy	<ul style="list-style-type: none">▪ Center meetings were suspended to ensure social distancing and borrower comfort - borrowers were instead met at their door-steps▪ Constantly engaged in dialogue with the borrowers about their well being, and did not press for repayments where economic activity was compromised – ensured strong borrower-connect, that helped collections effort as lockdown eased up▪ Where possible, encouraged borrowers to pay their regular installments so that they don’t have to pay accrued interest levied on delayed payments
Increased use of Technology	<ul style="list-style-type: none">▪ Sophisticated data models were designed to identify the key focus areas, supported by special task forces▪ Analytics driven project-based approach (instead of resorting to blunt all-out approach) enabled highly efficient, targeted operations

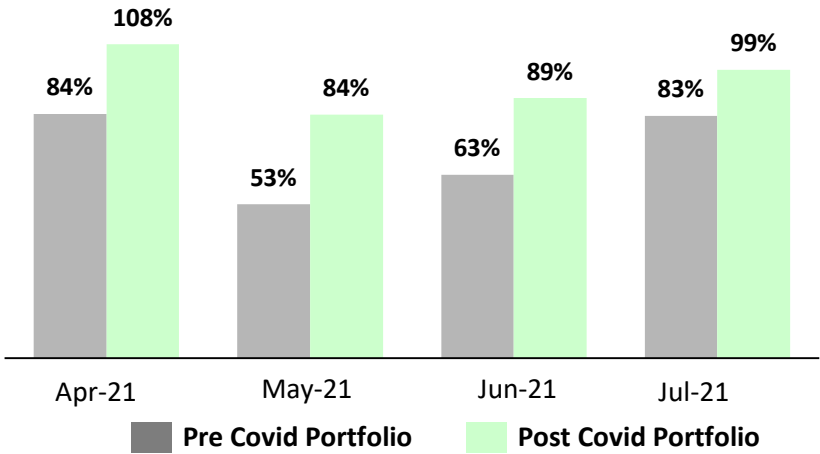


Management has continued to demonstrate agility in implementing learnings from Covid'19...

Share of Pre & Post Covid Portfolio



Collection Efficiency %



Provision Coverage on AUM %

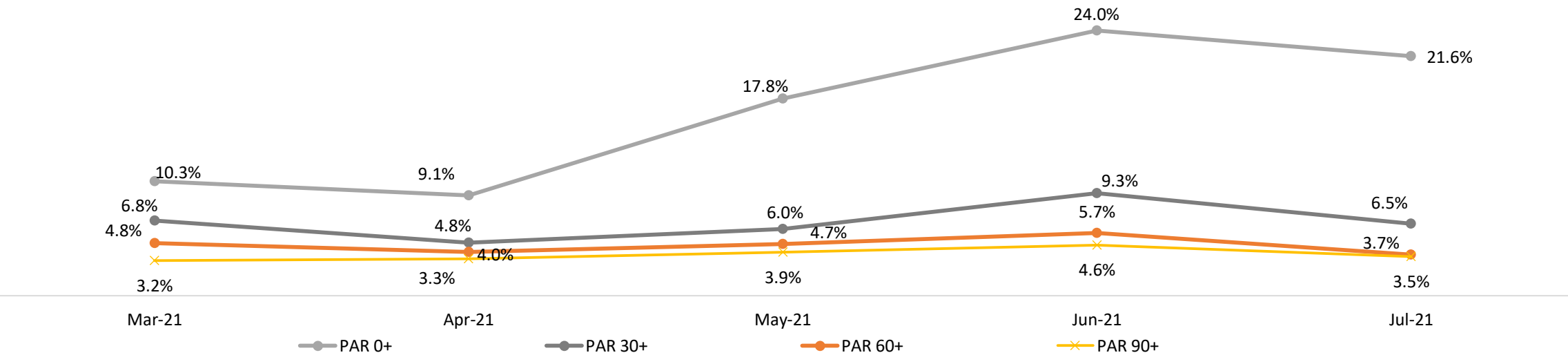


- Taking cues from COVID 1.0 and using lessons from FY21 lockdown, COVID 2.0 has been managed well, which resulted in faster recovery
- All Branches were up and running throughout lockdown period and by maintaining bench strength in Branches, increased absenteeism in May has been managed and none of the Branches were closed
- Focused on running down the Pre-Covid portfolio. Considerable time and effort spent on collections vs. disbursements which led to normalization in collection efficiency
- No repayment holiday or restructuring offered to any customers
- Adequate provisioning carried on the book, current provisioning on the books is ~7.8% of total AUM

No repayment holiday provided to borrowers, however, provisions were accelerated to provide adequate buffer

Total portfolio coverage for Q1FY22 stands at a comfortable Rs 577 crore, which equates to 7.8% of the total portfolio

Month on Month PAR Trend (%)



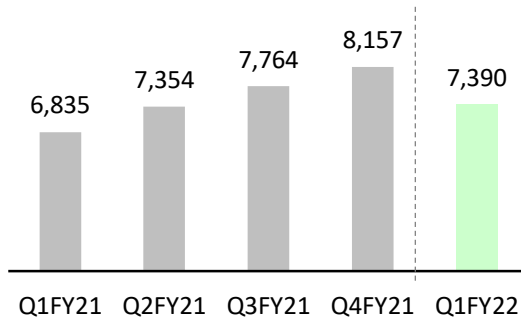
Balance Sheet Particulars (Rs crore)	Q1 FY22
Standard Provisions	37.2
COVID & Other Provisions	539.5
Total Provisions towards Loan Assets	576.7
Plus: Provision towards Excess Interest (RBI pricing)	53.9
Total Provisions on Balance Sheet	630.6

P&L Particulars (Rs crore)	Q1 FY22
Incremental Provisions for FY22	154.1
Write-offs during the year	0.8
Cumulative Provisions & Write-offs (as per profit & Loss Account)	154.9

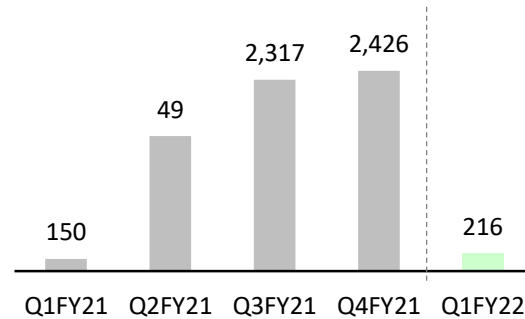
Business Trajectory in Q1 FY22

Conservative practices and seasoned team helped in faster recovery

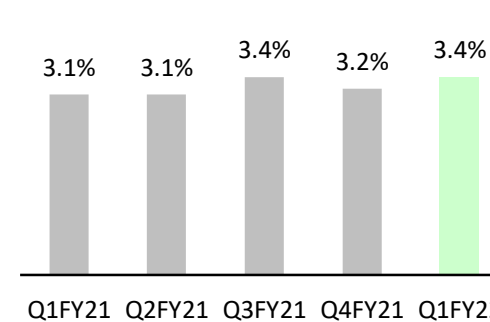
AUM on Growth Path (Rs. crore)



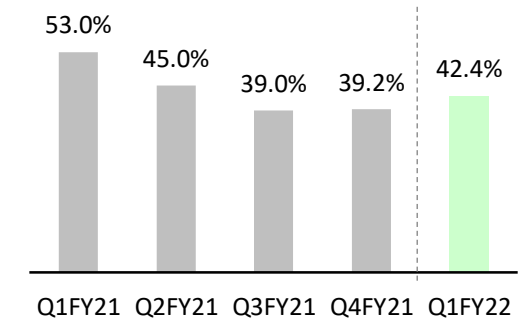
Disbursements reached highest ever in Q4 FY21 (Rs crore)



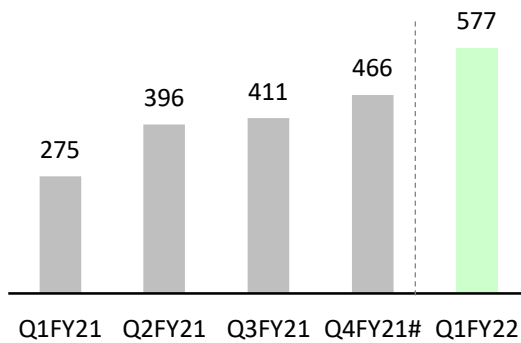
Industry leading Opex (%)



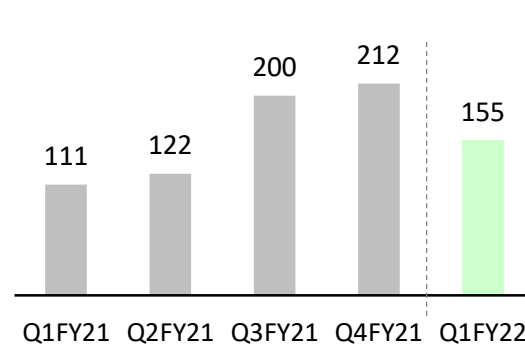
Strong Capital Adequacy Ratio %



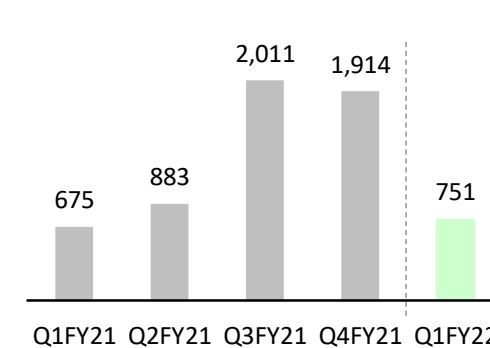
Cumulative Provisions



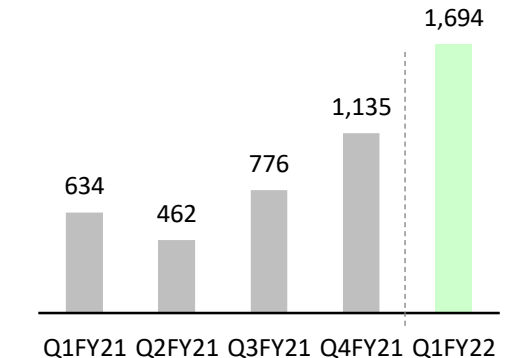
Provisions & Write off* (Rs crore)



Debt Raised (Rs Crore)



Cash (Rs Crore)



*Write-off of portfolio outstanding for loans with no instalment collected since 1st September 2020

includes provision towards excess interest repayable to borrowers

1	Business Update
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2	Key Operating Metrics
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3	Key Financial Metrics
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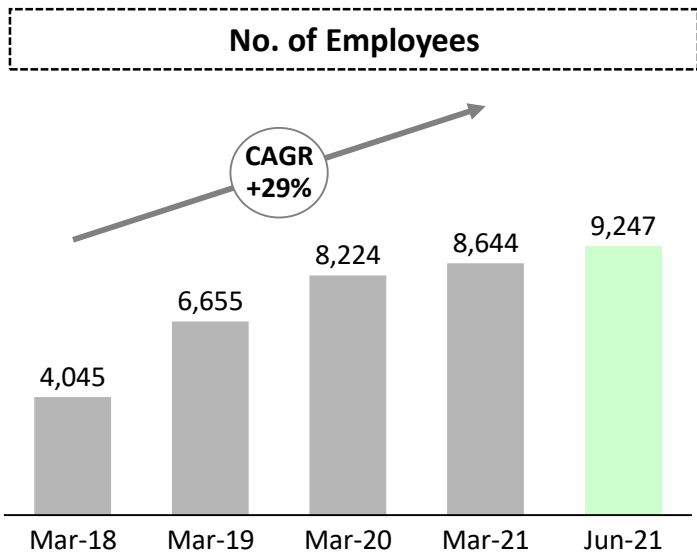
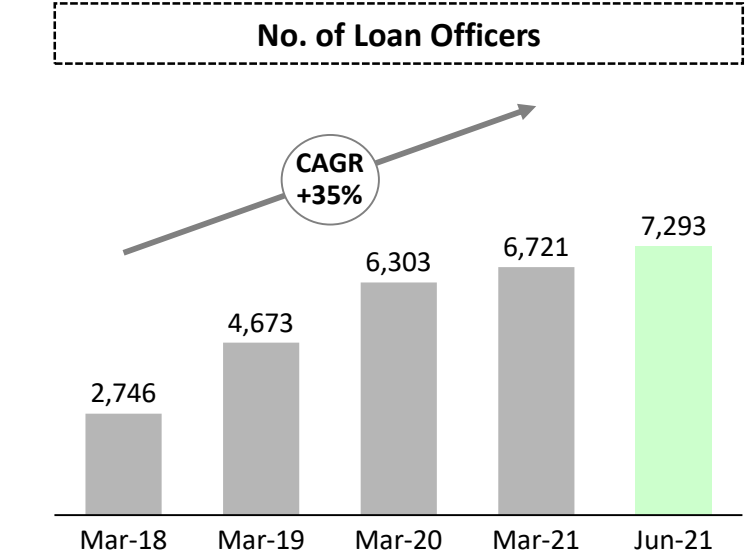
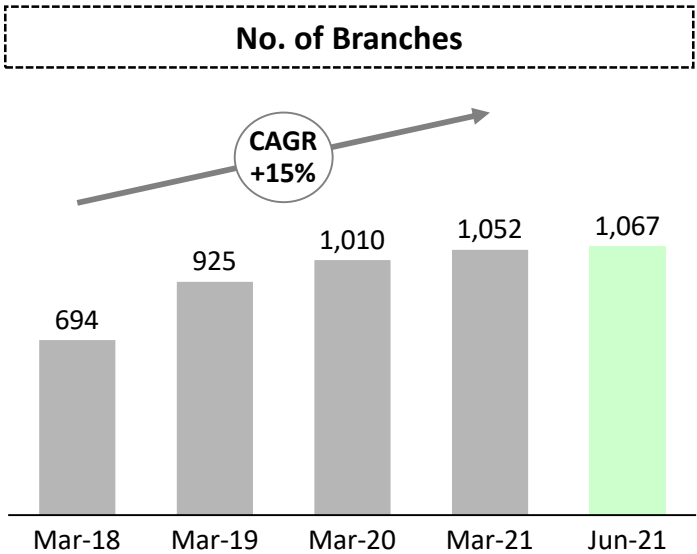
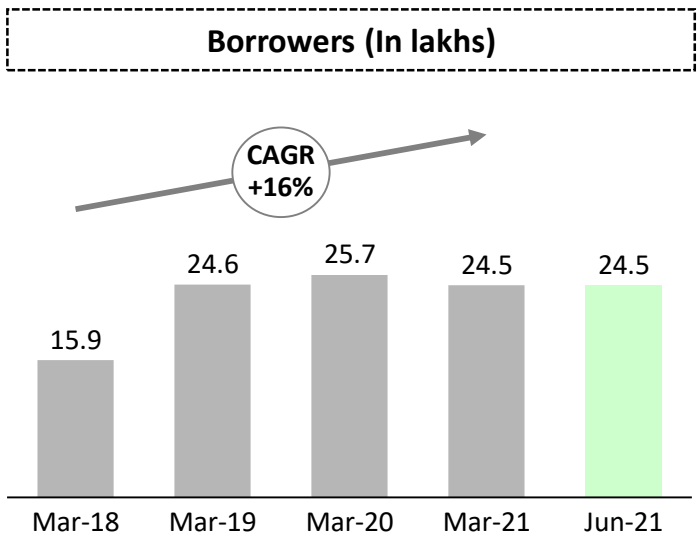
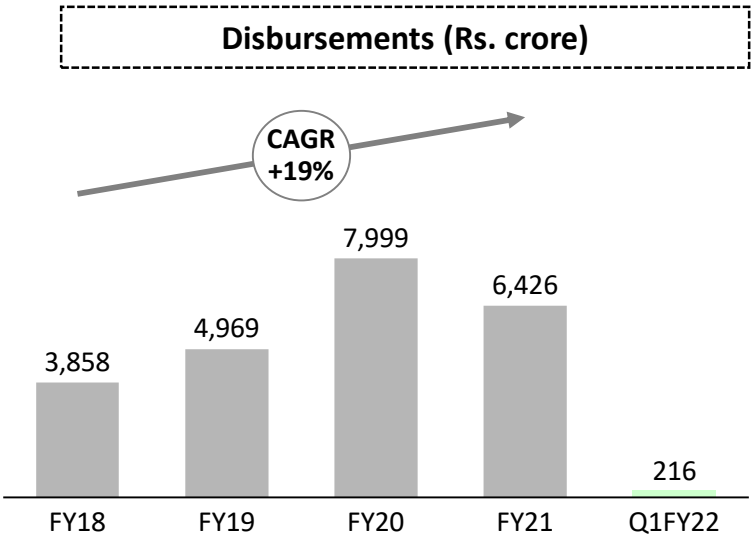
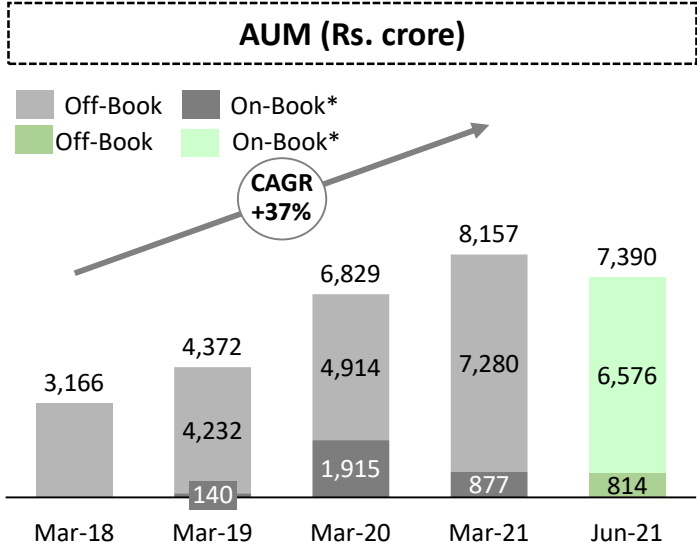
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6	Strong Management Team & Risk Management Processes
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7	Annexure
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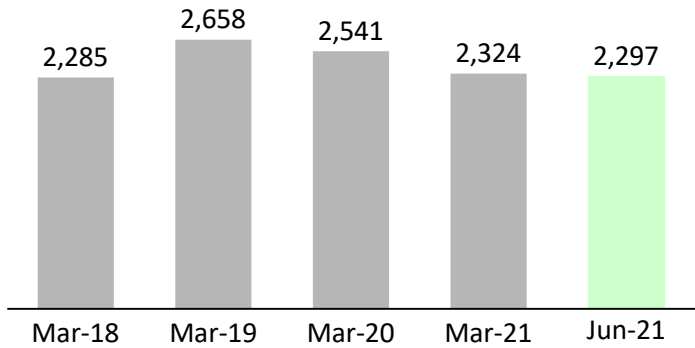
Operational Summary



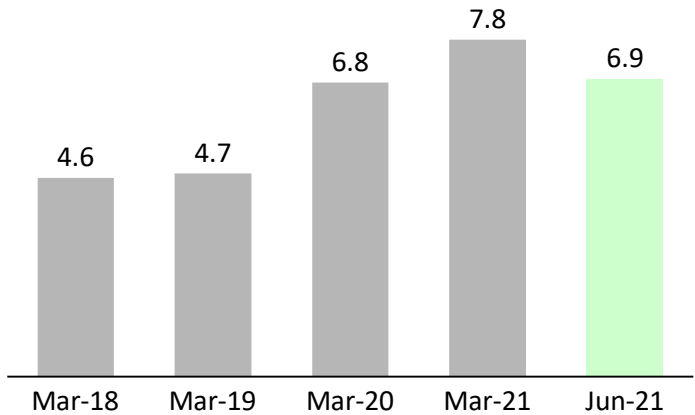
Note: * Includes PTC

Rising Employee Productivity has led to Opex Efficiency

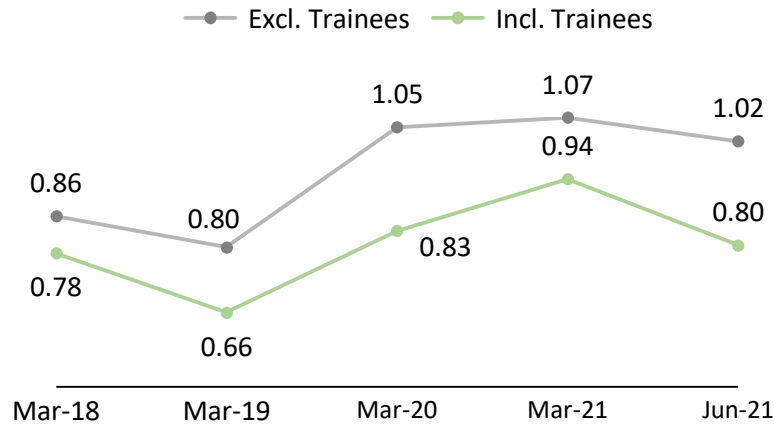
Active Borrowers/Branch (#)



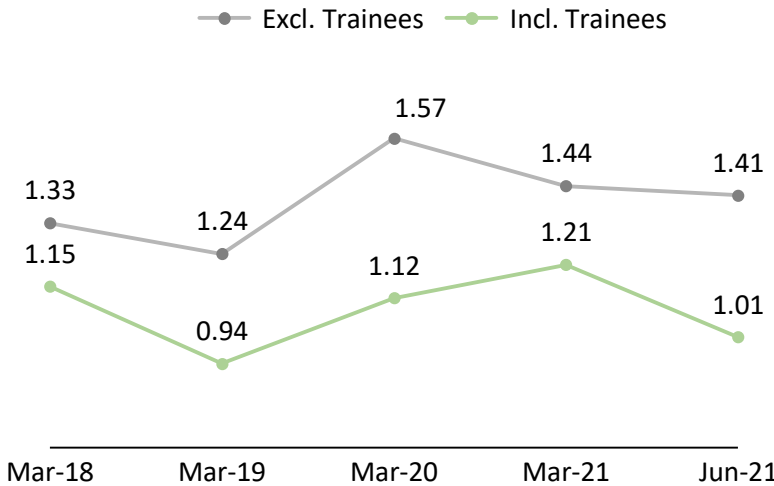
AUM/Branch (Rs crore)



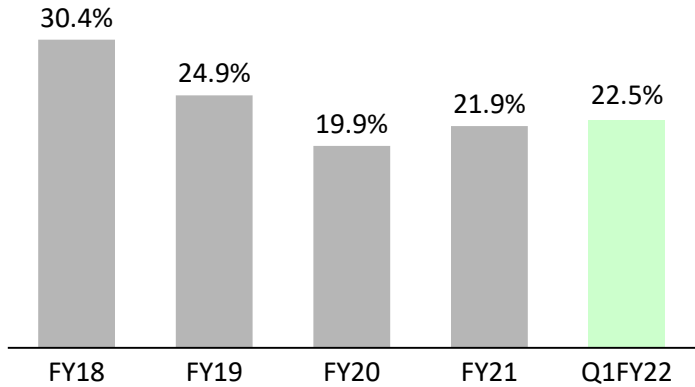
AUM/Employee (Rs crore)



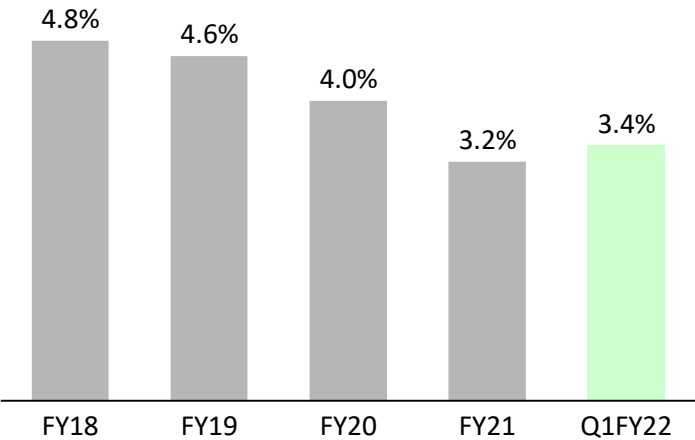
AUM/Loan Officer (Rs crore)



Cost To Income (%)



Opex/AUM (%)



Industry-Leading Geographic Diversification at State, District and Branch Levels

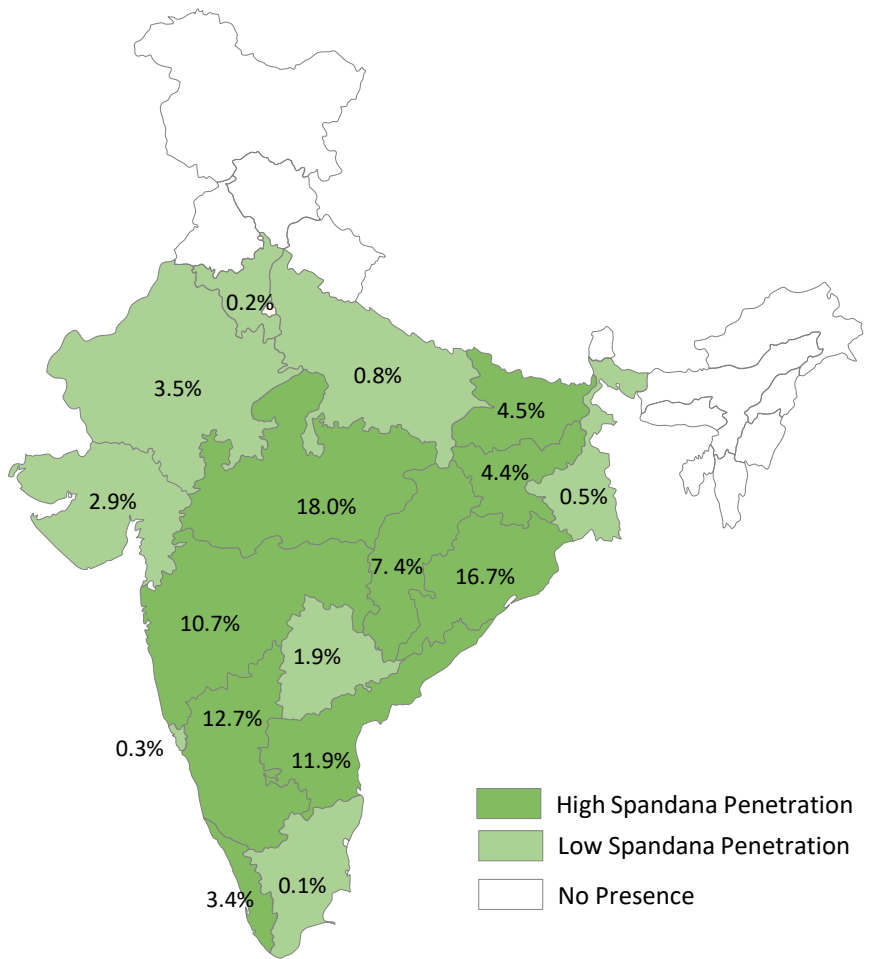
State-wise Concentration

Top States	AUM Concentration*
Madhya Pradesh	18.0%
Orissa	16.7%
Karnataka	12.7%
Andhra Pradesh	11.9%
Maharashtra	10.7%
Chhattisgarh	7.4%
Other States	22.6%

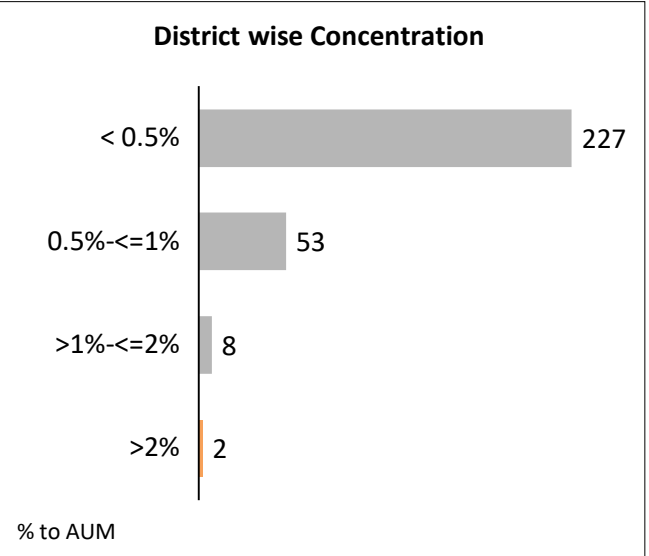
Top States By Branch Network

Top States	Number of Branches
Madhya Pradesh	157
Orissa	155
Karnataka	131
Maharashtra	122
Andhra Pradesh	132
Chhattisgarh	73

Well diversified portfolio across States



Well dispersed district level exposure ensures low impact from region-specific issues



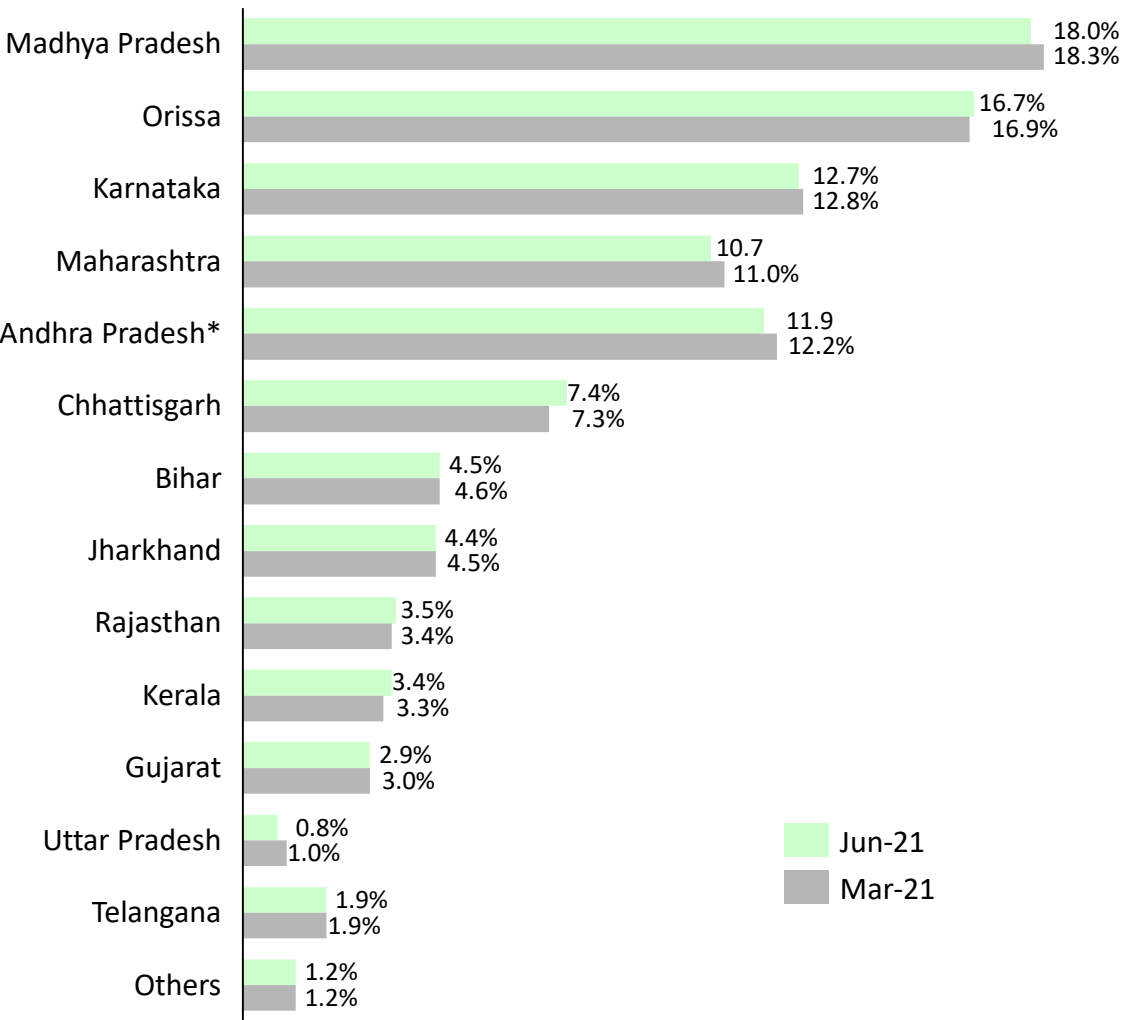
- Top 3 States constitute less than 48% of AUM
- No State more than 18% of AUM
- No District more than 2.3% of AUM
- No Branch has more than 0.25% of AUM

Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness

* Includes total AUM on consolidated basis

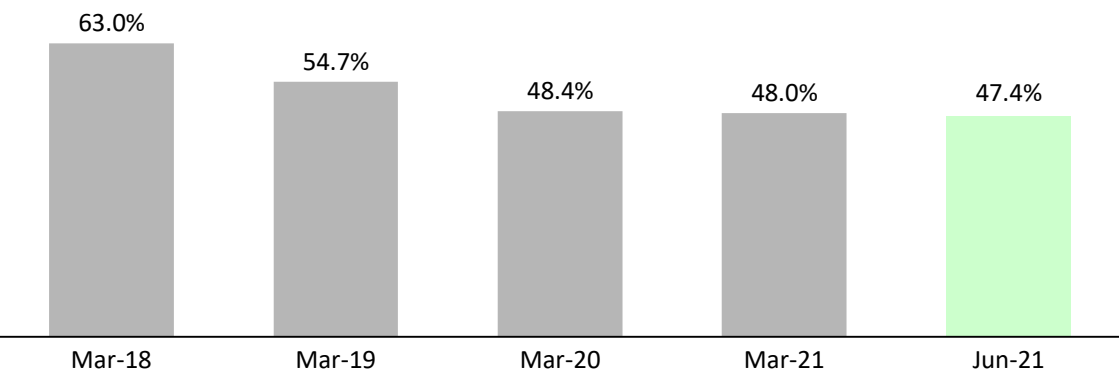
Continued Focus on Further Increasing Diversification, Without Compromising Rural Focus

State-wise Consolidated AUM Mix – Greater Diversification

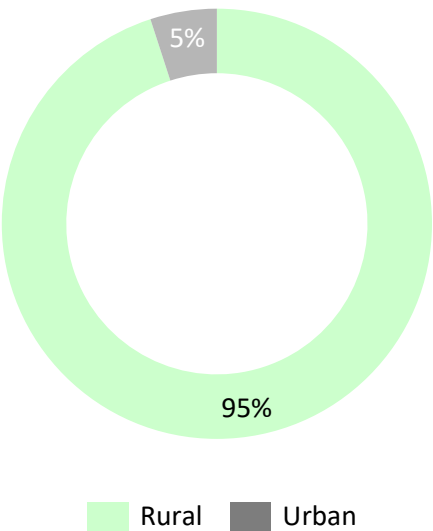


* Andhra Pradesh has significant non MFI portfolio

Concentration (by AUM) of Top 3 States is Reducing



Continued Focus on Rural Geographies (AUM)



Agile Risk Management Helped Avoid Over-Leveraged Areas

Strong History of Pre-Emptively Managing Exposure to Risky Geographies

Paused UP in 2016 as borrowers were over-leveraged, and chose not to expand in near-by TN due to high MFI penetration

0.8% of AUM

Uttar Pradesh – stopped disbursals when peers were entering aggressively

- In 2016, Spandana pre-emptively identified over-leveraged districts and credit bureau rejection trends, and chose to reduce its exposure in UP, at a time when peers were increasing their market presence
- Reduced its exposure from Rs 20 crore to just Rs 6 crore by Mar'17
- UP was one of the badly affected states for MFIs during demonetization
- Company's GNPA was less than half of the industry

0.1% of AUM

Tamil Nadu – chose not to expand, despite strong presence of peers

- Despite linguistic similarities and contiguous geography, Spandana never expanded its footprint in TN, due to high number of MFIs present in the state and high borrower leverage
- This was against industry trends, where most MFI's had large businesses here
- Spandana has only secured portfolio – loan against properties in this state, and has therefore avoided any asset quality challenges here

Current Footprint Reflects Same Experience and Agility

Slowly expanded into WB, but pulled back due to high borrower leverage levels; chose not to enter Assam, due to high MFI concentration

No Presence

Assam – chose not to enter, given rapid expansion by peers

- Assam was one of the focus geography for many MFIs
- However, Spandana was conscious of too many MFIs entering the state, and the resultant high per-borrower loan amounts
- As a result, Company went against industry trends and chose not to enter the state
- Assam micro finance portfolios of other lenders now at significant risk

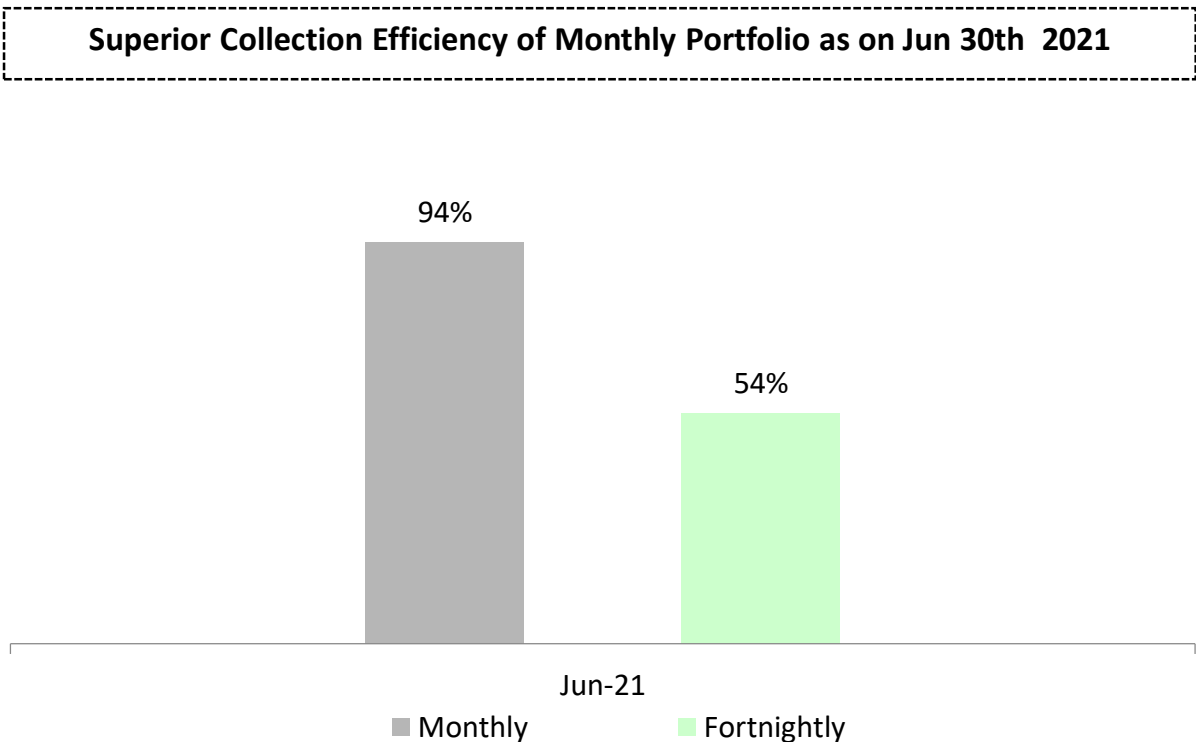
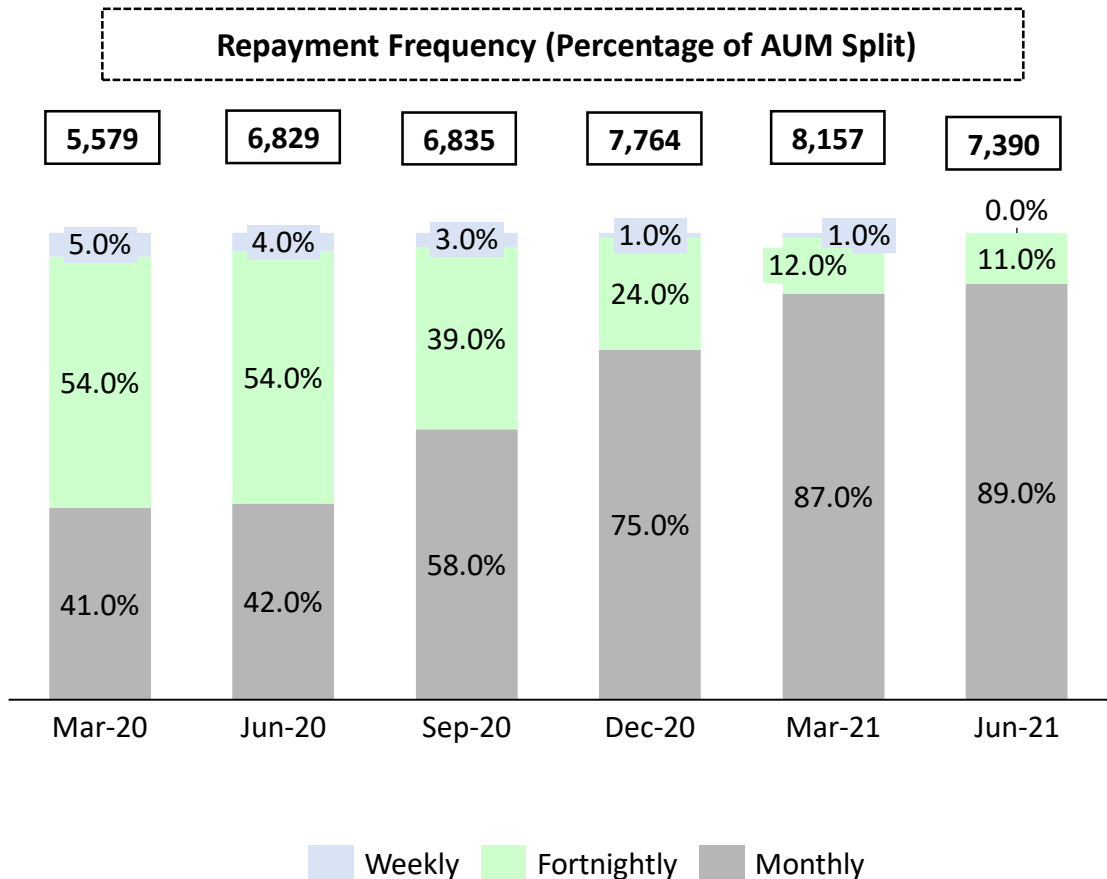
0.5% of AUM

West Bengal – pulled back, despite large volumes disbursed by peers

- WB was the fastest growing state for many MFIs
- Spandana tested the market, but quickly understood that borrowers were highly over-leveraged
- Spandana hence pulled back significantly, and reducing the portfolio from a peak of 3% of AUM to the current 0.5% of AUM
- Today the state has demonstrated poor asset quality for the rest of the industry

Successful Transition to Monthly Repayment

- Company started transition to monthly repayment in late-2019, in response to customer demand, driven by a lower time commitment from their side
- Industry has evolved, where more frequent borrower meetings were once required to maintain discipline – no longer needed, as borrowers have become more experienced with MFIs and credit bureaus
- Today, ~89% of our AUM is on the monthly repayment, and it is consistently demonstrating superior collection efficiency
- This will also have a positive long-term impact on our operating cost ratios & portfolio quality



1	Business Update
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2	Key Operating Metrics
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3	Key Financial Metrics
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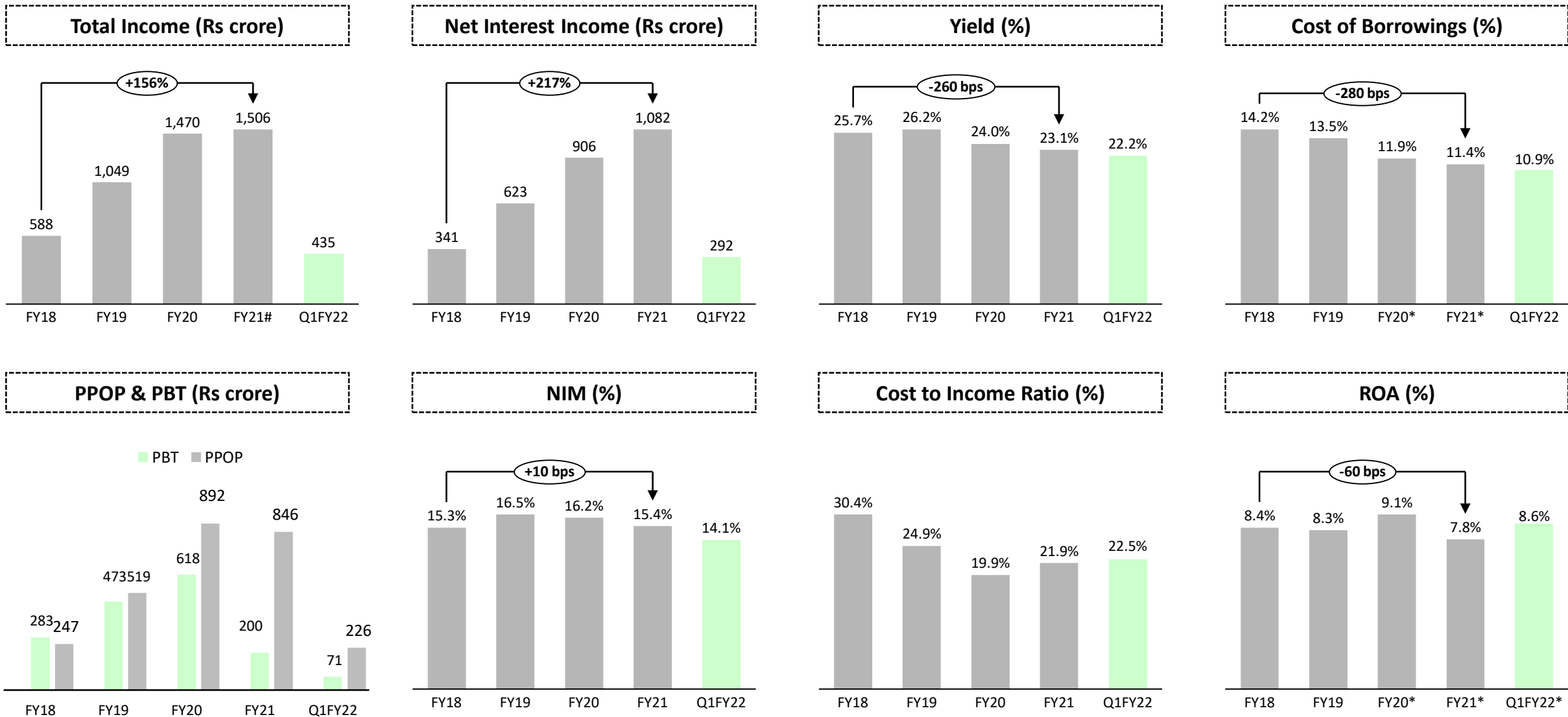
4	Borrowing Profile
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5	Overview of Criss Financial (Subsidiary) & Abhiram (Associate Co.)
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6	Strong Management Team & Risk Management Processes
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7	Annexure
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Financial Performance



Total Income is lower due to less DA upfront income during FY21
*Normalized figures (excluding Covid related provisions & one-time deferred adjustments)

Consolidated Profit & Loss Statement

Particulars (Rs. crore)	FY21	FY20	Q1 FY22	Q1 FY21	Q4 FY21
Revenue from Operations					
Interest income	1,362.7	1,169.2	396.7	309.8	403.0
Net gain on fair value changes	76.1	218.5	28.7	15.5	37.2
Other Income	43.9	47.6	8.7	0.7	33.7
Total income from operations	1482.6	1,435.3	434.1	326.0	473.9
Non-operational Income	23.0	34.2	0.7	1.0	6.4
Total income	1,505.6	1,469.5	434.9	327.0	480.3
Growth %	2.5%		24.3%		-17.3%
Expenses					
Finance cost	423.2	356.3	143.4	85.0	138.1
Net loss on financial assets and liabilities designated at fair value through profit or loss	2.7	-	0.1	-	2.7
Impairment on financial instruments and other provisions	63.5	155.7	4.26	22.2	59.0
Employee benefit expense	171.5	170.7	46.9	41.6	44.1
Depreciation and amortization expense	7.6	8.8	2.6	1.5	2.5
Other expenses	55.0	41.6	15.9	9.0	14.1
Total Expenses	723.5	733.1	213.1	159.3	260.5
Profit before Tax	782.1	736.4	221.8	159.3	219.8
Tax expense	55.0	153.8	16.3	19.4	17.9
Normalized Profits	727.1	582.5	205.5	148.3	201.9
Growth %	24.8%		38.5%		-81.0%
Provision and write-off related to Covid-19 and others	581.6	117.9	150.68	89.3	152.6
Exceptional Deferred Tax Adjustment	-	112.8			-
Net Profit (as reported)	145.5	351.8	54.8	59.0	49.27

Consolidated Balance Sheet

ASSETS (Rs. crore)	Jun 30, 2021	Mar 31, 2021	Jun 30, 2020
Financial Assets			
Cash and cash equivalents	1,693.9	1,135.2	762.3
Bank Balances other than cash and cash equivalents	237.0	245.8	210.4
Trade Receivables	0.0	12.1	9.0
Loan Portfolio	6101.4	6,933.0	4,775.1
Investments	2.4	2.3	2.3
Other financial assets	68.0	75.7	289.4
Total Financial Assets	8,102.8	8,404.2	6,048.5
Non-Financial Assets			
Current tax assets (net)	15.3	15.3	15.3
Deferred tax assets (net)	142.8	104.7	31.8
Property, Plant and Equipment	19.1	19.9	15.1
Intangible assets	0.6	0.8	1.2
Goodwill	17.4	17.4	17.4
Other non-financial assets	18.1	14.7	8.1
Total Non-Financial Assets	213.3	172.8	88.9
Total Assets	8,316.1	8,576.9	6,137.4

LIABILITIES & EQUITY (Rs. crore)	Jun 30, 2021	Mar 31, 2021	Jun 30, 2020
Financial Liabilities			
Debt Securities	2,243.5	2,034.7	778.6
Borrowings (Other than Debt Securities)	2,935.8	3,318.4	2,334.6
Subordinated Liabilities	20.2	20.2	20.2
Other Financial liabilities	162.8	269.7	172.6
Total Financial Liabilities	5,362.4	5,642.9	3,305.9
Non-Financial Liabilities			
Current Tax Liabilities (net)	173.3	146.3	111.5
Provisions	1.8	1.7	2.3
Other Non-Financial liabilities	33.6	34.9	20.9
Total Non-Financial Liabilities	208.7	182.9	134.7
Equity			
Equity Share Capital	64.3	64.3	64.3
Other Equity	2,678.7	2,684.8	2,631.1
Equity attributable to shareholders of the company	2,743.0	2,749.1	2,695.4
Non-Controlling Interest	2.1	2.0	1.3
Total Equity	2,745.1	2,751.1	2,696.7
Total Liabilities and Equity	8,316.1	8,576.9	6,137.4

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3	Key Financial Metrics
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4	Borrowing Profile
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5	Overview of Criss Financial (Subsidiary) & Abhiram (Associate Co.)
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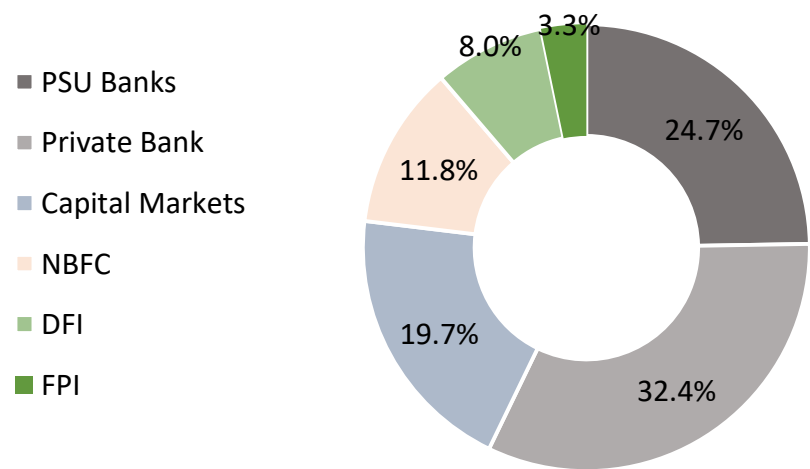
6	Strong Management Team & Risk Management Processes
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7	Annexure
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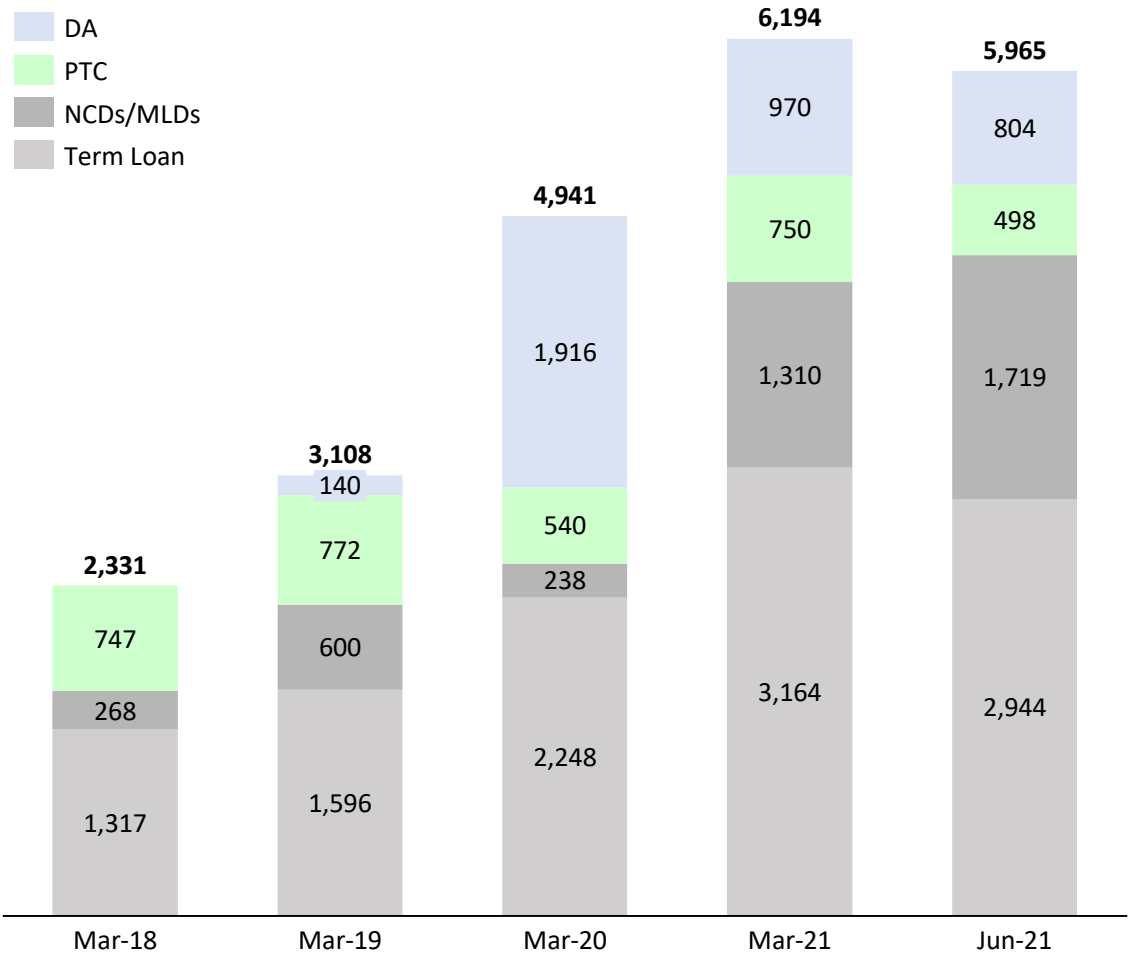
Diversified Borrowing Profile

- Total borrowings raised during Q1 FY22 is **Rs 751 crore**
- No moratorium availed from lenders
- Further diversified the borrowing profile by tapping into retail debt market through wealth management channels and money market instruments such as NCDs and MLDs
- Comfortable liquidity position with strong sanction pipeline

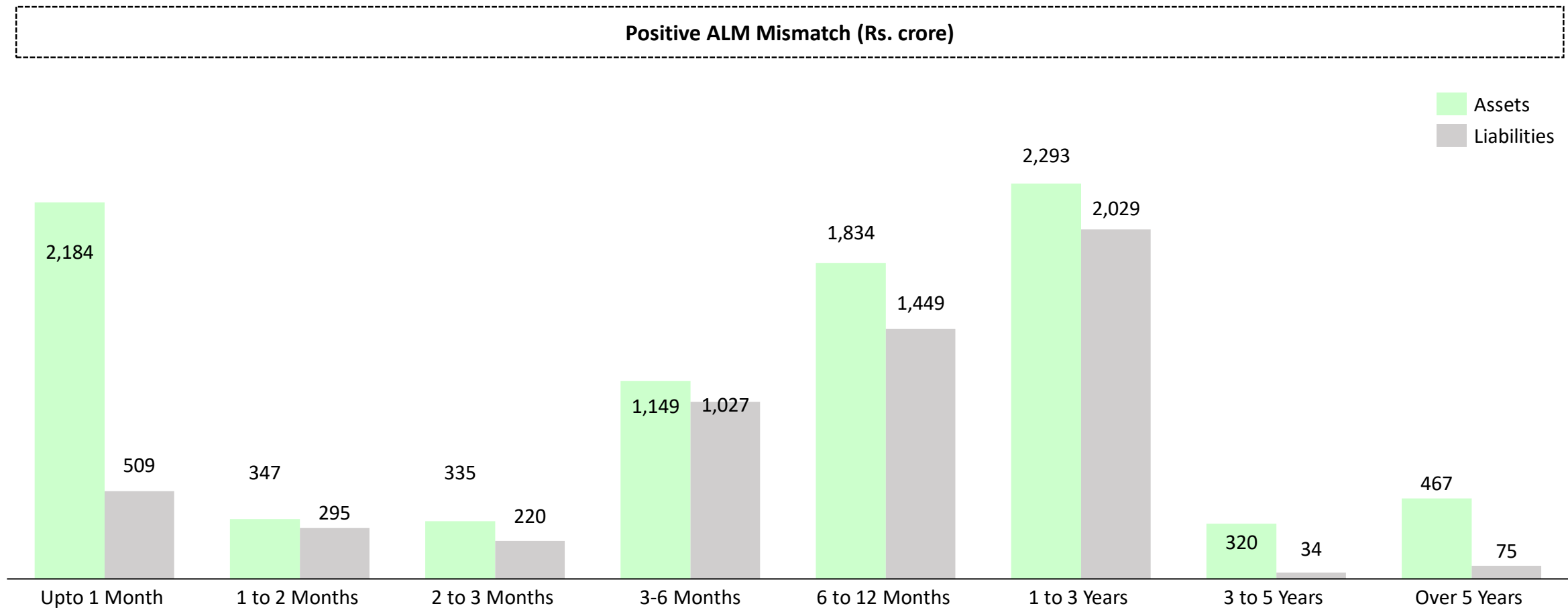
Diversified Funding Mix (As on Jun-21)



Borrowings (Rs crore)



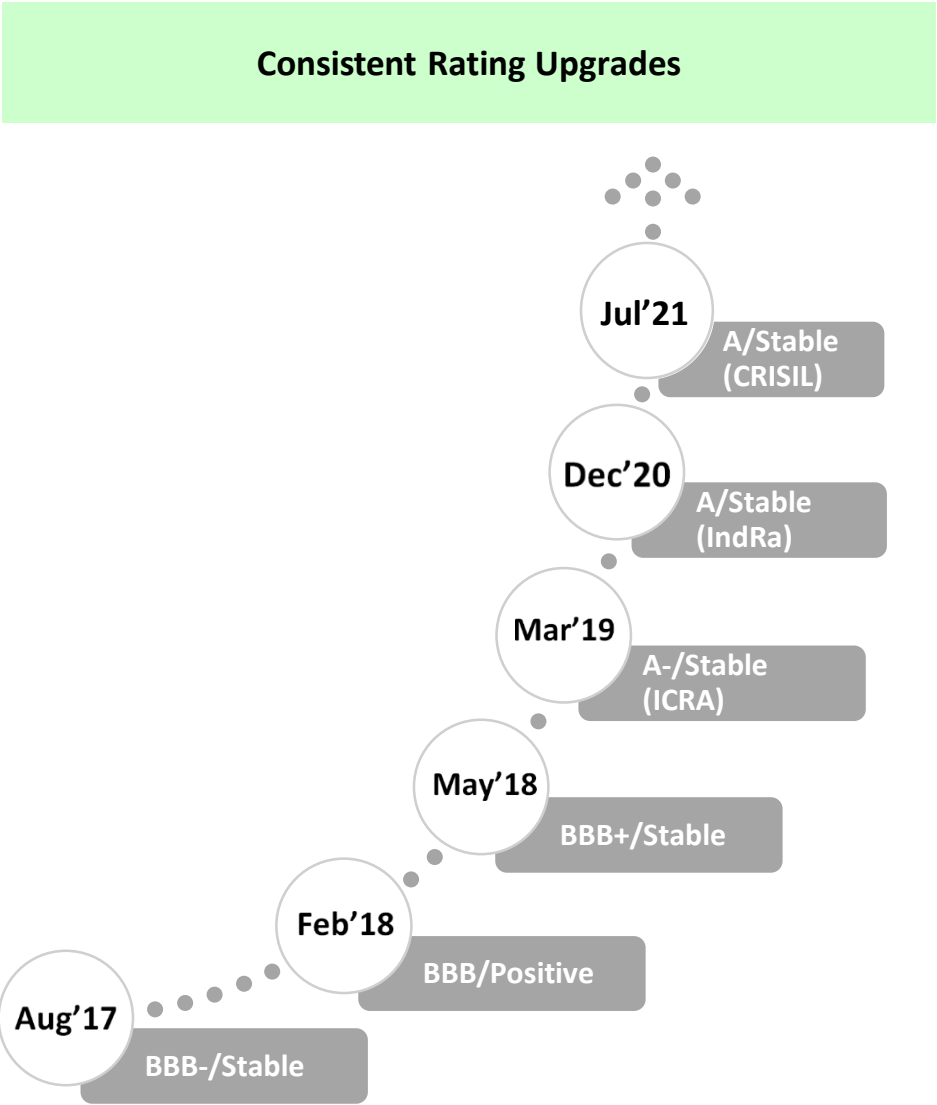
Comfortable Liquidity Position Driven by Strong Track Record



Positive ALM mismatch across all the buckets, where its assets mature faster than liabilities

Strong Credit Rating – Upgraded to ‘A’ rating, despite impact of Covid

Rating Instrument	Rating Agency	Rating
Bank Facilities	CRISIL *	A (Stable)
	Ind-Ra	A (Stable)
	ICRA	A- (Stable)
Non-Convertible Debentures	Ind-Ra	A (Stable)
	ICRA	A- (Stable)
Market linked Debentures	Ind-Ra	A (Stable)
	ICRA	A- (Stable)
Comprehensive Microfinance Grading (Institutional Grading/Code of Conduct Assessment (COCA))	SMERA	M1C1, highest grading



**Recently got rated “A” from India Ratings even in these difficult circumstances*

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Overview of Criss Financial

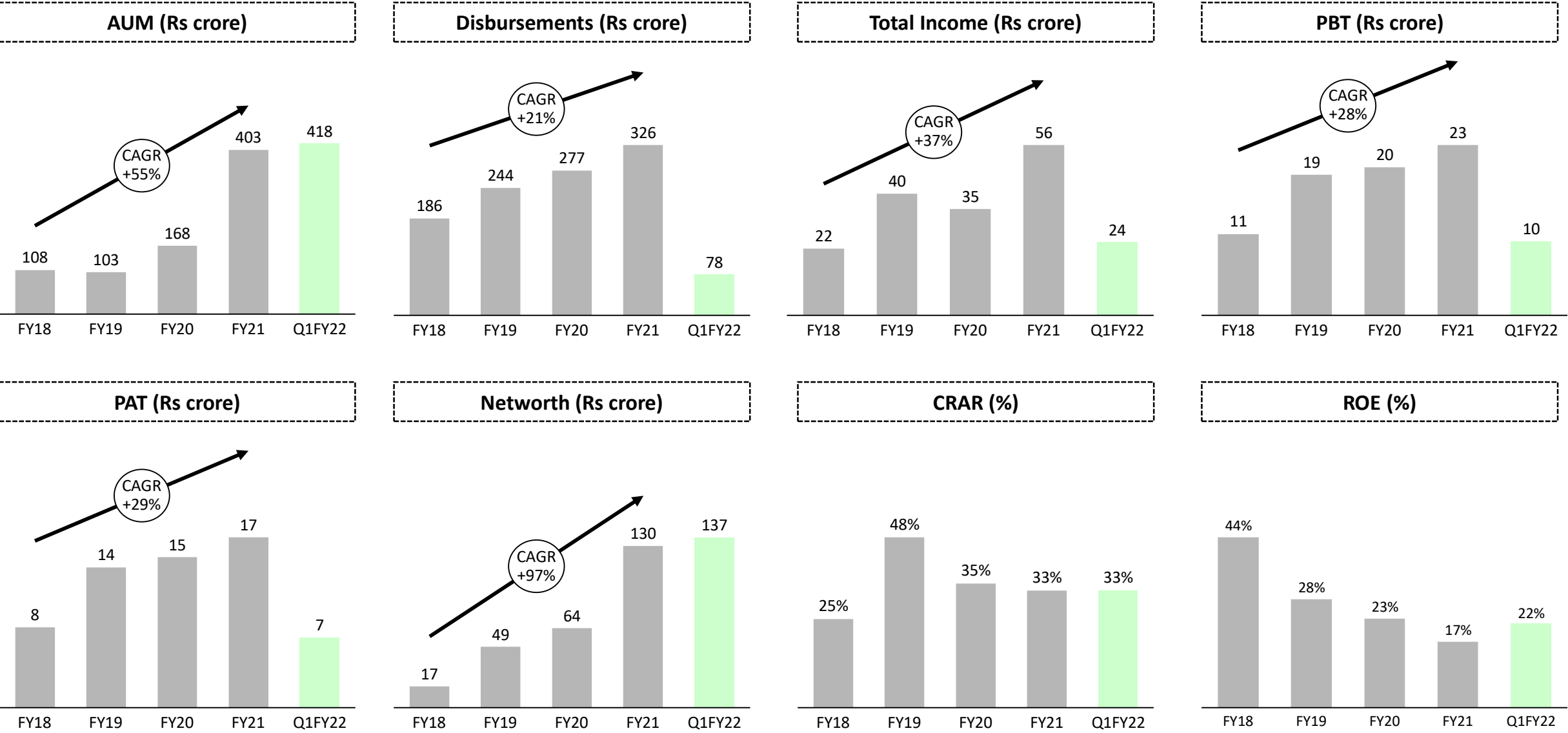
About CFL

- Criss Financial Limited (CFL) is an NBFC, which is a 98.5% subsidiary of Spandana Sphoorty Financial Limited
- It was set up to operate in states / asset classes that SSFL itself could not, given its status as an NBFC-MFI
- CFL offers Loans against Gold, Loans against property, Business Loans and Personal Loans;
- CFL operates in Andhra Pradesh and Telangana states targeting households with Annual household income of >Rs.150,000, offering both secured and unsecured loans
- It operates through 81 Branches covering 20 Districts, 2,147 villages, 70,735 borrowers and 529 employees

Performance Snapshot

- AUM of CFL grew by 57% CAGR in the last four years to Rs 418 crore
- CFL has collection efficiency of 104.2% for Q1FY22 and best in class portfolio quality with GNPA of 1.9%
- With diversified mix of products, operating cost ratio is lowest at **3.0%**
- CFL has a healthy 7.1% ROA, 22% ROE and 33% Capital adequacy

Criss Financial – Robust Financial Performance



Criss Financial – Q1 FY22 Profit & Loss Statement

Particulars (Rs. crore)	FY21	FY20
Revenue from Operations		
Interest income	51.4	30.5
Net gain on fair value changes	0.9	-
Others	2.1	1.9
Total income from operations	54.3	32.4
Other Income	2.1	2.3
Total income	56.4	34.7
Expenses		
Finance cost	20.9	8.9
Impairment on financial instruments and other provisions	5.3	0.7
Employee benefit expense	5.2	3.8
Depreciation and amortization expense	0.1	0.1
Other expenses	1.5	1.0
Total Expenses	32.9	14.5
Profit before Tax	23.5	20.2
Tax expense	6.1	5.2
Profit After Tax	17.4	15.0

Q1 FY22	Q1 FY21	Q4 FY21
23.8	10.5	16.3
0.1	-	0.9
0.3	0.0	1.2
24.2	10.5	18.3
0.2	0.3	0.9
24.4	10.8	19.2
8.9	3.9	6.9
2.6	0.0	-0.3
2.3	1.1	1.9
0.2	0.1	0.0
0.8	0.1	-0.3
14.8	5.2	8.2
9.6	5.7	11.3
2.4	1.4	2.7
7.3	4.3	8.6

Criss Financial – Balance Sheet

ASSETS (Rs. crore)	Jun 30, 2021	Mar 31, 2021
Financial Assets		
Cash and cash equivalents	3.1	4.4
Bank Balances	0.0	0.5
Loan Portfolio	410.5	392.4
Other financial assets	1.3	1.4
Total Financial Assets	414.8	398.7
Non-Financial Assets		
Current tax assets (net)	0.4	0.4
Deferred tax assets (net)	0.5	0.2
Property, Plant and Equipment	0.7	0.2
Intangible assets	0.0	-
Other non-financial assets	1.7	2.0
Total Non-Financial Assets	3.3	2.8
Total Assets	418.2	401.5

LIABILITIES & EQUITY (Rs. crore)	Jun 30, 2021	Mar 31, 2021
Financial Liabilities		
Borrowings	264.6	249.9
Subordinated Liabilities	-	-
Other Financial liabilities	7.2	13.5
Total Financial Liabilities	271.9	263.4
Non-Financial Liabilities		
Current Tax Liabilities (net)	8.5	5.7
Provisions	0.1	0.1
Other Non-Financial liabilities	0.4	0.4
Total Non-Financial Liabilities	9.0	6.2
Equity		
Equity Share Capital	7.7	7.7
Other Equity	129.7	124.3
Total Equity	137.3	132.0
Total Liabilities and Equity	418.2	401.5

Overview of Abhiram Marketing

Overview

- Abhiram Marketing is a consumer goods retail company, incubated by Spandana's promoter
- It purchases various consumer durables goods such as rice cookers, lamps, mobile phones, white goods, etc from OEMs, for sale to customers in harder-to-reach geographies that are not reached by traditional retailers.

Standard Business Model in MFI Industry

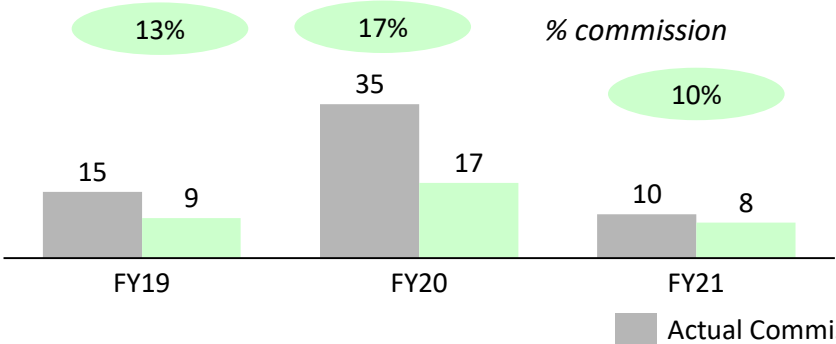
- All MFIs cross-sell consumer goods to their clients, as it provides them with access to products that significantly improve their lives – this is keeping with the industry's mission
- Besides offering loans to borrowers to buy these products, they also facilitate the supply of products via a third-party retailer, as such retailers do not have direct distribution available in the rural areas that MFIs operate it
- MFI's sale staff and branch spaces are used for this activity – such retailers hence pay MFIs a sales commission for this
- While there are various third-party retailers that do this with other MFIs, Spandana has chosen to do this through Abhiram, which provides better service / integration to our customers, at very competitive commission rates – **this is an enduring structural benefit for Spandana and its customers**
- Till March 2020, the sale of the consumer goods, and the loans taken by our customers against these, used to sit in Abhiram's balance sheet
- However, from FY21 onwards, these loans now sit on Spandana's own balance sheet, and only the sale of the goods remains in Abhiram's P&L

Insignificant Impact on Spandana's Opex due to Abhiram's Cost Sharing

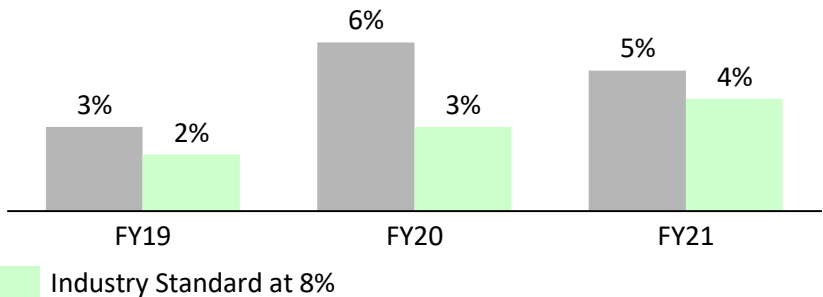
Fee Income

- Abhiram was incubated to help Spandana serve its customers more effectively, and hence does not seek to make profits
- Like all third-party retailers, it pays its partnering MFI a sales commission – this is ~10-13% for Abhiram, vs ~8% for other players in the industry, which is a small structural advantage that Spandana enjoys
- However, the difference between these rates is 3%-6% of Spandana total PBT, no impact in FY21 & Q1 FY22

Actual Commission paid to SSFL vs. Industry Standard (Rs. crore)



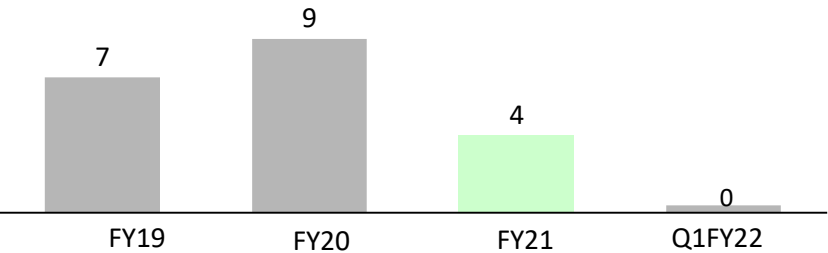
Actual Commission paid to SSFL vs. Industry Standard (as a % of SSFL's normalised PBT)



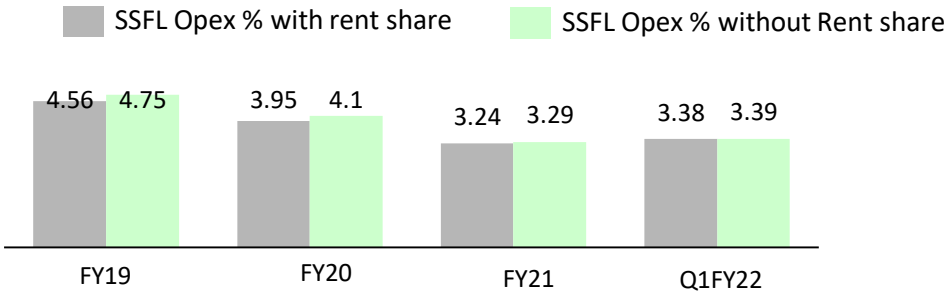
Cost Sharing

- Additionally, as Abhiram uses Spandana's branch network for storage of its goods, it also contributes to a small portion of their rental cost – sub 5 bps impact on Spandana's opex ratio in FY21, it is 1bps for Q1 FY22

Actual Rent paid by Abhiram to SSFL (Rs. crore)



SSFL's Opex with & without Abhiram Rent Sharing



Abhiram Marketing – Profit & Loss and Balance Sheet

- Abhiram is a relatively small entity, which enables Spandana to serve its borrowers more effectively, by providing them with access to consumer durables and similar products
- It does not have a substantial P&L or balance sheet of its own, and has a very limited impact on Spandana’s own financials
- Abhiram’s PAT in the last three years: FY19 – Rs 1.4 crore, FY20 – Rs 6 Lakh, FY21 – Rs 1.1 crore

Abhiram – Profit & Loss Statement (Provisional)

Particulars (Rs crore)	Q1 FY22	FY21
Total Revenue	9.4	105.8
Cost of Goods Sold	8.1	69.5
Gross Profit	1.3	36.3
Gross Margin (%)	14%	34%
EBITDA	0.1	1.5
EBITDA Margin (%)	2%	1%
Profit After Tax	0.1	1.1

Abhiram – Balance Sheet (Provisional)

Assets		
Particulars (Rs crore)	Jun,30 2021	Mar,31 2021
Non- Current Assets		
Other Non-Current Assets	0.4	0.4
Total Non- Current Assets	0.4	0.4
Current Assets		
Trade Receivables	7.2	20.6
Inventory	11.8	8.8
Other Current Assets	0.2	5.7
Cash & Bank Balance	3.8	0.9
Total Current Assets	23.0	36.1
Total Assets	23.4	36.5

Equity and Liabilities		
Particulars (Rs crore)	Jun,30 2021	Mar,31 2021
Equity		
Shareholders Equity	1.8	1.8
Reserves and Surplus	4.4	4.5
Networth	6.2	6.3
Current Liabilities		
Borrowings	14.2	18.0
Trade Payables	0.7	0.3
Other Liabilities	2.3	11.9
Total Current Liabilities	17.3	30.2
Total Liabilities	23.4	36.5

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Strong Top Management Team with Cross-Cycle Experience



PADMAJA REDDY
Managing Director

Padmaja is the Promoter and Managing Director. She has an overall experience of 24 years in the 'social development' and 'microfinance' industry. She founded 'Spandana' in 1998 and promoted the Company in 2003. Under her able leadership, the company has witnessed immense growth and scaled new heights. She holds a master's degree in Business Administration and has pursued trainings on Microfinance from Naropa University, Durham University Business School and Harvard Business School.



SATISH KOTTAKOTA
Chief Financial Officer

Satish has been associated with 'SSFL' since June 2020. He has 24+ years of experience in the BFSI and Healthcare sector. He has previously worked with organizations like ICICI Bank, HSBC, Apollo Health Sheet and CallHealth. He holds a bachelor's degree from Andhra University, and master's degree from INSEAD. He is also a Chartered Accountant.



ABDUL FERROZ KHAN
Chief Strategy Officer

Feroz has been associated with SSFL since 2008 in various roles of Finance, IT, Operations etc., He played a vital role in CDR exit and IPO. He leads Spandana's digital transformation. Prior to Spandana, he was associated with Aditya Birla Sun life Insurance. He holds MBA from ICFAI



AMIT RANJAN BISWAL
Chief Business Officer

Amit had previously worked with 'SSFL' between 2010-17 and re-joined in May 2020. He has 15+ years of expertise in leading field operations across diverse geographies. In his most recent role, he was CEO of Swarna Pragati Housing Microfinance. In the past, he has also worked with organizations such as Navdhan Capital, Adhikar Microfinance, and Bharat Financial Inclusion. He has done his MBA from Asian School of Business.



SHARMILA KUNGUMA
Chief Risk Officer

Sharmila has been associated with 'SSFL' since December 2020. She has 17 years of experience across various banks and NBFCs such as Jana SFB, Kinara Capital, HSBC, Citibank and Bharti Airtel. She holds a bachelor's degree from Bangalore University and an MBA from Symbiosis. She is also member of Institute of Internal Auditors India.



NAVEEN RAO ALURI
SVP & Business Head – West

Naveen has been associated with 'SSFL' since June 2010 in the sales and collections vertical. He holds a bachelor's degree from Dnyanopasak College and a masters degree from Sambalpur University.



GOKULA NANDA MOHANTY
SVP & Business Head - East

Gokula has been associated with 'SSFL' in various sales and collection roles since May 2013. He holds a bachelor's degree from Dnyanopasak College and masters from Geetam University.



MADHUSUDHAN KESIRAJU
SVP - Head of Finance

Madhusudhan re-joined 'SSFL' in September 2019. He had previously worked with the company in 2014-15. He has ~25 years of experience across organizations like Grameen Financial Services, K12 Techno Service, and CAPWDI. He is a Chartered Accountant and holds an MBA from Institute of Marketing & Management.



AMIT RAJ
SVP & Business Head - Central

Amit has been associated with 'SSFL' since June 2020. Previously, he was Zonal Manager of L&T Financial Services, responsible for the zone's micro loan business. He has 16+ years of experience across micro-finance (Arohan & Bharat Financial) and leading life insurance companies. He holds a bachelor's degree in science from St Xavier's College and master's degree from APJ Abdul Kalam Technical University.



RAMESH PERIYASAMY
Company Secretary & Compliance Officer

Ramesh Periasamy is Company Secretary and Compliance Officer. He is qualified Company Secretary and graduate in Law from Bangalore University. He has 15+ years of experience in corporate laws, legal, listing, M&A and regulatory compliance. Before joining SSFL, he worked with Embassy Office Parks REIT, Manappuram Finance Limited, Kalyan Jewellers and NeST Technologies as Company Secretary, Legal and Compliance Officer. He also practiced law in trial courts and Madras High Court

Experienced Second Layer of Management



OMKAR NAMDEV
VP & Business Head of Chhattisgarh

Omkar has been associated with 'SSFL' since last 16 years in the sales and collections vertical.. He holds a bachelor's degree from Dr Hari Singh Gaur University



GOBIND PRASAD MOHANTY
VP & Business Head of Jharkhand & West Bengal

Gobind has been associated with 'SSFL' since last 10 years in various sales and collection roles. He holds a bachelor's degree from Dnyanopasak College and masters from Sambalpur University.



BASAVARAJA PARAMESHWARAPPA
VP & Business Head of North Karnataka

Basavaraj has been associated with 'SSFL' since last 10 years in the sales and collections vertical. He holds a bachelor's degree from Dnyanopasak College and masters from Sambalpur University.



ANUPAM JAIN
VP & Business Head of Madhya Pradesh

Anupam has been associated with 'SSFL' since February 2020. He has 24 years of experience in the sales and collections vertical. He was associated with Tata Group of Companies for 20 years. He holds a bachelor's degree from Devi Ahilya University.



ANKIT KUMAR TYAGI
VP & Business Head of Madhya Pradesh

Ankit re-joined 'SSFL' in December 2020. He had earlier worked with the company from 2010-13. He has 10 years of experience across ICICI Prudential Life Insurance, Vodafone Idea, Grameen Financial Services, K12 Techno Service and CAPWDI. He holds a masters degree from Symbiosis Institute of International Business.



RAVI KUMAR RANJAN
VP & Business Head of Bihar and UP

Ravi has been associated with 'SSFL' since October 2020. He has spent ~11 years in Sales and Business development across L&T Finance, Bharti Airtel, EKO India Financial Services, and Tata AIG. He holds a bachelor's degree from Sikkim Manipal University and Diploma from Apeejay School of Management.



VIKRAM KUMAR
VP & Business Head of Odisha

Vikram has been associated with 'SSFL' since July 2020. He has 15 years of experience in Sales and Business Development across Vodafone India, Reliance Communication and Nestle India. He holds a bachelor's degree from Bhupendra Narayan Mandal University and masters from FMS - IRM.



SUNIL KUMAR RANA
VP & Business head of Odisha

Sunil has been associated with 'SSFL' since January 2021. He holds a bachelor's degree from Utkal university and masters from Periyar university. He has an overall experience of 15 years and has previously worked with organizations like L&T Financial Services, Indusind Bank Ltd, Yes Bank, HDFC Bank Ltd, and Kotak Mahindra Bank Ltd.



ANUP MC
VP & Business Head of South Karnataka

Anup has been associated with 'SSFL' since February 2021. He has an overall experience of 24 years and was previously associated with organizations such as Gilly's Bengaluru-Dubai, Reliance Communications Ltd, Vodafone South Ltd, and Zip Telecom Ltd.



BISWANATH SWAIN
VP & Business Head Rajasthan

Biswanath Swain has been associated with 'SSFL' since April 2021. He has done his MBA from Pondicherry University. He has an overall experience of 17 years in the financial services & has previously worked with organizations such as Disha India Micro credit and Sambandh Finserve private Limited



JITEN BHOJANI
VP & Business Head of Gujarat

Jiten Bhojani has been associated with 'SSFL' since March 2021. He has done his BE(instruments) from Gujarat University & MBA (Marketing) from RD Gardi institute Rajkot .. He has an overall experience of 20 years in the field of Sales ,Marketing, Operations and Projects & has previously worked with organizations such as Godrej & Boyce, Idea cellular & Vodafone Idea Ltd .



SAURABH NAGPAL
SVP & Business Head of Maharashtra

Saurabh Nagpal has been associated with 'SSFL' since April 2021. He holds a Bachelor's degree from Barkhatullah University and has done his MBA from CV Raman college, Raipur. He has an overall experience of 23 years in the field of Sales and Business development & has previously worked with organizations such as Vodafone and Samsung.



AMARNATH RAJU
VP & Business Head of Telangana

Amarnath has been associated with 'SSFL' since January 2021. He holds a bachelor's degree and masters degree from Osmania University . He has an overall experience of 17 years in Sales and Business development and was associated with organizations such as Airtel Payments Bank Ltd, Reliance Communication and Water health India.



ADITYA KUMAR GV
VP – Investor Relations

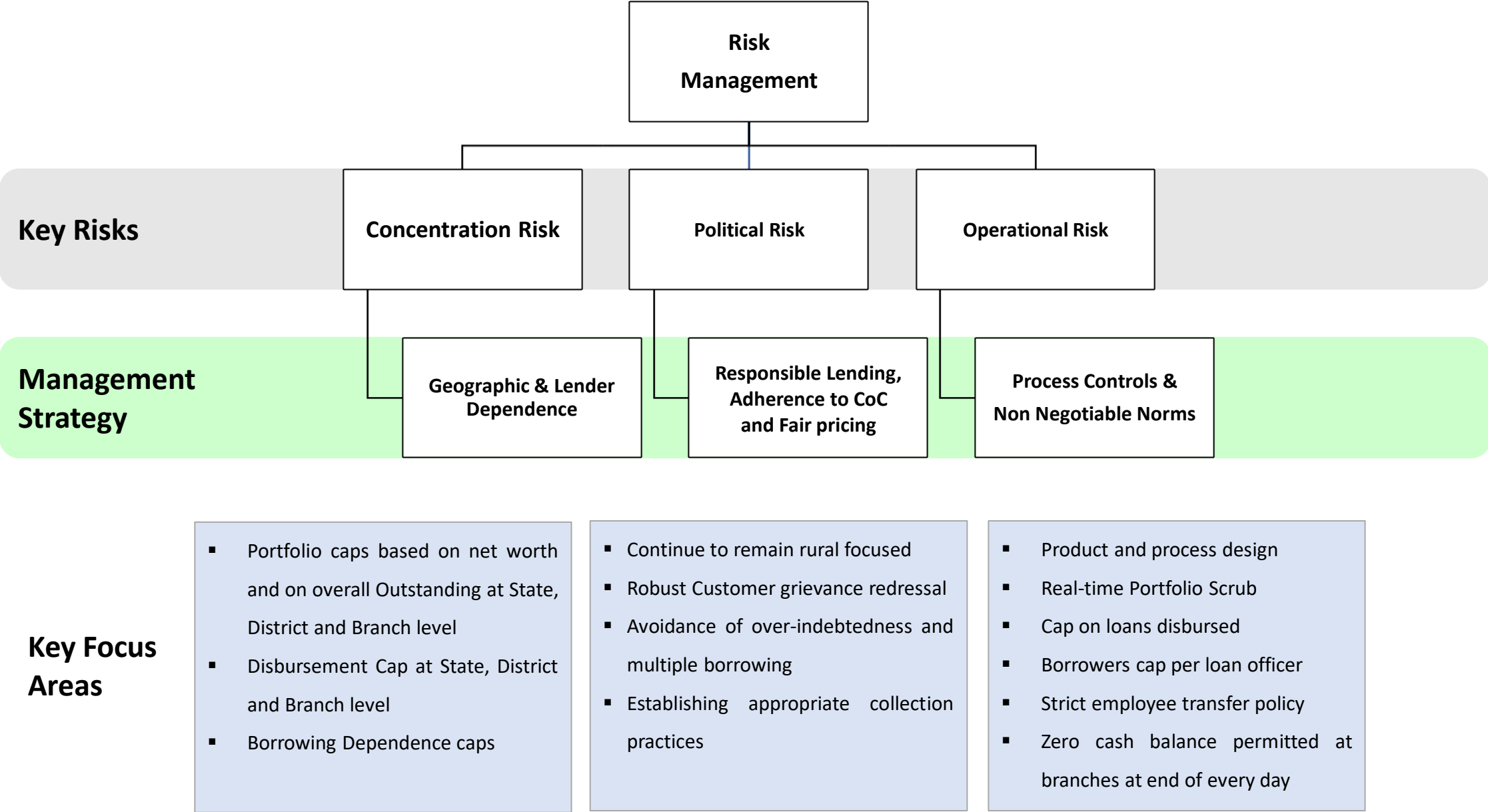
Aditya re-joined 'SSFL' in October 2020. His prior stint in the Company was from 2017-19. He has 8 years of experience and was previously associated with organizations such as Noon.com (Dubai) heading Treasury & Insurance, Cue Learn, and Sanmar Group. He is a Chartered Accountant and Company Secretary.



DINESH REDDY
VP – Treasury

Dinesh has been associated with 'SSFL' since December 2020. He is a qualified ACCA (UK), with Masters in International Accounting, MBA (Finance). He joins Spandana with 11+ years of across in managing accounting functions, consulting.

Strong Risk Management DNA



Technology Leveraged for Superior Efficiency and Control

finS : In-house Developed CRM/ERP Application



Smart and User friendly Web & Mobile enabled ERP system



Highly Capable and robust infrastructure to carry out millions of transactions



Automated reports for analysis and planning business activities in a matter of clicks



Control mechanism to limit transactions beyond allowed limits with real time reconciliation



Algorithm that restrict errors and fraud



A Complete IT solution catering to all functions

Efficiency

- ✓ Enables real-time paper-less processing of all loans, providing our borrowers with industry-leading TATs
- ✓ System / process design also leads to more efficiency for branch staff – enabling us to have a lower operating cost
- ✓ For examples, no data entry is done at branches KYC docs are all scanned, and then processed by the system + a central data team

Data & Analytics

- ✓ System provides real-time borrower-level information (not just group level), which enables sophisticated data analytics to be used

Control

- ✓ Disbursements and collections plans entirely system-controlled – removing risk of errors / frauds in field
- ✓ Enables corporate tactical decisions to be transmitted to the field instantly

1	Business Update
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2	Key Operating Metrics
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3	Key Financial Metrics
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4	Borrowing Profile
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5	Overview of Criss Financial (Subsidiary) & Abhiram (Associate Co.)
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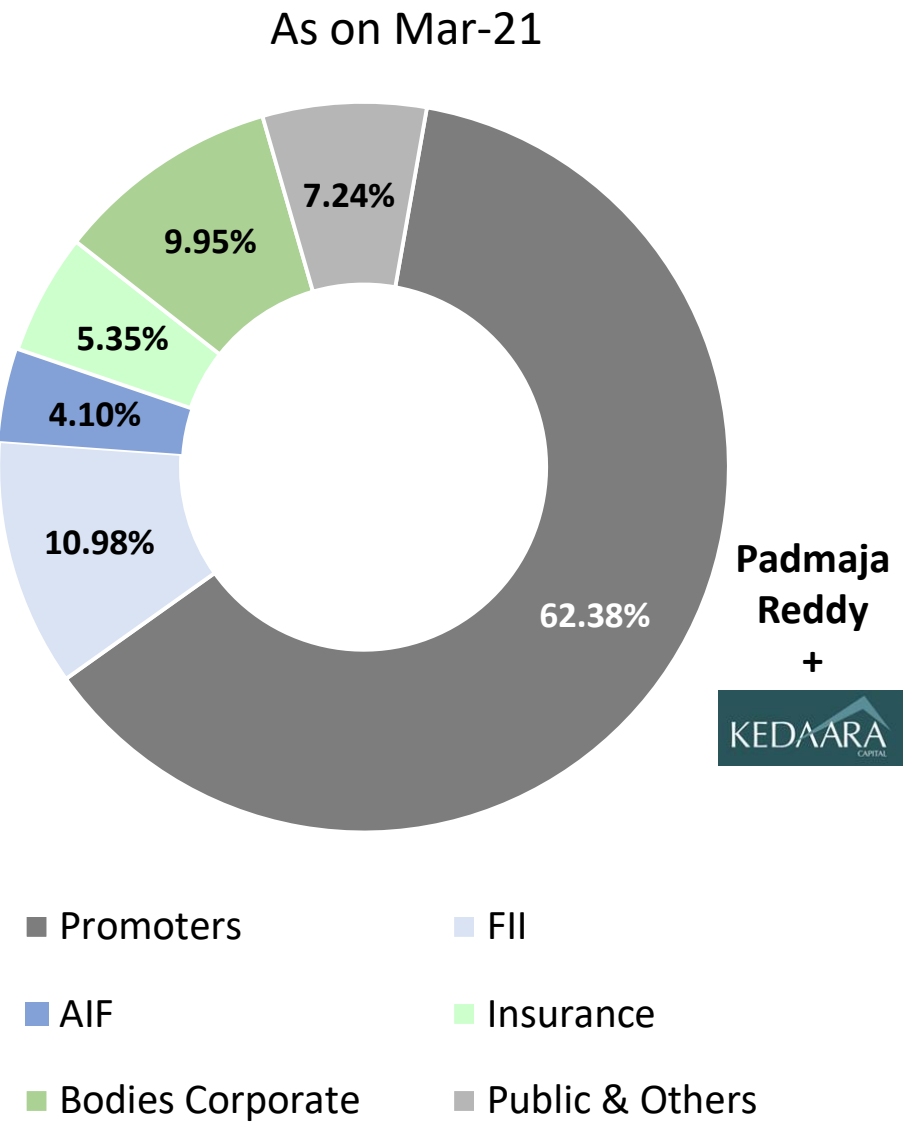
6	Strong Management Team & Risk Management Processes
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7	Annexure
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Products

Product Name	Purpose	Interest Rate (%)	Tenor	Ticket Size (Rs.)
Core Product: 96.3% of AUM				
95.0% Abhilasha / Chethana	<ul style="list-style-type: none">These unique loan products are designed especially for low-income households who aspire to improve their financial well-beingThe primary objective of this loan is to empower women in setting up and expanding income generating activities, smoothen household cash flows and acquire productive assets	21.37%	12 to 36 Months	25,000 to 80,000
1.3% Interim Loans	<ul style="list-style-type: none">Loans given only to existing borrowers to meet their interim and emergency requirements	21.37%	12 to 24 Months	10,000 to 20,000
Other Products: 3.7% of AUM				
Loan Against Property (LAP)	<ul style="list-style-type: none">Offered to clients who own business, are self- employed or salaried. These are given against the mortgage of residential/houses/ Commercial shops (excluding any open plots on agriculture land)	18% to 24%	3 to 7 Years	3,00,000 to 2,00,00,000
Business Loans / Personal Loans	<ul style="list-style-type: none">Offered to Clients to expand their existing income generating activities	22% to 26%	12 to 36 Months	50,000 to 2,00,000
Gold - Keertana Loans	<ul style="list-style-type: none">Offered in the states of Andhra Pradesh and Telangana for Agriculture, Business and short-term liquidity needs	16% to 27%	1 to 12 Months	1,000 to 10,00,000
Consumer Loans	<ul style="list-style-type: none">Offered to finance the purchase of consumer products	21.37%	6 to 24 Months	1,000 to 16,000

Shareholding Pattern



Non-Promoter Investor Details	% Holding
Valiant Mauritius Partners*	9.54%
ICICI Prudential Life Insurance	4.75%
JM Financial India Trust	3.07%
Bajaj Allianz Life Insurance	1.25%
Edelweiss Alternative Investment	1.25%
Goldman Sachs India	1.18%
Helion Venture Partners*	1.96%

* Through Various Funds

Experienced Board of Directors



Deepak Calian Vaidya | Chairman & Independent Director

A fellow of ICA in England and Wales since 1979. Served as a BoD of Capricorn Securities, Arc Advisory Services, Apollo Gleneagles Hospital, Bombay Oxygen Investments, UTI Capital, etc.



Ms. G Padmaja Reddy | Managing Director

She is a post-graduated in management; worked in an NGO and later in 1998, started 'Spandana'. She pursued various trainings on Microfinance – all CGAP modules on Microfinance, a course on Microfinance at Naropa University, Credit and Micro Enterprise Development Training from Durham University, U.K Market Research for Micro Finance at Uganda etc.



Jagadish Capoor | Independent Director

He has previously worked as the deputy governor of the RBI for more than four years. He also serves as a BoD of HDFC Securities, LIC Housing Finance, LIC Pension Fund, LIC HFL Trustee Company Private etc



Bharat Dhirajlal Shah | Independent Director

He is the Chairman of HDFC Securities. He is the co-founder of HDFC Bank, and he joined the bank in 1994 as an Executive Director on its board. He has held several lead roles at the bank for 12 years. He serves on the board of various companies including 3M India, Exide Industries etc.



Abanti Mitra | Independent Director

She has previously worked as an executive with Astra Marine Pvt. Ltd. for one year, a management executive at Micro-Credit Ratings International Ltd. for two years, and a manager with ICICI Bank for three years. She also serves as a BoD of Development Equities Pvt. Ltd. and Positron Consulting Services Pvt. Ltd.



Ramachandra Kasargod Kamath | Nominee Director

He is a former Chairman & MD of PNB for 5 years. He was an ED at Bank of India for over 2 years and the Chairman & MD at Allahabad Bank for over 1 year. He has also held the post of Chairman of the Indian Banks Association for 2 years. He also serves as a BoD of Aavas Financiers and Centrum Capital.



Sunish Sharma | Nominee Director, Kedaara Capital

He is the Managing Partner and co-founder of Kedaara Capital. Previously, he was a MD at General Atlantic, where he worked for 8 years. He worked at McKinsey & Co. for over six years. He has extensive private equity investment experience. He has an MBA from IIM-Calcutta and is a qualified cost accountant from ICWAI.



Kartikeya Dhruv Kaji | Nominee Director, Kedaara Capital

He serves as a Director at Kedaara Capital. He has previously worked with Perella Weinberg Partners and Merrill Lynch in New York, and with Temasek Holdings Advisors India.



Amit Sobti | Nominee Director, Kedaara Capital

He is currently a Director with the Private Capital division at Ontario Teachers' Pension Plan (Asia) in Hong Kong and has over 20 years of experience in private equity and investment banking including over two years with Unitas Capital, nine years with Warburg Pincus LLC, and two years with Rhone Group LLC.

Niche Business Model



Business Model

- Group size of 6 to 10 women
- Loans given under Joint Liability Group (JLG) model
- Monthly & Fortnightly centre meetings
- Leverage the existing customer network (borrowers and branches) to cross sell financial & non-financial products
- No Regional , Zonal & state offices (only branches & corporate office)



Processes

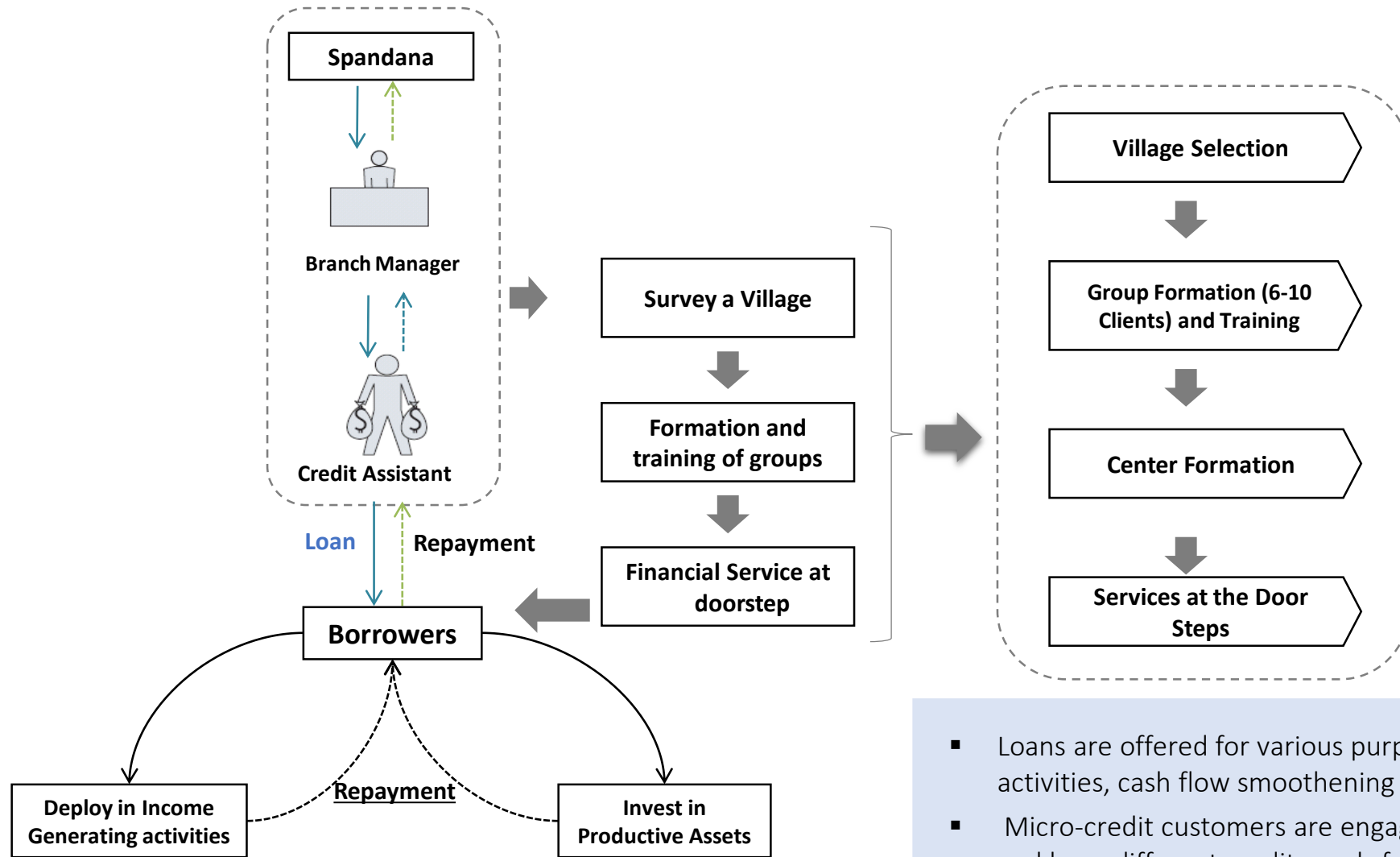
- Standardized systems and a front-end interface that gives real time information on demand and collections
- Checks and controls built on the system have been automated with minimal human intervention
- Timely disbursement of loan to all in the group at one-go
- Disbursement norms are also calibrated based on branch categories
- Mandatory credit bureau check prior to loan disbursement



HR policies

- Strict employee transfer policy with adherence to operational risk control
- Performance driven culture through incentive structure for field staff
- Seasoned Credit Assistants ("CAs") can be trained to assume the role of Branch Managers ("BMs") while seasoned BMs can be trained to assume the role of Cluster Managers
- Grooming internal employees and building talent pool for future growth

Efficient Business Process



- Loans are offered for various purposes – Agri/ Agri-allied activities, cash flow smoothening etc
- Micro-credit customers are engaged in variety of livelihoods and have different credit needs for which these funds are utilised

‘Spandana’ – A People Focused Organization: CSR Initiatives

‘Spandana’ is undertaking various CSR initiatives to promote better livelihood and quality of life for economically weaker section of people living in its areas of business presence. A brief overview of the major CSR activities has been given below:

Providing Free Tailoring Training to Household Women and Girls. Currently 1500 women are part of vocational training. Women from these batches are earning 5000-6000 per month currently



Distribution of ‘solar lights & cycles’ in 11 states (AP, Bihar, Gujarat, Karnataka, Maharashtra & Others) to improve living standards & productivity



Relief activities for flood victims in Odisha, Bihar



Promoting Kitchen Gardening by distributing free samples of seed mix - Coriander, Tomato, Spinach & Bhindi seeds in Hyderabad zone



Awards & Accolades

Dun & Bradstreet – Leading BFSI & FinTech companies	Dun & Bradstreet placed Spandana in India’s leading BFSI & FinTech companies 2021
NewsX - Excellence in Entrepreneurship	NewsX placed Mrs Padmaja Reddy in India’s A-List for Excellence in Entrepreneurship
AIWMI - India’s top 100 Women in Finance	AIWMI placed Mrs Padmaja Reddy in India’s top 100 Women in Finance 2020
The Economic Times	The Economic Times recognizes Mrs Padmaja Reddy as one of the Promising Entrepreneurs of India
Next Fortune 500 List	Spandana is placed in next Fortune 500 list published by Fortune India
Inclusion in MSCI Small Cap Index	Morgan Stanley Capital International has placed Spandana in their India Domestic Small Cap Index
Company of the year in Financial Services	Dare to Dream Awards presented By Zee Business in association with SAP- 2019
Chief Strategy Officers Summit by Morpheus	Strategy Leader of the year - 2019
CII Entrepreneur Awards	Best Entrepreneur Award - 2019
Herald Global and BARC Asia	Most Admired Leader of Asia 2018
CMO Asia, Singapore	Women Leadership Award for Excellence in Banking & Finance, 2018
APS Research & Media, National ICON Awards, New Delhi	The Most Trusted Micro Financial Company of the Year 2018
International Achievers Conference, Thailand	Outstanding Achievement Award for Excellence in Banking & Finance
The Golden Star Awards, Delhi	The Best Micro Finance Company of the Year

Glossary

Sr. No.	Particulars	Formula
1	Networth	Shareholders Fund + Other Equity excluding Non controlling interest
2	Capital Adequacy	Tier I ratio + Tier II ratio
3	Leverage	Closing On Balance sheet Borrowings / Closing Net worth
4	Marginal Cost of Borrowing	(Borrowings availed during the period * interest rate + processing fees and other charges) / Borrowings availed during the period
5	Cost to Income Ratio	(Employee benefit expenses + Depreciation and amortization expense + Other Expenses) / (Total Income - Finance Cost)
6	Assets Under Management (AUM)	Loan Portfolio including portfolio assigned and excluding Old AP Portfolio
7	RoA (%)	Profit After Tax / Quarterly Average AUM (Annualised)
8	RoE (%)	Profit After Tax / Quarterly Average Net worth (Annualised)
9	Yield (%)	(Interest income on the loan portfolio + interest income on derecognised loan portfolio passed on to assignees + retained interest income on derecognised loan portfolio) / Quarterly Average AUM (Annualised)
10	Cost of Borrowings (%)	(Finance Cost - Interest on Lease Liability) / Quarterly Average Borrowings (Annualised)
11	Net Interest Income (NII)	(Interest income on the loan portfolio + retained interest income on derecognised loan portfolio) - (Finance Cost - Interest on Lease Liability)
12	NIM (%)	NII / Quarterly Average AUM (Annualised)
13	Opex to AUM Ratio	(Employee benefit expenses + Depreciation and amortization expense + Other Expenses) / Quarterly Average AUM (Annualised)

Contact Information



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THANK YOU

