



Ref: SSFL/Stock Exchange/2022-23/094

Date: October 17, 2022

To  
BSE Limited,  
Department of Corporate Services  
P. J. Towers, 25<sup>th</sup> Floor,  
Dalal Street,  
Mumbai - 400001  
Scrip Code: 542759

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

Dear Sir/Madam,

**Sub: Investor presentation on the unaudited financial results of the Company for the quarter ended September 30, 2022**

**Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed herewith a copy of Investor Presentation of the Company on the unaudited financial results for the quarter ended September 30, 2022.

We request you to take the above information on record.

Thanking you.

Your Sincerely,

**For Spandana Sphoorty Financial Limited**

Ramesh Periasamy  
Digitally signed by Ramesh Periasamy  
Date: 2022.10.17 16:49:21 +05'30'

**Ramesh Periasamy  
Company Secretary and Compliance Officer**

*Encl: as above*

Spandana Sphoorty Financial Limited

CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,

TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

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# Spandana Sphoorty Financial Limited

....Committed to low-income households



**Responsive & Responsible.**

*Progressing with Trust and Confidence*

**Q2 FY23 - Investor Presentation**

## Safe Harbor

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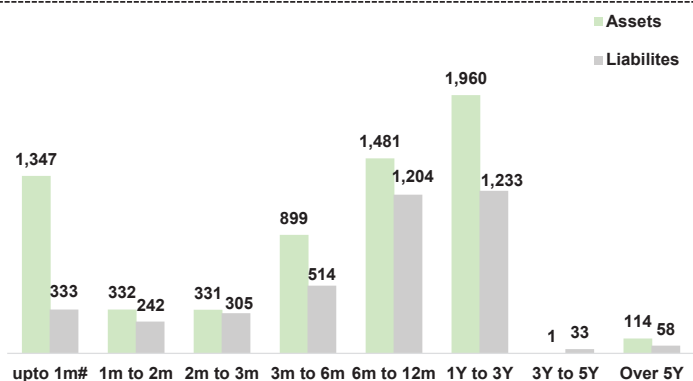
## FY23Q2: Summary

<b>Rating Watch Resolved</b>	<ul style="list-style-type: none"> <li>Rating changed during the Quarter               <ol style="list-style-type: none"> <li>India Rating : A Stable from Ratings Watch with Negative Implication</li> <li>Crisil : A Stable from Rating watch with developing implications</li> <li>ICRA : A- Stable from Rating watch with developing implications</li> </ol> </li> </ul>
<b>Renewed Lender Confidence</b>	<ul style="list-style-type: none"> <li>Onboarded 10 additional lenders, 2 new first time marquee lenders</li> <li>Borrowed Rs.1,080 crs during the quarter vs. Rs.155 crs in FY23Q1.</li> <li>Marginal cost of borrowings has decreased from 14% in FY22Q4 to 13.1% in FY23Q1. This has further decreased to 12.64% in FY23Q2</li> <li>Banks and capital market mix is 58:42</li> <li>Comfortable liquidity position with Rs. 964 crs cash balance as on September 30, 2022</li> </ul>
<b>Financial Performance</b>	<ul style="list-style-type: none"> <li>Strong growth in all financial metrics: Increase in yield by 310 bps to 19.5% in FY23Q2.</li> <li>Along with 60 bps reduction in borrowing cost, NIM has increased from 9.9% in FY23Q1 to 13.0% in FY23Q2</li> <li>2x increase in PPOP (pre-provision profit) from Rs. 51 crs in FY23Q1 to Rs 110 crs in Q2 - ROA of 3.8%</li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>Spandana has further strengthened its management team with hiring of 4 CXO's during the quarter in Business, Risk and Finance functions</li> <li>Enhanced the Board with addition of 2 more illustrious board members with [30]+ years of experience</li> <li>Added ~300 Loan Officers during Q2 with plan to further add 1,000 Loan Officers in Q3 to augment the disbursement &amp; collection engines of the company</li> </ul>
<b>Business Momentum</b>	<ul style="list-style-type: none"> <li>Focus on acquiring new customers continues. 46% disbursement in Q2 was to new customers. Acquired 1.23 lac new customers against 1.06 lac in the previous quarter a 16% growth.</li> <li>AUM of Rs. 5,782 crs, ~5% growth over previous quarter.</li> <li>Q2 disbursement of Rs.1,391 crs as against Rs.1,320 crs in Q1 (growth of 5.3%) &amp; Rs.1,150 crs in FY22Q2 (growth of 21% YoY)</li> <li>Post-Apr'21 book (Rs.4,730 crs) now constitutes 82% of the total portfolio (vs. 70% in the previous quarter) delivering collection efficiency of 97.5% (excluding arrears)</li> <li>Overall Collection Efficiency in FY23 Q2 is 101.3% (incl arrears) &amp; 93.3% (excl arrears)</li> <li>Focus on roll-back and stabilization of Arrear bucket. Par 1-90 bucket at 5.7% in FY23Q2 vs. 7.5% in FY23Q1.</li> <li>GNPA at 7.47%, NNPA @ 3.96%.Total provisions of Rs.303 crs (5.2%) on balance sheet – sufficient to cover any risk in the portfolio.</li> <li>Rural portfolio has increased from 85% to 88% on the overall book reaffirming the direction of focus on rural geographies.</li> </ul>

Excludes DA amounting to 364 crs

## Rating Revision by all 3 rating agencies with Comfortable Liquidity Position

### Positive ALM^ (Rs. crs)



- Positive ALM on cumulative basis with assets maturing faster than liabilities
- Closing cash and bank balance (Rs. 964 crs as on 30 Sep), sufficient to meet future liquidity needs.

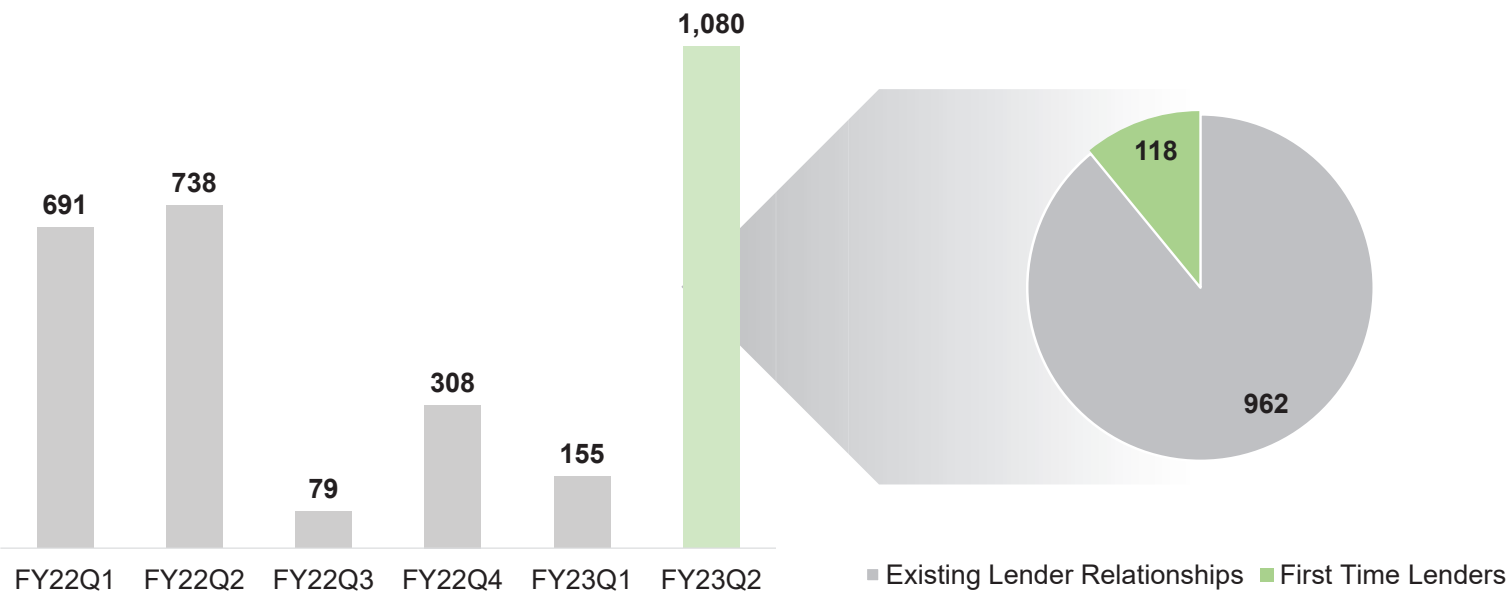
Rating Instrument	Rating Agency	Rating	Year
Bank Facilities / NCD's	CRISIL/ICRA	A Stable/A- Stable	Sep 2022
Bank Facilities / NCD's/ MLD's	India-Ra	A Stable	Aug 2022
Bank Facilities/NCD's/ MLD's	India-Ra	A RWN	Jun 2022
Bank Facilities/NCD's/ MLD's	ICRA/India-Ra	A RWN/A-*	May 2022
Bank Facilities	CRISIL	A*	Apr 2022
Bank Facilities / NCD's/ MLD's	Ind-Ra/ICRA	A / A-*	Mar 2022
Bank Facilities / NCD's/ MLD's	Ind-Ra	A / A-	Dec 2021
Bank Facilities / NCD's/ MLD's	CRISIL/ ICRA	A / A-*	Nov 2021
Bank Facilities	CRISIL	A	Jul 2021
Bank Facilities / NCD's/ MLD's	Ind-Ra	A	Dec 2020
Bank Facilities / NCD's	ICRA	A-	Mar 2019

^Excludes DA amounting to 364 crs

\*ratings under watch with developing implications;

#cash and cash equivalents (incl FDs)

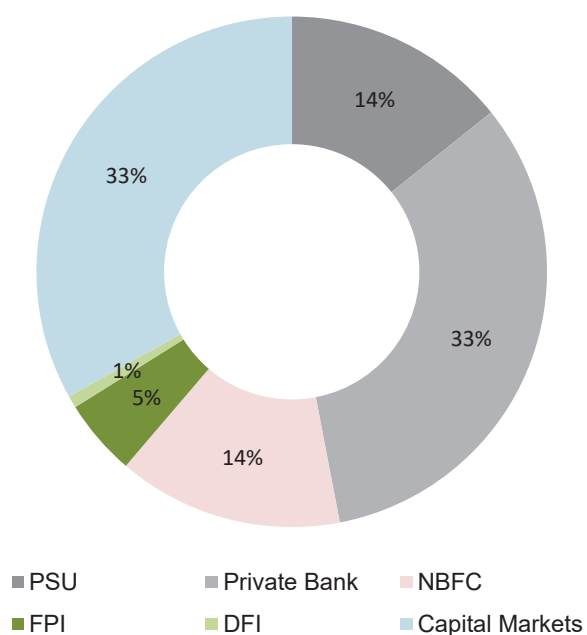
**Renewed Lender Confidence. Momentum reflected in Fund Raise during Quarter**



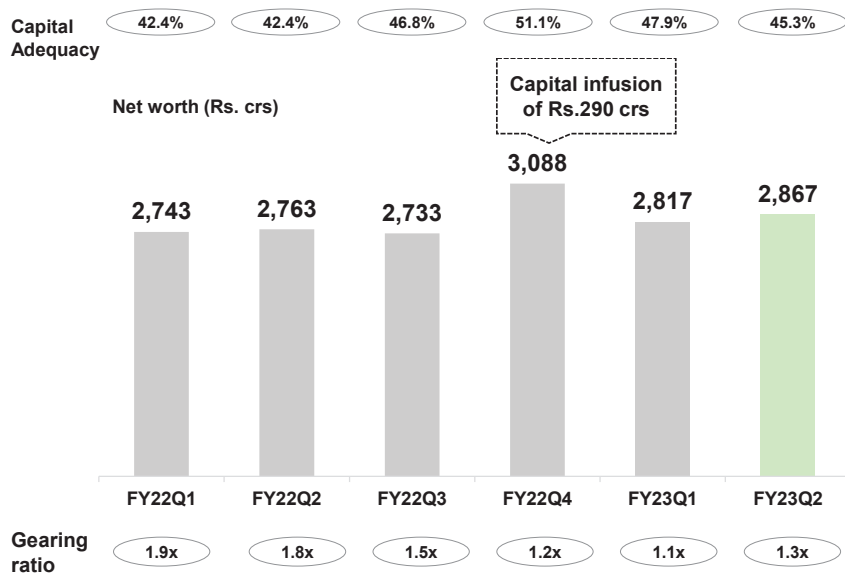
**10 new (in FY23) Lenders Onboarded with 2 Marquee first time Lenders**

## Diversified Borrowing Profile supported by Capital Adequacy at ~45%

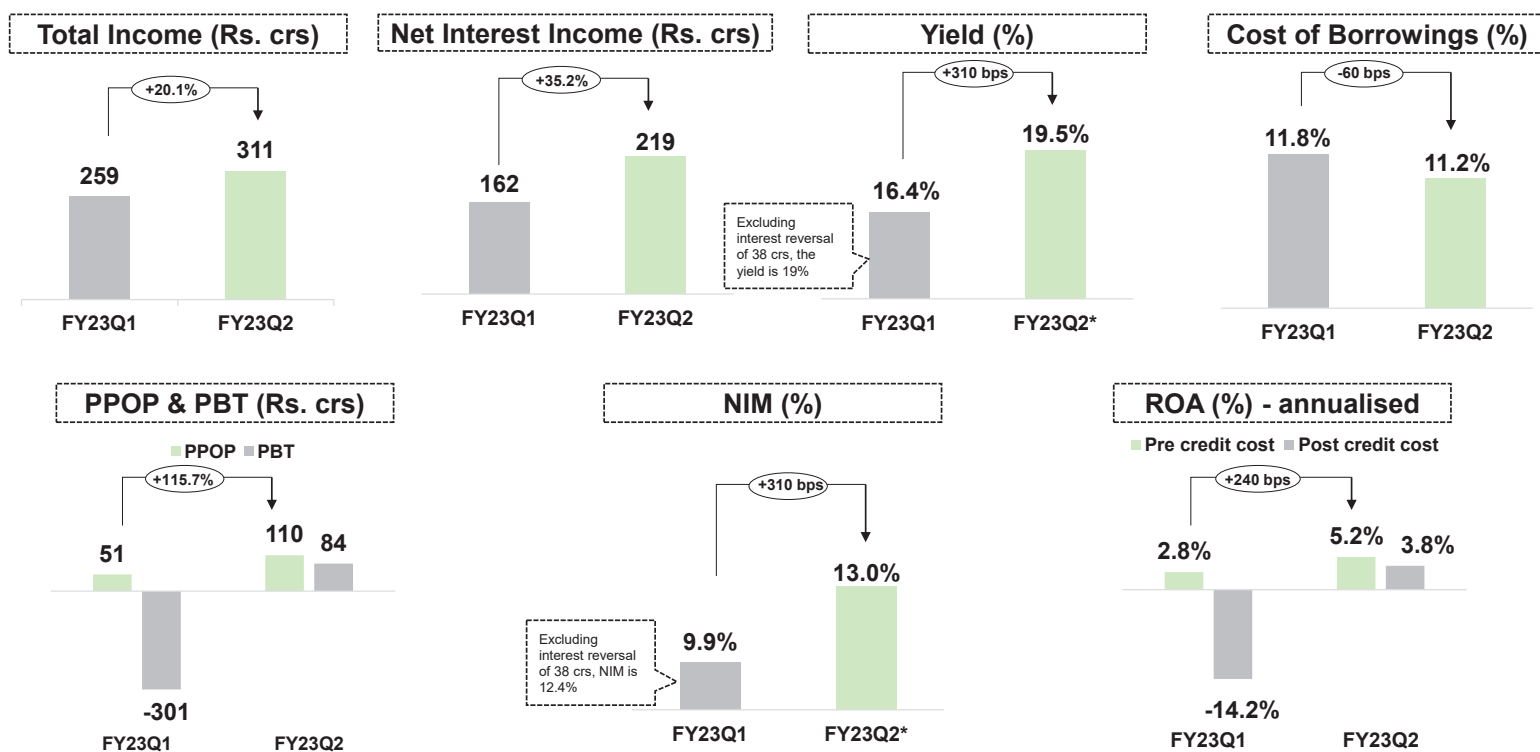
Diversified Funding Mix (As on 30-Sep-22)



Net-worth and Capital Adequacy



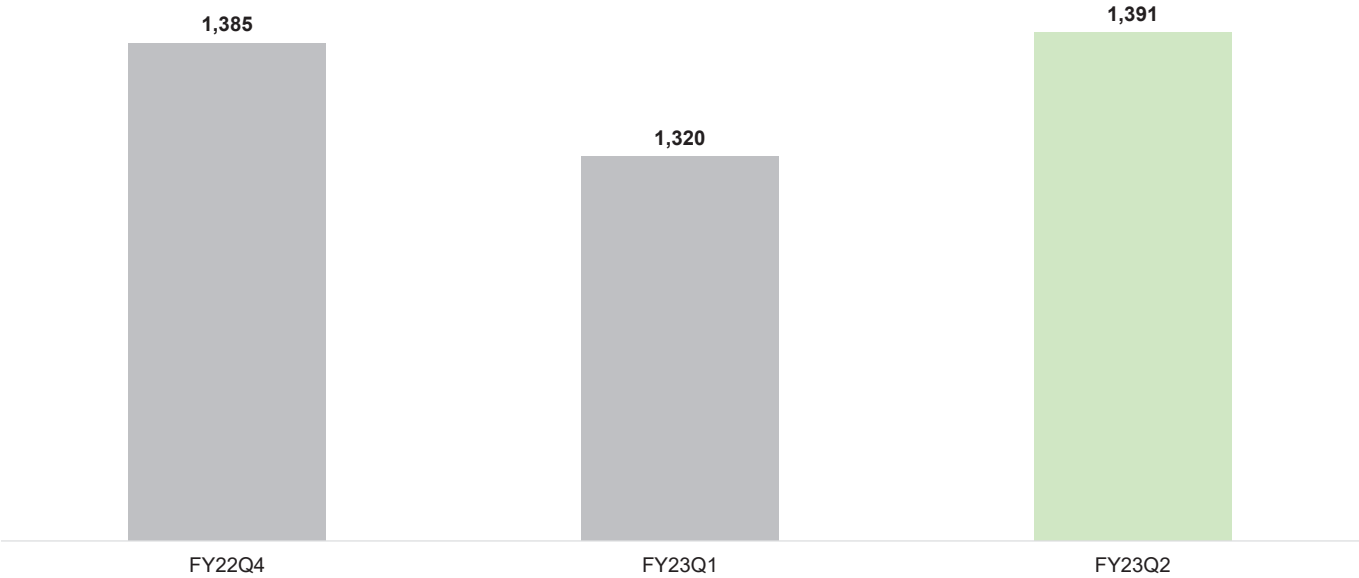
## Financial performance - upward movement exhibited



\*The Company has revised Pricing. Yield on new disbursements from 1<sup>st</sup> July is 24% p.a.

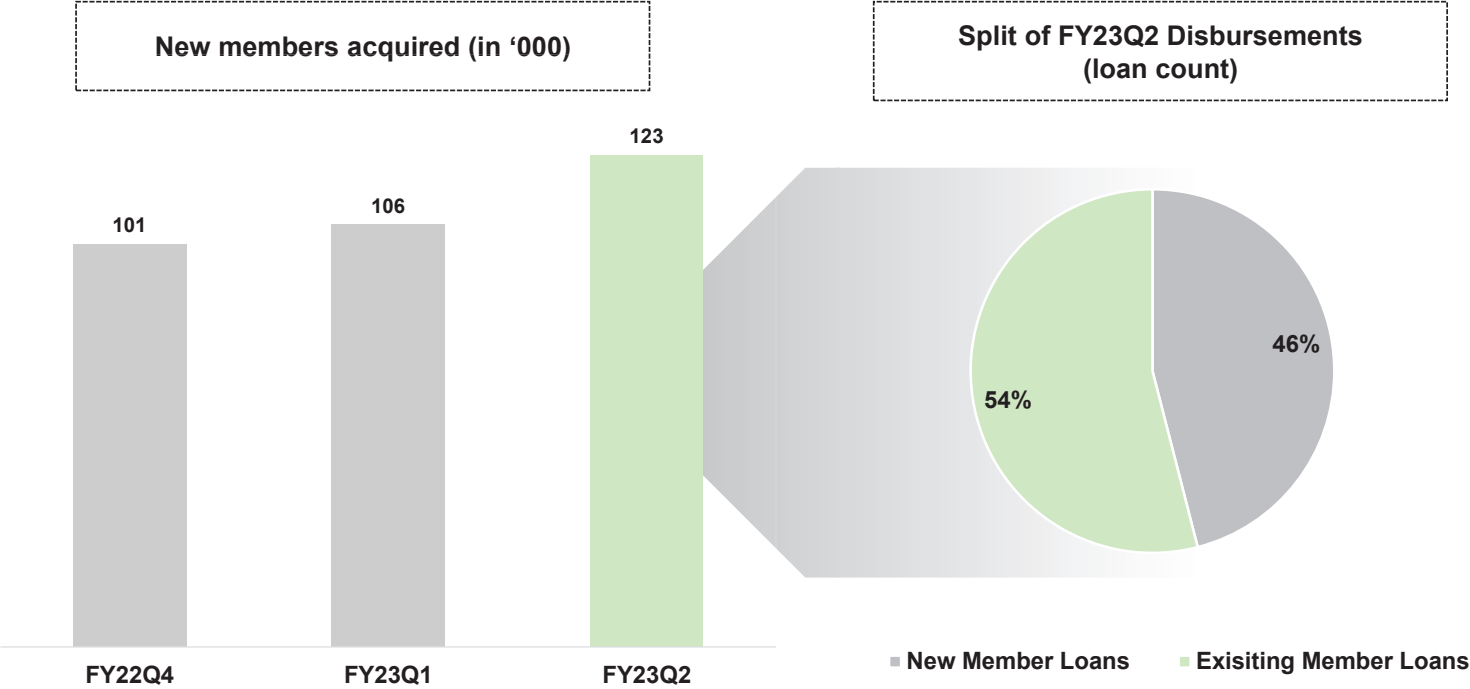


Disbursement Momentum Continues : 5.3% growth QOQ



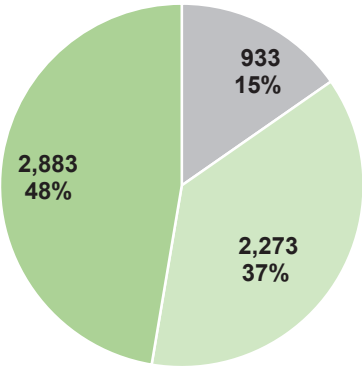
(Rs. crs)

..Along with New Member Acquisition. 46% loans in the quarter to new customers



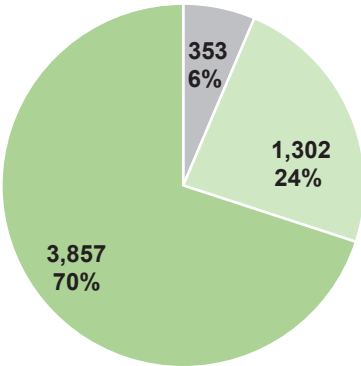
Structural Increase in Better Quality Core Asset Book. Post April'21 Book now at 82% vs 48% in March'22

March 2022



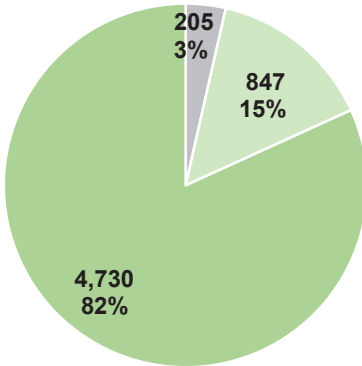
AUM - Rs. 6,089 crs

June 2022 (Post write-off)



AUM - Rs. 5,513 crs

September 2022



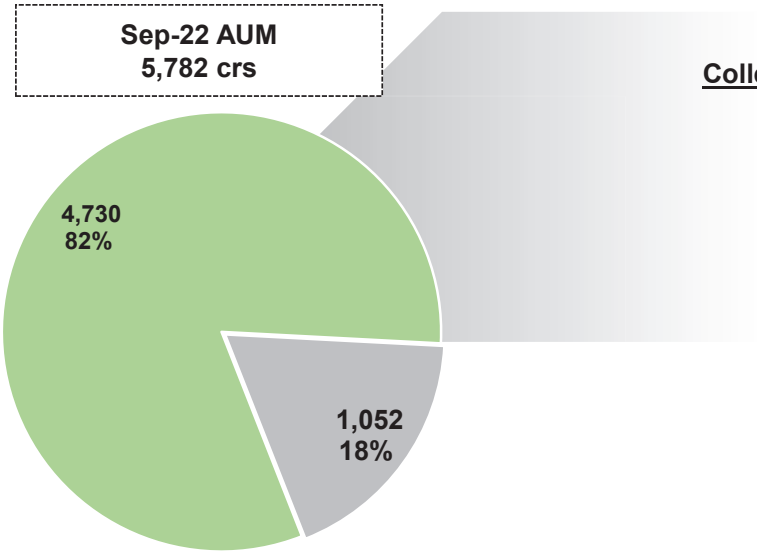
AUM - Rs. 5,782 crs

■ Post Apr-21 Book    ■ Pre Mar-21 originated Non-Restructured    ■ Pre Mar-21 originated Restructured

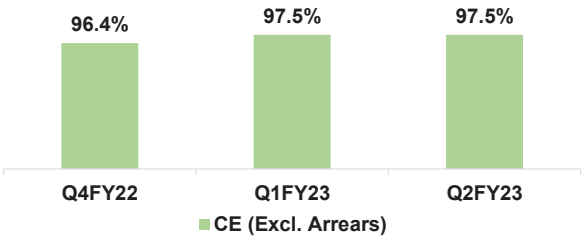
• ~70.2 crs has moved from restructured portfolio to non-restructured book.

Excludes DA amounting to 364 crs

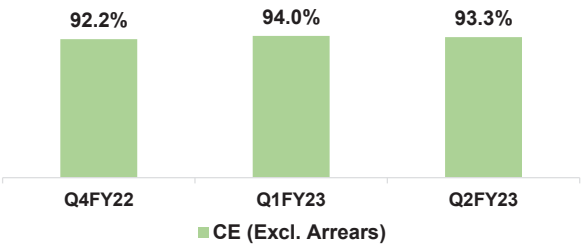
... With Stable Collection Efficiency Across All Buckets...



Collection Efficiency: Post Apr-21 Originated Book



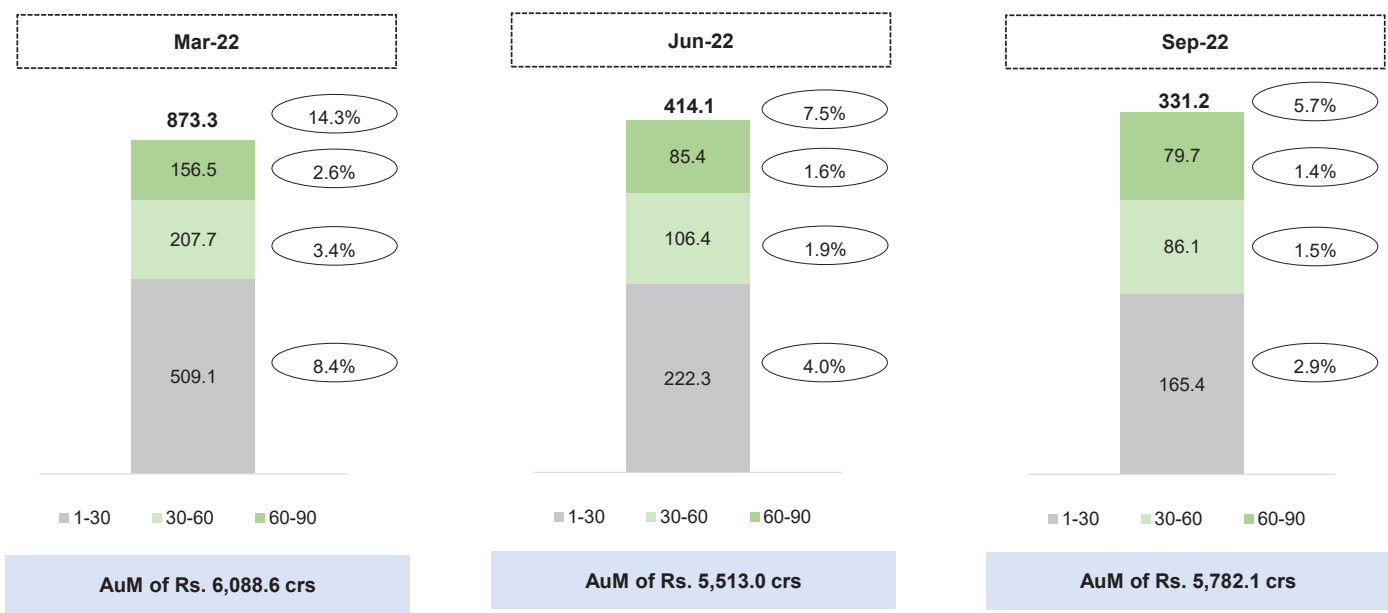
Collection Efficiency: Overall Book



■ Pre Apr-21 Originated Book   ■ Post Apr-21 Originated Book

Excludes DA amounting to 364 crs

Engagement with customers has led to reduction in the 1-90 Bucket from 7.51% to 5.73%

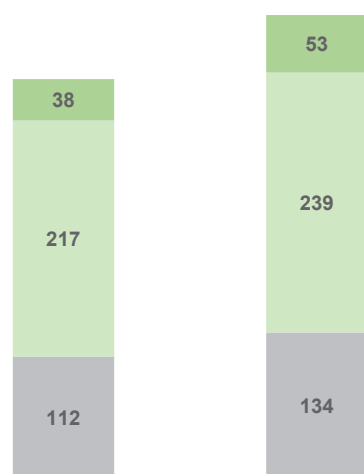


- Arrear book has decreased from 31.6% in March to 14.2% in June to 13.1% in September
- Rs. 24 crs arrear book decreased from June to September
- 6% of POS has moved forward while balance has been pulled back or stayed in the same bucket and collected.

% of total AUM  
Excludes DA amounting to 364 crs

## Adequate Provisioning Buffer and Potential Upside from Write-off Recovery with high capital adequacy of 45.3%

PAR 90+



FY23 Q1

FY23 Q2

- Post Apr-21 Book
- Pre Mar-21 originated Non-Restructured
- Pre Mar-21 originated Restructured

	FY23 Q1				FY23 Q2			
Particulars (Rs. crs)	AUM	% AUM	ECL Provision	Coverage	AUM	% AUM	ECL Provision	Coverage
<b>Stage 1</b>	<b>4,953</b>	<b>89.86%</b>	<b>32</b>	<b>0.65%</b>	<b>5,190</b>	<b>89.67%</b>	<b>32</b>	<b>0.62%</b>
Current	4,731	85.82%	27	0.58%	5,025	86.81%	29	0.57%
- 1-30	222	4.03%	5	2.14%	165	2.86%	3	2.09%
<b>Stage 2</b>	<b>192</b>	<b>3.48%</b>	<b>52</b>	<b>26.89%</b>	<b>166</b>	<b>2.86%</b>	<b>45</b>	<b>26.85%</b>
<b>Stage 3*</b>	<b>367</b>	<b>6.67%</b>	<b>190</b>	<b>51.66%</b>	<b>426</b>	<b>7.47%</b>	<b>226</b>	<b>52.25%</b>
<b>Total</b>	<b>5,513</b>	<b>100%</b>	<b>274</b>	<b>4.96%</b>	<b>5,782</b>	<b>100%</b>	<b>303</b>	<b>5.23%</b>

Particulars	FY23 Q1		FY23 Q2	
	SSFL	Consolidated	SSFL	Consolidated
<b>GNPA<sup>#</sup></b>	<b>6.51%</b>	<b>6.67%</b>	<b>7.31%</b>	<b>7.47%</b>
<b>NNPA</b>	<b>3.34%</b>	<b>3.40%</b>	<b>3.89%</b>	<b>3.96%</b>
<b>Capital Adequacy (CRAR %)</b>		<b>47.9%</b>		<b>45.3%</b>

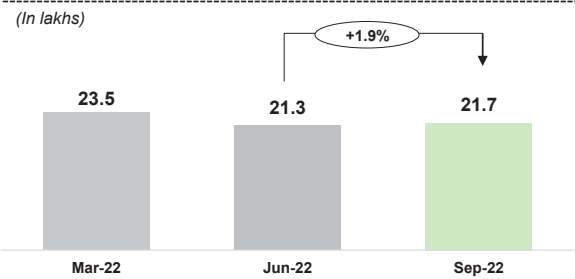
<sup>#</sup>Customers who have pre-closed the loans while they are 90+ have been added back

<sup>^</sup>Excludes DA amounting to 364 crs

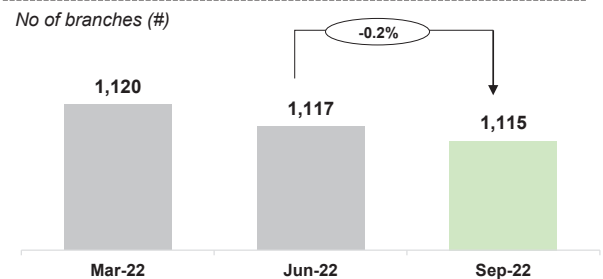
<sup>\*</sup>Excludes Rs. 6 crs of employee loans

# Operational Performance Update –FY23 Q2

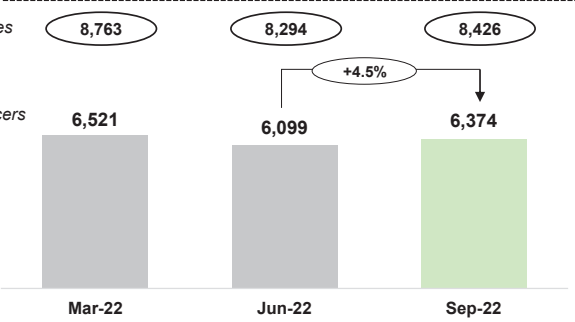
Growth in Borrowers with New Member Acquisitions



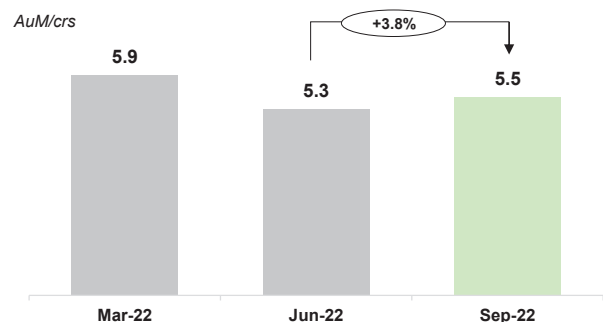
Stable Cohort of Branches



Investment behind Growth with Increase in Employees



Improvement in AUM/Branch



## Consolidated Profit & Loss Statement

Particulars (Rs. crs)	Q2FY23	Q1 FY23	Q2 FY22	FY22
<b>Revenue from Operations</b>				
Interest income	277.3	243.9	350.5	1,336.5
Commission and incentive income	-	-	-	6.5
Net gain on fair value changes	6.3	4.0	31.1	78.2
Other Income	14.9	2.3	14.1	41.6
<b>Total income from operations</b>	<b>298.5</b>	<b>250.2</b>	<b>395.7</b>	<b>1,462.8</b>
Non-operational Income	12.5	8.5	0.5	17.2
<b>Total income</b>	<b>311.0</b>	<b>258.8</b>	<b>396.2</b>	<b>1,480.0</b>
<b>Expenses</b>				
Finance cost	92.1	96.8	149.8	540.1
Net loss on financial assets and liabilities designated at fair value through profit or loss	-	-	-	0.1
Employee benefit expense	72.2	79.5	56.2	228.4
Depreciation and amortization expense	2.4	2.2	1.5	9.2
Other expenses	34.2	29.6	19.0	124.8
<b>Total Expenses</b>	<b>200.9</b>	<b>208.2</b>	<b>226.3</b>	<b>902.6</b>
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>110.1</b>	<b>50.6</b>	<b>169.9</b>	<b>577.4</b>
Impairment on financial instruments and other provisions	25.8	351.7	241.4	480.5
<b>Profit before Tax</b>	<b>84.3</b>	<b>(301.1)</b>	<b>(71.5)</b>	<b>96.8</b>
Tax expense	29.2	(81.4)	(12.8)	27.0
<b>Profit after tax</b>	<b>55.2</b>	<b>(219.7)</b>	<b>(58.7)</b>	<b>69.8</b>



## Consolidated Balance Sheet – Net-worth of 2,867 Crs

ASSETS (Rs. crs)	Sep 30, 2022	Mar 31, 2022
<b>Financial Assets</b>		
Cash and cash equivalents	866.3	727.2
Bank Balances other than cash and cash equivalents	97.6	475.1
Trade Receivables	20.7	20.1
Loan Portfolio	5,390.2	5,518.4
Investments	2.3	2.4
Other financial assets	85.9	74.6
<b>Total Financial Assets</b>	<b>6,406.4</b>	<b>6,817.7</b>
<b>Non-Financial Assets</b>		
Inventories	15.4	-
Current tax assets (net)	34.3	18.8
Deferred tax assets (net)	269.4	184.2
Property, Plant and Equipment	25.8	6.8
Intangible assets	5.5	7.1
Goodwill	17.4	17.4
Other non-financial assets	25.9	24.3
<b>Total Non-financial assets</b>	<b>393.8</b>	<b>258.6</b>
<b>Total Assets</b>	<b>6,856.8</b>	<b>7,076.3</b>

LIABILITIES & EQUITY (Rs. crs)	Sep 30, 2022	Mar 31, 2022
<b>Financial Liabilities</b>		
Debt Securities	1,813.5	1,778.2
Borrowings (Other than Debt Securities)	1,922.4	1,973.7
Subordinated Liabilities	20.2	20.2
Other Financial liabilities	164.8	131.2
<b>Total Financial Liabilities</b>	<b>3,920.8</b>	<b>3,903.3</b>
<b>Non-Financial Liabilities</b>		
Current Tax Liabilities (net)	9.6	28.2
Provisions	3.9	4.0
Other Non-Financial liabilities	55.7	50.9
<b>Total Non-Financial Liabilities</b>	<b>69.1</b>	<b>83.1</b>
<b>Equity</b>		
Equity Share Capital	71.0	69.1
Other Equity	2,795.6	3,018.5
<b>Equity attributable to shareholders of the company</b>	<b>2,866.6</b>	<b>3,087.6</b>
Non-Controlling Interest	0.2	2.4
<b>Total Equity</b>	<b>2,866.8</b>	<b>3,089.9</b>
<b>Total Liabilities and Equity</b>	<b>6,856.8</b>	<b>7,076.3</b>

Company :

**Spandana Sphoorty Financial Limited**  
**CIN: L65929TG2003PLC040648**

[www.spandanaspchoorty.com](http://www.spandanaspchoorty.com)

# THANK YOU

