



October 28, 2024

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

Symbol: SPANDANA

Sub: Investor presentation on the unaudited financial results of the Company for the quarter and half-year ended September 30, 2024.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of investor presentation on the unaudited financial results of the Company for the quarter and half-year ended September 30, 2024.

Thanking you.

[illegible]

Encl: as above

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SPANDANA
Spandana Sphoorty Financial Limited

Q2 FY25 Investor Presentation

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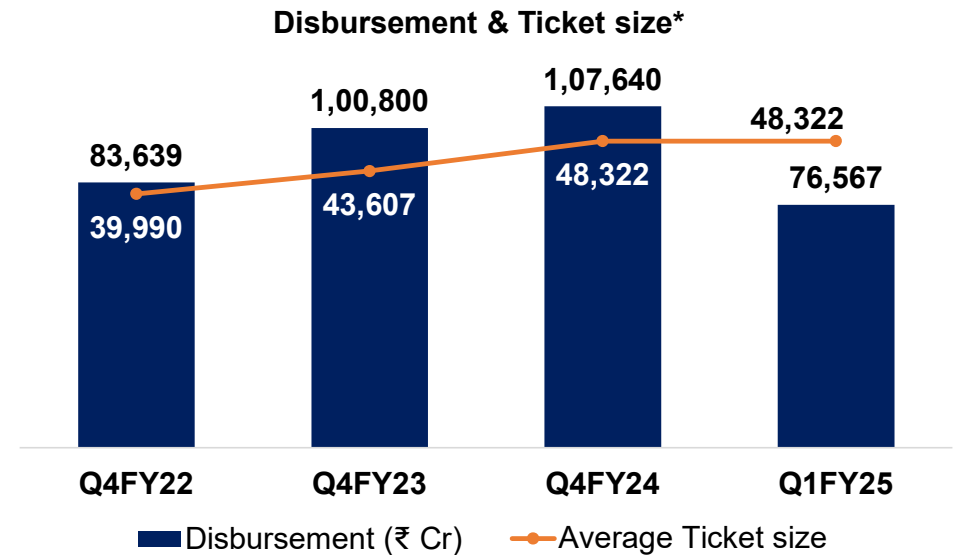
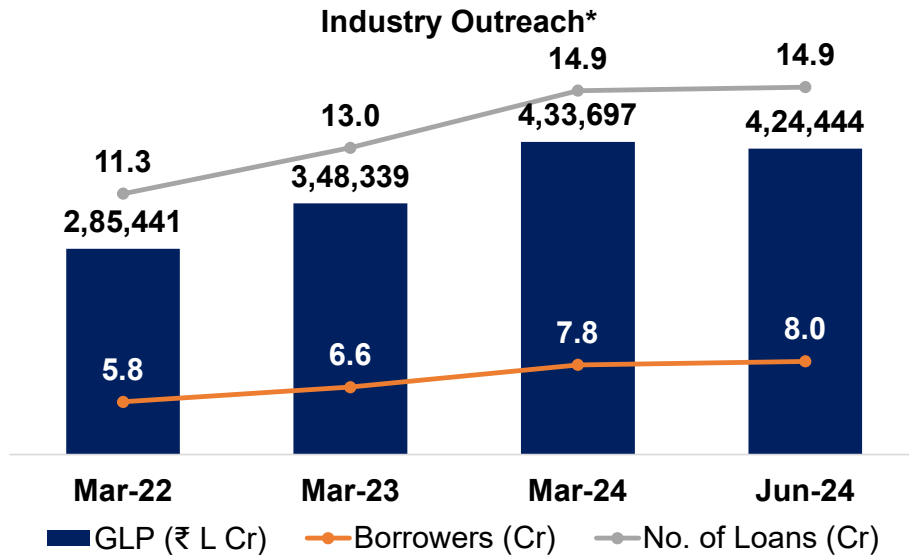
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Industry landscape has changed over the past 2 years

What has changed?

- Number of lender relationships has increased at borrower level
- Graduation of borrowers with higher vintage to non-MFI loans
- Dilution of JLG model post Covid
- Increase in employee attrition (recent phenomenon)








- Average customer outstanding has increased from 49k to 53k over past 2 years which is ~ 8%.
- Average ticket size of the industry increased to ₹48,322 vs. ₹39,990 in Q4FY22 an increase of about 21%

* Source: MFIN Micrometer

Multiple factors impacting Industry currently



Attrition		Industry wide attrition*, especially among Loan Officers (~64%) and Branch managers (~31%), continues to remain high.
Climatic Factors		Post disruptions caused by heat wave and elections in Q1FY25, borrowers' livelihoods were impacted by heavy rains and floods in states like Andhra Pradesh, Bihar & Gujarat during Q2FY25
Borrower discipline		Dilution of JLG model post Covid is taking longer to turn around. Door-knock for collections as center meeting attendance is low.
Increasing leverage		Easy availability of credit led to borrowers availing loans from multiple lenders. Restricted disbursement policy of microfinance lenders has reduced cash rotation in the market.
External influence		Influence of Karza Mukti Abhiyan, third-party players including localized movements have had negative impact on borrowers

* Source: MFIN Micrometer

Challenges continue to impact Spandana's operations

BAU expected by end of FY25



Internal Challenges	Major initiatives taken to address challenges	
<ul style="list-style-type: none"> • Attrition has led to ~67% Loan Officers & ~31% Branch managers having vintage of less than 1 year • Dilution of JLG model necessitating door-knock to service customer • Low centre meeting attendance putting pressure on JLG model • Challenges owing to implementation of Project Parivartan (moving from weekly to monthly repayment model) 	Prioritizing People	<ul style="list-style-type: none"> • Emphasis on softer aspects like rewards & recognition, team building • Employee connect through multiple channels of communication and meetings • Compulsory system shut down hours introduced
	Distribution	<ul style="list-style-type: none"> • Implementation of Guardrails (Indebtedness <₹2L, 4 lender cap) • Conservative lending policy introduced to ensure adherence of SRO guidelines <ul style="list-style-type: none"> • Spandana will not be 4th lender for new-to-Spandana borrowers • For existing borrowers, Spandana will not be fifth lender
	Controls	<ul style="list-style-type: none"> • Strengthening controls through technology and people interventions • Optimizing Supervisory span of control and monitoring • KYC checks and controls further strengthened • Additional controls put in place to check frauds and misappropriation • New-to-Credit sourcing paused
	Added Quality Assurance layer at branch	<ul style="list-style-type: none"> • Introduced Branch Quality Managers (BQM) in 960+ branches already; to be rolled out across all branches • To focus on process adherence, quality, customer service and branch hygiene parameters (financial & non-financial) • Increase in branch manager bandwidth to focus on business and control parameters (field).
	Collection focus	<ul style="list-style-type: none"> • Classified branches into Growth, Stable and Focus basis business parameters (Collection efficiency, Portfolio quality etc.,). • Paused new member addition in 46% Focus branches and new centre opening in 15% Stable branches
	Recovery	<ul style="list-style-type: none"> • Additional bench strength added to focus on recovery. • Borrower-to-LO span reduced for stressed branches

Conservative stance in ticket size, indebtedness and tenure being focused by Spandana



Borrowers have availed multiple other loans post disbursement by Spandana

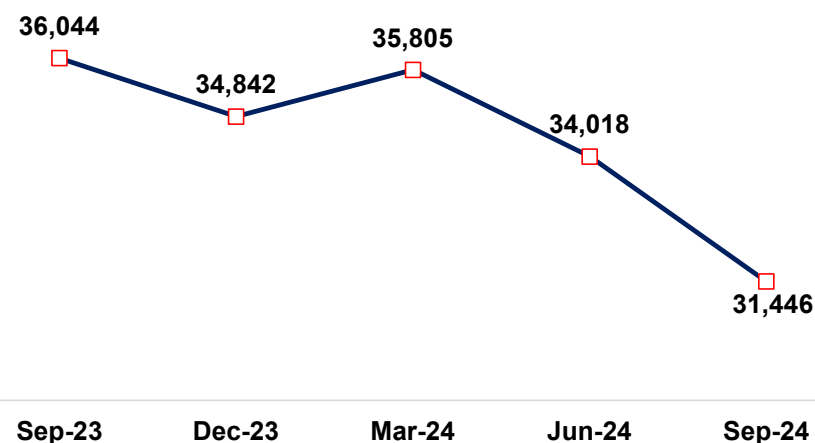
A	B	C
(in %)	At the time of disbursement *	Latest data ^
Only Spandana	36.9%	29.0%
Spandana + 1	28.2%	24.6%
Spandana + 2	19.5%	19.5%
Spandana + 3	10.2%	13.1%
Spandana + ≥4	5.3%	13.8%
Total	100%	100%

Distribution of column 'C' into industry indebtedness buckets					
% of Column 'C'	<50 k	50 k – 1 L	1 L – 1.5 L	1.5 L - 2 L	>2 L
Only Spandana	85.7%	14.2%	0.1%	0.0%	0.0%
Spandana + 1	30.1%	55.7%	12.7%	1.3%	0.2%
Spandana + 2	6.9%	44.1%	38.8%	8.9%	1.3%
Spandana + 3	1.5%	22.9%	48.5%	22.3%	4.8%
Spandana + ≥4	0.2%	7.4%	32.1%	34.6%	25.6%
Total	33.8%	30.4%	21.5%	9.8%	4.5%

Includes all borrowers of Spandana

*Based on Credit Bureau reports generated at the time of loan disbursement; ^ Based on latest Credit Bureau data as of October 2024

Average borrower indebtedness & loan tenure with Spandana



- Tenor distribution (AUM) as of 30-Sep-2024
 - Monthly branches:
 - 12 to 18 months : 12%
 - 24 months : 88%
 - Weekly branches:
 - 12 to 18 months : 64%
 - 24 months : 36%
- Maximum ticket size offered continues to be Rs.80K
- Weighted avg. residual maturity of loans reduced to 8.6 months



Q2FY25 & H1FY25 Results

YoY AUM up 8%; Income for Q2FY25 up 10% & NII up 9%



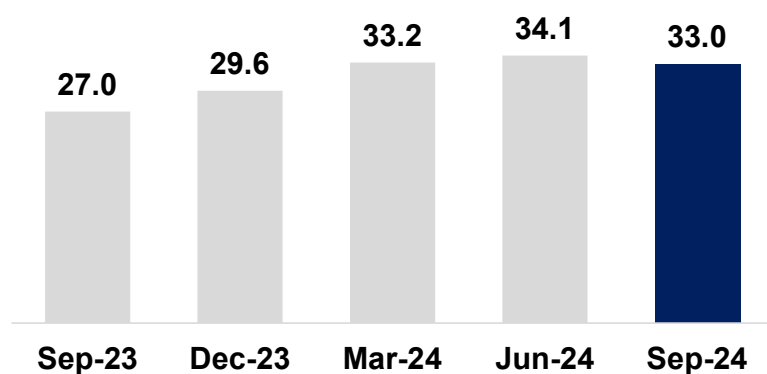
	Q2 FY25	Q2 FY24	YoY (%)	Q1 FY25	QoQ (%)	H1FY25	H1FY24	YoY (%)
Disbursement (₹ Cr)	1,514	2,512	(40)%	2,283	(34)%	3,798	4,176	(9)%
AUM (₹ Cr)	10,537	9,784	8%	11,723	(10)%	10,537	9,784	8%
Funds raised (₹ Cr)	1,584	3,191	(50)%	1,554	2%	3,138	4,734	(34)%
Income (₹ Cr)	707	640	10%	737	(4)%	1,444	1,168	24%
Net Interest Income (₹ Cr)	341	312	9%	425	(20)%	766	602	27%
PPOP (₹ Cr)	228	258	(12)%	287	(21)%	515	447	15%
Impairment (₹ Cr)	516	90	473%	212	144%	728	119	513%
PAT (₹ Cr)	(216)	125	(342)	56	(272)	(161)	245	(405)
GNPA	4.86%	1.40%	+346 bps	2.60%	+227 bps	4.86%	1.40%	+346 bps
NNPA	0.99%	0.42%	+57 bps	0.53%	+46 bps	0.99%	0.42%	+57 bps

22% YoY growth in customer base

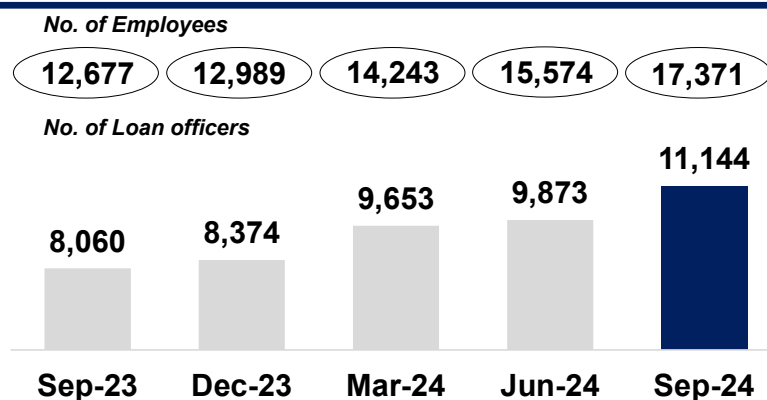
Customer addition moderated to focus on improving asset quality



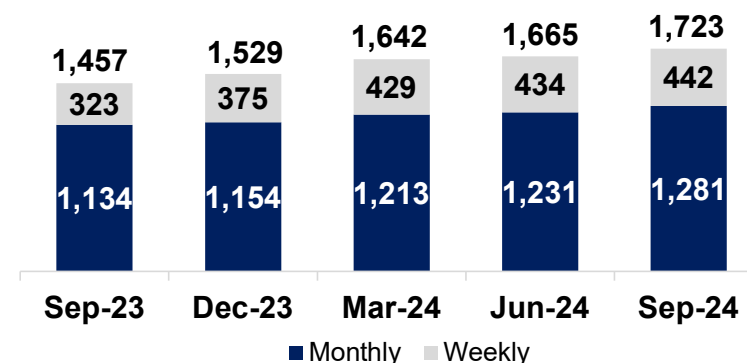
No. of customers (in L)



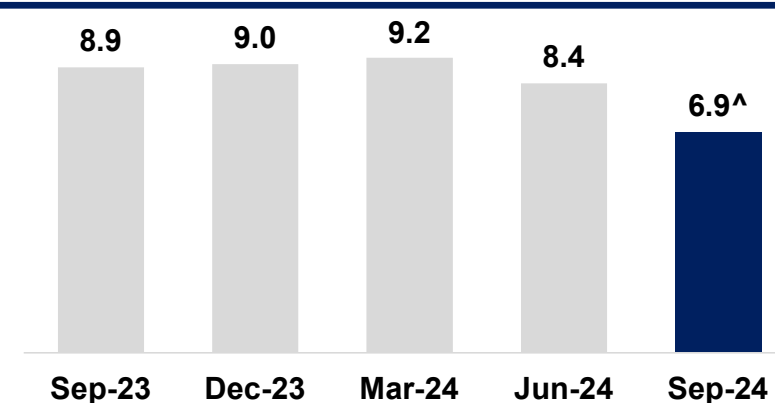
Number of employees



Branch count



AUM per branch (₹ Cr)

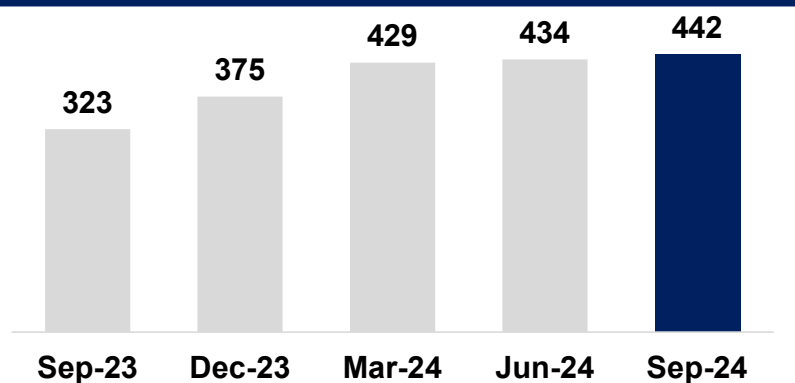


^AUM for branches with tenure >1 year which includes 330 branches opened between January 2023 and September 2023

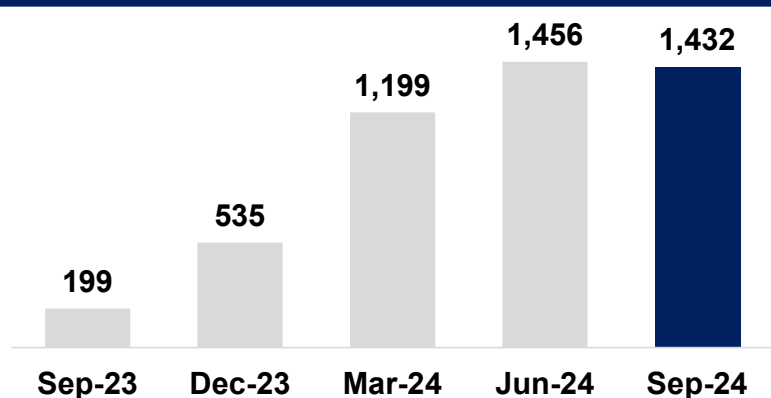
Weekly branches account for ~22% of Q2FY25 disbursement



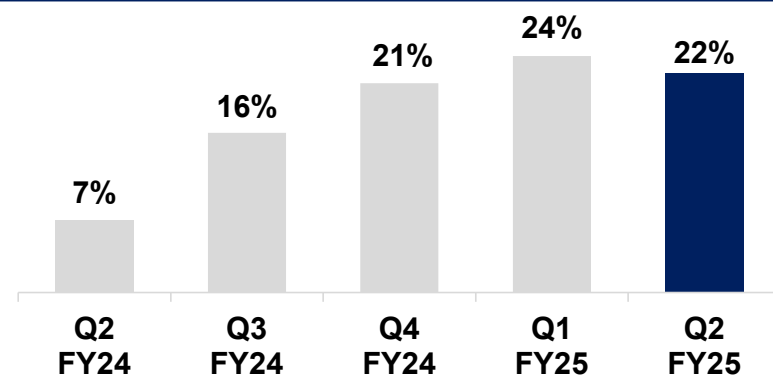
Weekly Branch count



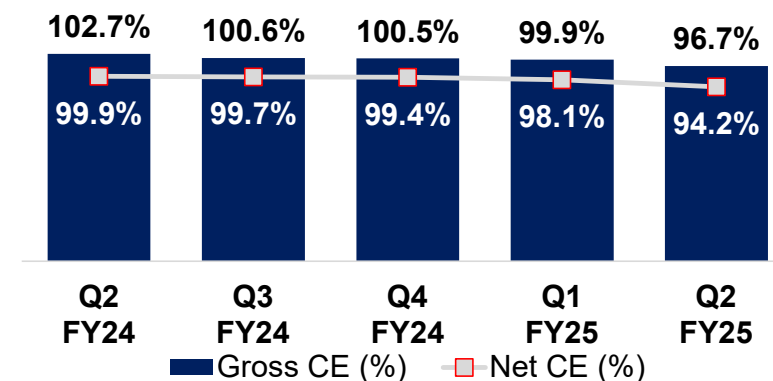
Weekly branches AUM (₹ Cr)



Weekly branch Disbursement share (%)



Weekly branches Net Collection Efficiency (%)

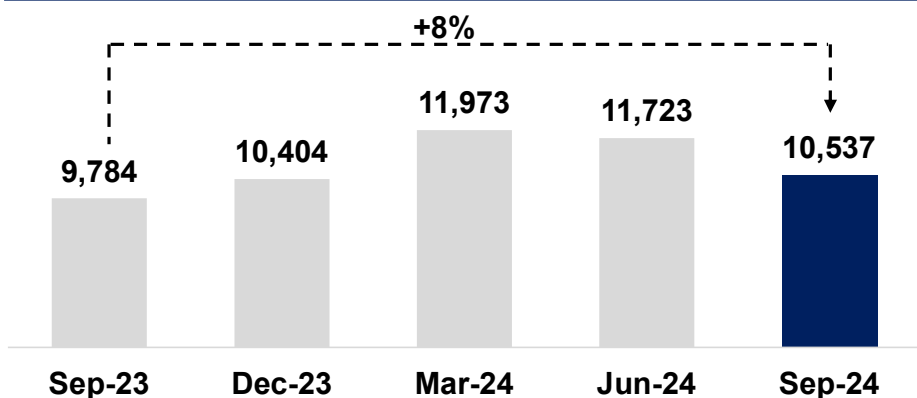


AUM at ₹10,537 Cr, ~8% YoY growth

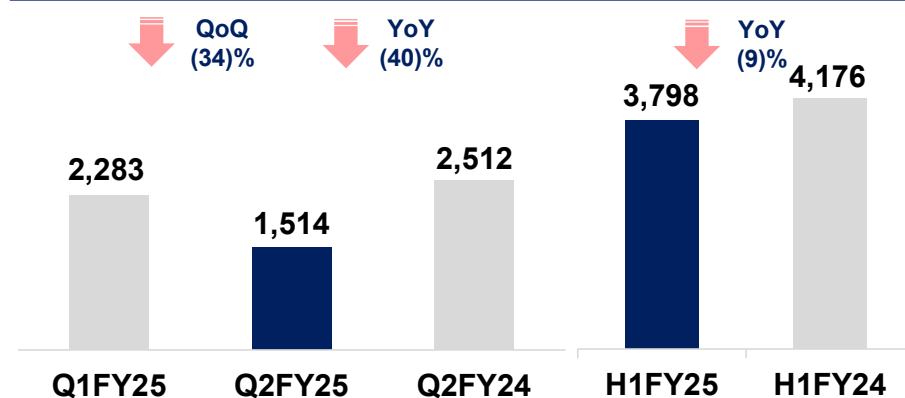
Top 4 States contribute ~50% of AUM vs. 57% in March 2022



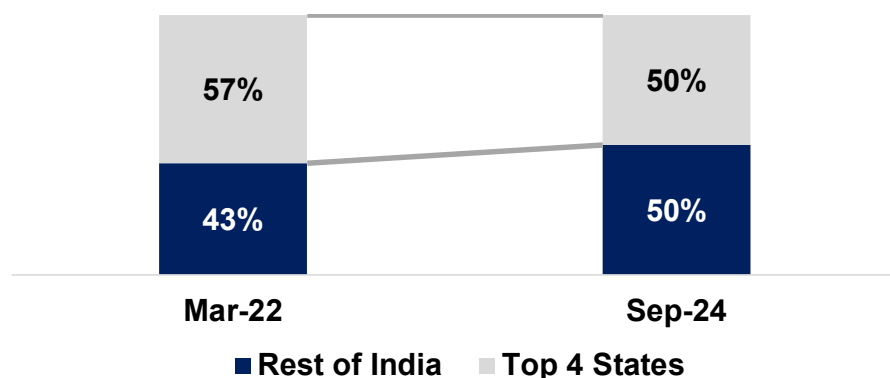
AUM (₹ Cr) +8% YoY



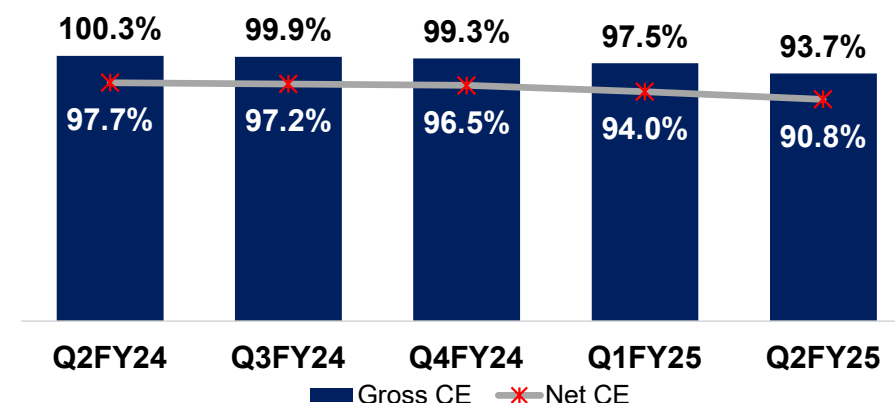
Disbursement (₹ Cr)



AUM Concentration of top 4 states down to ~50%



Collection Efficiency (%)



Borrowings from banks at 54% vs. 49% YoY

Diversified borrowings and active funds management have positive impact on borrowing cost

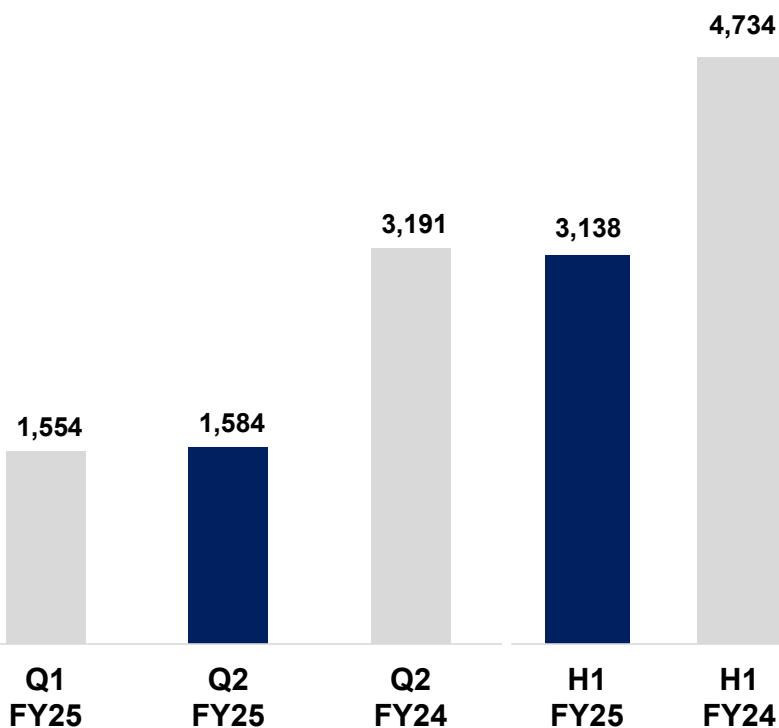


Incremental borrowing (in ₹ Cr)

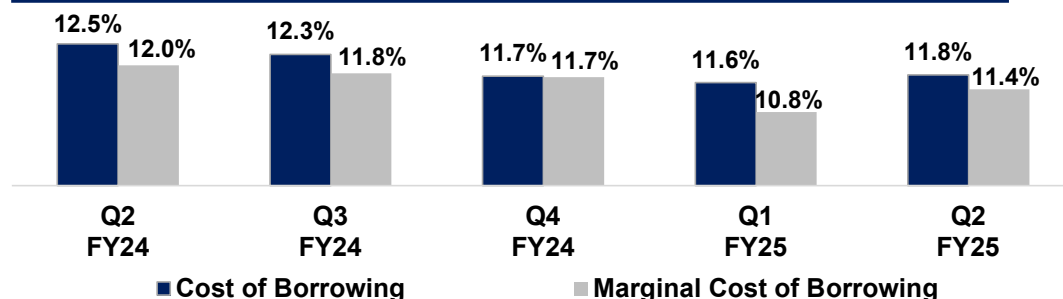
↑ QoQ
2%

↓ YoY
(50)%

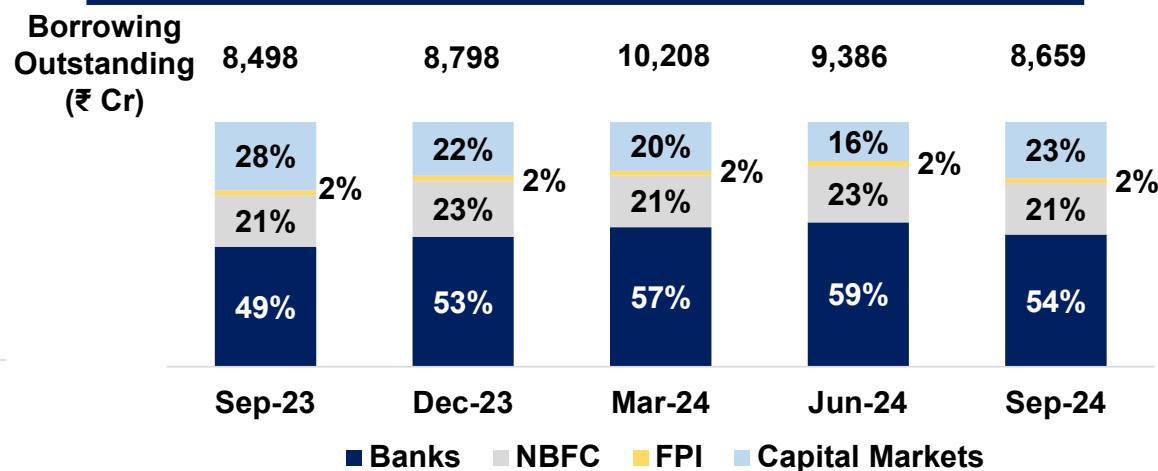
↓ YoY
(34)%



Cost of borrowing



Diversified borrowing mix



PCR maintained at 80%

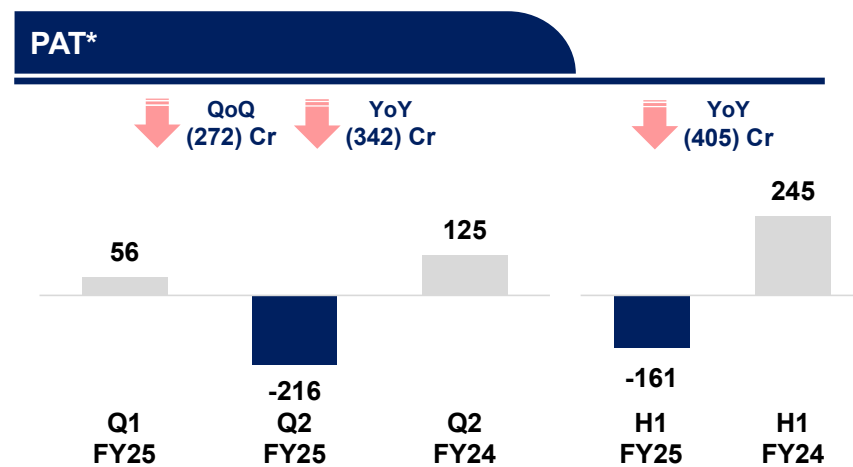
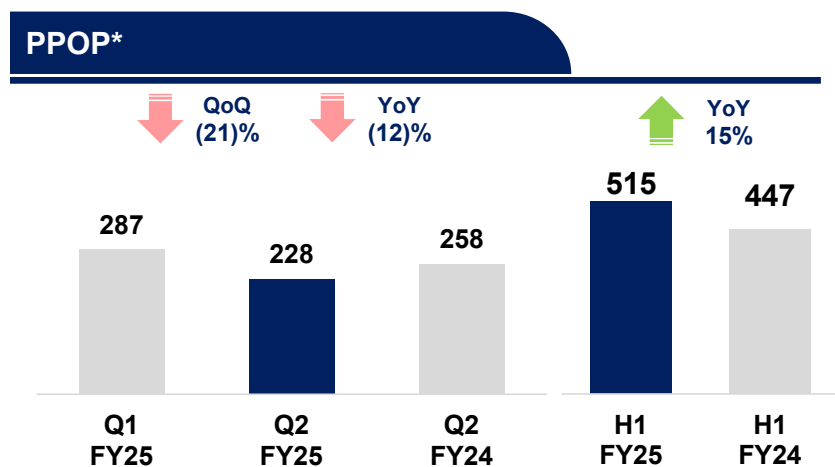
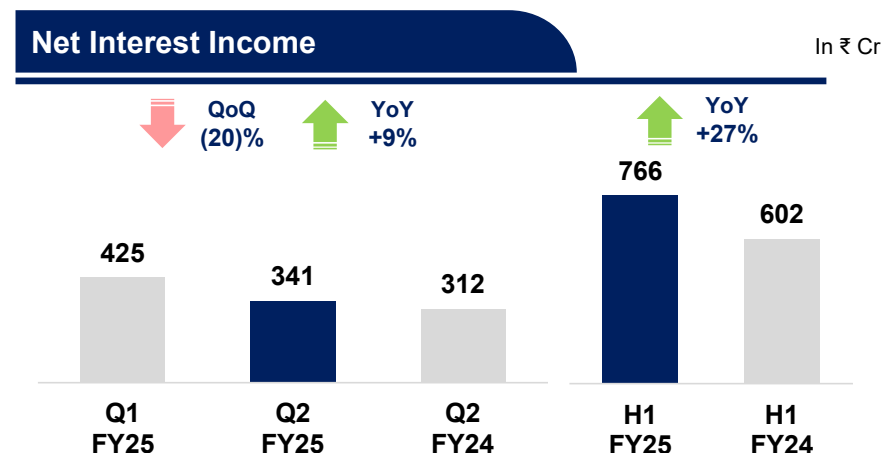
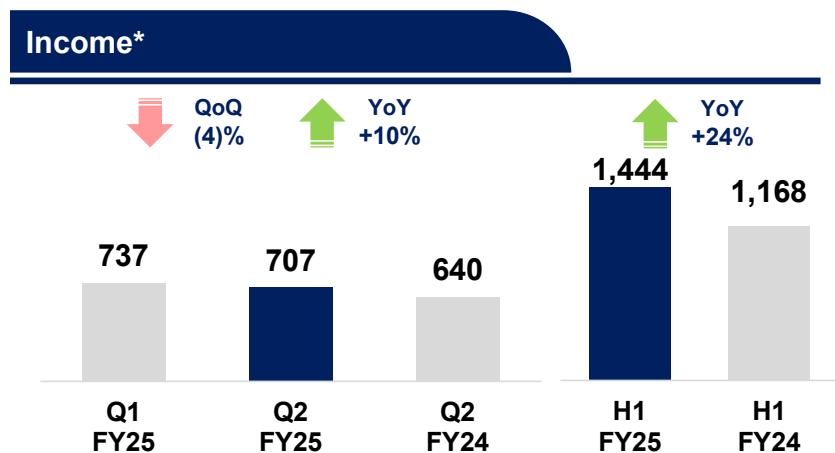


Asset Classification	30-Sep-24				30-Jun-24			
	Loans Outstanding (₹ Cr)	% of Loans Outstanding	ECL Provision (₹ Cr)	Coverage	Loans Outstanding (₹ Cr)	% of Loans Outstanding	ECL Provision (₹ Cr)	Coverage
Stage 1	8,730	88.98%	78	0.89%	10,611	94.25%	90	0.85%
Stage 2	604	6.16%	281	46.45%	355	3.15%	168	47.27%
31 - 60	355	3.62%	159	44.88%	189	1.68%	86	45.31%
61 - 90	249	2.54%	121	48.68%	166	1.47%	82	49.51%
Stage 3	477	4.86%	380	79.66%	292	2.60%	233	79.66%
Total	9,812	100%	739	7.53%	11,258	100%	491	4.36%

	30-Sep-24		30-Jun-24	
	SSFL	Consolidated	SSFL	Consolidated
GNPA	4.88%	4.86%	2.60%	2.60%
NNPA	0.97%	0.99%	0.52%	0.53%
PCR	80.05%	79.66%	80.00%	79.66%

Impairment on financial instruments	Amount (₹ Cr)	
	Q2FY25	Q1FY25
- On technical write-off's	262.64	30.20
- On GNPA	147.29	97.70
- On stage 1, 2 & others	106.49	83.90
Total	516.41	211.80

Q2FY25 YoY Income up 10%, NII up by 9%



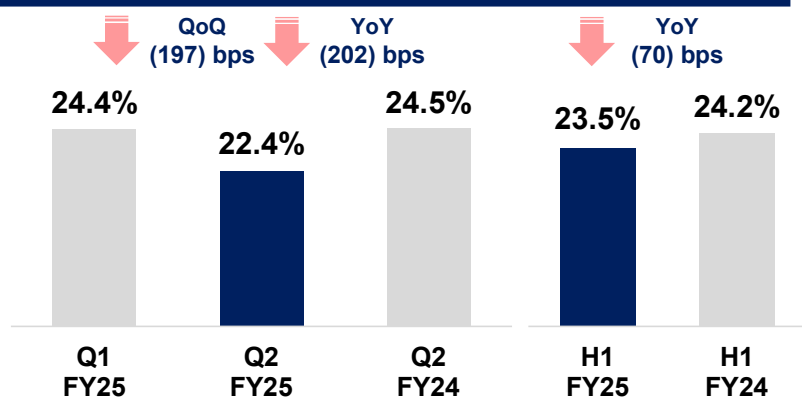
*Includes Net gain on fair value change of ₹41 Cr toward DA transaction undertaken in Q2FY25 & H1FY25 vs. ₹42 Cr in Q2FY24 & ₹45 Cr in H1FY24

Q2FY25 Yield at 22.4%; Opex-to-AUM at 7.8%

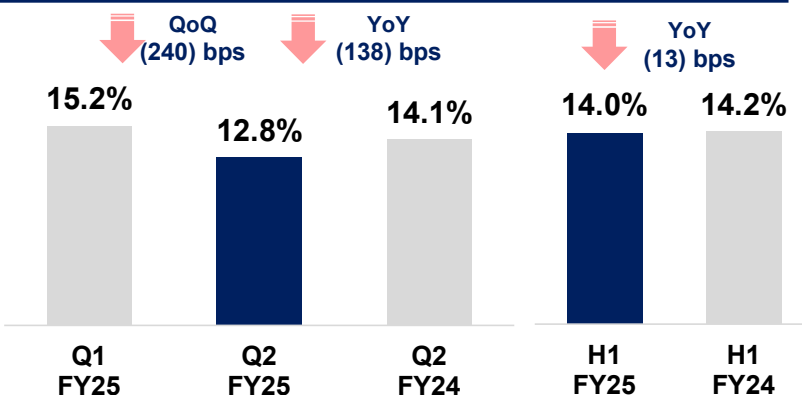
Cost of borrowing at 11.8% in Q2FY25



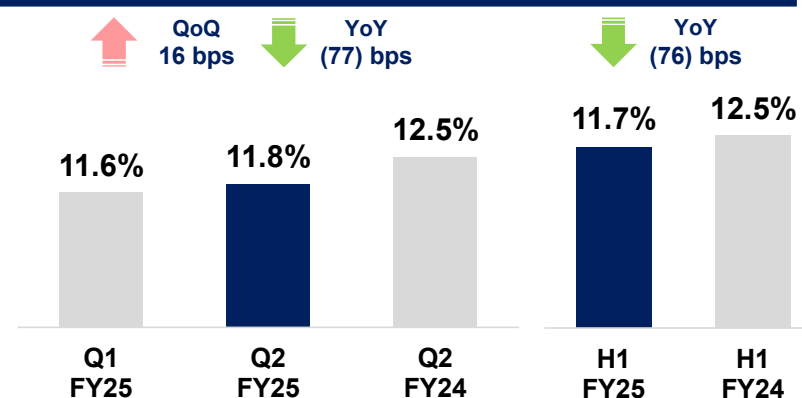
Yield (%)



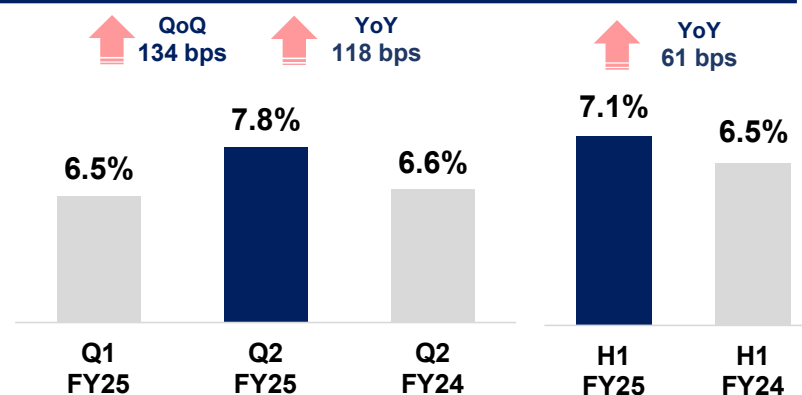
NIM (%)



Cost of Borrowing^ (%)



Opex-to-AUM (%)



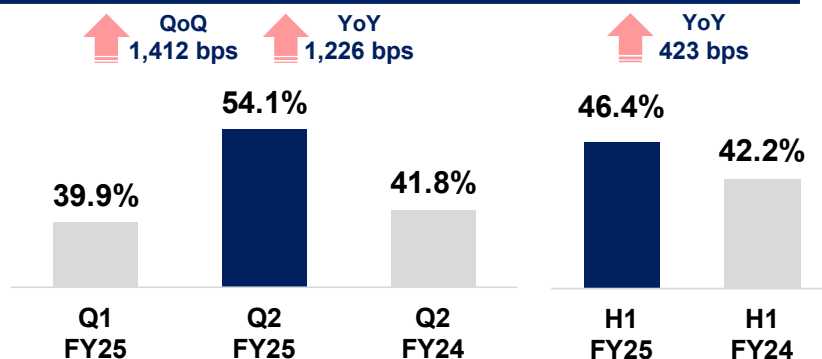
^ Interest expenses divided by average monthly borrowing outstanding

Elevated Cost-to-income due to higher bench & lower income

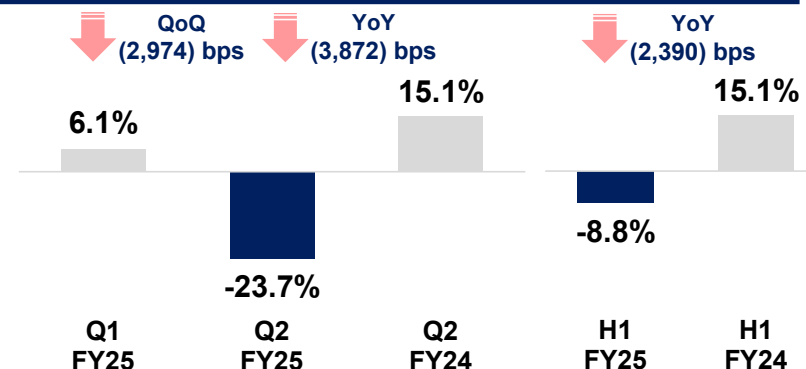
Drag on profitability due to high impairment costs



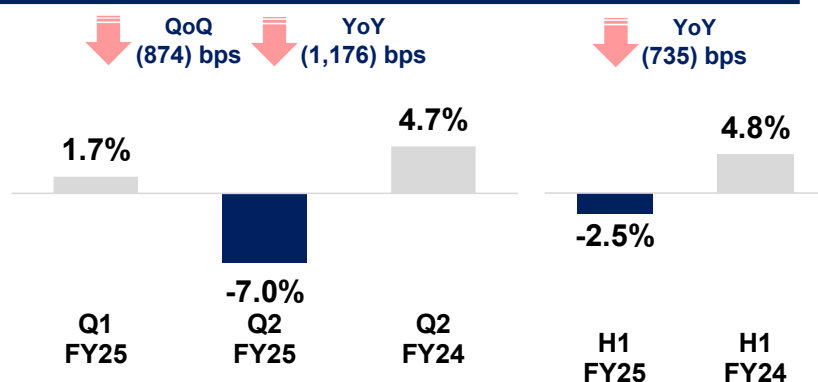
Cost-to-income^ (%)



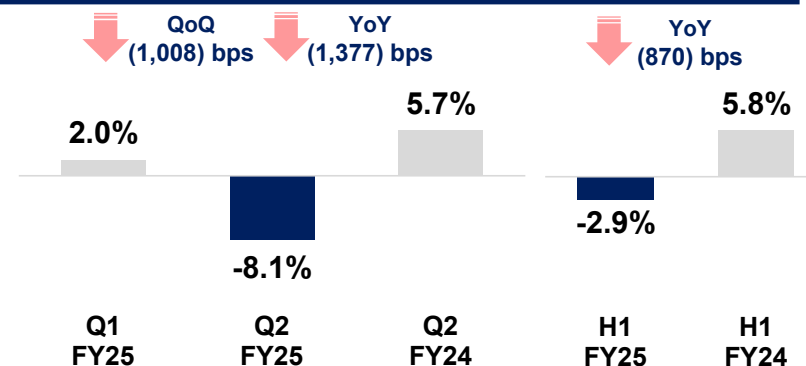
ROE (%)



ROA (Total Assets) (%)



ROA (On book POS) (%)

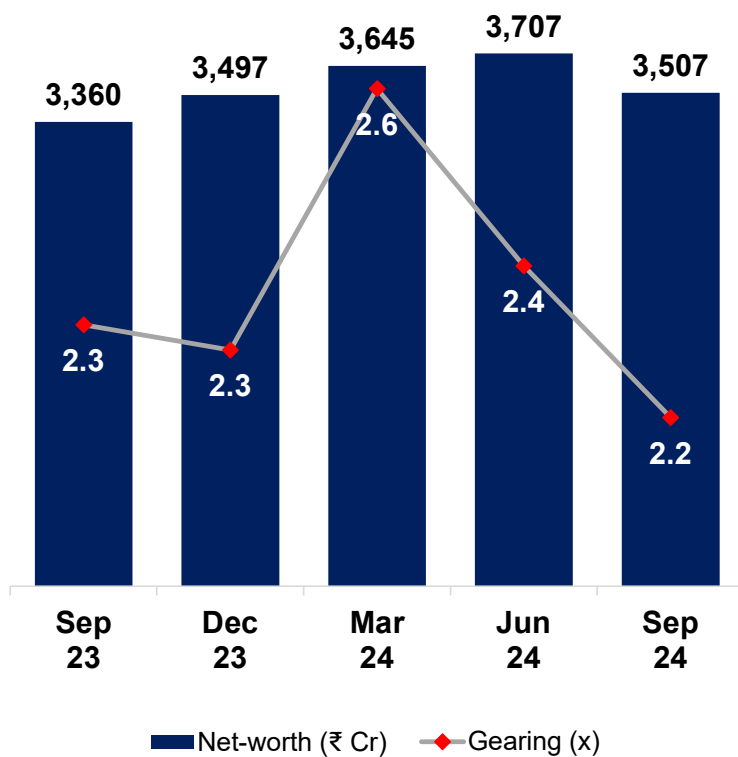


^Includes Net gain on fair value change of ₹41 Cr toward DA transaction undertaken in Q2FY25 & H1FY25 vs. ₹42 Cr in Q2FY24 & ₹45 Cr in H1FY24

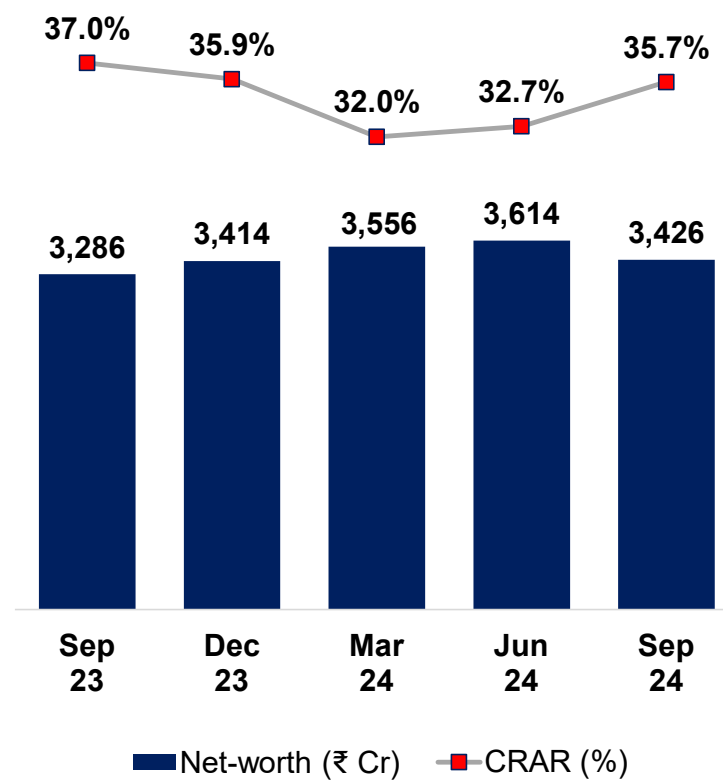
Consolidated Net-worth of ₹3,507 Cr, CRAR at 35.8%



Gearing at 2.2x (consolidated)



SSFL Standalone Net-worth & CRAR



Consolidated Income Statement



Particulars (₹ Cr)	Q2 FY25	Q1 FY25	Q2 FY24	QoQ	YoY	H1FY25	H1FY24	YoY
Revenue from Operations								
Interest income on loans	599	685	540	(12)%	11%	1,284	1,029	25%
Net gain on fair value changes	75	13	60	457%	25%	88	73	21%
Other Income	12	12	11	5%	17%	24	20	23%
Total income from operations	686	710	610	(3)%	12%	1,396	1,122	24%
Non-operational Income	20	27	30	(25)%	(33)%	47	46	4%
Total income	707	737	640	(4)%	10%	1,444	1,168	24%
Finance cost	258	259	228	(0.4)%	13%	518	427	21%
Net Income	448	478	412	(6)%	9%	926	740	25%
Expenses								
Employee benefit expense	153	135	111	13%	38%	288	213	35%
Depreciation and amortization expense	5.5	4.4	4.6	24%	18%	10	8	27%
Other expenses	62	52	39	20%	57%	114	73	56%
Total Expenses	220	191	155	16%	42%	411	294	40%
Pre-Provision Operating Profit (PPOP)	228	287	258	(21)%	(12)%	515	447	15%
Impairment on financial instruments	516	212	90	144%	473%	728	119	514%
Profit before Tax	(289)	75	168	(364)	(456)	(214)	328	(542)
Tax expense	(72)	19	42	(92)	(115)	(53)	83	(136)
Profit after tax	(216)	56	125	(272)	(342)	(161)	245	(405)

Consolidated Balance Sheet



ASSETS (₹ Cr)	Sep 30, 2024	Mar 31, 2024
Financial Assets		
Cash and bank balances	1,830	1,894
Loan Portfolio	9,134	11,014
Investments	110	112
Other financial assets	87	84
Total Financial Assets	11,162	13,104
Non-Financial Assets		
Current tax assets (net)	40	49
Deferred tax assets (net)	248	133
Property, Plant and Equipment	33	30
Intangible assets	4	5
Goodwill	17	17
Other non-financial assets	44	44
Total Non-financial assets	387	278
Total Assets	11,549	13,383

LIABILITIES & EQUITY (₹ Cr)	Sep 30, 2024	Mar 31, 2024
Financial Liabilities		
Debt Securities	3,379	4,064
Borrowings (Other than Debt Securities)	4,470	5,340
Subordinated Liabilities	-	20
Other Financial liabilities	126	253
Total Financial Liabilities	7,975	9,678
Non-Financial Liabilities		
Current Tax Liabilities (net)	6	6
Provisions	25	17
Other Non-Financial liabilities	36	37
Total Non-Financial Liabilities	67	60
Equity		
Equity Share Capital	71	71
Other Equity	3,435	3,573
Equity attributable to shareholders of the company	3,507	3,645
Non-Controlling Interest	0.3	0.3
Total Equity	3,507	3,645
Total Liabilities and Equity	11,549	13,383

Credit Rating



Spandana Sphoorty Financial Ltd

Rating Agency	Rating Instrument	Rating / Outlook (Current)	Rating / Outlook (30-Jun-24)	Change
ICRA	Bank Facilities / NCD's	A+ / Stable	A / Positive	Upgrade
India Ratings	Bank Facilities / NCD's	A+ / Stable	A+ / Stable	No Change
CARE	Bank Facilities / NCD's CP's	A+ / Stable A1+	A+ / Stable A1+	No Change
CRISIL	Bank Facilities	A / Positive	A / Positive	No change

Criss Financial Ltd

Rating Agency	Rating Instrument	Rating / Outlook (Current)	Rating / Outlook (30-Jun-24)	Change
ICRA	Bank Facilities / MLD's	A / Stable	A - / Positive	Upgrade
India Ratings	Bank Facilities / NCD's	A / Stable	A / Stable	No Change

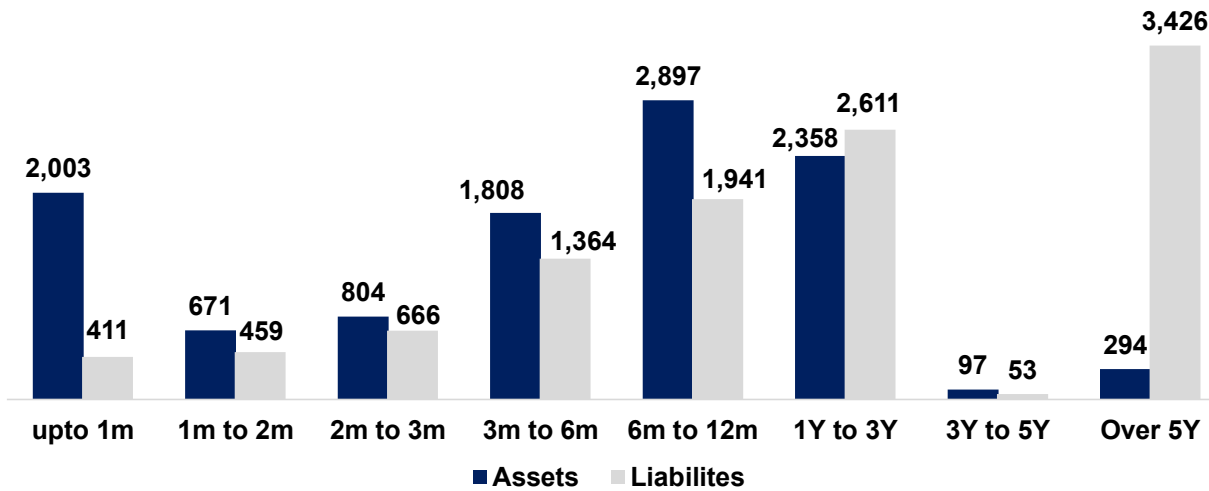


Annexure

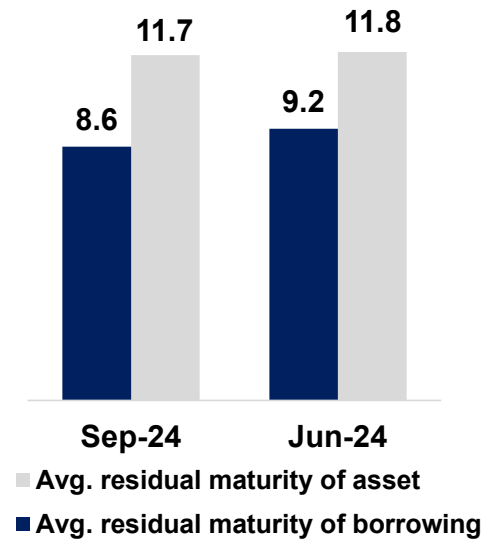


Positive ALM across maturity buckets

Positive ALM (₹ Cr)*



Maturity profile* (in months)

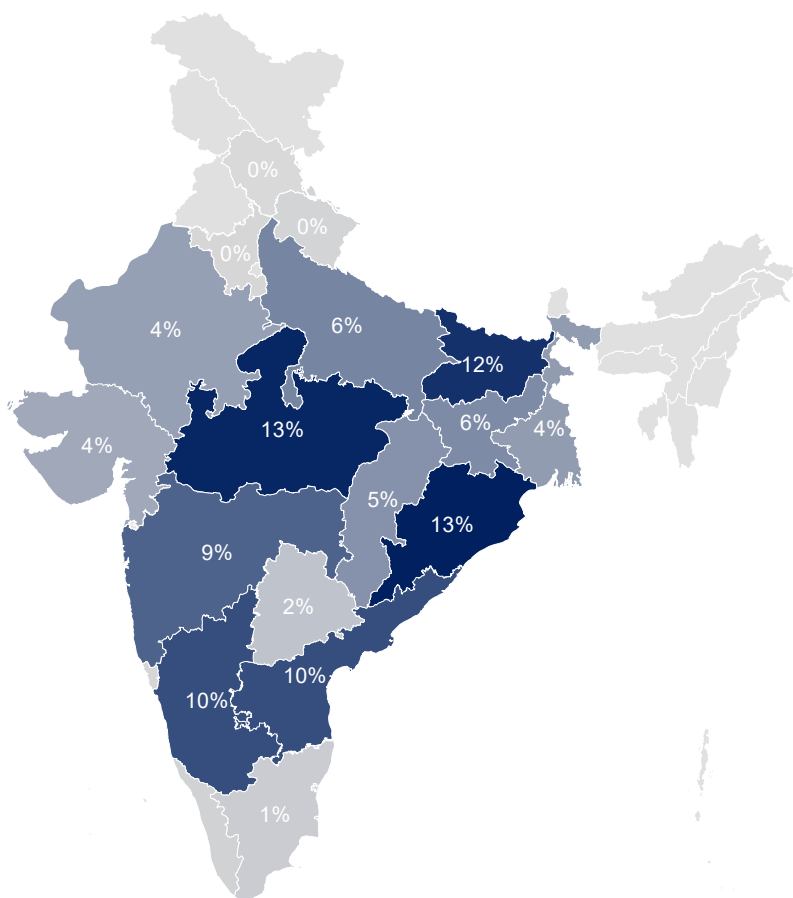


- Positive ALM on cumulative basis with assets maturing faster than liabilities
- Closing Cash and Bank balance (₹1,670 Cr as on 30 Sep 2024)

Well diversified presence

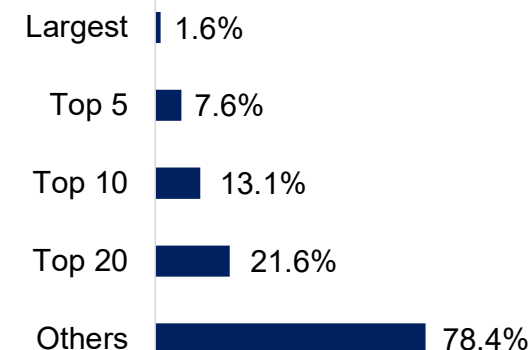


AUM concentration* - ~49% from top 4 States

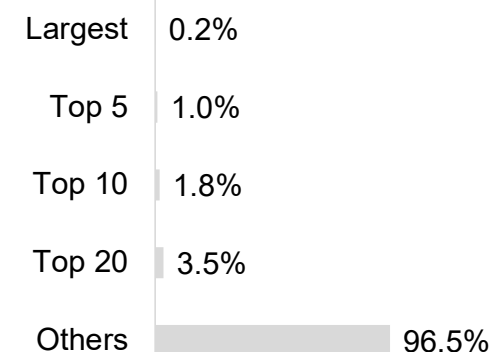


State	% of AUM		
	Sep-24	Mar-24	Mar-23
Odisha	13%	14%	15%
Madhya Pradesh	13%	13%	17%
Bihar	12%	12%	8%
Karnataka	10%	10%	11%
Andhra Pradesh	10%	10%	11%
Maharashtra	9%	9%	10%
Uttar Pradesh	6%	6%	3%
Jharkhand	6%	6%	7%
Chhattisgarh	5%	5%	5%
West Bengal	4%	2%	1%
Rajasthan	4%	5%	5%
Gujarat	4%	4%	5%
Telangana	2%	2%	1%
Tamil Nadu	1%	1%	0.1%
Other states	1%	1%	2%
Total	100%	100%	100%

District level concentration*



Branch level concentration*

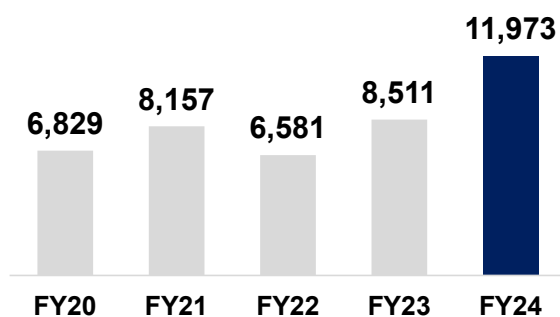


* Standalone for SSFL

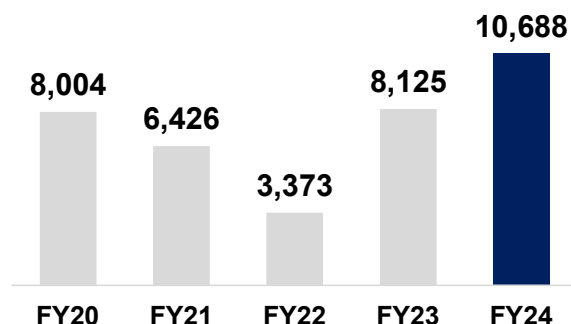
Metrics over the years



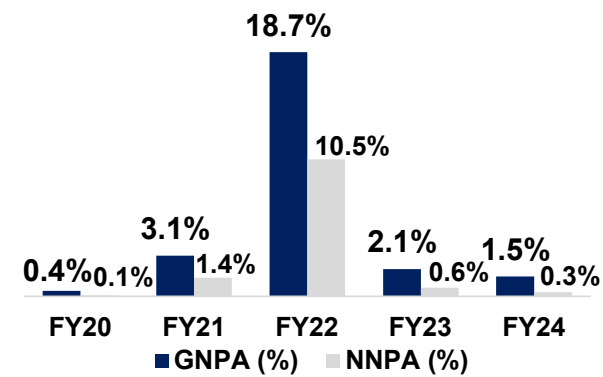
AUM (₹ Cr)



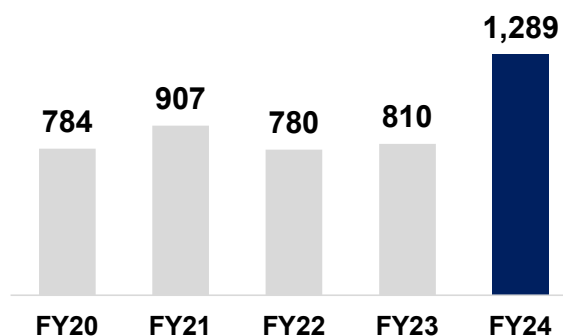
Disbursement (₹ Cr)



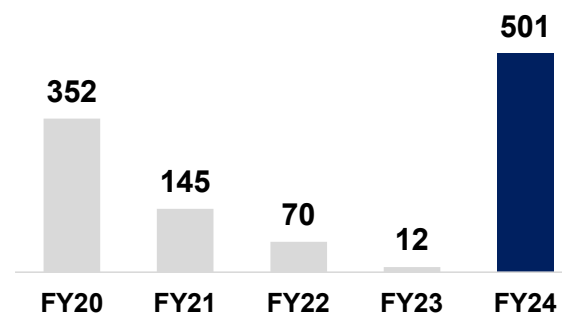
GNPA (%) & NNPA (%)



Net Interest Income (₹ Cr)



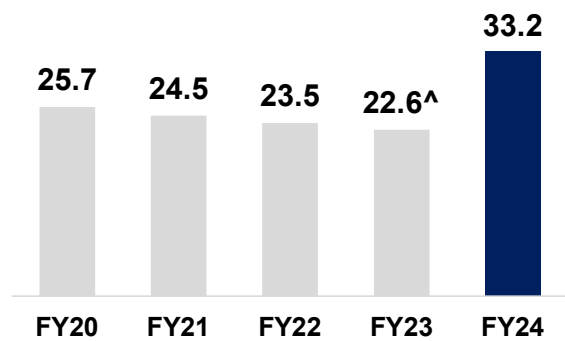
PAT (₹ Cr)



Accelerated growth delivered over last year

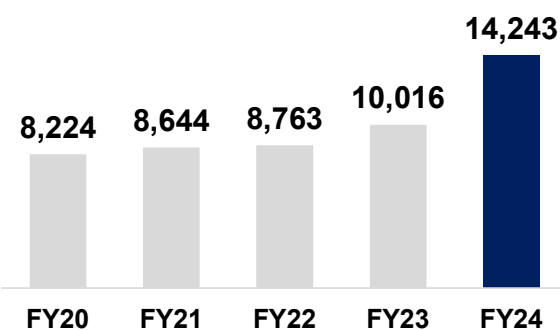


Customers (in L)

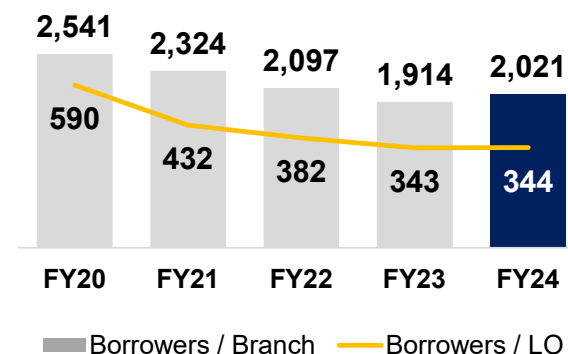


^Loans outstanding of ~6 L Customers written-off

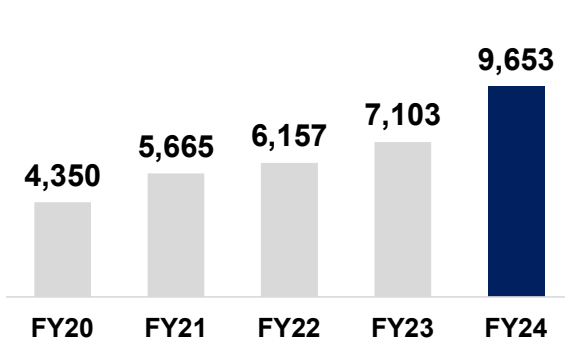
Employees



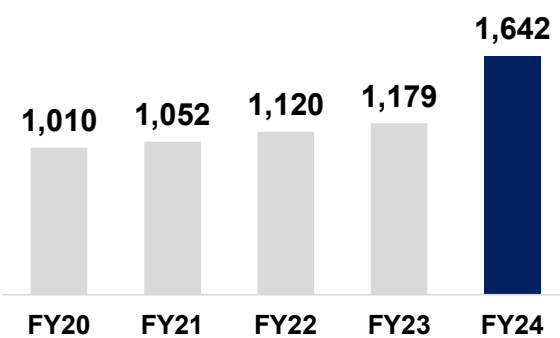
Customers / Branch & LO *



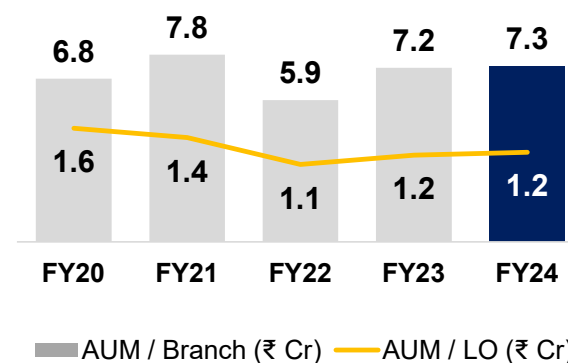
Loan Officers



Branches



AUM / Branch & AUM / LO *



*Includes branches with tenure less than 1 year as well

Glossary



	Key Ratio	Abbreviation	Definition
1	Portfolio Yield	Yield	Interest income divided by average monthly loan outstanding
2	Cost of borrowing	COB	Interest expenses divided by average monthly borrowing outstanding
3	Marginal COB (XIRR)		Multiplication of borrowing availed during the period and cost of borrowing (inclusive all cost on XIRR) divided by total borrowing availed during the period
4	Marginal COB (Nominal XIRR)		Multiplication of borrowing availed during the period and cost of borrowing (inclusive all cost on Nominal XIRR) divided by total borrowing availed during the period
5	Net Interest Income	NII	Interest income on loans less finance cost
6	Net Interest Margin	NIM	Net Interest Income divided by average monthly loan outstanding
7	Pre-Provision Operating Profit	PPOP	Total Income minus finance cost minus operating expenses
8	Cost to Income	C / I	Operating expenses / Total income minus finance cost
9	Portfolio Outstanding	POS	On Balance Sheet loan outstanding at the end of reporting period
10	Assets Under Management	AUM	POS + Direct Assignment outstanding at the end of reporting period
11	Operating expenses-to-AUM	Opex-to-AUM	Total operating expenses divided by average monthly AUM
12	Return On Assets (Total Assets)	ROA (Total Assets) or ROTA	PAT divided by average quarterly total assets
13	Return On Assets (On-book POS)	ROA (On-book POS)	PAT divided by average monthly loan outstanding
14	Return on Equity	ROE	PAT divided by average monthly Net-worth
15	Gross Non-Performing Assets	GNPA	Represents stage III loan outstanding at the end of reporting period
16	Net Non-Performing Assets	NNPA	Represents stage III loan outstanding at the end of reporting period net of ECL provision against stage III loans
17	Provision Coverage	PCR	ECL on stage III loans divided GNPA



SPANDANA
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Thank you!

Investor Relations

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