

Spandana Sphoorty Financial Limited

....Committed to low-income households



Q3 FY23 Investor Presentation



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Q3 FY23 Business Performance



Q3 FY23: Increased momentum across all parameters

19% QoQ growth in AUM

Calibrated Start of Growth Engine

Client Addition

2.19 L

↑ 77% QoQ

Disbursement

₹2,361 Cr

↑ 70% QoQ

AUM

₹6,852 Cr

↑ 19% QoQ

Improving Asset Quality

1 – 90 DpD

2.6%

↓ 310 bps QoQ

GNPA

5.3%

↓ 210 bps QoQ

NNPA

2.5%

↓ 130 bps QoQ

Healthy Fund Raising & Liquidity

New Lenders
Onboarded

8

Total lenders
49*

Funds Raised

₹2,138 Cr

↑ 98% QoQ

Cash & Bank
Balance

₹1,025 Cr

Strong Financial Performance

Net Interest
Income

₹254 Cr

↑ 16% QoQ

PPOP

₹141 Cr

↑ 28% QoQ

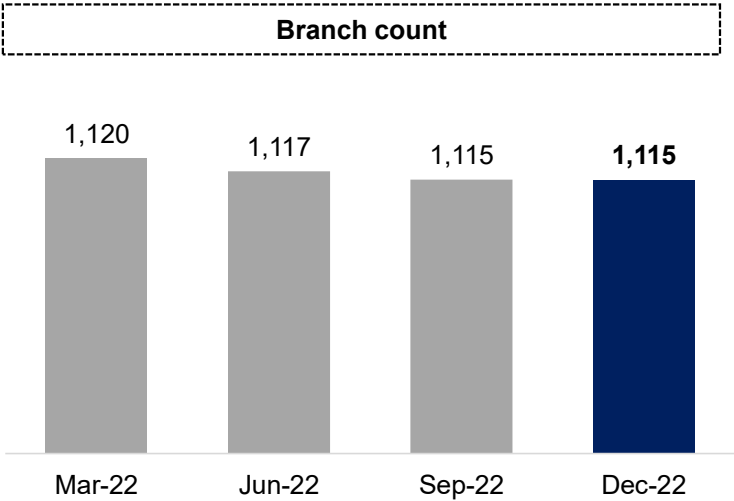
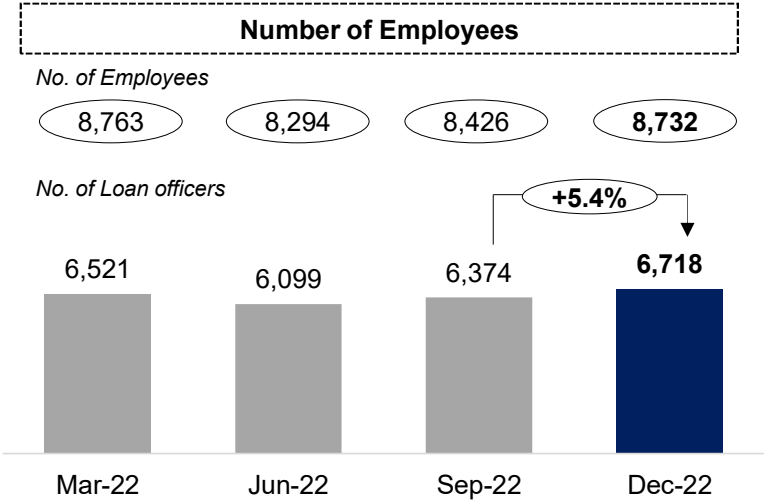
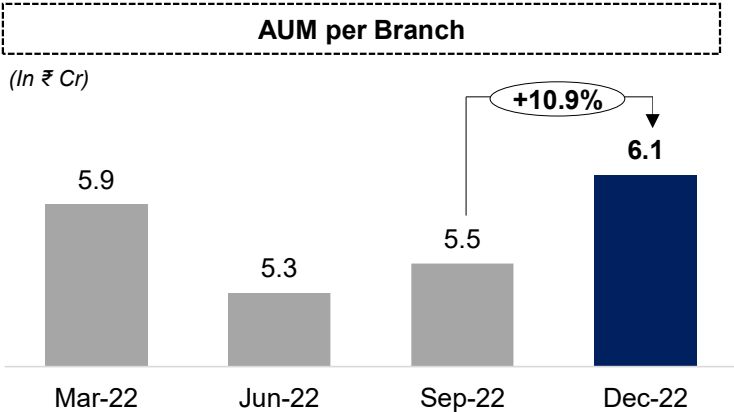
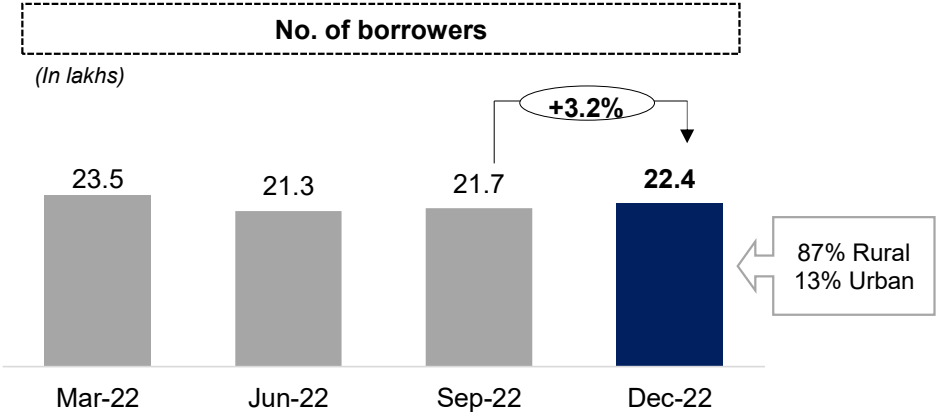
PAT

₹71 Cr

↑ 29% QoQ

* Includes arrangers of Capital Market instruments

Positive movement across all key operational growth vectors

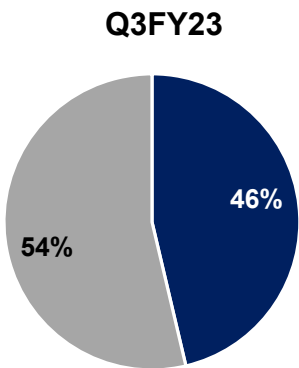
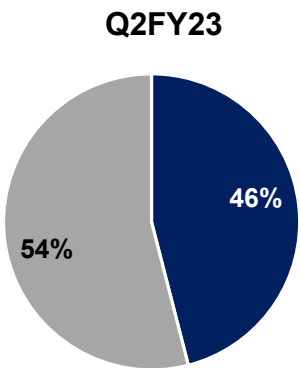


New member acquisition drives growth

77% growth over Q2; 46% loan to new members

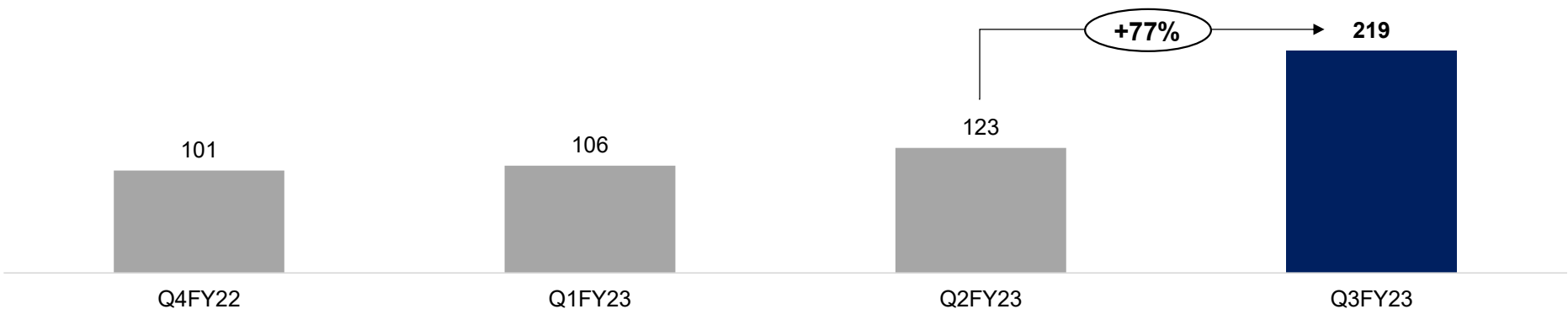


Split of Disbursements (loan count)



Existing member loans New member loans

New members acquired (in '000)

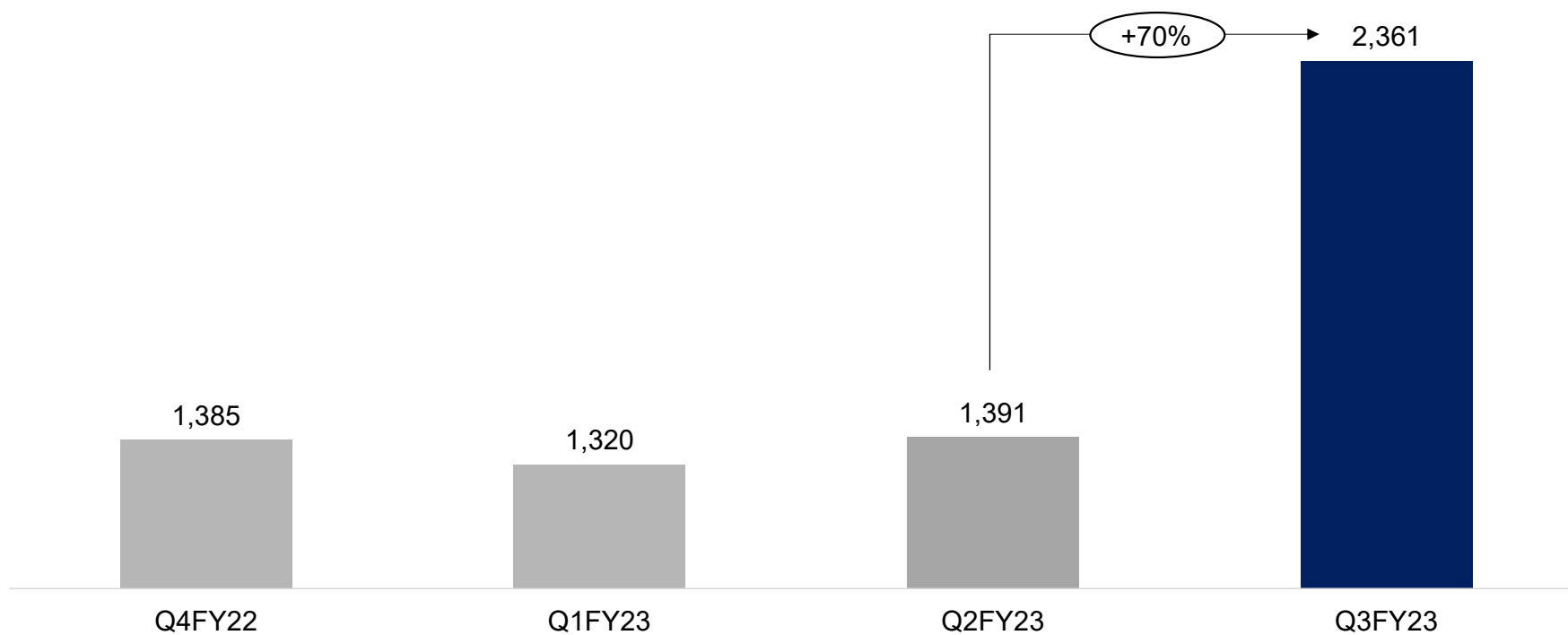


Strong momentum in disbursement

~70% increase over Q2



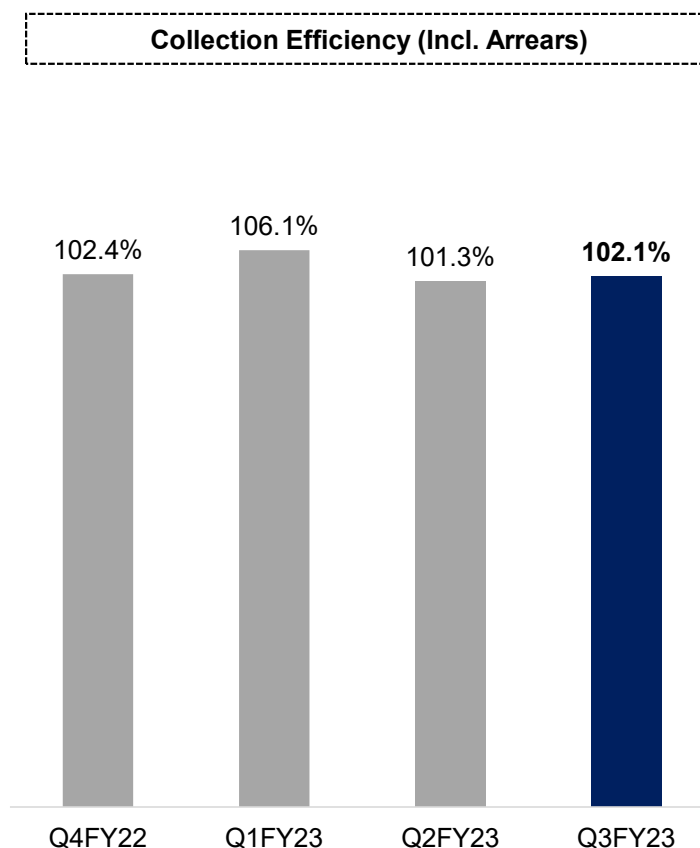
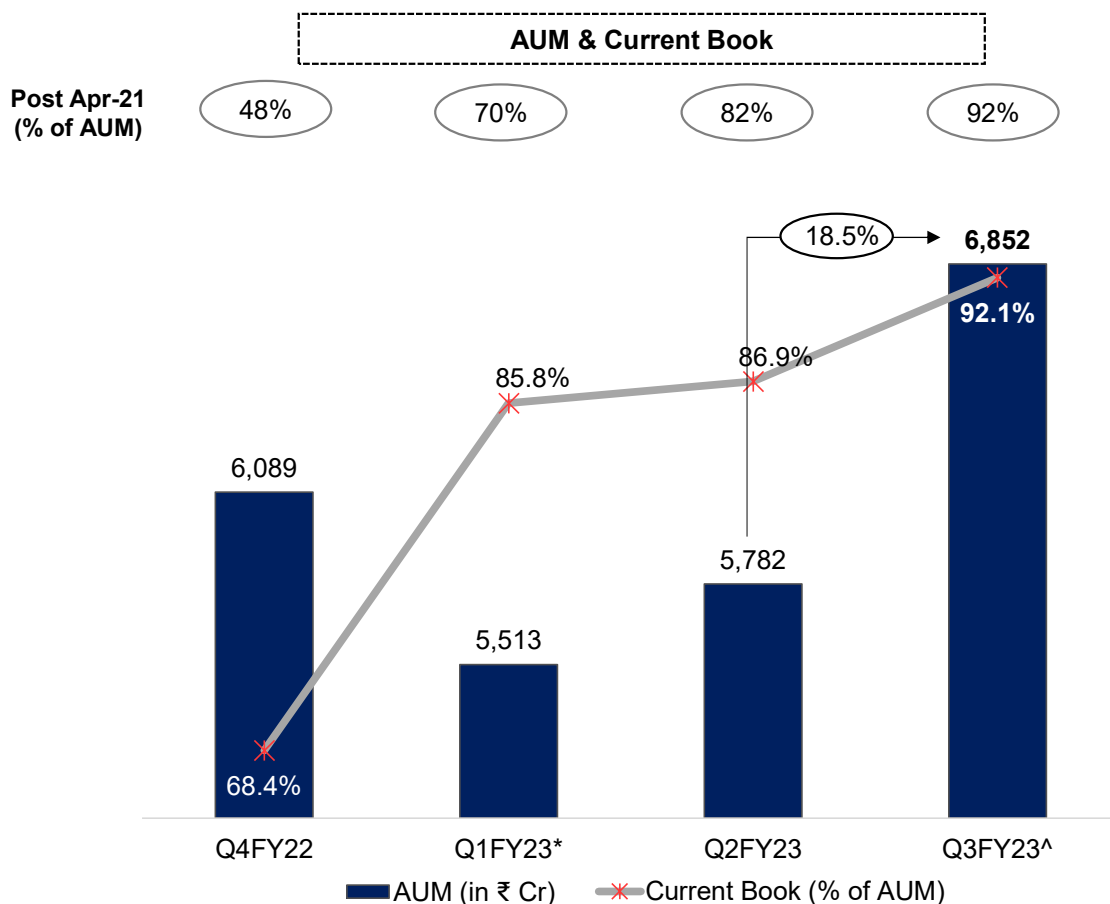
Disbursement (in ₹ Cr)





Improvement in current book from 68.4% to 92.1%

Collection efficiency continues to be stable

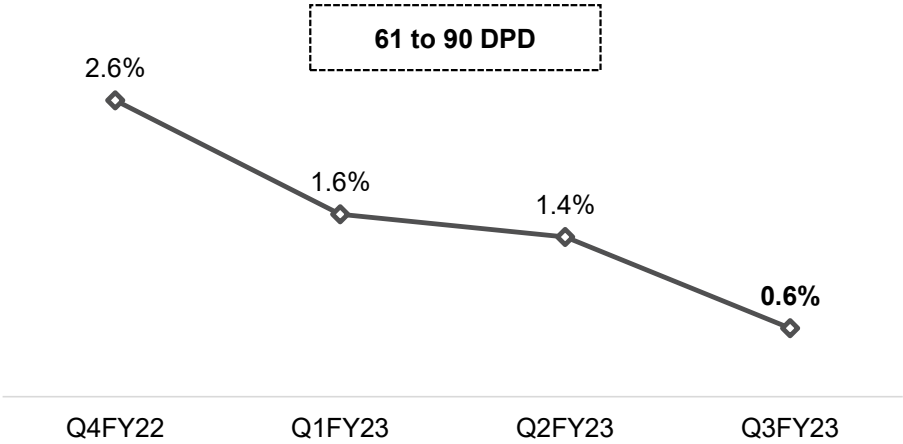
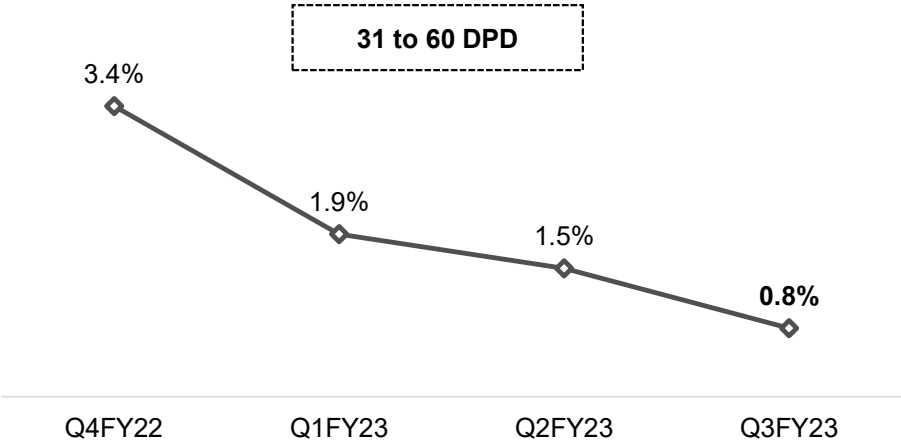
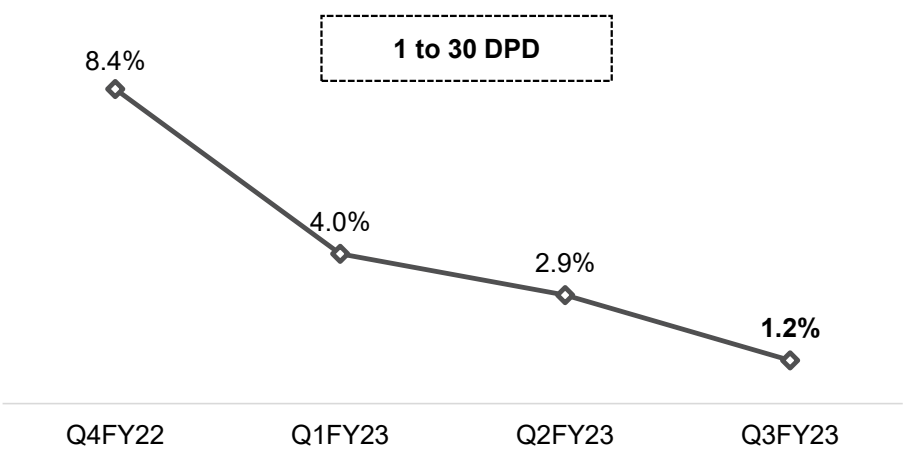
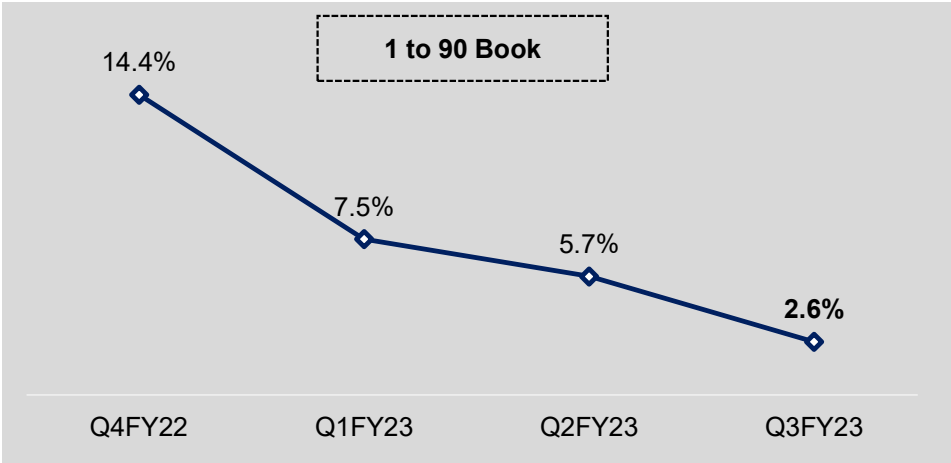


2.8% of AUM has flowed forward while the balance has been pulled back or stayed in the same bucket

* ₹702 Cr written-off during the quarter; ^ Post Sale of ₹117 Cr portfolio to ARC

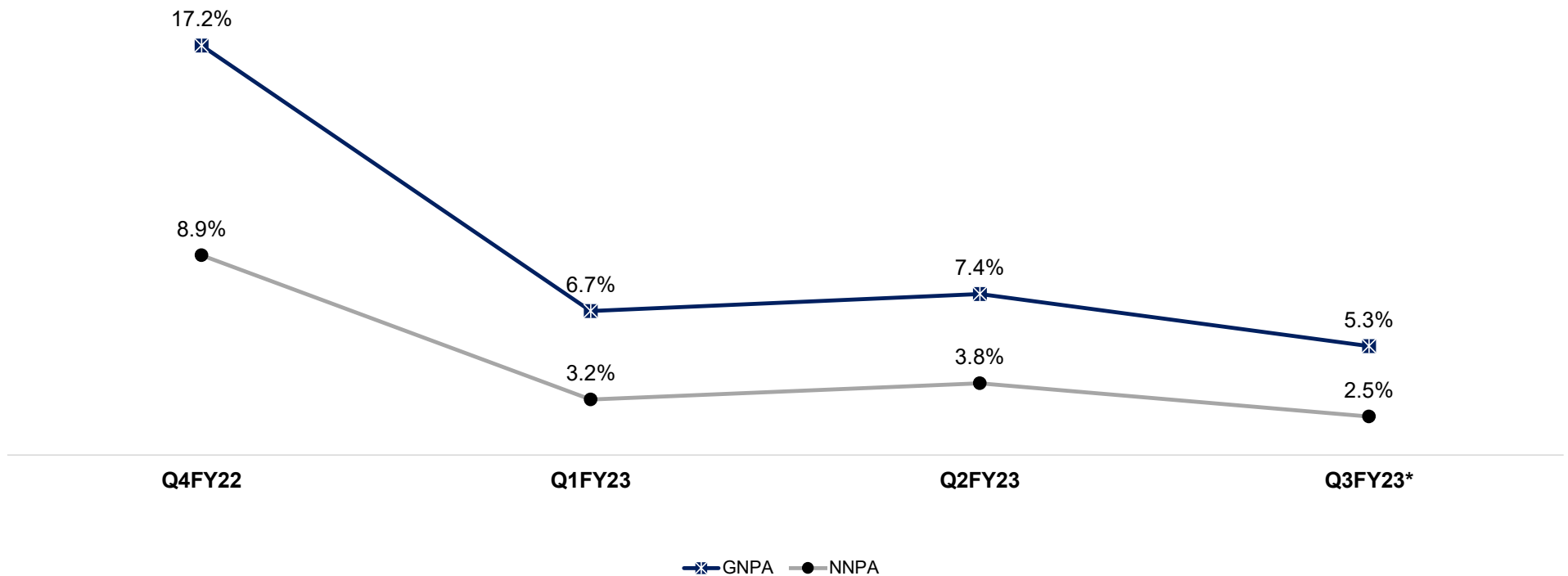
Consistent improvement in (1 to 90) book...

1 to 90 book down by 54% QoQ





... accompanied by GNPA & NNPA reduction...



- Provisions for NPA amounts to ₹191 Cr
- Total provisions of ₹272 Cr (4.0% of AUM) on Balance Sheet – sufficient to cover any risk in the portfolio

* Post Sale of ₹117 Cr portfolio to ARC



... with adequate provision on the Balance Sheet

Pre-Apr'21 book (7.7% of AUM) contributes 70% of GNPA

Provisioning & Coverage	Q3 FY23				Q2 FY23			
	AUM (₹ Cr)	% AUM	ECL Provision	Coverage	AUM (₹ Cr)	% AUM	ECL Provision	Coverage
Stage 1	6,390	93.25%	41	0.63%	5,190	89.76%	32	0.61%
Current	6,311	92.10%	39	0.62%	5,025	86.90%	28	0.57%
- 1-30	79	1.16%	2	1.98%	165	2.86%	3	2.05%
Stage 2	98	1.44%	41	41.60%	166	2.87%	43	25.83%
Stage 3*	364	5.31%	191	52.49%	426	7.37%	204	47.85%
Total	6,852	100%	272	3.98%	5,782	100%	279	4.82%

	Q3 FY23		Q2 FY23	
	SSFL	Consolidated	SSFL	Consolidated
GNPA[#]	5.10%	5.31%	7.31%	7.37%
NNPA	2.30%	2.52%	3.89%	3.84%
PCR	55.0%	52.49%	48.02%	47.85%
Capital Adequacy (CRAR %)		39.13%		45.24%

* Post sale of ₹117 Cr portfolio to ARC

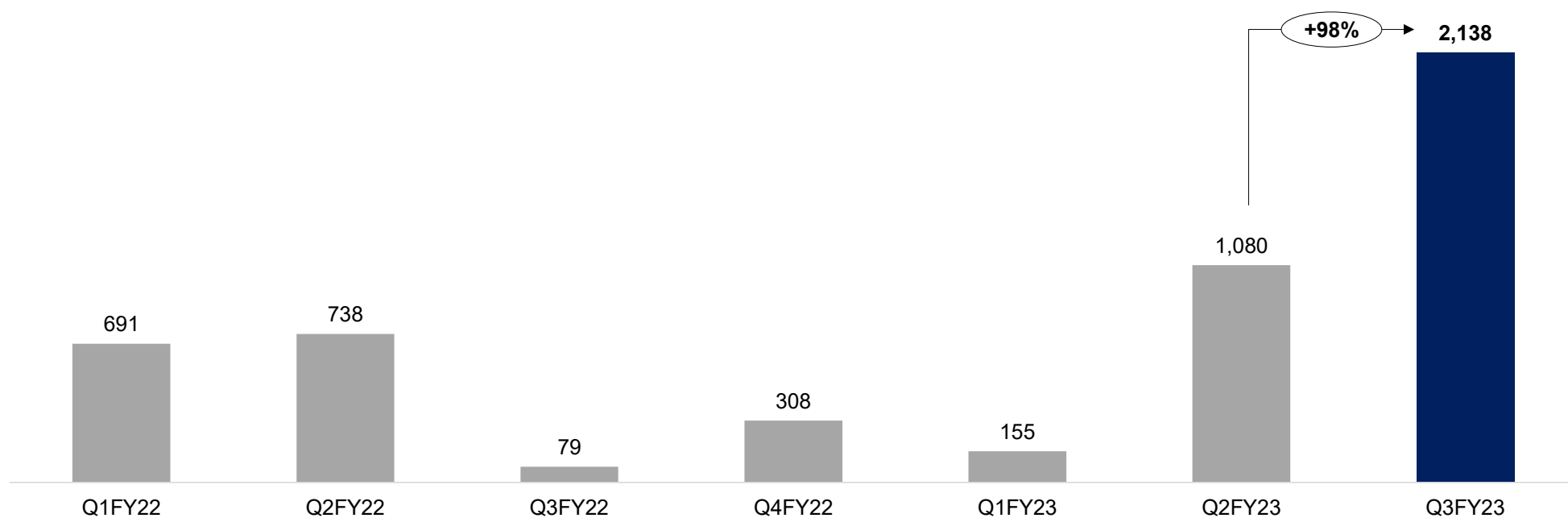
Impairment on financial instruments in Q3FY23 owing to	Amount (₹ Cr)
- Write-off (ARC & others)	67.9
- Change in ECL % from 47.9% to 52.5% on opening NPA	19.9
- On flow during Q3	41.5
- On stage 1, 2 & others	10.3
- Sale consideration (ARC), adjusted against impairment cost	(95.0)
	44.6



Lender support continues to be strong

~98% growth in fund mobilization; 8 new lenders onboarded in Q3FY23

Total Borrowings (in ₹ Cr)

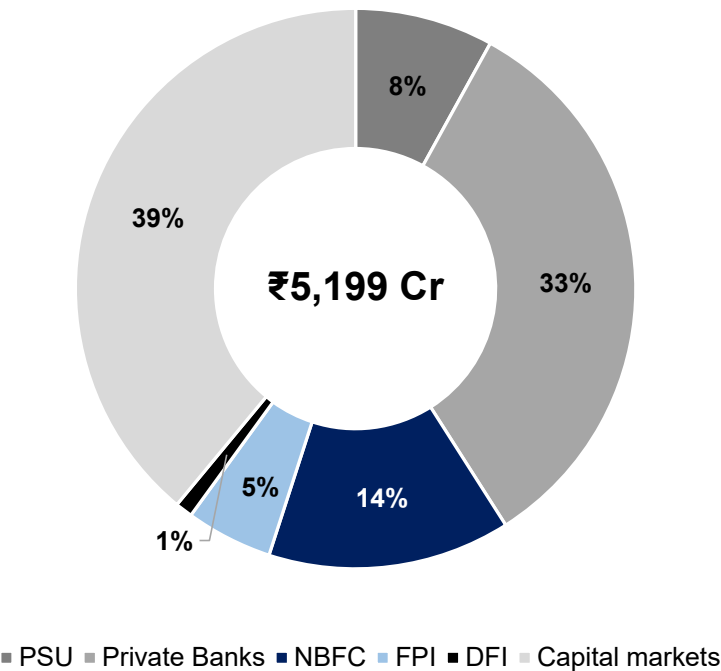


- Marginal cost of borrowing stable at 12.66% for Q3FY23 vs. 12.64% in Q2FY23
- Weighted average cost of borrowing at 11.5% vs. 11.2% end of Q2FY23

Diversified borrowing profile; Capital Adequacy at ~39%

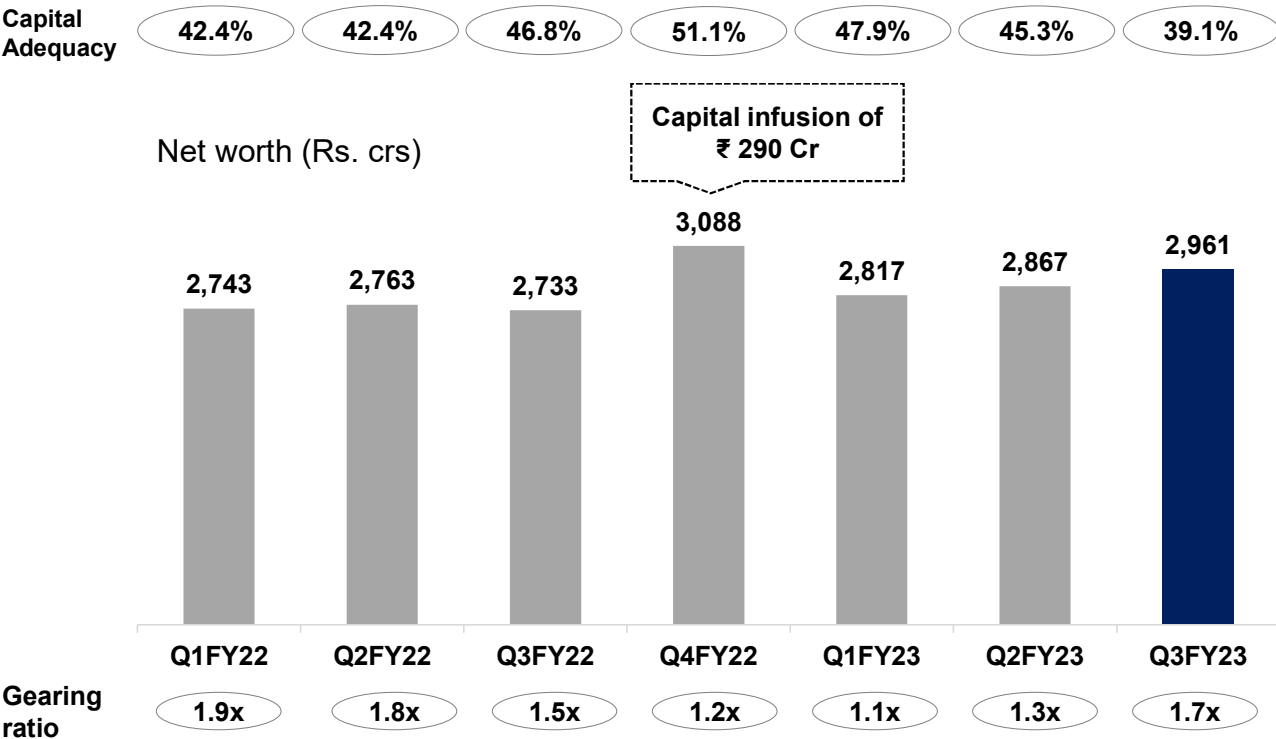


Diversified Funding Mix
(As on 31-Dec-22)



55% borrowings from Banks / FI's

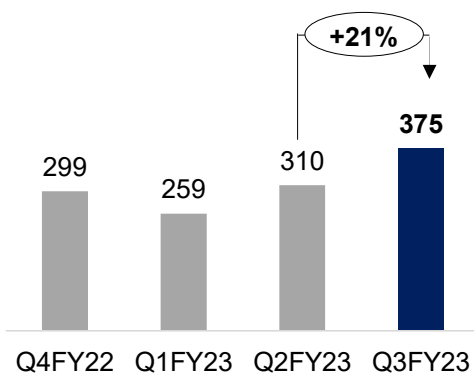
Net-worth and Capital Adequacy



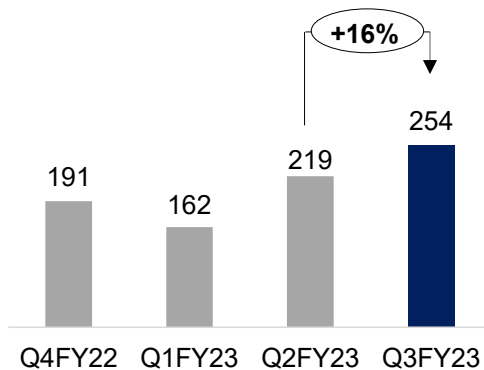


Financials showing a healthy movement (1/2)

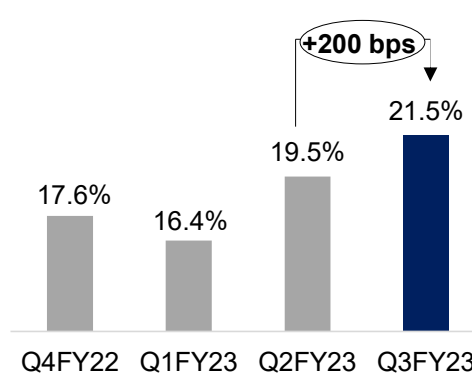
Total Income (₹ Cr)



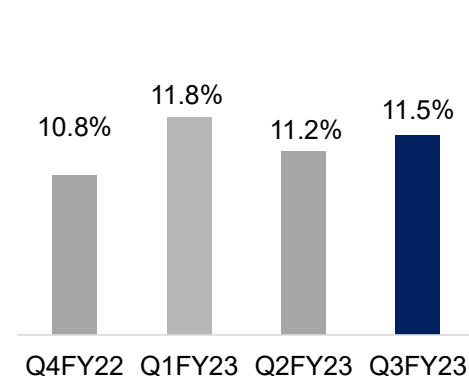
Net Interest Income (₹ Cr)



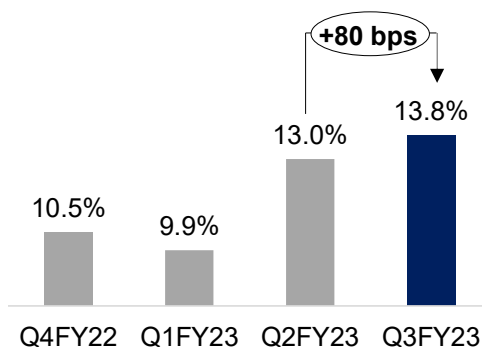
Yield# (%)



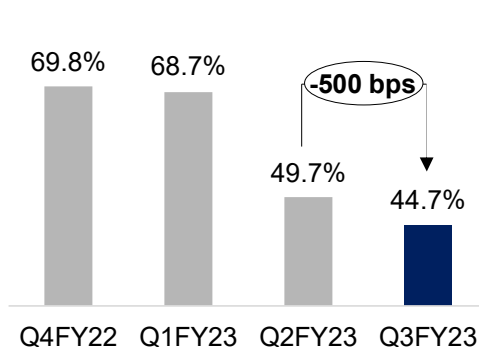
Cost of Borrowings (%)



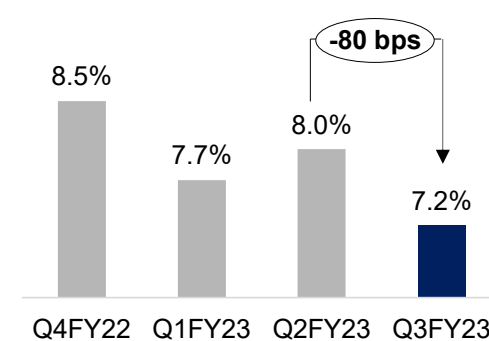
NIM# (%)



Cost to Income (%)

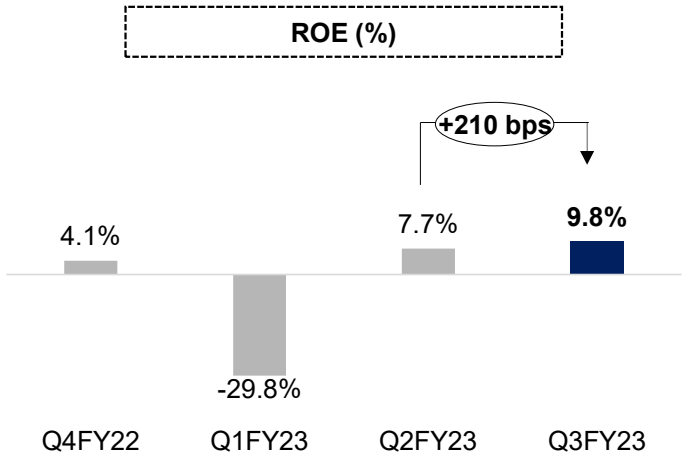
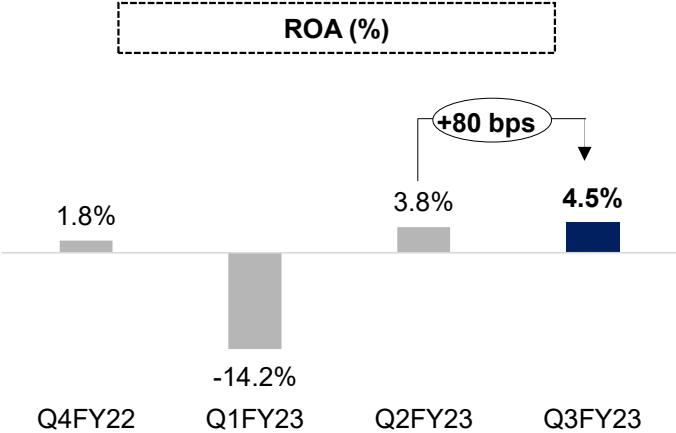
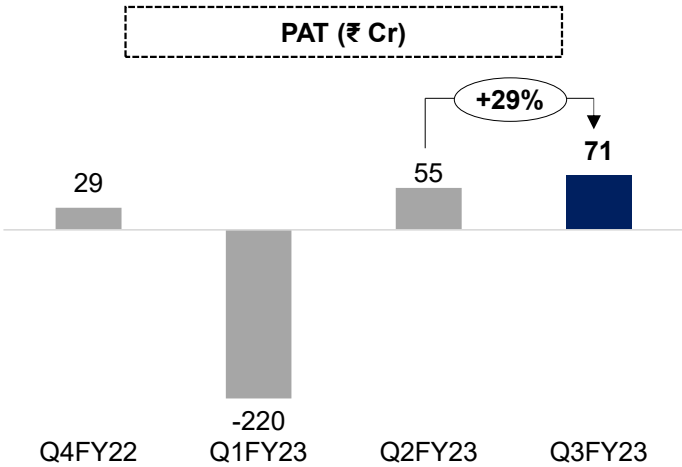
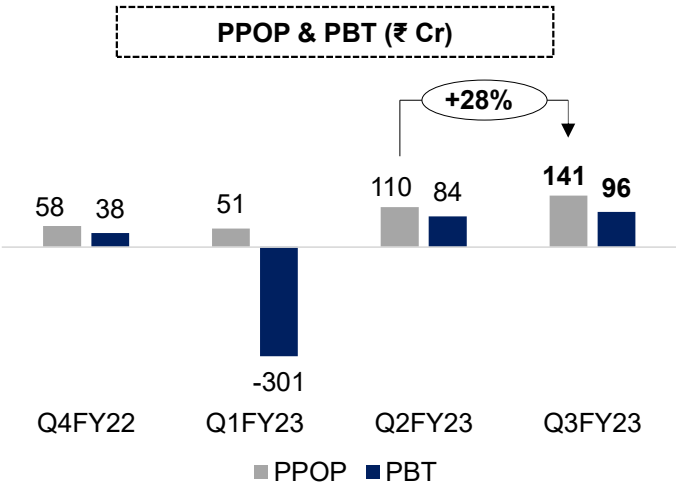


Opex to AUM (%)



Excluding interest reversal of ₹38 Cr in Q1FY23, Yield is 19% and NIM is 12.4%

Financials showing a healthy movement (2/2)





Consolidated Income Statement

Particulars (₹ Cr)	Q3 FY23	Q2 FY23	Q3 FY22
Revenue from Operations			
Interest income	337.7	276.5	328.5
Net gain on fair value changes	8.4	6.3	10.1
Other Income	8.5	14.9	7.5
Total income from operations	354.7	297.7	346.1
Non-operational Income	20.3	12.5	3.7
Total income	375.0	310.1	349.9
Expenses			
Finance cost	120.7	91.4	139.0
Net loss on financial assets and liabilities designated at fair value through profit or loss	-	-	(0.0)
Employee benefit expense	69.2	71.8	61.0
Depreciation and amortization expense	2.6	2.4	2.4
Other expenses	41.8	34.5	23.7
Total Expenses	234.4	200.1	226.1
Pre-Provision Operating Profit (PPOP)	140.6	110.0	123.8
Impairment on financial instruments and other provisions	44.6	25.8	64.3
Profit before Tax	96.0	84.3	59.5
Tax expense	24.7	29.1	14.4
Profit after tax	71.4	55.2	45.1



Consolidated Balance Sheet

Net-worth increased to ₹2,961 Cr

ASSETS (₹ Cr)	Dec 31, 2022	Mar 31, 2022
Financial Assets		
Cash and cash equivalents	1,024.6	727.2
Bank Balances other than cash and cash equivalents	139.0	475.1
Trade Receivables	30.5	20.1
Loan Portfolio	6,509.3	5,518.4
Investments	84.2	2.4
Other financial assets	122.1	74.5
Total Financial Assets	7,909.8	6,817.7
Non-Financial Assets		
Inventories	9.9	-
Current tax assets (net)	35.7	18.8
Deferred tax assets (net)	238.6	184.2
Property, Plant and Equipment	25.9	6.8
Intangible assets	4.9	7.1
Goodwill	17.4	17.4
Other non-financial assets	19.3	24.3
Total Non-financial assets	351.7	258.6
Total Assets	8,261.5	7,076.3

LIABILITIES & EQUITY (₹ Cr)	Dec 31, 2022	Mar 31, 2022
Financial Liabilities		
Debt Securities	2,914.5	1,778.2
Borrowings (Other than Debt Securities)	2,184.1	1,973.7
Subordinated Liabilities	20.2	20.2
Other Financial liabilities	122.8	131.2
Total Financial Liabilities	5,241.6	3,903.3
Non-Financial Liabilities		
Current Tax Liabilities (net)	7.7	28.2
Provisions	4.6	4.0
Other Non-Financial liabilities	46.5	50.9
Total Non-Financial Liabilities	58.8	83.1
Equity		
Equity Share Capital	71.0	69.1
Other Equity	2,889.8	3,018.5
Equity attributable to shareholders of the company	2,960.8	3,087.6
Non-Controlling Interest	0.2	2.4
Total Equity	2,961.1	3,089.9
Total Liabilities and Equity	8,261.5	7,076.3

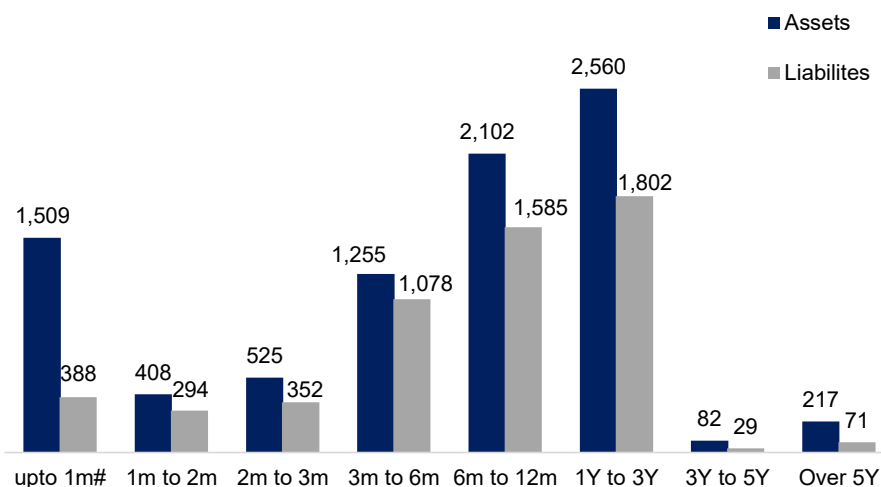


Annexure



Stable credit rating with comfortable liquidity position

Positive ALM[^] (₹ Cr)



- Positive ALM on cumulative basis with assets maturing faster than liabilities
- Closing free cash and bank balance (Rs. 1,025 Cr as on 31 Dec), 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 203 crs

*ratings under watch with developing implications;

#cash and cash equivalents (incl FDs)



THANK YOU

