

Q2 2025

1. Loan portfolio growth

- **Narrative:** Management highlighted their focus on improving origination processes to enhance the loan portfolio's quality. They acknowledged the relatively short weighted average maturity, suggesting that strategic improvements could lead to significant refinements in the loan book within a few quarters.

- **Management's Guidance:**

- Management anticipates that with improved origination, the entire loan book can be refined within two to three quarters, given the current weighted average maturity of 8.6 months.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

2. Asset under management (AUM) targets

- **Narrative:** Management has articulated a clear strategy for increasing the company's Assets Under Management (AUM) by the year's end. They expressed confidence in surpassing the AUM levels from the previous year, indicating a positive outlook for growth.

- **Management's Guidance:**

- Management anticipates that the AUM will be incrementally increased and expects to conclude the year with a higher AUM compared to the beginning of the year.

- **Actual Results:**

['Q2', '2025']:

- AUM at the end of Quarter 2 was Rs. 10,537 crores, registering a growth of 8% Y-o-Y. However, sequentially, the AUM declined by about 10%.

- **Evaluation:**

- **Expectations Not Met:** Although there was an 8% year-over-year growth in AUM by the end of Q2, the sequential decline of about 10% indicates that the management's anticipation of incremental AUM growth by the year's end was not on track.

3. Cost reduction initiatives

- **Narrative:** Management has emphasized their focus on operational efficiency and optimization, specifically targeting cost reduction initiatives. They aim to streamline processes and reduce operational expenses, which is expected to improve the cost-to-income ratio.

- **Management's Guidance:**

- Management expects the cost-to-income ratio to be approximately 45% by the end of the year.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

4. Operational progress

- **Narrative:** The management of Spandana has emphasized their strategic focus on enhancing operational efficiency through workforce expansion and recovery initiatives. They have recruited additional personnel to strengthen branch operations and established a dedicated recovery team to address customer engagements and improve collection processes. This aligns with their overarching goal to stabilize and normalize operations amidst existing challenges.

- **Management's Guidance:**

- The management anticipates seeing the incremental benefits of their recent recruitment efforts within the current quarter. They have set up a recovery team, currently comprising around 300 individuals, with plans to expand it to approximately 500-550 people by mid-next month to initiate recovery processes. They expect the challenges faced to be transitory, with operations normalizing by the end of the current financial year. Additionally, they anticipate regularization of operations by the end of this year, with a clear focus on efficient lending and collection practices.

- **Actual Results:**

['Q2', '2025']:

- Our recovery team, which has now been set up, we already have some 300-odd people

- **Evaluation:**

- **Expectations Not Met:** The management anticipated expanding the recovery team to 500-550 individuals by mid-next month; however, the actual result indicates that the team remained at around 300 people, suggesting a shortfall in achieving the expected workforce expansion.

5. Emerging market entry

- **Narrative:** Management emphasized a strategic approach towards entering new markets by limiting lending exposure. Specifically, they aim to ensure that Spandana does not become the fourth lender to a customer, thereby focusing on risk management and customer selection.

- **Management's Guidance:**

- Management stated that for new-to-Spandana customers, they will stop one short of the agreed lending number, reinforcing their strategy to not be the fourth lender to any customer.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

6. Rural penetration initiatives

- **Narrative:** Management emphasized a cautious approach to customer acquisition in rural areas, aiming to be a primary lender rather than an excessive fourth option. This strategy aims to ensure sustainable growth and manage risk effectively while expanding market share.

- Management's Guidance:

- Management plans to limit their position as a lender to being the third option for new borrowers, even though regulations permit them to be the fourth, in order to avoid overextension and maintain financial stability.

- Actual Results:

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

7. Forward-looking statements

- **Narrative:** Management has expressed a reasonably optimistic outlook, indicating that they anticipate notable improvements in the company's condition by the end of the year. This suggests a focus on strategic initiatives aimed at enhancing operational efficiency and overall market positioning.

- Management's Guidance:

- Management is optimistic about achieving a much better operational and financial shape by the end of the year, reflecting confidence in the strategies currently being implemented.

- Actual Results:

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

8. Credit risk assessment

- **Narrative:** Management has outlined a cautious approach to credit risk by adjusting their lending policies to limit exposure to borrowers with multiple existing lenders. This strategy aims to mitigate potential risks by ensuring Spandana is not overly exposed as an additional lender in a competitive lending scenario.

- Management's Guidance:

- The company will not become the fourth lender to new-to-Spandana borrowers, and will refrain from being the fifth lender to existing borrowers. Furthermore, the decision-making process for loans will include a criterion to avoid lending to borrowers with a higher number of existing lenders.

- Actual Results:

['Q2', '2025']:

- Roughly 5% of the borrowers, when you disburse a loan to them, had five lenders associated with those borrowers.

- Evaluation:

- **Expectations Not Met: The management aimed to avoid becoming the fifth lender to existing borrowers, but actual results show that roughly 5% of borrowers had five lenders associated with them, indicating the strategy was not fully implemented as intended.**

Q1 2025

1. Profit margin trends

- **Narrative:** Management has provided insights into their expectations for the net interest margin (NIM) trends, indicating a strategic aim to stabilize NIM around a specific range after a recent higher figure.

- Management's Guidance:

- The company anticipates maintaining a net interest margin of approximately 13.5% to 14%, despite achieving a higher NIM of 15% in the past. Additionally, benefits have been passed on to customers with a 1% reduction for those in their sixth cycle and above, starting from April 1st.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

2. Loan portfolio growth

- **Narrative:** Management emphasized efforts to enhance portfolio quality as a strategic measure to stabilize and support loan portfolio growth.

- Management's Guidance:

- Management anticipates that the challenges affecting the loan portfolio are temporary and expects operations to normalize within the next 3 to 4 months. Additionally, steps have been taken to improve portfolio quality, which should positively influence performance in the current quarter.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

3. Interest income developments

- **Narrative:** Management has articulated their position on Net Interest Margins (NIMs), indicating a strategy to maintain them within a specified range to ensure steady financial performance.

- Management's Guidance:

- Management expects to maintain NIMs in the range of 13.5% to 14%, aiming for around 14% as a steady-state standard.

- Actual Results:

['Q2', '2025']:

- NIM for the quarter was 12.8%, which is below the management's guidance range of 13.5% to 14% and the target of 14%.

['Q1', '2025']:

- NIM for the quarter was 15.2%, which is up 91 bps Y-o-Y and 58 bps quarter-on-quarter.

- Evaluation:

- Expectations Not Met: Management expected to maintain NIMs within the range of 13.5% to 14%, aiming for around 14%, but the actual result in Q2 2025 was 12.8%, falling below the expected range.

4. Asset under management (AUM) targets

- Narrative: Management highlighted a strategic adjustment in AUM growth targets due to temporary disruptions observed in Q1. The company aims to end the financial year with AUM reaching around INR14,000 crores. This adjustment is coupled with a revised credit cost projection, reflecting a response to short-term operational challenges.

- Management's Guidance:

- Management expects to close the financial year with an AUM of around INR14,000 crores. Additionally, the credit cost is anticipated to be in the range of about 3.75% for the full year.

- Actual Results:

['Q1', '2025']:

- AUM at the end of quarter 1 was INR11,723 crores, which was a growth of 72% Y-o-Y.

['Q2', '2025']:

- AUM at the end of Quarter 2 was Rs. 10,537 crores, registering a growth of 8% Y-o-Y. However, sequentially, the AUM declined by about 10%.

- Evaluation:

- Expectations Not Met: The management's guidance was to achieve an AUM of INR14,000 crores by the end of the financial year, but the actual results by Q2 show a decline in AUM to INR10,537 crores, indicating the target is unlikely to be met.

5. Process automation

- Narrative: Management outlined a cautious and gradual approach towards transitioning from a weekly to a monthly process model, emphasizing the importance of a step-by-step implementation rather than a rapid overhaul.

- Management's Guidance:

- Management anticipates this transition could take between 1 to 1.5 years, proceeding carefully at a granular level, focusing on loan, center, and branch levels.

- Actual Results:

['Q1', '2025']:

- Credit level resources have been put in about 20% of the branches.

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

6. Operational progress

- Narrative: Management has focused on normalizing operations and addressing challenges in order to return to optimal operational efficiency. They have implemented strategic measures, including increasing bench strength at critical branches and planning for additional support in branches to mitigate any disruptions and enhance operational performance.

- Management's Guidance:

- Management expects operations to normalize in the second half of the current year, indicating that challenges faced are temporary. By the end of September, 50% of branches will have additional support to enhance operational capabilities. An additional bench strength of 20% is being established at critical branches, covering approximately 70% to 75% of branches, to ensure operational efficiency.

- Actual Results:

['Q2', '2025']:

- Introduced Branch Quality Managers (BQM) in 960+ branches already

['Q1', '2025']:

- Shalabh Saxena: 20% additional manpower has been put in.

- Evaluation:

- Expectations Met: Management's goal to establish a 20% additional bench strength and provide additional support to 50% of branches was achieved as indicated by the introduction of Branch Quality Managers in over 960 branches and the reported increase in manpower.

7. Rural penetration initiatives

- Narrative: Management emphasized a gradual and systematic approach to increasing rural penetration by adopting a phased strategy. The aim is to transition existing loan portfolios to a weekly repayment model, with a focus on executing this transformation step-by-step across various operational levels, including centers, branches, and districts.

- Management's Guidance:

- Management plans to implement the weekly repayment model progressively, ensuring that any new loans align with this strategic direction. This initiative is being undertaken cautiously to ensure effective adoption across the rural segments.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

8. Forward-looking statements

- **Narrative:** Management has indicated a recovery phase, projecting a stabilization of business activities. This reflects a strategic approach to return to normal operations following a period of adjustment.

- **Management's Guidance:**

- Management expects business as usual (BAU) conditions to resume after a recovery period of one quarter.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

9. New branch openings

- **Narrative:** Management is focusing on enhancing branch capabilities by increasing resource allocation. This strategy is part of their broader plan to improve operational efficiency and readiness for expansion.

- **Management's Guidance:**

- Management plans to increase credit level resources from 20% to 50% of branches by September 2024.

- **Actual Results:**

['Q1', '2025']:

- In Q1 2025, the management reported that new center additions were restricted in approximately 39% of branches. The member acquisition was paused in about 223 out of 510 branches.

['Q2', '2025']:

- 450 branches were opened in the last one year.

- **Evaluation:**

- **Expectations Not Met: Despite the management's plan to increase resource allocation to 50% of branches by September 2024, by Q1 2025, new center additions were restricted in approximately 39% of branches, indicating that the strategic goal was not achieved as planned.**

10. Rural and semi-urban penetration

- **Narrative:** Management discussed the halting of member acquisition in 223 branches, impacting the company's expansion in rural and semi-urban areas.

- **Management's Guidance:**

- Management has paused member acquisition in approximately 223 branches, indicating a strategic shift or reassessment in these regions.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

Q4 2024

1. Profit margin trends

- **Narrative:** The management of Spandana has expressed a cautiously optimistic outlook regarding profit margins. They acknowledge a challenging start in Q1 and Q2, which aligns with typical industry patterns, but are confident in stabilizing their performance in subsequent quarters. They are targeting a comfortable profit margin range and are focused on maintaining strong returns.

- **Management's Guidance:**

- Management indicates that while Q1 and Q2 may show softness, they are confident in managing this and ensuring stability in the later quarters. They are comfortable with achieving profit margins in the range of 22% to 24%. Additionally, they aim to maintain ROAs upwards of 4.5%, which aligns with their past performance.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

2. Loan portfolio growth

- **Narrative:** Management has indicated a strategic focus on expanding the loan portfolio by targeting a specific growth rate and expanding the customer base significantly over the coming quarters. The emphasis is on leveraging the performance of weekly branches and reaching a substantial customer base by the end of the next financial year.

- **Management's Guidance:**

- Management is targeting a growth rate of approximately 25% as a good benchmark. They project reaching a customer base of 4 million by the end of the next year, with current figures already upwards of 3.3 million.

- **Actual Results:**

['Q4', '2024']:

- In Q4, we disbursed 3,970 crores, a quarter-on-quarter growth of 56% and a Y-o-Y growth of 30%.

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- **Expectations Exceeded:** The management's target was a 25% loan portfolio growth, but actual results showed a 30% year-on-year growth in Q4, surpassing the expectations.

3. Interest income developments

- **Narrative:** Management indicated a strategic focus on reducing borrowing costs and adjusting interest rates to enhance financial performance. This approach is expected to optimize the cost structure and improve interest income metrics.

- **Management's Guidance:**

- End of this year, we anticipate this 52 to move to anywhere upwards of 65% and that is going to drive our cost south on the borrowing side. Starting the 1st of April, we have already for customers who are cycle six and above, we have given them a benefit in terms of the reduction of the interest rate from 50 bps to 100 bps. My normalized cost of borrowing should be about 11.9%, definitely lower than 12%.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Our marginal cost of borrowing for the quarter was 11.4%, which was 46 bps lower than Quarter 2 FY '24 and 61 bps higher over quarter one of FY '25. Net interest income for the quarter increased 9% Y-o-Y to Rs. 341 crores, over Rs. 312 crores reported for Q2 of last year. NIM for the quarter was 12.8%. Interest income on loans for Q2 FY25 was 599 Cr, a decrease of 12% QoQ and an increase of 11% YoY.

['Q4', '2024']:

- The cost of borrowing was reported at 11.7% in Q4 FY24, which reflects a reduction and aligns with management's guidance of targeting below 12%. Net Interest Income (NII) showed a 23% increase quarter-on-quarter from Q3 to Q4 FY24. The overall yield on the portfolio remained at 24.2%, consistent with previous quarters.

- **Evaluation:**

- **Expectations Met:** The cost of borrowing decreased to 11.7% in Q4 FY24, aligning with management's guidance of targeting below 12%, and net interest income increased as anticipated, indicating that the strategic focus on optimizing cost structure and improving interest income metrics was achieved.

4. Asset under management (AUM) targets

- **Narrative:** Management has outlined a growth strategy focused on expanding the company's Asset Under Management (AUM). This includes targeting a substantial increase in AUM over the coming quarters, indicating a proactive approach to scaling operations and capturing market opportunities.

- **Management's Guidance:**

- Management anticipates an AUM growth rate of approximately 20% to 25% for the year, aiming to elevate the total AUM to a range between 14,500 to 15,000 crores.

- **Actual Results:**

['Q2', '2025']:

- AUM at the end of Quarter 2 was Rs. 10,537 crores, registering a growth of 8% Y-o-Y. However, sequentially, the AUM declined by about 10%.

['Q4', '2024']:

- On the AUM side, our year-end AUM was 11,973 crores, which was 15% quarter-on-quarter growth over the previous quarter and a 41% growth over FY'23.

['Q1', '2025']:

- AUM at the end of quarter 1 was INR 11,723 crores, which was a growth of 72% Y-o-Y.

- **Evaluation:**

- **Expectations Not Met:** Management anticipated an AUM growth of 20% to 25%, aiming for a total AUM between 14,500 to 15,000 crores. However, the actual year-end AUM was 11,973 crores, indicating the growth target was not achieved.

5. Process automation

- **Narrative:** Management emphasized the focus on optimizing channels and improving productivity within the organization. The strategy is geared towards enhancing operational efficiency through process automation.

- **Management's Guidance:**

- The company plans to expedite the optimization and productivity initiatives within the current and the next year.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

6. Operational progress

- **Narrative:** Management discussed the stabilization of operations as a key focus area, indicating an expected return to business as usual within the next year.

- **Management's Guidance:**

- Management anticipates stabilization of operations over the next two to three quarters, with a full return to business as usual expected in four quarters.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

7. Rural penetration initiatives

- Narrative: Management highlighted the strategic focus on branches operating under the Parivartan mode, aiming to enhance rural market penetration. This initiative is expected to address the significant contribution of these branches to the overall business flows.

- Management's Guidance:

- Management anticipates that branches in the Parivartan mode will start yielding positive results from the current quarter onward.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

8. Cost reduction initiatives

- Narrative: Management has outlined a clear focus on improving operational efficiency through targeted cost reduction initiatives. The aim is to optimize the cost-to-income ratio and operational expenses relative to assets under management (AUM). This strategic emphasis is part of their broader effort to enhance financial performance and sustainability.

- Management's Guidance:

- Management indicated that they would be satisfied with achieving a cost-to-income ratio between 35% and 40%. They also target maintaining operational expenses to AUM in the range of 6% to 6.25%.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

9. Emerging market entry

- Narrative: Management has articulated a strategic focus on expanding into new geographies by initially concentrating on perfecting the product and process in a pilot state. This involves implementing robust technology solutions, recruiting skilled personnel, and building an efficient distribution network before broadening their reach. Additionally, they are exploring new business lines, aiming to leverage current market opportunities while maintaining a cautious approach due to the novelty of these ventures.

- Management's Guidance:

- The company plans to expand into other geographies after successfully establishing their processes and support structures in the initial state. They anticipate scaling up new business lines this year, capitalizing on market opportunities with a careful and cautious approach.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

10. Client retention programs

- Narrative: Management is focused on enhancing customer engagement through strategic outreach and the use of analytics. Their discussions have centered around effectively bringing clients back into current operational status and maintaining this as part of their business-as-usual processes.

- Management's Guidance:

- Management anticipates completing the client re-engagement and retention efforts by the second quarter, suggesting that by this time, operations should transition back to standard business activities.

- Actual Results:

['Q1', '2025']:

- We acquired about 200,000 customers during the quarter.

['Q4', '2024']:

- Acquired 4.4 L Customers in Q4FY24

['Q2', '2025']:

- We were able to retain about 78% of the people who we wanted to retain.

- Evaluation:

- Expectations Not Met: Management expected to complete client re-engagement and retention efforts by Q2, but the actual results showed only 78% retention of the targeted clients, indicating that the retention efforts did not fully meet the anticipated goals.

11. Market share growth

- Narrative: Management emphasized a strategic focus on customer acquisition as the primary driver for market share expansion. The company is aiming to significantly grow its customer base, aligning with its long-term growth strategy.

- Management's Guidance:

- Management projected reaching a customer base of 4 million by the end of FY'25, indicating a continued emphasis on acquiring new customers to boost market share.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q4', '2024']:

- Our steadfast focus on new customer acquisition has resulted in the addition of almost 1.4 million customers during the year FY'24, which was a growth of 59% over FY'23. 1,391 new customers were added in Q4FY24.

['Q1', '2025']:

- 42% YoY growth in customer base

- Evaluation:

- Expectations Exceeded: Management aimed for a strategic focus on customer acquisition with a target of 4 million customers by FY'25. The actual results show a 59% growth in FY'24 and a 42% YoY growth in Q1 FY'25, indicating a stronger than anticipated customer base expansion.

12. Customer service enhancements

- Narrative: Management highlighted the intention to align the customer lifecycle with appropriate pricing strategies. This approach focuses on enhancing customer service by ensuring that pricing adjustments are in sync with the evolving needs and cycles of their customers. This strategic move is anticipated to improve customer satisfaction and retention.

- Management's Guidance:

- Management indicated plans to implement these customer service enhancements over the next two to three months, suggesting a proactive approach to refining customer engagement strategies.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

13. Long-term growth strategy

- Narrative: Management outlined a clear long-term growth strategy with a target to achieve 28,000 crores in Assets Under Management (AUM) by the fiscal year 2028. This ambitious plan, termed "28 by 28," aims to sustain an annualized growth rate of approximately 22%.

- Management's Guidance:

- Management expects to achieve an annualized growth rate of about 22% to reach 28,000 crores of AUM by FY 2028.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

14. Portfolio diversification

- Narrative: The management emphasized their commitment to risk management through portfolio diversification. A key strategy involves limiting exposure to any single state, thereby ensuring a balanced and risk-managed portfolio distribution across regions.

- Management's Guidance:

- The management is on course to maintain their target of ensuring that no single state accounts for more than 13% of the portfolio by the end of FY'25.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

15. Credit risk assessment

- **Narrative:** Management has reiterated its commitment to maintaining credit risk at manageable levels, with an emphasis on returning to a stable credit cost environment by the latter part of the next fiscal year. They acknowledged potential short-term fluctuations in credit costs but underscored their confidence in achieving the target credit cost in the long term. This reflects a proactive approach to credit risk assessment, aiming for operational stability and sustainable risk management.

- Management's Guidance:

- Management anticipates a temporary increase in credit costs by up to 50 basis points in the short term. However, they project a return to their target credit cost of approximately 2% by the third or fourth quarter of the next fiscal year.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- In Q1 FY25, management reported that the credit cost was higher than their own estimates at 3.75%. This is significantly above the target credit cost of approximately 2% projected by management.

- Evaluation:

- **Expectations Not Met: Management projected a return to a target credit cost of approximately 2% by the third or fourth quarter of the next fiscal year; however, in Q1 FY25, the credit cost was reported at 3.75%, significantly above the target.**

16. New branch openings

- **Narrative:** The management has outlined a robust strategy for geographic and branch expansion, focusing on transitioning to a weekly based Joint Liability Group (JLG) model to enhance operational efficiency. Over the past year, a significant number of new branches were opened to support this model. Looking ahead, the company aims to continue its expansion, particularly in five states, by increasing the branch network organically and achieving a substantial increase in loan book size. Additionally, they have surpassed their branch target for the year 2025 well ahead of schedule, demonstrating strong growth dynamics.

- Management's Guidance:

- The company plans to expand in five states during FY'25, aiming to increase the branch count to about 100, and grow the loan book to a size between 400 to 500 crores. The target for 1,500 branches by the end of 2025 has already been exceeded, with the current count at 1,642 branches. Over the next two to three quarters, the management plans to increase branches following a phased approach, although not through wholesale changes.

- Actual Results:

['Q4', '2024']:

- We opened 429 new branches during the course of the year which had a weekly repayment model. We are already at 1,642 branches, which is 142 branches more. Over the last one year, we have established a footprint in five states namely Rajasthan, Madhya Pradesh, Andhra Pradesh, Karnataka and Tamil Nadu with the operationalization of 62 branches.

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- We have now scaled the distribution to over 100 branches spread across six states, with AUM at the end of Quarter 2 at about Rs. 160 crores.

- Evaluation:

- **Expectations Met:** The company achieved its branch target ahead of the 2025 schedule, expanding to five states with 429 new branches and reaching 1,642 branches, which aligns with management's guidance.

17. Provisioning and risk management

- **Narrative:** Management addressed the company's current provisioning strategy, highlighting that the overall provisions exceed the Gross Non-Performing Assets (GNPA) as of March 31, 2024. This reflects a conservative approach towards risk management and preparation for potential future financial uncertainties.

- Management's Guidance:

- While an explicit forward-looking statement was not directly provided, the indication that provisions exceed GNPA suggests management's anticipation of maintaining a robust buffer against potential credit risks in future quarters.

- Actual Results:

['Q1', '2025']:

- Higher provisions resulted in a 53% year-on-year decline in the Profit Before Tax (PBT) to INR 75 crores. Additionally, the impairment on financial instruments included technical write-offs, GNPA, and others, totaling INR 211.80 crores for Q1 FY25. Provision Coverage Ratio (PCR) was maintained at 79.66%, with SSFL standalone PCR at 80%.

['Q2', '2025']:

- Data Not Available

['Q4', '2024']:

- We have increased our provisioning to 80% this quarter.

- Evaluation:

- **Expectations Met:** The management's strategy of maintaining provisions exceeding GNPA, as part of a conservative risk management approach, was realized with a high Provision Coverage Ratio of around 80%, aligning with their anticipated robust buffer against credit risks.

Q3 2024

1. Profit margin trends

- **Narrative:** Management has articulated a strategic focus on improving profit margins by optimizing the portfolio and credit costs. They are taking proactive steps to ensure profitability by concentrating on high-performing states and reducing exposure in less profitable regions. Additionally, there is a concerted effort to lower cost structures and achieve sustainable credit costs, which are crucial to maintaining and enhancing profit margins.

- Management's Guidance:

- The company is working towards reducing their cost structure to sub 12%. They are confident that by the end of this year, they will maintain credit costs below

2%.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

2. Loan portfolio growth

- Narrative: Management has articulated a strategy focused on substantial loan portfolio growth, with an emphasis on achieving significant recovery milestones across various buckets.

- Management's Guidance:

- The management anticipates crossing the INR 100 crores mark in recovery across all categories by the end of the current year, while setting a target to achieve INR 150 crores in the following year.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

3. Interest income developments

- Narrative: Management has outlined a strategic focus on maintaining robust Net Interest Margin (NIM) levels, indicating confidence in achieving a NIM of over 13.5% in the upcoming quarters. Additionally, there is an initiative underway to reduce interest rates for long-term customers, specifically those with a cycle of 6 and above, which suggests a strategy to retain and reward loyal customers, potentially impacting future interest income positively.

- Management's Guidance:

- Management expects to achieve a NIM of over 13.5% in the coming quarters. Additionally, they are in the process of reducing interest rates for customers with cycle 6 and above.

- Actual Results:

['Q1', '2025']:

- NIM for the quarter was 15.2%, which is up 91 bps Y-o-Y and 58 bps quarter-on-quarter.

['Q2', '2025']:

- NIM for Q2 FY25 was reported at 12.8%, which is below the management's guidance of over 13.5%. The net interest income for the quarter increased by 9% year-over-year to Rs. 341 crores, but was down 20% from the previous quarter. Interest income on loans for Q2 FY25 was 599 crores, showing a decrease of 12% quarter-over-quarter and an increase of 11% year-over-year.

['Q3', '2024']:

- In Q3 FY24, the Net Interest Margin (NIM) was reported at 13.3%, which is below the management's guidance of over 13.5%.

['Q4', '2024']:

- While it was an improvement of about 11 bps quarter-on-quarter, NIMs for the quarter improved 128 bps to 14.6%. 13.3 was the NIM for the previous quarter, which is Quarter 3. NIM for the year was 14.1.

- Evaluation:

- Expectations Not Met: The management's guidance was to maintain a NIM of over 13.5%, but the actual results in Q3 FY24 and Q2 FY25 showed NIMs of 13.3% and 12.8% respectively, which fell short of expectations.

4. Asset under management (AUM) targets

- Narrative: Management has outlined a clear growth trajectory for the company's Asset Under Management (AUM), with specific targets set for the upcoming fiscal years. The strategic focus remains on achieving substantial growth while maintaining robust asset quality and profitability.

- Management's Guidance:

- Management projects to conclude FY'25 with an AUM of approximately INR 15,000 crores, aligning with their communicated objectives, while ensuring credit losses remain under 2%, Return on Assets (ROAs) at 4.5% and above, and Net Interest Margins (NIMs) at 13.5% and above. For the current fiscal year, the AUM is expected to range between INR 11,500 crores and INR 12,000 crores.

- Actual Results:

['Q2', '2025']:

- AUM at the end of Quarter 2 was Rs. 10,537 crores, registering a growth of 8% Y-o-Y. However, sequentially, the AUM declined by about 10%.

['Q3', '2024']:

- Shalabh Saxena: Quarter 3 was a quarter where we crossed a major milestone by reaching an AUM of INR10,404 crores.

['Q4', '2024']:

- On the AUM side, our year end AUM was 11,973 crores, which was 15% quarter-on-quarter growth over the previous quarter and a 41% growth over FY'23.

['Q1', '2025']:

- AUM at the end of quarter 1 was INR 11,723 crores, which was a growth of 72% Y-o-Y.

- Evaluation:

- Expectations Met: Spandana's AUM at the end of FY'24 was INR 11,973 crores, which aligns with the management's guidance of AUM between INR 11,500 crores and INR 12,000 crores for the fiscal year.

5. Process automation

- Narrative: Management discussed the strategic shift in operational processes to enhance efficiency and optimize daily operations. The focus is on transitioning from a monthly repayment model to a more frequent weekly cycle, aiming to distribute activities such as new member acquisition, disbursement, and collection throughout the entire month rather than on selective days. This approach is designed to improve cash flow consistency and operational resilience.

- Management's Guidance:

- Management aims to implement a weekly repayment system as a core component of their operational strategy, indicating that this change is central to their long-term objectives for process automation and optimization.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Renish Bhuva: "only 400 branches are on weekly collection"

- Evaluation:

- Expectations Not Met: Management aimed to fully implement a weekly repayment system as a key strategy, but only 400 branches had adopted this system by Q1 2025, indicating that the expectations for widespread implementation were not met.

6. Cost reduction initiatives

- Narrative: Management has laid out a clear strategy focused on operational efficiency and optimization, specifically targeting cost reduction. The emphasis is on lowering operating expenses and maintaining a sustainable cost-to-income ratio as part of their long-term vision.

- Management's Guidance:

- The company aims to reduce the operating expense ratio to under 6%, targeting a range of 5.5% to 6%. Additionally, they plan to maintain a cost-to-income ratio in the mid-30% range, specifically between 35% to 39%, in a steady state.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q3', '2024']:

- On the opex side, we are currently at 6.6%.

['Q1', '2025']:

- Data Not Available

- Evaluation:

- Expectations Not Met: The actual results indicate that the operating expense ratio is at 6.6% in Q3 2024, which does not meet the management's guidance of reducing it to under 6%. The cost-to-income ratio data is not available.

7. Operational progress

- Narrative: Management is focused on refining operational processes, with a specific emphasis on regularizing operations across existing branches. This effort is aimed at achieving a more consistent operational framework within the upcoming months.

- Management's Guidance:

- Management anticipates that the process of regularizing the current set of 730 branches will be completed within the next three to four months. Furthermore, the Parivartan branches are expected to stabilize within one to two quarters, which is sooner than the previously anticipated four quarters.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- Introduced Branch Quality Managers (BQM) in 960+ branches already

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Expectations Exceeded: Management anticipated operational regularization within three to four months for 730 branches, but the introduction of Branch Quality Managers in over 960 branches indicates a broader and quicker enhancement, exceeding initial expectations.

8. Vision 2025 roadmap

- Narrative: Management highlighted their commitment to diversifying geographical risk as part of their Vision '28, ensuring no single state's contribution exceeds 11% to 13% of the total portfolio. Additionally, they outlined an ambitious target for the next year under Vision 25, aiming for INR 15,000 crores in business.

- Management's Guidance:

- The company plans to cap the maximum contribution from any state to 11% to 13% as part of its strategic vision. They also have a target of achieving INR 15,000 crores in the upcoming year.

- Actual Results:

['Q2', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

9. Long-term growth strategy

- Narrative: Management outlined an ambitious long-term growth strategy focusing on significant portfolio expansion under their Vision 28 initiative. The strategic goal is to achieve a portfolio size of INR28,000 crores by the financial year 2028. This reflects the company's commitment to scaling operations and enhancing its market position over the next few years.

- Management's Guidance:

- Management aims to increase the company's portfolio to 15,000 immediately, with a target of reaching 28,000 by FY 2028.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

10. Forward-looking statements

- Narrative: Management conveyed a strategic pause in certain operations, with an emphasis on regularizing processes within the next few months. Additionally, they indicated plans to reassess these operations in the medium term, approximately 3 to 4 quarters from now.

- Management's Guidance:

- Management is confident that they will regularize certain processes in the next 3 to 4 months. They have also temporarily paused some operations but plan to revisit these in 3 to 4 quarters.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Shalabh Saxena: About 75% we would have done from a tenure point of view where in a year you would have done three out of four quarters.

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Expectations Not Met: Management aimed to regularize certain processes within 3 to 4 months, but by Q2 2025, only about 75% completion was mentioned, indicating delays in meeting initial expectations.

11. Regulatory compliance updates

- Narrative: The management of Spandana has provided insights into their regulatory compliance strategy, highlighting the expected timeline for regulating their existing Business-As-Usual (BAU) operations. This reflects their ongoing commitment to aligning with regulatory standards and ensuring comprehensive compliance across their business activities.

- Management's Guidance:

- The management anticipates that the regulation of the existing BAU business will be completed within a timeframe of three to four months.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

12. New branch openings

- Narrative: During the Q3 2024 earnings call, management elaborated on their strategy for geographic and branch expansion, particularly focusing on the opening of new branches. They highlighted a targeted approach by selecting 730 branches across India, which have shown significant promise in portfolio contribution and customer reach.

- Management's Guidance:

- Management anticipates that these branches will contribute upwards of 40% to 45% to the company's portfolio by the same period next year, indicating a strong expected impact from the new branch openings.

- Actual Results:

['Q4', '2024']:

- We opened 429 new branches during the course of the year which had a weekly repayment model.

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- 450 branches were opened in the last one year.

['Q3', '2024']:

- We opened 375 branches during the year, which have weekly repayment for the customers. In Q3, these branches have contributed 16% to disbursements.

- Evaluation:

- Expectations Not Met: The management anticipated the new branches would contribute 40% to 45% of the portfolio, but by Q3 2024, they only contributed 16% to disbursements, and only 450 branches were opened versus the targeted 730.

Q2 2024

1. Profit margin trends

- Narrative: Management has indicated a focused approach on maintaining a disciplined financial structure. There is a clear emphasis on achieving a scalable model while keeping operational costs within a targeted band. The goal is to optimize profitability through strategic adjustments in gearing and cost management, ensuring that profit margins remain robust.

- Management's Guidance:

- Management expects profit margins to be influenced by maintaining gearing ratios between 3.5x to 4x. With this, Net Interest Margins (NIMs) are anticipated to settle between 12% to 12.5%, alongside a 2% credit cost and operational costs, leading to an overall margin range of approximately 4% to 5%. There is confidence in achieving and maintaining sub-2% cost metrics by the end of the next fiscal year.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

2. Loan portfolio growth

- Narrative: Management emphasized their strategy of customer acquisition-led growth, with an initial focus on stabilizing first cycle loan amounts. They aim to shift the customer composition towards a higher percentage of existing customers over time, which is expected to gradually increase loan amounts. Additionally, there is a targeted increase in the number of borrowers per loan officer to optimize operations and support growth.

- Management's Guidance:

- Management is confident of disbursing between 3000 and 3500 Crores in Q3 and Q4. There is a strategy to stabilize the first cycle loan at 36,000, with adjustments expected as the customer mix evolves to more existing customers over six quarters. An immediate increase is anticipated in the short term to about 380 to 400 borrowers per loan officer, with a target of reaching 440 to 450 next year.

- Actual Results:

['Q4', '2024']:

- In Q4, we disbursed 3,970 crores, a quarter-on-quarter growth of 56% and a Y-o-Y growth of 30%.

['Q1', '2025']:

- Our disbursement for the quarter was INR2,283 crores, which was a growth of 37% Y-o-Y over last year.

['Q3', '2024']:

- Disbursement for the quarter was INR2,543 crores with a year-on-year growth of 8% and a quarter-on-quarter growth of 1%. The disbursement was short by around INR450 crores.

['Q2', '2024']:

- On the disbursement, disbursement for the quarter was 2,513 Crores. This was a Y-O-Y growth of 81% and a quarter-on-quarter growth of 51%.

- Evaluation:

- Expectations Exceeded: The management aimed to disburse between 3000 and 3500 Crores in Q3 and Q4, but actual results showed a disbursement of 3,970 Crores in Q4 alone, surpassing the target and indicating a strong quarter-on-quarter growth.

3. Interest income developments

- Narrative: Management emphasized the importance of focusing on the current book and its potential for improvement in interest income. They highlighted the significance of the business-as-usual (BAU) operations and the recently created book, suggesting that these elements will continue to play a critical role in the balance sheet's future performance.

- Management's Guidance:

- Management indicated that the interest income from the existing book, currently at about 1.4%, can be improved in the coming quarters.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- The increase in the top line, interest income has been around 10%.

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Net Interest Income QoQ increased by 23% from Q3 to Q4 FY24.

- **Evaluation:**

- **Expectations Exceeded:** Management expected an improvement in interest income from the existing book, and the actual results showed a 10% increase in Q2 and a 23% QoQ increase from Q3 to Q4 FY24, surpassing initial expectations.

4. Asset under management (AUM) targets

- **Narrative:** The management of Spandana has articulated a clear strategy regarding their Asset under Management (AUM) targets. They have set ambitious goals for the end of the current and next fiscal year, with a focus on geographical diversification and moderation of exposure in larger states. The leadership is keen on growing the AUM while ensuring a balanced distribution across different regions to mitigate risk.

- **Management's Guidance:**

- The company aims to reach approximately 12,000 Crores in AUM by the end of the year. They anticipate an increase in AUM to a range of 1.4 to 1.5 over the next three to four quarters. By the end of next year, Spandana intends to ensure that no single state contributes more than 12% to the total AUM, down from the current highest state exposures of about 15%.

- **Actual Results:**

['Q3', '2024']:

- Shalabh Saxena: Quarter 3 was a quarter where we crossed a major milestone by reaching an AUM of INR10,404 crores.

['Q4', '2024']:

- On the AUM side, our year end AUM was 11,973 crores, which was 15% quarter-on-quarter growth over the previous quarter and a 41% growth over FY'23.

['Q1', '2025']:

- AUM at the end of quarter 1 was INR11,723 crores, which was a growth of 72% Y-o-Y.

['Q2', '2024']:

- The AUM at the end of Q2 FY24 was reported at 9,784 Crores, indicating a year-on-year growth of 69% and a quarter-on-quarter growth of 11%.

- **Evaluation:**

- **Expectations Met:** Spandana aimed for an AUM of approximately 12,000 Crores by year-end, and they achieved an AUM of 11,973 Crores, which is aligned with their target, reflecting a 41% growth over FY'23.

5. Process automation

- **Narrative:** Management discussed the modification of the distribution model as a strategic initiative aimed at enhancing operational efficiency through process automation.

- **Management's Guidance:**

- Management anticipates the execution of these modifications during the months of July and August, with the objective of achieving full implementation by March of the following year.

- **Actual Results:**

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- We changed the model in Q2 in 700 branches, which covered about 1.5 million customers.

- **Evaluation:**

- **Expectations Not Met:** The management anticipated full implementation by March of the following year, but only partial implementation occurred in Q2, covering 700 branches and 1.5 million customers, without further data on subsequent progress.

6. Cost reduction initiatives

- **Narrative:** Management has outlined a clear focus on operational efficiency and optimization through cost reduction initiatives. The primary strategy involves a targeted approach to reduce operational costs by a specified percentage within a short timeframe, signaling a proactive stance in enhancing financial performance and maintaining competitive advantage.

- **Management's Guidance:**

- Management has set a goal to reduce operational costs by 5% over the next six months. Additionally, they plan to achieve a 5% reduction in operational costs in the next quarter.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q3', '2024']:

- On the opex side, we are currently at 6.6%.

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- **Evaluation:**

- **Expectations Not Met:** Management aimed for a 5% reduction in operational costs, but the available data only shows an operational expenditure of 6.6%, without confirming the targeted reduction.

7. Operational progress

- **Narrative:** Management highlighted ongoing efforts to enhance operational efficiency through strategic initiatives. These initiatives are expected to culminate in the near term, indicating a focused approach towards achieving operational excellence.

- **Management's Guidance:**

- Management anticipates the completion of all distribution-led initiatives by the end of Q3 to the beginning of Q4. Additionally, Spandana aims to transition to 80% weekly operations by the end of FY2025, marking a significant shift in operational strategy.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q3', '2024']:

- Because of the wide scale and the fact that this involved almost about 5,000 loan officers, which is 55% of the loan officers.

- **Evaluation:**

- Insufficient Info: Data not available.

8. Emerging market entry

- **Narrative:** Management has articulated a strategic focus on expanding into new markets, aiming to leverage existing customer relationships to enhance market penetration. Their approach involves targeting geographies where they can strengthen single lender relationships, capitalizing on the normalized operations to drive significant growth.

- **Management's Guidance:**

- The company aims to expand into three new markets by the end of 2024. They anticipate increasing their market penetration by enhancing single lender relationships, which could see a growth from 33-34% to potentially 38, 39, or even 40%.

- **Actual Results:**

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

9. Forward-looking statements

- **Narrative:** Management expressed confidence in overcoming current variances, anticipating stabilization in the coming months. Their strategic focus is on normalizing operations to return to previous performance levels.

- **Management's Guidance:**

- Management expects stabilization and normalization in operations within the next three to four months, returning to past performance levels.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

10. Market share growth

- **Narrative:** Management has articulated a clear strategy to bolster market share by significantly expanding its presence in Europe. This expansion is a part of their broader goal to increase their customer base, as demonstrated by their progress in acquiring new customers in the first half of the year.

- **Management's Guidance:**

- Management has set a target to expand their market presence in Europe over the next two years. Additionally, they have successfully acquired 6.1 lakh customers in the first half of the year and are on track to surpass a 3 million customer base by the end of the year.

- **Actual Results:**

['Q1', '2025']:

- 42% YoY growth in customer base

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Acquired 9.5L borrowers during 9MFY24

['Q4', '2024']:

- Our steadfast focus on new customer acquisition has resulted in us adding almost 1.4 million customers during the year FY'24, which was a growth of 59% over FY'23.

- **Evaluation:**

- **Expectations Exceeded:** Management aimed to surpass a 3 million customer base by year-end. They added 1.4 million customers during FY'24, marking a 59% growth over FY'23, which exceeded the initial expectations.

11. Long-term growth strategy

- **Narrative:** Management has outlined a strategic vision that includes transitioning the company's operational model to achieve greater stability and robustness. This involves implementing initiatives that are expected to drive significant growth and expansion, with a clear focus on reaching substantial financial targets.

- **Management's Guidance:**

- Management plans to transition approximately 80% of Spandana's operations to a weekly model by the end of FY2025. Additionally, there are strategic initiatives aimed at achieving a financial target of 17,000 Crores, underpinning a stable and robust business model.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

12. New branch openings

- **Narrative:** Management has articulated a comprehensive strategy for branch expansion, aligning with their Vision 2025. The focus is on operationalizing new branches while converting existing ones to a weekly model to enhance customer engagement and drive growth. This expansion strategy underscores their commitment to reaching 1500 branches by FY2025, with a significant number of these branches already operationalized or in the pipeline. The shift to weekly branches is expected to optimize operations and improve customer service.

- **Management's Guidance:**

- Management has operationalized 292 branches this calendar year and plans to operationalize an additional 110 branches over the next three months, thereby achieving their goal of over 1500 branches by FY2025. The company will have the full 12 months of the next financial year to leverage these branches for growth. All new branches will operate on a weekly basis, with a plan to convert existing monthly branches to weekly by the end of 2025. In Q2, the model was changed in 700 branches, impacting 1.5 million customers. There is a plan to increase the number to 50 branches by the end of this year. The transition to weekly branches is expected to be complete in three to four months.

- **Actual Results:**

['Q4', '2024']:

- We opened 429 new branches during the course of the year which had a weekly repayment model. We are already at 1,642 branches, which is 142 branches more.

['Q1', '2025']:

- Branch count 1,258 Jun-23

['Q2', '2024']:

- In Q2 2024, Spandana Sphoorty has operationalized 292 branches as per the management's commentary. Additionally, they have moved 700 branches to a weekly model, impacting 1.5 million customers. The total branch count has reached 1,502, with 95 branches yet to start operations.

['Q3', '2024']:

- During Q3 2024, Spandana Sphoorty Financial Limited reported the opening of 72 new branches, contributing to a total of 1,574 branches, of which 375 are operating on a weekly model. These branches have contributed 16% to disbursements.

- **Evaluation:**

- **Expectations Exceeded:** Spandana exceeded its branch expansion target by opening 429 new branches during the year, surpassing the planned count and reaching a total of 1,642 branches, which is 142 more than the target of 1,500 branches by FY2025.

13. Community engagement activities

- **Narrative:** Management emphasized their commitment to enhancing community engagement by instituting regular town hall meetings. These meetings are positioned as a strategic two-way communication channel aimed at updating employees about the company's progress and gathering valuable feedback.

- **Management's Guidance:**

- Management has announced the organization of quarterly town hall meetings as a platform for continuous dialogue with employees, enabling an exchange of ideas and information about the company's advancements.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q3', '2024']:

- The event was attended by more than 120 participants. A first for Spandana, the event was watched live by over 12,500 employees.

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- **Evaluation:**

- **Expectations Met:** Management expected the quarterly town hall meetings to facilitate a continuous dialogue with employees, and the successful event in Q3 2024, attended by over 12,500 employees, indicates alignment with these goals.

1. Profit margin trends

- **Narrative:** The management discussed their focus on maintaining a strong Net Interest Margin (NIM) and cost-to-income ratio. They emphasized strategic targets for profitability, highlighting their comfort zone for NIMs and desired operating cost ratios. The management aims to sustain these profit margins through careful financial oversight and strategic growth.

- Management's Guidance:

- The company targets NIMs in the comfort range of 13.9% to 14% and aims to maintain a cost-to-income ratio between 35% and 39%. They are confident of delivering at least a 4.5% profit margin consistently. They see a balanced operating cost ratio in the sweet spot range of 35% to 39% once stabilization is achieved.

- Actual Results:

['Q2', '2024']:

- Data Not Available

['Q4', '2024']:

- Actual Results: Data Not Available

['Q3', '2024']:

- Data Not Available

['Q1', '2024']:

- Our business as usual, ROA should be around 4.5%. Now this quarter, we have already reached 6%.

- Evaluation:

- **Expectations Exceeded:** The management's guidance was to maintain a profit margin of at least 4.5%, and in Q1 2024, the company achieved a 6% ROA, surpassing the expected profit margin.

2. Loan portfolio growth

- **Narrative:** Management has indicated a strategic focus on diversifying the loan portfolio, emphasizing a significant expansion into non-microfinance segments. This shift aims to bolster the company's financial metrics and ensure sustainable growth in the upcoming fiscal years.

- Management's Guidance:

- Management has set a target for the non-microfinance loan book to exceed INR 2,000 crores by the end of FY '25, demonstrating a commitment to broadening the company's lending base and enhancing revenue streams.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Actual Results: Data Not Available

['Q3', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

3. Interest income developments

- **Narrative:** Management has indicated that the company is focused on optimizing interest income through strategic adjustments in lending rates. These adjustments are aimed at enhancing yield, which has already seen an increase in the recent quarter.

- Management's Guidance:

- Management expects yields to stabilize at the current level of 24%, with a possibility of a slight increase in the next quarter. Additionally, there is potential for a small expansion in NIM (Net Interest Margin) over the next quarter or two, driven by a slight increase in yields as the company leverages its headroom to adjust lending rates.

- Actual Results:

['Q2', '2024']:

- The yield improved to 24.5% in Q2 FY24, up from 24.0% in Q1 FY24, with Net Interest Margin (NIM) stable at 14.1%. This reflects a quarter-on-quarter increase in yield of 0.45%, aligning with management's guidance of a slight increase.

['Q3', '2024']:

- The yield for Q3 FY24 was reported at 24.1%, slightly above the expected stabilization level. The Net Interest Margin (NIM) for Q3 FY24 was 13.3%, indicating a slight decline from the previous quarter's 14.1%, contrary to the expected slight increase.

['Q4', '2024']:

- The yield on the portfolio was 24.2%, which was pretty much on similar lines of what it was over the past few quarters. There was an improvement of about 11 bps quarter-on-quarter, and NIMs for the quarter improved 128 bps to 14.6%. The NIM for the year was 14.1.

['Q1', '2024']:

- Our yield on the portfolio has improved to 24% from a normalized yield of 22.8% in quarter 4 and 16.4% in Q1 of FY '23. NIM is 14.2%, up 38 basis points over the normalized NIM of last quarter and 434 bps over quarter 1 of FY '23. Net interest income was up 102% to INR 328 crores for the quarter, which was INR 162 crores in quarter 1 FY '23.

- Evaluation:

- **Expectations Met:** Management's expectation of yield stabilization at 24% with a slight increase was met, as the yield improved to 24.5% in Q2 FY24 and remained around 24.2% by Q4 FY24, aligning with their guidance. However, while NIM showed fluctuations, it ended higher at 14.6% in Q4, meeting the overall guidance expectations.

4. Asset under management (AUM) targets

- **Narrative:** Management has outlined an ambitious growth plan for the Asset under Management (AUM) targets, emphasizing a significant expansion in their financial metrics. They aim to achieve an AUM of INR 15,000 crores by the end of FY '25, with strategic efforts to reach key milestones earlier in the timeline. The focus is also on increasing contributions from specific states, indicating a targeted geographical strategy to bolster AUM growth.

- Management's Guidance:

- The company has set a fixed goal to achieve INR 15,000 crores in AUM by FY '25. There is an expectation to reach the INR 10,000 crores mark by either the end of this quarter or the beginning of the next, contingent upon the plan's success. Management is confident in achieving more than a 4.5% ROA on a stabilized basis, with current metrics exceeding this target, aligning with the AUM goal of INR 15,000 crores by FY '25. The strategic expansion in seven states will see the AUM contribution from these areas rise from 23% this year to 44%-45% by the end of FY '25.

- **Actual Results:**

['Q3', '2024']:

- In Q3 2024, management reported reaching an AUM of INR 10,404 crores, marking a significant milestone and aligning with their interim target.

['Q4', '2024']:

- On the AUM side, our year end AUM was 11,973 crores, which was 15% quarter-on-quarter growth over the previous quarter and a 41% growth over FY'23.

['Q1', '2024']:

- We ended the quarter at an AUM of INR 8,848 crores, an all-time high for Spandana.

['Q2', '2024']:

- The AUM at the end of Q2 FY24 is 9,784 Crores, representing a 69% year-over-year growth and an 11% quarter-on-quarter growth.

- **Evaluation:**

- **Expectations Met:** Management set targets to reach an AUM of INR 10,000 crores by the end of Q3 or beginning of Q4, and they reported an AUM of INR 10,404 crores in Q3 2024, aligning with their interim target.

5. New financial products

- **Narrative:** Management has outlined plans to introduce a new financial product, the Nano enterprise loans, which targets small retailers. This initiative is part of their strategy to diversify the company's offerings and tap into the non-JLG segment, thereby potentially broadening their customer base and increasing revenue streams.

- **Management's Guidance:**

- The company plans to launch the Nano enterprise loans within the current quarter, with an initial loan ticket size of 60,000. This move signifies a strategic shift towards serving non-JLG (Joint Liability Group) customers, which could open up new market opportunities.

- **Actual Results:**

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

6. Process automation

- **Narrative:** Management has focused on enhancing operational efficiency through process automation, which is expected to streamline the company's distribution metrics.

- **Management's Guidance:**

- Management anticipates a 15% to 20% improvement in efficiencies in the current distribution metrics over the next two to three quarters.

- **Actual Results:**

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

7. Emerging market entry

- **Narrative:** Management has expressed a strategic focus on expanding Spandana's presence by entering three new markets over the next two years.

- **Management's Guidance:**

- Management has outlined a goal to expand into three new markets over the next two years.

- **Actual Results:**

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

8. Cost reduction initiatives

- **Narrative:** Management has outlined a comprehensive plan to manage IT costs effectively, reflecting their focus on operational efficiency and cost optimization. They have strategically allocated the IT budget to ensure sustained financial discipline and are planning for future evaluations to maintain this trajectory.

- **Management's Guidance:**

- Management has budgeted IT costs adequately until FY '25, indicating a commitment to control expenses and enhance operational efficiencies. They plan to reassess and incorporate future years into this budget during the next fiscal year, demonstrating a forward-looking approach to cost management.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- On the opex side, we are currently at 6.6%.

['Q2', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

9. Market share growth

- **Narrative:** Management has outlined a robust strategy to significantly enhance the company's market share by targeting customer acquisition aggressively. This approach marks a pivotal shift towards expanding their customer base.

- **Management's Guidance:**

- By the end of the year, management plans to acquire more than 1 million new customers, thereby increasing the total customer base to upwards of 3 million.

- **Actual Results:**

['Q3', '2024']:

- Acquired 9.5L borrowers during 9MFY24; 56% YoY growth in borrower addition; 9.49L new customers sourced in 9M of FY24.

['Q2', '2024']:

- Focus on new customer acquisition sustained 183% YoY growth in borrower addition; ~31% new borrowers from 7 focus states

['Q4', '2024']:

- Our steadfast focus on new customer acquisition has resulted in us adding almost 1.4 million customers during the year FY'24, which was a growth of 59% over FY'23. Additionally, 13.9 Lakh new customers were added in FY24, up 59% over FY23, with 1,391 new customers added in Q4FY24.

['Q1', '2024']:

- Focus on new member acquisition sustained 144% YoY growth in borrower addition; ~26% new borrowers from 7 focus states

- **Evaluation:**

- **Expectations Exceeded:** The management aimed to acquire over 1 million new customers by the end of the year, but the company surpassed this target by acquiring almost 1.4 million new customers during FY24, marking a 59% growth over the previous year.

10. Vision 2025 roadmap

- **Narrative:** Management emphasizes adherence to a strategic framework outlined under their Vision 2025 plan. This framework is positioned as a crucial component for the company's future success and stability.

- **Management's Guidance:**

- Management remains confident that delivering within the established Vision 2025 framework will ensure positive outcomes.

- **Actual Results:**

['Q2', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- This is the fifth quarter of the new management in Spandana and I am satisfied to state that we've come a long way from a year back when in July 2022, we had presented our Vision 2025.

['Q3', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

11. Credit risk assessment

- **Narrative:** Management has articulated a focused approach towards optimizing credit risk assessment by tightening financial credit costs and maintaining lending practices. Their discussion reflects a proactive stance in ensuring robust credit loss management, advocating for conservative credit loss expectations and prudent lending tenures.

- **Management's Guidance:**

- The management anticipates that the financial credit costs, initially set at 2%, will likely decrease to a range of 1% to 1.25%. They emphasize that well-managed companies should aim for credit losses not exceeding 1.5% to 1.6%. Management expresses caution against extending loan tenures beyond 24 months in unsecured lending, maintaining this as their current maximum tenure.

- **Actual Results:**

['Q2', '2024']:

- Shreepal Doshi [credit cost, so during this quarter we have seen that increase to almost 3.9% on an annualized basis.]

['Q4', '2024']:

- Data Not Available

['Q3', '2024']:

- In Q3 FY24, Spandana reported a credit quality loss of 1.4%, which aligns with the management's guidance to keep credit losses below 1.5% to 1.6%. The

actual credit loss remained within the expected range, indicating effective credit risk management as per the company's strategy.

['Q1', '2024']:

- Data Not Available

- Evaluation:

- Expectations Not Met: The actual credit cost increased to 3.9% in Q2 FY24, significantly exceeding the management's anticipated range of 1% to 1.25%, indicating a shortfall in achieving the expected credit risk management outcomes.

12. Long-term growth strategy

- Narrative: Management emphasized their commitment to enhancing organizational culture and employee satisfaction by implementing employee-centric practices. This strategic initiative aims to position Spandana as a preferred employer in the industry, which is expected to contribute to sustainable growth and competitive advantage.

- Management's Guidance:

- Management anticipates making significant progress in establishing these people practices over the next two to three quarters, which is a critical component of their long-term strategy.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- In Q3 FY24, management reported the implementation of new employee-centric practices leading to a 5% increase in employee satisfaction scores, aligning with their strategic vision for long-term growth. Management indicated that significant progress has been made in establishing these practices with positive feedback from internal surveys.

- Evaluation:

- Expectations Met: Management anticipated significant progress in employee-centric practices over the next two to three quarters, and in Q3 FY24, they reported a 5% increase in employee satisfaction scores, indicating alignment with their strategic vision for long-term growth.

13. New branch openings

- Narrative: Management has articulated a clear roadmap for geographic and branch expansion, emphasizing the growth of the branch network. The strategic focus is on achieving a significant scale by the end of the fiscal year 2025, with a specific target of operational branches. This aligns with their broader goal of enhancing service delivery and expanding their customer base.

- Management's Guidance:

- Management confirmed their commitment to achieving 1,500 operational branches by the end of the fiscal year 2025, highlighting the steady progress towards this milestone. Additionally, they indicated that the new branches will operate on a weekly basis, reinforcing their operational strategies irrespective of the state locations.

- Actual Results:

['Q4', '2024']:

- We opened 429 new branches during the course of the year which had a weekly repayment model. We are already at 1,642 branches, which is 142 branches more than the target. Over the last one year, we have established a footprint in five states namely Rajasthan, Madhya Pradesh, Andhra Pradesh, Karnataka and Tamil Nadu with the operationalization of 62 branches.

['Q1', '2024']:

- Over the past two quarters, we opened a net 188 branches, most of which are in these focus states. Total branches are 1,100 to 1,200. Momentum on increasing distribution sustained 188 branches added over last 2 quarters; ~13% YoY growth in borrower base.

['Q2', '2024']:

- Shalabh Saxena: We are already at 1502 branches...

['Q3', '2024']:

- In Q3 2024, Spandana Sphoorty Financial Limited reported opening 72 new branches during the quarter, contributing to a total of 1,574 branches, with 375 branches operating on a weekly basis.

- Evaluation:

- Expectations Exceeded: Spandana surpassed their target of 1,500 operational branches by reaching 1,642 branches by the end of Q4 2024, exceeding the goal by 142 branches, demonstrating a successful geographic and branch expansion strategy.

14. Geographic concentration limits

- Narrative: Management emphasized a cautious approach towards altering the structure of their large branches. This reflects a strategic decision to maintain stability in branches that represent a significant portion of their geographic presence.

- Management's Guidance:

- Management indicated that they do not plan to modify the very large branches, which total around 285 to 286 out of 1,100 to 1,200, during the current year.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- Management reported maintaining the structure of large branches with no modifications made, in line with prior guidance. The total number of large branches remained at 285, consistent with the guidance to not alter these branches during the year.

['Q2', '2024']:

- Shalabh Saxena: ...300 branches which are monthly are very big branches, so we are not touching them for now.

- Evaluation:

- **Expectations Met:** Management's guidance to maintain the structure of large branches without modifications was met, as subsequent updates confirmed no changes were made to the 285 large branches throughout the year.

Q4 2023

1. Profit margin trends

- **Narrative:** The management of Spandana has provided insights into the anticipated trends in profit margins, emphasizing a period of stability following a brief phase of decline. They highlighted the strategic aim to stabilize and achieve a consistent return on assets (ROA).

- **Management's Guidance:**

- The management expects the ROA to stabilize at 4.5% by the last quarter of the year, indicating a positive outlook for the company's financial performance after a downward trend in the upcoming quarters.

- **Actual Results:**

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- ROA at 5.5%, which is higher than the stabilization target of 4.5% by the last quarter of the year.

['Q1', '2024']:

- Our business as usual, ROA should be around 4.5%. Now this quarter, we have already reached 6%.

['Q4', '2023']:

- ROA for Q4 FY23 was reported as 4.5%, meeting the management's guidance for stabilization.

- **Evaluation:**

- **Expectations Exceeded:** The management expected ROA to stabilize at 4.5% by the last quarter of the year, but actual results showed ROA reaching 6% in Q1 2024 and 5.5% in Q3 2024, surpassing the stabilization target.

2. Loan portfolio growth

- **Narrative:** Management discussed their strategic focus on expanding loan disbursements and optimizing borrowing costs to enhance the company's loan portfolio growth. The emphasis is on strengthening relationships with existing lenders and reaching out to new, like-minded vendors. Additionally, they are adjusting their ticket size expectations to align with market conditions.

- **Management's Guidance:**

- Management expects to increase loan disbursements by 20% in the next fiscal year. They also anticipate maintaining their loan ticket sizes within the range of INR4 lakhs to INR6 lakhs, ideally between INR3 lakhs to INR5 lakhs.

- **Actual Results:**

['Q1', '2024']:

- We disbursed INR1,664 crores during the quarter, up 26% Y-o-Y.

['Q3', '2024']:

- Disbursement for the quarter was INR2,543 crores with a Y-o-Y growth of 8% and a quarter on growth of 1%. The disbursement was short by around INR450 crores.

['Q2', '2024']:

- On the disbursement, disbursement for the quarter was 2,513 Crores. This was a Y-O-Y growth of 81% and a quarter-on-quarter growth of 51%.

['Q4', '2023']:

- On the disbursement side, Spandana disbursed INR3,054 crores during the quarter, which was a growth of about 30% over the previous quarter, exceeding the expected 20% increase in loan disbursements. The disbursement for the year was INR8,125 crores, which was 141% higher than INR3,373 crores disbursed in the last financial year FY '22.

- **Evaluation:**

- **Expectations Exceeded:** The management expected a 20% increase in loan disbursements, but the actual results showed a year-end growth of 141%, significantly surpassing expectations.

3. Interest income developments

- **Narrative:** Management has outlined a positive trajectory in the development of interest income, highlighting improvements in yield and net interest margin (NIM). The adjustments in interest rates and processing fees are expected to bolster financial metrics, reflecting strategic pricing changes made during the quarter.

- **Management's Guidance:**

- Management has stated an improvement in the normalized yield on the portfolio to 22.8% from the previous quarter's 21.2%. They also indicated a normalized NIM improvement to 13.86%, with further potential slight improvements anticipated. The company has adjusted its interest rate to 25% plus a 1% processing fee starting October, aiming for a sustained NIM of 13.5% as a business-as-usual target.

- **Actual Results:**

['Q2', '2024']:

- The actual yield for Q2 FY24 improved to 24.5%, and the NIM was stable at 14.1%.

['Q3', '2024']:

- Data Not Available

['Q4', '2023']:

- Our normalized yield on the portfolio has improved to 22.8% from 21.2% in quarter 3. Normalized NIM has improved to 13.86%. That is up 38 basis points over last quarter.

['Q1', '2024']:

- In Q1 FY24, the yield on the portfolio improved to 24% from a normalized yield of 22.8% in Q4 FY23. The NIM increased to 14.2%, up 38 basis points from the normalized NIM of the previous quarter. Net interest income was up 102%, reaching INR 328 crores for the quarter compared to INR 162 crores in Q1 FY23.

- **Evaluation:**

- **Expectations Exceeded:** The actual yield and NIM exceeded management's expectations, with the yield reaching 24.5% and NIM stable at 14.1% in Q2 FY24, surpassing the forecasted improvements and maintaining a strong upward trend.

4. Asset under management (AUM) targets

- **Narrative:** Management has outlined a strategic plan to achieve substantial growth in Asset Under Management (AUM) in the upcoming fiscal years. They aim to close FY '24 with an AUM of INR 11,500 crores, with a more significant push expected in the latter half of the year due to strategic agendas in the initial quarters. Looking further ahead, the company targets an ambitious AUM of INR 18,000 crores by the end of FY '25, with a diversified mix between Joint Liability Group (JLG) loans and other business segments like loan against property and Nano MSME enterprise business.

- **Management's Guidance:**

- The management plans to end FY '24 with an AUM of about INR 11,500 crores, with growth efforts concentrated in the latter half of the fiscal year. For FY '25, the target is set at INR 18,000 crores, with specific allocations of INR 15,000 crores to JLG, and INR 2,000 to 3,000 crores to other segments like loan against property and Nano MSME enterprise business.

- **Actual Results:**

['Q3', '2024']:

- In Q3 FY24, Spandana reported an AUM of INR 10,404 crores, which shows a substantial growth but is below the FY '24 target of INR 11,500 crores set by the management. The company achieved a 52% year-on-year growth and a 6% quarter-on-quarter growth in AUM.

['Q4', '2023']:

- On the AUM side, we ended the year at an AUM of INR8,511 crores, an all-time high for Spandana. This was a growth of 24.2% over the previous quarter and 29% growth over INR6,581 crores that was reported for March 2022, which was last year.

['Q2', '2024']:

- The AUM at the end of Q2 FY24 was reported as INR 9,784 crores, reflecting a 69% year-over-year growth and an 11% quarter-over-quarter growth.

['Q1', '2024']:

- We ended the quarter at an AUM of INR8,848 crores, an all-time high for Spandana.

- **Evaluation:**

- **Expectations Not Met: Spandana's AUM in Q3 FY24 was INR 10,404 crores, which, while showing substantial growth, fell short of the management's target of INR 11,500 crores for FY '24.**

5. Digital lending platforms

- **Narrative:** Management has focused on strengthening their digital lending platforms by implementing a new software solution, which is part of their strategic re-launch of the Loan Against Property (LAP) business. This move is anticipated to enhance operational efficiency and expand their market presence, particularly with the initiation of operations in Rajasthan.

- **Management's Guidance:**

- Management anticipates significant traction in the digital lending segment as operations commence in Rajasthan with 10 new branches. This is expected to contribute positively in the upcoming quarter (Q1).

- **Actual Results:**

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

6. Process automation

- **Narrative:** The management has focused on enhancing operational efficiency through process automation. This involves strategic adjustments to the operational model to achieve greater coverage and efficiency.

- **Management's Guidance:**

- Management has indicated an improvement in their operational model to ensure 70% coverage, reflecting an emphasis on efficiency and process optimization for future quarters.

- **Actual Results:**

['Q3', '2024']:

- Data Not Available

['Q4', '2023']:

- 06ae54d7362ff1f2f4213acef948d1a7 --> Ashish Damani [This quarter, again, we have tweaked the model to ensure that 70% kind of coverage is there.]

['Q2', '2024']:

- We changed the model in Q2 in 700 branches, which covered about 1.5 million customers.

['Q1', '2024']:

- Data Not Available

- **Evaluation:**

- **Expectations Met:** Management aimed for 70% coverage through process automation, and by Q4 2023, the model was successfully tweaked to achieve the targeted coverage, aligning with their guidance.

7. New financial products

- **Narrative:** Management outlined plans to introduce a new financial product targeting the bottom of the pyramid micro, small, and medium enterprise (MSME) sector. This Nano Enterprise loan product is designed to cater to smaller ticket sizes initially, which deviates from the prevailing market norms, thereby positioning Spandana to capture a niche segment of the market.

- **Management's Guidance:**

- During the upcoming year, the company will launch the Nano Enterprise loan product aimed at bottom-of-the-pyramid MSMEs. The initial focus will be on providing loans with ticket sizes ranging from INR 3 lakh to INR 4 lakh, as opposed to the typical market offerings of INR 7 lakh to INR 10 lakh. The company plans to gradually expand the ticket size based on the initial performance and experience with the product.

- Actual Results:

['Q3', '2024']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

8. Cost reduction initiatives

- Narrative: Management has emphasized the importance of operational efficiency through cost reduction initiatives. A key focus area is to decrease overall costs while strategically positioning the company for entry into public sector banks.

- Management's Guidance:

- Management anticipates that the cost reduction strategies will begin to materialize in two to three quarters, alongside efforts to establish a foothold in public sector banks.

- Actual Results:

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- On the opex side, we are currently at 6.6%.

['Q4', '2023']:

- Operating Cost (■ Cr) increased by 26% from 362 Cr in FY22 to 457 Cr in FY23, contrary to the cost reduction initiatives.

['Q2', '2024']:

- Data Not Available

- Evaluation:

- Expectations Not Met: Management anticipated a decrease in costs, but the operating costs increased by 26% from FY22 to FY23, contradicting the expected cost reduction initiatives.

9. Rural penetration initiatives

- Narrative: Management is focusing on strategic adjustments in loan offerings by introducing new branches with a modified ticket size to enhance market penetration in rural areas.

- Management's Guidance:

- The company plans to initially offer a loan ticket size of INR35,000 in new branches and gradually expand this initiative across other locations.

- Actual Results:

['Q2', '2024']:

- Unfortunately, without the actual results data from the knowledge graph, I am unable to provide the actual results for the theme Market Strategy and Expansion and subtheme Rural penetration initiatives for Spandana in Q2 2024. Please provide the necessary data for analysis.

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

10. Emerging market entry

- Narrative: Management has outlined a strategic plan to expand its market presence by launching the MSME business and penetrating new geographical territories. The focus will initially be on deepening their presence in Rajasthan and subsequently entering three to four additional states.

- Management's Guidance:

- The company plans to launch the MSME business by the end of quarter 2 or the beginning of quarter 3. Additionally, the next two quarters are seen as critical as the company plans to explore and enter three to four new states during the financial year.

- Actual Results:

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

11. Long-term growth strategy

- Narrative: Management reiterated their commitment to a strategic three-year plan established a year ago, emphasizing their adherence to the outlined objectives and timelines. They have completed one-third of this plan, indicating a steady progression towards their long-term growth targets.

- Management's Guidance:

- Management confirmed that they are on track with their execution of the strategic plan over the next two years, maintaining alignment with their long-term growth objectives.

- Actual Results:

['Q1', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

12. Forward-looking statements

- **Narrative:** Management highlighted their strategic focus on leveraging specific initiatives to drive future benefits and growth. This reflects a commitment to enhancing operational efficiencies and unlocking potential growth vectors.

- Management's Guidance:

- Management anticipates the accrual of more benefits from their strategic initiatives within the next two quarters.

- Actual Results:

['Q3', '2024']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

13. Credit risk assessment

- **Narrative:** In the recent discussions, management emphasized a cautious approach towards the Loan Against Property (LAP) business in the upcoming quarters. They are focused on maintaining a conservative stance with regard to credit risk assessment, reflecting a strategic effort to manage potential risks effectively. A consistent theme in the management's narrative is the aim to achieve and maintain a credit cost around 2%, indicating a disciplined approach to risk management.

- Management's Guidance:

- Management plans to adopt a cautious strategy for the LAP business in the first two quarters. They have budgeted for a 2% credit cost, which will be re-evaluated after four quarters to ensure alignment with their risk management objectives. By the end of the financial year, they aim to achieve a credit cost within the 2% range. The management plans to maintain a conservative Loan to Value (LTV) ratio, typically between 40% to 55%, to further bolster their credit risk management framework.

- Actual Results:

['Q2', '2024']:

- In Q2 2024, the credit cost increased to almost 3.9% on an annualized basis, which is above the management's target of 2%. The rejection rate is at 45%. The Gross Non-Performing Assets (GNPA) decreased by 23 basis points to 1.4% quarter on quarter, and the Net Non-Performing Assets (NNPA) saw a reduction of 7 basis points over the previous quarter, reaching 0.42%.

['Q3', '2024']:

- Spandana with an asset quality of sub of 2% or rather credit loss of under 2%

['Q1', '2024']:

- NNPA has reduced to 0.49% and GNPA improved to 1.63%. The number for the previous quarter were 2.07% and 0.64%.

['Q4', '2023']:

- Data Not Available

- Evaluation:

- **Expectations Not Met: The management aimed to maintain a credit cost around 2%, but the actual credit cost in Q2 2024 increased to almost 3.9%, significantly above the target, indicating that the expectations for credit risk management were not met.**

14. New branch openings

- **Narrative:** Management has outlined an ambitious expansion strategy focused on significant branch openings. The plan involves a substantial increase in the number of operational branches within a short period to strengthen the company's footprint and capitalize on market opportunities.

- Management's Guidance:

- Management plans to have about 1,500 operational branches by the end of the year, indicating a rapid scale-up strategy. They aim to open 50 new branches by the end of 2024, highlighting a commitment to growth and market penetration. Additionally, it was noted that a typical microfinance branch takes about five months to break even and 11 months to reach full profitability. This timeline underscores the urgency in opening branches early to ensure a stable financial runway.

- Actual Results:

['Q1', '2024']:

- Over the past two quarters, we opened a net 188 branches, most of which are in these focus states. Total branches are 1,100 to 1,200.

['Q2', '2024']:

- Shalabh Saxena: We are already at 1502 branches...

['Q3', '2024']:

- During Q3, 2024, Spandana reported the opening of 72 new branches, contributing to a total of 1,574 branches, with 375 of these branches having weekly repayment schedules. These new branches accounted for 16% of the disbursements in that quarter.

['Q4', '2023']:

- During the quarter, management reported that they have opened about 112 branches.

- Evaluation:

- **Expectations Exceeded:** Spandana exceeded expectations by reaching 1,574 branches by Q3 2024, surpassing the target of 1,500 branches by year-end, along with a significant number of newly opened branches contributing to their disbursement growth.

15. State-level dominance

- **Narrative:** The management of Spandana has outlined a strategic focus on increasing its presence and dominance in seven specific states. This expansion is intended to significantly boost the company's share of assets under management (AUM) in these regions, highlighting a targeted approach to geographic growth and branch expansion.

- Management's Guidance:

- By the end of the current fiscal year, the company anticipates that the total share of loans in these seven states will reach approximately 22% to 23%. Furthermore, by the end of the fiscal year 2025, they aim for these states to account for about 40% of their AUM.

- Actual Results:

['Q2', '2024']:

- Currently our biggest states are in the range of about 15, 15.2, 15.3.

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- In Q3, 2024, management reported that the top two states, Madhya Pradesh and Orissa, accounted for 14% of the AUM, which is a decrease from the previously reported 16.5% when they had taken over.

['Q4', '2023']:

- 29% of the loans in the quarter have gone to the seven states that we had identified.

- Evaluation:

- **Expectations Met:** By Q4 2023, 29% of loans were directed to the seven targeted states, surpassing the initial year's target of 22% to 23% share, aligning with management's geographic expansion goals.

Q3 2023

1. Profit margin trends

- **Narrative:** Management discussed the anticipated decrease in profit margins due to strategic adjustments and competitive market dynamics. They highlighted a focus on aligning pricing strategies to industry standards, which is expected to impact margins temporarily.

- Management's Guidance:

- Management expects the profit margin to decrease to sub-5% by the end of the current quarter. It may take another couple of quarters for the profit margins to align with industry pricing.

- Actual Results:

['Q2', '2024']:

- We are currently at 7%.

['Q3', '2023']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

- Evaluation:

- **Expectations Not Met:** Management expected profit margins to decrease to sub-5% by the end of the current quarter, but the actual result was 7%, indicating that the anticipated decrease did not occur as projected.

2. Loan portfolio growth

- **Narrative:** In the third quarter of 2023, the management of Spandana Sphoorty Financial Limited expressed their strategic intent to significantly increase the penetration of their lending services. They are particularly focused on enhancing the proportion of customers who engage with multiple lending products from the company, aiming to boost customer engagement and retention.

- Management's Guidance:

- Management has set a target to increase the percentage of customers utilizing two lending products from approximately 67-68% to 80% over the next 2 to 2.5 quarters. Additionally, they have incorporated a conservative growth estimate of 2% until the financial year 2025, with an expectation that the actual growth may be lower than this projection.

- Actual Results:

['Q1', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

3. Interest income developments

- **Narrative:** Management is focused on maintaining and potentially enhancing the net interest margins (NIMs) despite ongoing market conditions. They plan to achieve this through strategic pricing of loans and a careful overhaul of the existing loan book.

- **Management's Guidance:**

- Management aims to keep the net interest margins north of 13.5%. They anticipate an improvement in interest income by 50 to 75 basis points over the next 4 to 5 quarters, contingent on a complete churn and recreation of the loan book. Additionally, it is estimated to take approximately two more quarters to refine the cost of borrowings further.

- **Actual Results:**

['Q2', '2024']:

- In Q2 FY24, the net interest margin (NIM) was stable at 14.1%, which is above the management's target of >13.5%. The interest income showed an increase of around 10%, aligning well with the management's guidance for interest income improvement by 50 to 75 basis points.

['Q3', '2023']:

- Yield improved by 200 bps to 21.5%, while the NIM improved by 80 bps to 13.8%. Net interest income was up 16% to INR 254 crores.

['Q4', '2023']:

- Net interest income was up 51% to INR384 crores for the quarter versus INR254 crores in quarter 3. Normalized NIM has improved to 13.86%, up 38 basis points over last quarter. Revenue from Operations - Interest income: Q4 FY23: 419.3, Q3 FY23: 337.7.

['Q1', '2024']:

- NIM is 14.2%, which is up 38 basis points over the normalized NIM of the last quarter and 434 basis points over Q1 of FY '23. Net interest income was up 102% to INR 328 crores for the quarter, compared to INR 162 crores in Q1 FY '23.

- **Evaluation:**

- **Expectations Exceeded:** The net interest margin (NIM) consistently remained above the management's target of >13.5%, reaching 14.1% by Q2 FY24. Additionally, the interest income improvement surpassed the expected range of 50 to 75 basis points, with notable increases throughout the quarters.

4. Asset under management (AUM) targets

- **Narrative:** Management has projected that no additional capital will be required in the near term, indicating a stable financial position. They anticipate being in a comfortable financial zone through mid to late FY '25, suggesting a focus on maintaining operational stability and potentially optimizing asset under management (AUM) without the immediate need for external funding.

- **Management's Guidance:**

- Management has indicated that they do not foresee the need for further capital for the next five quarters, implying a stable financial outlook and potentially steady growth in AUM during this period.

- **Actual Results:**

['Q4', '2023']:

- On the AUM side, we ended the year at an AUM of INR8,511 crores, an all-time high for Spandana. This was a growth of 24.2% over the previous quarter and 29% growth over INR6,581 crores that was reported for March 2022, which was last year.

['Q1', '2024']:

- We ended the quarter at an AUM of INR8,848 crores, an all-time high for Spandana.

['Q2', '2024']:

- The AUM at the end of the quarter is ₹9,784 Crores, reflecting a 69% year-over-year growth and an 11% quarter-on-quarter growth.

['Q3', '2023']:

- Spandana's AUM grew by 19% sequentially to end the quarter at INR 6,852 crores against INR 5,782 crores reported end of quarter 2.

- **Evaluation:**

- **Expectations Exceeded:** Spandana's AUM growth significantly surpassed management's guidance, achieving record highs and a 69% year-over-year growth by Q2 2024, indicating stronger-than-anticipated performance without the need for additional capital.

5. New financial products

- **Narrative:** Management has indicated plans to diversify Spandana's product offerings by venturing into non-microfinance sectors. This strategic move involves the introduction of MSME (Micro, Small, and Medium Enterprises) and LAP (Loan Against Property) loans, marking a significant step in broadening the company's financial services portfolio.

- **Management's Guidance:**

- The company is gearing up for a soft launch of its non-microfinance business, including MSME and LAP loans, expected to take place in the first quarter of the upcoming fiscal year.

- **Actual Results:**

['Q4', '2023']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

6. Operational progress

- **Narrative:** Management is focused on expanding their workforce as part of their operational progress initiatives. The company aims to increase its employee base significantly by the end of the year.

- **Management's Guidance:**

- Management has guided that the institution should be close to about 11,000 employees by the end of this year.

- Actual Results:

['Q4', '2023']:

- Number of employees: 8,763 in Mar-22, 8,294 in Jun-22, 8,426 in Sep-22, 8,732 in Dec-22, 10,016 in Mar-23

['Q2', '2024']:

- Data Not Available

['Q3', '2023']:

- Shalabh Saxena: We've crossed the 10,000-employee mark just about 3, 4 days back.

['Q1', '2024']:

- Data Not Available

- Evaluation:

- Expectations Not Met: Management guided towards an employee base of about 11,000 by year-end, but they only reached 10,016 employees, falling short of their target.

7. Process automation

- Narrative: Management has outlined a clear strategy for enhancing operational efficiency and optimization through process automation. They have indicated that while initial steps have already been taken, significant advancements in driving efficiencies are scheduled to commence from April. This reflects a phased approach where foundational aspects are being set up before major implementations.

- Management's Guidance:

- Management has expressed that the substantial efforts to drive efficiencies and optimization will begin in April, suggesting a forward-looking focus on achieving operational improvements in the upcoming quarters.

- Actual Results:

['Q4', '2023']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

8. Long-term growth strategy

- Narrative: Management emphasized their commitment to accelerating growth while simultaneously maintaining a focus on quality. They indicated a strategic shift towards ramping up their growth engine as part of their long-term vision.

- Management's Guidance:

- Management expects to enter a growth phase with a noticeable increase in activities, anticipating stabilization by the third quarter of the following year.

- Actual Results:

['Q1', '2024']:

- I'm sorry, but I can't provide the actual results without the data input. Could you please provide the actual results data for the period ['Q1', '2024']?

['Q2', '2024']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

9. Leadership experience impact

- Narrative: Management discussed the progress in filling key senior and middle management roles, which is crucial for driving the company's strategic vision and enhancing operational efficiency.

- Management's Guidance:

- Management expects to complete the filling of the remaining senior and middle management roles by the end of the quarter, strengthening the leadership team.

- Actual Results:

['Q2', '2024']:

- Data Not Available

['Q3', '2023']:

- Sure, please provide the actual results data from the knowledge graph for analysis.

['Q4', '2023']:

- We had identified 13 key positions at CXO and CXO minus 1, which had to be filled when we started our journey. As we speak, I'm happy to inform that the positions have been filled.

['Q1', '2024']:

- Data Not Available

- Evaluation:

- Expectations Met: The management expected to complete the filling of key senior and middle management roles by the end of the quarter, and by Q4 2023, all 13 identified key positions were successfully filled, aligning with the stated goals.

10. New branch openings

- Narrative: Spandana management has strategically shifted its focus from consolidation to aggressive growth, particularly through branch expansion. This shift is

supported by significant stakeholder encouragement, with plans to open approximately 100 new branches in key geographies, including Rajasthan, Uttar Pradesh, Bihar, and West Bengal, within the current quarter. The overall strategy involves completing the expansion of the branch network to an additional 1,500 branches from the current 1,100, with an anticipated timeline extending over the next 4 to 6 quarters. The expansion is aimed at significantly increasing the customer base.

- Management's Guidance:

- Management plans to open approximately 100 new branches in identified geographies during the current quarter, specifically in the states of Rajasthan, Uttar Pradesh, Bihar, and West Bengal. The expansion is expected to add roughly 1,500 branches to the existing network of 1,100 branches, with a clear runway of about 4 to 6 quarters, aiming for completion by quarter 2 or quarter 3 of the next financial year. The company also targets a customer base increase to 4 million over the next two years, facilitated by the addition of personnel and branches, with immediate plans for 100 branches and intentions to expedite the branch rollout into the next financial year. Ambitions to open about 250 to 300 branches between this quarter and the next quarter.

- Actual Results:

['Q1', '2024']:

- Over the past two quarters, we opened a net 188 branches, most of which are in these focus states.

['Q2', '2024']:

- We have operationalized 292 branches already.

['Q3', '2023']:

- Data Not Available

['Q4', '2023']:

- During Q4 2023, Spandana reported the opening of approximately 112 new branches, which slightly exceeds the management's guidance of opening 100 new branches in the specified quarter.

- Evaluation:

- Expectations Exceeded: Spandana exceeded its management guidance by opening 112 new branches in Q4 2023 when only 100 were planned, and operationalizing 292 branches in Q2 2024, surpassing the initial target of 250 to 300 branches over two quarters.

Q2 2023

1. Profit margin trends

- Narrative: Management has highlighted a focus on improving financial performance metrics, particularly the net collection efficiency and return on assets (ROA). The company is actively working on enhancing its operational efficiency with a specific target for ROA, indicating a strategic approach to financial growth and stability.

- Management's Guidance:

- Management anticipates an improvement in net collection efficiency from the current level of 97.5% over the next couple of quarters. The company aspires to achieve a ROA in the range of 4% to 4.5% as leverage and other financial elements align.

- Actual Results:

['Q3', '2023']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q4', '2023']:

- The net collection efficiency for the period was 97.57%, which is 3.05% up from Q3, which was the previous quarter. The ROA for Q4 FY23 was reported at 4.5%.

['Q2', '2023']:

- ROA (%) - annualised Post credit cost was 3.8% for FY23Q2, which is below the management's guidance target range of 4% to 4.5%.

- Evaluation:

- Expectations Met: The company's net collection efficiency improved to 97.57%, and the ROA reached 4.5% in Q4 FY23, meeting the management's guidance target range.

2. Loan portfolio growth

- Narrative: The management at Spandana Sphoorty Financial Limited is focused on executing a structured disbursement plan across the fiscal quarters. They demonstrate a strong commitment to their growth trajectory, ensuring that the company's loan portfolio expands systematically and progressively. The plan outlines specific disbursement targets for each quarter, which reflects their strategic intent to enhance loan book growth in a phased manner. Additionally, the management is concentrating on optimizing operational efficiency by strategically deploying loan officers to achieve a targeted borrowers per loan officer metric. This operational refinement is aimed at boosting the company's loan disbursement capacity and enhancing portfolio management.

- Management's Guidance:

- 1. The company aims for disbursements of 1200-1300 Crores in Q1, 1400-1500 Crores in Q2, 2500 Crores in Q3, and 3500 Crores in Q4, adhering to its strategic disbursement plan. 2. Spandana Sphoorty is targeting an increase in the borrowers per loan officer to a range of 450 to 500, with an enterprise-level average disbursement of about 1.25 to 1.3 Crores, progressing towards 1.5 Crores in the coming quarters.

- Actual Results:

['Q1', '2024']:

- We disbursed INR1,664 crores during the quarter, up 26% Y-o-Y.

['Q2', '2023']:

- In Q2 2023, Spandana Sphoorty Financial Limited disbursed Rs. 1,391 crores, which is an increase from Rs. 1,320 crores in the previous quarter, showing a growth of 5.3%. This disbursement figure is slightly below the lower end of the management's guidance range of 1,400 to 1,500 crores for Q2.

['Q3', '2023']:

- Disbursement for the quarter was INR 2,361 crores, which is a 70% increase sequentially from the previous quarter's INR 1,391 crores. During the quarter, Spandana Sphoorty Financial Limited added 2.19 lakh new borrowers, marking a 77% growth over the prior quarter.

['Q4', '2023']:

- Data Not Available

- Evaluation:

- **Expectations Not Met:** Spandana Spahoorty's loan disbursement in Q2 2023 was slightly below the lower end of the management's guidance range, and in Q3, the disbursement was below the target of 2500 Crores, indicating that expectations were not fully met.

3. Interest income developments

- **Narrative:** The management highlighted their strategic approach towards enhancing interest income through several measures. They discussed their expectation of maintaining Net Interest Margins (NIMs) above 12.5% and indicated that recent rate increases of 1% will be maintained in the upcoming quarters. Additionally, new disbursements in the second half will be at higher interest rates, with specific disbursements expected to be at a 25% rate of interest, contributing positively to yield and Return on Assets (ROA) by the fourth quarter.

- **Management's Guidance:**

- Management expects Net Interest Margins (NIMs) to remain above 12.5%. Recent rate increases by 1% will be held steady for the next couple of quarters. New disbursements in the second half will be at higher rates, specifically at a 25% rate of interest, positively impacting yield and ROA by Q4.

- **Actual Results:**

['Q3', '2023']:

- Yield improved by 200 bps to 21.5%, while the NIM improved by 80 bps to 13.8%.

['Q4', '2023']:

- Normalized NIM has improved to 13.86%, which is above the management guidance of maintaining NIMs above 12.5%. Net interest income was up 51% to INR384 crores for the quarter. Our normalized yield on the portfolio has improved to 22.8% from 21.2% in the previous quarter.

['Q1', '2024']:

- NIM is 14.2%. That is up 38 basis points over normalized NIM of last quarter and 434 bps over quarter 1 of FY '23.

['Q2', '2023']:

- In Q2 FY23, the Net Interest Margin (NIM) was reported at 11.2%, which is below the target of maintaining NIMs above 12.5%. Additionally, the yield was reported at 19.5%, and rates were increased to 24%.

- **Evaluation:**

- **Expectations Exceeded:** The actual results showed that the Net Interest Margins (NIM) improved significantly to 13.86% in Q4 2023 and further to 14.2% in Q1 2024, exceeding the management's guidance of maintaining NIMs above 12.5%. Additionally, yield improvements surpassed expectations, contributing to better-than-anticipated financial performance.

4. Asset under management (AUM) targets

- **Narrative:** Management has articulated a clear strategy for growth in their asset under management (AUM) with specific targets set for the upcoming quarters. The company is focused on achieving a significant increase in AUM, indicating a robust expansion plan.

- **Management's Guidance:**

- Management expects the AUM to close north of 8000 Crores, ranging anywhere between 8000 and 8500 Crores by the year-end.

- **Actual Results:**

['Q4', '2023']:

- On the AUM side, we ended the year at an AUM of INR8,511 crores, an all-time high for Spandana. This was a growth of 24.2% over the previous quarter and 29% growth over INR6,581 crores that was reported for March 2022, which was last year.

['Q1', '2024']:

- We ended the quarter at an AUM of INR8,848 crores, an all-time high for Spandana.

['Q2', '2023']:

- AUM of Rs. 5,782 crores, ~5% growth over previous quarter.

['Q3', '2023']:

- Spandana's AUM grew by 19% sequentially to end the quarter at INR 6,852 crores against INR 5,782 crores reported end of quarter 2.

- **Evaluation:**

- **Expectations Exceeded:** Management expected the AUM to be between INR 8000 and 8500 crores by year-end, but the actual AUM exceeded this range, reaching INR 8,511 crores in Q4 2023 and further growing to INR 8,848 crores in Q1 2024, surpassing expectations.

5. Partnership development

- **Narrative:** Management highlighted their strategic focus on optimizing financial partnerships to bolster their funding stability and reduce reliance on capital markets. This initiative is part of their broader market strategy aimed at enhancing financial resilience and operational efficiency.

- **Management's Guidance:**

- Management plans to increase bank exposure to approximately 75% over the next couple of quarters, thereby reducing capital market dependency to around 25%.

- **Actual Results:**

['Q1', '2024']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

['Q2', '2023']:

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

['Q3', '2023']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

6. Rural penetration initiatives

- **Narrative:** Management reiterated their commitment to expanding their presence in rural areas, emphasizing the importance of reaching tier three, four, and five regions, which they consider integral to their vision for 2025.

- **Management's Guidance:**

- Management plans to continue their strategic focus on rural penetration as part of their 2025 vision, aiming for growth in these regions.

- **Actual Results:**

['Q1', '2024']:

- 26% of new borrowers added during the quarter were from these seven focus states.

['Q4', '2023']:

- Data Not Available

['Q2', '2023']:

- Our overall rural portfolio now has increased to 88%. Focus on acquiring new customers continues. 46% disbursement in Q2 was to new customers. Rural portfolio has increased from 85% to 88% on the overall book reaffirming the direction of focus on rural geographies.

['Q3', '2023']:

- 87% Rural 13% Urban

- Evaluation:

- **Expectations Met:** The management's focus on expanding in rural areas as part of their 2025 vision aligns with actual results, showing an increase in the rural portfolio from 85% to 88% and a significant portion of new borrowers and disbursements coming from rural regions, confirming the strategic direction.

7. Market share growth

- **Narrative:** Management outlined strategic initiatives aimed at expanding market share. This includes plans to significantly increase the workforce by adding new loan officers, which is expected to enhance customer outreach and service capabilities. Additionally, management anticipates leveraging more PTC and DA transactions in the latter half of the financial year, which they believe will bolster their market position.

- Management's Guidance:

- Management is planning to add 752,000 loan officers in the current quarter, which is expected to expand market penetration. Furthermore, they expect a rise in PTC and DA transactions in the second half of the financial year, which should contribute to an increase in the market share of the banks.

- Actual Results:

['Q1', '2024']:

- Data Not Available

['Q2', '2023']:

- 46% loans in the quarter to new customers, Growth in Borrowers with New Member Acquisitions (In lakhs) +1.9% 23.5 21.3 21.7 Mar-22 Jun-22 Sep-22

['Q4', '2023']:

- Data Not Available

['Q3', '2023']:

- In Q3 FY23, management reported the addition of approximately 2,000 to 2,500 personnel, indicating a significant scale-up in workforce, although specific figures for loan officers were not detailed. Market penetration and share growth outcomes were not explicitly quantified in the available data.

- Evaluation:

- Insufficient Info: Data not available.

8. Client retention programs

- **Narrative:** Management emphasized their commitment to enhancing client retention through strategic initiatives aimed at re-engaging customers and reintegrating them into mainstream financial activities. This reflects a proactive approach to stabilizing and potentially increasing their customer base.

- Management's Guidance:

- Management indicated plans to continue their client retention efforts over the next two quarters, with expectations of reasonable upsides as a result of these initiatives. They have articulated clear plans for customer engagement to achieve these objectives.

- Actual Results:

['Q4', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q2', '2023']:

- We acquired 1.23 lakh customers during the quarter, which was a growth of 16% over the previous quarter.

- Evaluation:

- Insufficient Info: Data not available.

9. Vision 2025 roadmap

- **Narrative:** Management has reaffirmed their commitment to the Vision 2025 roadmap, emphasizing a growth strategy that focuses on customer acquisition. They plan to maintain a conservative approach towards ticket sizes. The goal is to enhance their market position by increasing the proportion of single lender relationships to 80%-81%, with the remaining distribution in one plus one and minimal single-digit relationships.

- Management's Guidance:

- Management plans to increase single lender relationships to 80%-81% and expects a one plus one relationship to comprise another 11%-12%. They are working towards achieving these targets as part of their Vision 2025 roadmap.

- Actual Results:

['Q4', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q1', '2024']:

- This is the fifth quarter of the new management in Spandana and I am satisfied to state that we've come a long way from a year back when in July 2022, we had presented our Vision 2025.

['Q2', '2023']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

10. Forward-looking statements

- **Narrative:** Management has articulated a clear strategic vision focused on maintaining their current operational approach through fiscal year 2025. This indicates a commitment to stability and sustained growth, leveraging their established strategies to achieve projected goals.

- **Management's Guidance:**

- Management plans to continue their existing operational strategy through FY2025 as part of their growth projections.

- **Actual Results:**

['Q3', '2023']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

11. New branch openings

- **Narrative:** Management has outlined a comprehensive plan for geographic and branch expansion, focusing on opening a significant number of new branches to increase their market presence. This expansion is strategically planned to occur between the third quarter of the current fiscal year and the first quarter of the following fiscal year, reflecting management's commitment to enhancing customer acquisition capabilities through these new branches.

- **Management's Guidance:**

- Management plans to open approximately 560 new branches from now until FY2025. The effort to open these branches will commence immediately to ensure they are operational by the first quarter of FY2025. Furthermore, all new branches opening in the current and next quarter will focus solely on customer acquisition.

- **Actual Results:**

['Q1', '2024']:

- Over the past two quarters, we opened a net 188 branches, most of which are in these focus states. Momentum on increasing distribution sustained 188 branches added over last 2 quarters; ~13% YoY growth in borrower base.

['Q3', '2023']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

['Q4', '2023']:

- During the quarter, we have opened about 112 branches.

- **Evaluation:**

- **Expectations Not Met: Management guided for opening 560 new branches by FY2025, but only 188 branches were opened over the past two quarters, indicating a slower pace than planned.**

Q1 2023

1. Profit margin trends

- **Narrative:** Management expressed confidence in achieving stable profit margins, indicating a focus on maintaining a steady state of financial performance through strategic operational enhancements. They highlighted that upcoming quarters are anticipated to fully reflect the impact of their systematic improvements and distribution strategies.

- **Management's Guidance:**

- Management anticipates achieving a return on assets (ROA) of 4% to 5% in a stable operating environment. Additionally, they expect the complete financial impact of current strategies to be visible by the third and fourth quarters.

- **Actual Results:**

['Q3', '2023']:

- In Q3 FY23, Spandana reported a Return on Assets (ROA) of 4.1%, which is within the management's guidance range of 4% to 5%. The Pre-Provision Operating Profit (PPOP) was reported at ■140.6 Cr, and the Profit After Tax (PAT) was ■71.4 Cr.

['Q4', '2023']:

- Data Not Available

['Q2', '2023']:

- ROA for Q2 FY23 was reported at 3.8%, which is slightly below the management's guidance of 4% to 5%. Profit after tax for Q2 FY23 was 55.2 Crores, showing a significant improvement from a loss of 219.7 Crores in Q1 FY23.

['Q1', '2023']:

- ROA (%) - annualised: Pre write-off 2.7% FY22Q4, 1.8% FY23Q1; Post write-off 2.8% FY22Q4, -14.2% FY23Q1

- **Evaluation:**

- **Expectations Met:** In Q3 FY23, Spandana reported an ROA of 4.1%, which falls within the management's guidance range of 4% to 5%, indicating that expectations for maintaining stable profit margins were met.

2. Loan portfolio growth

- **Narrative:** Management is focused on maintaining a stable loan portfolio growth trajectory. They are planning strategic financial arrangements to support their disbursement targets, indicating a strong emphasis on sustainable growth supported by internal and external funding sources.

- **Management's Guidance:**

- Management anticipates requiring an external raise of about 5800 to 6000 Crores to support disbursements of approximately 7000 Crores, with the remainder being supported by internal accruals. This expectation is based on their positive month-on-month cash flow.

- Actual Results:

['Q2', '2023']:

- We disbursed 1391 Crores as against 1320 Crores in the previous quarter, which is a growth of 5.3%.

['Q3', '2023']:

- Data Not Available

['Q4', '2023']:

- The disbursement for the year was INR8,125 crores, which was 141% higher than INR3,373 crores which was disbursed in the last financial year FY '22. During the year, they borrowed in total about INR5,775 crores from lenders, which is up 208% over the previous year of INR1,875 crores.

['Q1', '2023']:

- In Q1 FY23, the disbursement was reported to be Rs. 1,320 Crores, showing a significant year-on-year growth of 511% compared to Rs. 216 Crores in Q1 FY22.

- Evaluation:

- **Expectations Exceeded:** The actual disbursement for the year was INR 8,125 crores, which surpassed the management's target of approximately 7,000 crores. The external borrowing aligned with guidance, indicating the loan portfolio growth trajectory exceeded expectations.

3. Interest income developments

- **Narrative:** Management emphasized the focus on achieving and maintaining robust Net Interest Margins (NIMs), highlighting that strategic efforts are being concentrated towards reaching a steady state where NIMs exceed 12%. This reflects a targeted approach towards enhancing financial performance by optimizing interest income.

- Management's Guidance:

- Management anticipates that by the third and fourth quarters, the Net Interest Margins will consistently be above 12%, indicating a positive outlook for interest income growth. They also plan to adjust leverage ratios, aiming for a leverage of around 3x by the year's end, though the exact timing is still being refined.

- Actual Results:

['Q3', '2023']:

- In Q3 FY23, the Net Interest Margin (NIM) improved by 80 basis points to 13.8%. Net interest income increased by 16% to INR 254 crores.

['Q4', '2023']:

- Normalized NIM has improved to 13.86%. That is up 38 basis points over last quarter.

['Q1', '2023']:

- Data Not Available

['Q2', '2023']:

- In Q2 FY23, the Net Interest Margin (NIM) was reported at 11.2%, which is below the management's guidance of consistently achieving NIMs above 12% by the third and fourth quarters.

- Evaluation:

- **Expectations Exceeded:** Management anticipated NIMs to exceed 12% by Q3 and Q4. The actual results showed NIMs reaching 13.8% in Q3 and 13.86% in Q4, significantly surpassing the target, indicating expectations were exceeded.

4. Asset under management (AUM) targets

- **Narrative:** Management outlined a comprehensive strategy to significantly scale up the company's asset base. This includes a forward-looking plan to elevate the company's client base to 2.8 million by the end of the year, reflecting aggressive growth ambitions. Additionally, management has projected a substantial increase in the asset portfolio, targeting an expansion of 2000 to 3000 Crores over the existing 15000 Crores steady state book by FY2025, leveraging various product lines.

- Management's Guidance:

- Management aims to reach a client base of 2.8 million, which translates to an addition of 4.5 lakhs for the year. Management projects an increase of 2000 to 3000 Crores in the asset portfolio, exceeding the 15000 Crores steady state book by FY2025.

- Actual Results:

['Q4', '2023']:

- On the AUM side, Spandana ended the year at an AUM of INR8,511 crores, an all-time high for the company. This represented a growth of 24.2% over the previous quarter and a 29% growth over INR6,581 crores reported for March 2022.

['Q1', '2023']:

- In Q1 2023, management reported an AUM of Rs. 5,513 Crores post write-off.

['Q2', '2023']:

- The actual results for Q2 2023 indicate that the AUM increased by 5% from the previous quarter, with an AUM of Rs. 5,782 crores, reflecting a ~5% growth over the previous quarter.

['Q3', '2023']:

- Spandana's AUM grew by 19% sequentially to end the quarter at INR 6,852 crores against INR 5,782 crores reported end of quarter 2.

- Evaluation:

- **Expectations Not Met:** The management aimed for a significant increase in the asset portfolio to 18,000 Crores by FY2025 from the steady state of 15,000 Crores, but the AUM only reached INR 8,511 Crores by Q4 2023, indicating that the growth targets were not achieved.

5. Vision 2025 roadmap

- **Narrative:** Management has articulated a clear strategic vision to significantly grow the company's microfinance portfolio. This involves a robust plan to expand their microfinance book, setting ambitious targets for the coming years.

- Management's Guidance:

- Management is confident in achieving a microfinance book size of 15,000 by FY2025.

- Actual Results:

['Q4', '2023']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

6. Regulatory compliance updates

- **Narrative:** Management discussed the transition to the new lending regime as per RBI's guidelines. This shift involves implementing income assessment and other regulatory compliance measures for all new lending activities starting from July.

- **Management's Guidance:**

- The company has fully transitioned to the new RBI lending regime for all new lending activities, incorporating income assessment and other compliance measures.

- **Actual Results:**

['Q3', '2023']:

- Data Not Available

['Q4', '2023']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

['Q2', '2023']:

- Shalabh Saxena: we moved to the new RBI framework on the 1st of July

- **Evaluation:**

- Insufficient Info: Data not available.

7. Long-term growth strategy

- **Narrative:** Management highlighted the importance of internalizing the company culture as a crucial element of their long-term growth strategy. This initiative is expected to significantly enhance organizational alignment and efficiency.

- **Management's Guidance:**

- Management anticipates that the internalization of company culture will take approximately two quarters to fully integrate among the workforce, which is a vital step in their strategic long-term growth plan.

- **Actual Results:**

['Q4', '2023']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

['Q3', '2023']:

- Management reported that the internalization of company culture is progressing well, with initial indicators of improved organizational alignment visible. However, full integration is still a work in progress.

- **Evaluation:**

- Insufficient Info: Data not available.

8. Credit risk assessment

- **Narrative:** The management has provided insights into the credit risk assessment, focusing on maintaining stable credit costs and minimizing potential write-offs. This reflects a strategic emphasis on risk management to ensure financial stability and operational efficiency.

- **Management's Guidance:**

- Management does not anticipate any material incremental write-offs from the current portfolio for the financial year. Additionally, they expect credit costs to remain below 2% on a steady basis, with quarterly figures not exceeding 0.5%.

- **Actual Results:**

['Q4', '2023']:

- Actual Results: Data Not Available

['Q1', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

9. Technology-driven operations

- **Narrative:** Management has articulated a clear focus on transforming the company into a technology-led organization. The strategic move involves transitioning towards becoming a paperless entity, with a strong emphasis on utilizing technology to supervise and execute processes. This initiative is anticipated to play a central role in risk management and audit controls.

- **Management's Guidance:**

- The company plans to complete this transition to a technology-driven operation between Q2 and Q3, where technology will be the main driver of all supervision and execution processes.

- **Actual Results:**

['Q4', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

Q4 2022

1. Profit margin trends

- Narrative: Management has laid out a strategic vision aimed at strengthening the company's financial fundamentals and infrastructure, which is expected to drive profit margins in the future. They have emphasized the importance of establishing a solid foundation in the earlier quarters, which will support the anticipated growth trajectory. This approach is intended to ensure sustainable profitability and is expected to result in significant improvements in the company's return on assets (ROA) and return on equity (ROE) over the coming years.

- Management's Guidance:

- The company aims to achieve an ROA closer to 5% in FY2025, with a ROE of 22% to 24% based on a customer base of approximately 40 lakhs. Additionally, management expects that by Q3 and Q4, they will be confident in the fundamentals in place, which will allow them to achieve a strong FY2023 performance, characterized by back-ended growth supported by robust infrastructure and risk mitigation strategies. They anticipate a closing basis target of 2%, with initial costs potentially being offset by recoveries later in the year.

- Actual Results:

['Q3', '2023']:

- In Q3 FY23, Spandana reported a Return on Assets (ROA) of 4.1% and a Return on Equity (ROE) of 9.8%. The Pre-Provision Operating Profit (PPOP) was INR 140.6 crore, and the Profit After Tax (PAT) was INR 71.4 crore.

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- ROA (%) - annualised Post credit cost 3.8% FY23Q2

['Q1', '2023']:

- ROA (%) - annualised Pre write-off 2.7% FY22Q4 1.8% FY23Q1 Post write-off 2.8% FY22Q4 -14.2% FY23Q1

- Evaluation:

- Expectations Not Met: Management aimed for ROA closer to 5% and ROE between 22% to 24% by FY2025, with a strong performance in FY2023. However, in Q3 FY23, the ROA was 4.1% and ROE was only 9.8%, indicating that the expectations for profitability improvements were not met.

2. Loan portfolio growth

- Narrative: The management of Spandana Sphoorty Financial Ltd. outlined an ambitious growth strategy aimed at significantly expanding their loan portfolio. Their vision for FY25 is to achieve a loan book of 15,000 Crores, a substantial increase from the current 6,500-6,600 Crores. This growth is expected to be driven by a focus on both restructured and non-restructured books, with a particular emphasis on improving collection efficiencies and expanding secured lending lines.

- Management's Guidance:

- Spandana plans to grow its loan book to 15,000 Crores by FY25, up from the current 6,500-6,600 Crores. There is an attempt to achieve growth 'anywhere upwards north of 10%' on the secured line, contributing an additional 2,000 to 3,000 Crores to the total book.

- Actual Results:

['Q2', '2023']:

- We disbursed 1391 Crores as against 1320 Crores in the previous quarter, which is a growth of 5%. The book composition has changed from March of 2022, the post April 2021 book which was 48% in March 2022 became 70% end of quarter one and is now 82% in quarter two. Disbursement Momentum Continues: 5.3% growth QOQ.

['Q3', '2023']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

3. Asset under management (AUM) targets

- Narrative: The management of Spandana is strategically focusing on capturing a greater market share to drive growth in their Asset Under Management (AUM). They are targeting an incremental increase by capturing a modest market share, which would significantly boost their AUM.

- Management's Guidance:

- Management anticipates that by achieving a market share of about 2.5% to 3%, the company could see an incremental increase in AUM by approximately 6000 to 6500. They also expect a return to normalized conditions in the second quarter concerning the supply side, following recent disclosures.

- Actual Results:

['Q1', '2023']:

- We had a book of 6214 Crores. We now have an AUM of 5513 Crores.

['Q2', '2023']:

- AUM of Rs. 5,782 crores, ~5% growth over previous quarter.

['Q3', '2023']:

- Spandana's AUM grew by 19% sequentially to end the quarter at INR 6,852 crores against INR 5,782 crores reported end of quarter 2.

['Q4', '2022']:

- The actual Asset Under Management (AUM) at the end of Q4 FY22 was reported as 6,581 Crores.

- **Evaluation:**

- **Expectations Met:** Spandana's AUM grew sequentially to INR 6,852 crores in Q3 2023, aligning with management's guidance of an incremental increase, despite a drop in Q1.

4. Process automation

- **Narrative:** Management highlighted a significant improvement in process automation aimed at drastically reducing the time taken for loan processing. This strategic move aligns with the company's commitment to enhance operational efficiency and optimize customer service delivery.

- **Management's Guidance:**

- Management anticipates that the automation of the loan processing procedure will reduce the time required from the current three to five days to potentially 60 to 90 seconds in future quarters.

- **Actual Results:**

['Q2', '2023']:

- Data Not Available

['Q1', '2023']:

- To perform the analysis for the actual results regarding Spandana's operational efficiency and optimization, specifically focusing on process automation, during Q1 2023, I will need to review the provided actual results data. Please provide the actual results data within the specified format so that I can proceed with the analysis.

['Q3', '2023']:

- Data Not Available

['Q4', '2022']:

- Shalabh Saxena: We have already moved to the new process and as you know that every loan we are disbursing this month, starting this month from the 1st is under the new regime. Renish Bhuvra: So entire 1000 plus branch network are now on the new process. Current loan process takes about three to five days.

- **Evaluation:**

- Insufficient Info: Data not available.

5. Emerging market entry

- **Narrative:** Management discussed the strategic approach to expand into seven additional states as part of its market strategy. The focus is on quality growth, aiming to capture a significant portion of the market share in these regions.

- **Management's Guidance:**

- Management anticipates that the expansion into these seven states will facilitate an incremental AUM (Assets Under Management) growth of 6000 to 7000 units, emphasizing a selective approach to ensure quality in this growth trajectory.

- **Actual Results:**

['Q2', '2023']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q4', '2022']:

- Identified 7 additional states with favorable metrics for quick scale up of microfinance book.

- **Evaluation:**

- Insufficient Info: Data not available.

6. Forward-looking statements

- **Narrative:** The management of Spandana has outlined a focused approach towards regulatory compliance and operational regularization. They have expressed confidence in obtaining necessary licenses and stabilizing their operations in the coming quarters, which aligns with their strategic vision to ensure sustainable growth and market stability.

- **Management's Guidance:**

- Management anticipates acquiring a necessary license within the next two months, which is crucial for enhancing operational capabilities. They are optimistic about regularizing their financial book within the next two quarters, indicating a move towards stabilizing their financial position. The expectation is set to achieve operational regularization within the next quarter, suggesting imminent strategic progress.

- **Actual Results:**

['Q2', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

7. Market share growth

- **Narrative:** Management outlined a strategic initiative to significantly increase the customer base, aiming to bolster market share through expanded customer engagement and acquisition.

- **Management's Guidance:**

- Management anticipates a growth in customer numbers from the current 2.3 million to 4 million, indicating a focused strategy on scaling operations and expanding market reach in the near future.

- Actual Results:

['Q1', '2023']:

- Data Not Available

['Q3', '2023']:

- New members acquired (in '000) 101 106 123 Q4FY22 Q1FY23 Q2FY23 54% Q3FY23 +77% 46% 219 Q3FY23

['Q4', '2022']:

- Current customer number is 2.3 million.

['Q2', '2023']:

- 46% loans in the quarter to new customers. Growth in Borrowers with New Member Acquisitions (In lakhs) +1.9% 23.5 21.3 21.7 Mar-22 Jun-22 Sep-22

- Evaluation:

- Expectations Not Met: Management aimed to increase the customer base to 4 million, but the actual results show only a moderate increase in new members and customer numbers, falling short of the targeted growth.

8. Vision 2025 roadmap

- **Narrative:** Management articulated a Vision 2025 for Spandana, focusing on scaling up the business significantly over the next three years.

- Management's Guidance:

- Management plans to scale up the business to an Assets Under Management (AUM) of 15,000 Crores, which represents more than a twofold increase from the current levels within three years.

- Actual Results:

['Q3', '2023']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

9. Credit risk assessment

- **Narrative:** In the management's discussion for Q4 2022, there was a focus on maintaining a disciplined approach towards credit risk assessment. The management emphasized their commitment to managing credit costs effectively while ensuring robust risk management practices to safeguard the company's portfolio.

- Management's Guidance:

- Management projected a 2% credit cost for FY2023, indicating their expectation of maintaining credit risk at a manageable level through strategic initiatives and risk assessment practices.

- Actual Results:

['Q1', '2023']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

['Q3', '2023']:

- The net NPA has moved to 2.5%.

['Q4', '2022']:

- Credit Cost 2% (FY23)

- Evaluation:

- Expectations Not Met: Management projected a 2% credit cost for FY2023; however, by Q3 2023, the net NPA had increased to 2.5%, indicating that credit risk management did not meet the expected target.

10. Digital lending platforms

- **Narrative:** Management outlined plans to significantly enhance the digital customer experience by implementing an end-to-end paperless process. This transformation is aimed at streamlining operations and increasing customer satisfaction.

- Management's Guidance:

- Management is committed to scaling up operations to deliver an end-to-end paperless customer experience over the next four quarters.

- Actual Results:

['Q3', '2023']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

11. New branch openings

- **Narrative:** Management has outlined a strategic plan focused on expanding the number of branches. There is a clear emphasis on increasing the branch network to support growth initiatives and enhance service delivery. The discussion indicates a potential for significant expansion in the near term.

- **Management's Guidance:**

- Management is projecting an increase in the number of branches from 1120 to 1500, which translates to an addition of approximately 380 new branches.

- **Actual Results:**

['Q2', '2023']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q4', '2022']:

- Branch count ~1,500

- **Evaluation:**

- **Expectations Met:** Management projected an increase in branch count to 1,500, and by Q4 2022, the actual branch count was approximately 1,500, aligning with their expectations.

12. e-KYC implementation

- **Narrative:** Management highlighted the transition towards a thumb-based e-KYC and validation model, aimed at significantly streamlining the customer onboarding process. This digital transformation initiative reflects the company's commitment to leveraging technology to enhance operational efficiency and improve service delivery.

- **Management's Guidance:**

- The new e-KYC implementation is expected to reduce the current onboarding time from three to five days to a mere 90 to 180 seconds, thereby substantially increasing the productive time available to loan officers.

- **Actual Results:**

['Q3', '2023']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.