



Ref: SSFL/Stock Exchange/2024-25/105

October 28, 2024

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

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

Scrip Code: 542759

Symbol: SPANDANA

Dear Sir/Madam,

Sub: Press release on the financial and operational performance of the Company for the quarter and half-year ended September 30, 2024.

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

Please find enclosed herewith the press release on the financial and operational performance of the Company for the quarter and half-year ended September 30, 2024.

Kindly take the same on record.

Thanking you.

Yours sincerely,
For Spandana Sphoorty Financial Limited
Vinay Prakash
Tripathi
Vinay Prakash Tripathi
Company Secretary

Digitally signed by Vinay Prakash
Tripathi
Date: 2024.10.28 16:33:56 +05'30'

Encl: as above

Spandana Sphoorty Financial Limited

CIN - L65929TG2003PLC040648

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PRESS RELEASE

Spandana reports 9% YoY growth in NII. Higher provisions owing to sectoral challenges dent profitability.

Hyderabad, October 28, 2024: Spandana Sphoorty Financial Limited (NSE: SPANDANA, BSE: 542759) (“Spandana”) announced its unaudited financial results for the quarter October 28, 2024 today.

Highlights for Q2FY25:

• AUM	-	₹10,537 Cr; +8% YoY (₹9,784 Cr)
• Disbursement	-	₹1,514 Cr; -40% YoY (₹2,512 Cr)
• GNPA & NNPA	-	4.86% & 0.99% (1.40% & 0.42% in Q2FY24)
• Income	-	₹707 Cr; +10% YoY (₹640 Cr)
• Net Interest Income	-	₹341 Cr; +9% YoY (₹312 Cr)

Mr. Shalabh Saxena, CEO and Managing Director, while announcing the results stated, “*Microfinance sector has been facing multiple headwinds over the last two quarters. The operations that were initially impacted by long drawn elections and intense heat wave during summers of 2024 were further disrupted by heavy rainfall and floods in certain states during the months of July to September 2024. A number of other issues like higher-than-normal attrition levels, localized drives like Karza Mukti Abhiyan and increasing leverage of borrowers all had an impact on the sector.*

Keeping all these factors in view, Spandana was cautious and very selective in its lending during the quarter. The focus during the quarter was on improving portfolio quality and serving existing customers. Hence, while the Income for the quarter was up 10% YoY to ₹707 Cr and NII was up 9% YoY to ₹341 Cr, the elevated delinquencies had a bearing on the impairment costs resulting in a reported loss of ₹216 Cr. GNPA at the end of the quarter was 4.86% while NNPA was 0.99%.

The management team has taken up various measures to address the challenges including increasing bench strength, strengthening branch level controls, introducing technology and people interventions, refining of credit policy and focusing on softer aspects. With improvement in the operating environment and the various initiatives undertaken, we expect the situation to normalize in the coming quarters.”

Highlights for the quarter Q2FY25:

1. AUM – ₹10,537 Cr 8% YoY growth (₹9,784 Cr – Q2FY24).
2. Disbursement– Our focus during the quarter was on serving the existing borrowers. Disbursement for the quarter was ₹1,514 Cr vs. ₹2,512 Cr in Q2FY24, decline of 40%. H1FY25 disbursement at ₹3,798 Cr was 9% lower YoY.
3. Asset Quality – temporary disruptions had an impact on asset quality.
 - a. GNPA – 4.86% (30-Jun-24 – 2.60%)
 - b. NNPA – 0.99% (30-Jun-24 – 0.53%)
 - c. PCR – Provision Coverage Ratio has been maintained at 79.66%
4. Collection Efficiency-
 - a. Gross Collection Efficiency was at 93.7% for Q2FY25 (97.5% in Q1FY25).
 - b. Net collection efficiency was 90.8% (94.0% in Q1FY25)
5. Borrowings- We continue to optimize our borrowing mix in view of business requirements. Banks now account for 54% of total borrowings
 - a. ₹1,584 Cr was mobilized during Q2FY25 – down 50% compared to Q2FY24 and flat vs. Q1FY25.
6. Financial Performance -
 - a. Total Income: ₹707 Cr in Q2FY25 - growth of 10% YoY
 - b. Net Interest Income: ₹341 Cr in Q2FY25, YoY growth of 9%
 - c. Yield: 22.4% decline of 202 bps YoY
 - d. Cost of borrowings: 11.8% in Q2FY25 decrease of 77 bps YoY
 - e. Pre-Provision Operating Profit (PPOP): ₹228 Cr for Q2FY25 - decline of 12% YoY
 - f. Higher credit cost due to an increase in delinquencies resulted in reported loss of ₹216 Cr for the quarter vs. ₹125 Cr PAT reported in in Q2FY24 and ₹56 Cr PAT reported in Q1FY25.

About Spandana Sphoorty:

Spandana Sphoorty Financial Ltd. is a rural-focused non-banking financial company and a microfinance lender (NBFC-MFI) with a geographically diversified presence in India. The company offers income generating loans under the joint liability group (JLG) model, predominantly to women from low-income households in rural areas. Spandana was started as an NGO in 1998 in Guntur, which later converted to an NBFC in 2004. In 2015, it became an NBFC-MFI, licensed by the Reserve Bank of India.

Disclaimer

This press release is prepared for general information purposes only. The information contained herein is based on management information and estimates. It is only current as of its date, has not been independently verified and may be subject to change without notice. Spandana makes no representation or warranty, express or implied, as to, and do not accept any responsibility or liability with respect to, the fairness and completeness of the content hereof. Each recipient will be solely responsible for its own investigation, assessment and analysis of the market and the market position of Spandana. Spandana does not provide any guarantee or assurance with respect to any distribution or the trading price of its Shares.

This press release contains forward-looking statements based on the currently held beliefs, opinions and assumptions of the Management. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of Spandana or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, including the impact of COVID-19 on us, our borrowers and the Indian economy, recipients of this press release are cautioned not to place undue reliance on these forward-looking statements. Spandana disclaims any obligation to update these forward-looking statements to reflect future events or developments or the impact of events which cannot currently be ascertained, such as COVID-19. In addition to statements which are forward looking by reason of context, the words 'may', 'will', 'should', 'expects', 'plans', 'intends', 'anticipates', 'believes', 'estimates', 'predicts', 'potential' or 'continue' and similar expressions identify forward-looking statements.

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