



Ref: SSFL/Stock Exchange/2022-23/142

Date: January 31, 2023

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
BandraKurla Complex, Bandra (E)
Mumbai - 400051

Scrip Code: 542759

Symbol: SPANDANA

Dear Sir/Madam,

Sub: Investor presentation on the unaudited financial results of the Company for the quarter ended December 31, 2022.

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

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed herewith a copy of Investor Presentation of the Company on the unaudited financial results for the quarter ended December 31, 2022.

Kindly take the above on record.

Thanking you.

Yours sincerely,
For Spandana Sphoorty Financial Limited

Ramesh Periasamy
Company Secretary and Compliance officer

Spandana Sphoorty Financial Limited

CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad – 500081, Telangana

Ph: +9140-45474750 | contact@spandanasphoorty.com | www.spandanasphoorty.com

Spandana Sphoorty Financial Limited

....Committed to low-income households



Q3 FY23 Investor Presentation



Safe Harbor

This presentation and the accompanying slides (the “Presentation”), which have been prepared by **Spandana Sphoorty Financial Limited** (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment what so ever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third-party statements and projections.



Q3 FY23 Business Performance



Q3 FY23: Increased momentum across all parameters

19% QoQ growth in AUM

Calibrated Start of Growth Engine

Client Addition

2.19 L

↑ 77% QoQ

Disbursement

₹2,361 Cr

↑ 70% QoQ

AUM

₹6,852 Cr

↑ 19% QoQ

Improving Asset Quality

1 – 90 DpD

2.6%

↓ 310 bps QoQ

GNPA

5.3%

↓ 210 bps QoQ

NNPA

2.5%

↓ 130 bps QoQ

Healthy Fund Raising & Liquidity

New Lenders
Onboarded

8

Total lenders
49*

Funds Raised

₹2,138 Cr

↑ 98% QoQ

Cash & Bank
Balance

₹1,025 Cr

Strong Financial Performance

Net Interest
Income

₹254 Cr

↑ 16% QoQ

PPOP

₹141 Cr

↑ 28% QoQ

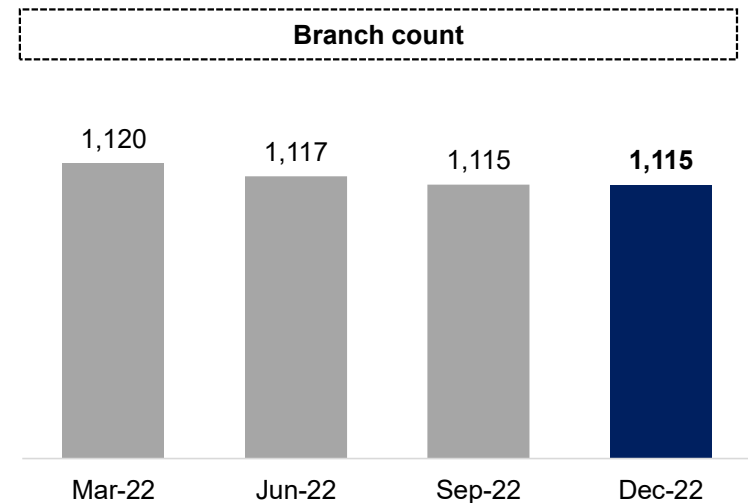
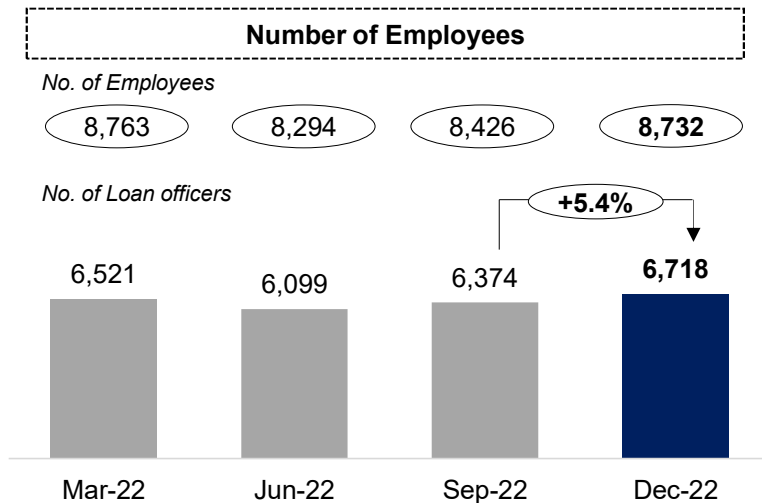
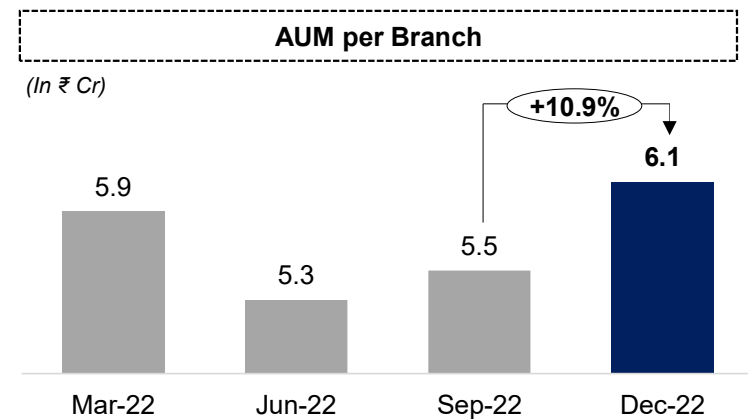
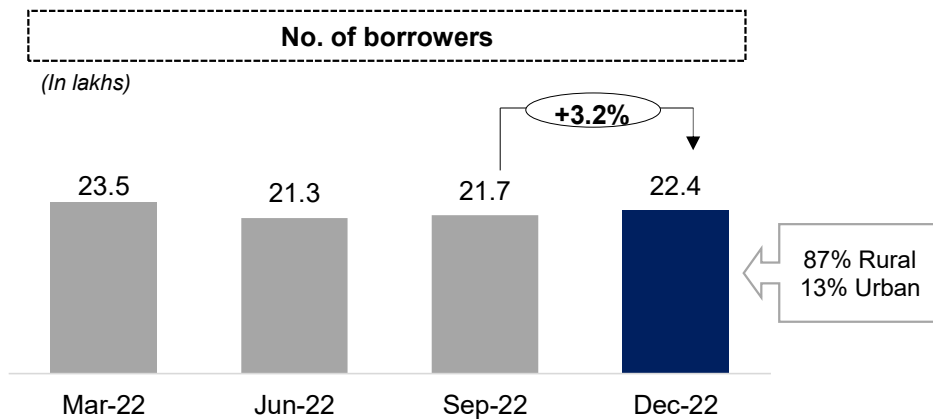
PAT

₹71 Cr

↑ 29% QoQ

* Includes arrangers of Capital Market instruments

Positive movement across all key operational growth vectors

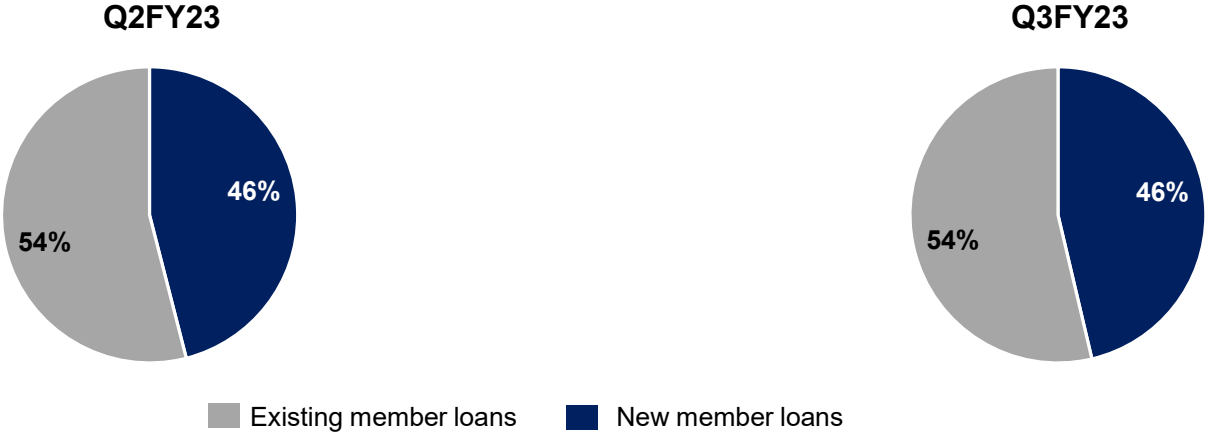




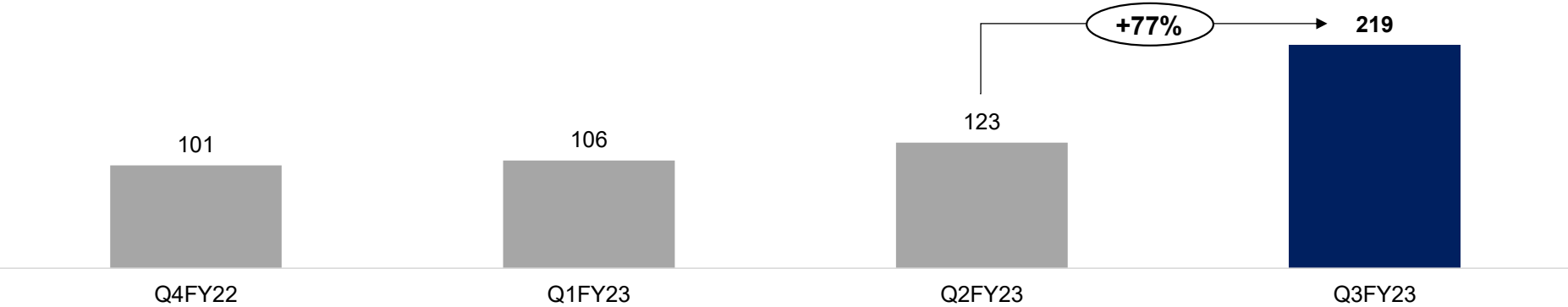
New member acquisition drives growth

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

Split of Disbursements (loan count)



New members acquired (in '000)

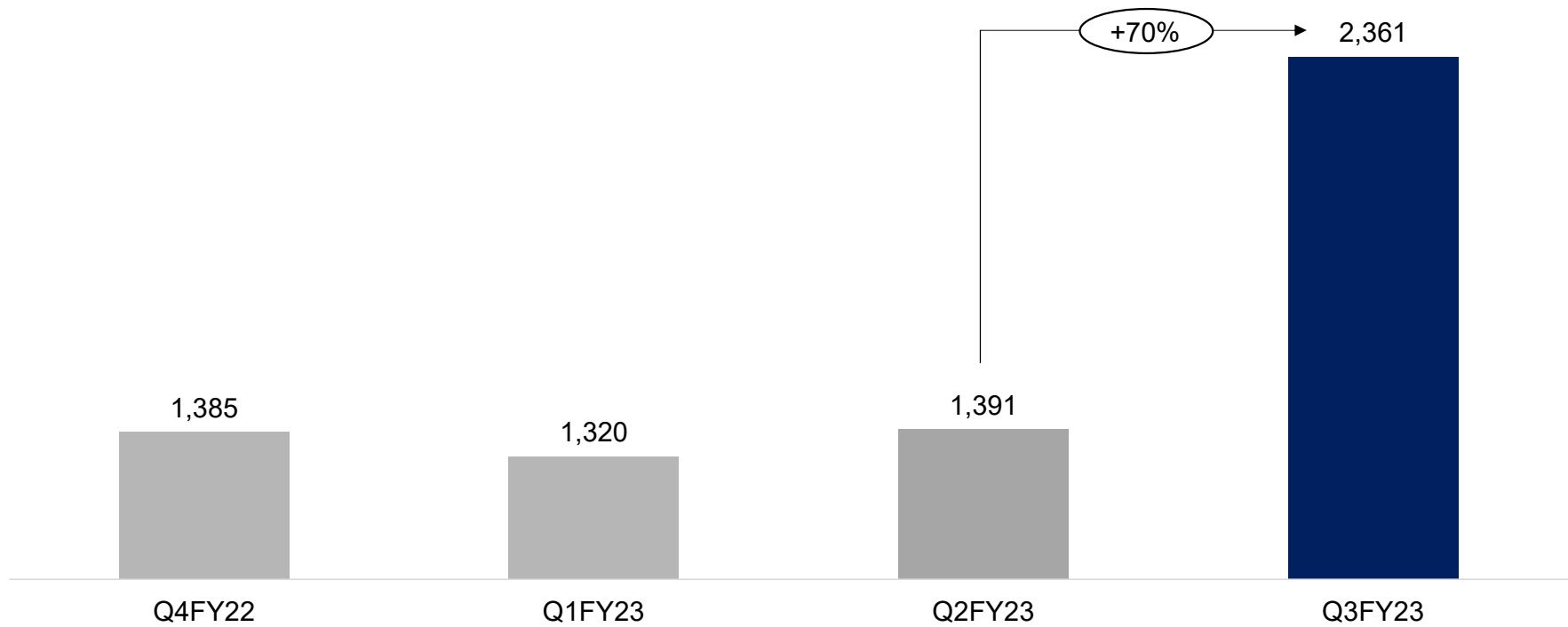




Strong momentum in disbursement

~70% increase over Q2

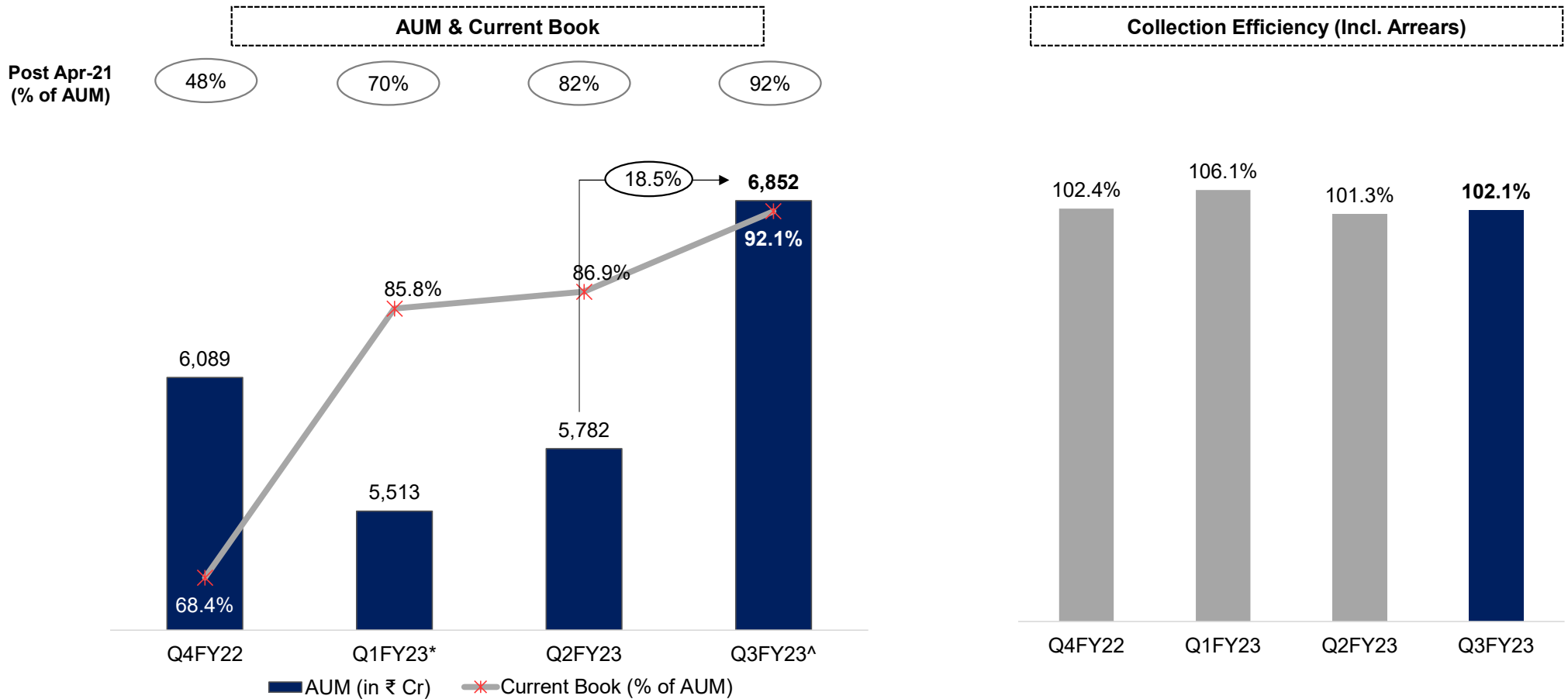
Disbursement (in ₹ Cr)





Improvement in current book from 68.4% to 92.1%

Collection efficiency continues to be stable



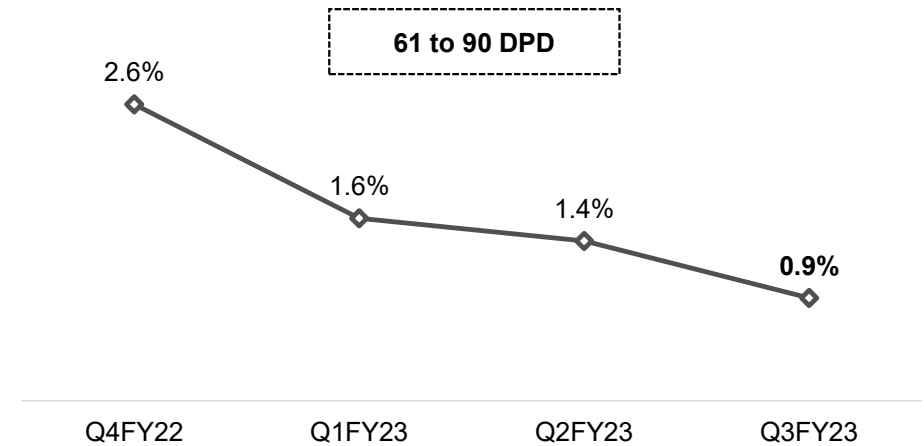
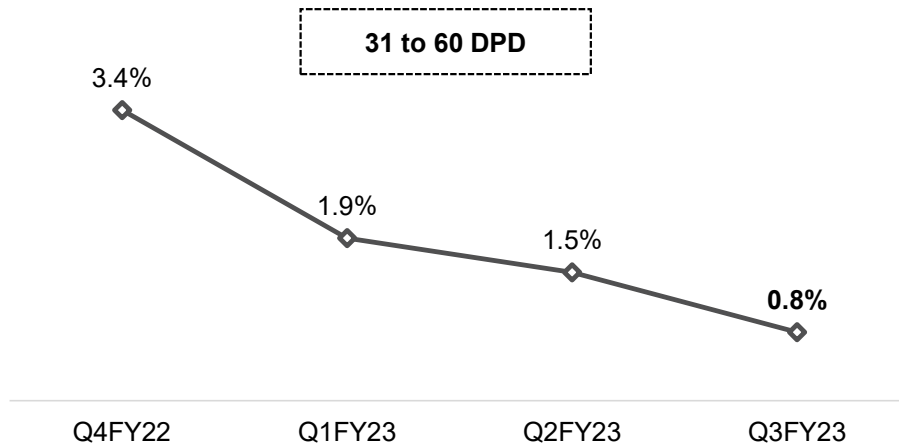
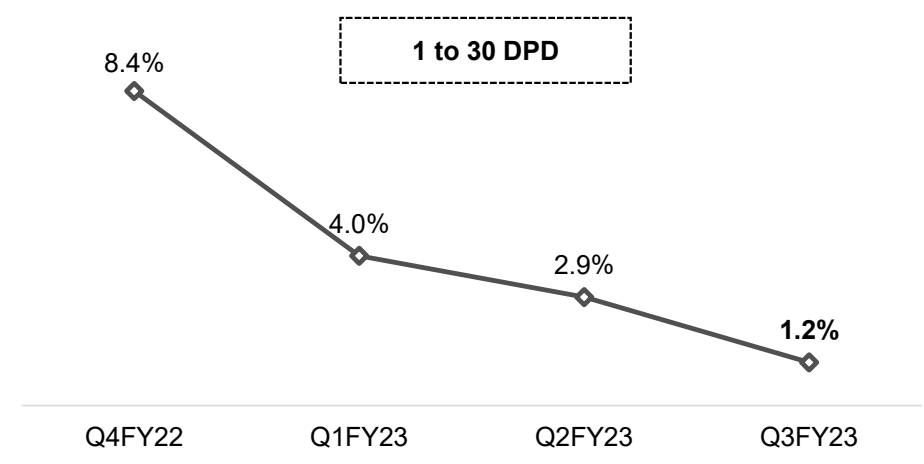
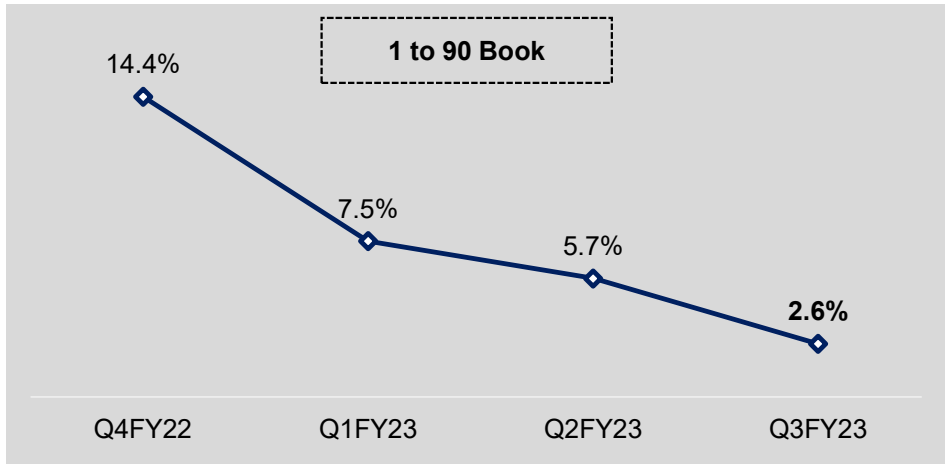
2.8% of AUM has flowed forward while the balance has been pulled back or stayed in the same bucket

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



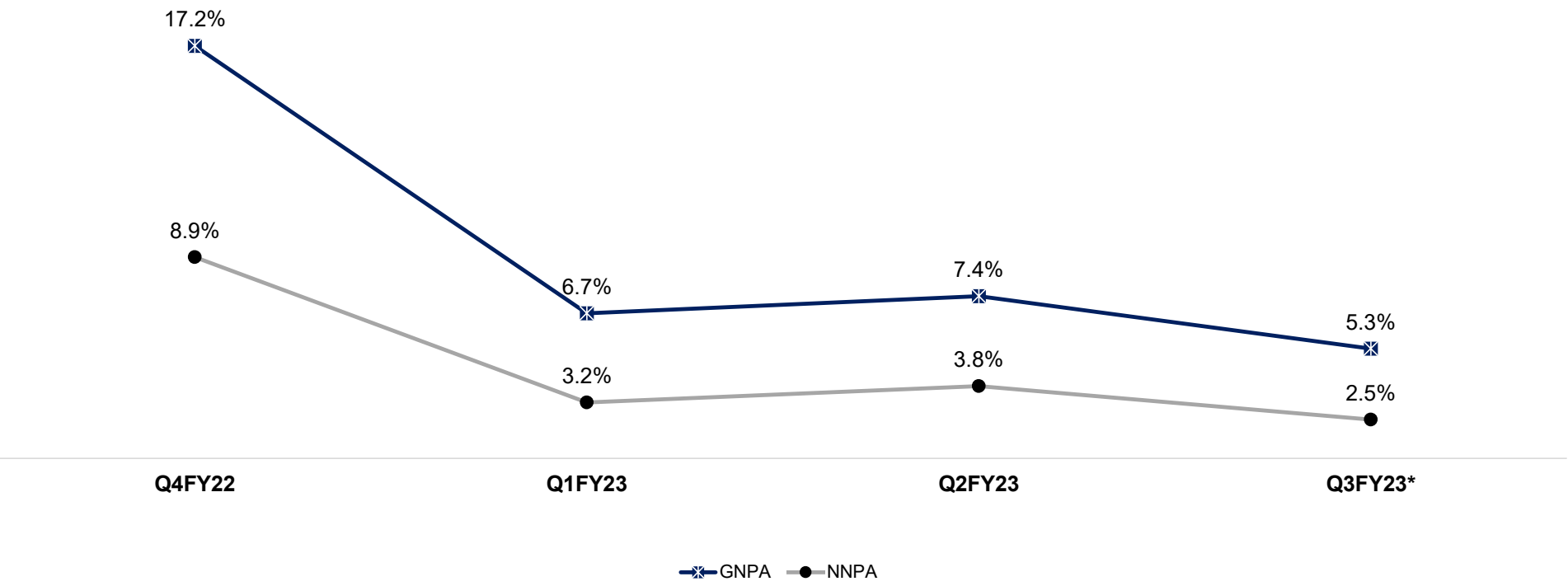
Consistent improvement in (1 to 90) book...

1 to 90 book down by 54% QoQ





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



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

* Post Sale of ₹117 Cr portfolio to ARC



... with adequate provision on the Balance Sheet

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

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

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

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

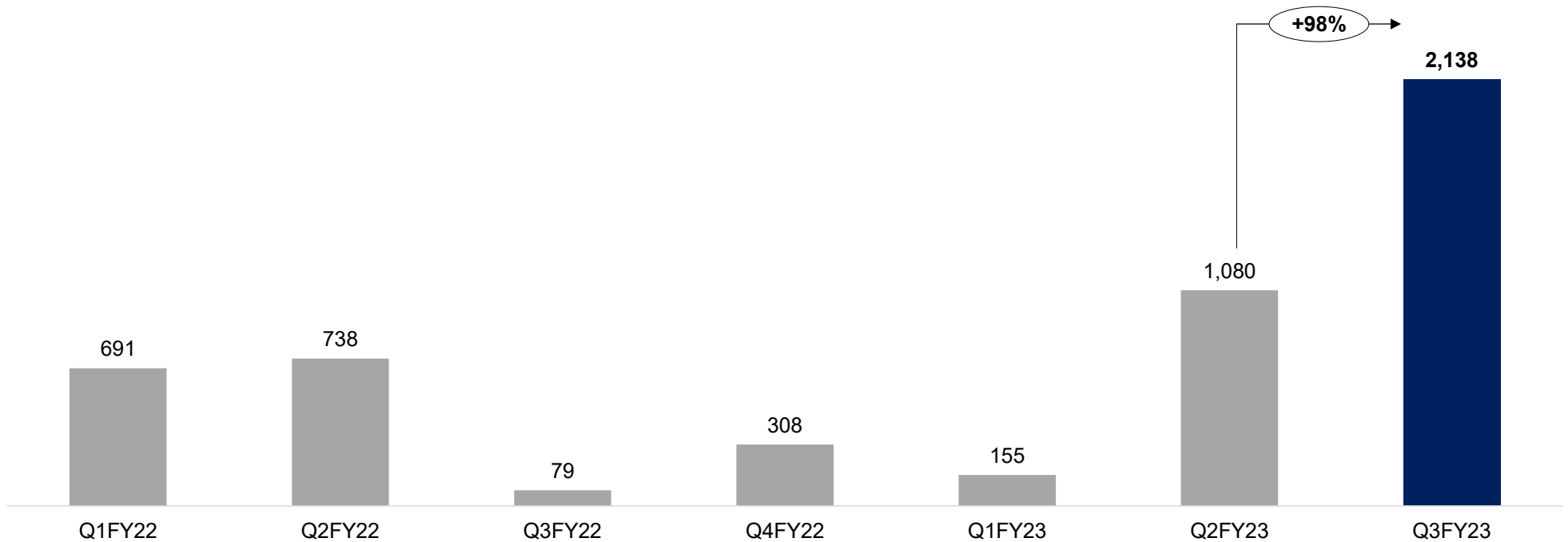
* Post sale of ₹117 Cr portfolio to ARC



Lender support continues to be strong

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

Total Borrowings (in ₹ Cr)

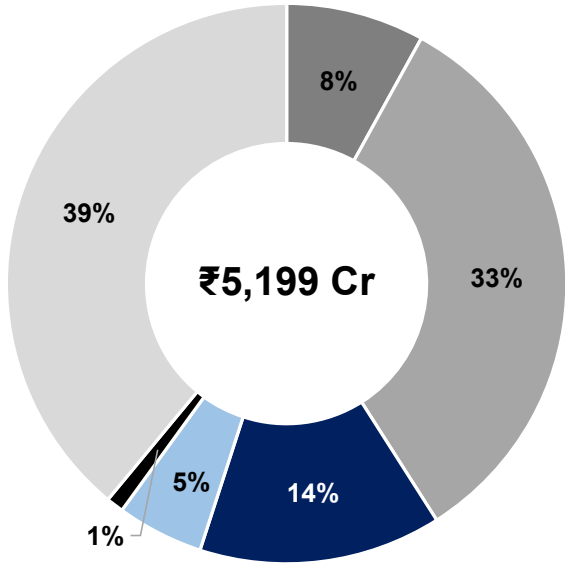


- Marginal cost of borrowing stable at 12.66% for Q3FY23 vs. 12.64% in Q2FY23
- Weighted average cost of borrowing at 11.5% vs. 11.2% end of Q2FY23

Diversified borrowing profile; Capital Adequacy at ~39%



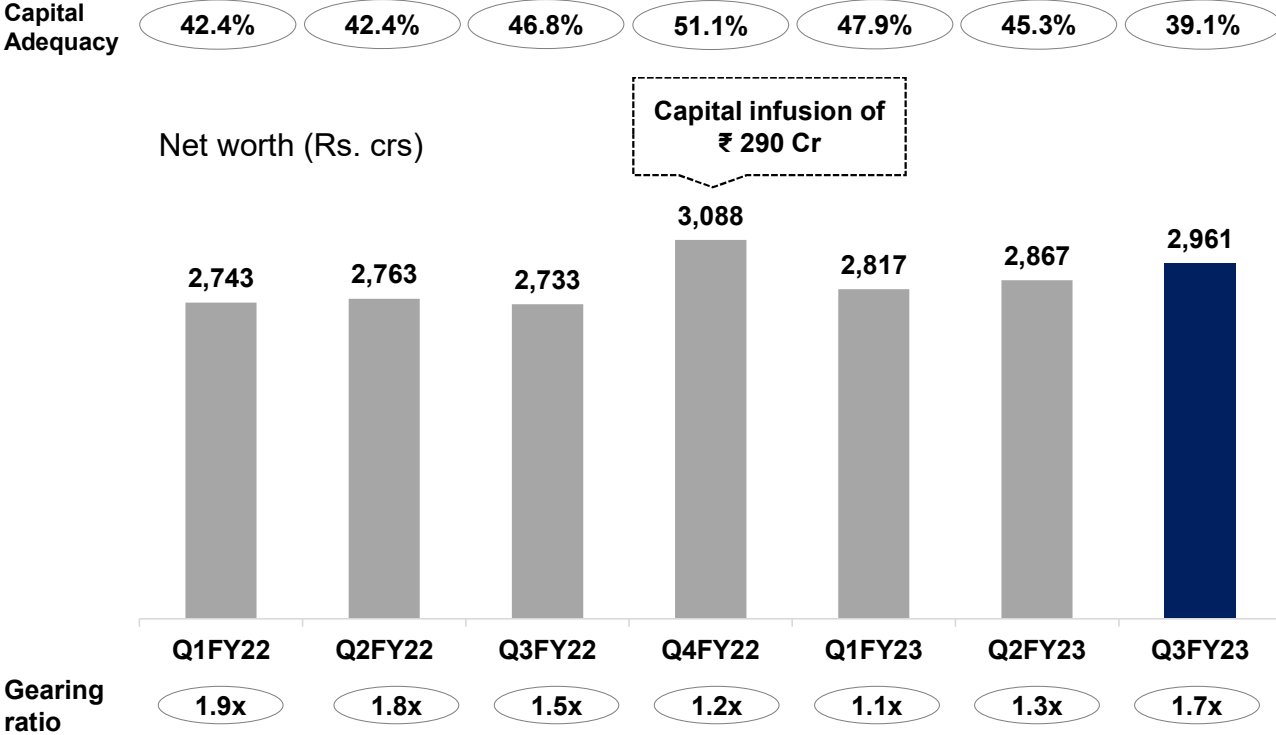
Diversified Funding Mix
(As on 31-Dec-22)



■ PSU ■ Private Banks ■ NBFC ■ FPI ■ DFI ■ Capital markets

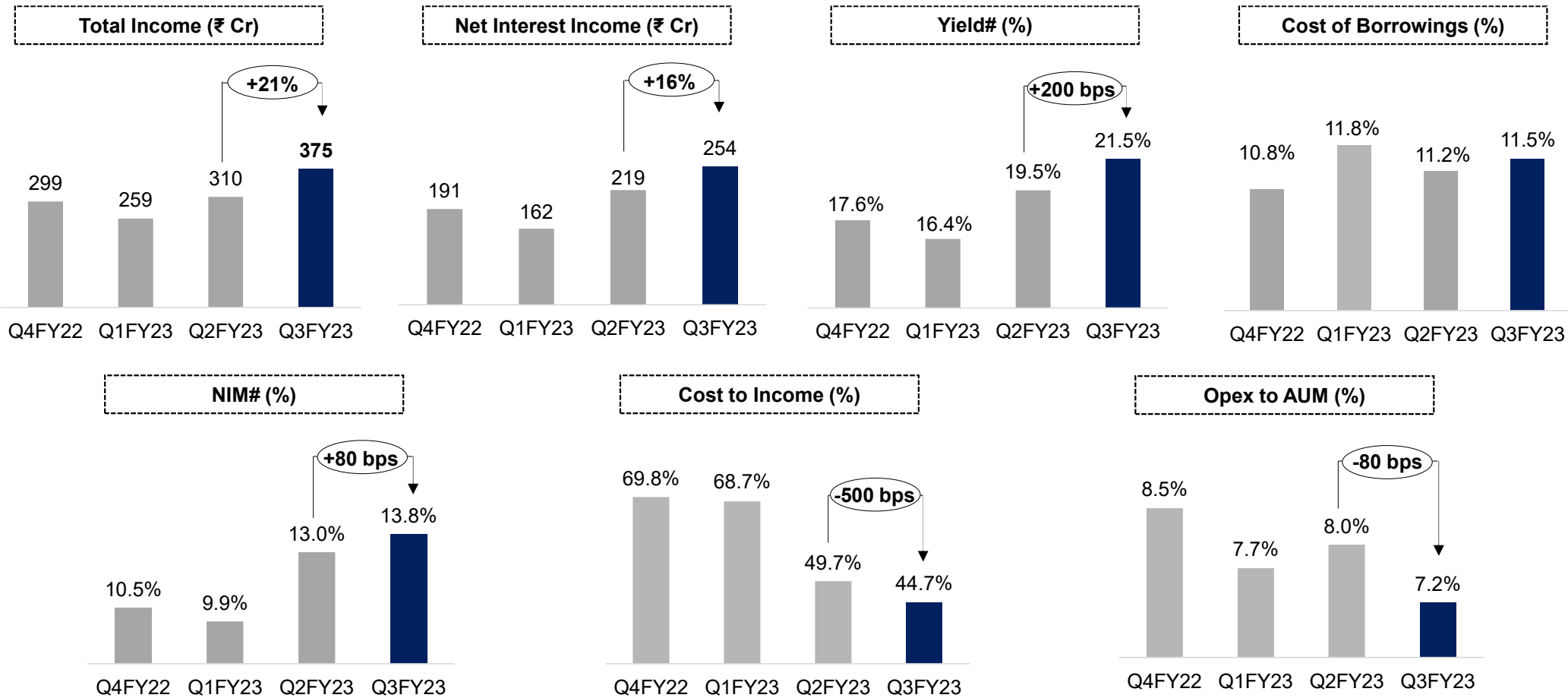
55% borrowings from Banks / FI's

Net-worth and Capital Adequacy





Financials showing a healthy movement (1/2)

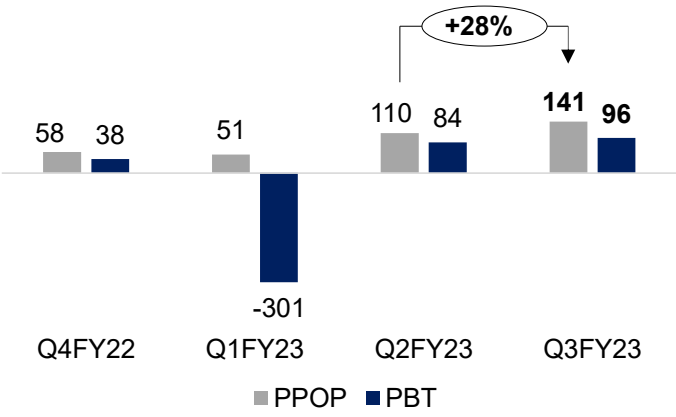


Excluding interest reversal of ₹38 Cr in Q1FY23, Yield is 19% and NIM is 12.4%

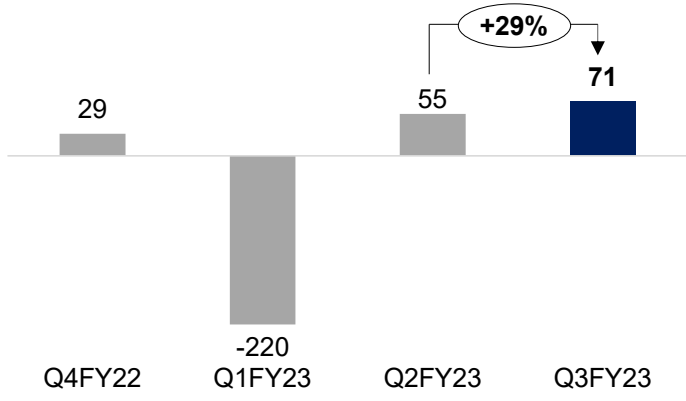


Financials showing a healthy movement (2/2)

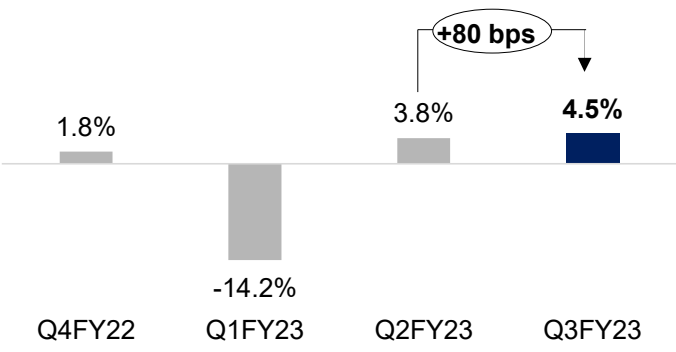
PPOP & PBT (₹ Cr)



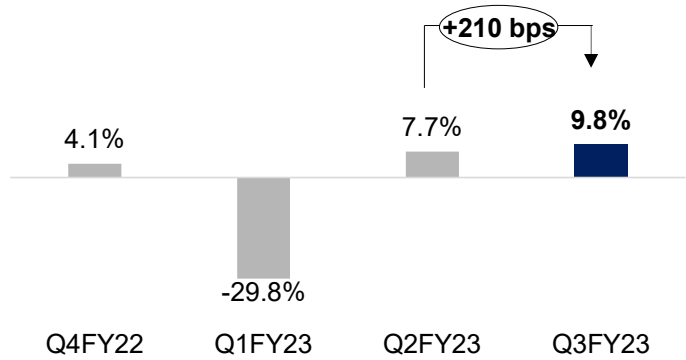
PAT (₹ Cr)



ROA (%)



ROE (%)





Consolidated Income Statement

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



Consolidated Balance Sheet

Net-worth increased to ₹2,961 Cr

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

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

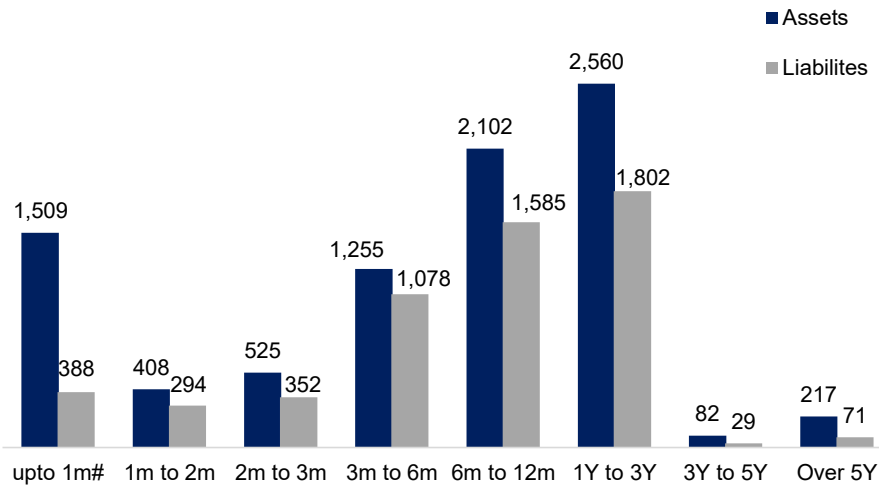


Annexure



Stable credit rating with comfortable liquidity position

Positive ALM[^] (₹ Cr)



- Positive ALM on cumulative basis with assets maturing faster than liabilities
- Closing free cash and bank balance (Rs. 1,025 Cr as on 31 Dec), sufficient to meet future liquidity needs.

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

[^]Excludes DA amounting to 203 crs

*ratings under watch with developing implications;

#cash and cash equivalents (incl FDs)



SPANDANA

THANK YOU

