

# Spandana Sphoorty Financial Limited

....Committed to low-income households



## Q3 FY23 Investor Presentation



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## **Q3 FY23 Business Performance**



# Q3 FY23: Increased momentum across all parameters

19% QoQ growth in AUM

### Calibrated Start of Growth Engine

Client Addition	Disbursement	AUM
2.19 L	₹2,361 Cr	₹6,852 Cr
77% QoQ	70% QoQ	19% QoQ

### Improving Asset Quality

1 – 90 DpD	GNPA	NNPA
2.6%	5.3%	2.5%
310 bps QoQ	210 bps QoQ	130 bps QoQ

### Healthy Fund Raising & Liquidity

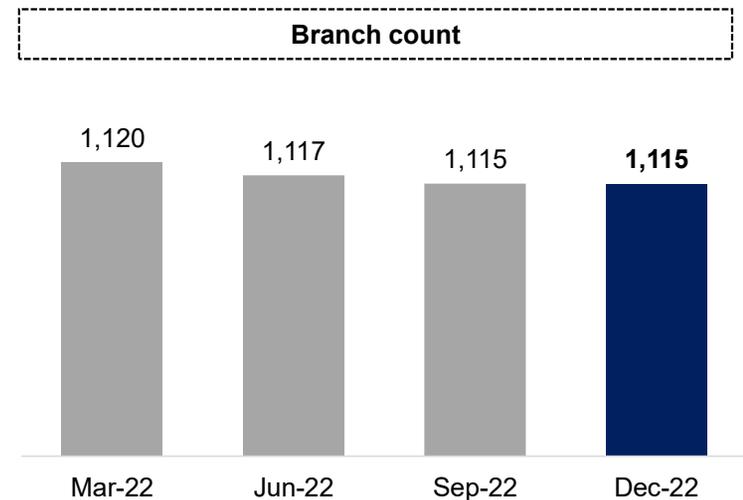
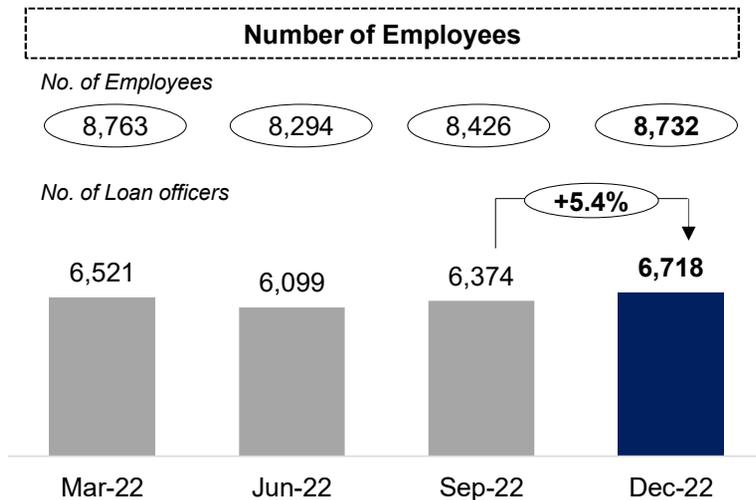
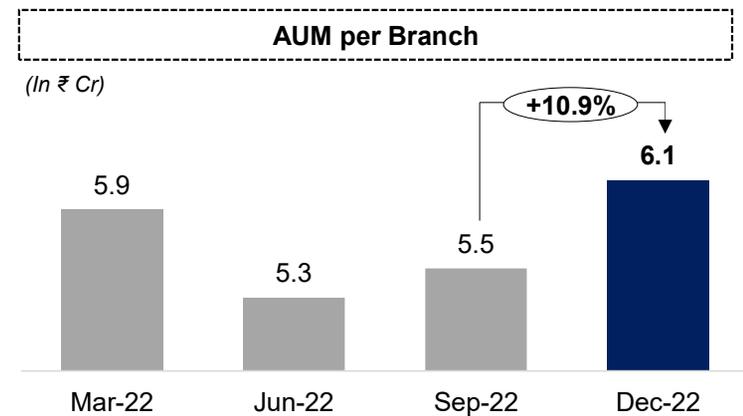
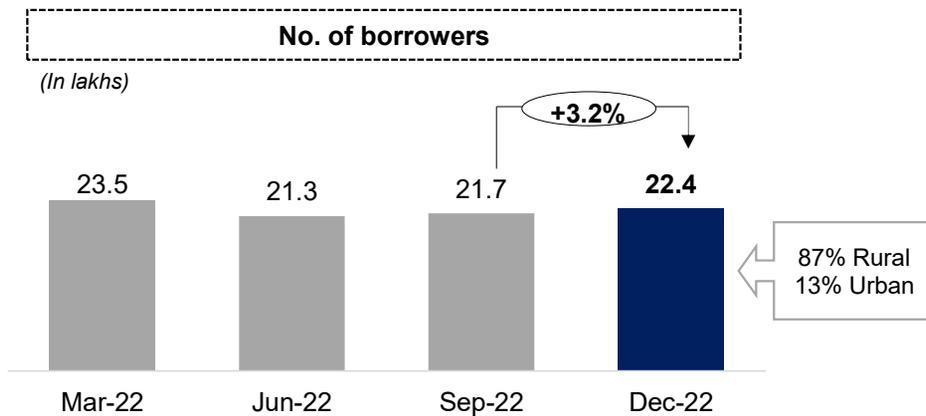
New Lenders Onboarded	Funds Raised	Cash & Bank Balance
8	₹2,138 Cr	₹1,025 Cr
Total lenders 49*	98% QoQ	

### Strong Financial Performance

Net Interest Income	PPOP	PAT
₹254 Cr	₹141 Cr	₹71 Cr
16% QoQ	28% QoQ	29% QoQ

\* Includes arrangers of Capital Market instruments

# Positive movement across all key operational growth vectors

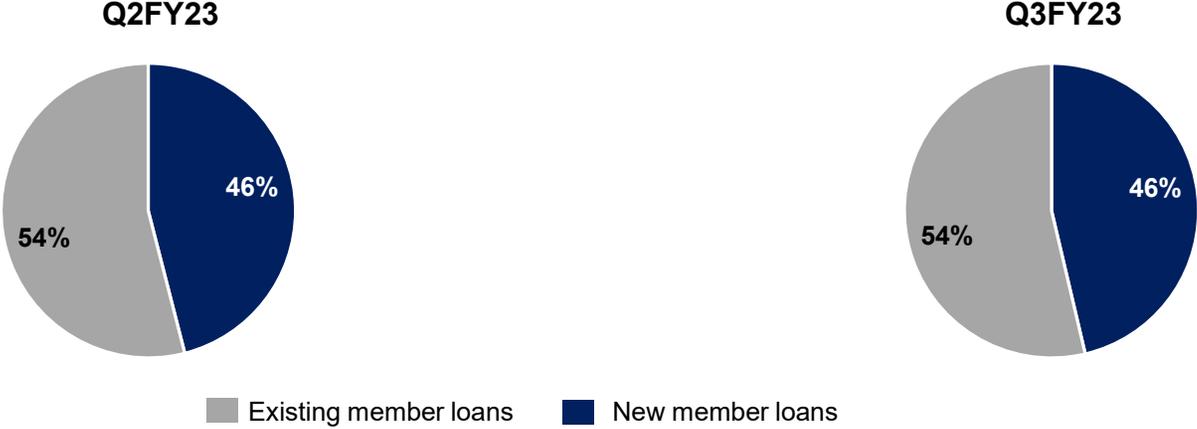




# New member acquisition drives growth

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

Split of Disbursements (loan count)



New members acquired (in '000)

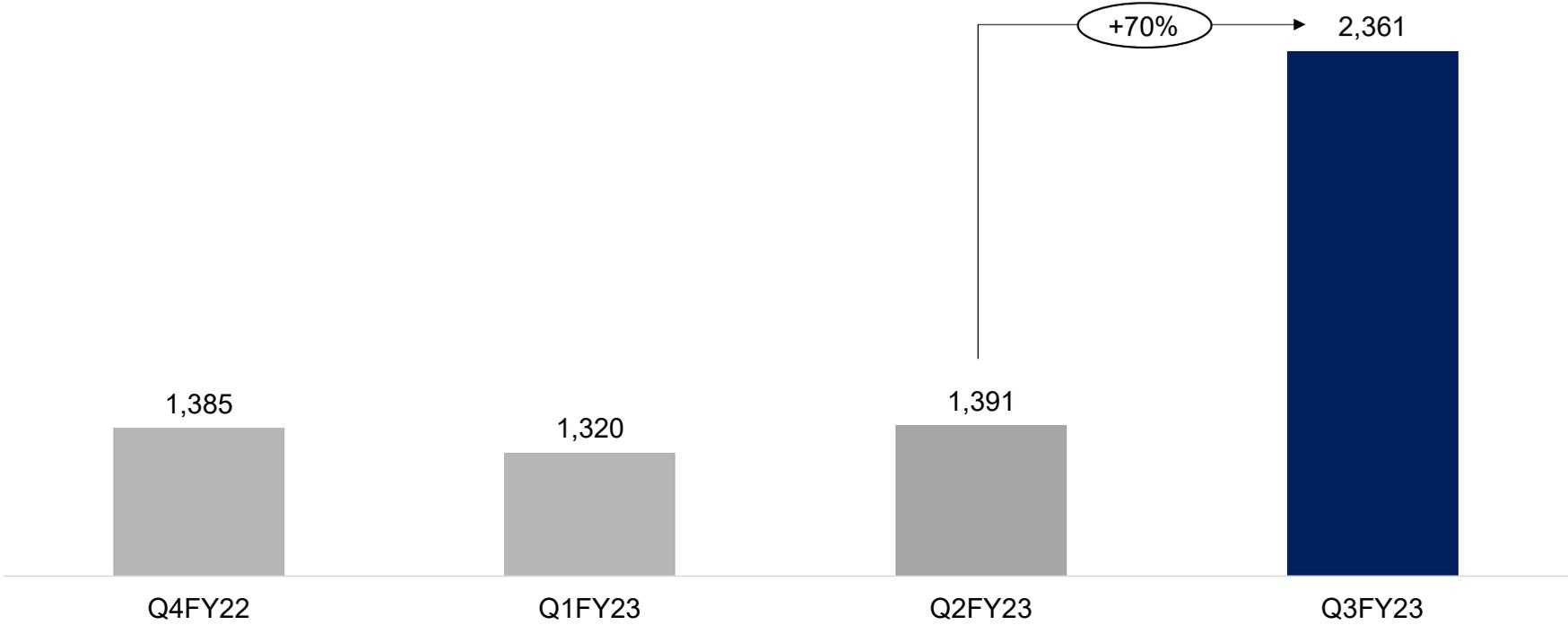


# Strong momentum in disbursement

~70% increase over Q2



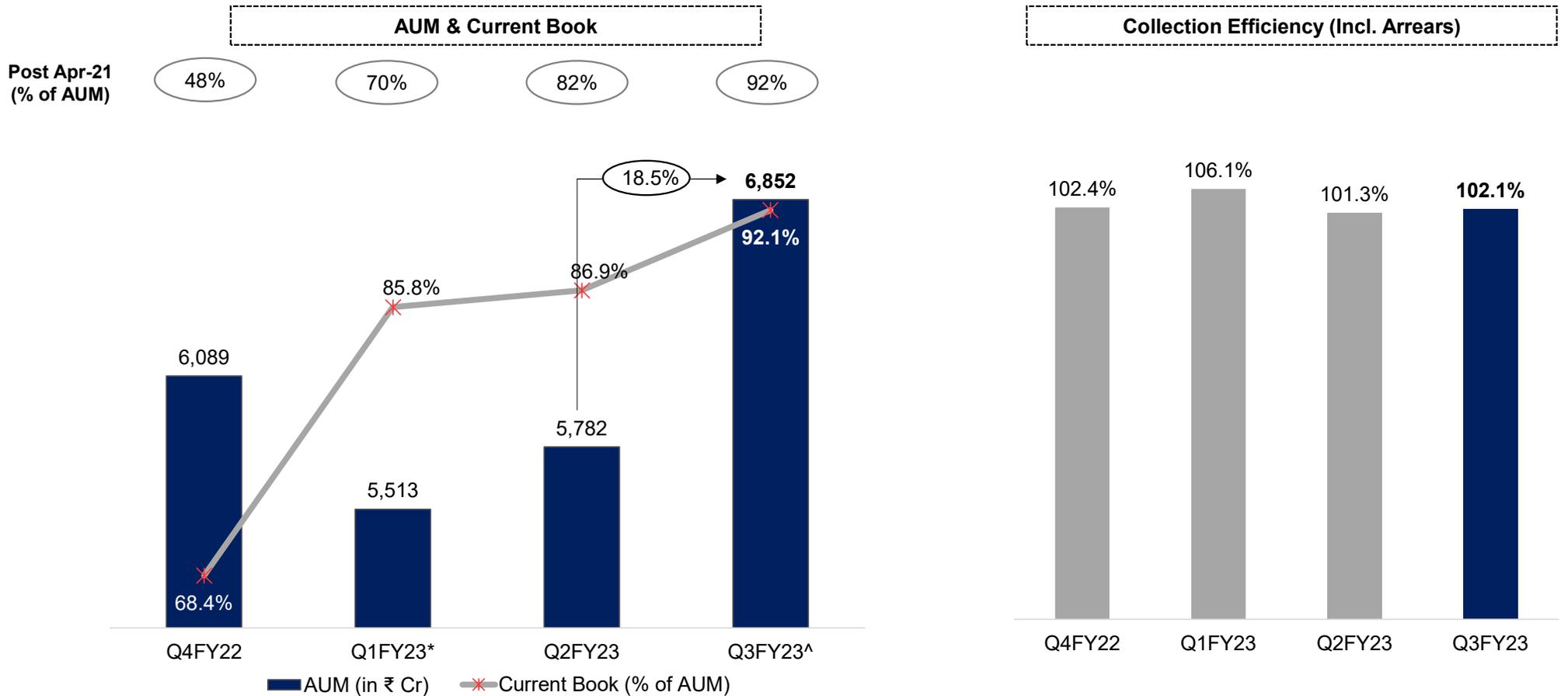
Disbursement (in ₹ Cr)





# Improvement in current book from 68.4% to 92.1%

## Collection efficiency continues to be stable



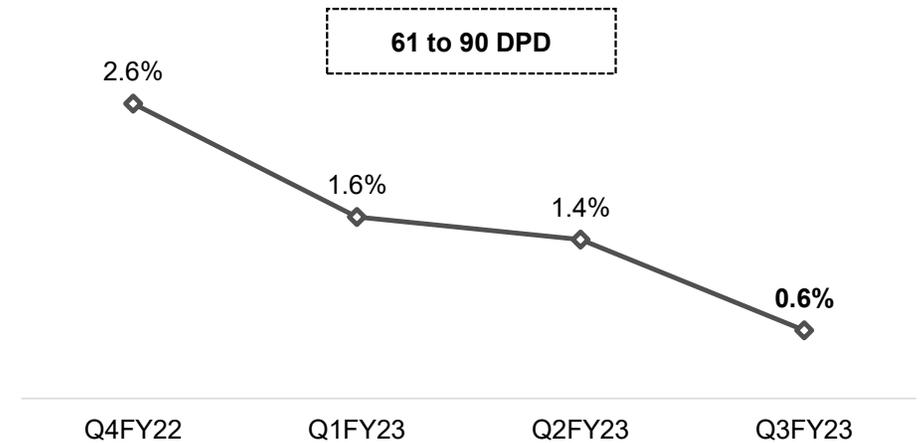
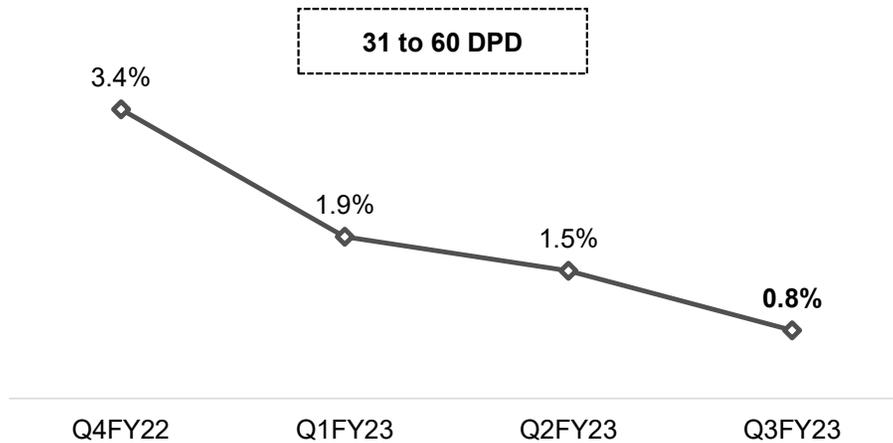
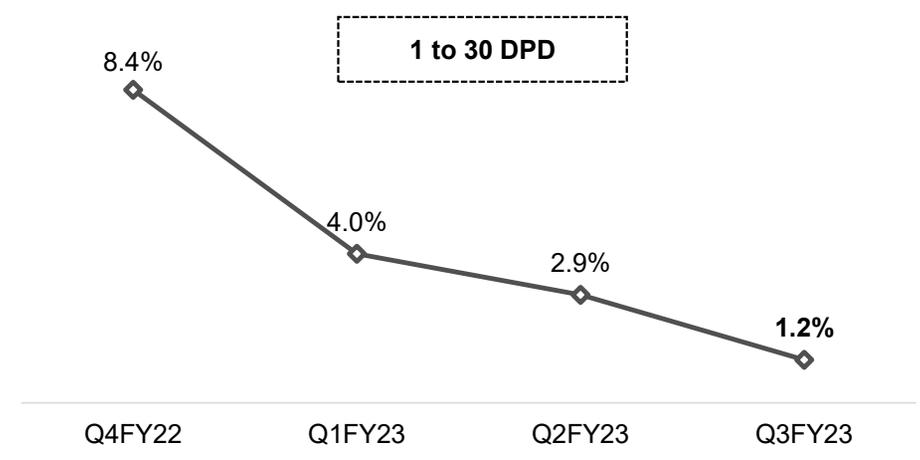
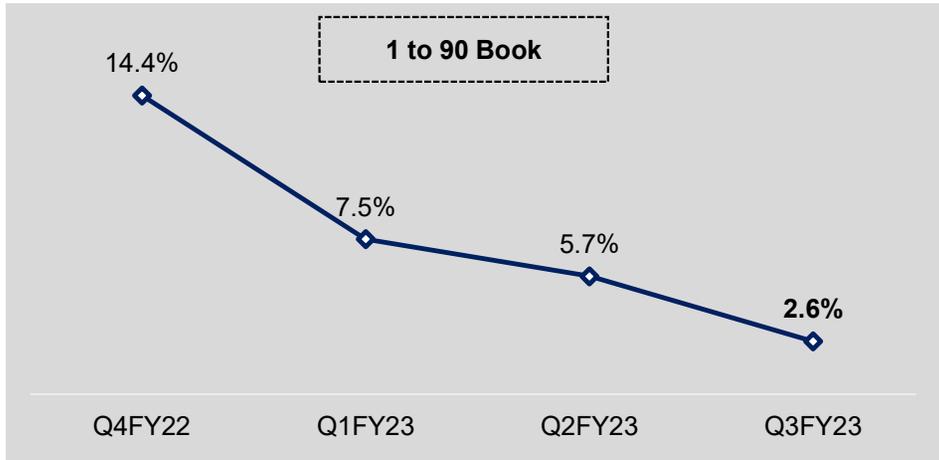
**2.8% of AUM has flowed forward while the balance has been pulled back or stayed in the same bucket**

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



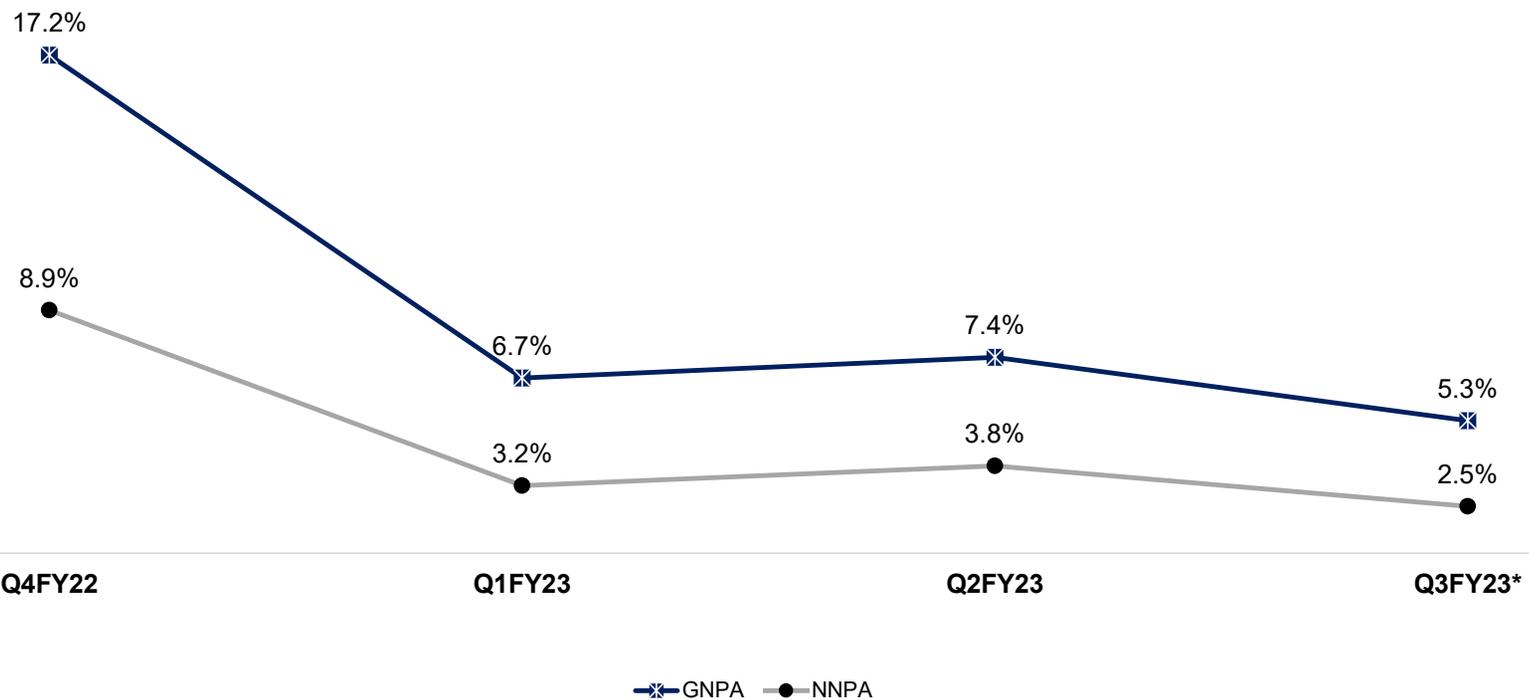
# Consistent improvement in (1 to 90) book...

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
<b>Stage 1</b>	<b>6,390</b>	<b>93.25%</b>	<b>41</b>	<b>0.63%</b>	<b>5,190</b>	<b>89.76%</b>	<b>32</b>	<b>0.61%</b>
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%
<b>Stage 2</b>	<b>98</b>	<b>1.44%</b>	<b>41</b>	<b>41.60%</b>	<b>166</b>	<b>2.87%</b>	<b>43</b>	<b>25.83%</b>
<b>Stage 3*</b>	<b>364</b>	<b>5.31%</b>	<b>191</b>	<b>52.49%</b>	<b>426</b>	<b>7.37%</b>	<b>204</b>	<b>47.85%</b>
<b>Total</b>	<b>6,852</b>	<b>100%</b>	<b>272</b>	<b>3.98%</b>	<b>5,782</b>	<b>100%</b>	<b>279</b>	<b>4.82%</b>

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

\* Post sale of ₹117 Cr portfolio to ARC

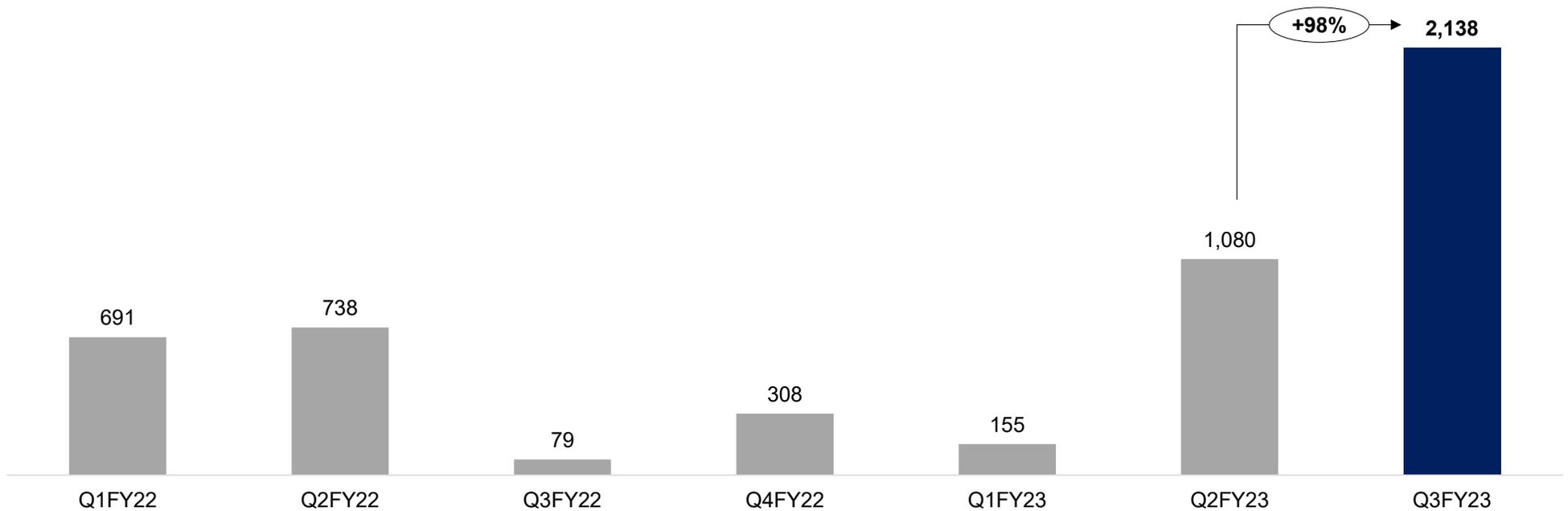
Impairment on financial instruments in Q3FY23 owing to	Amount (₹ Cr)
- Write-off (ARC & others)	67.9
- Change in ECL % from 47.9% to 52.5% on opening NPA	19.9
- On flow during Q3	41.5
- On stage 1, 2 & others	10.3
- Sale consideration (ARC), adjusted against impairment cost	(95.0)
	<b>44.6</b>



# Lender support continues to be strong

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

Total Borrowings (in ₹ Cr)

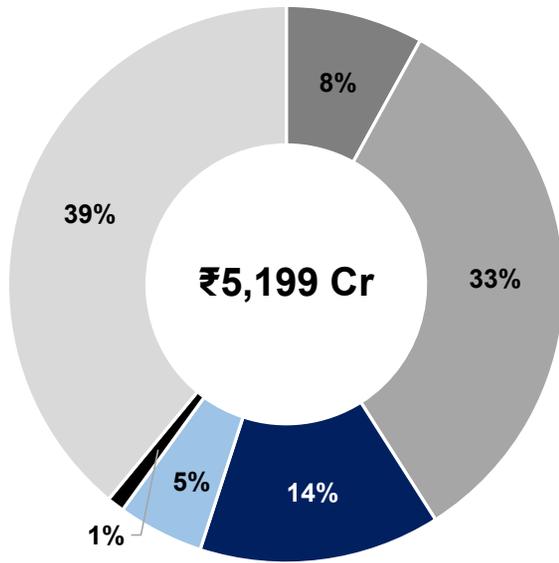


- Marginal cost of borrowing stable at 12.66% for Q3FY23 vs. 12.64% in Q2FY23
- Weighted average cost of borrowing at 11.5% vs. 11.2% end of Q2FY23



# Diversified borrowing profile; Capital Adequacy at ~39%

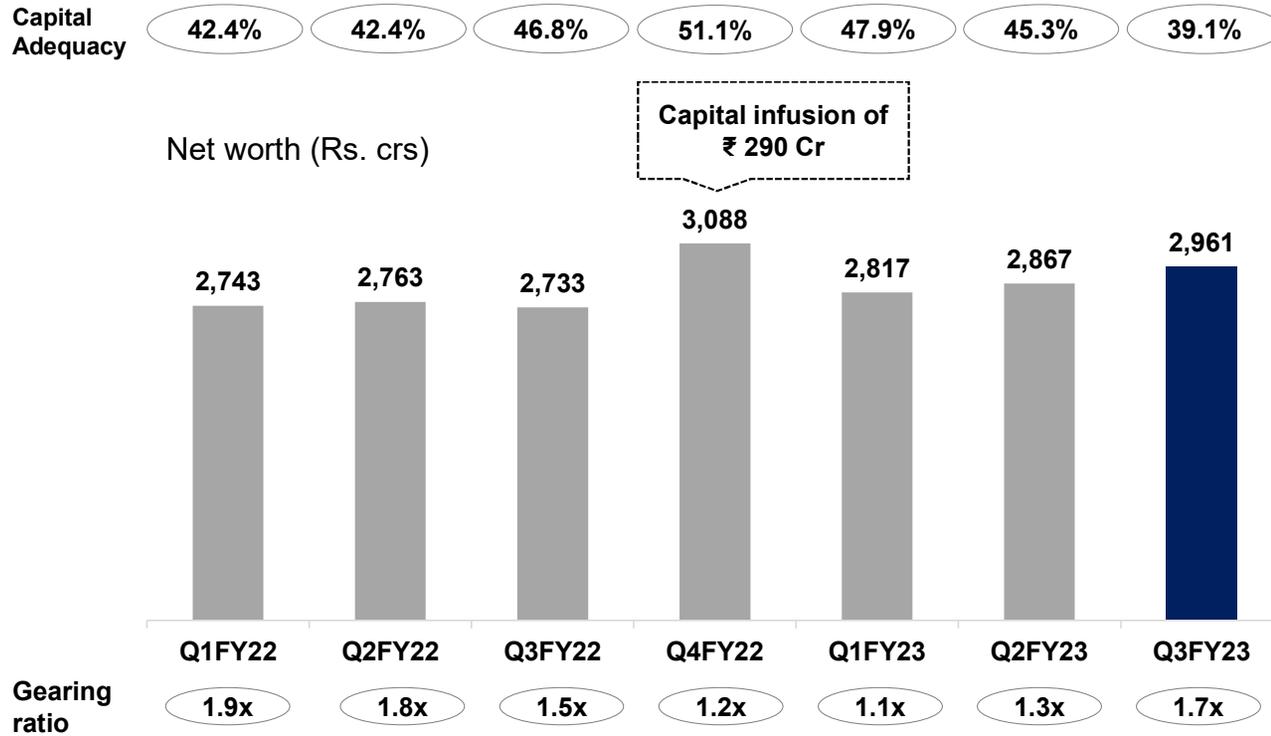
Diversified Funding Mix  
(As on 31-Dec-22)



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

**55% borrowings from Banks / FI's**

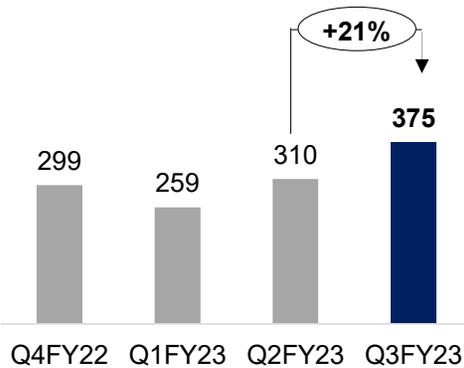
Net-worth and Capital Adequacy



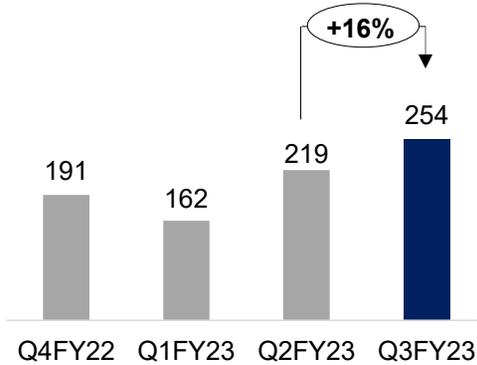


# Financials showing a healthy movement (1/2)

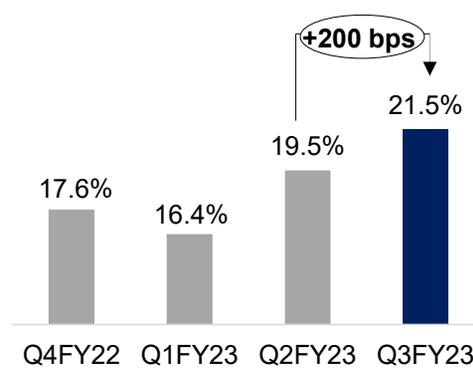
Total Income (₹ Cr)



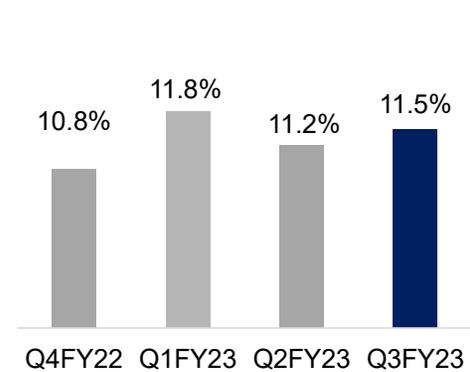
Net Interest Income (₹ Cr)



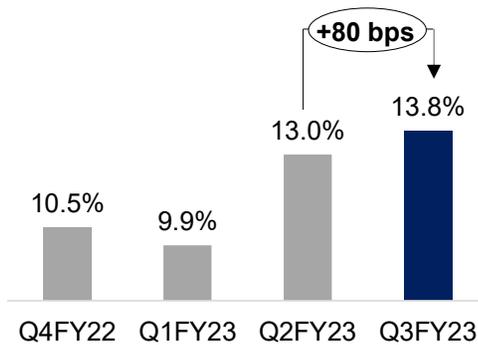
Yield# (%)



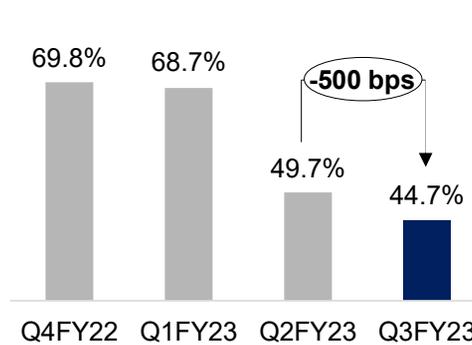
Cost of Borrowings (%)



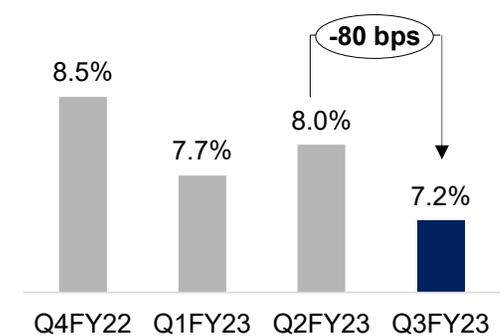
NIM# (%)



Cost to Income (%)



Opex to AUM (%)

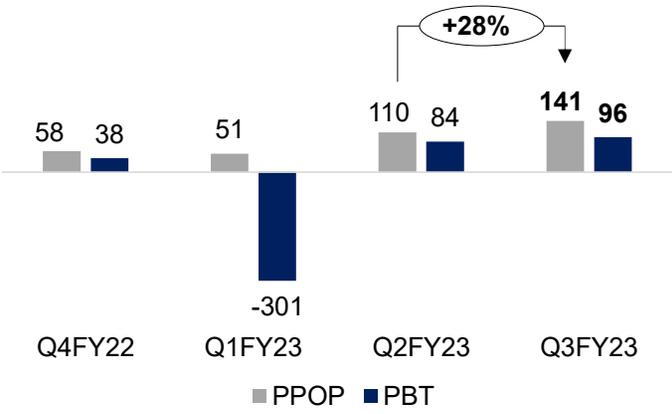


# Excluding interest reversal of ₹38 Cr in Q1FY23, Yield is 19% and NIM is 12.4%

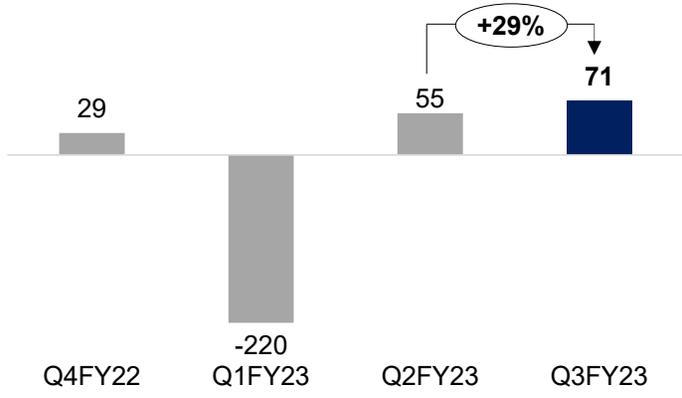


# Financials showing a healthy movement (2/2)

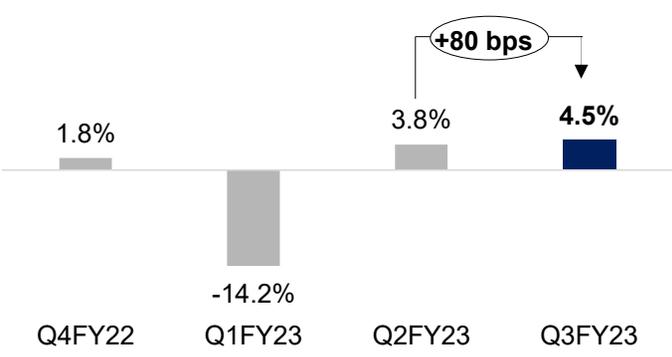
PPOP & PBT (₹ Cr)



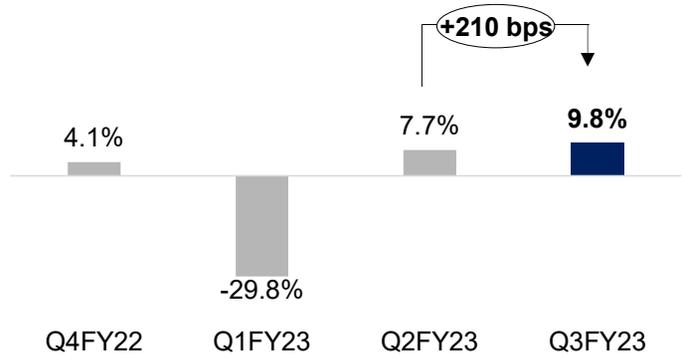
PAT (₹ Cr)



ROA (%)



ROE (%)





# Consolidated Income Statement

Particulars (₹ Cr)	Q3 FY23	Q2 FY23	Q3 FY22
<b>Revenue from Operations</b>			
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
<b>Total income from operations</b>	<b>354.7</b>	<b>297.7</b>	<b>346.1</b>
Non-operational Income	20.3	12.5	3.7
<b>Total income</b>	<b>375.0</b>	<b>310.1</b>	<b>349.9</b>
<b>Expenses</b>			
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
<b>Total Expenses</b>	<b>234.4</b>	<b>200.1</b>	<b>226.1</b>
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>140.6</b>	<b>110.0</b>	<b>123.8</b>
Impairment on financial instruments and other provisions	44.6	25.8	64.3
<b>Profit before Tax</b>	<b>96.0</b>	<b>84.3</b>	<b>59.5</b>
Tax expense	24.7	29.1	14.4
<b>Profit after tax</b>	<b>71.4</b>	<b>55.2</b>	<b>45.1</b>



# Consolidated Balance Sheet

Net-worth increased to ₹2,961 Cr

ASSETS (₹ Cr)	Dec 31, 2022	Mar 31, 2022
<b>Financial Assets</b>		
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
<b>Total Financial Assets</b>	<b>7,909.8</b>	<b>6,817.7</b>
<b>Non-Financial Assets</b>		
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
<b>Total Non-financial assets</b>	<b>351.7</b>	<b>258.6</b>
<b>Total Assets</b>	<b>8,261.5</b>	<b>7,076.3</b>

LIABILITIES & EQUITY (₹ Cr)	Dec 31, 2022	Mar 31, 2022
<b>Financial Liabilities</b>		
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
<b>Total Financial Liabilities</b>	<b>5,241.6</b>	<b>3,903.3</b>
<b>Non-Financial Liabilities</b>		
Current Tax Liabilities (net)	7.7	28.2
Provisions	4.6	4.0
Other Non-Financial liabilities	46.5	50.9
<b>Total Non-Financial Liabilities</b>	<b>58.8</b>	<b>83.1</b>
<b>Equity</b>		
Equity Share Capital	71.0	69.1
Other Equity	2,889.8	3,018.5
<b>Equity attributable to shareholders of the company</b>	<b>2,960.8</b>	<b>3,087.6</b>
Non-Controlling Interest	0.2	2.4
<b>Total Equity</b>	<b>2,961.1</b>	<b>3,089.9</b>
<b>Total Liabilities and Equity</b>	<b>8,261.5</b>	<b>7,076.3</b>

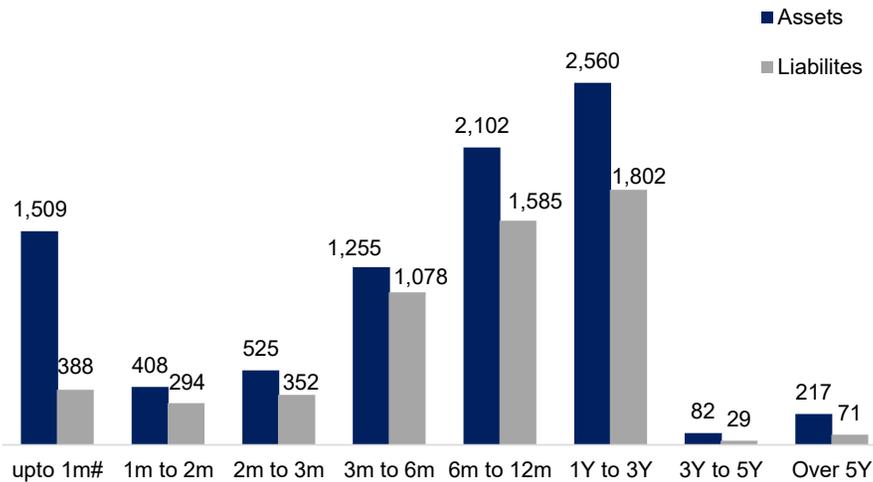


**Annexure**



# Stable credit rating with comfortable liquidity position

Positive ALM<sup>^</sup> (₹ 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

<sup>^</sup>Excludes DA amounting to 203 crs

\*ratings under watch with developing implications;

#cash and cash equivalents (incl FDs)



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**THANK YOU**

