



Ref: SSFL/Stock Exchange/2021-22/071

Date: January 06, 2022

To  
BSE Limited,  
Department of Corporate Services  
P. J. Towers, 25<sup>th</sup> Floor,  
Dalal Street,  
Mumbai - 400001  
Scrip Code: 542759

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

Dear Sir/Madam,

**Sub: Investors' Presentation - Quarter and half-year ended September 30, 2021**

Pursuant to the provisions of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have enclosed herewith the Investors' Presentation on the financial and operational performance of the Company for quarter and half-year ended September 30, 2021.

This presentation will also be available on the website of the Company at [www.spandanasphoorty.com](http://www.spandanasphoorty.com).

Kindly take the above on record.

Thank you.

Yours sincerely,  
**For Spandana Sphoorty Financial Limited**

**Ramesh Periasamy**  
**Company Secretary and Compliance Officer**

*Encl. as above*

# Spandana Sphoorty Financial Limited

....Committed to low-income households



## Investor Presentation

January 2022

Q2 FY22



# Safe Harbor

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1 Business Update

2 Key Operating Metrics

3 Key Financial Metrics

4 Borrowing Profile

5 Overview of Criss Financial  
(Subsidiary)

6 Annexure

# An Experienced Interim Management Team has Taken over Day-to-day Operations...

Erstwhile Founder and MD, Padmaja Reddy, resigned on 2<sup>nd</sup> Nov 2021. Board immediately constituted a Management Committee and Interim Management Team

Management Committee ('MC') with long serving Directors of the Company was constituted to provide strategic direction to the company...

... accompanied by an experienced interim management team to run day to day operations of the Company



**Ramachandra Kasargod Kamath | Nominee Director**

Mr. Kamath is a former Chairman & MD of PNB for 5 years. He was an ED at Bank of India for over 2 years and the Chairman & MD at Allahabad Bank for over 1 year. He has also held the post of Chairman of the Indian Banks Association for 2 years. He also serves as a BoD of Aavas Financiers and Centrum Capital.



**Nitin Prakash Agrawal | Interim CEO**

Nitin was previously associated with Spandana as the Deputy Chief Executive Officer and its Chief Risk Officer. He has 20+ years of experience in retail financial services and has held senior management roles across multiple NBFCs, a leading bank and a rating agency



**Abanti Mitra | Independent Director**

Abanti has previously worked as an executive with Astra Marine Pvt. Ltd. for one year, a management executive at Micro-Credit Ratings International Ltd. for two years, and a manager with ICICI Bank for three years. She also serves as a BoD of Development Equities Pvt. Ltd. and Positron Consulting Services Pvt. Ltd.



**Amit Mittal | Interim CFO**

Amit has 30+ years of experience as a Corporate CFO managing finance, supply chain and business across diversified industries and geographies at Unilever and Forbes and Co. He also served as a CFO of publicly listed businesses like Greaves Cotton. He also serves as Operating Director – Finance at Kedaara Capital



**Kartikeya Dhruv Kaji | Nominee Director, Kedaara Capital**

Kartikeya serves as a Director at Kedaara Capital. He has previously worked with Perella Weinberg Partners and Merrill Lynch in New York, and with Temasek Holdings Advisors India.

# ...Supported by Incumbent Senior Management Team of Spandana

**Incumbent Senior Management Team of Spandana has been driving various initiatives...**



## **Amit Ranjan Biswal | Chief Business Officer**

Amit had previously worked with Spandana between 2010-17 and re-joined in May 2020. He has 15+ years of expertise in leading field operations across diverse geographies. In his most recent role, he was CEO of Swarna Pragati Housing Microfinance. In the past, he has also worked with organizations such as Navdhan Capital, Adhikar Microfinance, and Bharat Financial Inclusion. He has done his MBA from Asian School of Business.



## **Sharmila Kunguma | Chief Risk Officer**

Sharmila has been associated with Spandana since December 2020. She has 17 years of experience across various banks and NBFCs such as Jana SFB, Kinara Capital, HSBC, Citibank and Bharti Airtel. She holds a bachelor's degree from Bangalore University and an MBA from Symbiosis. She is also member of Institute of Internal Auditors India.



## **Ramesh Periyasamy | Company Secretary & Compliance Officer**

Ramesh Periyasamy is Company Secretary and Compliance Officer. He is qualified Company Secretary and graduate in Law from Bangalore University. He has 15+ years of experience in corporate laws, legal, listing, M&A and regulatory compliance. Before joining SSFL, he worked with Embassy Office Parks REIT, Manappuram Finance Limited, Kalyan Jewellers and NeST Technologies as Company Secretary, Legal and Compliance Officer. He also practiced law in trial courts and Madras High Court

**...and have put in place control measures to ensure smooth functioning**

- Augmented the roles of supervisory field staff (AVP, VP, and cluster managers) to emphasize on collections, with additional support on borrower analytics from HO
- Strengthened the internal audit team to 200+ people with 95% coverage of all branches
- Utilized the backend team for customer calling, support and follow-up especially of delinquent customers
- Full control established on cash deposited by each branch in the bank through daily cash re-conciliation done at branches and further audit at HO

**Organization Structure in place with CEO and CFO with prior experience of leading large MFI organizations expected to join soon. CTO from a leading private sector bank also onboarded and expected to join by end January.**

# Current Key Focus Areas

## Transition Update

- Tenured interim management team has engaged with all stakeholders and instituted additional risk management controls along with internal audit team
- Employee engagement and initiatives implemented which has led to significant reduction in churn and high employee morale
- Recurring updates, calls and webinars with all lenders, credit rating agencies, regulatory authorities. All rating agencies have re-affirmed our ratings and no lender loans have been re-called. In addition, Company has availed new sanctions
- We have resumed disbursement and plan to ramp-up new disbursals in Q4 FY22
- Created a parallel robust IT environment with additional functionalities

## Robust Asset Quality & Prudent Provisioning

- For Q2 FY22, Collections have remained healthy with 97.4% Collection efficiency (including arrears excluding pre-payments) in Q2 FY22
- Focus of the interim management has shifted to cash collected and deposited at HO; December cash collections stood at ~Rs.442 crore
- Company has been very conservative in provisioning for the quarter due to the impending covid wave and recent organizational changes. It holds a higher provision buffer on balance sheet inspite of lower portfolio at risk
- On a standalone basis, Company currently holds total provisions of Rs.806 crore which accounts for ~12.4% of the Q2 FY22 AuM; P&L impact from incremental provisions and write-offs for H1 FY22 stands at ~Rs.390 crore
- Carrying provisions of ~24.6 % on the total restructured book of ~Rs.1,299 crore (including interest as at 30 September 2021); ~78% of this book was in Par 0 bucket as of Mar-21. Restructuring was done through tenure extension for the unpaid installments, and no future EMI holiday was given. Current EMI for restructured loans didn't change and focus on collections for these loans continues as usual
- PAR 31-60 @ 2.4% and 61-90 @ 0.9%; GNPA@ 6.2%

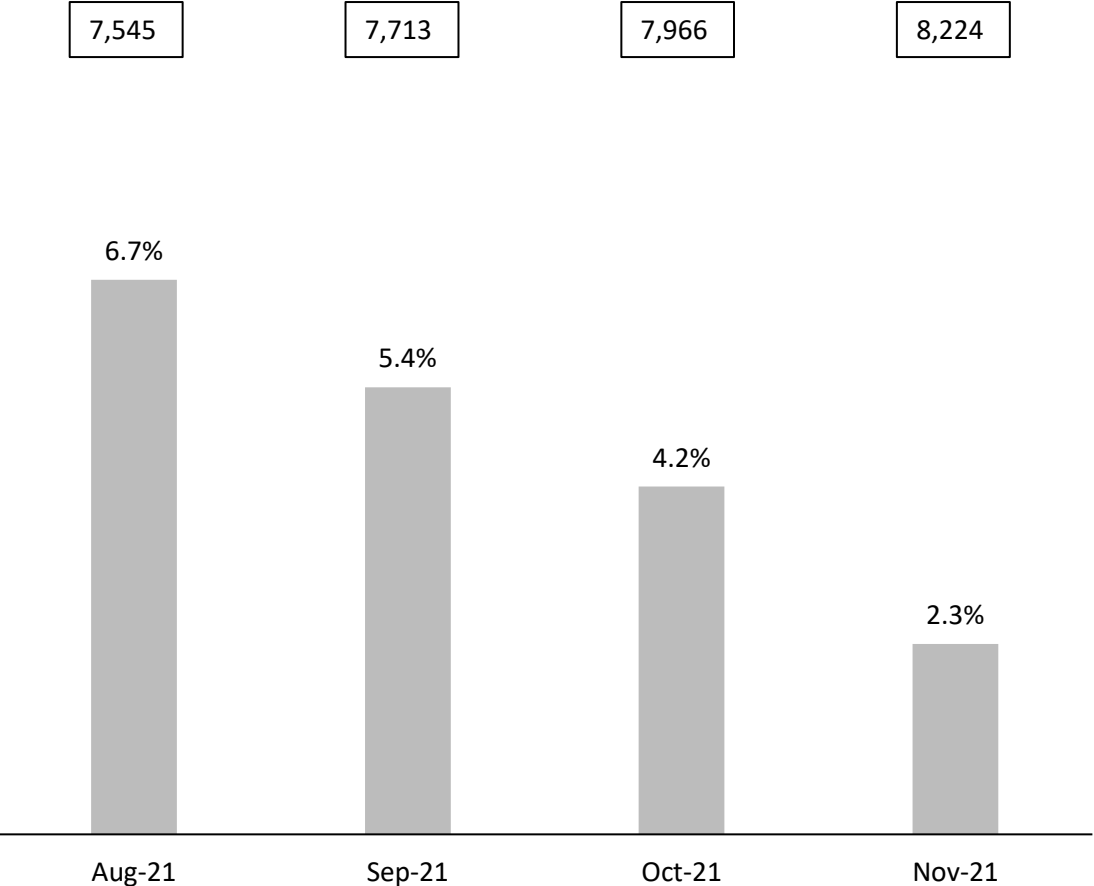
## Strong Liquidity Position

- Company has consistently made lender repayments on time over July – Nov with total repayment of ~Rs.1,927 crore in the period
- With current run rate of collections, repayment and opex, company has the capacity to generate ~Rs.75-100 crore of incremental cash per month in the absence of fresh disbursements; providing ample cover on liquidity
- Adequate liquidity surplus of ~Rs.1,369 crore as on 30<sup>th</sup> Nov 2021, and sanctions in pipeline. Availed fresh loans from select trusted lenders to provide dry powder for fresh disbursements
- Credit ratings continue to be A / A-

# Focus on Employee morale and initiatives with significant reduction in company attrition levels

**With < 5% attrition rates post transition, the organization is well set to deliver healthy performance in the upcoming quarters**

**Employee friendly initiatives & engagements are being undertaken**



- Continuous employee engagement from interim management through periodic calls and updates
- Streamlined HR processes including payout dates, process for reimbursement and final settlements
- Special increments provided to all employees to recognize outstanding collections efforts in a tough environment and align with overall market salary levels
- Evaluating initiatives to expand coverage across different insurance policies such as Health, PA and Life
- Inviting feedback and conducting ongoing evaluation to streamline compensation structures
- Covid safety measures put in place with periodic testing

xx Closing # of eligible employees

\*Attrition calculated only for a subset of employees for the field operations who have been working in the company for more than 1 full month

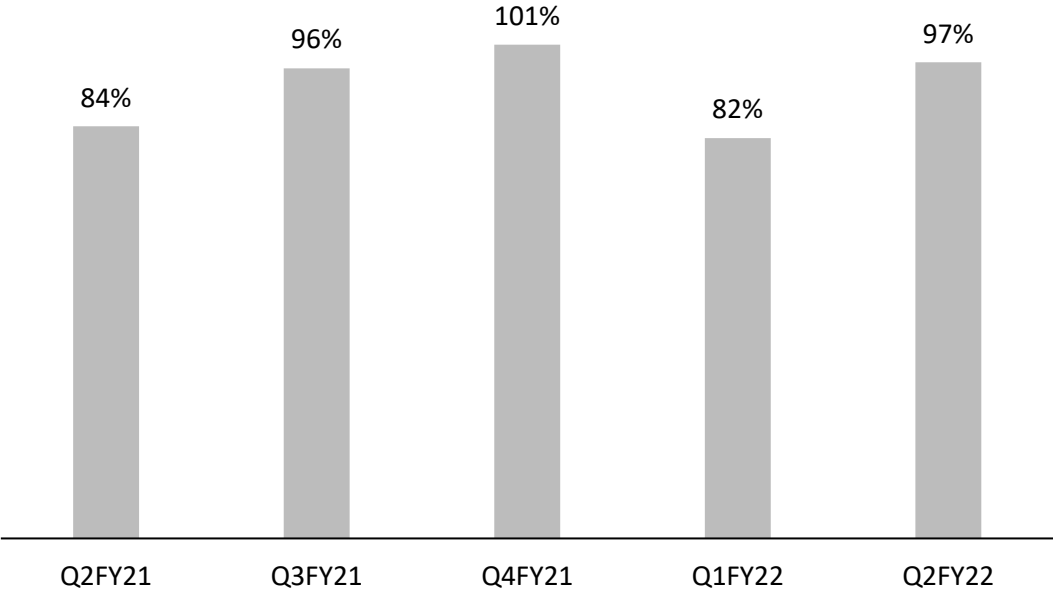


Collections have been healthy through the transition and continues to be a key focus area for the management...

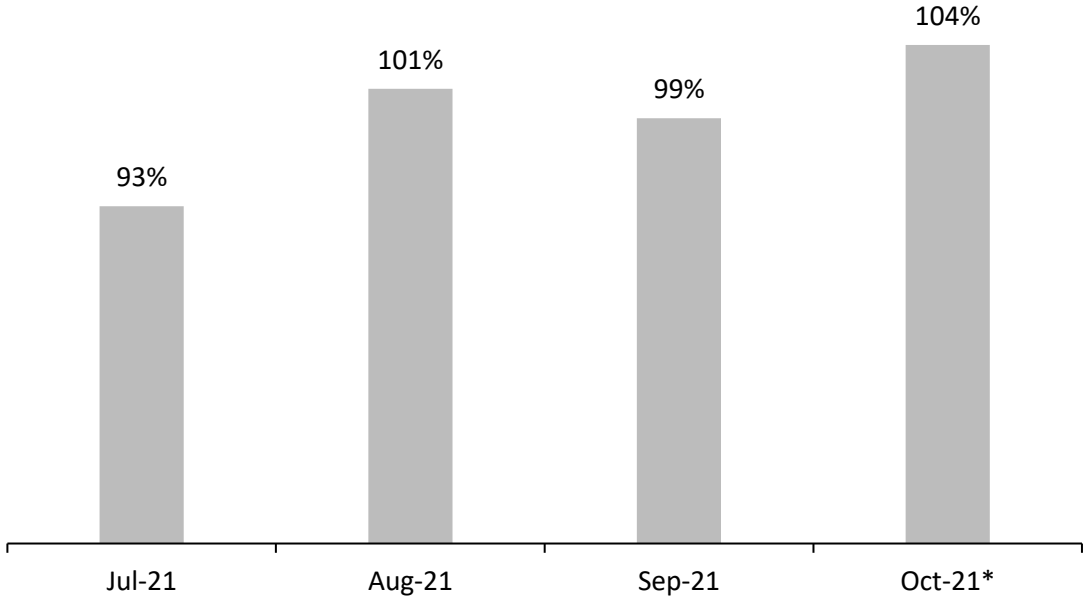
Collection back on track with collection efficiency touching 97% in Q2FY22...

... with Significantly Improving Month on Month Collections

**Collection Efficiency<sup>1</sup> (Incl. Arrears; Excl. pre-payment)**



**Collection Efficiency (Incl. Arrears; Excl. pre-payment)**

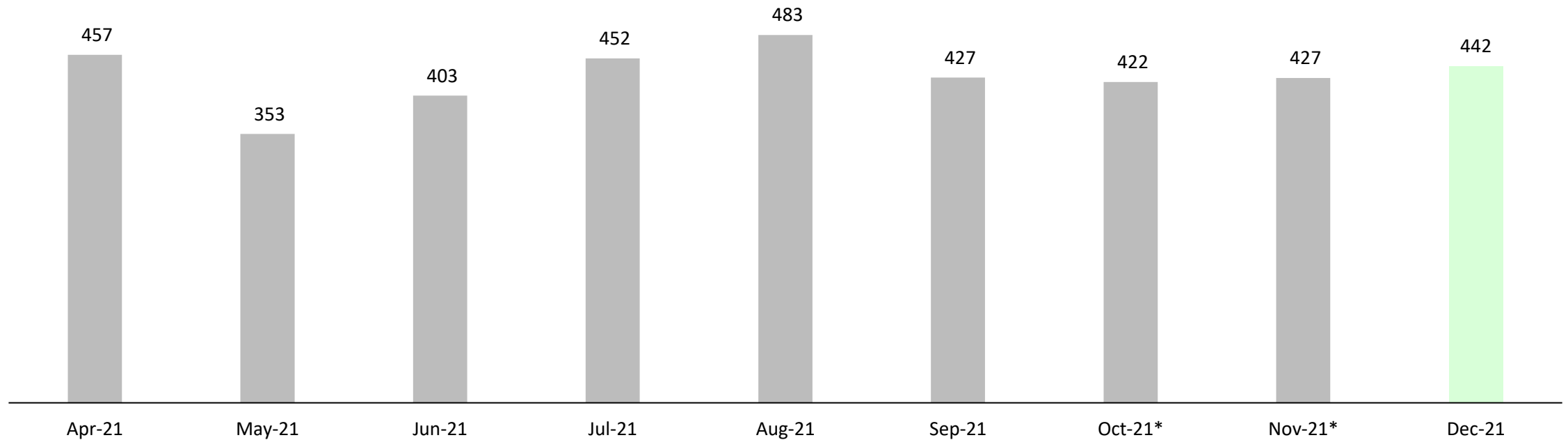


Numbers for standalone entity; \*Oct CE adjusted for advance pre-diwali collections done for November; unadjusted collection efficiency of 111%. Oct'21 CE includes prepayment; <sup>1</sup> CE for the entire portfolio in-line to the reporting done in previous quarters.; calculated on current demand for the respective quarter/month. Restructuring for the loans is done by tenure extension with no EMI change and hence there is no overdue demand for the restructured loans as on Sep 30th; current demand is included for restructured loans

...with interim management focus on tracking cash collections (excluding any pre-closure)

**Focus of the interim management has shifted to cash collected and deposited at HO**  
**December cash collections have been better than previous 3 months inspite of run down of portfolio**

Rs. crore



*Note: Numbers for Spandana standalone; \*Adjusted for pre-Diwali advance collections for the month of November'21 in October'21*

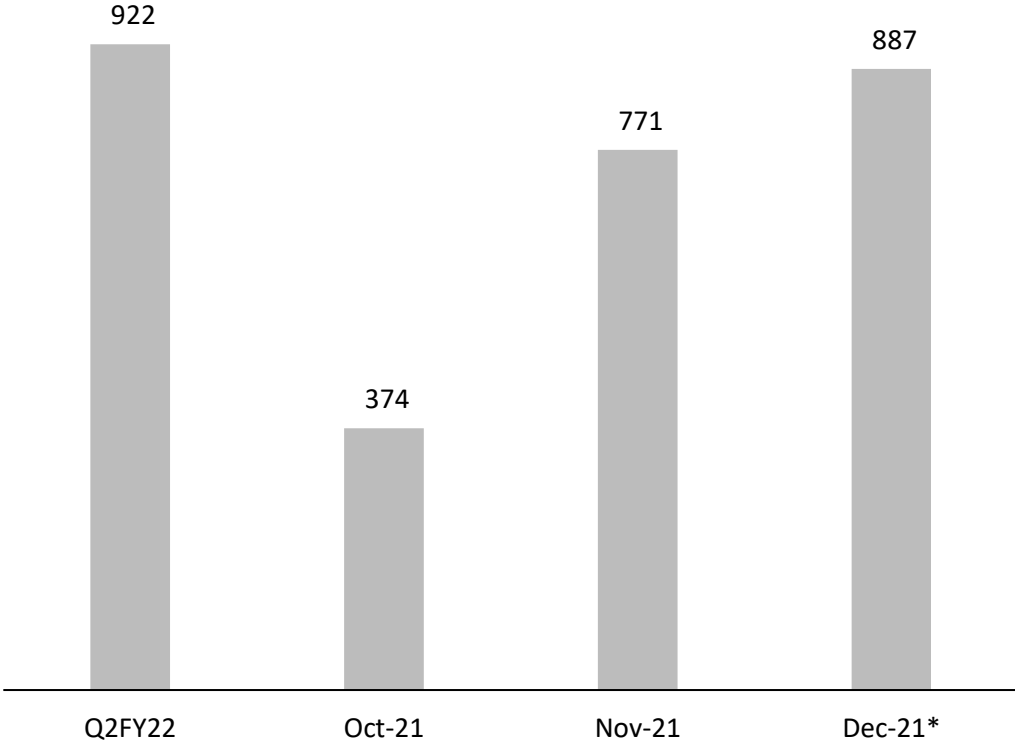
# Company working in a parallel robust IT environment with added functionalities

	Overview of the system	Additional functionalities going forward
Overall System Architecture	<ul style="list-style-type: none"> <li>Web based technology with Anytime + Anywhere access</li> <li>Encrypted architecture with Captcha, 3D Verification and OTP</li> <li>IP / Mac Address linked unique access protocols enabled</li> <li>Comprehensive audit trail with robust maker-checker systems</li> <li>Tightly integrated system from Loan Origination to General Ledger</li> </ul>	<ul style="list-style-type: none"> <li>Migration from a hosted to cloud based architecture</li> <li>Enabling multiple RPA workflows to significantly improve operational productivity of backend operations</li> <li>Implement Data Lake creation protocols for harnessing business intelligence and insights via advanced analytics</li> </ul>
Loan Origination System	<ul style="list-style-type: none"> <li>Flexible workflow management and seamless integration with Credit Bureaus (CIBIL, HiMark, Equifax); Ability to process entries in parallel</li> <li>Tight integration with CGT (Compulsory Group Training) and GRT (Group Recognition Test); Streamlined process for KYC document uploads</li> <li>Fully automated sanction process with tight workflow from CB investigation and document printing to sanction</li> </ul>	<ul style="list-style-type: none"> <li>Automating checks currently done manually in backend operations, reducing manual intervention</li> <li>Support both online and offline mobile enablement to reduce TAT for loan sanctions further</li> <li>Integrate directly with banks through custom APIs for automating loan disbursement process</li> </ul>
Loan Management System	<ul style="list-style-type: none"> <li>Regular advance and overdue collections via mobile entries; Demand reports generated automatically from the system</li> <li>Provisions for Claims settlement, Write-offs and other nuances already built into the system; Configurable product schemes and fee structures</li> <li>MIS reports on portfolio with drill down facilities enabled; Configurable Chart of Accounts with no requirement for a dedicated ERP</li> </ul>	<ul style="list-style-type: none"> <li>Advanced analytics capabilities for building and mining Data Lake</li> <li>Design and build custom rule engine to improve Collection Efficiency and increase success rate of disbursements post credit checks via streamlined credit algorithms</li> </ul>
HRMS	<ul style="list-style-type: none"> <li>Implementing DarwinBox to streamline and automate all payroll processes</li> <li>Attendance and leave management processes to be standardized and conducted completely via the system</li> </ul>	<ul style="list-style-type: none"> <li>Complete employee lifecycle management modules (Hire to Retire) to be implemented including recruitment, onboarding, performance, talent management, learning and offboarding</li> </ul>

# Increased Focus on Risk Management Practices post Transition with Specific Long-Term Priorities Mapped Out

- Post transition, the near-term priorities for the internal audit team was focused on 3 key areas: Collections, Cash Management and Branch Control and engagement activities
- Regional Audit Heads accompanied field auditors and visited branches to maintain control on monitoring and risk practices
- HO Audit team engaged in tele-calling ~200 delinquent customers a day to verify status and amount of payments made
- Fraud detection and verification processes have been consolidated and strengthened with multiple checks and balances
- Long term priorities for the Internal Audit team include:
  - Creating and implementing a standardized Audit matrix to add automation to the audit process and improve efficiency
  - Additional checks on items such as denomination register and daily collection tracking being implemented at branches
  - Central HO team to conduct detailed analytics on exceptions to be shared with the field team for further investigation
  - Increased focus on thematic audits every month to deep-dive on specific internal processes to ensure adherence to policies and regulations

# of Internal Audit visits per month have increased significantly in the last couple of months



\*Upto December 15<sup>th</sup>

# Conservative Provisioning Levels built into the Portfolio

Total portfolio coverage for H1FY22 (provisions plus write-offs) stands at a comfortable Rs.390 crore; Total provisions on BS of Rs.806 crore alone account for 12.4% of the portfolio\*

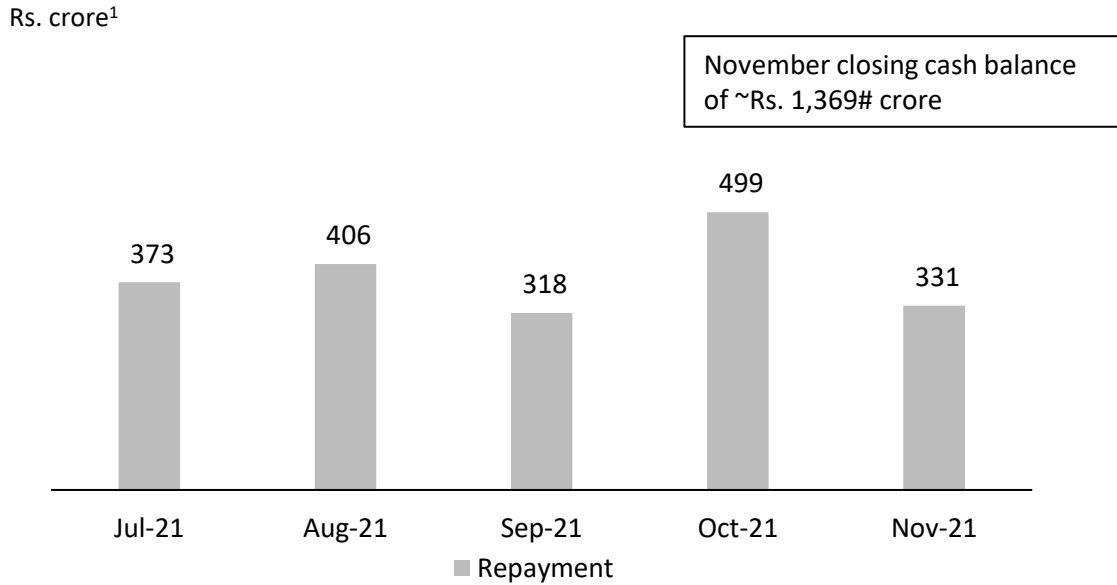
Balance Sheet Particulars (Rs. crore)	Q2FY22
Standard Provisions	140.6
COVID related Provisions	665.0
<b>Total Provisions towards Loan Assets</b>	<b>805.6</b>
Plus: Provision towards Excess Interest (RBI pricing)**	53.9
<b>Total Provisions on Balance Sheet</b>	<b>859.6</b>

P&L Particulars (Rs. crore)	H1FY22	Q2FY22
Incremental Provisions for FY22	381.2	228.9
Provision towards Excess Interest (RBI pricing)	-	-
<b>Total Provisions (as per P&amp;L account)</b>	<b>381.2</b>	<b>228.9</b>
<b>Write-offs during the year</b>	<b>-</b>	<b>-</b>
Interest De-recognition from Written-off loans	9.0	0.6
<b>Cumulative Provisions &amp; Write-offs (as per profit &amp; Loss Account)</b>	<b>390.3</b>	<b>229.5</b>

- In spite of lower PAR vs. previous quarters, Company has been conservatively carrying higher provisions on the balance sheet
- For Q2 FY22, ~50% of PAR 0+ is in PAR '1-30 bucket', where management has been focused with regular follow-up and an additional collection incentive has been introduced

# Spandana's liquidity position continues to be comfortable with no change in credit ratings amidst the recent management changes

## Total repayments of ~Rs. 1,927<sup>1</sup> crore have been made over the past 5 months



- All ongoing lender repayments/commitments continue to be fulfilled on the scheduled dates
- Closing cash as of November indicating sufficient liquidity to meet future repayments

## High level of engagement with rating agencies by Company's Management Committee

Rating Instrument	Rating Agency	Rating	Year
Bank Facilities / NCD's/ MLD's	CRISIL/Ind-Ra/ ICRA	A / A-	Nov 2021
Bank Facilities	CRISIL	A	July 2021
Bank Facilities / NCD's/ MLD's	Ind-Ra	A	Dec 2020
Bank Facilities / NCD's	ICRA	A-	Mar 2019
Bank Facilities / NCD's	ICRA	BBB+	May 2018
Bank Facilities / NCD's	ICRA	BBB	Feb 2018
Bank Facilities / NCD's	ICRA	BBB-	Aug 2017

1 Business Update

2 Key Operating Metrics

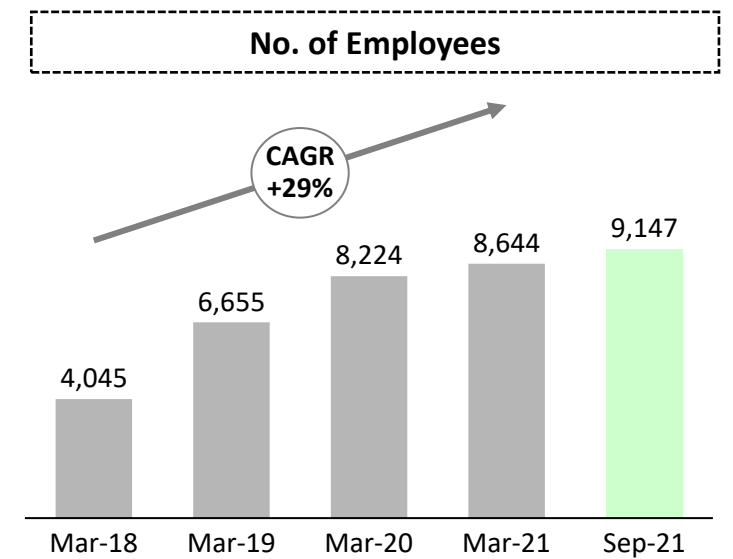
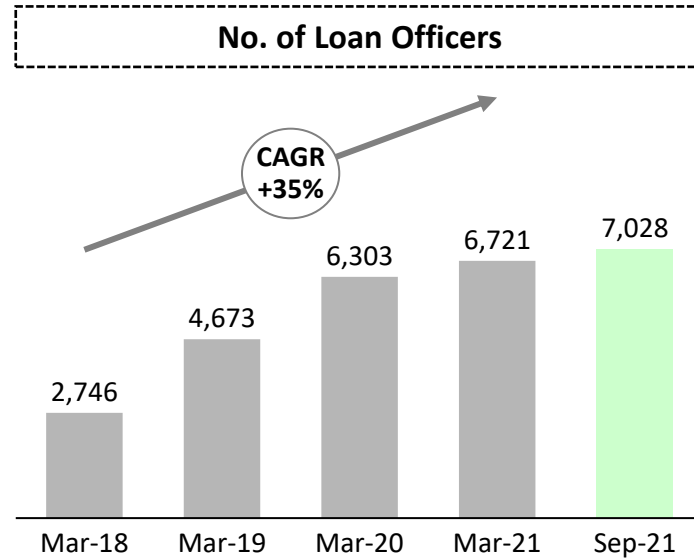
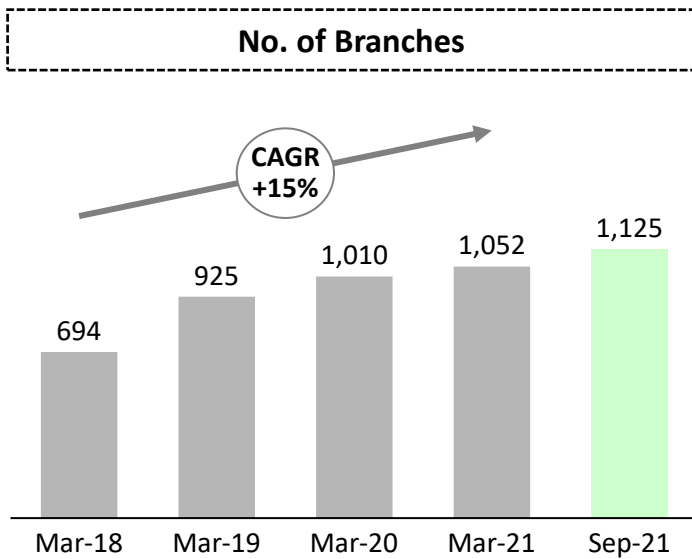
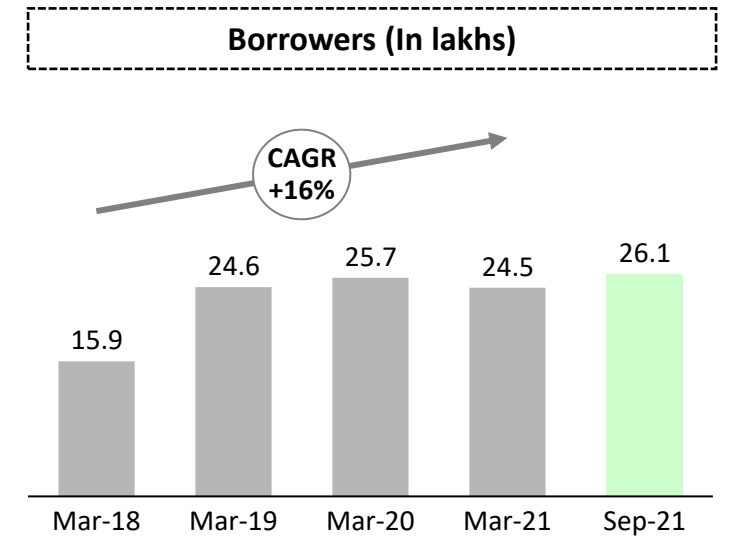
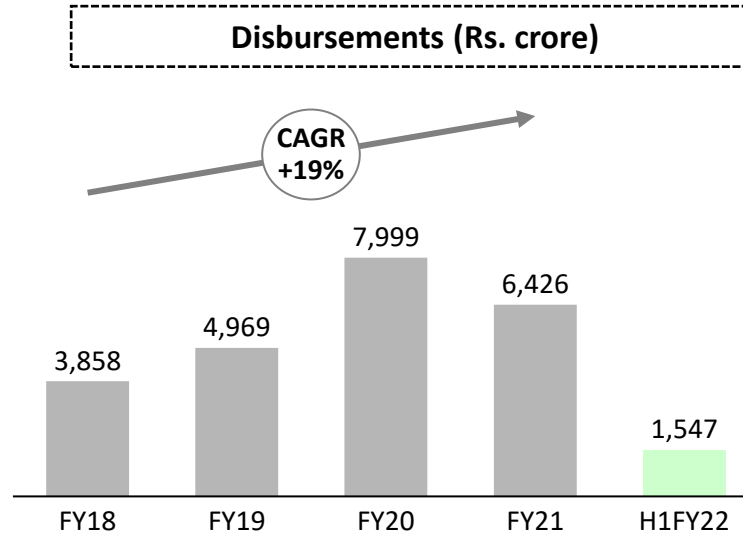
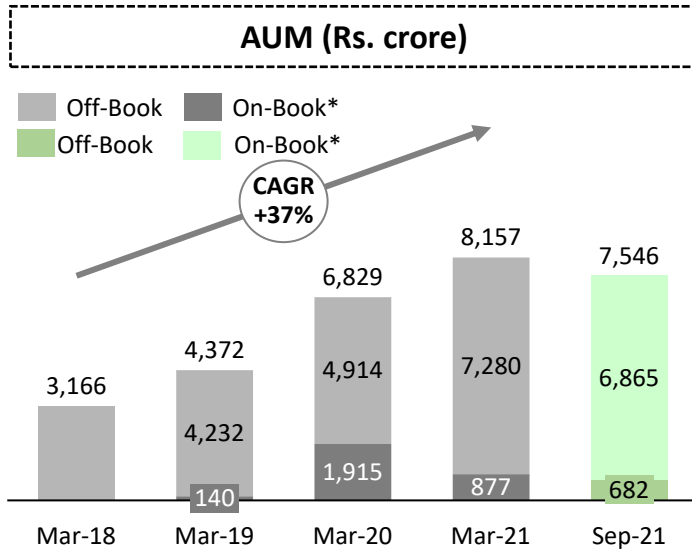
3 Key Financial Metrics

4 Borrowing Profile

5 Overview of Criss Financial  
(Subsidiary)

6 Annexure

# Operational Summary

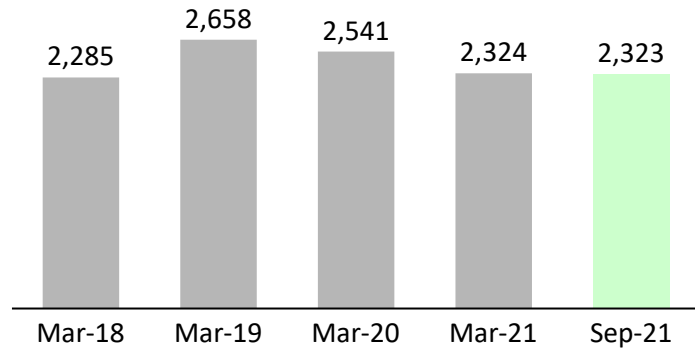


Note: \* Includes PTC

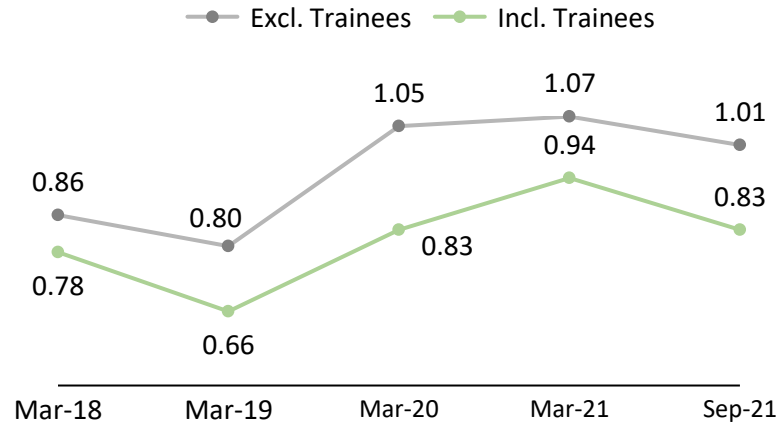


# Rising Employee Productivity has led to Opex Efficiency

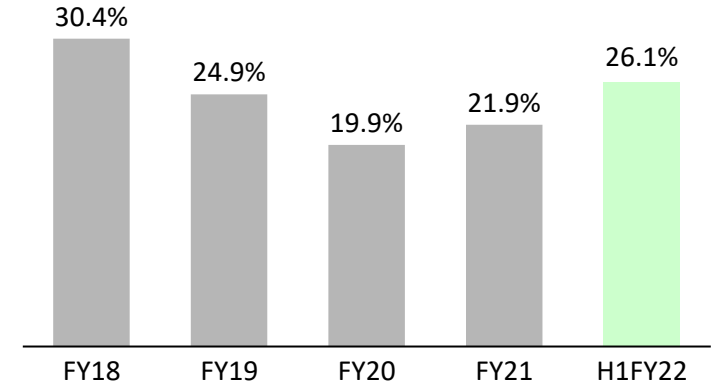
**Active Borrowers/Branch (#)**



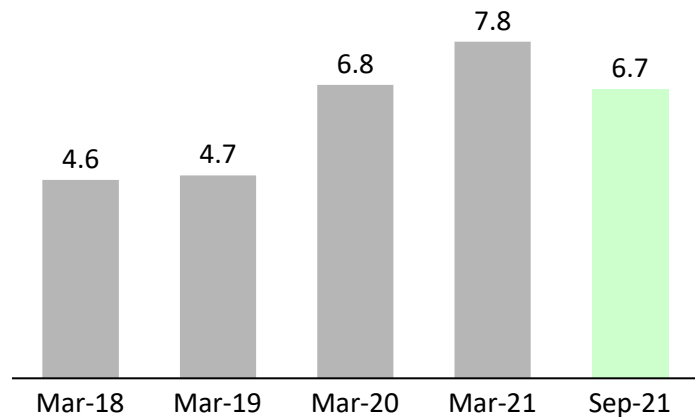
**AUM/Employee (Rs. crore)**



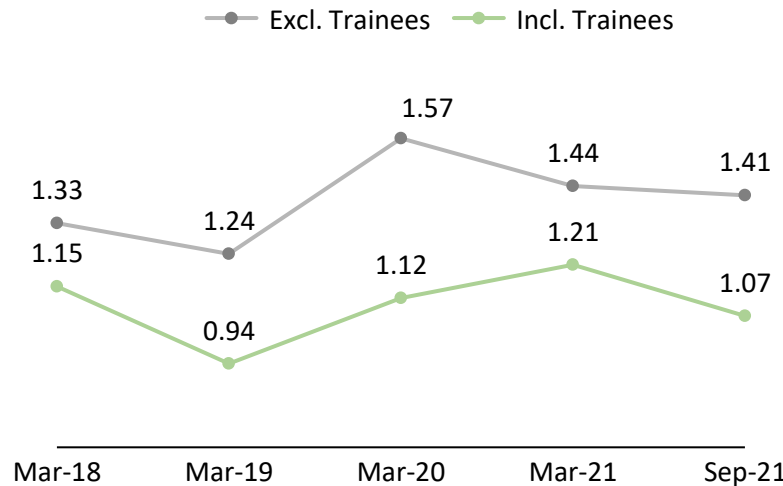
**Cost To Income (%)**



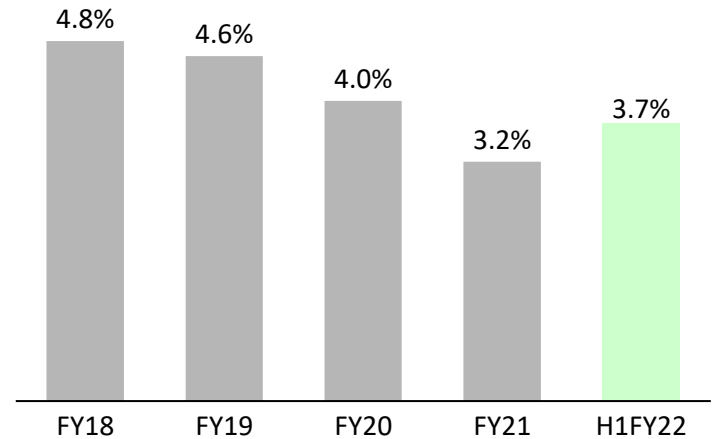
**AUM/Branch (Rs. crore)**



**AUM/Loan Officer (Rs. crore)**



**Opex/AUM (%)**



# Industry-Leading Geographic Diversification at State, District and Branch Levels

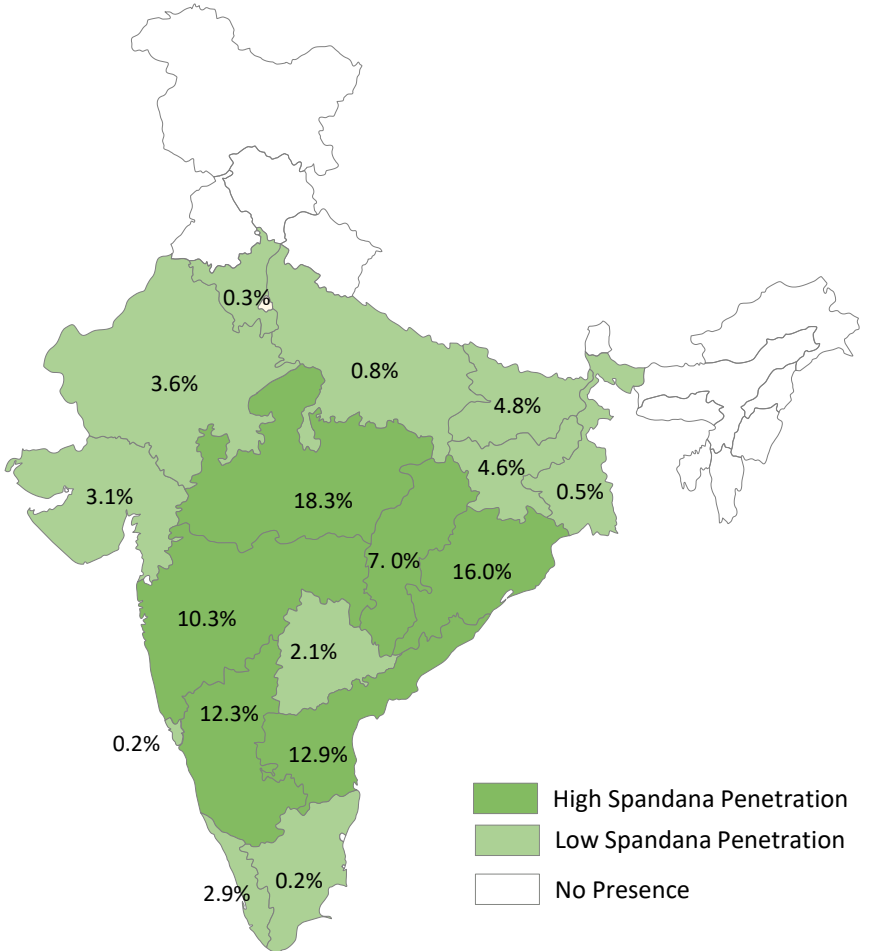
## State-wise Concentration

Top States	AUM Concentration*
Madhya Pradesh	18.3%
Orissa	16.0%
Andhra Pradesh	12.9%
Karnataka	12.3%
Maharashtra	10.3%
Chhattisgarh	7.0%
Other States	23.2%

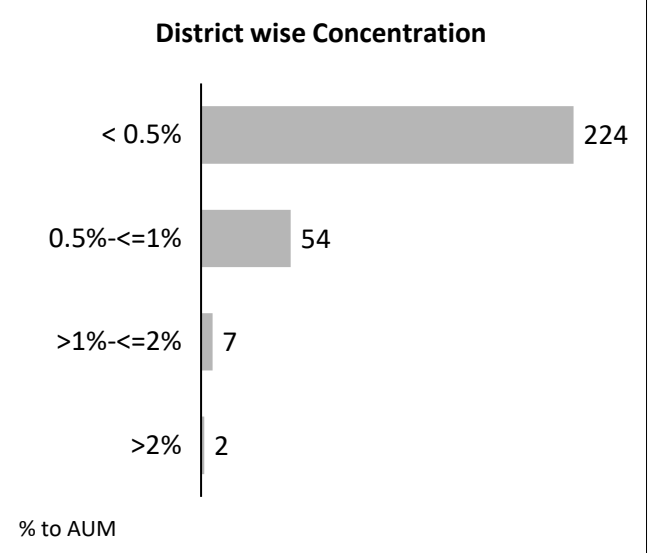
## Top States By Branch Network

Top States	Number of Branches
Madhya Pradesh	159
Orissa	156
Andhra Pradesh	156
Karnataka	133
Maharashtra	123
Chhattisgarh	74

## Well diversified portfolio across States



**Well dispersed district level exposure ensures low impact from region-specific issues**

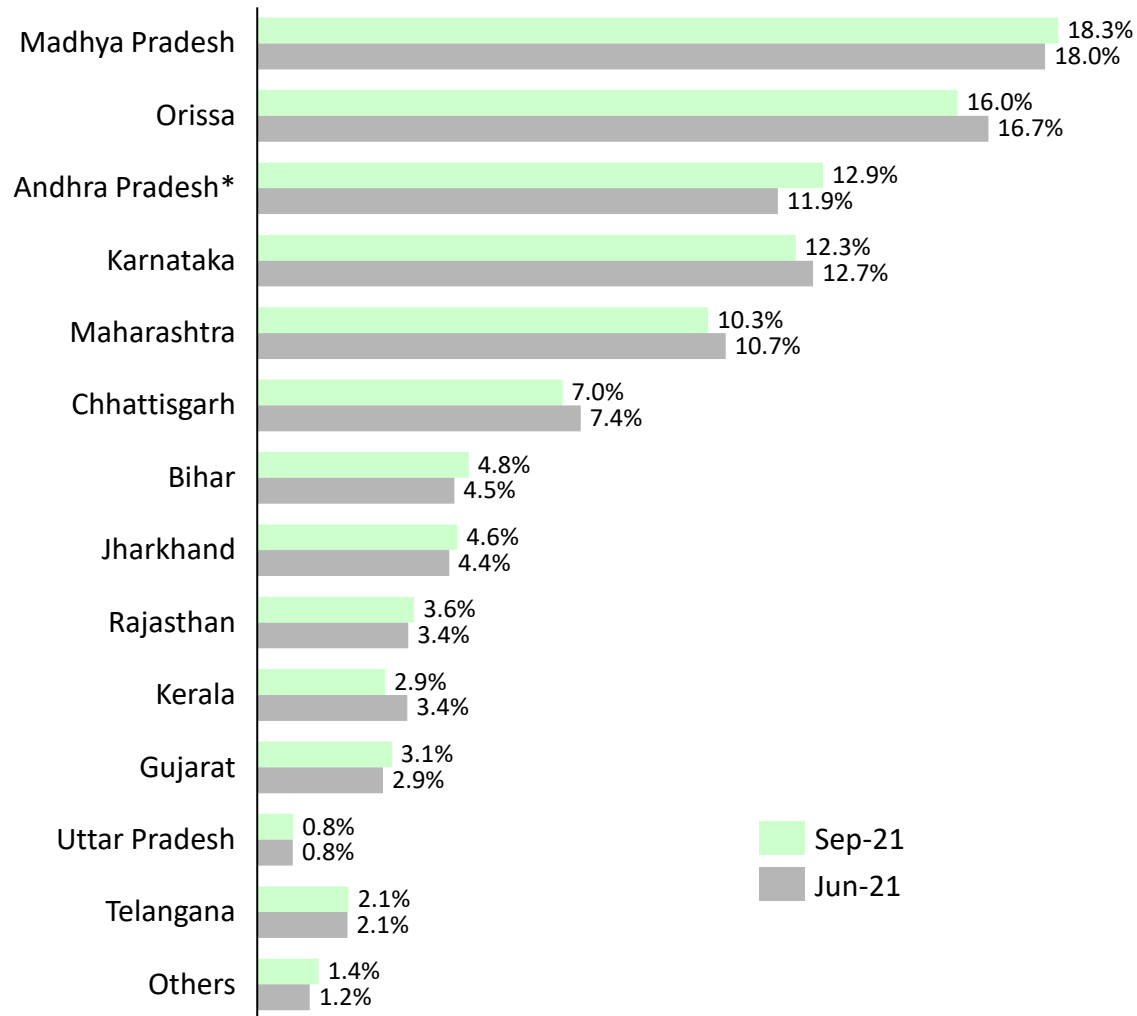


- **Top 3 States constitute less than 47.2% of AUM**
- **No State more than 19% of AUM**
- **No District more than 2.4% of AUM**
- **No Branch has more than 0.25% of AUM**

Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness  
 \* Includes total AUM on consolidated basis

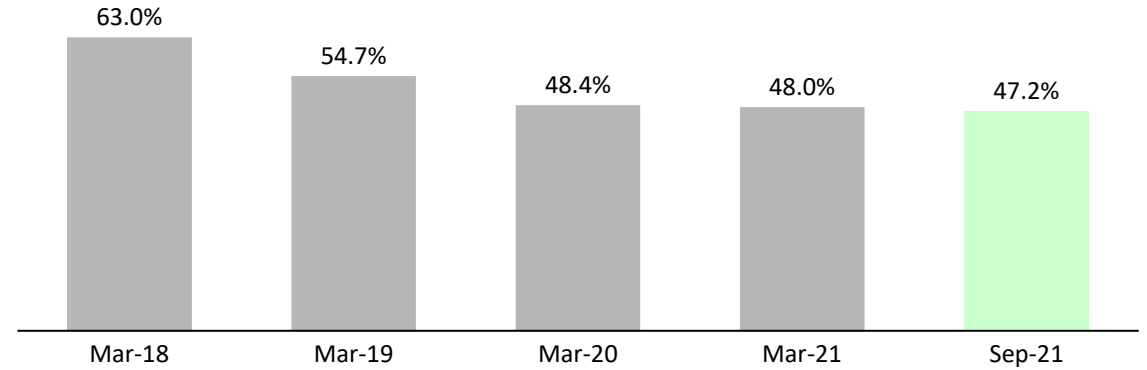
# Continued Focus on Further Increasing Diversification, Without Compromising Rural Focus

**State-wise Consolidated AUM Mix – Greater Diversification**

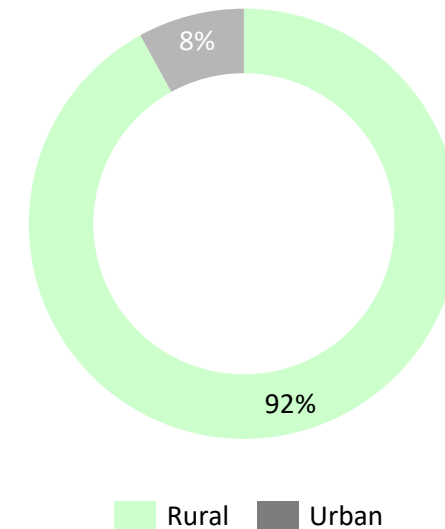


\* Andhra Pradesh has significant non MFI portfolio

**Concentration (by AUM) of Top 3 States is Reducing**



**Continued Focus on Rural Geographies (AUM)**



1 Business Update

2 Key Operating Metrics

3 Key Financial Metrics

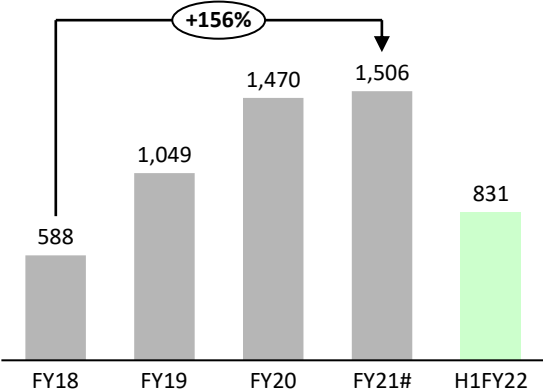
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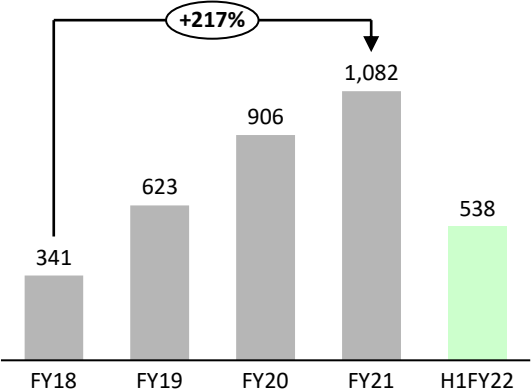
6 Annexure

# Financial Performance

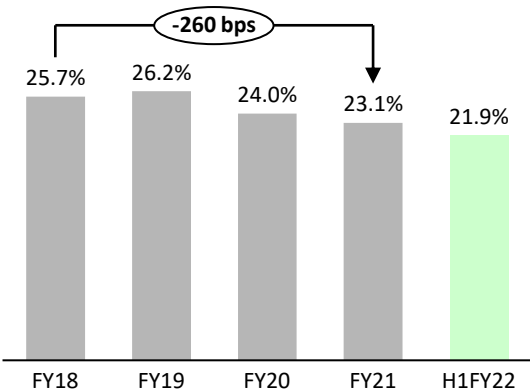
**Total Income (Rs. crore)**



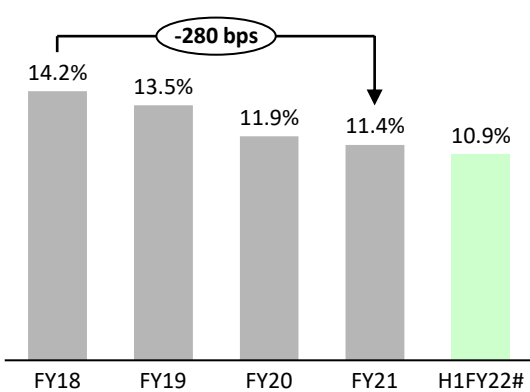
**Net Interest Income (Rs. crore)**



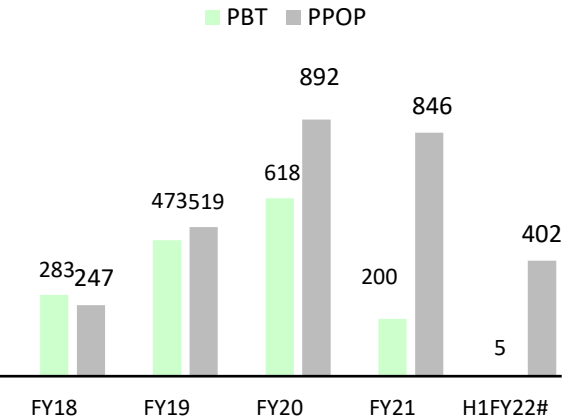
**Yield (%)**



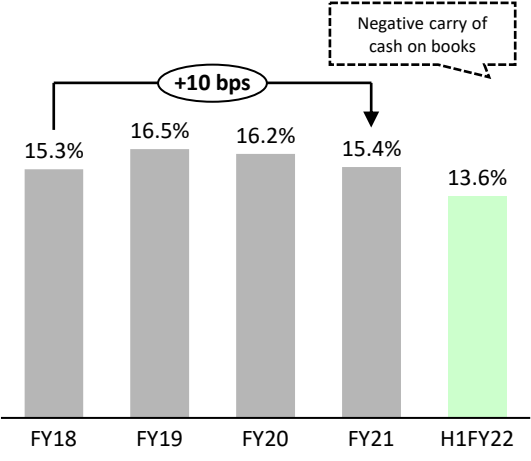
**Cost of Borrowings (%)**



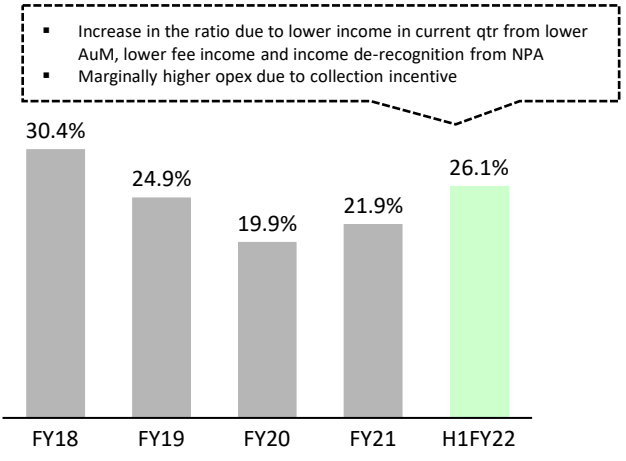
**PPOP & PBT (Rs. crore)**



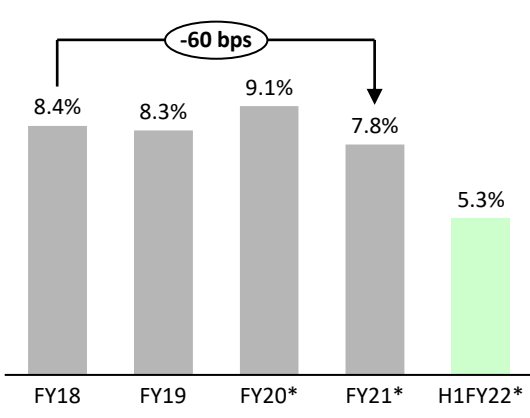
**NIM (%)**



**Cost to Income Ratio (%)**



**ROA (%)**



\*Normalized figures (excluding Covid related provisions, provision on restructuring accounts & one-time deferred adjustments)  
# Excludes one time payment of interest on income tax of 5.6 crore.

# Consolidated Profit & Loss Statement

Particulars (Rs. crore)	H1FY22	H1FY21	Q2 FY22	Q1 FY22	Q2 FY21
<b>Revenue from Operations</b>					
Interest income	747.2	627.1	350.5	396.7	317.3
Net gain on fair value changes	59.8	39.2	31.0	28.7	23.8
Other Income	22.9	4.5	14.1	8.7	3.8
<b>Total income from operations</b>	<b>829.8</b>	<b>670.8</b>	<b>395.6</b>	<b>434.1</b>	<b>344.8</b>
Non-operational Income	1.3	10.3	0.6	0.7	9.3
<b>Total income</b>	<b>831.1</b>	<b>681.1</b>	<b>396.2</b>	<b>434.9</b>	<b>354.1</b>
<b>Expenses</b>					
Finance cost	293.2	169.1	149.8	143.4	84.1
Net loss on financial assets and liabilities designated at fair value through profit or loss	0.1	-	-0.0	0.1	-
Impairment on financial instruments and other provisions	396.3	30.1	103.5	4.26	7.9
Employee benefit expense	103.1	83.6	56.2	46.9	42.0
Depreciation and amortization expense	4.0	3.2	1.5	2.6	1.6
Other expenses	34.9	21.8	19.0	15.9	12.8
<b>Total Expenses</b>	<b>543.0</b>	<b>511.2</b>	<b>330.0</b>	<b>213.1</b>	<b>262.7</b>
<b>Profit before Tax</b>	<b>288.1</b>	<b>373.3</b>	<b>66.4</b>	<b>221.8</b>	<b>205.7</b>
Tax expense	3.5	43.9	-12.8	16.3	24.6
<b>Normalized Profits</b>	<b>284.6</b>	<b>329.4</b>	<b>79.2</b>	<b>205.5</b>	<b>181.1</b>
Provision and write-off related to Covid-19 and others	288.6	203.5	137.9	150.7	114.2
Exceptional Deferred Tax Adjustment					
<b>Net Profit (as reported)</b>	<b>-4.0</b>	<b>125.9</b>	<b>-58.7</b>	<b>54.8</b>	<b>66.9</b>

# Consolidated Balance Sheet

ASSETS (Rs. crore)	Sep 30, 2021	Mar 31, 2021	Sep 30, 2020
<b>Financial Assets</b>			
Cash and cash equivalents	1,466.9	1,135.2	461.7
Bank Balances other than cash and cash equivalents	229.4	245.8	217.1
Trade Receivables	0.0	12.1	8.0
Loan Portfolio	6,212.4	6,933.0	5,630.0
Investments	2.4	2.3	3.3
Other financial assets	57.9	75.7	142.8
<b>Total Financial Assets</b>	<b>7,969.0</b>	<b>8,404.2</b>	<b>6,462.9</b>
<b>Non-Financial Assets</b>			
Current tax assets (net)	16.7	15.3	15.3
Deferred tax assets (net)	198.7	104.7	80.1
Property, Plant and Equipment	20.7	19.9	14.2
Intangible assets	0.6	0.8	1.0
Goodwill	17.4	17.4	17.4
Other non-financial assets	18.8	14.7	8.3
<b>Total Non-Financial Assets</b>	<b>272.9</b>	<b>172.8</b>	<b>136.3</b>
<b>Total Assets</b>	<b>8,241.9</b>	<b>8,576.9</b>	<b>6,599.3</b>

LIABILITIES & EQUITY (Rs. crore)	Sep 30, 2021	Mar 31, 2021	Sep 30, 2020
<b>Financial Liabilities</b>			
Debt Securities	2,254.3	2,034.7	752.7
Borrowings (Other than Debt Securities)	2,897.6	3,318.4	2,580.3
Subordinated Liabilities	20.2	20.2	20.2
Other Financial liabilities	161.6	269.7	281.8
<b>Total Financial Liabilities</b>	<b>5,333.8</b>	<b>5,642.9</b>	<b>3,634.9</b>
<b>Non-Financial Liabilities</b>			
Current Tax Liabilities (net)	102.8	146.3	178.0
Provisions	2.1	1.7	1.8
Other Non-Financial liabilities	38.2	34.9	33.4
<b>Total Non-Financial Liabilities</b>	<b>143.1</b>	<b>182.9</b>	<b>213.2</b>
<b>Equity</b>			
Equity Share Capital	64.4	64.3	64.3
Other Equity	2,698.6	2,684.8	2,685.3
<b>Equity attributable to shareholders of the company</b>	<b>2,763.0</b>	<b>2,749.1</b>	<b>2,749.6</b>
Non-Controlling Interest	2.2	2.0	1.5
<b>Total Equity</b>	<b>2,765.2</b>	<b>2,751.1</b>	<b>2,751.1</b>
<b>Total Liabilities and Equity</b>	<b>8,241.9</b>	<b>8,576.9</b>	<b>6,599.3</b>

1 Business Update

2 Key Operating Metrics

3 Key Financial Metrics

4 Borrowing Profile

5 Overview of Criss Financial  
(Subsidiary)

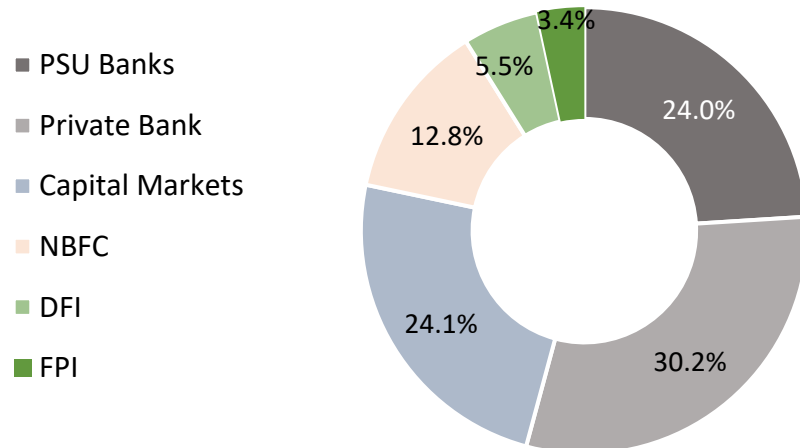
6 Annexure



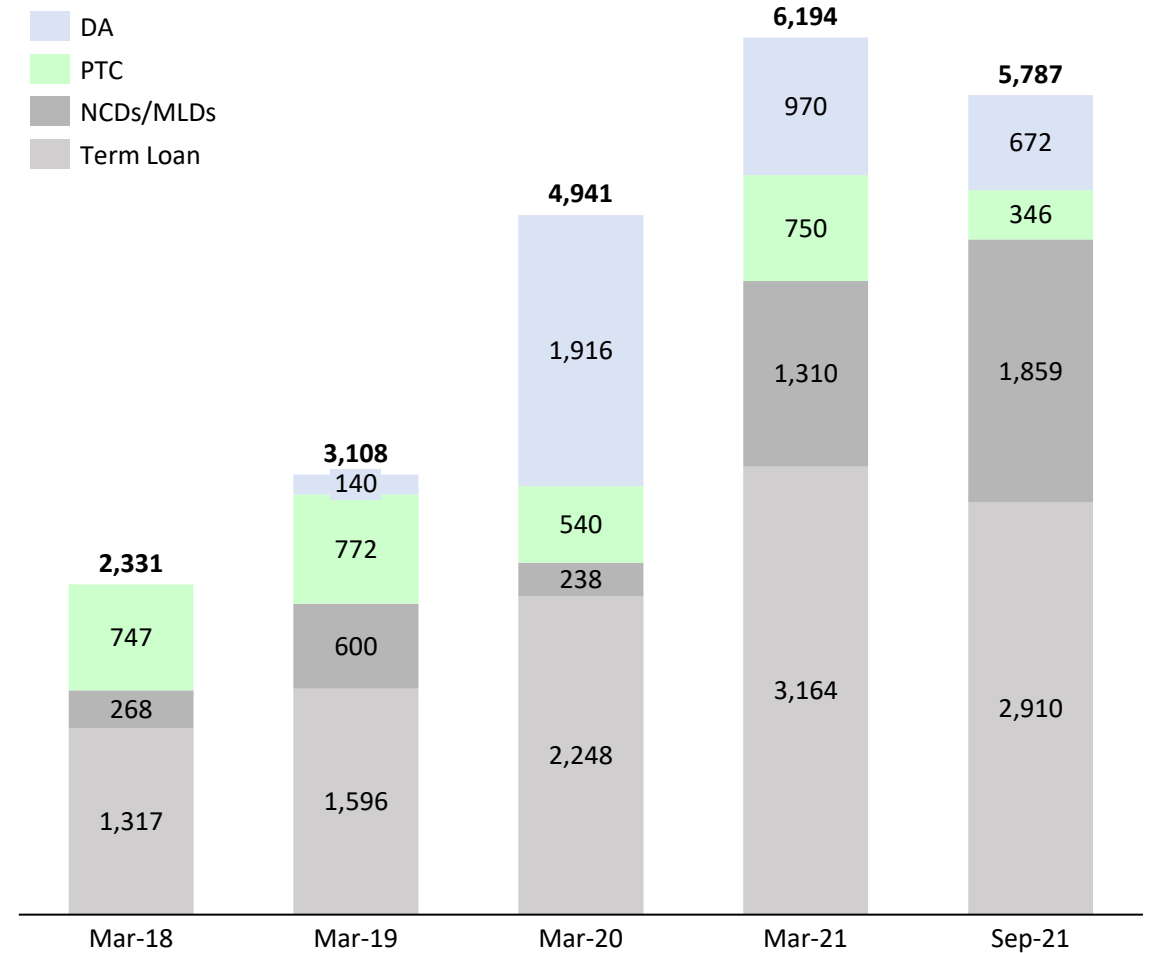
# Diversified Borrowing Profile

- Management committee led by Mr. Kamath has been having regular discussions and periodic dialogue with lenders
- No adverse / remedial action initiated by any lender for change in management

Diversified Funding Mix (As on Sep-21)

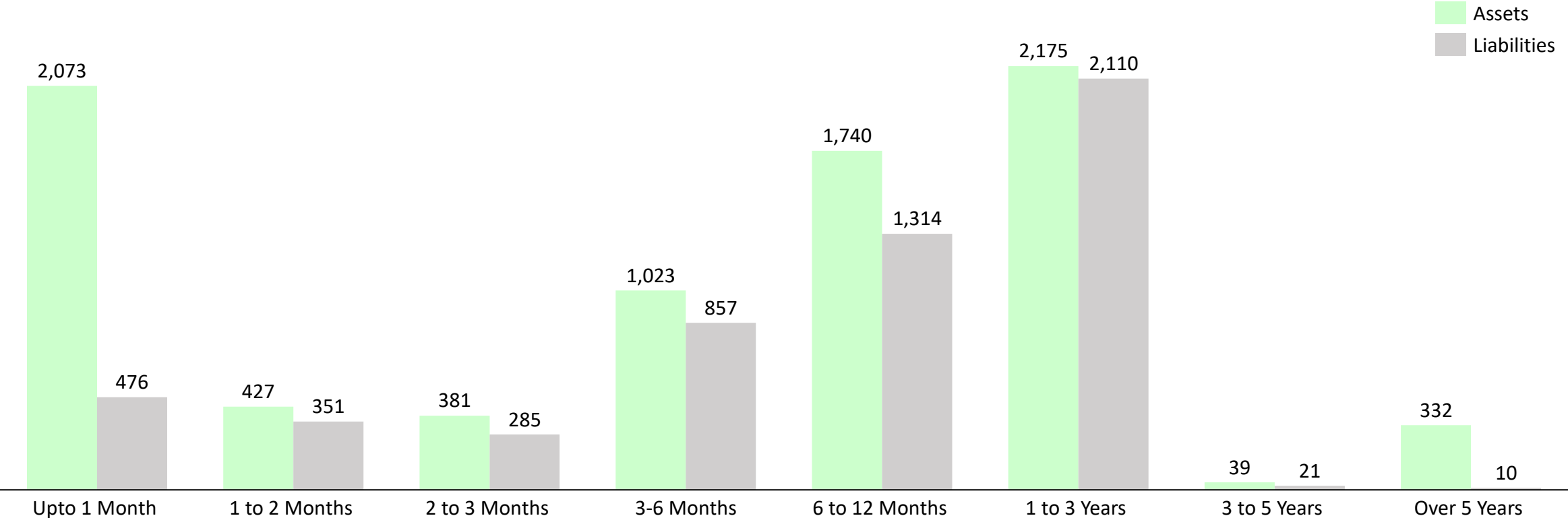


Borrowings (Rs. crore)



# Comfortable Liquidity Position Driven by Strong Track Record

Positive ALM Mismatch (Rs. crore)



**Positive ALM mismatch across all the buckets, where its assets mature faster than liabilities**

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# Overview of Criss Financial

## About CFL

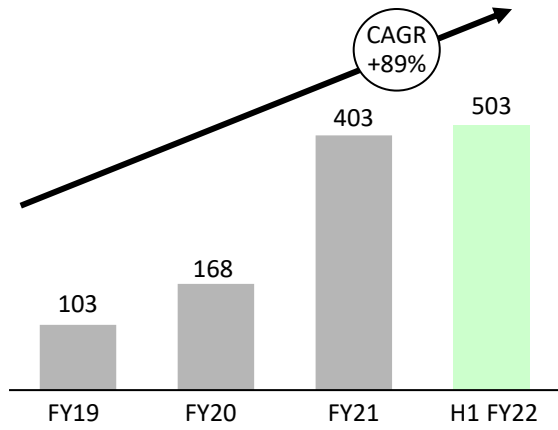
- Criss Financial Limited (CFL) is an NBFC, which is a 98.5% subsidiary of Spandana Sphoorty Financial Limited
- It was set up to operate in states / asset classes that SSFL itself could not, given its status as an NBFC-MFI
- CFL offers Loans against Gold, Loans Against Property, Business Loans and Personal Loans;
- CFL operates in Andhra Pradesh and Telangana states targeting households with Annual household income of >Rs.150,000, offering both secured and unsecured loans
- It operates through 105 Branches covering 21 Districts, 4,815 villages, 98,393 borrowers and 519 employees

## Performance Snapshot

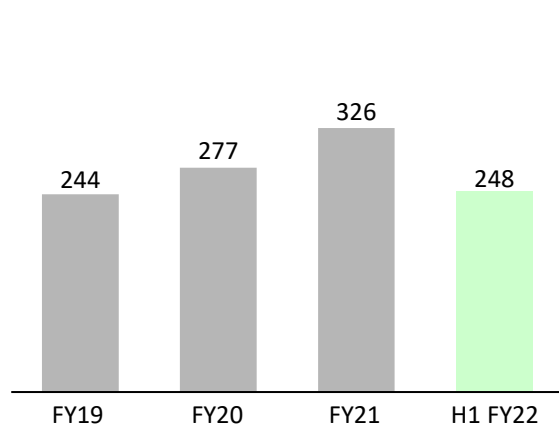
- AUM of CFL grew by 57% CAGR in the last four years to Rs 503 crore
- CFL has collection efficiency of 103% for Q2FY22 and best in class portfolio quality with GNPA of 2.83%
- With diversified mix of products, operating cost ratio is lowest at 3.6%
- Management has very conservatively undertaken an additional overlay provision of Rs.10.5 crore in the current quarter impacting PAT for the quarter
- For H1 FY22, CFL has 3.62% ROA, 11% ROE and 27% Capital adequacy

# Criss Financial – Robust Financial Performance

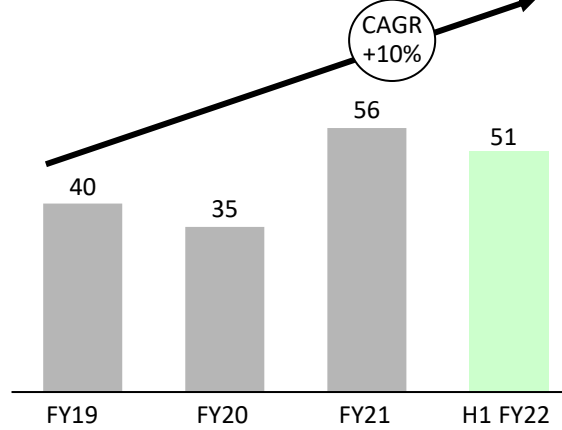
**AUM (Rs crore)**



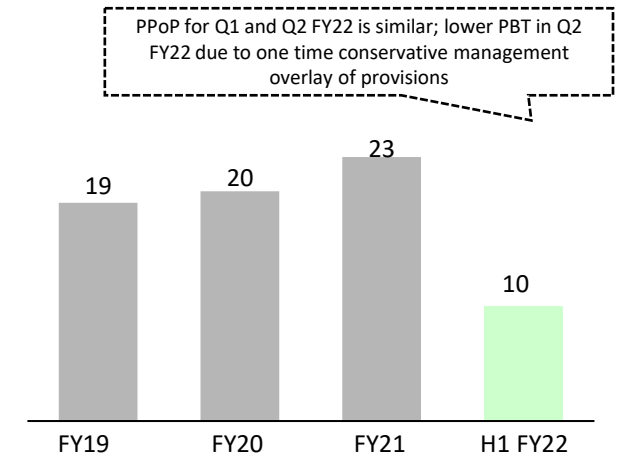
**Disbursements (Rs crore)**



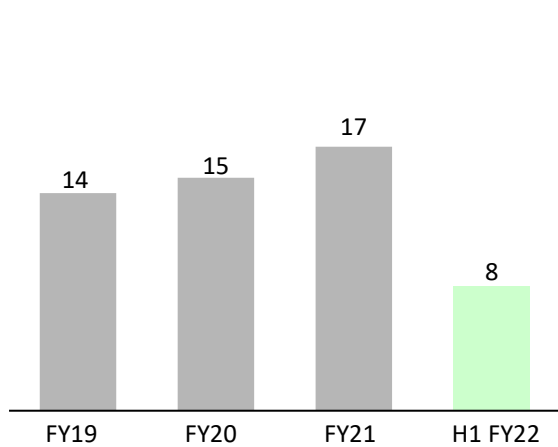
**Total Income (Rs crore)**



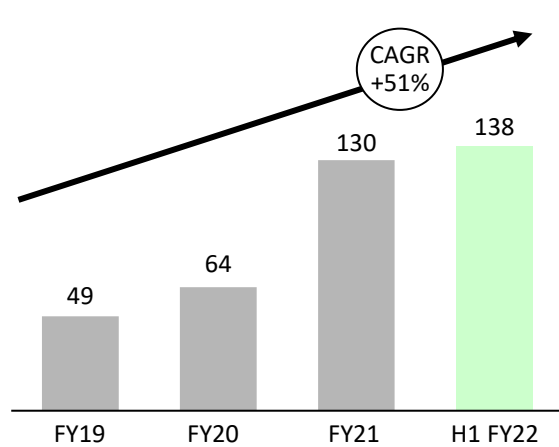
**PBT (Rs crore)**



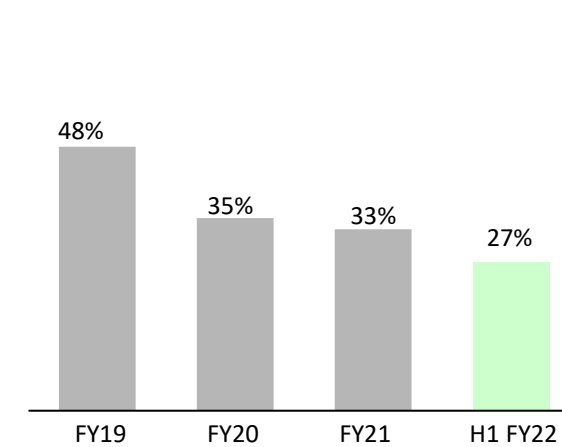
**PAT (Rs crore)**



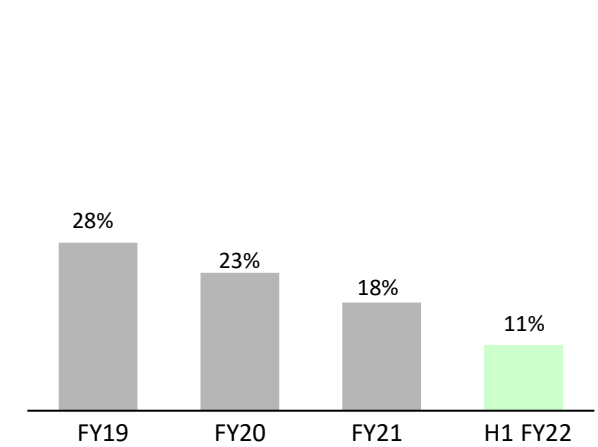
**Networth (Rs crore)**



**CRAR (%)**



**ROE (%)**



# Criss Financial – Q2 FY22 Profit & Loss Statement

Particulars (Rs. crore)	Q2 FY22 (3M)	Q1 FY22 (3M)	Q2 FY21 (3M)	H1 FY22 (6M)	H1 FY21 (6M)	FY21 (12M)
<b>Revenue from operations</b>						
Interest income	26.30	23.77	10.42	50.07	20.93	51.12
Net gain on fair value changes	(0.02)	(0.07)	-	(0.09)	0.37	1.66
Others	0.45	0.32	0.36	0.77	-	1.32
<b>Total income from operations</b>	<b>26.73</b>	<b>24.02</b>	<b>10.78</b>	<b>50.75</b>	<b>21.30</b>	<b>54.10</b>
Other income	0.38	0.24	0.75	0.62	1.07	2.06
<b>Total income</b>	<b>27.11</b>	<b>24.26</b>	<b>11.53</b>	<b>51.37</b>	<b>22.37</b>	<b>56.16</b>
<b>Expenses</b>						
Finance cost	10.06	8.95	3.84	19.01	7.74	20.86
Impairment on financial instruments and other provisions	12.40	2.56	0.23	14.96	0.25	5.26
Employee benefit expense	2.82	2.34	1.00	5.16	2.05	5.18
Depreciation and amortization expense	0.25	0.16	0.01	0.41	0.07	0.14
Other expenses	1.12	0.62	1.11	1.74	1.24	1.46
<b>Total expenses</b>	<b>26.65</b>	<b>14.63</b>	<b>6.19</b>	<b>41.28</b>	<b>11.35</b>	<b>32.90</b>
<b>Profit before tax</b>	<b>0.46</b>	<b>9.63</b>	<b>5.34</b>	<b>10.09</b>	<b>11.02</b>	<b>23.26</b>
Tax expense	0.27	2.37	1.44	2.64	2.85	6.32
<b>Profit after tax</b>	<b>0.19</b>	<b>7.26</b>	<b>3.90</b>	<b>7.45</b>	<b>8.17</b>	<b>16.94</b>

Incremental one time 10.5cr management overlay of provisions

# Criss Financial – Balance Sheet

ASSETS (Rs. crore)	Sep 30, 2021	Mar 31, 2021
<b>Financial Assets</b>		
Cash and cash equivalents	5.05	4.41
Bank Balances	-	0.50
Loan Portfolio	489.17	390.78
Other financial assets	1.21	1.40
<b>Total Financial Assets</b>	<b>495.43</b>	<b>397.09</b>
<b>Non-Financial Assets</b>		
Current tax assets (net)	0.37	0.37
Deferred tax assets (net)	3.22	0.21
Property, Plant and Equipment	1.75	0.20
Other non-financial assets	3.67	2.03
<b>Total Non-Financial Assets</b>	<b>9.01</b>	<b>2.81</b>
<b>Total Assets</b>	<b>504.44</b>	<b>399.90</b>

LIABILITIES & EQUITY (Rs. crore)	Sep 30, 2021	Mar 31, 2021
<b>Financial Liabilities</b>		
Debt Securities	18.66	-
Borrowings	334.52	248.63
Other Financial liabilities	8.23	14.73
<b>Total Financial Liabilities</b>	<b>361.41</b>	<b>263.36</b>
<b>Non-Financial Liabilities</b>		
Current Tax Liabilities (net)	4.96	5.93
Provisions	0.11	0.06
Other Non-Financial liabilities	0.42	0.38
<b>Total Non-Financial Liabilities</b>	<b>5.49</b>	<b>6.37</b>
<b>Equity</b>		
Equity Share Capital	7.67	7.67
Other Equity	129.87	122.50
<b>Total Equity</b>	<b>137.54</b>	<b>130.17</b>
<b>Total Liabilities and Equity</b>	<b>504.44</b>	<b>399.90</b>

1 Business Update

2 Key Operating Metrics

3 Key Financial Metrics

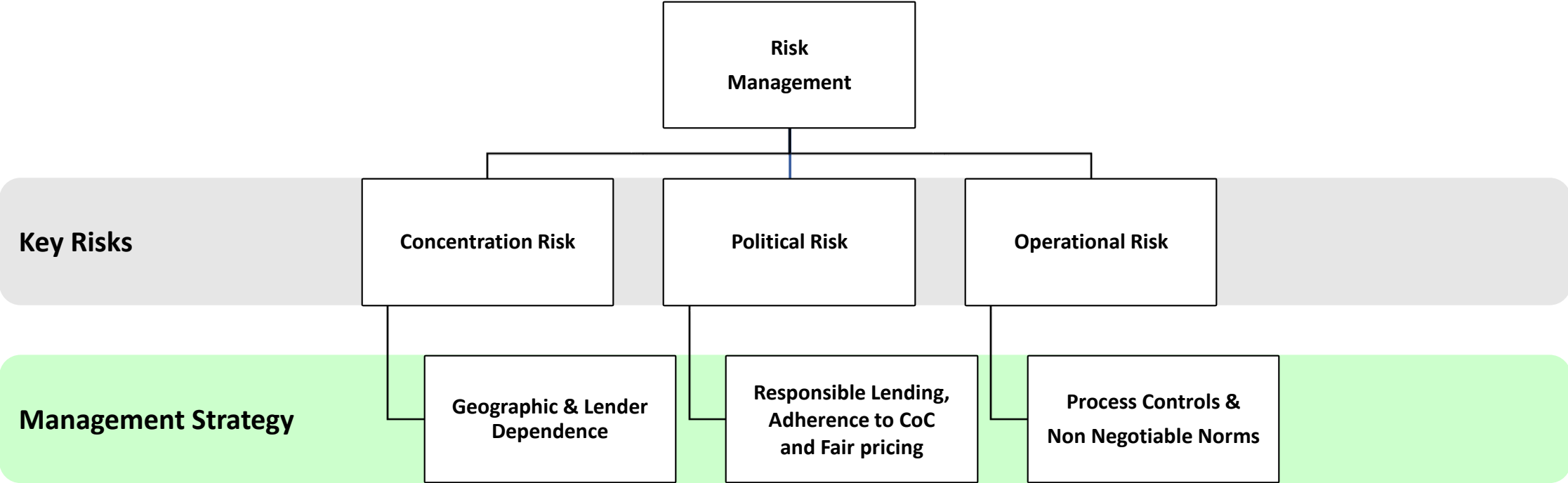
4 Borrowing Profile

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(Subsidiary)

6 Annexure



# Strong Risk Management DNA



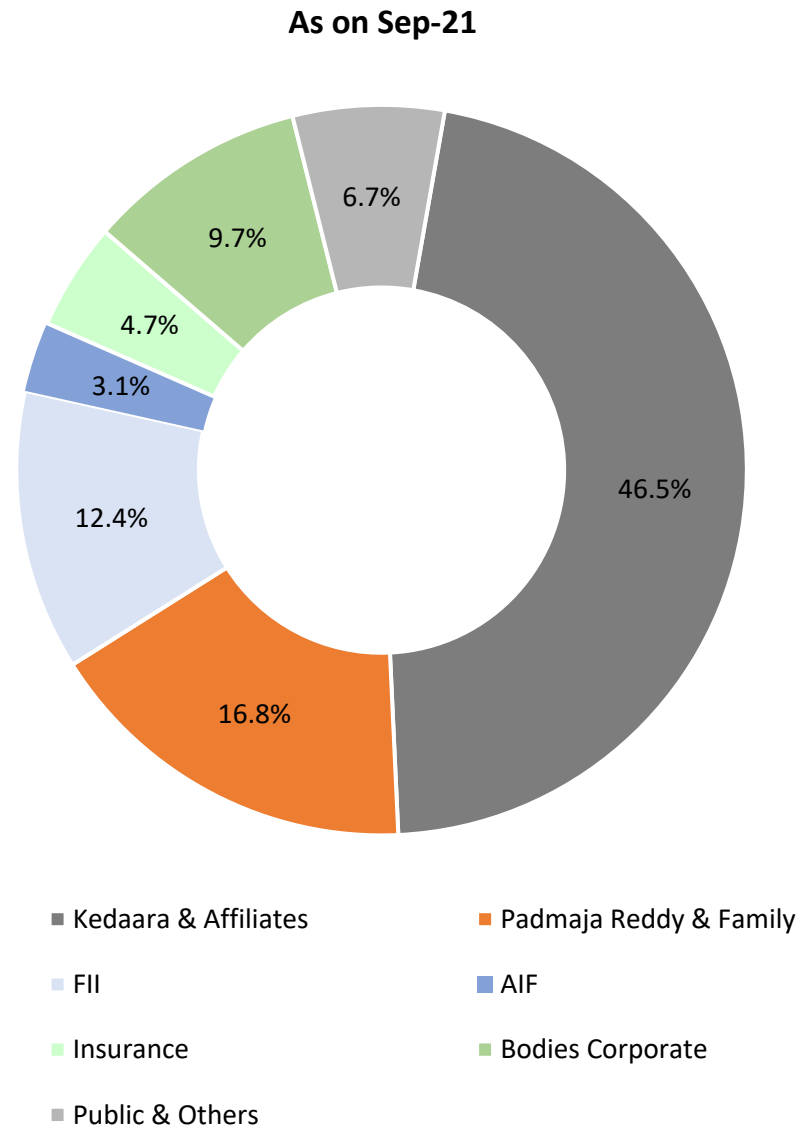
## Key Focus Areas

- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"> <li>▪ Portfolio caps based on net worth and on overall Outstanding at State, District and Branch level</li> <li>▪ Disbursement Cap at State, District and Branch level</li> <li>▪ Borrowing Dependence caps</li> </ul> | <ul style="list-style-type: none"> <li>▪ Continue to remain rural focused</li> <li>▪ Robust Customer grievance redressal</li> <li>▪ Avoidance of over-indebtedness and multiple borrowing</li> <li>▪ Establishing appropriate collection practices</li> </ul> | <ul style="list-style-type: none"> <li>▪ Product and process design</li> <li>▪ Real-time Portfolio Scrub</li> <li>▪ Cap on loans disbursed</li> <li>▪ Borrowers cap per loan officer</li> <li>▪ Strict employee transfer policy</li> <li>▪ Zero cash balance permitted at branches at end of every day</li> </ul> |
|---|---|---|

# Products

Product Name	Purpose	Interest Rate (%)	Tenor	Ticket Size (Rs.)	Mix (%)
<b>Core Product</b>					
Abhilasha / Chethana	<ul style="list-style-type: none"> <li>These unique loan products are designed especially for low-income households who aspire to improve their financial well-being</li> <li>The primary objective of this loan is to empower women in setting up and expanding income generating activities, smoothen household cash flows and acquire productive assets</li> </ul>	21.3%	12 to 36 Months	25,000 to 80,000	94.7%
Interim Loans	<ul style="list-style-type: none"> <li>Loans given only to existing borrowers to meet their interim and emergency requirements</li> </ul>	21.3%	12 to 24 Months	10,000 to 20,000	3.6%
<b>Other Products</b>					
Loan Against Property (LAP)	<ul style="list-style-type: none"> <li>Offered to clients who own business, are self- employed or salaried. These are given against the mortgage of residential/houses/ Commercial shops (excluding any open plots on agriculture land)</li> </ul>	18% to 24%	3 to 7 Years	3,00,000 to 2,00,00,000	0.1%
Business Loans / Personal Loans	<ul style="list-style-type: none"> <li>Offered to Clients to expand their existing income generating activities</li> </ul>	22% to 26%	12 to 36 Months	50,000 to 2,00,000	0.1%
Gold - Keertana Loans	<ul style="list-style-type: none"> <li>Offered in the states of Andhra Pradesh and Telangana for Agriculture, Business and short-term liquidity needs</li> </ul>	16% to 27%	1 to 12 Months	1,000 to 10,00,000	0.0%
Consumer Loans	<ul style="list-style-type: none"> <li>Offered to finance the purchase of consumer products</li> </ul>	21.3%	6 to 24 Months	1,000 to 16,000	1.4%

# Shareholding Pattern



Non-Promoter Investor Details	% Holding
Valiant Mauritius Partners*	11.9%
ICICI Prudential Life Insurance	4.7%
JM Financial India Trust	2.5%
Helion Venture Partners*	2.0%
Edelweiss Alternative Investment*	1.8%
Neuberger Berman Emerging Markets Equity Fund*	1.9%
Goldman Sachs India	1.2%
BNP Paribas Arbitrage – ODI	1.0%

\* Through Various Funds

# Niche Business Model



**Business Model**

- Group size of 6 to 10 women
- Loans given under Joint Liability Group (JLG) model
- Monthly & Fortnightly centre meetings
- Leverage the existing customer network (borrowers and branches) to cross sell financial & non-financial products
- No Regional , Zonal & state offices (only branches & corporate office)



**Processes**

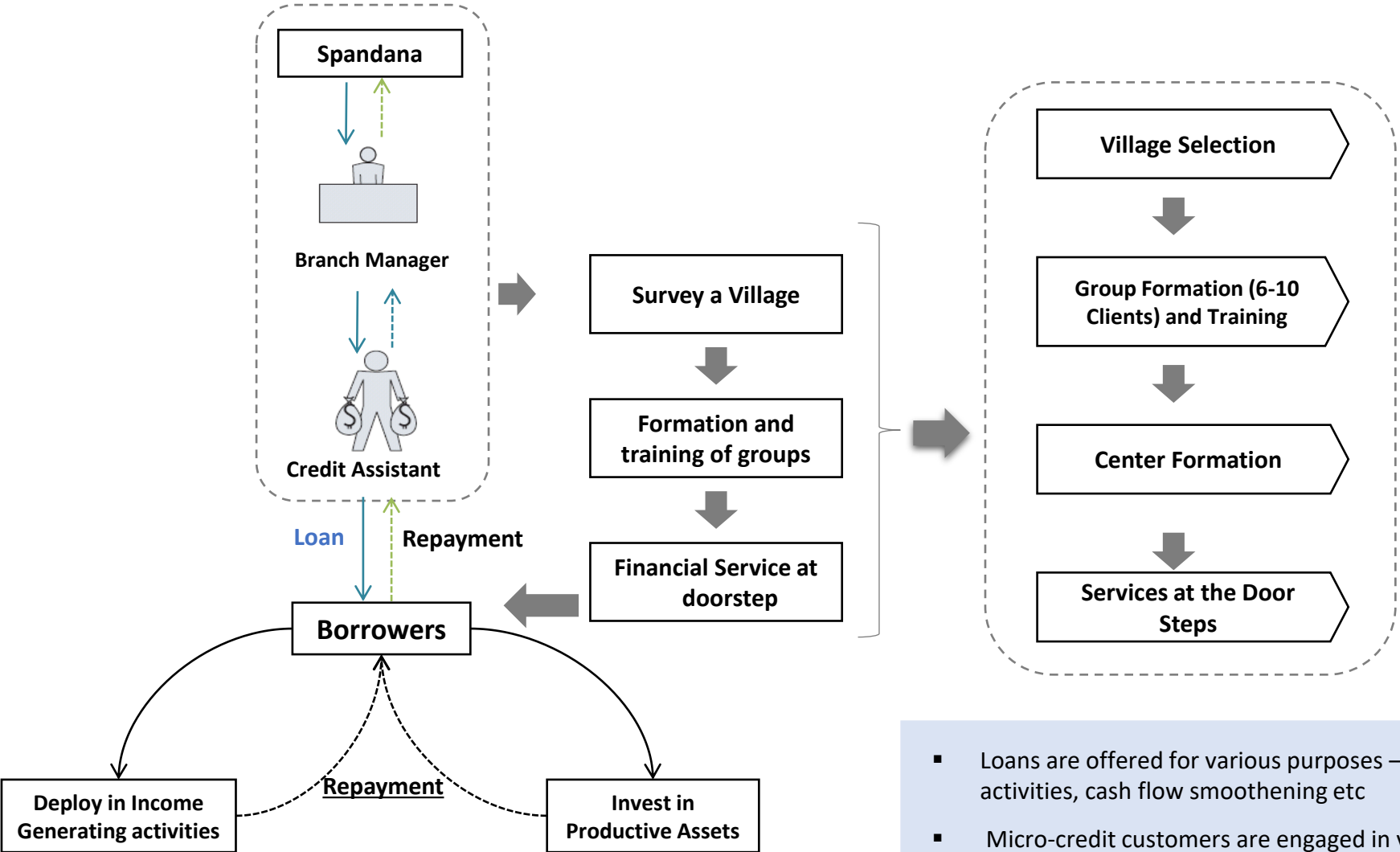
- Standardized systems and a front-end interface that gives real time information on demand and collections
- Checks and controls built on the system have been automated with minimal human intervention
- Timely disbursement of loan to all in the group at one-go
- Disbursement norms are also calibrated based on branch categories
- Mandatory credit bureau check prior to loan disbursement



**HR policies**

- Strict employee transfer policy with adherence to operational risk control
- Performance driven culture through incentive structure for field staff
- Seasoned Credit Assistants ("CAs") can be trained to assume the role of Branch Managers ("BMs") while seasoned BMs can be trained to assume the role of Cluster Managers
- Grooming internal employees and building talent pool for future growth

# Efficient Business Process



- Loans are offered for various purposes – Agri/ Agri-allied activities, cash flow smoothening etc
- Micro-credit customers are engaged in variety of livelihoods and have different credit needs for which these funds are utilised

# Glossary

Sr. No.	Particulars	Formula
1	Networth	Shareholders Fund + Other Equity excluding Non controlling interest
2	Capital Adequacy	Tier I ratio + Tier II ratio
3	Leverage	Closing On Balance sheet Borrowings / Closing Net worth
4	Marginal Cost of Borrowing	(Borrowings availed during the period * interest rate + processing fees and other charges) / Borrowings availed during the period
5	Cost to Income Ratio	(Employee benefit expenses + Depreciation and amortization expense + Other Expenses) / (Total Income - Finance Cost)
6	Assets Under Management (AUM)	Loan Portfolio including portfolio assigned and excluding Old AP Portfolio
7	RoA (%)	Profit After Tax / Quarterly Average AUM (Annualised)
8	RoE (%)	Profit After Tax / Quarterly Average Net worth (Annualised)
9	Yield (%)	(Interest income on the loan portfolio + interest income on derecognised loan portfolio passed on to assignees + retained interest income on derecognised loan portfolio) / Quarterly Average AUM (Annualised)
10	Cost of Borrowings (%)	(Finance Cost - Interest on Lease Liability) / Quarterly Average Borrowings (Annualised)
11	Net Interest Income (NII)	(Interest income on the loan portfolio + retained interest income on derecognised loan portfolio) - (Finance Cost - Interest on Lease Liability)
12	NIM (%)	NII / Quarterly Average AUM (Annualised)
13	Opex to AUM Ratio	(Employee benefit expenses + Depreciation and amortization expense + Other Expenses) / Quarterly Average AUM (Annualised)

# Contact Information



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**CIN: L65929TG2003PLC040648**

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Investor Relations Advisor :

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**Mr. Abhishek Shah / Ms. Krunali Shah**  
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# THANK YOU

