

Celebrating India!



SPANDANA
Spandana Sphoorty Financial Limited

Q1 FY24 Investor Presentation





Safe Harbor



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Significant progress made on 5 priorities

Part of Vision 2025 articulated in July 2022



	<u>Status</u>
1 People	
2 Strengthen Governance, Risk and Control	
3 Customer Acquisition led growth	
4 Scale-up of technology to deliver an end-to-end paperless process	
5 Customer focused initiatives with emphasis on Product and Service	





YOY - AUM up 60%, Client addition up 144%, NII up 102%, GNPA 1.63%, PAT ₹119 Cr v/s loss of ₹220 Cr in Q1, FY23.



Delivering customer acquisition led growth

Client Addition

2.6 L

YoY +144% QoQ -39%

Disbursement

₹1,664 Cr

YoY +26% QoQ -45%

AUM

₹8,848 Cr

YoY +60% QoQ +4%

Improving Portfolio Quality

1 – 90 DpD

1.36%

YoY -615 bps QoQ -18 bps

GNPA

1.63%

YoY -506 bps QoQ -44 bps

NNPA

0.49%

YoY -276 bps QoQ -15 bps

Deepening Lender Relationships

Lending Partners

47

Funds raised

₹1,540 Cr

Cash & Bank balance

₹1,056 Cr

Robust Financial Performance

Net Interest Income

₹328 Cr

YoY +102% QoQ -15%

PPOP

₹189 Cr

YoY +273% QoQ -27%

PAT

₹119 Cr

Q1FY23 - ₹220 Cr QoQ +13%

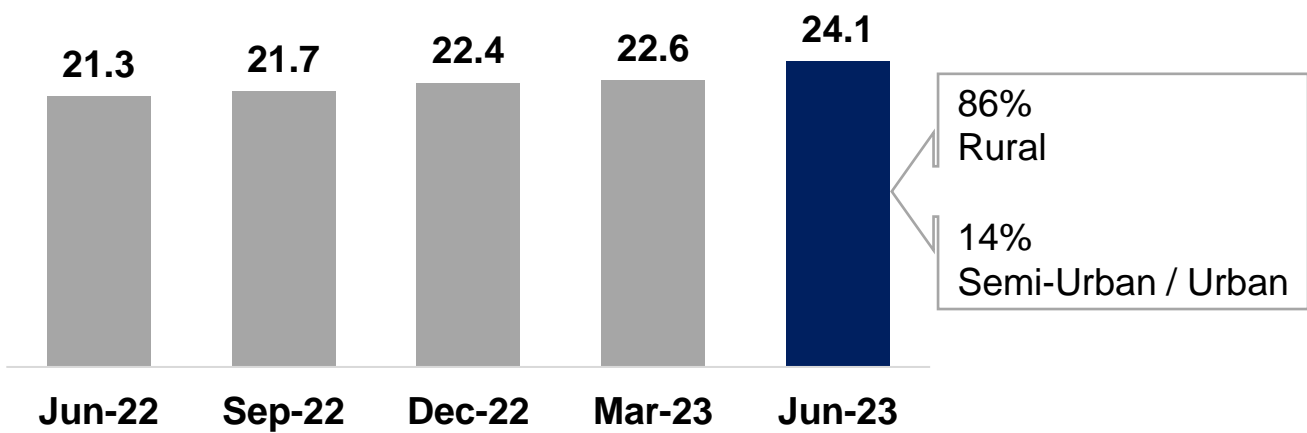




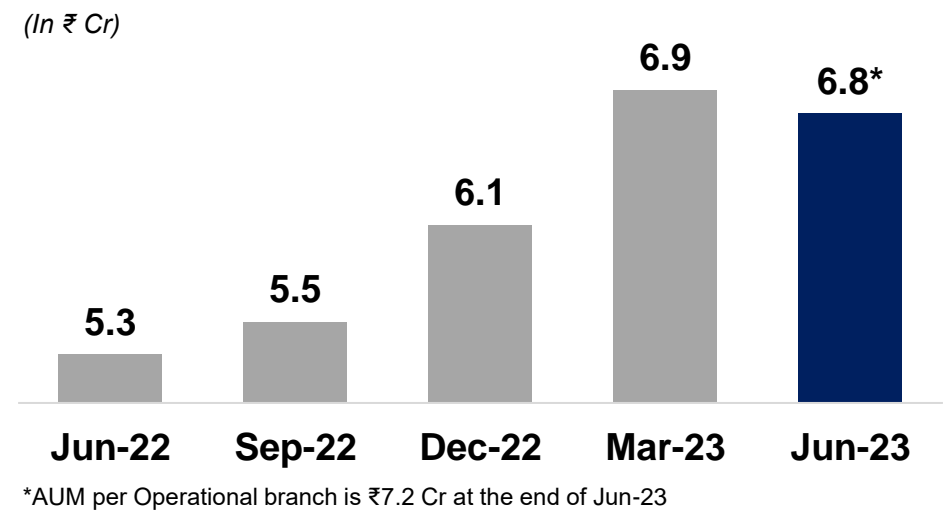
Momentum on increasing distribution sustained

188 branches added over last 2 quarters; ~13% YoY growth in borrower base

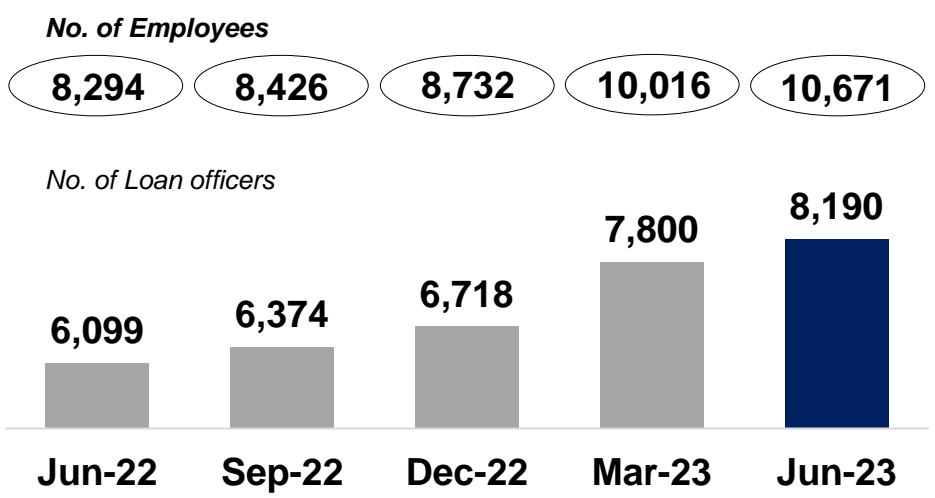
No. of borrowers (in L)



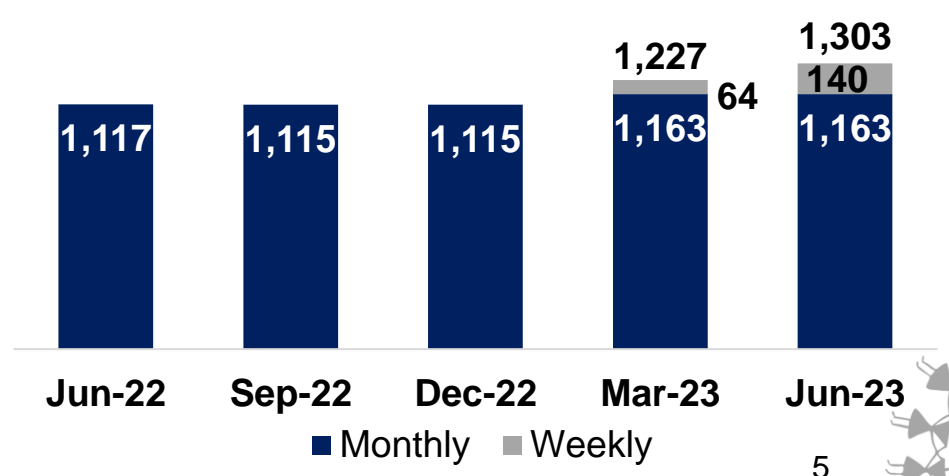
AUM per branch



Number of employees



Branch count





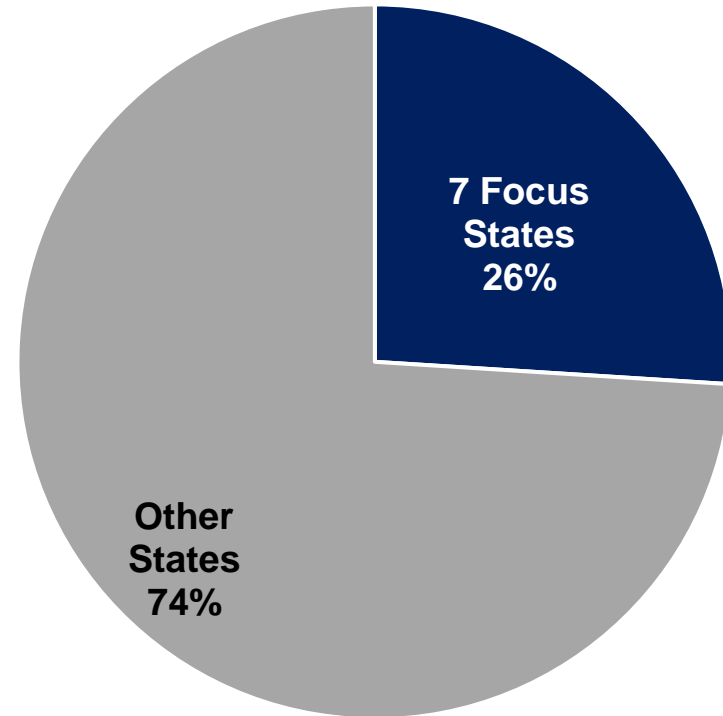
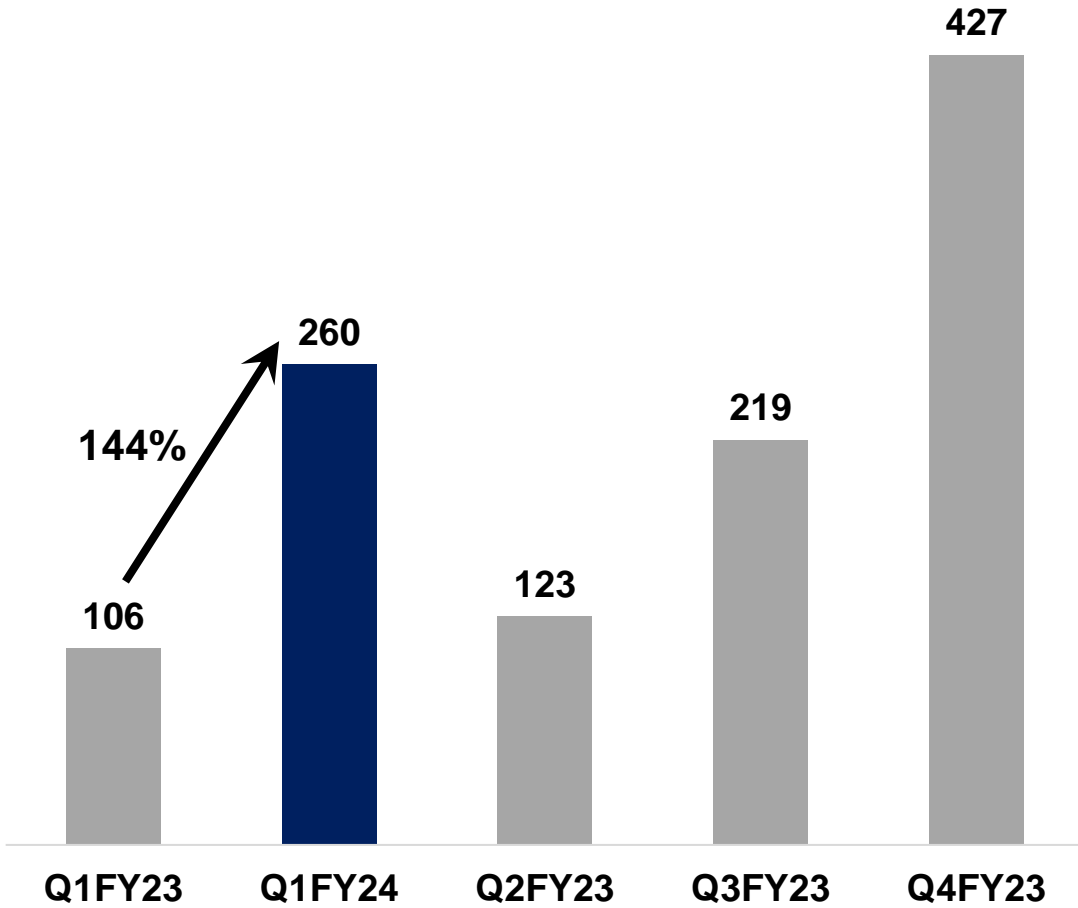
Focus on new member acquisition sustained

144% YoY growth in borrower addition; ~26% new borrowers from 7 focus states



New Members acquired (in '000)

26% from 7 focus states



1. Rajasthan
2. Uttar Pradesh
3. Bihar
4. West Bengal
5. Haryana
6. Tamil Nadu
7. Gujarat





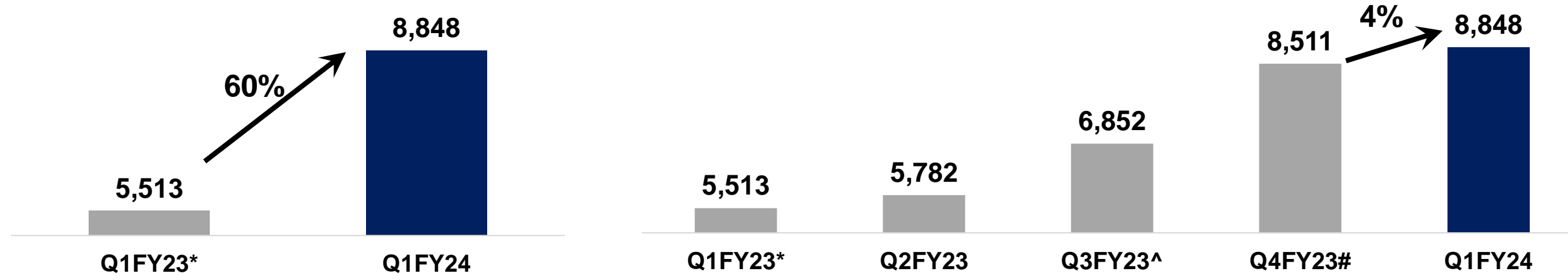
AUM growth momentum continues

~60% YoY growth in AUM; 26% YoY growth in Disbursement

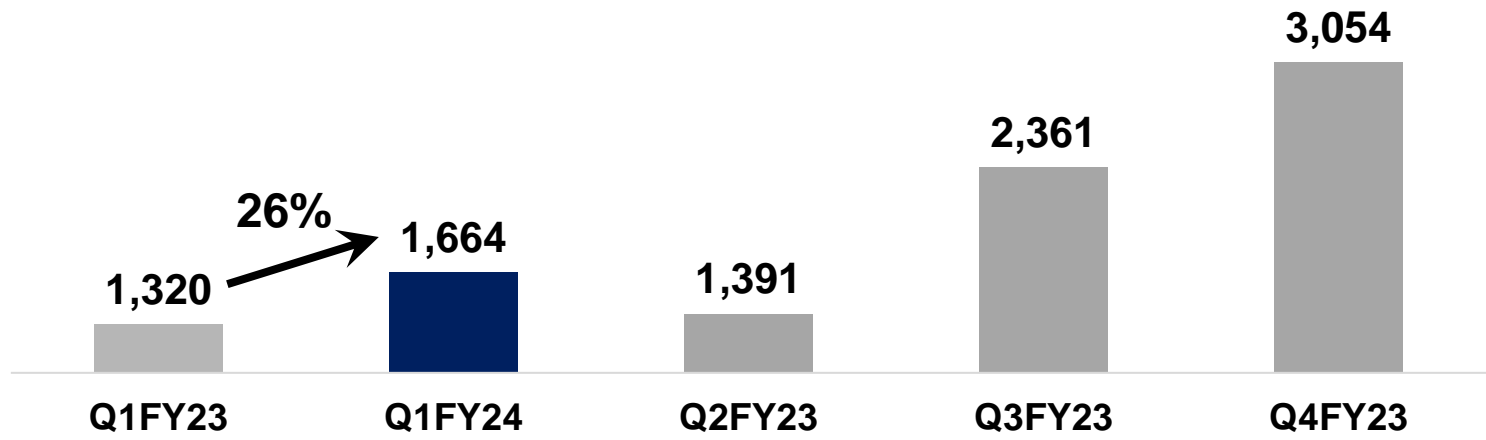


60% AUM Growth over last 4 Quarters

AUM – QoQ Growth of 4%



Disbursement (in ₹ Cr)



*₹702 Cr written-off in Q1; ^Post Sale of ₹117 Cr portfolio to ARC; # Post sale of ₹133 Cr portfolio to ARC

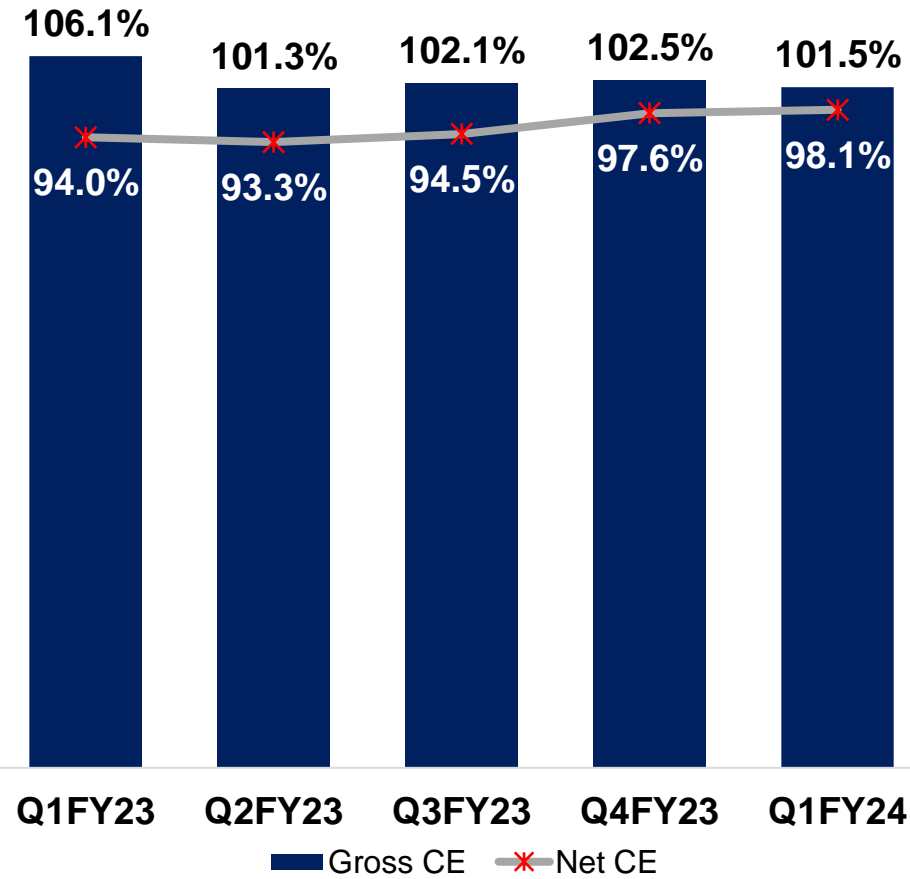




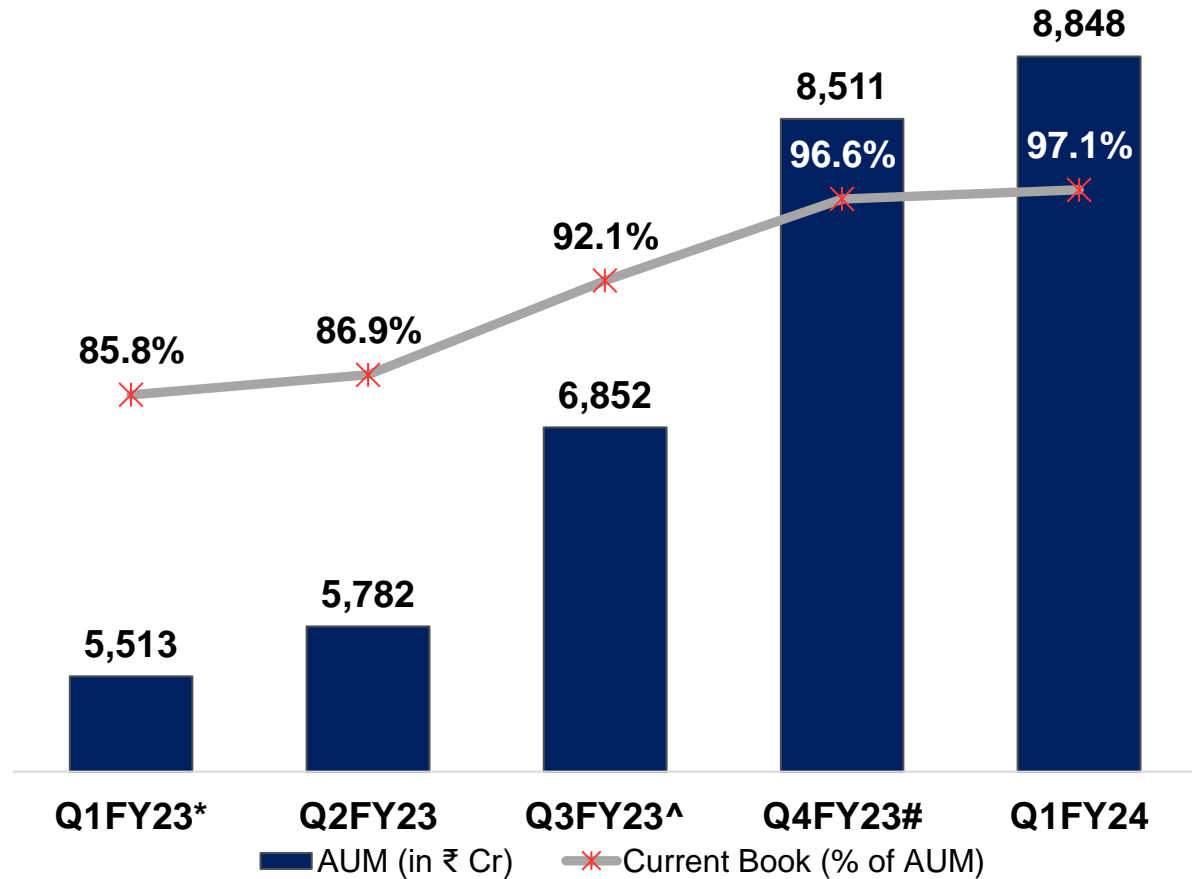
Net Collection Efficiency improves to 98.1%, Current book at 97.1%



Collection Efficiency (%)



AUM & Current book



* ₹702 Cr written-off in Q1FY23; ^ Post Sale of ₹117 Cr portfolio to ARC; # Post sale of ₹133 Cr portfolio to ARC



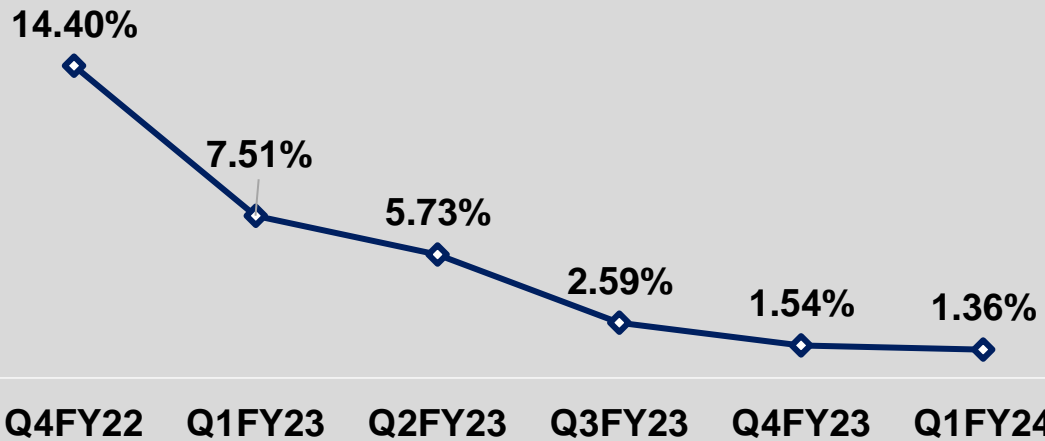


Portfolio quality: 1-90 book at 1.36%

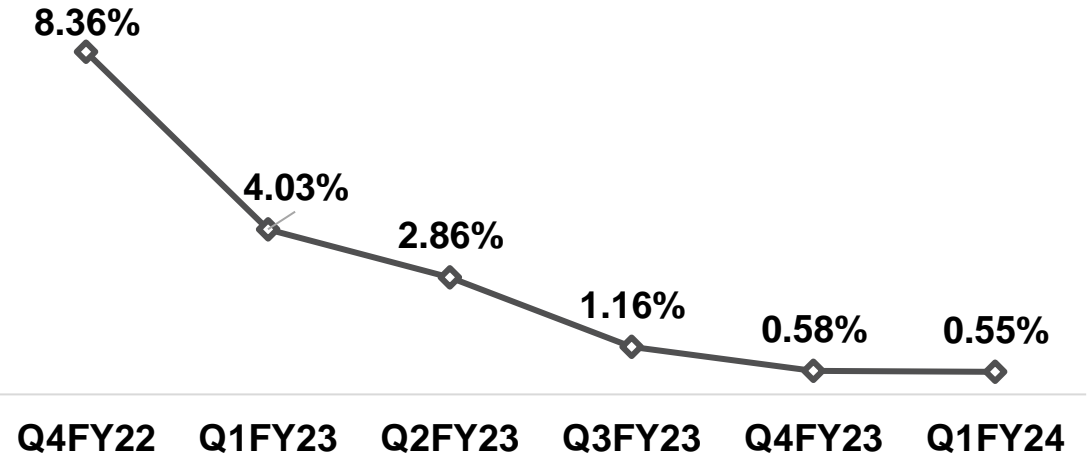
Improvement of +0.18% over previous quarter



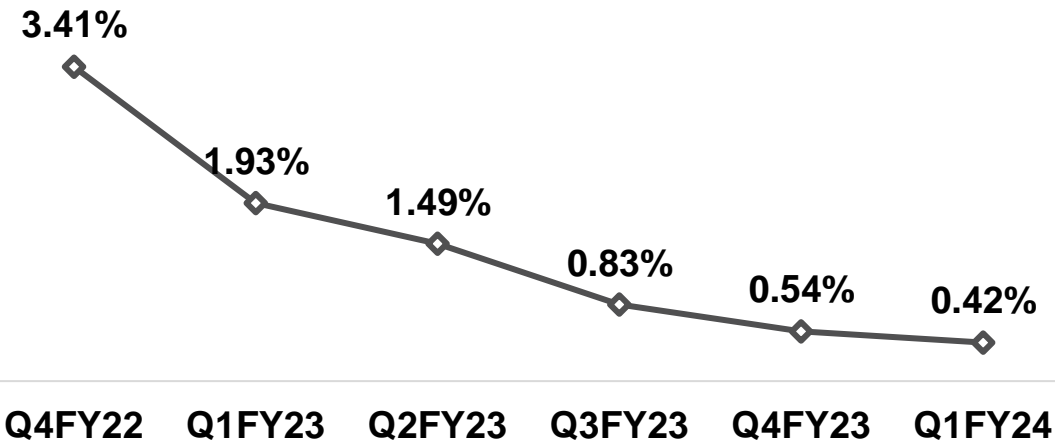
1 – 90 dpd



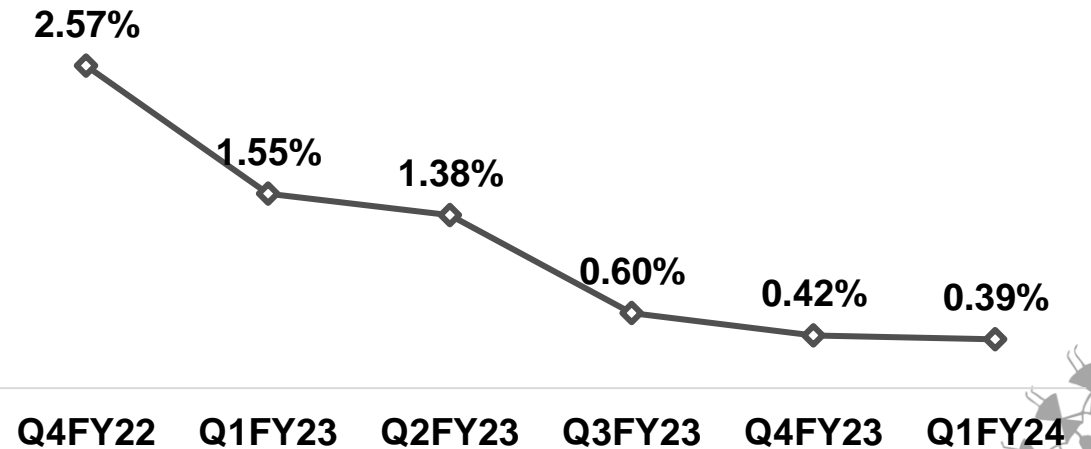
1 – 30 dpd



31 – 60 dpd

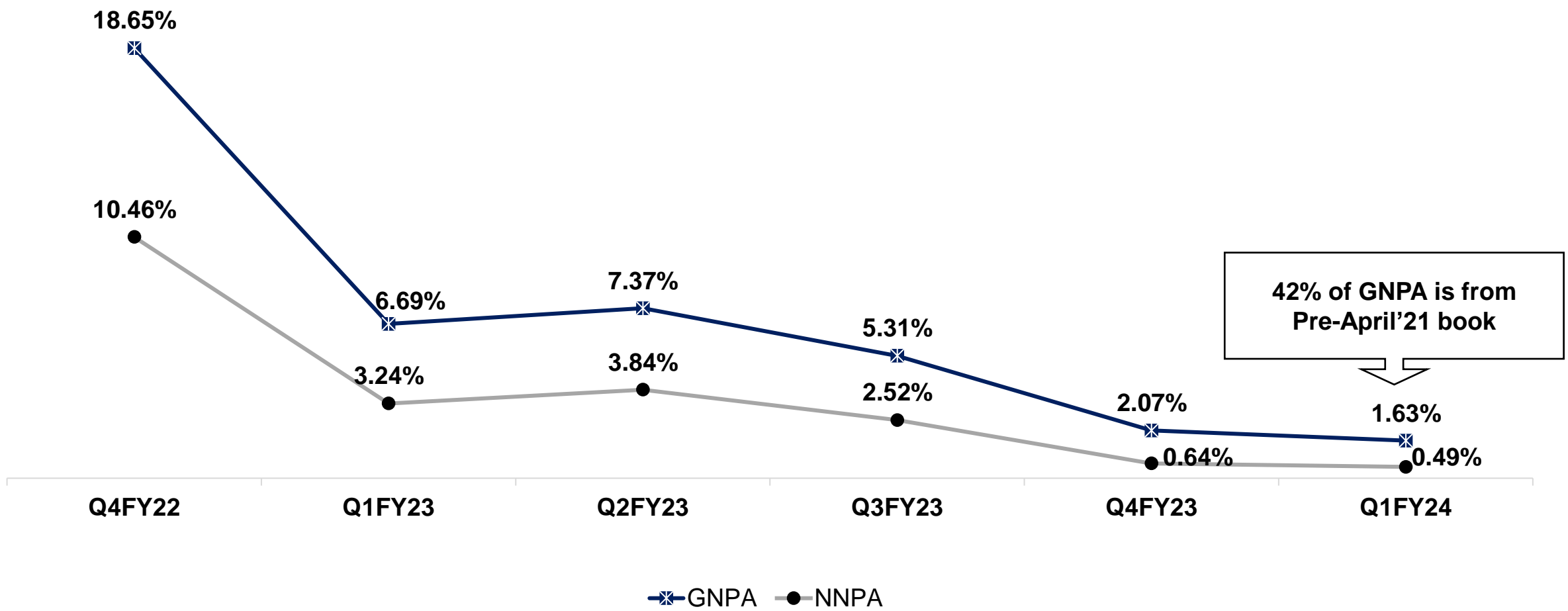


61 – 90 dpd





... accompanied by GNPA and NNPA reduction



Flows: 0.5% of AUM has moved forward while balance has been pulled back or stayed in same bucket





Portfolio risk sufficiently covered with PCR at 70%



Provisioning & Coverage	Q1 FY24				Q4 FY23			
	Loans Outstanding (₹ Cr)^	% of Loans Outstanding	ECL Provision (₹ Cr)	Coverage	Loan Outstanding (₹ Cr)^	% of Loan Outstanding	ECL Provision (₹ Cr)	Coverage
Stage 1	8,191	97.56%	85	1.04%	7,766	96.97%	90	1.16%
Current	8,144	97.01%	84	1.03%	7720	96.39%	89	1.15%
- 1-30	46	0.55%	1	2.97%	46	0.58%	1	2.91%
Stage 2	68	0.81%	26	38.59%	77	0.96%	30	38.88%
Stage 3	137	1.63%	96	70.10%	166*	2.07%	115	69.10%
Total	8,395	100%	207	2.47%	8,009	100%	235	2.93%

	Q1 FY24		Q4 FY23	
	SSFL	Consolidated	SSFL	Consolidated
GNPA	1.49%	1.63%	1.95%*	2.07%
NNPA	0.45%	0.49%	0.58%	0.64%
PCR	70.00%	70.10%	70.00%	69.10%
Capital Adequacy (CRAR %)	38.02%	37.60%	36.87%	36.34%

Impairment on financial instruments in Q1FY24	Amount (₹ Cr)
- On write-off's	6.36
- On GNPA	(5.63)
- On stage 1, 2 & others	(6.26)
- On Security Receipts	8.12
- Amount receivable from assignment portfolio	26.00
Total	28.58

* Post sale of ₹133 Cr portfolio to ARC in Q4FY23

^ Excludes DA book



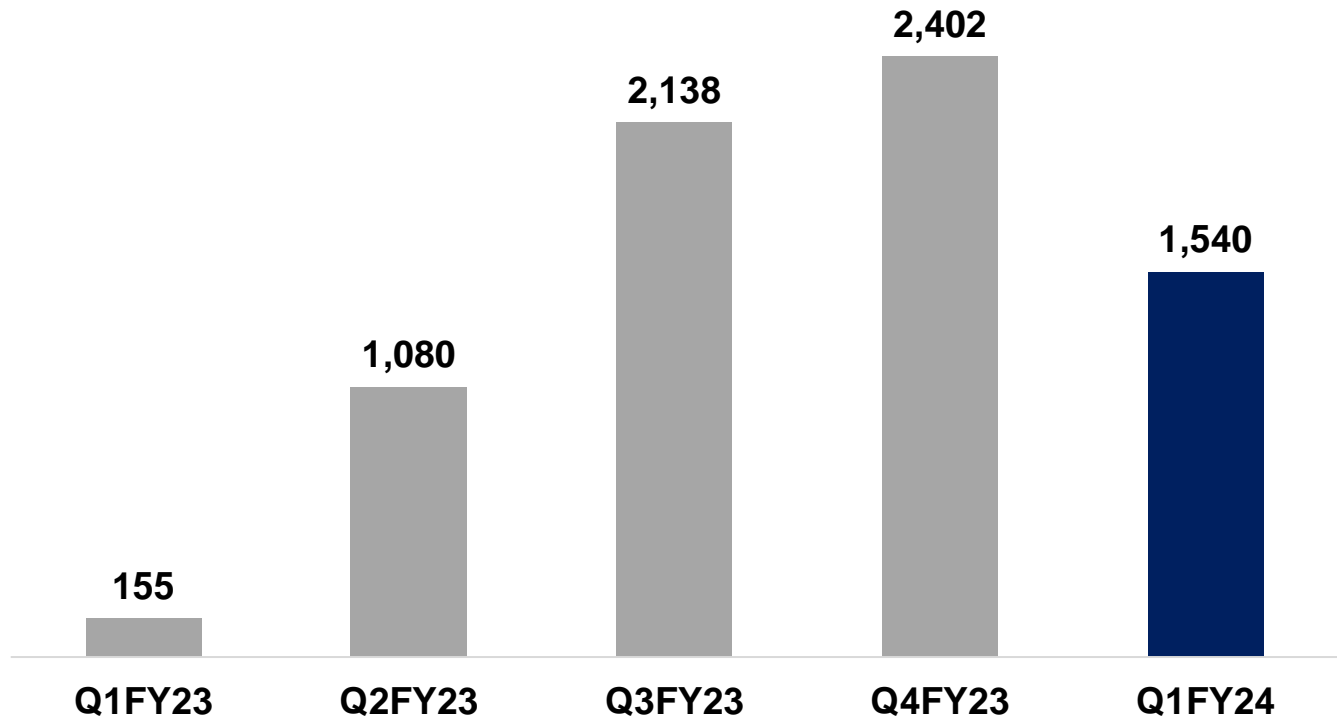


Lender relationships being strengthened

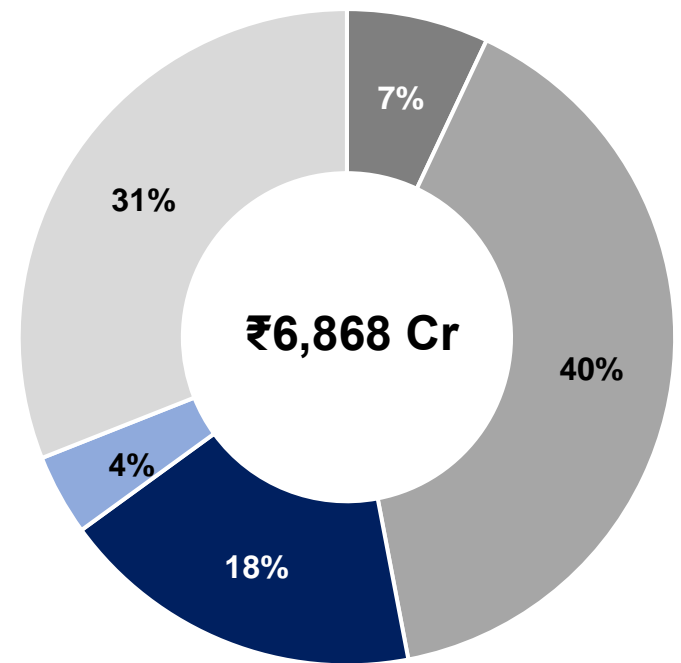
~894% YoY growth in fund mobilization



Total borrowing (in ₹ Cr)



Diversified borrowing mix^



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

- Marginal cost of borrowing slightly lower at 12.3% for Q1FY24 vs. 12.6% in Q4FY23
- Weighted average cost of borrowing at 12.5% vs. 12.4% end of Q4FY23

65% borrowings from Banks / FI's

^ Including Direct Assignment transactions executed since FY23 with outstanding of ₹486 Cr as on 30-Jun-23



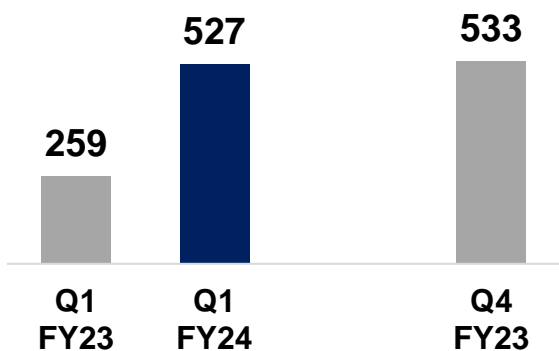
Income and Yields continue to trend higher

NII up 102%, Yield at 24%, PAT ₹119 Cr (-₹220 Cr in Q1 FY23)



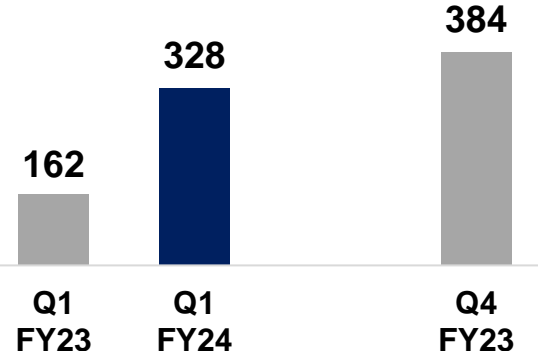
Total Income* (₹ Cr)

YoY +104%
QoQ -1%



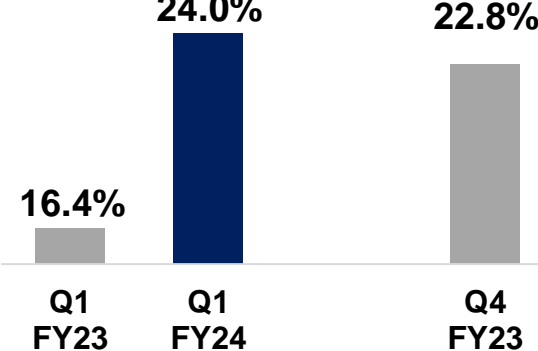
Net Interest Income* (₹ Cr)

YoY +102%
QoQ -15%



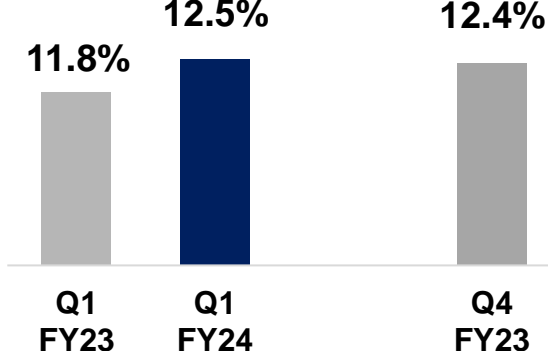
Yield (%)

YoY +765 bps
QoQ +120 bps



Cost of Borrowing* (%)

YoY +71 bps
QoQ +9 bps



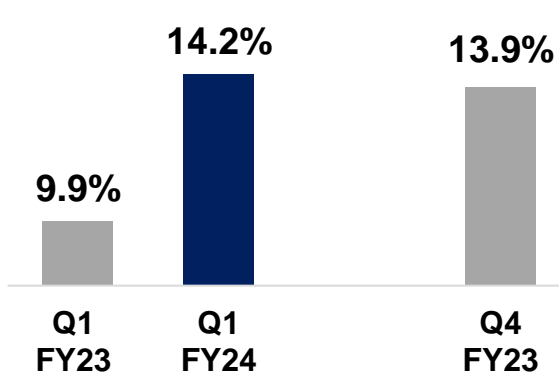
*Includes Net gain on fair value change of ₹3 Cr toward DA transaction undertaken in Q1FY24 & ₹44 Cr in Q4FY23

₹7 Cr income on ARC transaction recognized in Q4FY23 as per IndAS. Including this, Q4 Yield is 23.2%

*Cost of borrowing for Q4FY23 is 11.4% including expenses reversal of ₹13 Cr which were recognized upfront in previous quarter

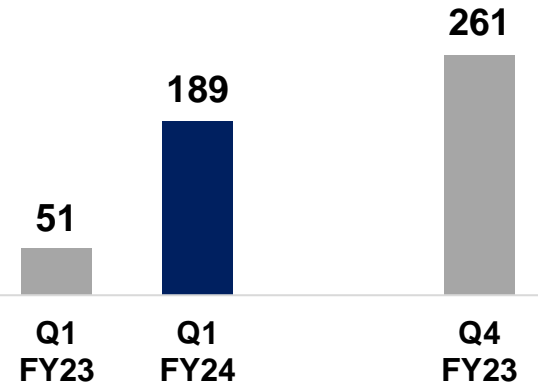
NIM^ (%)

YoY +434 bps
QoQ +38 bps



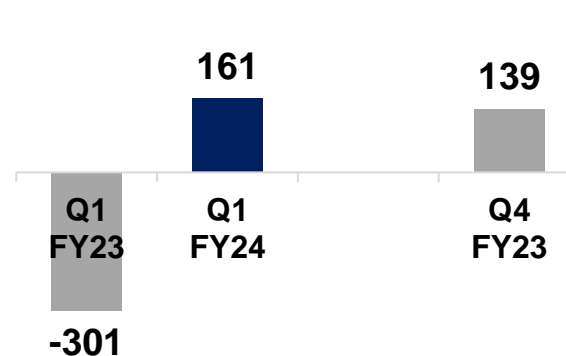
PPOP (₹ Cr)

YoY +273%
QoQ -27%



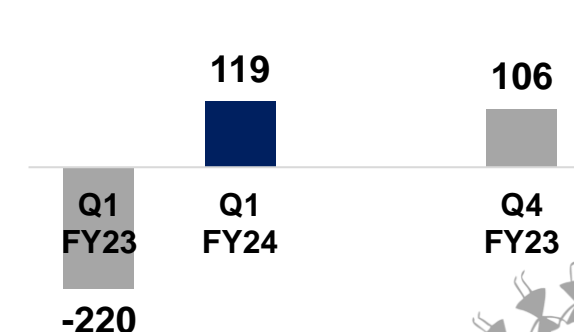
PBT (₹ Cr)

Q1FY23 -₹301 Cr
QoQ +16%



PAT (₹ Cr)

Q1FY23 -₹220 Cr
QoQ +13%



^₹7 Cr income on ARC transaction recognized in Q4FY23 as per IndAS. Including this, Yield is 23.2% in Q4. Normalized Finance cost is 9.0% for Q4, excluding ₹13 Cr upfront expenses recognized till previous quarter. Due to above, normalized NIM is 13.9% in Q4 vs. actual 15% in Q4. Higher NIM is also due to muted leverage in Q1FY24

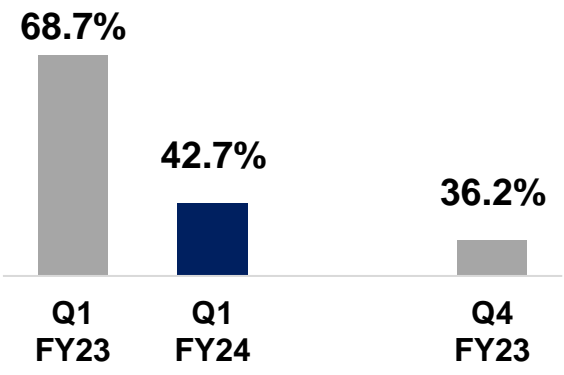




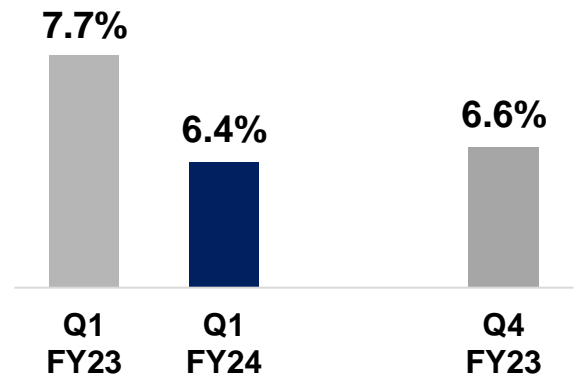
ROA at 5.9%, Opex to AUM 6.4%; Net-worth increases to ₹3,228 Cr



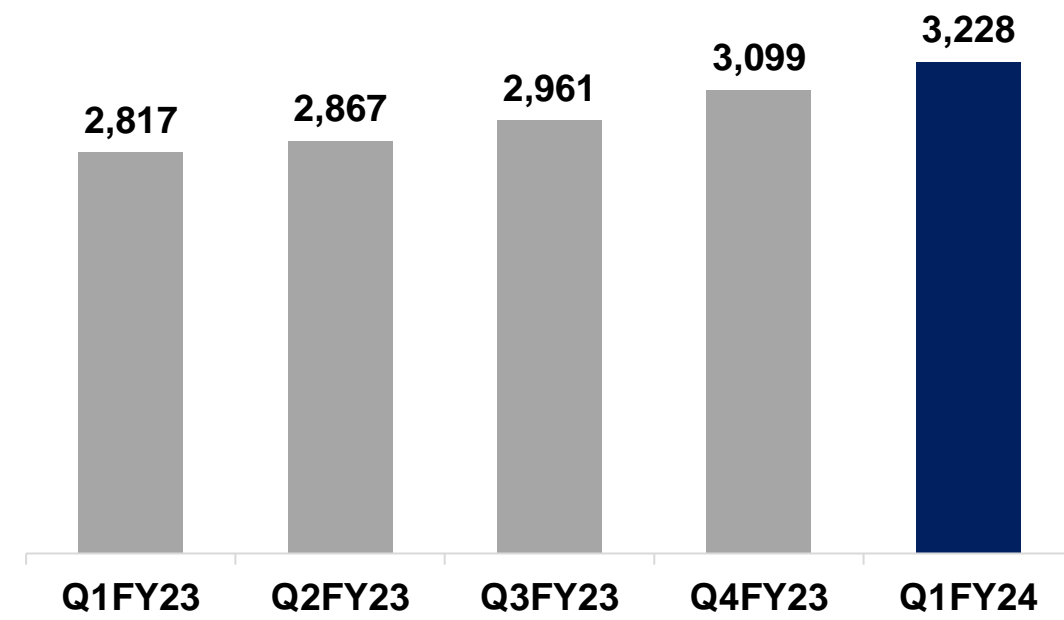
Cost to income (%)



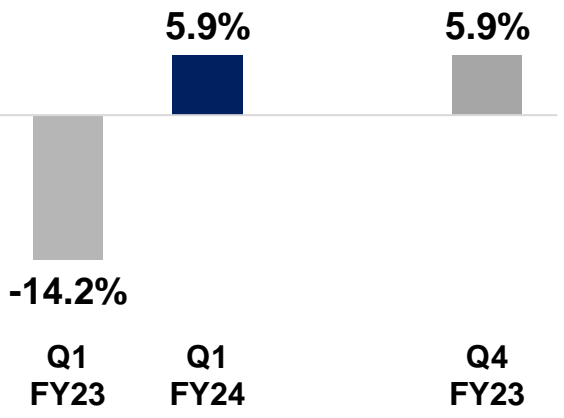
Opex to AUM (%)



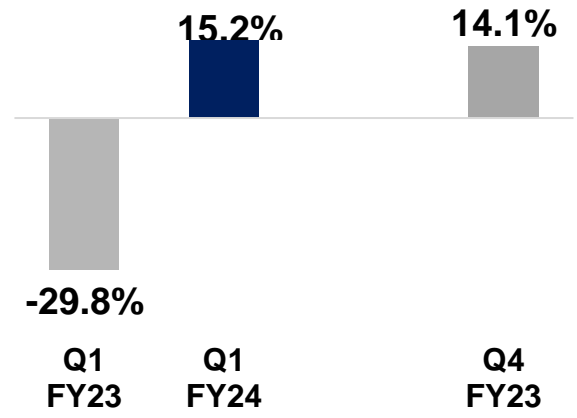
Net-worth (₹ Cr)



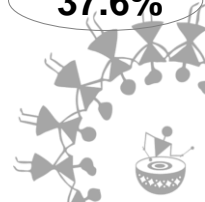
ROA (%)



ROE (%)



	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Gearing	1.1x	1.3x	1.7x	2.0x	2.0x
CRAR	47.9%	45.3%	39.1%	36.3%	37.6%





Consolidated Income Statement



Particulars (₹ Cr)	Q1 FY24	Q4 FY23	Q1 FY23
Revenue from Operations			
Interest income	490	419	244
Net gain on fair value changes	13	66	4
Other Income	9	13	2
Total income from operations	512	498	250
Non-operational Income	16	35	9
Total income	527	533	259
Expenses			
Finance cost	200	149	97
Employee benefit expense	103	85	79
Depreciation and amortization expense	3	4	2
Other expenses	32	34	30
Total Expenses	338	272	208
Pre-Provision Operating Profit (PPOP)	189	261	51
Impairment on financial instruments and other provisions	29	122	352
Profit before Tax	161	139	(301)
Tax expense	41	33	(81)
Profit after tax	119	106	(220)





Consolidated Balance Sheet



ASSETS (₹ Cr)	Jun 30, 2023	Mar 31, 2023
Financial Assets		
Cash and bank balances	1,056	1,005
Loan Portfolio	8,203	7,760
Investments	166	189
Other financial assets	78	122
Total Financial Assets	9,504	9,076
Non-Financial Assets		
Inventories	-	1
Current tax assets (net)	61	40
Deferred tax assets (net)	159	197
Property, Plant and Equipment	26	25
Intangible assets	5	5
Goodwill	17	17
Other non-financial assets	15	22
Total Non-financial assets	283	307
Total Assets	9,787	9,383

LIABILITIES & EQUITY (₹ Cr)	Jun 30, 2023	Mar 31, 2023
Financial Liabilities		
Debt Securities	3,574	3,369
Borrowings (Other than Debt Securities)	2,788	2,685
Subordinated Liabilities	20	20
Other Financial liabilities	122	155
Total Financial Liabilities	6,504	6,230
Non-Financial Liabilities		
Current Tax Liabilities (net)	4	4
Provisions	14	6
Other Non-Financial liabilities	36	43
Total Non-Financial Liabilities	54	54
Equity		
Equity Share Capital	71	71
Other Equity	3,157	3,028
Equity attributable to shareholders of the company	3,228	3,099
Non-Controlling Interest	0.2	0.2
Total Equity	3,228	3,099
Total Liabilities and Equity	9,787	9,383





Annexure

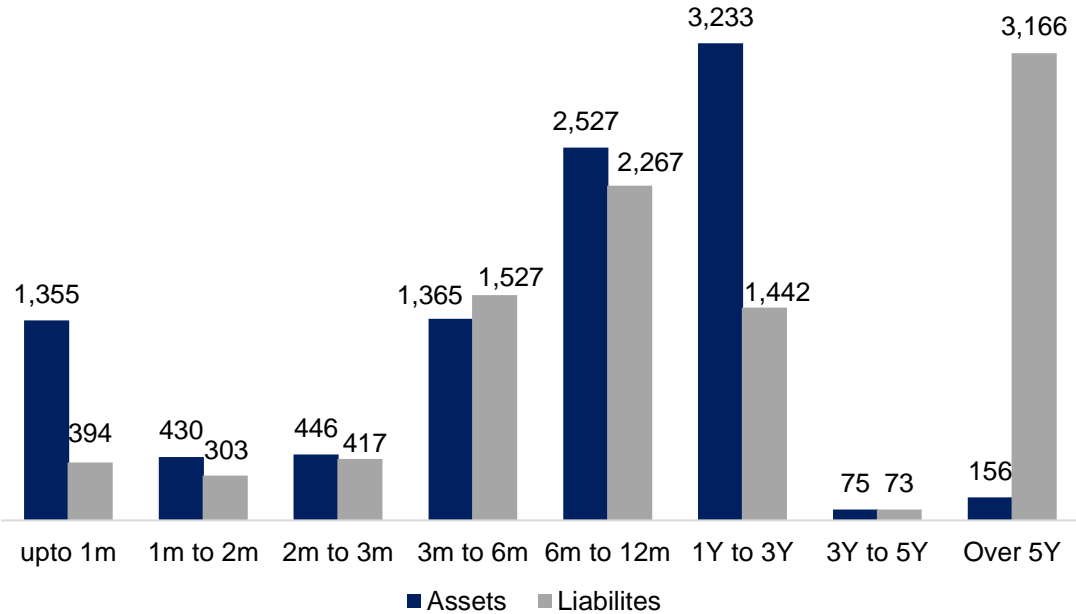




Positive ALM and Stable Ratings



Positive ALM (₹ Cr)*



- Positive ALM on cumulative basis with assets maturing faster than liabilities
- Closing Cash and Bank balance (Rs. 1,055 Cr as on 30 Jun'23), sufficient to meet future liquidity needs.

Credit Rating – Spandana Sphoorty Financial Ltd

Rating Agency	Rating Instrument	Rating	Year
ICRA	Bank Facilities / NCD's / MLD's	A- Positive	Mar 2023
India-Ra	Bank Facilities / NCD's/ MLD's CPs	A Stable A1	Jan 2023
CRISIL	Bank Facilities	A Stable	Sep 2022

Credit Rating – Criss Financial Ltd

Rating Agency	Rating Instrument	Rating	Year
ICRA	Bank Facilities / MLD's	BBB Positive	Mar 2023
India-Ra	Bank Facilities	BBB+ Stable	Mar 2023

* Standalone





Thank you!

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Spandana Sphoorty Financial Limited

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