

Spandana Sphoorty Financial Limited

....Committed to low-income households



Investor Presentation

February 2021

Q3 FY21



Safe Harbor

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Executive Summary

Overview

- 2nd largest microfinance company in India with an AUM of **Rs. 7,764 crore** and an active customer base of 25.5 lakhs
- Best in class portfolio quality with Proforma GNPA of **2.7%**
- Raised **Rs. 4,289 crore** of debt in a disruptive environment
- Industry Leading Capital Adequacy of 39%
- Generated PPOP of Rs 567 crore and PBT of Rs 133 crore in 9M FY21
- Strong distribution network of **1,034 branches spread across 286 Districts of 18 states**

Financial Metrics

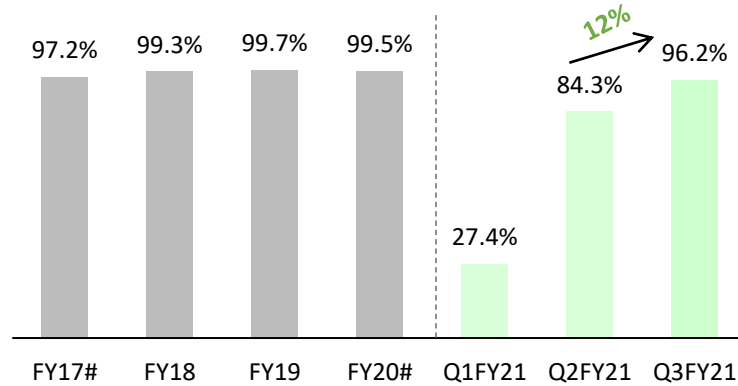
Strong Balance Sheet & Liquidity

| Particulars | Q3 FY20 | Q3 FY21 |
|------------------------------------|---------|---------|
| Networth (Rs crore) | 2,505 | 2,737 |
| Book Value Per Share (Rs) | 390 | 426 |
| Borrowings raised (Rs crore) | 1,202 | 2,011 |
| Cash & Cash equivalents (Rs crore) | 491 | 776 |

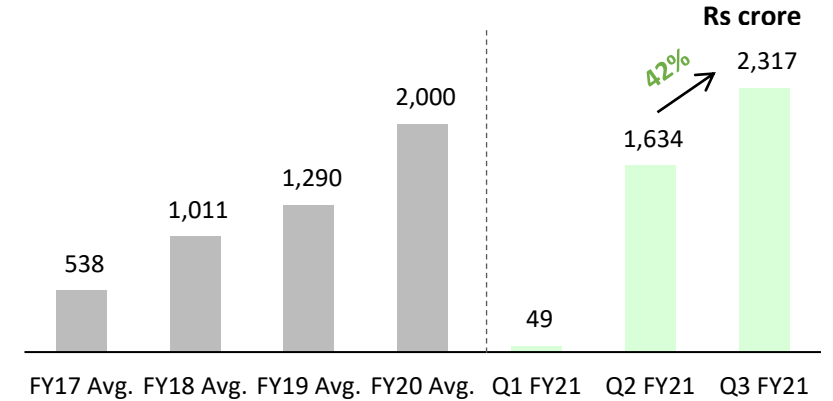
Efficiency & Profitability

| Particulars | 9M FY20 | 9M FY21 |
|----------------------------------|---------|---------|
| Marginal Cost of Borrowing % | 10.6% | 11.4% |
| Cost-to-Income Ratio % (9M FY21) | 21.2% | 23.4% |
| Normalised ROA% (9M FY21)* | 7.0% | 9.4% |
| Normalised ROE % (9M FY21)* | 23.2% | 24.5% |

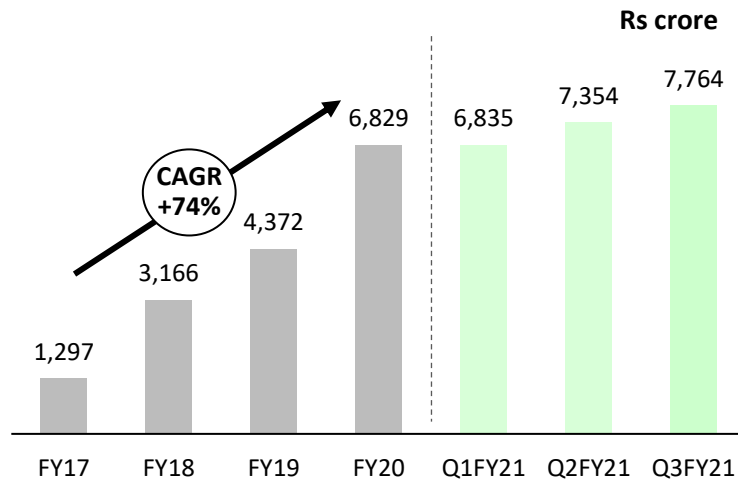
Collection Efficiency nearing Pre-Covid levels



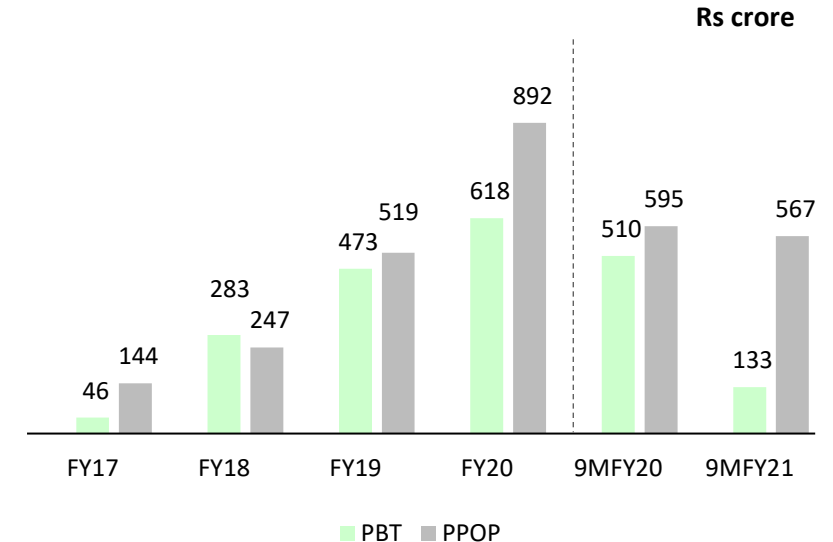
Quarterly Disbursements reaching historical highs



Robust Growth in AUM



Strong PPOP & PBT



- Collections exclude prepayments
- * Excluding Provision related to Covid-19 and others & one-time deferred tax adjustment
- # FY17 Demonetization impact & FY20 excluding lockdown period in March 20
- "The company has not recognized any NPAs since August 31, 2020, in line with the interim order of Hon. Supreme Court"

Q3 FY21 – Performance Highlights

Industry Leading Growth

- Assets under management grew by 32.1% YoY and 5.6% QoQ - Rs 7,764 crore
- Disbursements touched historical high of Rs 2,317 crore; up by 18% YoY and 42% QoQ
- Ranked as No.1 NBFC - MFI in Disbursements & AUM growth in Q2 FY21*

Robust Asset Quality & Prudent Provisioning

- Best in class Collection Efficiency of 96%
- Provisions are made for consecutive 4 quarters, starting from Q4 FY20 – our long experience of ‘crisis’ management has helped us recognize and manage the probable credit losses much earlier than the industry
- Total Provision of Rs 623 crore (including write offs) has been made so far towards COVID & Others, which accounts for 8.0% of total AUM & 9.1% of On Balance sheet Portfolio;
- All non-paying loans having an outstanding of Rs 196 crore were written off and Rs 16 crore interest on these loans was derecognized
- PAR 0+ - 10.9%, PAR 30+ - 9.4% and PAR 60+ - 5.7%
- Sustained best in class portfolio quality with Proforma GNPA of 2.7% and Proforma NNPA of 1%

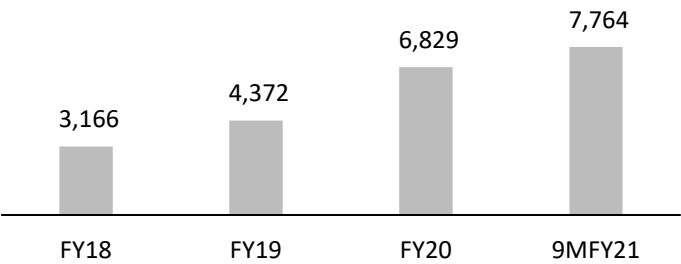
Strong Liquidity Position

- Raised Rs 2,011 crore during Q3 FY21, and got a ratings upgrade this quarter, despite the Covid pandemic
- Diversified lender base & instruments by raising Rs 924 crore through money market instruments; Rs 498 crore raised from retail investors through wealth management channel
- As of 31st Dec 2020, Cash & Cash equivalents is Rs 776 crore and sanctions in pipeline of over Rs 2,600 crore
- On-boarded 12 new lenders and raised Rs 4,289 crore since lockdown – highlights enduring strength of liabilities franchise

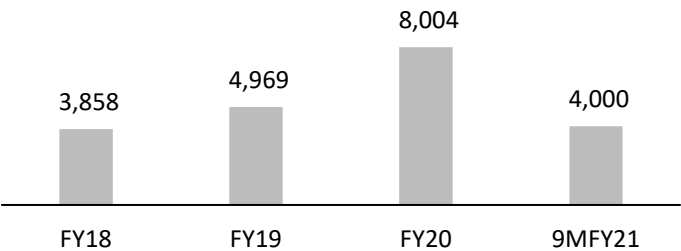
Spandana has always shown consistent growth, profitability and sustainability...

Growth

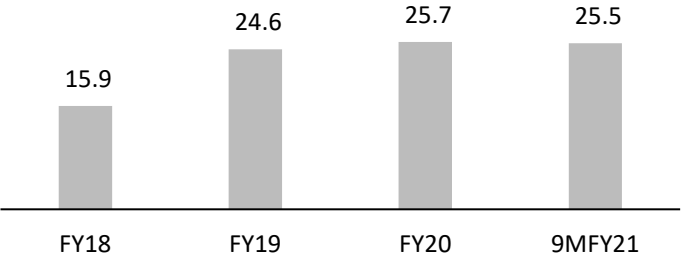
Robust AUM (Rs crore)



Disbursements (Rs crore)

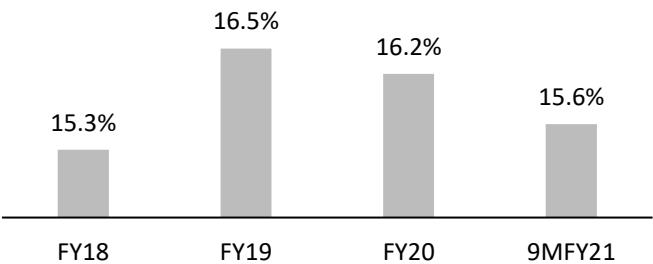


Borrowers (Lakhs)

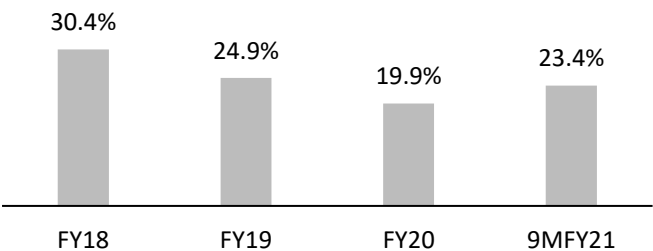


Profitability

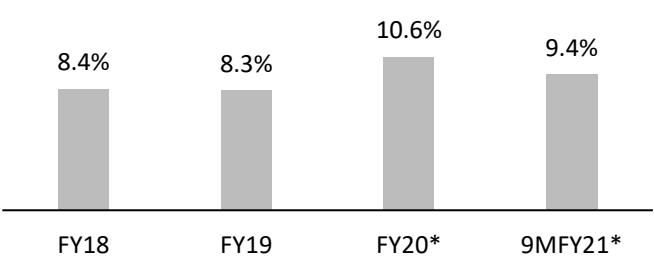
Industry Leading NIM (%)



Cost to Income Ratio



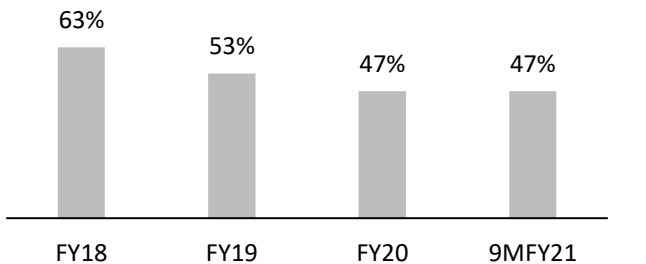
Higher Returns – RoA%



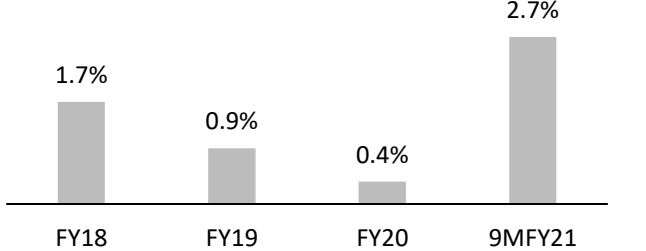
*Normalized figures (excluding Covid and other related provisions & one-time deferred adjustments)

Sustainability

Limited Concentration Risk – Top 3 States

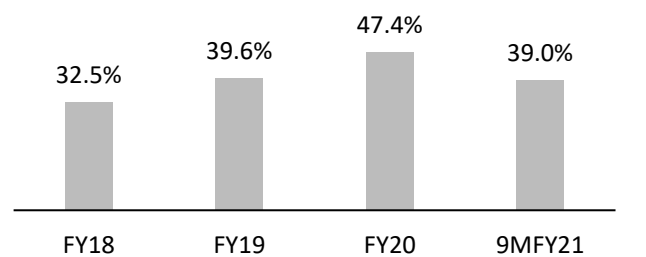


Proforma GNPA (%)



"The company has not recognized any NPAs since August 31, 2020, in line with the interim order of Hon. Supreme Court"

High Capital Adequacy Ratio (%)*



* On Standalone basis

...with its 'all-weather' team having successfully navigated multiple cycles...



**17+ years of
experience –
Navigated
multiple crises
and mastered
crisis
management**

AP Crisis: 2010

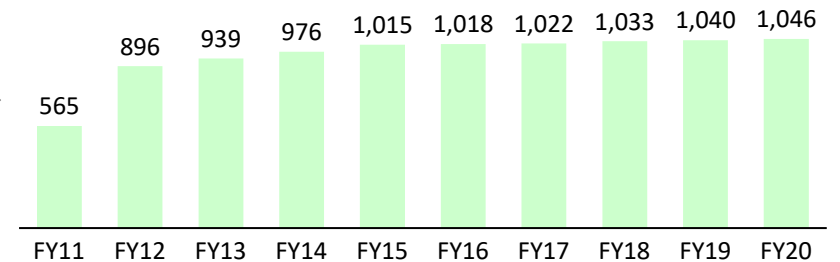
Measures Taken

- ✓ Kept on-ground presence in AP by keeping branches open and engaging with customers

Outcome

- ✓ Only MFI to collect ~44% of old AP portfolio while other MFIs were <25%
- ✓ Only one of two MFIs to survive AP crisis, and emerge stronger with 6x AUM and 16x PBT growth
- ✓ Resulted in highly diversified footprint, with 92% rural focus

Increase in Cumulative Collections from Old AP Book each year



Demonetization: 2016

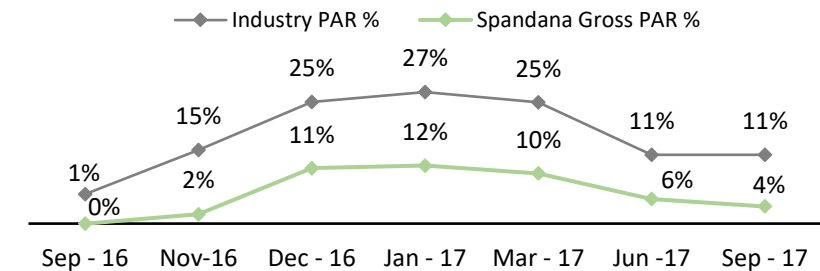
Measures Taken

- ✓ Constant engagement with clients and reassurance of continued services by conducting village level mass meetings and awareness camps
- ✓ Sr. Mgmt. travelled across the breadth and depth of the country and kept the team motivated through training and timely guidance

Outcome

- ✓ Achieved 97% collection efficiency. Significant reduction in PAR (less than half the industry average).

PAR 0+ Industry Comparison



Kerala Floods & Orissa Cyclone: 2018 & 2019

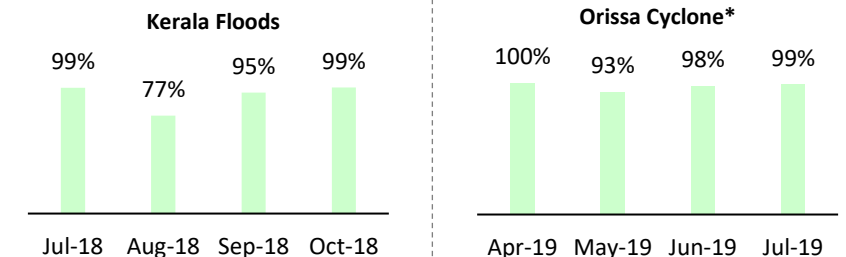
Measures Taken

- ✓ Assisted borrowers through various relief activities and providing emergency loans to revive their income generating activities

Outcome

- ✓ Created borrower ties with the company, which resulted in collection efficiency normalizing in less than two months, ahead of other MFIs

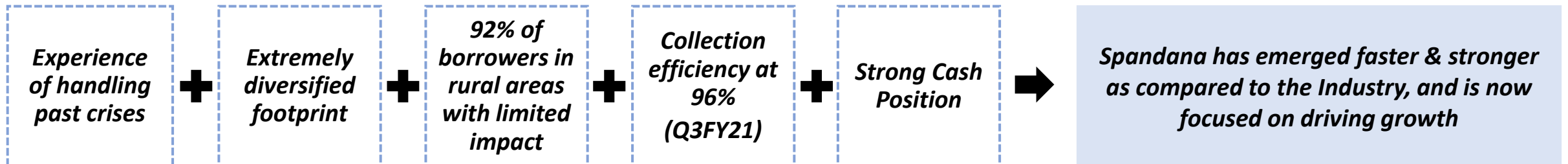
Collections recovered significantly within 2- 3 months in both cases



*CE% of only affected districts

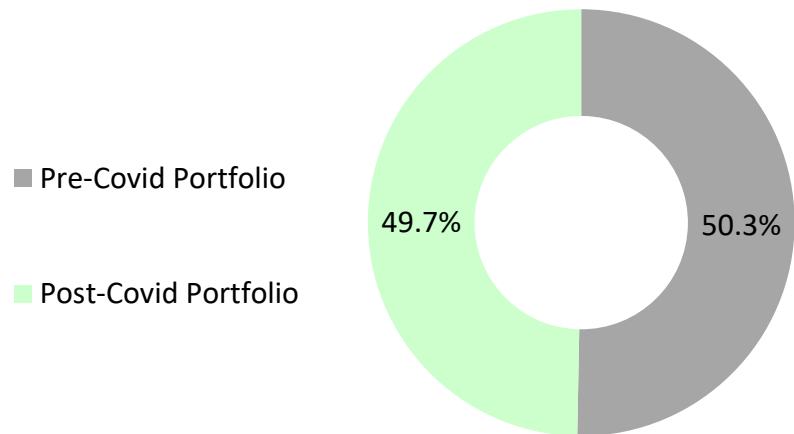
...and Covid19 is another demonstration of this same ability

| | |
|---|--|
| First MFI to resume operations | <ul style="list-style-type: none">▪ First MFI to resume business post-lockdown, opening branches across 18 states in April 2020 – significant advantage in collections effort▪ Quickly moved branches from ‘red’ to nearby ‘green’ zones to enable immediate start of operations – another demonstration of our agility |
| Agile team management approach | <ul style="list-style-type: none">▪ Put in place healthcare measures and special allowances to incentivize staff, and protect their well-being – led to highly motivated field team▪ To ensure effective communication and to move towards a flatter hierarchy, a supervisory layer between cluster manager and AVP was removed – continuous focus on efficiency▪ While the entire industry has been laying off staff, Spandana has actually increased hiring, especially at senior levels – investing for growth |
| ‘Client-first’ engagement philosophy | <ul style="list-style-type: none">▪ Center meetings were suspended to ensure social distancing and borrower comfort - borrowers were instead met at their door-steps▪ Constantly engaged in dialogue with the borrowers about their well being, and did not press for repayments where economic activity was compromised – ensured strong borrower-connect, that helped collections effort as lockdown eased up▪ Where possible, encouraged borrowers to pay their regular installments so that they don’t have to pay accrued interest levied on delayed payments |
| Increased use of Technology | <ul style="list-style-type: none">▪ Sophisticated data models were designed to identify the key focus areas, supported by special task forces▪ Analytics driven project-based approach (instead of resorting to blunt all-out approach) enabled highly efficient, targeted operations |

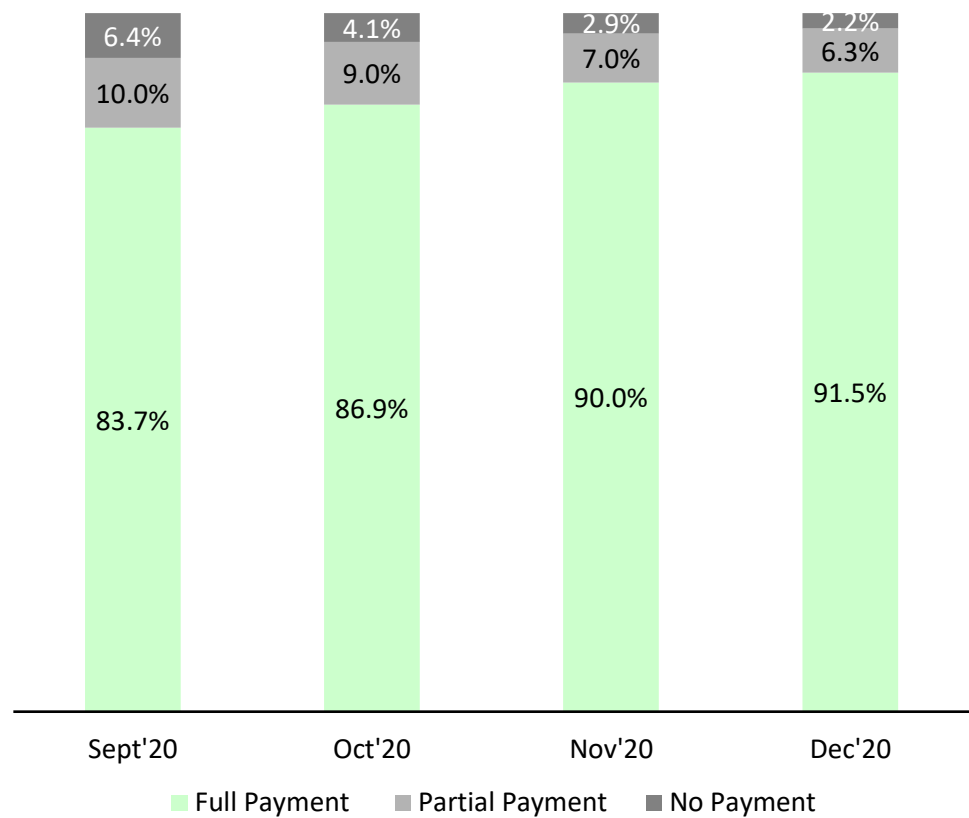


Portfolio Has Show Strong Post-Covid Recovery

Total Portfolio Break-up



Almost All Borrowers Have Resumed Repayments



| Post Covid disbursements | Rs. in Crore | PAR % |
|--------------------------|--------------|-------------|
| Current Portfolio | 3,858.6 | - |
| PAR 0 | 0.3 | 0.01% |
| PAR 30 | 0.2 | 0.01% |
| PAR 60 | 0.0 | 0.00% |
| PAR 90 | 0.0 | 0.00% |
| Total Portfolio | 3,859 | ~50% of GLP |

- 50% of portfolio has been created post April 2020 (Post-Covid portfolio) – this portion has consistently had 100% collection efficiency
- These loans have only been disbursed to existing borrowers with proven track record of on-time repayments – making this a very low-risk book

Conservative Provisioning Levels

Cumulative Provisions of Rs 411 crores which accounts for 5.9% of the On-Balance Sheet Portfolio

| Particulars (Rs crore) | Q4 FY20 | Q1 FY21 | Q2 FY21 | Q3FY21 | Cumulative Provision as per Balance sheet as on Dec 31, 2020 |
|--|------------|------------|------------|-------------|--|
| Standard Provisions | 30 | 22 | 8 | 0.2 | 49 |
| COVID & Other Provisions | 129 | 89 | 114 | 14 | 362 |
| Total Impairment on Financial Instruments | 188 | 111 | 122 | 14.2 | 411 |
| | | | | | |
| Write-offs | 29 | - | - | 212*# | |
| Cumulative Provisions (as per balance sheet) and Write-offs | 195 | 275 | 396 | 623 | |

* Write-off of portfolio outstanding for loans with no instalment collected since 1st September 2020

Interest on NPA loans amounting to Rs 16 crore is de-recognized and Rs 10 crore is adjusted to interest income

Agile Risk Management Has Always Helped Avoid Over-Leveraged Areas

Strong History of Pre-Emptively Managing Exposure to Risky Geographies

Paused UP in 2016 as borrowers were over-leveraged, and chose not to expand in near-by TN due to high MFI penetration

1.5% of AUM

Uttar Pradesh – stopped disbursals when peers were entering aggressively

- In 2016, Spandana pre-emptively identified over-leveraged districts and credit bureau rejection trends, and chose to reduce its exposure in UP, at a time when peers were increasing their market presence
- Reduced its exposure from Rs 20 crore to just Rs 6 crore by Mar’17
- UP was one of the badly affected states for MFIs during demonetization
- Company’s GNPA was less than half of the industry

0.1% of AUM

Tamil Nadu – chose not to expand, despite strong presence of peers

- Despite linguistic similarities and contiguous geography, Spandana never expanded its footprint in TN, due to high number of MFIs present in the state and high borrower leverage
- This was against industry trends, where most MFI’s had large businesses here
- Spandana has only secured portfolio – loan against properties in this state, and has therefore avoided any asset quality challenges here

Current Footprint Reflects Same Experience and Agility

Slowly expanded into WB, but pulled back due to high borrower leverage levels; chose not to enter Assam, due to high MFI concentration

No Presence

Assam – chose not to enter, given rapid expansion by peers

- Assam was one of the focus geography for many MFIs
- However, Spandana was conscious of too many MFIs entering the state, and the resultant high per-borrower loan amounts
- As a result, Company went against industry trends and chose not to enter the state
- Assam micro finance portfolios of other lenders now at significant risk

0.5% of AUM

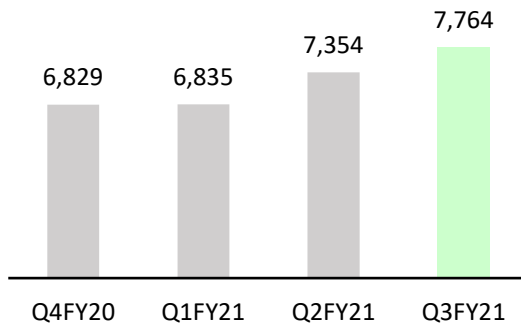
West Bengal – pulled back, despite large volumes disbursed by peers

- WB was the fastest growing state for many MFIs
- Spandana tested the market, but quickly understood that borrowers were highly over-leveraged
- Spandana hence pulled back significantly, and reducing the portfolio from a peak of 3% of AUM to the current 0.5% of AUM
- Today the state has demonstrated poor asset quality for the rest of the industry

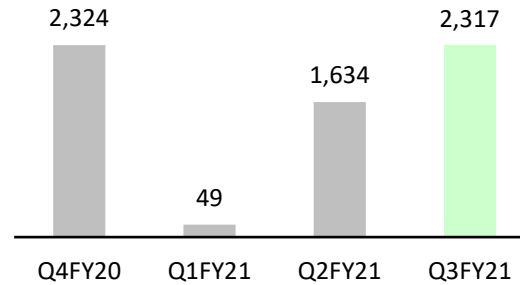
Normalization in Business Trajectory to Pre-Covid levels

Company's Conservative Practices and Seasoned Team Have Enabled Us To Resume Normalcy

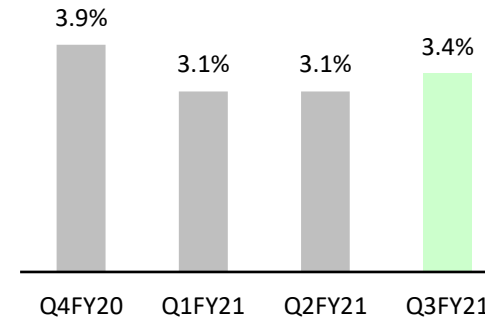
AUM on Growth Path (Rs crore)



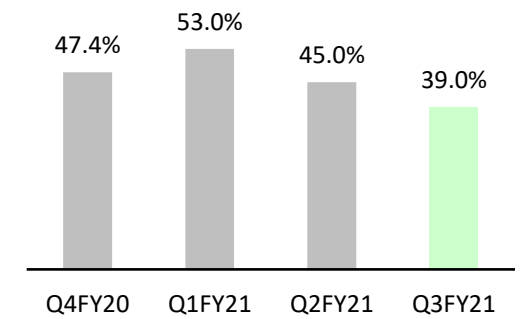
Disbursements reached pre-Covid levels in Q3 FY21 (Rs crore)



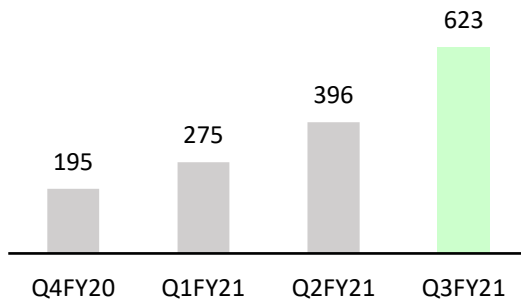
Industry leading Opex (%)



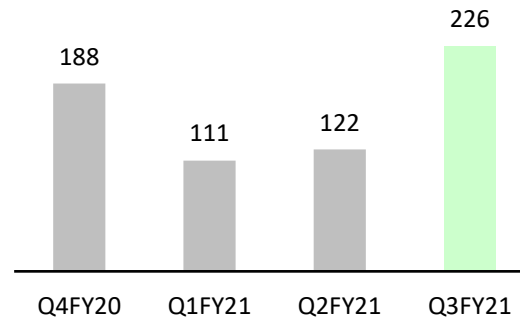
Strong Capital Adequacy Ratio %



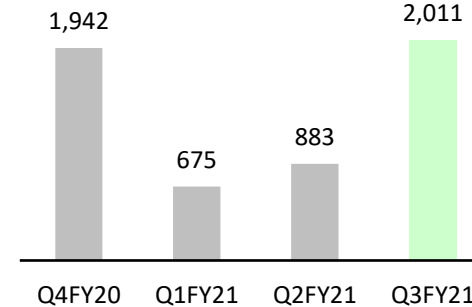
Cumulative Provisions & WO # (Rs crore)



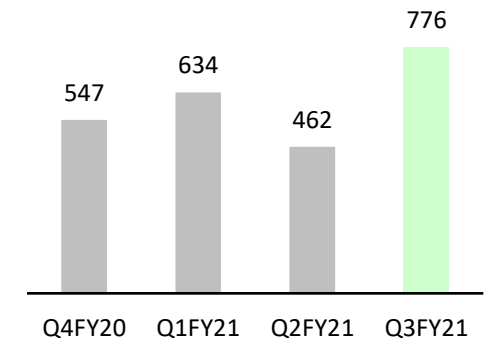
Provisions & Write off* (Rs crore)



Borrowings Raised (Rs crore)



Cash (Rs Crore)



*Write-off of portfolio outstanding for loans with no instalment collected since 1st September 2020

Interest on NPA loans amounting to Rs.16 crores is de-recognized and Rs. 10 crores is adjusted to interest income

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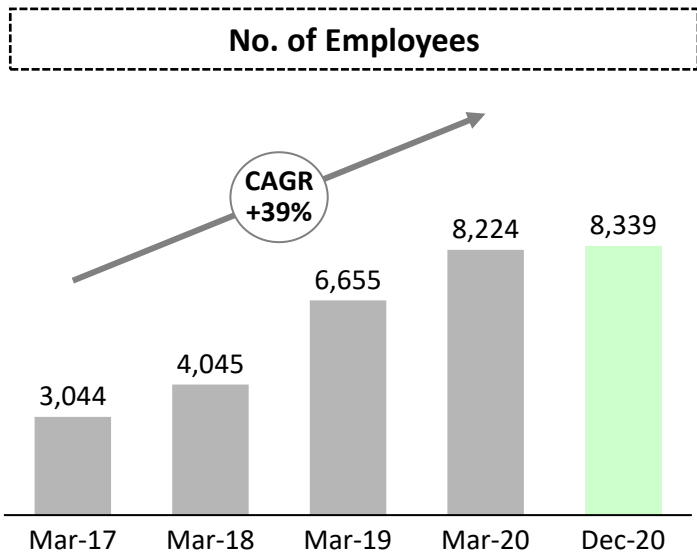
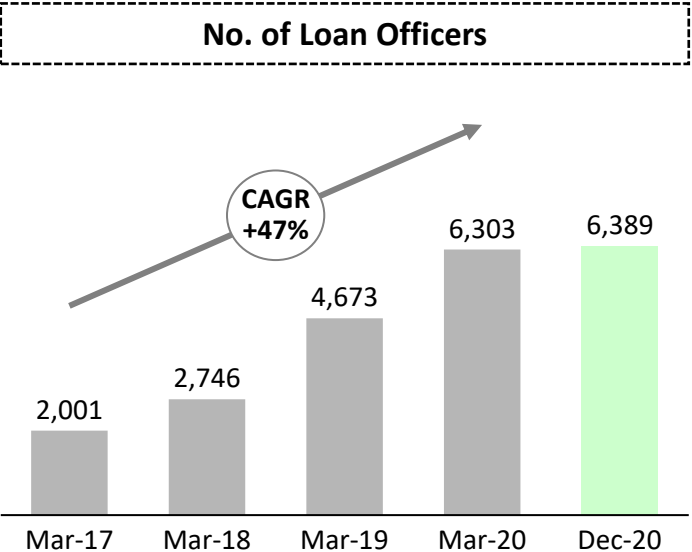
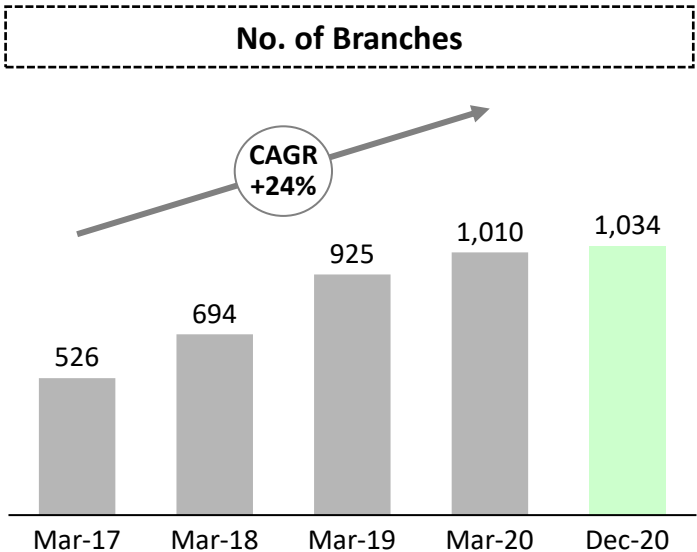
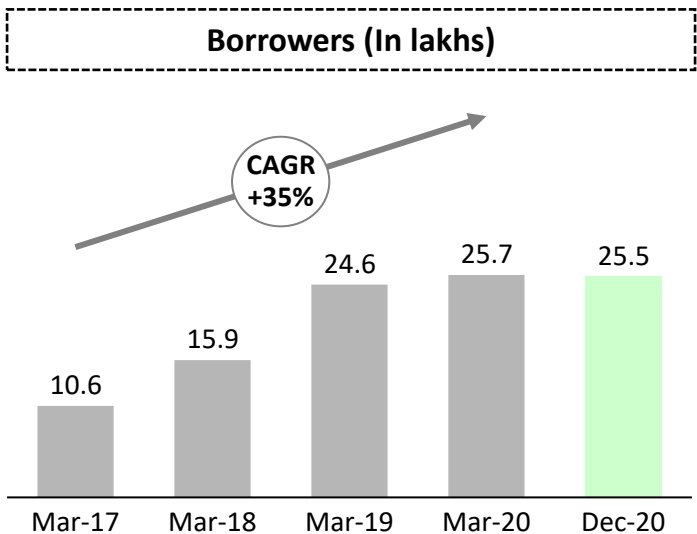
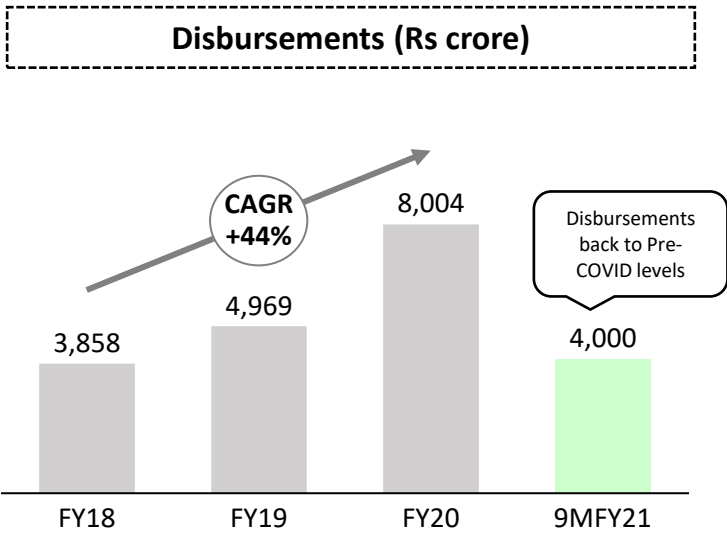
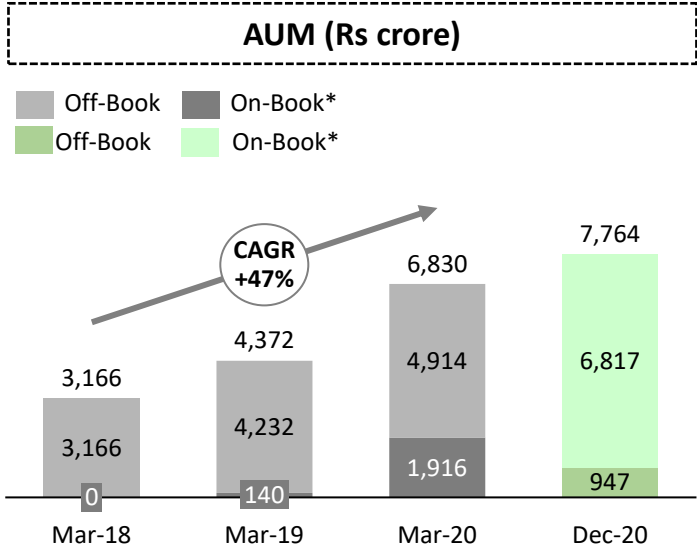
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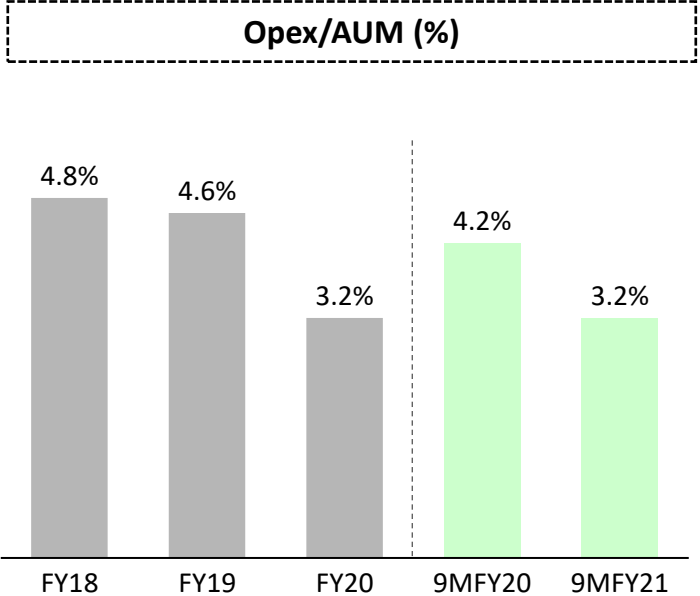
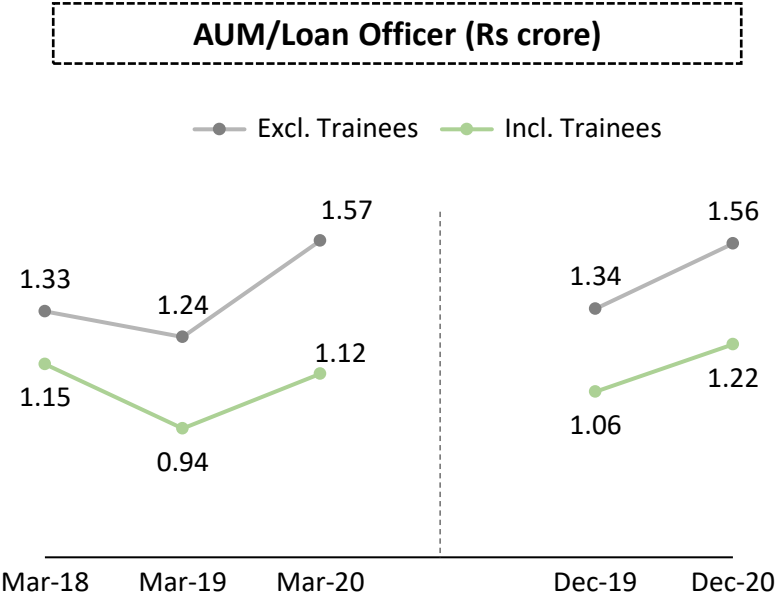
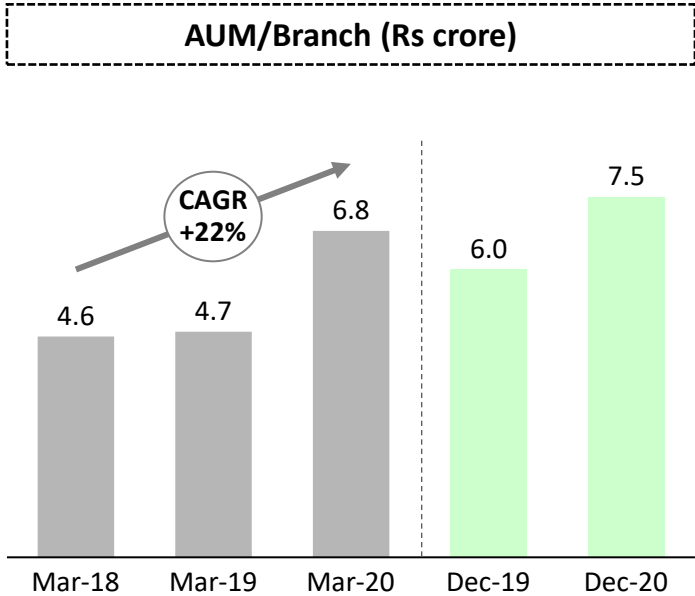
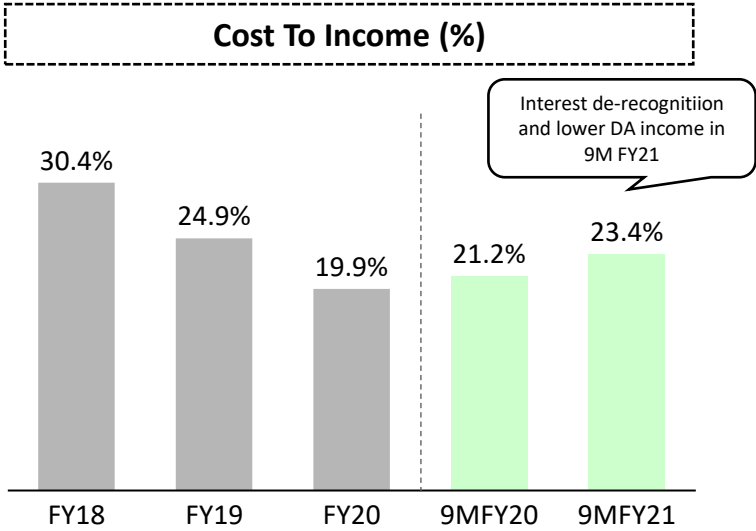
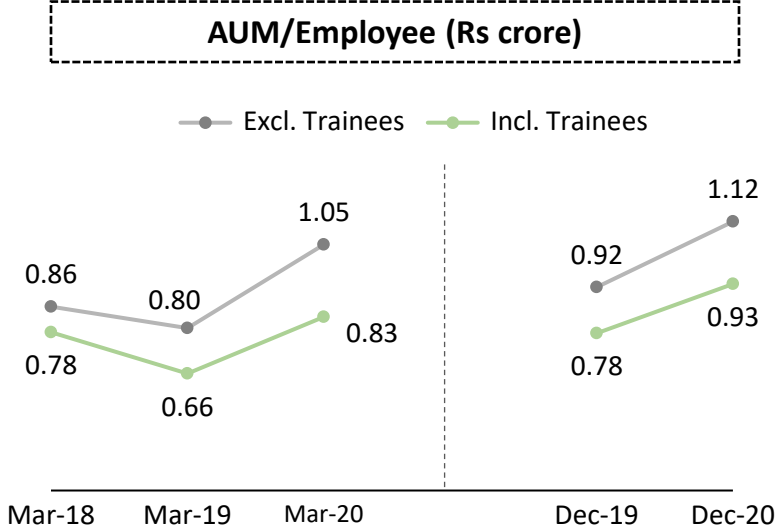
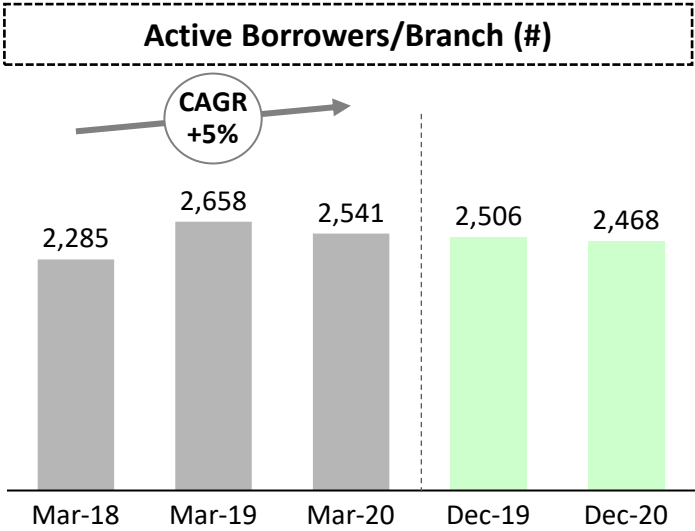
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| 7 | Annexure |
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Operational Summary



Note: * Includes PTC

Rising Employee Productivity has led to Opex Efficiency



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

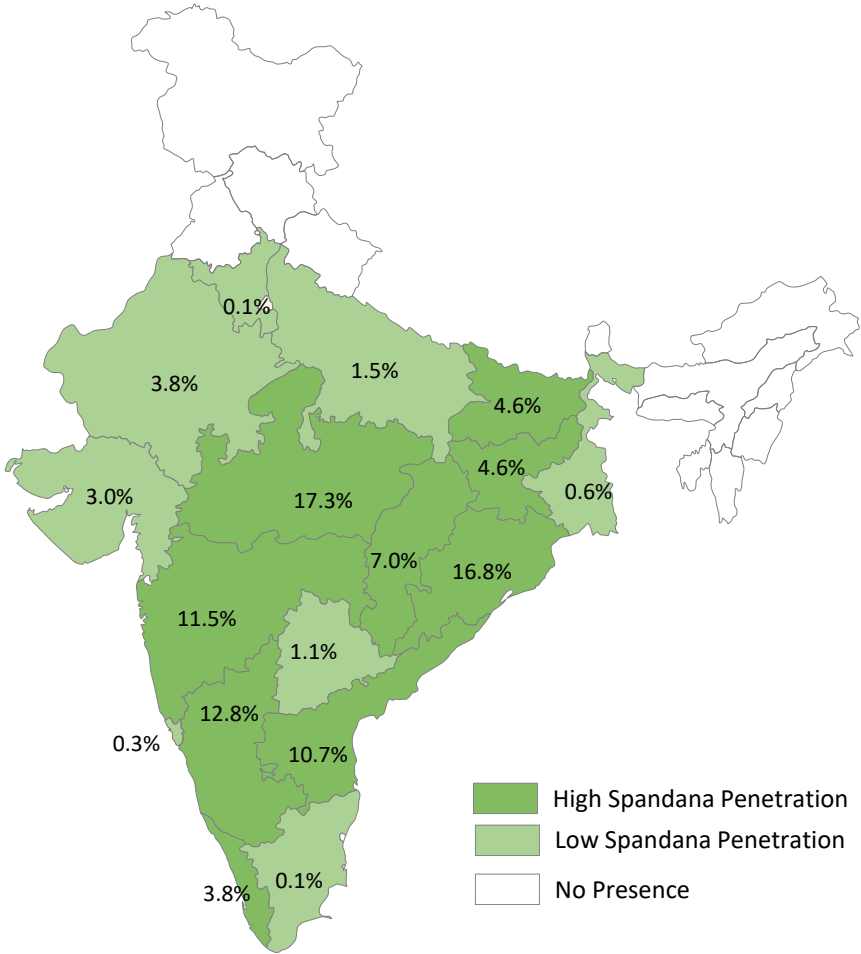
State-wise Concentration

| Top States | AUM Concentration |
|----------------|-------------------|
| Madhya Pradesh | 17.3% |
| Orissa | 16.8% |
| Karnataka | 12.8% |
| Maharashtra | 11.5% |
| Andhra Pradesh | 10.7% |
| Chhattisgarh | 7.0% |
| Other States | 23.9% |

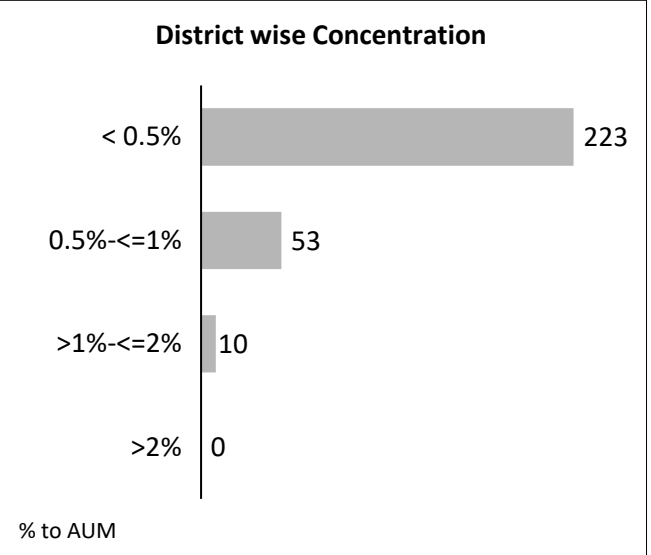
Top States By Branch Network

| Top States | Number of Branches |
|----------------|--------------------|
| Madhya Pradesh | 157 |
| Orissa | 154 |
| Karnataka | 131 |
| Maharashtra | 122 |
| Andhra Pradesh | 107 |
| Chhattisgarh | 74 |

Well diversified portfolio across States



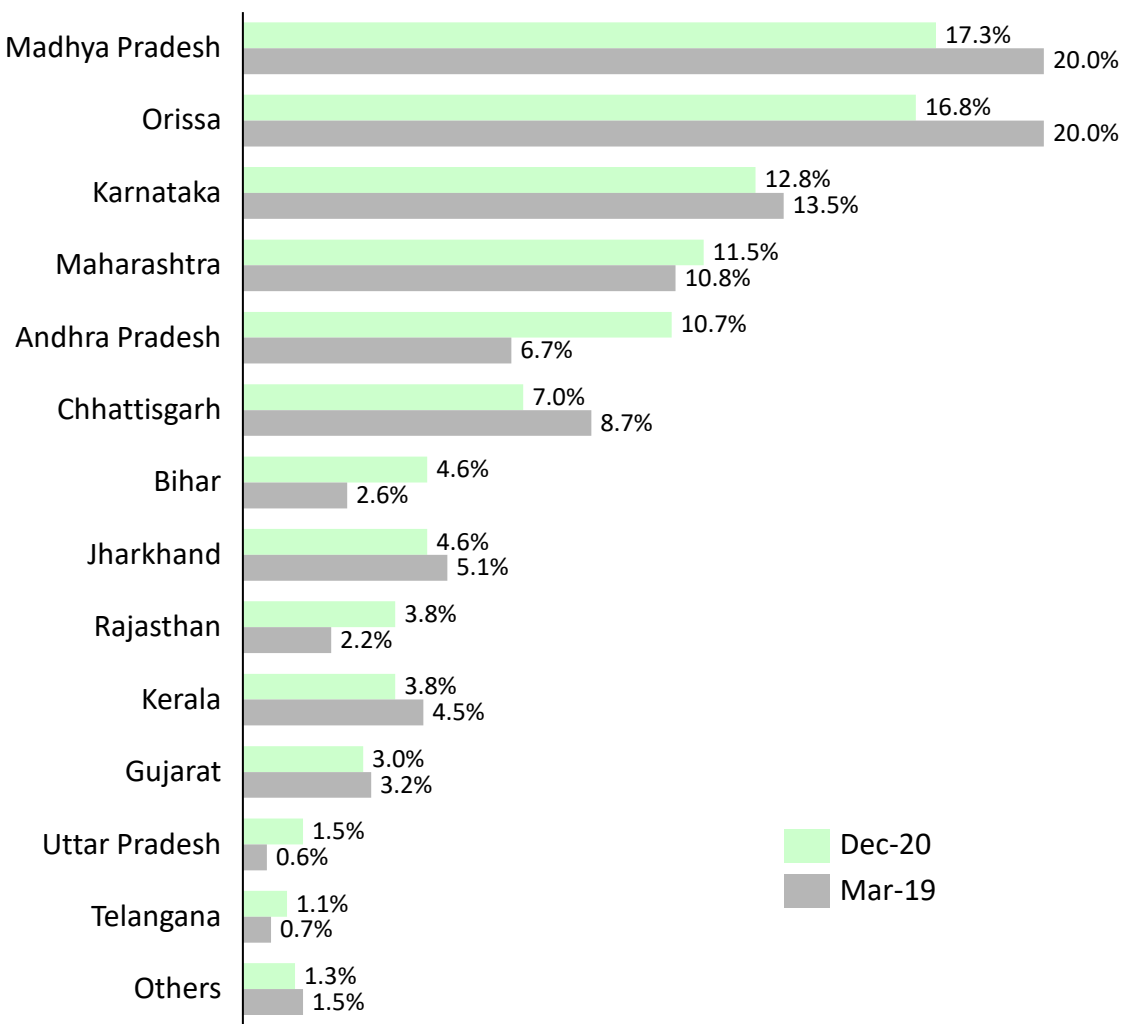
Well dispersed district level exposure ensures low impact from region-specific issues



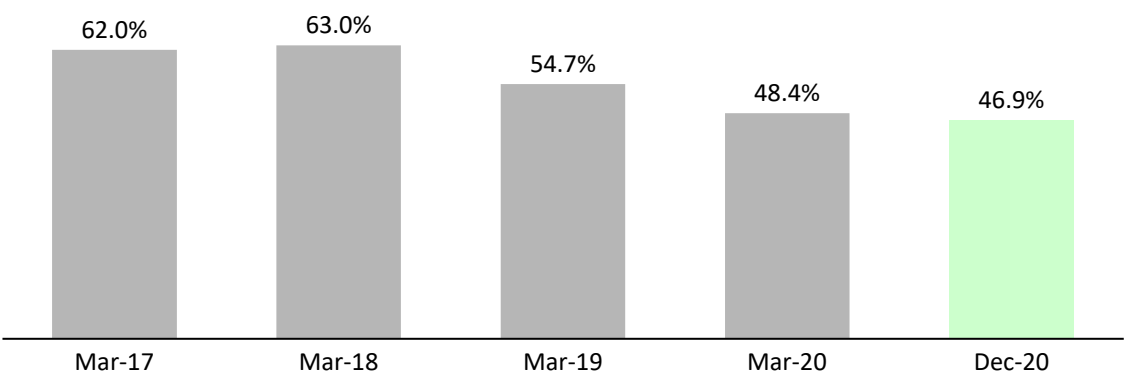
- Top 3 States constitute less than 47% of AUM
- No State more than 17.3% of AUM
- No District more than 1.5% of AUM
- No Branch has more than 1.0% of AUM

Continued Focus on Further Increasing Diversification, Without Compromising Rural Focus

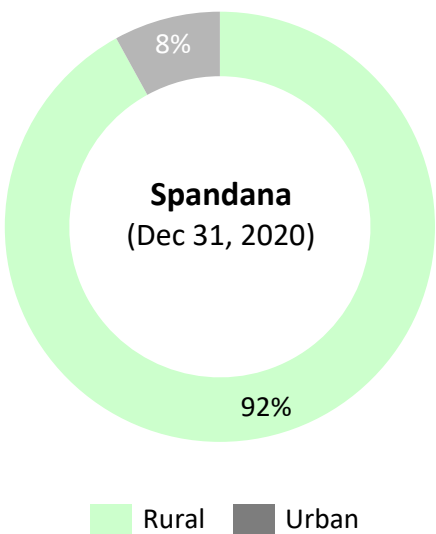
State-wise AUM Mix – Greater Diversification



Concentration (by AUM) of Top 3 States is Reducing

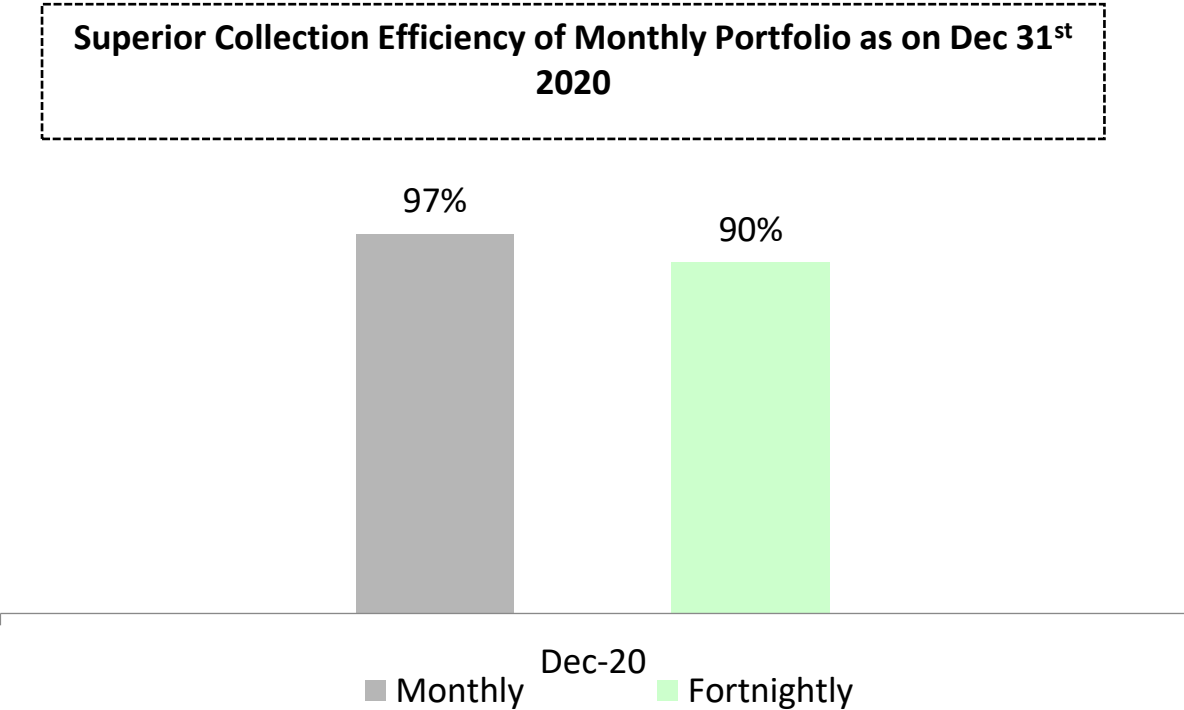
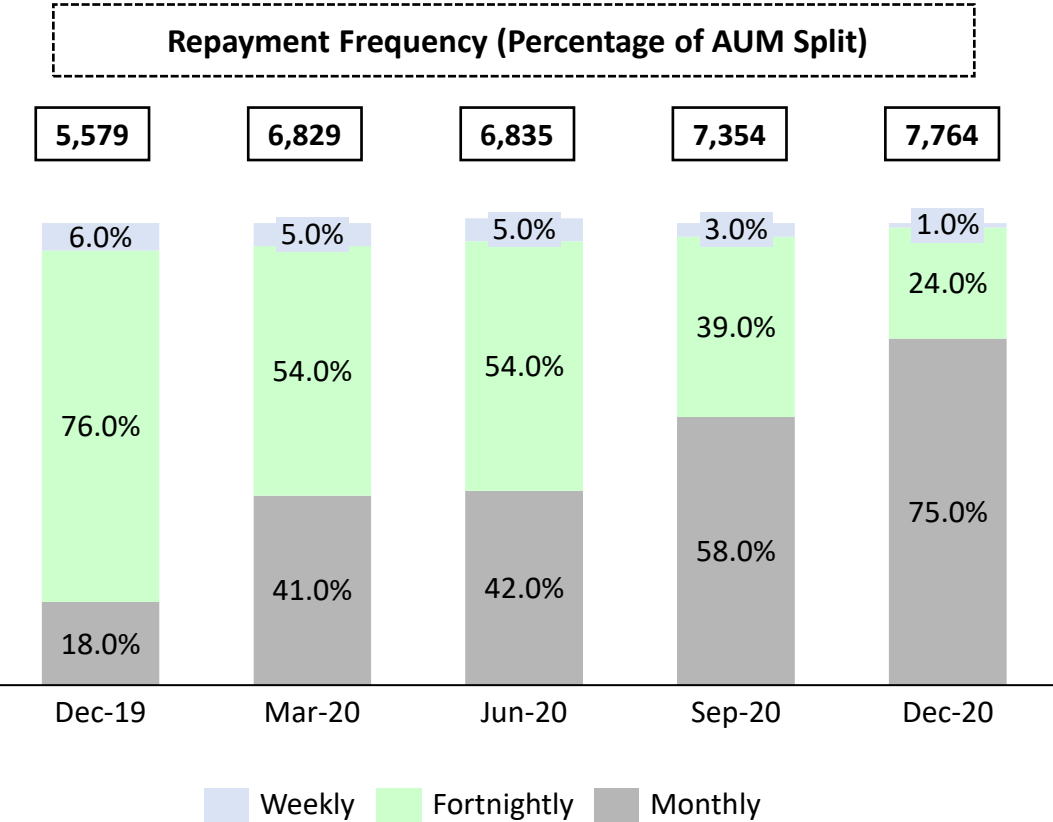


Continued Focus on Rural Geographies (AUM)



Successful Transition to Monthly Repayment

- Company started transition to monthly repayment in late-2019, in response to customer demand, driven by a lower time commitment from their side
- Industry has evolved, where more frequent borrower meetings were once required to maintain discipline – no longer needed, as borrowers have become more experienced with MFIs and credit bureaus
- Today, ~75% of our AUM is on the monthly repayment, and it is consistently demonstrating superior collection efficiency
- This will also have a positive long-term impact on our operating cost ratios & portfolio quality



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| 4 | Borrowing Profile |
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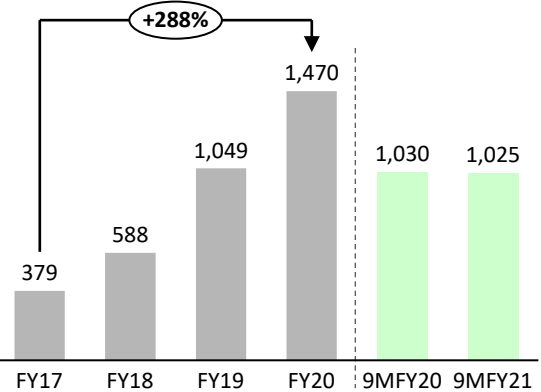
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| 5 | Overview of Criss Financial (Subsidiary) & Abhiram (Associate Co.) |
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| 6 | Strong Management Team & Risk Management Processes |
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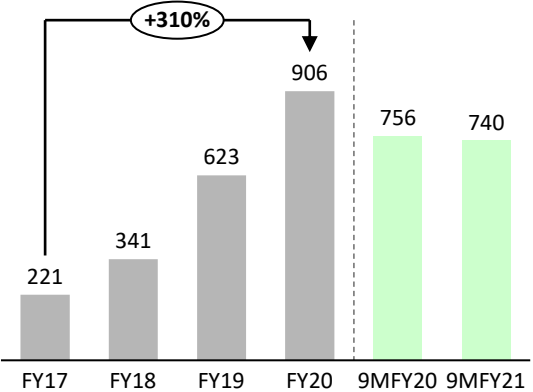
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| 7 | Annexure |
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Financial Performance

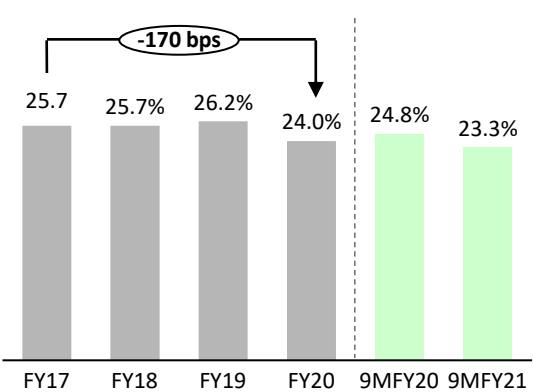
Total Income (Rs crore)



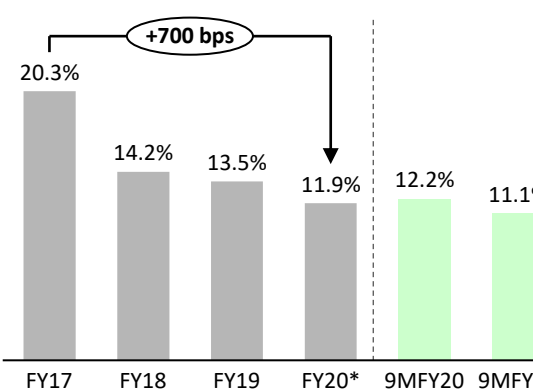
Net Interest Income (Rs crore)



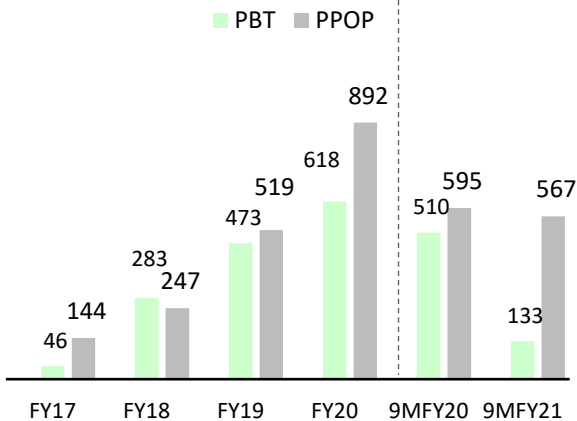
Yield (%)



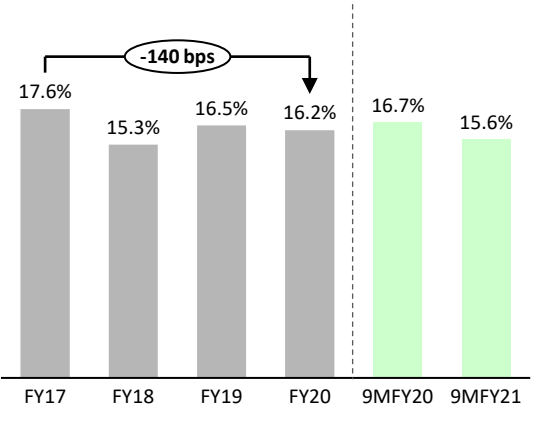
Cost of Borrowings (%)



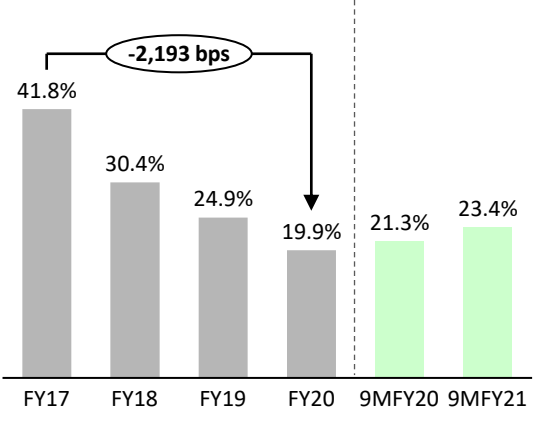
PPOP & PBT (Rs crore)



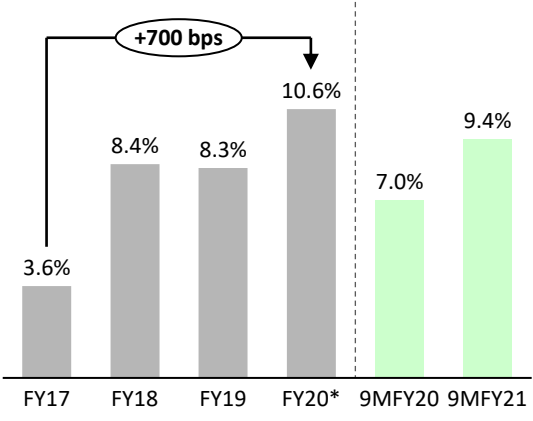
NIM (%)



Cost to Income Ratio (%)



ROA (%)



*Normalized figures (excluding Covid related provisions & one-time deferred adjustments)

Consolidated Profit & Loss Statement

| Particulars (Rs crore) | 9M FY21 | 9M FY20 |
|--|----------------|----------------|
| Revenue from Operations | | |
| Interest income | 959.7 | 871.6 |
| Net gain on fair value changes | 38.9 | 109.9 |
| Other Income | 10.1 | 25.1 |
| Total income from operations | 1,008.7 | 1,006.6 |
| Non-operational Income | 16.6 | 23.1 |
| Total income | 1,025.3 | 1,029.7 |
| Expenses | | |
| Finance cost | 285.0 | 273.8 |
| Impairment on financial instruments and other provisions | 30.2 | 85.5 |
| Employee benefit expense | 127.5 | 122.1 |
| Depreciation and amortization expense | 5.2 | 6.5 |
| Other expenses | 40.9 | 31.8 |
| Total Expenses | 488.7 | 519.8 |
| Profit before Tax | 536.6 | 510.0 |
| Tax expense | 37.1 | 128.3 |
| Normalized Profits | 499.6 | 381.6 |
| Provision and write-off related to Covid-19 and others | 403.4 | - |
| Exceptional Deferred Tax Adjustment | - | 112.8 |
| Net Profit (as reported) | 96.2 | 268.8 |

| Q3 FY21 | Q3 FY20 | Q2 FY21 |
|--------------|--------------|--------------|
| | | |
| 332.6 | 292.0 | 317.3 |
| -0.4 | 46.8 | 23.8 |
| 5.6 | 11.2 | 3.8 |
| 337.9 | 350.0 | 344.8 |
| 6.4 | 8.5 | 9.3 |
| 344.3 | 358.5 | 354.1 |
| | | |
| 116.0 | 84.9 | 84.1 |
| 0.2 | 41.5 | 7.9 |
| 43.8 | 42.0 | 42.0 |
| 2.0 | 2.2 | 1.6 |
| 19.1 | 12.1 | 12.8 |
| 181.1 | 182.7 | 148.5 |
| 163.2 | 175.8 | 205.7 |
| -6.9 | 46.2 | 24.6 |
| 170.1 | 129.6 | 181.1 |
| 199.8 | - | 114.2 |
| - | - | - |
| -29.7 | 129.6 | 66.9 |

Consolidated Balance Sheet

| ASSETS (Rs crore) | Dec 31, 2020 | Mar 31, 2020 | Dec 31, 2019 |
|--|----------------|----------------|----------------|
| Financial Assets | | | |
| Cash and cash equivalents | 775.8 | 59.6 | 491.3 |
| Bank Balances other than cash and cash equivalents | 233.6 | 197.5 | 195.8 |
| Trade Receivables | 3.6 | 22.4 | 9.8 |
| Loan Portfolio | 6,552.4 | 4,976.7 | 4,721.5 |
| Investments | 2.4 | 487.5 | 2.3 |
| Other financial assets | 58.1 | 166.2 | 201.7 |
| Total Financial Assets | 6,462.9 | 5,909.9 | 5,622.3 |
| Non-Financial Assets | | | |
| Current tax assets (net) | 15.3 | 15.3 | 8.0 |
| Deferred tax assets (net) | 85.8 | 7.0 | 0.7 |
| Property, Plant and Equipment | 14.3 | 15.2 | 16.2 |
| Intangible assets | 0.9 | 1.3 | 1.6 |
| Goodwill | 17.4 | 17.4 | 17.4 |
| Other non-financial assets | 13.4 | 11.2 | 37.3 |
| Total Non-Financial Assets | 147.1 | 67.4 | 81.2 |
| Total Assets | 7,773.0 | 5,977.3 | 5,703.5 |

| LIABILITIES & EQUITY (Rs crore) | Dec 31, 2020 | Mar 31, 2020 | Dec 31, 2019 |
|---|----------------|----------------|----------------|
| Financial Liabilities | | | |
| Debt Securities | 1,396.8 | 777.6 | 881.0 |
| Borrowings (Other than Debt Securities) | 3,202.7 | 2,227.3 | 2,070.1 |
| Subordinated Liabilities | 20.2 | 20.3 | 20.3 |
| Other Financial liabilities | 262.9 | 227.2 | 172.9 |
| Total Financial Liabilities | 4,882.6 | 3,252.4 | 3,144.3 |
| Non-Financial Liabilities | | | |
| Current Tax Liabilities (net) | 116.6 | 64.7 | 24.2 |
| Provisions | 1.3 | 2.8 | 2.1 |
| Other Non-Financial liabilities | 34.3 | 30.1 | 26.7 |
| Total Non-Financial Liabilities | 152.3 | 97.6 | 52.9 |
| Equity | | | |
| Equity Share Capital | 64.3 | 64.3 | 64.2 |
| Other Equity | 2,672.3 | 2,561.7 | 2,441.0 |
| Equity attributable to shareholders of the company | 2,736.7 | 2,626.0 | 2,505.2 |
| Non-Controlling Interest | 1.5 | 1.2 | 1.2 |
| Total Equity | 2,738.2 | 2,627.2 | 2,506.3 |
| Total Liabilities and Equity | 7,773.0 | 5,977.3 | 5,703.5 |

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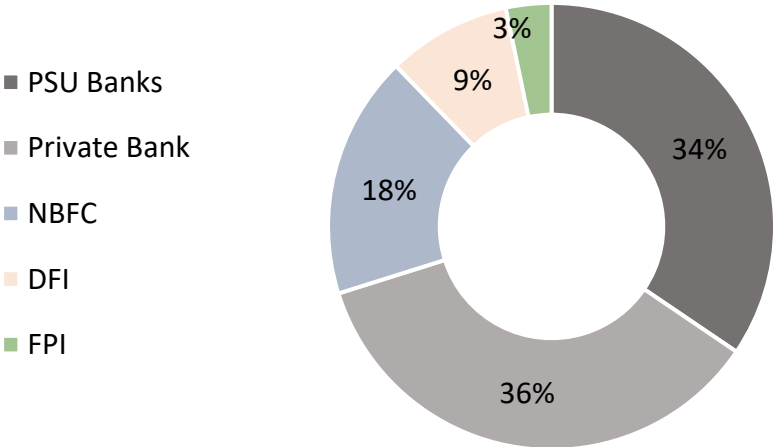
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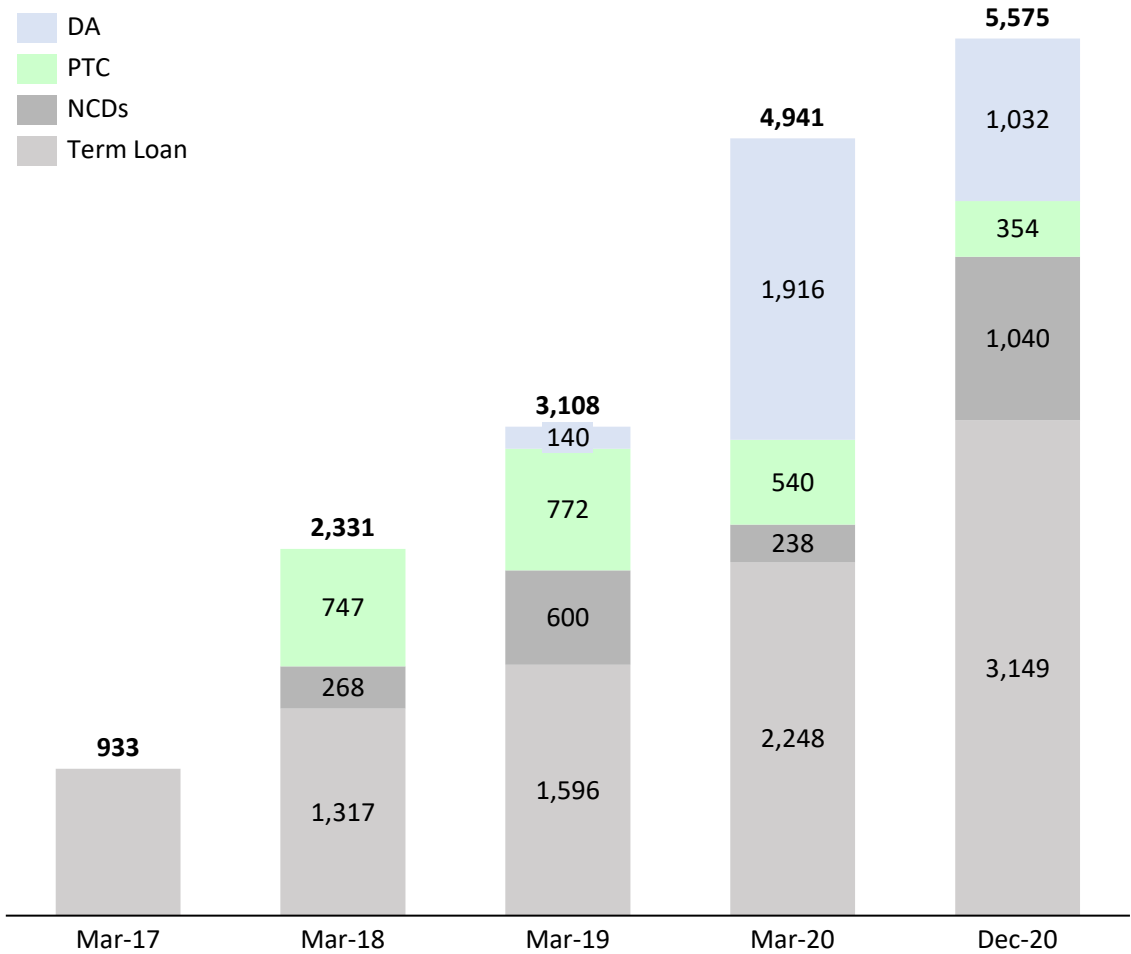
Diversified Borrowing Profile

- Total borrowings raised since lockdown is **Rs. 4,289 crore**
- No moratorium availed from lenders -- paid both interest and principal in full and on time, even during the lockdown
- Further diversified the borrowing profile by tapping into retail debt market through wealth management channels and money market instruments such as NCDs and MLDs
- Comfortable liquidity position with Rs 2,600 crore of sanctions in pipeline

Diversified Funding Mix (As on Dec-20)

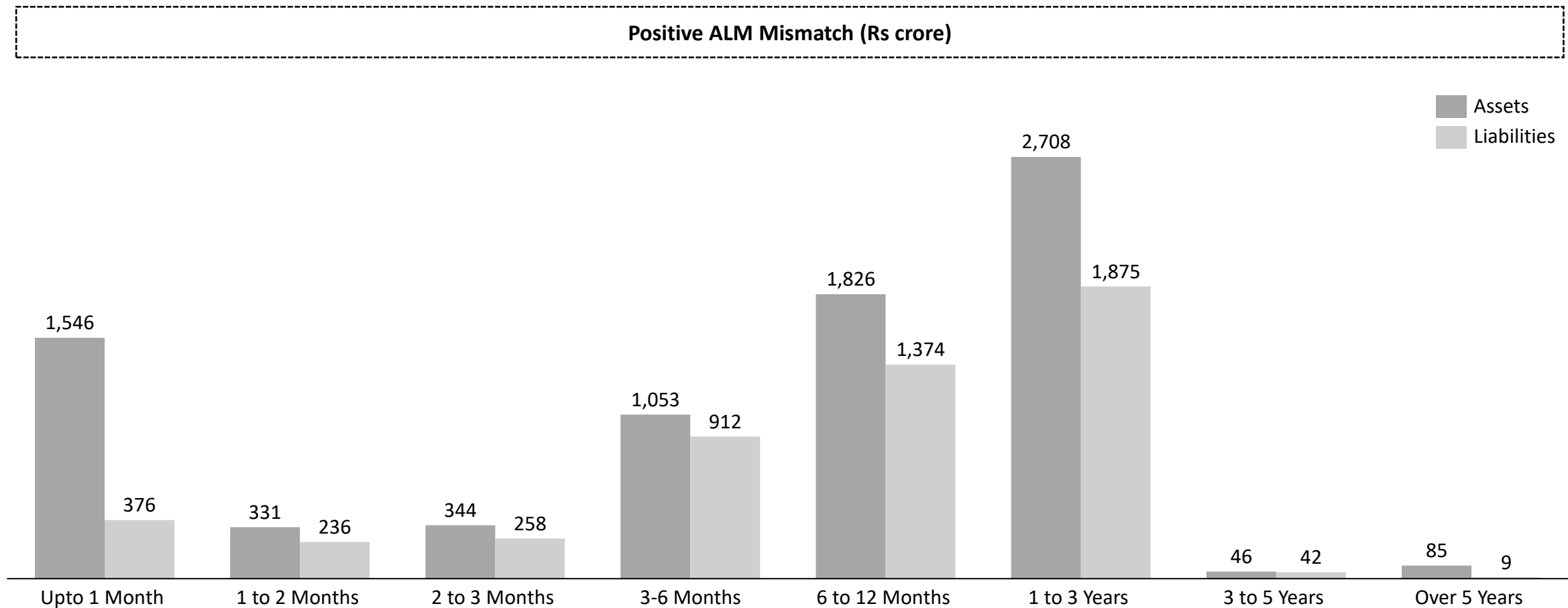


Borrowings (Rs crore)*



*On-Book Borrowings include PTC, NCDs and Term Loans

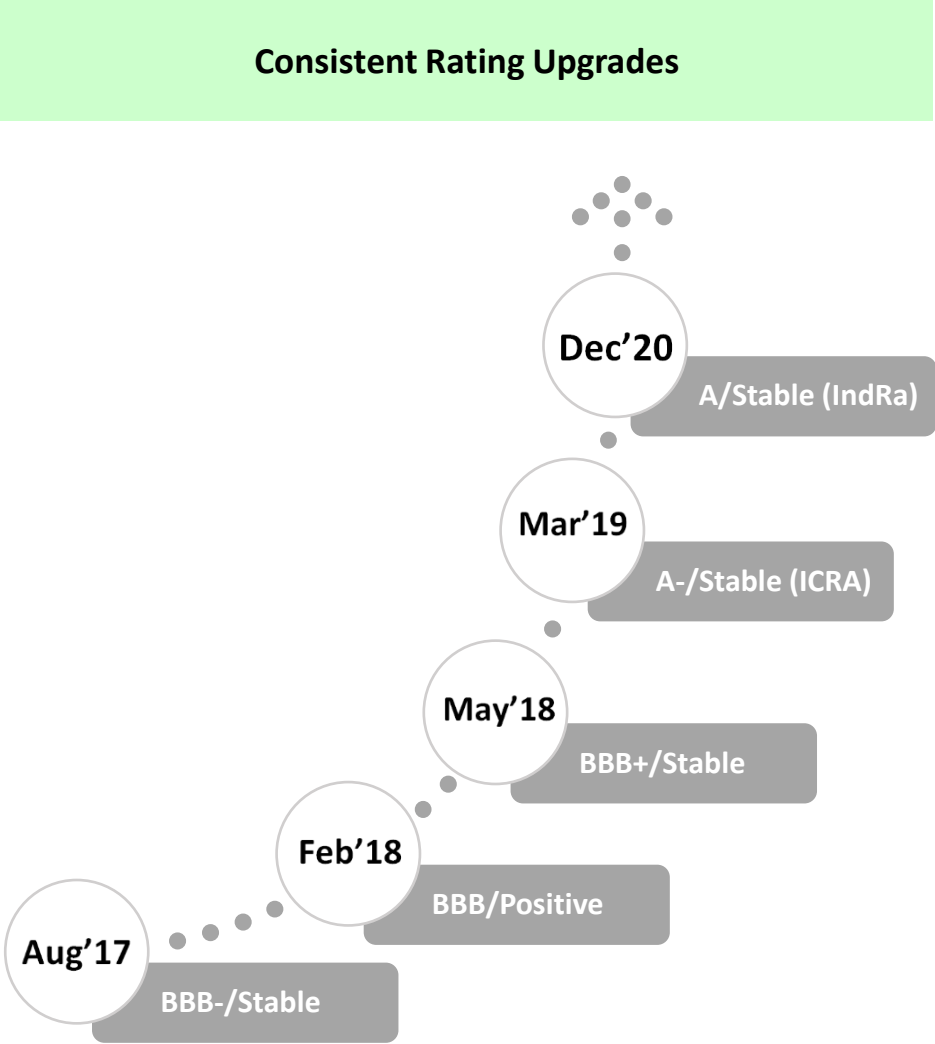
Comfortable Liquidity Position Driven by Strong Track Record



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

Strong Credit Rating – Upgraded to ‘A’ rating in Dec, despite impact of Covid

| Rating Instrument | Rating Agency | Rating |
|--|---------------|-----------------------|
| Bank Facilities | Ind-Ra* | A (Stable) |
| | ICRA | A- (Stable) |
| Non-Convertible Debentures | Ind-Ra* | A (Stable) |
| | ICRA | A- (Stable) |
| Market linked Debentures | Ind-Ra* | A (Stable) |
| | ICRA | A- (Stable) |
| Comprehensive Microfinance Grading (Institutional Grading/Code of Conduct Assessment (COCA)) | SMERA | M1C1, highest grading |

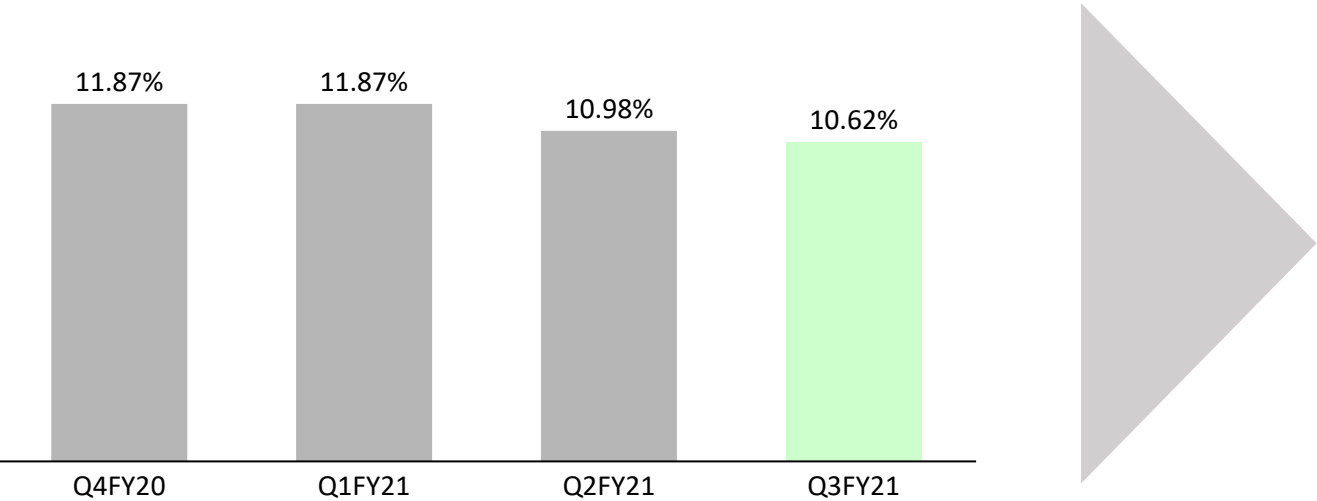


**Recently got rated “A” from India Ratings even in these difficult circumstances*

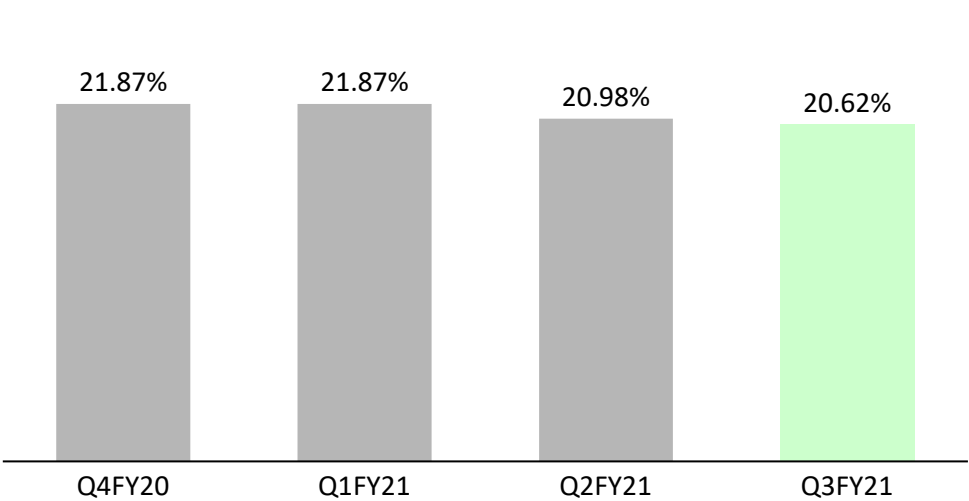
Steady reduction in Lending rate & Cost of Borrowing

- Company’s strong track record and ratings upgrades have enabled it to continuously reduce it’s cost of borrowing
- Enabled to pass on benefits to customers, and lend at more competitive rates, while still maintaining the same 10% spread

RBI-Definition Cost of Borrowing Reducing



More Competitive Marginal Lending Rate



Consistent 10% Spread

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Overview of Criss Financial

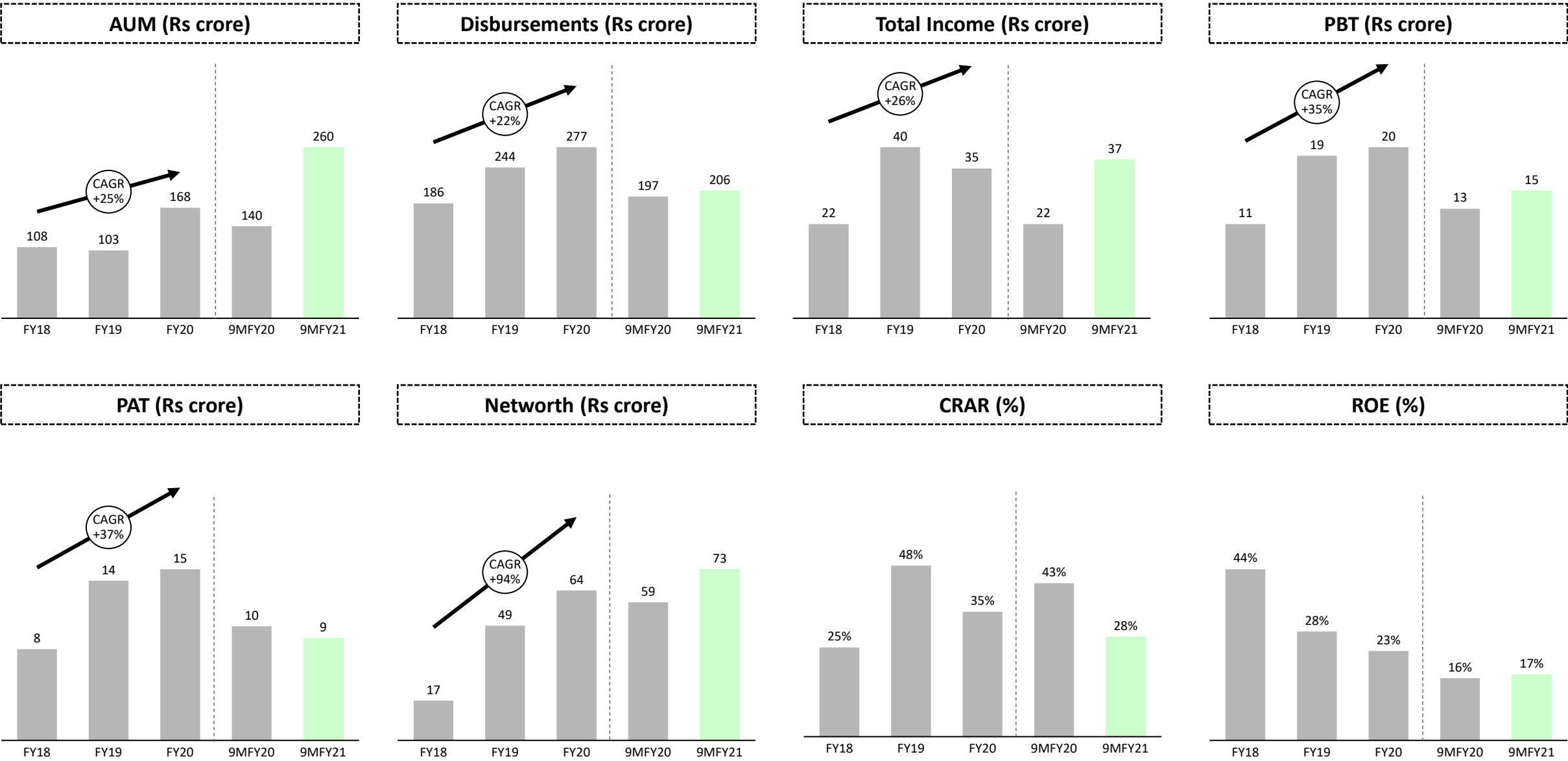
About CFL

- Criss Financial Holdings Limited (CFL) is an NBFC, which is a 97.5% 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 44 Branches covering 12 Districts, 2,000 villages, and 65,000 borrowers, employing 320 employees

Performance Snapshot

- AUM of CFL grew by 36% CAGR in the last three years to Rs 257 crore
- CFL has collection efficiency of 99.2% for Q3FY21 and best in class portfolio quality with Proforma GNPA of 0.5%
- CFL made net profit of Rs 8.8 crore in 9 months after making Rs 5.6 crore provision (including write off), which is 2.1% of AUM
- With diversified mix of products, operating cost ratio is lowest at 3.6%
- CFL has a healthy 6.1% ROA (post provision and write off), 17% ROE and 30.9% Capital adequacy for 9 months of FY21

Criss Financial – Robust Financial Performance



Criss Financial – Q3 & 9M FY21 Profit & Loss Statement

| Particulars (Rs crore) | 9M FY21 | 9M FY20 |
|--|-------------|-------------|
| Revenue from Operations | | |
| Interest income | 34.9 | 20.5 |
| Net gain on fair value changes | - | - |
| Others | 0.9 | 1.2 |
| Total income from operations | 35.8 | 21.7 |
| Other Income | 1.2 | - |
| Total income | 37.0 | 21.7 |
| Expenses | | |
| Finance cost | 14.0 | 5.5 |
| Impairment on financial instruments and other provisions | 2.9 | - |
| Employee benefit expense | 3.3 | 2.6 |
| Depreciation and amortization expense | 0.1 | 0.1 |
| Other expenses | 1.8 | 0.7 |
| Total Expenses | 22.1 | 8.9 |
| Profit before Tax | 14.9 | 12.8 |
| Tax expense | 3.4 | 3.3 |
| Normalized Profits | 11.5 | 9.5 |
| Provision and write-off related to Covid-19 and others | 2.7 | - |
| Exceptional Deferred Tax Adjustment | - | - |
| Net Profit (as reported) | 8.8 | 9.5 |

| Q3 FY21 | Q3 FY20 | Q2 FY21 |
|-------------|------------|-------------|
| | | |
| 13.9 | 7.3 | 10.4 |
| - | - | - |
| 0.5 | 0.7 | 0.4 |
| 14.4 | 8.0 | 10.8 |
| 0.1 | - | 0.8 |
| 14.5 | 8.0 | 11.6 |
| | | |
| 6.3 | 2.0 | 3.8 |
| 2.6 | - | 0.2 |
| 1.2 | 0.9 | 1.0 |
| - | - | - |
| 0.4 | 0.4 | 1.3 |
| 10.5 | 3.3 | 6.3 |
| 4.0 | 4.7 | 5.3 |
| 0.6 | 1.2 | 1.4 |
| 3.4 | 3.5 | 3.9 |
| 2.7 | - | - |
| - | - | - |
| 0.7 | 3.5 | 3.9 |

Criss Financial – Q3 FY21 & Balance Sheet

| ASSETS (Rs crore) | Dec 31, 2020 | Mar 31, 2020 | Dec 31, 2019 |
|-----------------------------------|--------------|--------------|--------------|
| Financial Assets | | | |
| Cash and cash equivalents | 7.2 | 6.0 | 4.1 |
| Bank Balances | - | 0.4 | 0.4 |
| Loan Portfolio | 255.7 | 167.9 | 130.7 |
| Other financial assets | 0.1 | 9.0 | 3.9 |
| Total Financial Assets | 263.0 | 183.3 | 139.1 |
| Non-Financial Assets | | | |
| Current tax assets (net) | 0.4 | 0.4 | - |
| Deferred tax assets (net) | 0.6 | 0.2 | 0.1 |
| Property, Plant and Equipment | 0.1 | 0.1 | 0.1 |
| Intangible assets | - | 0.0 | 0.1 |
| Other non-financial assets | 0.9 | 1.1 | 1.1 |
| Total Non-Financial Assets | 2.0 | 1.8 | 1.4 |
| Total Assets | 265.0 | 185.1 | 140.5 |

| LIABILITIES & EQUITY (Rs crore) | Dec 31, 2020 | Mar 31, 2020 | Dec 31, 2019 |
|--|--------------|--------------|--------------|
| Financial Liabilities | | | |
| Borrowings | 182.0 | 113.4 | 73.8 |
| Subordinated Liabilities | - | 0.2 | 0.2 |
| Other Financial liabilities | 6.2 | 1.6 | 4.4 |
| Total Financial Liabilities | 188.2 | 115.1 | 78.3 |
| Non-Financial Liabilities | | | |
| Current Tax Liabilities (net) | 3.5 | 5.0 | 3.3 |
| Provisions | 0.1 | 0.1 | 0.1 |
| Other Non-Financial liabilities | 0.2 | 0.7 | 0.2 |
| Total Non-Financial Liabilities | 3.9 | 5.8 | 3.5 |
| Equity | | | |
| Equity Share Capital | 4.8 | 4.8 | 4.8 |
| Other Equity | 68.1 | 59.3 | 53.8 |
| Total Equity | 72.9 | 64.2 | 58.6 |
| Total Liabilities and Equity | 265.0 | 185.1 | 140.5 |

Overview of Abhiram Marketing

Overview

- Abhiram Marketing is a consumer goods retail company, incubated by Spandana's promoter – it is hence an associate company of Spandana
- It purchases various consumer durables goods such as rice cookers, lamps, mobile phones, white goods, etc from OEMs, for sale to customers in harder-to-reach geographies that are not reached by traditional retailers.

Standard Business Model in MFI Industry

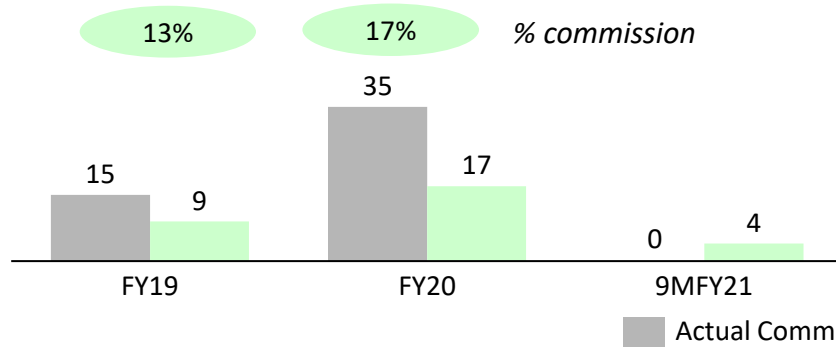
- Virtually all MFIs cross-sell consumer goods to their clients, as it provides them with access to products that significantly improve their lives – this is keeping with the industry's mission
- Besides offering loans to borrowers to buy these products, they also facilitate the supply of products via a third-party retailer, as such retailers do not have direct distribution available in the rural areas that MFIs operate in
- MFI's sale staff and branch spaces are used for this activity – such retailers hence pay MFIs a sales commission for this
- While there are various third-party retailers that do this with other MFIs, Spandana has chosen to do this through Abhiram, which provides better service / integration to our customers, at very competitive commission rates – **this is an enduring structural benefit for Spandana and its customers**
- Till March 2020, the sale of the consumer goods, and the loans taken by our customers against these, used to sit in Abhiram's balance sheet
- However, from FY21 onwards, these loans now sit on Spandana's own balance sheet, and only the sale of the goods remains in Abhiram's P&L

Insignificant Impact on Spandana's Opex due to Abhiram's Cost Sharing

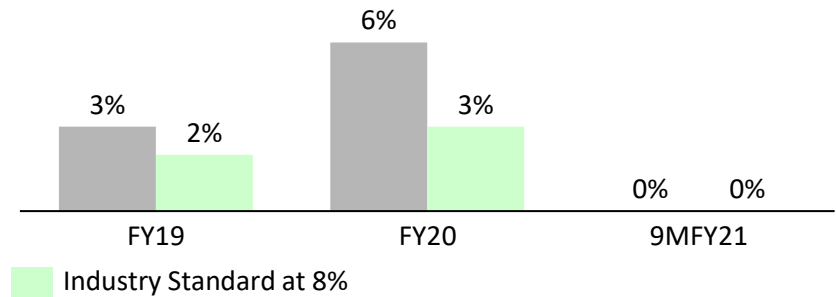
Fee Income

- Abhiram was incubated to help Spandana serve it's customers more effectively, and hence does not seek to maximize its own profits
- Like all third-party retailers, it pays its partnering MFI a sales commission – this is ~13% for Abhiram, vs ~8% for other players in the industry, which is a small structural advantage that Spandana enjoys
- However, the difference between these rates is 3%-6% of Spandana total PBT, no impact in 9M FY21

Actual Commission paid to SSFL vs. Industry Standard (Rs crore)



Actual Commission paid to SSFL vs. Industry Standard (as a % of SSFL's normalised PBT)



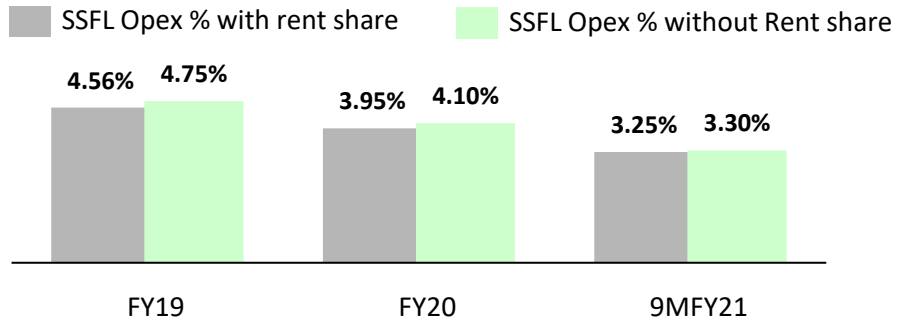
Cost Sharing

- Additionally, as Abhiram uses Spandana's branch network for storage of its goods, it also contributes to a small portion of their rental cost – sub 10 bps impact on Spandana's opex ratio in 9M FY21

Actual Rent paid by Abhiram to SSFL (Rs. crore)



SSFL's Opex with & without Abhiram Rent Sharing



Abhiram Marketing – Profit & Loss and Balance Sheet

- Abhiram is a relatively small entity, which enables Spandana to serve its borrowers more effectively, by providing them with access to consumer durables and similar products
- It does not have a substantial P&L or balance sheet of its own, and has a very limited impact on Spandana's own financials
- Abhiram's PAT in the last three years: FY19 – Rs 1.4 crore, FY20 – Rs 6 Lakh, 9M FY21 – Rs (2.1) crore

Abhiram – Q3 & 9M FY21 Profit & Loss Statement

| Particulars (Rs crore) | 9M FY21 | FY20 | FY19 |
|--------------------------|--------------|-------------|-------------|
| Total Revenue | 69.0 | 250.1 | 131.4 |
| Cost of Goods Sold | 49.8 | 179.5 | 91.6 |
| Gross Profit | 19.2 | 70.6 | 39.8 |
| Gross Margin (%) | 28% | 28% | 30% |
| EBITDA | 16.0 | 16.0 | 8.5 |
| EBITDA Margin (%) | 23% | 6% | 6% |
| Profit After Tax | (2.5) | 0.1 | 1.4 |

Abhiram – 9M FY21 & FY20 Balance Sheet

| Assets | | | |
|----------------------------------|--------------|--------------|-------------|
| Particulars (Rs crore) | Dec,31 2020 | Mar,31 2020 | Mar,31 2019 |
| Non- Current Assets | | | |
| Other Non-Current Assets | 6.5 | 69.2 | 1.5 |
| Total Non- Current Assets | 6.5 | 69.2 | 1.5 |
| Current Assets | | | |
| Trade Receivables | 82.5 | 97.4 | 44.5 |
| Inventory | 7.0 | 31.5 | 10.7 |
| Other Current Assets | 7.1 | 13.2 | 2.8 |
| Cash & Bank Balance | 2.9 | 0.2 | 5.3 |
| Total Current Assets | 99.5 | 142.3 | 63.3 |
| Total Assets | 106.0 | 211.5 | 64.8 |

| Equity and Liabilities | | | |
|----------------------------------|--------------|--------------|-------------|
| Particulars (Rs crore) | Dec,31 2020 | Mar,31 2020 | Mar,31 2019 |
| Equity | | | |
| Shareholders Equity | 1.8 | 1.8 | 1.8 |
| Reserves and Surplus | 0.7 | 3.2 | 3.1 |
| Networth | 2.5 | 5.0 | 4.9 |
| Current Liabilities | | | |
| Borrowings | 99.9 | 165.0 | 49.5 |
| Trade Payables | 0.6 | 3.7 | 2.0 |
| Other Liabilities | 3.0 | 37.8 | 8.4 |
| Total Current Liabilities | 103.5 | 206.5 | 59.9 |
| Total Liabilities | 106.0 | 211.5 | 64.8 |

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| 1 | Business Update |
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| 6 | Strong Management Team & Risk Management Processes |
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Strong Top Management Team with Cross-Cycle Experience



PADMAJA REDDY
Managing Director

Padmaja is the Promoter and Managing Director. She has an overall experience of 24 years in the 'social development' and 'microfinance' industry. She founded 'Spandana' in 1998 and promoted the Company in 2003. Under her able leadership, the company has witnessed immense growth and scaled new heights. She holds a master's degree in Business Administration and has pursued trainings on Microfinance from Naropa University, Durham University Business School and Harvard Business School.



SATISH KOTTAKOTA
Chief Financial Officer

Satish has been associated with 'SSFL' since June 2020. He has 24+ years of experience in the BFSI and Healthcare sector. He has previously worked with organizations like ICICI Bank, HSBC, Apollo Health Sheet and CallHealth. He holds a bachelor's degree from Andhra University, and master's degree from INSEAD. He is also a Chartered Accountant.



SHARMILA KUNGUMA
Chief Risk Officer

Sharmila has been associated with 'SSFL' 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.



ABDUL FEROUZ KHAN
Chief Strategy Officer

Feroz has been associated with SSFL since 2008 in various roles of Finance, IT, Operations etc., He played a vital role in CDR exit and IPO. He leads Spandana's digital transformation. Prior to Spandana, he was associated with Aditya Birla Sun life Insurance. He holds MBA from ICFAI



NAVEEN RAO ALURI
SVP & Business Head – West

Naveen has been associated with 'SSFL' since June 2010 in the sales and collections vertical. He holds a bachelor's degree from Dnyanopasak College and a masters degree from Sambalpur University.



AMIT RANJAN BISWAL
Chief Business Officer

Amit had previously worked with 'SSFL' 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.



GOKULA NANDA MOHANTY
SVP & Business Head - East

Gokula has been associated with 'SSFL' in various sales and collection roles since May 2013. He holds a bachelor's degree from Dnyanopasak College and masters from Geetam University.



AMIT RAJ
SVP & Business Head - Central

Amit has been associated with 'SSFL' since June 2020. Previously, he was Zonal Manager of L&T Financial Services, responsible for the zone's micro loan business. He has 16+ years of experience across micro-finance (Arohan & Bharat Financial) and leading life insurance companies. He holds a bachelor's degree in science from St Xavier's College and master's degree from APJ Abdul Kalam Technical University.



DINESH SHENNOY
SVP & Business Head - South

Dinesh has been associated with 'SSFL' since October 2019. Prior to this, he worked as Head of Sales & Distribution of Karnataka Region at Vodafone. In the past, he has also worked with Reliance Infocom and PepsiCo India. He holds a bachelors degree of arts from Mangalore University.



RAMESH PERIYASAMY
Company Secretary & Compliance Officer

Ramesh Periasamy 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

MADHUSUDHAN KESIRAJU
SVP - Head of Finance

Madhusudhan re-joined 'SSFL' in September 2019. He had previously worked with the company in 2014-15. He has ~25 years of experience across organizations like Grameen Financial Services, K12 Techno Service, and CAPWDI. He is a Chartered Accountant and holds an MBA from Institute of Marketing & Management.

Experienced Second Layer of Management



RAVI KUMAR KUKKAMALLA
VP - Business Head of Andhra Pradesh

Ravi has been associated with 'SSFL' since last 17 years in various sales and collections. He holds a bachelor's degree from Ambedkar University.



GOBIND PRASAD MOHANTY
VP & Business Head of Jharkhand & West Bengal

Gobind has been associated with 'SSFL' since last 10 years in various sales and collection roles. He holds a bachelor's degree from Dnyanopasak College and masters from Sambalpur University.



OMKAR NAMDEV
VP & Business Head of Chhattisgarh

Omkar has been associated with 'SSFL' since last 16 years in the sales and collections vertical.. He holds a bachelor's degree from Dr Hari Singh Gaur University



BASAVARAJA PARAMESHWARAPPA
VP & Business Head of Karnataka

Basavaraj has been associated with 'SSFL' since last 10 years in the sales and collections vertical. He holds a bachelor's degree from Dnyanopasak College and masters from Sambalpur University.



ANKIT KUMAR TYAGI
VP & Business Head of Madhya Pradesh

Ankit re-joined 'SSFL' in December 2020. He had earlier worked with the company from 2010-13. He has 10 years of experience across ICICI Prudential Life Insurance, Vodafone Idea, Grameen Financial Services, K12 Techno Service and CAPWDI. He holds a masters degree from Symbiosis Institute of International Business.



ANUPAM JAIN
VP & Business Head of Madhya Pradesh

Anupam has been associated with 'SSFL' since February 2020. He has 24 years of experience in the sales and collections vertical. He was associated with Tata Group of Companies for 20 years. He holds a bachelor's degree from Devi Ahilya University.



NIKHIL SHARMA
VP & Business Head – Rajasthan & Haryana

Nikhil has been associated with 'SSFL' since July 2020. He has 9 years of experience in Financial Services and Insurance sectors. He holds a bachelors and master's degree from Maharishi Dayanand Saraswati University.



VIKRAM KUMAR
VP & Business Head of Orissa

Vikram has been associated with 'SSFL' since July 2020. He has 15 years of experience in Sales and Business Development across Vodafone India, Reliance Communication and Nestle India. He holds a bachelor's degree from Bhupendra Narayan Mandal University and masters from FMS - IRM.



RAVI KUMAR RANJAN
VP & Business Head of Bihar and UP

Ravi has been associated with 'SSFL' since October 2020. He has spent ~11 years in Sales and Business development across L&T Finance, Bharti Airtel, EKO India Financial Services, and Tata AIG. He holds a bachelor's degree from Sikkim Manipal University and Diploma from Apeejay School of Management.



ANUP MC
VP & Business Head of Karnataka

Anup has been associated with 'SSFL' since February 2021. He has an overall experience of 24 years and was previously associated with organizations such as Gilly's Bengaluru-Dubai, Reliance Communications Ltd, Vodafone South Ltd, and Zip Telecom Ltd.



ANUP MATHEW
VP & Business Head of Kerala & Karnataka

Anup has been associated with 'SSFL' since February 2021. He holds a bachelor's degree from Calicut university and PG diploma from Kerala press academy. He has an overall experience of 21 years in Sales and Business Development and has previously worked with organizations such as Idea cellular & Vodafone Idea Ltd .



SUNIL KUMAR RANA
VP & Business head of Odisha

Sunil has been associated with 'SSFL' since January 2021. He holds a bachelor's degree from Utkal university and masters from Periyar university. He has an overall experience of 15 years and has previously worked with organizations like L&T Financial Services, Indusind Bank Ltd, Yes Bank, HDFC Bank Ltd, and Kotak Mahindra Bank Ltd.



AMARNATH RAJU
VP & Business Head of Telangana

Amarnath has been associated with 'SSFL' since January 2021. He holds a bachelor's degree and masters degree from Osmania University . He has an overall experience of 17 years in Sales and Business development and was associated with organizations such as Airtel Payments Bank Ltd, Reliance Communication and Water health India.



ADITYA KUMAR GV
VP – Investor Relations

Aditya re-joined 'SSFL' in October 2020. His prior stint in the Company was from 2017-19. He has 8 years of experience and was previously associated with organizations such as Noon.com (Dubai) heading Treasury & Insurance, Cue Learn, and Sanmar Group. He is a Chartered Accountant and Company Secretary.



ANUP AGARWAL
VP – Accounts & Taxation

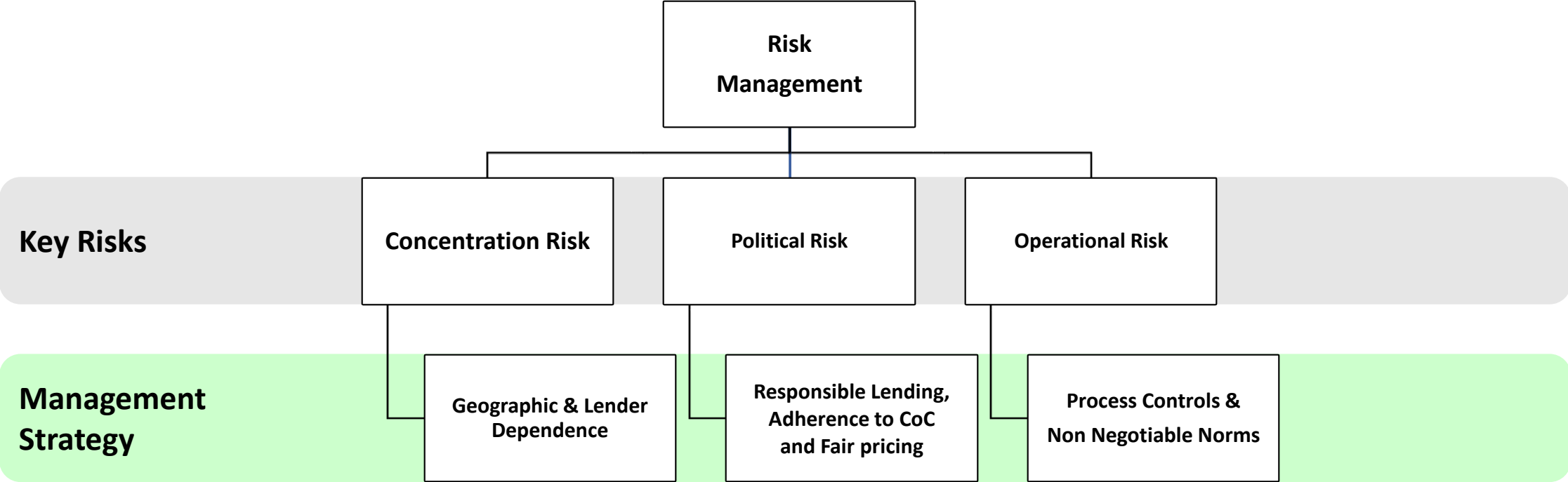
Anup has been associated with 'SSFL' since December 2020. He has 9+ years of experience across KPMG and Walker Chandio & Co LLP. Previously, he was Associate Director at KPMG, overlooking financial reporting and budgeting for various clients. He holds a bachelor's degree in commerce from Osmania University and is a Chartered Accountant.



DINESH REDDY
VP – Treasury

Dinesh has been associated with 'SSFL' since December 2020. He is a qualified ACCA (UK), with Masters in International Accounting, MBA (Finance). He joins Spandana with 11+ years of across in managing accounting functions, consulting.

Strong Risk Management DNA



Key Focus Areas

- Portfolio caps based on net worth and on overall Outstanding at State, District and Branch level
- Disbursement Cap at State, District and Branch level
- Borrowing Dependence caps

- Continue to remain rural focused
- Robust Customer grievance redressal
- Avoidance of over-indebtedness and multiple borrowing
- Establishing appropriate collection practices

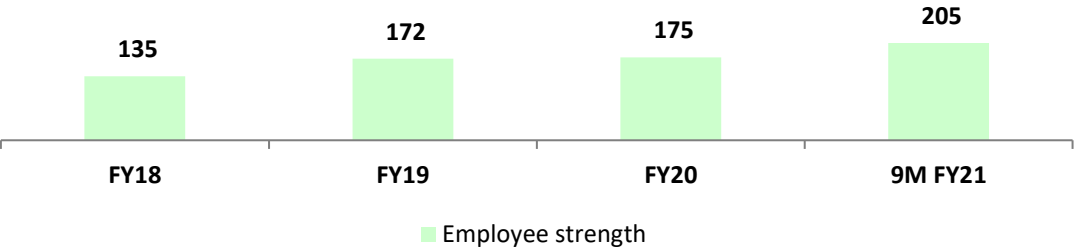
- Product and process design
- Real-time Portfolio Scrub
- Cap on loans disbursed
- Borrowers cap per loan officer
- Strict employee transfer policy
- Zero cash balance permitted at branches at end of every day

Robust Internal Audit & FICM Functions

Exhaustive Scope for Internal Audit...

| Internal Audit Scope | Process Followed |
|----------------------------|--|
| General Audit | <ul style="list-style-type: none">Internal audit manager produces a monthly audit plan of branches. 3 days of audit per branch based on the ICQ (internal control questionnaire)Confidential document, submitted to the board |
| Closing Cash Verification | <ul style="list-style-type: none">Regular monitoring of branches facing high cash collections. Daily reconciliation of bank statements and physical and FIMO denomination |
| Portfolio Verification | <ul style="list-style-type: none">Physical meeting with the borrower by an independent EIA |
| Trigger based verification | <ul style="list-style-type: none">Triggers raised by the operational team are verified by the internal audit team |
| Fraud verification | <ul style="list-style-type: none">Escalation matrix defined for fraud reportingRegular monitoring of branches with history of any dubious previous transaction |

..With a Significantly augmented team for higher internal audit coverage



- Internal Audit Frequency of Audit is determined on Audit rating of the branch during the last Audit.**
- Platinum and Gold graded Branches are audited once in a quarter
 - Silver graded Branches are audited once in two months
 - Bronze graded Branches are audited once in a month
 - 85%+ coverage of branches in Q3 FY21
-
- Strengthened the team size with 205 Internal auditors as on Dec'20
 - 1 Internal Auditor for every 5 branches
 - 80 Members dedicated team for Crisis Mgt
-
- BDO is the external Internal Auditor

Technology Leveraged for Superior Efficiency and Control

finS : In-house Developed CRM/ERP Application



Smart and User friendly Web based ERP system



Highly Capable and robust infrastructure to carry out millions of transactions



Automated reports for analysis and planning business activities in a matter of clicks



Control mechanism to limit transactions beyond allowed limits with real time reconciliation



Algorithm that restrict errors and fraud



A Complete IT solution catering to all functions

Efficiency

- ✓ Enables real-time paper-less processing of all loans, providing our borrowers with industry-leading TATs
- ✓ System / process design also leads to more efficiency for branch staff – enabling us to have a lower operating cost
- ✓ For examples, no data entry is done at branches KYC docs are all scanned, and then processed by the system + a central data team

Data & Analytics

- ✓ System provides real-time borrower-level information (not just group level), which enables sophisticated data analytics to be used

Control

- ✓ Disbursements and collections plans entirely system-controlled – removing risk of errors / frauds in field
- ✓ Enables corporate tactical decisions to be transmitted to the field instantly

| | |
|---|-----------------|
| 1 | Business Update |
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| 2 | Key Operating Metrics |
|---|-----------------------|

| | |
|---|-----------------------|
| 3 | Key Financial Metrics |
|---|-----------------------|

| | |
|---|-------------------|
| 4 | Borrowing Profile |
|---|-------------------|

| | |
|---|--|
| 5 | Overview of Criss Financial (Subsidiary) & Abhiram (Associate Co.) |
|---|--|

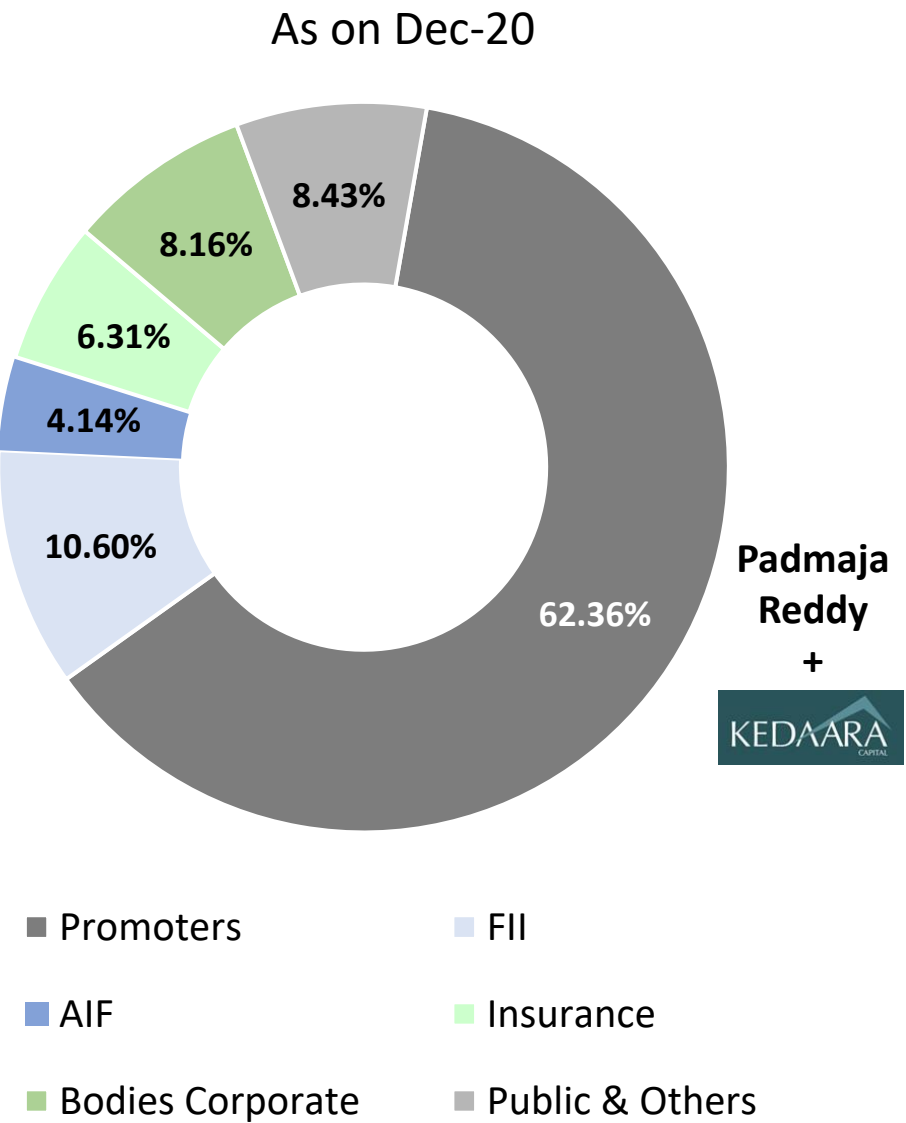
| | |
|---|--|
| 6 | Strong Management Team & Risk Management Processes |
|---|--|

| | |
|---|----------|
| 7 | Annexure |
|---|----------|

Products

| Product Name | Purpose | Interest Rate (%) | Tenor | Ticket Size (Rs.) |
|---------------------------------|--|-------------------|-----------------|-----------------------|
| Core Product: 98% of AUM | | | | |
| 95.4% Abhilasha / Chetana | <ul style="list-style-type: none">These unique loan products are designed especially for low-income households who aspire to improve their financial well-beingThe 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 | 20.98% | 12 to 30 Months | 25,000 to 80,000 |
| 2.6% Interim Loans | <ul style="list-style-type: none">Loans given only to existing borrowers to meet their interim and emergency requirements | 20.98% | 12 to 24 Months | 10,000 to 20,000 |
| Other Products: 2% of AUM | | | | |
| Loan Against Property (LAP) | <ul style="list-style-type: none">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) | 22% to 26% | 3 to 7 Years | 3,00,000 to 50,00,000 |
| Business Loans / Personal Loans | <ul style="list-style-type: none">Offered to Clients to expand their existing income generating activities | 22% to 26% | 12 to 36 Months | 50,000 to 2,00,000 |
| Gold - Keertana Loans | <ul style="list-style-type: none">Offered in the states of Andhra Pradesh and Telangana for Agriculture, Business and short-term liquidity needs | 16% to 27% | 1 to 12 Months | 1,000 to 10,00,000 |
| Consumer Loans | <ul style="list-style-type: none">Offered to finance the purchase of consumer products | 20.98% | 6 to 24 Months | 1,000 to 16,000 |

Shareholding Pattern



| Non-Promoter Investor Details | % Holding |
|----------------------------------|-----------|
| Valiant Mauritius Partners* | 7.31% |
| ICICI Prudential Life Insurance | 4.75% |
| JM Financial India Trust | 2.51% |
| Bajaj Allianz Life Insurance | 1.56% |
| Edelweiss Alternative Investment | 1.25% |
| Goldman Sachs India | 1.18% |
| Helion Venture Partners | 1.01% |

* Through Various Funds

Experienced Board of Directors



Deepak Calian Vaidya | Chairman & Independent Director
A fellow of ICA in England and Wales since 1979. Served as a BoD of Capricorn Securities, Arc Advisory Services, Apollo Gleneagles Hospital, Bombay Oxygen Investments, UTI Capital, etc.



Ms. G Padmaja Reddy | Managing Director
She is a post-graduated in management; worked in an NGO and later in 1998, started 'Spandana'. She pursued various trainings on Microfinance – all CGAP modules on Microfinance, a course on Microfinance at Naropa University, Credit and Micro Enterprise Development Training from Durham University, U.K Market Research for Micro Finance at Uganda etc.



Jagadish Capoor | Independent Director
He has previously worked as the deputy governor of the RBI for more than four years. He also serves as a BoD of HDFC Securities, LIC Housing Finance, LIC Pension Fund, LIC HFL Trustee Company Private etc



Bharat Dhirajlal Shah | Independent Director
He is the Chairman of HDFC Securities. He is the co-founder of HDFC Bank, and he joined the bank in 1994 as an Executive Director on its board. He has held several lead roles at the bank for 12 years. He serves on the board of various companies including 3M India, Exide Industries etc.



Abanti Mitra | Independent Director
She 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.



Ramachandra Kasargod Kamath | Nominee Director
He 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.



Sunish Sharma | Nominee Director, Kedaara Capital
He is the Managing Partner and co-founder of Kedaara Capital. Previously, he was a MD at General Atlantic, where he worked for 8 years. He worked at McKinsey & Co. for over six years. He has extensive private equity investment experience. He has an MBA from IIM-Calcutta and is a qualified cost accountant from ICWAI.



Kartikeya Dhruv Kaji | Nominee Director, Kedaara Capital
He 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.



Amit Sobti | Nominee Director, Kedaara Capital
He is currently a Director with the Private Capital division at Ontario Teachers' Pension Plan (Asia) in Hong Kong and has over 20 years of experience in private equity and investment banking including over two years with Unitas Capital, nine years with Warburg Pincus LLC, and two years with Rhone Group LLC.

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, Divisional and Zonal offices (only branches & corporate office)



Processes

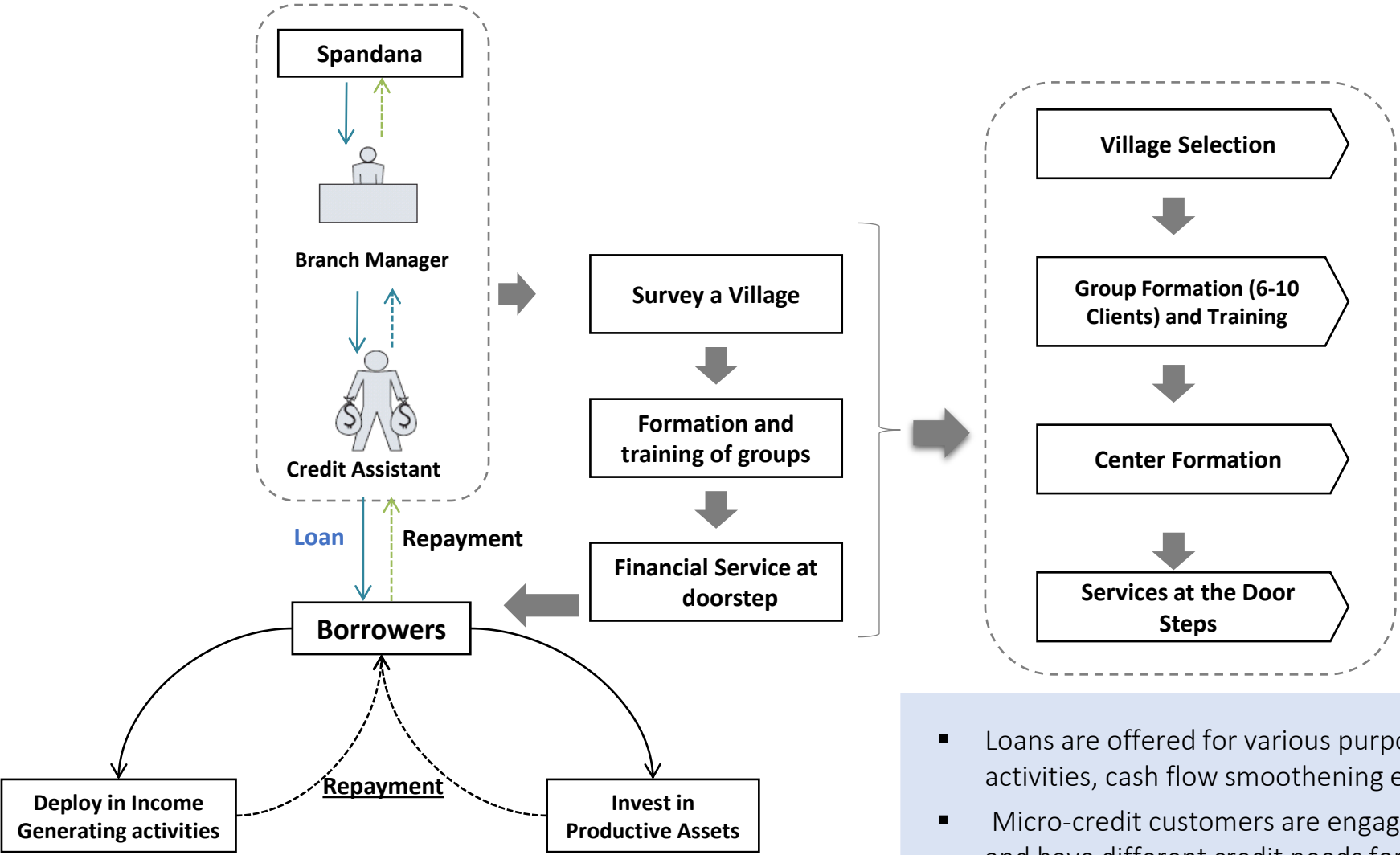
- Standardized systems and a front-end interface that gives real time information on demand and collections
- Checks and controls built on the system have been automated with minimal human intervention
- Timely disbursement of loan to all in the group at one-go
- Disbursement norms are also calibrated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

‘Spandana’ – A People Focused Organization: CSR Initiatives

‘Spandana’ is undertaking various CSR initiatives to promote better livelihood and quality of life for economically weaker section of people living in its areas of business presence. A brief overview of the major CSR activities has been given below:

Providing Free Tailoring Training to Household Women and Girls



Distribution of ‘solar lights & cycles’ in 11 states (AP, Bihar, Gujarat, Karnataka, Maharashtra & Others) to improve living standards & productivity



Relief activities for Godavari flood victims in Kerala & Andhra Pradesh



Promoting Kitchen Gardening by distributing free samples of seed mix - Coriander, Tomato, Spinach & Bhindi seeds in Hyderabad zone



Awards & Accolades

NewsX - Excellence in Entrepreneurship

NewsX placed Mrs Padmaja Reddy in India's A-List for Excellence in Entrepreneurship

AIWMI - India's top 100 Women in Finance

AIWMI placed Mrs Padmaja Reddy in India's top 100 Women in Finance 2020

The Economic Times

The Economic Times recognizes Mrs Padmaja Reddy as one of the Promising Entrepreneurs of India

Next Fortune 500 List

Spandana is placed in next Fortune 500 list published by Fortune India

Inclusion in MSCI Small Cap Index

Morgan Stanley Capital International has placed Spandana in their India Domestic Small Cap Index

Company of the year in Financial Services

Dare to Dream Awards presented By Zee Business in association with SAP- 2019

Chief Strategy Officers Summit by Morpheus

Strategy Leader of the year - 2019

CII Entrepreneur Awards

Best Entrepreneur Award - 2019

Herald Global and BARC Asia

Most Admired Leader of Asia 2018

CMO Asia, Singapore

Women Leadership Award for Excellence in Banking & Finance, 2018

APS Research & Media, National ICON Awards, New Delhi

The Most Trusted Micro Financial Company of the Year 2018

International Achievers Conference, Thailand

Outstanding Achievement Award for Excellence in Banking & Finance

The Golden Star Awards, Delhi

The Best Micro Finance Company of the Year

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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THANK YOU

