



Ref: SSFL/Stock Exchange/2022-23/18

Date: May 30, 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  
Bandra Kurla Complex, Bandra (E)  
Mumbai - 400051  
**Symbol: SPANDANA**

**Sub: Disclosure of reasons for delay in submission of financial results under regulation 33 and 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations")**

**Ref: Circular no. CIR/CFD/CMD-1/142/2018 dated November 19, 2018 issued by the Securities and Exchange Board of India ("SEBI Circular")**

Dear Sir/ Ma'am,

In terms of Regulation 33 and 52 of the LODR Regulations, Spandana Sphoorty Financial Limited ("**the Company/ We**"), is required to submit annual audited financial results for the financial year ended on March 31, 2022 to the stock exchanges within 60 days from the closure of the aforesaid year, i.e. by May 30, 2022. However, the Company is not in a position to submit the aforesaid results within the prescribed time period.

The Company is nearing an in-principle settlement with its erstwhile Managing Director to amicably resolve all differences, that will include a reconciliation of all historical matters. These will be verified and validated as part of the full-year accounts finalization procedures. Unfortunately, this process will take some time to complete, and can only be done post the conclusion of the aforementioned settlement.

Hence due the situation explained above, we regret to bring to your kind attention that there will be an unavoidable delay in submission of annual audited financial results for the financial year ended March 31, 2022. While we will endeavor to declare the results at the earliest, the same will be submitted no later than June 30, 2022.

Please find enclosed herewith the press release on the business update and provisional financial results for the quarter ended March 31, 2022.

Kindly take the above on your records.

Thank you.

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

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



Press Release

**Spandana Sphoorty provides key business updates, including provisional financial results for Q4-FY2022, and management transition settlement**

**Mumbai, May 30, 2022:** Spandana Sphoorty Financial Limited's (NSE: SPANDANA; BOM: 542759, "Company"), Board of Directors met today, and discussed matters pertaining to the Company's financial performance and a settlement agreement in connection with its management transition.

Continued Organizational Development:

Spandana's senior leadership transition is complete, with significant progress on organization augmentation. Managing Director & CEO, Shalabh Saxena, and President & CFO, Ashish Damani, have been on-board since March 19, 2022, bringing with them a strong track record of success in the microfinance industry. New CTO, Vinoth Sivam, on board since January, has spearheaded the initiatives to build a robust new IT architecture with a focus on digitalisation and automation. The new leadership team is working cohesively with incumbent team, including the tenured CBO Amit Biswal and are committed to drive the Company towards next stage of growth. Efforts are underway to further augment bandwidth at senior and middle management selectively.

Unaudited Financial Results:

Spandana continued to demonstrate healthy operating performance, with provisional unaudited consolidated profit after tax of approximately Rs. 30 crores for the quarter ended March'22.

The focus of the new management has been to consolidate, strengthen and scale up business to ensure quality growth. Spandana's consolidated disbursement was Rs. 864 crores in the month of March'22 alone, which was in-line with pre-Covid levels. The total disbursement for Q4 FY22 was Rs. 1,385 crores, demonstrating the scalability of the new IT system.

In addition to disbursement-led growth, the management is focussed on maintaining a healthy collection efficiency and strong asset quality. Consolidated total AUM as of March'22 was approximately Rs. 6,533 crores. About 44% of the on-book AuM was generated through new disbursements in FY22 and has a collection efficiency of ~107% and ~110% in quarter ended March'22 and for the month of March'22 respectively.

The total non-restructured (on book) portfolio is Rs. 5,046 crores. Collection efficiency (including arrears) for this portfolio was ~100% for quarter ended Mar'22 and ~107% for the month of Mar'22, respectively. Only 15% of the on-book AuM (Rs. 994 crores) is the restructured book, wherein no moratorium was given to the customers in order to be conservative. Since microfinance customers need time to regularize their income cycles, this book took some time to regularize. Collection efficiency of this book was ~64% for the quarter ended March'22 and ~74% for the month of March '22 alone.



The company is carrying total balance sheet provisions of approximately Rs. 621 crores (equivalent to ~10.3% of the on-book portfolio), which is sufficient to cover any potential risk.

The Company has a strong liquidity position with approximately Rs. 900 crores of cash on hand as on-date, with strong free cash flow generation profile of approximately Rs. 150 crores per month (pre-disbursements). The company has a net worth of about Rs. 3,000 crores (supported by a recent Rs. 300 primary infusion by the Company's leading shareholders), equating to a strong capital adequacy of 50%+, thus providing a robust base for future growth.

Based on the above performance, the Company has generated consolidated profit after tax of approximately Rs. 30 crores for Q4 FY 22, on a provisional basis, net of all credit provisions and write-offs for the period.

#### Management Transition Settlement and Audited Financial Results:

The Company is in the final stages of concluding an in-principle agreement with the promoter and erstwhile MD of the Company to amicably resolve all differences. Definitive documentation is in the process of being executed in upcoming weeks. This settlement will include a reconciliation of all historical matters, which will be verified and validated as part of the finalization procedures for the full-year accounts.

Hence, in view of the above, the Company proposes to delay the announcement of its annual audited financial results. While the Company will endeavour to release these as soon as possible, in any event, these will be declared no later than June 30, 2022. The Company expects these results to be largely in line with its unaudited figures.

Spandana's board and the leadership team remain committed to grow the company and take it to greater heights, assuring trust and confidence for all its stakeholders.

#### **About Spandana Sphoorty:**

Spandana Sphoorty Financial Ltd. is a rural-focused non-banking financial company and a microfinance lender (NBFC-MFI) with a geographically diversified presence in India. The company offers income generating loans under the joint liability group (JLG) model, predominantly to women from low-income households in rural areas. Spandana was started as an NGO in 1998 in Guntur, which later converted to an NBFC in 2004. In 2015, it transformed into an NBFC-MFI, licensed by the Reserve Bank of India, and is the second-largest microfinance company in India today.

#### **Media Contact:**

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