



Ref: SSFL/Stock Exchange/2025-26/062

August 21, 2025

To  
BSE Limited,  
Department of Corporate Services  
P. J. Towers, 25<sup>th</sup> Floor,  
Dalal Street,  
Mumbai – 400001

To  
National Stock Exchange of India Limited,  
Listing Department  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400051

Scrip Code: 542759

Symbol: SPANDANA

Dear Sir/Madam,

**Subject: Transcript of conference call held on Thursday, August 14, 2025.**

**Ref: Company letter No.: SSFL/Stock Exchange/2025-26/051 dated August 11, 2025.**

In furtherance to our above-mentioned letter, please find enclosed herewith a transcript of the conference call held on Thursday, August 14, 2025, to discuss the financial and operational performance of the Company for Q1 FY26.

The aforesaid information shall also be made available on the website of the Company at [www.spandanasphoorty.com](http://www.spandanasphoorty.com).

Kindly take the above on record.

Thanking you.

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

**Vinay Prakash Tripathi**  
Company Secretary

*Encl: As Above*

**Spandana Sphoorty Financial Limited**

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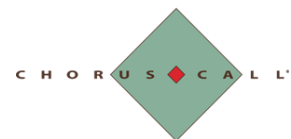
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“Spandana Sphoorty Financial Limited  
Q1 FY '26 Earnings Conference Call”

August 14, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on August 14, 2025, will prevail.”



**MANAGEMENT: MR. ASHISH DAMANI – INTERIM CHIEF EXECUTIVE  
OFFICER, PRESIDENT AND CHIEF FINANCIAL OFFICER  
– SPANDANA SPHOORTY FINANCIAL LIMITED**



**Moderator:** Ladies and gentlemen, good day, and welcome to the Spandana Sphoorty Financial Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashish Damani, Interim CEO, CFO and President. Thank you, and over to you, sir.

**Ashish Damani:** Thank you for joining in this evening with us for this call. Let me take this opportunity to wish you in advance a very happy 79th Independence Day. Our apologies, I think for some technical challenges, the presentation would have just got uploaded a few minutes back. So I'm not sure if everybody got a chance to go through the presentation in detail. In any case, I would try to cover all the highlights from the presentation in my opening remarks.

As you all know, we have announced in the last results, in fact, in Q3 results that we would like to go for capital raise, which was confidence capital that we talked about. Post the announcement, we have set the capital raise process in motion, and I'm pleased to announce that we have successfully closed the INR 400 crore rights issue on 11th of August 2025.

The issue saw full participation from the promoters, and there was a slight increment from the institutional investors as well. We had seen good participation coming in from retail investors as well. This equity will strengthen Spandana's capital structure and the CRAR has now improved to 46% on a consol basis from 40.8%, which is what we had at end of June.

We've been maintaining a conservative posture with regard to liquidity, given that there have been a challenging external operating environment over the past few quarters. And you would have noticed that we've been maintaining a very healthy liquidity to address this concern.

We had INR 1,731 crores of liquidity at the end of June '25, and we continue to maintain sufficient headroom on this aspect. Microfinance industry is very gradually moving towards stability.. You would have also checked, I mean, if you had a chance, that our x bucket collection efficiency, while it dipped slightly in April and May, it reverted back to 98% in June and improved further to 98.5% in July.

We have implemented stricter guardrails 2.0 credit rules from January 2025, while I think some of the peers would have taken up this starting April 2025. Spandana's approach has been very selective about lending to the customers. The new loans disbursed post January 2025 or since April have been performing extremely well, owing to this conservatism that we have built into the business.

In terms of numbers, the current book for whatever was disbursed since January in the last financial year was at 95.6%, whereas if you look at the current year disbursements, it is trending at around 100% in terms of current book. We are taking a number of steps to strengthen our processes, and we are also taking a number of steps towards improving collections from the

overdue buckets. We have been maintaining more than 500 strong dedicated collection team, which is engaged with the customers to recover overdue amounts.

You will notice in the presentation that we have collected INR 41 crores in the current quarter as well compared to INR 52 crores in Q4FY25 from the overdue buckets. We have also initiated efforts focused on engaging with the customers through telecalling, engaging them by sending SMS with digital links so that they can make payments directly. Typically, the customers who do not engage are migrated, and that is where these SMS with the payment links are very useful and helpful. We have started sending this on a regular interval basis.

In addition, we are also initiating some legal actions by like sending notices or by filing Lok Adalat wherever necessary. There have been some encouraging movement that we have seen post these actions. So while recovery efforts are going on in the field, our teams are also working hard to bring in product, process and technology level changes to ensure stronger controls with regard to underwriting of new loans.

We have done multiple enhancements in the customer journey, including introduction of liveliness checks at various stages, compulsory house visits, which are now corroborated with technology in terms of validation and through geotagging.

We are also doing welcome calling to ensure that the customer is aware. We have introduced e-signing to improve the entire documentation process around the loans. We have also made some changes in our SOP like accepting bank statements that are at least 90 days in operation, increasing cooling off period between 2 loan products, doing upfront CB checks to enable faster processing of loans.

All these changes, we believe, will help us not just simplify processes, but also to increase customer convenience, while at the same time, ensure quality onboarding and underwriting. Our data analytic efforts are also focused on identifying pool of existing customers to extend loans to. Regular update in the system is being done to drive focused approach at a field officer level in terms of engaging with customers who are eligible for further loans.

We have disclosed in our presentation about 50% of our existing customers and some dormant customers are eligible for fresh loans as per our stricter internal lending norms. About 85% of these identified customers have less than INR 1 lakh as credit exposure, while 65% of them also have a vintage of over 2 years with us, thereby providing us with a sufficient right to play and build a strong, long-lasting relationship with them.

Let me move on to the regular business update and cover some numbers for you. As explained earlier, our efforts during the quarter were directed towards improving systems process with a focus on efficiencies and better credit underwriting. Our disbursement for the quarter, thereby was trending low at INR 280 crores.

However, with key parts of our planned systems and processes improvements in place, we are confident and we have also started seeing increase in the pace of disbursements with July number

alone recording disbursements of INR 265 crores against the INR 280 crores disbursed in the entire quarter of Q1.

AUM at the end of Q1 was at INR 4,958 crores, a drop of 27% quarter-on-quarter. As you all understand, AUM is an outcome of disbursements, and we are confident once the operating environment stabilizes, and our systems are rolling, we will be able to grow a quality book very quickly.

Let me cover some highlights on the portfolio quality. You would have noticed that the environment has been stabilizing and top 5 states numbers have been provided in the presentation. You will notice that we are seeing an improving trend in the top 5 states for collection efficiency on the X bucket.

We continue to maintain our provisioning at 80%, which we believe is among the highest in the industry. GNPA stands at 5.49%, a decrease of 14 bps quarter-on-quarter. Stand-alone GNPA, however, was flat at 4.88%. Likewise, our NNPA for the quarter was at 1.15% a 4 bps decline over the March numbers.

Stand-alone NNPA was, , at 0.96%, which is flat. With a comfortable liquidity position of about INR 2,030 crores at the beginning of the quarter and a muted disbursements, our funding requirements were met through available liquidity during the quarter. And we had a very strong closing liquidity position of INR 1,731 crores.

Q1 FY '26 financial performance, let me just give you quick highlights around this. The net interest income for the quarter was INR 113 crores over INR 425 crores reported in Q1 of last year. NII was lower by 43% over the last quarter. The decline in NII was primarily due to the decline in AUM and the interest reversals that we have seen on account of flows. Our PPOP was negative INR 59 crores. However, with disbursements improving and continued rationalization in our operations on the cost side, we expect the PPOP to turn positive in the coming quarters.

Yield on the portfolio was lower at 19.4% for the quarter as against 20.7% in the previous quarter. The decline in the yield is primarily on account of the reversals again and should get corrected as the disbursements start picking up. The company reported a net loss of INR 360 crores for the quarter on account of higher provisions, additional credit cost of INR 131 crores recognized in Q1 FY '26 due to technical write-off.

Excluding this, the impairment cost would have been at INR 291 crores. We see FY '26 as a year of rebuilding. We are relooking at every system and process for improvements. While our disbursements were low during the quarter, the performance of the loans disbursed during this period with the new credit rules provide us with the confidence for the way forward.

While we'll continue to maintain a cautious stand, we are also aware of the need of our customers for the working capital and all these requirements shall be met as long as the customers comply with the credit rule engine that we have set out. With this, I'll close my opening remarks here and open the floor for questions.

- Moderator:** Thank you very much. Our first question comes from the line of Mahrukh Adajania from Nuvama. Please go ahead.
- Mahrukh Adajania:** I had a couple of questions. Firstly, that you've shown a slide of forward flows, a chart on forward flows. So they're still higher than April. When do you see the forward flows easing? And when do you see a return to profitability?
- Ashish Damani:** Hi, Mahrukh, thanks for the questions. So forward flows, yes, you're right. The forward flows for the GNPA bucket has been higher, which is at 85%. But if you look at what will drive this really is the flows from the top have to be curtailed. We have seen improvement in our current bucket and it stacks at about 98.5% in July. This will limit the flows into the 1 to 30 or subsequent buckets.
- Once you have a palatable number, I'm sure we will start seeing much better collection efficiencies in the subsequent buckets as well. Right now, it is a overwhelming number, which is stacking up in these buckets, and that's why the percentages which we can hold back or which we can reverse are hovering around that 30%.
- Mahrukh Adajania:** So this is likely to continue for, say, 1 to 2 quarters? Will it improve by the fourth quarter? What's your best assessment?
- Ashish Damani:** Yes. I think it will take one more quarter. But from third quarter onwards, we should see a better performance on all the buckets.
- Mahrukh Adajania:** So forward flows will ease in all buckets.
- Ashish Damani:** That's right.
- Mahrukh Adajania:** And what would be your disbursement target, if any, be for the full year? And if at all, you have an AUM growth guidance?
- Ashish Damani:** So we've talked about the AUM growth last quarter as well. We are looking at around 20% as a number for the full year growth. Having said that, the environment has been evolving. And we would like to be cautious while things are still evolving. However, existing customers, we will definitely meet their requirements, like we have explained in the presentation, 50% of the borrowers are eligible as we speak, even when we apply all the stricter norms on the credit rule. So we have sufficient play here to build the book. And I think we should be able to achieve this 20% growth number as guided.
- Moderator:** Our next question comes from the line of Sucrit Patil from Eyesight Fintrade Private Limited.
- Sucrit Patil:** I have a question to Mr. Damani. As Spandana scales in non-South markets and deepen the digital engagement, how are you thinking about evolving the operations model, possibly integrating alternate data, psychometric scoring or embedded fintech partnerships to underwrite

new borrower cohorts and reduce seasonality linked volatility? Is there a road map to build a more predictive pan-India credit engine beyond the traditional microfinance?

**Ashish Damani:**

Thanks, Sucrit for the question. We have done a lot of analysis internally, and we have worked with even the credit bureaus to understand if there is a suitable credit scoring model or credit scores, which can be used to do the underwriting. Unfortunately, the regression analysis kind of throws up no pattern as such. Even at the highest scores, you have a bad rate, which is very high. And there are new to credit customers who show actually much better performance.

So it's a mixed kind of analysis that we've been able to see. I think the right way to look at it is it has to be a combination of credit score and some of the other aspects which are nuanced to, let's say, the activity, geography, which will have to go into this. So not immediately, but in future, definitely, we will like to have a scoring model, which is in-house developed, taking into account all of these aspects.

**Moderator:**

Our next question comes from the line of Abhijit Tibrewal from Motilal Oswal.

**Abhijit Tibrewal:**

Ashish, I'm just trying to understand 2 things here. First things first, , while there are many players today in the MFI industry who have started to call out that operationally, the things have normalized, right? And what we are seeing today in those companies today is more, , the P&L pain from the last few quarters. which you also highlighted that the current bucket collection efficiency for the new disbursements are holding up well.

I remember in your opening remarks, you suggested almost 100%. So what I'm trying to understand is from -- I don't want to use the word legacy, but basically, what about the old book, which is there, For how many quarters in your assessment is the pain going to linger for us? And I remember a previous participant also asking you that in your internal assessment, when is it that we can start reporting a positive PPOP and a positive PAT?

**Ashish Damani:**

Yes. I think one more quarter is what we believe there will be a pain. If you look at our lending and this will hold true for most of the microfinance entities, the weighted average maturity of the loans will hover around for Spandana, it is presently at 6.7 because the disbursements have been low. But on a normalized basis also, it is never beyond 9.5, 10 months.

So technically speaking, any pain or any churn of the book should not take more than 4 quarters. And I think we are already down 3 quarters in the pain. So that way, for the churn to happen, it should not take more than a quarter from here is my understanding. And in terms of profitability, , one more quarter is what we see is pain, but thereafter, we should see better numbers for Spandana.

**Abhijit Tibrewal:**

Got it. And sir, I remember in your opening remarks again, you made a remark around FY '26 will be a year of rebuilding. And I remember speaking to you about this earlier that, very clearly, right, from that peak of close to INR 12,000 crores in AUM we've seen very sharp decline. So like you rightly said, second quarter, the AUM could come down further. But third quarter onwards, which is second half of this fiscal year onwards, we are expecting we'll start rebuilding.

When I say we'll start rebuilding. From there onwards, do you expect that at least Q-o-Q, we will start reporting a growth in AUM?

**Ashish Damani:** Growth in the AUM. Yes, yes. That's right.

**Abhijit Tibrewal:** That's right. And lastly, sir, earlier in the call, you said we are still guiding for a 20% AUM growth this year. That would essentially mean disbursements have to normalize and really accelerate in the second half for us to deliver a 20% growth in AUM. Is that how you are basically thinking about it?

And a subpart to this question where you said that maybe one more quarter of pain and third quarter onwards, things can start normalizing. So when we say start normalizing in a normalized scenario, what would credit costs be like? And sir, why I ask is today, when we speak to leaders like you, everyone has a different view on the MFI industry.

There are leaders who are saying that the JLG is not working, then there are leaders in the MFI industry who say that, "Hey, the JLG model is still very much working. It needs to be tweaked a little bit given how things are, given how borrowers are." So what is your assessment? And in this new normal, which in your assessment will start from third quarter, what could be likely credit costs?

**Ashish Damani:** Yes. So I can answer the credit cost question for a BAU basis. For the current year, it is still evolving. So I would not like to reflect on that. But on a BAU basis, the new normal for microfinance industry should be anywhere between 2.5% to 3% in terms of credit cost. That's the new normal. And the reason for this, Abhijit, is largely because the reality is somewhere in between.

While the joint liability has weakened, it is still something that needs to be used as a tool to have right operating cost and to have the right model in terms of servicing the large customer base, which microfinance kind of services. So things have evolved, changed over time. Things like digital collections have picked up. Even for Spandana, it is now trending at around 14% compared to what used to be more like 3% to 4%. So things are evolving and that's why I think 2.5%, 3% would be the new normal.

**Abhijit Tibrewal:** Got it. And sir, if I can just squeeze in one last question for franchises like us, given that the AUM has run down, the opex continues to remain elevated, which are essentially fixed costs, the employees that we have on board. So I'm just trying to understand till the time that AUM scales up, right, how are we thinking about opex in the near term, maybe the next couple of quarters? Is there an intent to kind of let's say, when people leave, right, there's normal attrition. So we'll just let it be, right, and not replace them

**Ashish Damani:** You're right. Sorry to stop you there, but I get the question. How is that we are going to look at productivity and overall employee cost to play out in the near future, if that's the question, Abhijit? So I think if you look at our last 3 quarters, we were at 19,808 as number of employees



went down to 18,382 in March, went down to 15,574 in June of '25. So we are focusing on operational efficiencies on the ground.

We have also merged about 81 branches, and we will look at more improvements on the footprint and align it with the rundown in the AUM that we have seen. So yes, operating cost is one of the areas where the focus is and if there is an attrition, we will be very watchful in terms of replacing or backfilling the employee base in only those geographies where there is a need to from a productivity metrics perspective.

**Moderator:** Our next question comes from the line of Ashlesh Sonje from Kotak Securities.

**Ashlesh Sonje:** The first question is on Slide number 6 in your presentation, where you show lender overlap. Out of this 21%, which is exposed to Spandana plus 3 or more, how much of this would be already delinquent in 0 plus?

**Ashish Damani:** Sorry, I don't have that number handy, but just to give you a similar data point, the Spandana plus 3 borrowers over a period of time have contributed about 30% in our GNPA in the past. So they definitely are far more delinquent compared to the rest of the buckets. For this standing 21%, we'll just come back to you.

But we have given another slide where it gives us an idea into what kind of percentage of customers are, delinquent across Spandana base. So 13% of the customers are over 30 when we look at the Spandana book. And the rest of the customers who are, in Spandana plus 3, but are very likely to be and continued to be in current bucket as far as our book is concerned, 96% of the rest of the book is current with us.

**Ashlesh Sonje:** Understood, sir. And you in your opening remarks, you spoke about the cooling off period. Can you shed more details on that?

**Ashish Damani:** So earlier, we used to give customer loan after 6 months of the first loan. Now we wait for 12 months before we give the second loan.

**Ashlesh Sonje:** And what is the typical contracted maturity of that loan for you?

**Ashish Damani:** We have 85% of our loans are for 2 years and roughly 15% of the loans are for 12 and 18 months.

**Ashlesh Sonje:** This cooling off period refers to the period after which the borrower becomes eligible for a replacement loan effectively.

**Ashish Damani:** That's correct.

**Moderator:** We have a last minute registration coming from the line of Mr. Abhijit Tibrewal from Motilal Oswal.

**Abhijit Tibrewal:** Sir, if I can ask you just 2 more questions. First thing is, how is our Board thinking about succession now? Since the time Shalabh sir left, what is the progress that the Board has made in

case you can share some thoughts around it, , at least how are we approaching that? If there is anything at all that you can share?

**Ashish Damani:** Yes, sure. Abhijit, I think the Board has been looking at this particular thing in great detail and I think they have initiated the process some time back. So in next 30 to 45 days, we should be able to get this concluded.

**Abhijit Tibrewal:** Got it. And sir, , the inclination is to get someone external or are there also internal candidates in the fray.

**Ashish Damani:** No. So we have discussed this last quarter, and the Board will look at both internal as well as external candidates and look at what is the best for the enterprise too.

**Abhijit Tibrewal:** Got it. And lastly, sir, if you could just refresh our memories with regards to Kedaara's holding. I remember they were invested from a fund. They were also invested in another housing finance company from that fund, which they have already exited now. So if you could just refresh all our memories, how are they placed on that, that will be very useful for all of us.

**Ashish Damani:** So Kedaara holds about 48.12% and 41% comes from the fund -- the old fund, Fund I of Kedaara and the rest comes from Fund III. And that's where they stand. And they continue to hold that post the rights issue as well. So very much intact in terms of their holding.

**Moderator:** Our next question comes from the line of Anand Kumar Ela, an investor.

**Anand Kumar Ela:** The point I was trying to ask was in July, the disbursements at INR 268 crores. How are the first 2 weeks in August, the disbursements picking up?

**Ashish Damani:** Anandji. Yes, the trend has been better than what we have seen in July for the first 2 weeks. I think we are still not close to our BAU or potential. I think we will take one more month. And from September onwards, we should see a very normalized kind of disbursements.

**Moderator:** Our next question comes from the line of Prabal Gandhi from InCred AMC.

**Prabal Gandhi:** Sir, just one question. When we see the Slide number 6, there is a mention that asset quality of loans disbursed under Guardrail 1 has delinquency of 4.4%. So even after implementation of stricter norms for us, we are still seeing delinquencies as high as 4.4% so any comments there?

**Ashish Damani:** I think that was Guardrail 1, which has been given out there. And at that time, I'm not sure if the industry was following all the norms. So there is a possibility that while we would have selected the customer, the customer went into Spandana plus 3 or higher and subsequently, the performance was not as good as what we see now. That's the long and short of it, Prabal.

**Prabal Gandhi:** Sir, can you share any data points with respect to say, the new disbursements that we have done in the last 6 months, which indicates that the delinquencies there are either lower than the industry or lower than what we have seen historically, something that you can share on that, sir.

- Ashish Damani:** That's the information on that Slide 6, which you're referring to. If you see whatever we have disbursed in this financial year, all the loans are stacking up at 100%. And last quarter, if you have to look at, that's the other number where we have said Guardrail 1+.
- Prabal Gandhi:** Okay. And secondly, when we see the percentage of 3-plus lenders, despite some INR 10 billion provisions in last 2 quarters, that number is quite sticky for us at 21%-22%. So ideally that number should have come down since we have written off so aggressively. Why is that number not coming down for us?
- Ashish Damani:** The underlying is number of borrowers that are standing on a date, since there are a lot of customers who have closed their loans with us and have become dormant doesn't form part of denominator or numerator here. If I were to add that, then yes, this number, like you have rightly said, would have come down.
- Prabal Gandhi:** Meaning we have closed the loans for good customers?
- Ashish Damani:** Yes. Customers have closed their loan by repaying all the amounts. However, subsequent loan was not given to them at this point in time. They remain dormant with us. And as and when we start giving them loans or disburse to them, this number will start improving. Moreover, in future, we've just started new to credit customers with us and once we start adding these customers new to credit, the denominator and this 21% number will change accordingly.
- Moderator:** Our next question comes from the line of Prasanjan Mitra from RCO.
- Prasanjan Mitra:** Just one question from me. What are the ways that we are tracking the new portfolio? Basically, just to understand if there is a way that we are looking at the old and the new portfolio separately, let's say, the last 3 or 6 months, whatever we have disbursed, are they tracking significantly different metrics as compared to the old?
- Ashish Damani:** No. So the tracking part is same. I think the origination or the credit appraisal when we have mentioned, we had much stricter norms, which cuts across both the guardrail metrics as well as some internal metrics on geography, on how the center behaves and some of the aspects which come from the field. So all put together is how we have looked at the origination part was very different from what we would have done in the past.
- Prasanjan Mitra:** And from an asset quality metrics, are we tracking better kind of quality on the recent portfolio? I mean is there a way to determine if what we are doing is working?
- Ashish Damani:** That's right. So that Slide 6, which we just discussed with the earlier participant, if you please refer to that, the loans which have been disbursed in, fourth quarter, were trending at 95.6% current book. And if you have to look at what has been disbursed in this financial year, it is trending at 100%.
- Moderator:** Ladies and gentlemen, as there are no further questions, I now hand the conference over to the management for closing comments.



*Spandana Sphoorthy Financial Limited*  
*August 14, 2025*

**Ashish Damani:**

Thank you once again to all of you for joining us here this evening. We, at Spandana, the entire management team is thankful to you for the consistent feedback that you've been providing. We all look forward to your continued support. And lastly, the team will always be available for any further queries or clarifications that you may have. Thank you once again.

**Moderator:**

Thank you. On behalf of Spandana Spoorthy Financial Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.