SPANDANA

Axis Capital

IPO NOTE

SPANDANA SPHOORTY FINANCIAL LIMITED

Issue highlights

- Incorporated on March 10, 2003, **Spandana Sphoorty Financial Limited** ("**Spandana**") is a leading, Rural Focused NBFC-MFI with a geographically diversified presence in India offering income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. **As of March 31, 2019, they were the 4th largest NBFC-MFI and the 6th largest amongst NBFC-MFIs and Small Finance Banks ("SFBs") in India, in terms of AUM** (*Source: ICRA Research*).
- Spandana has **seasoned business model with resilient performance through business cycles** which involves regular client meeting processes through their employees, who maintain contact with the clients across the districts that they cover. As of June 30, 2019, Spandana had 7,062 employees (including 5,051 credit assistants) operating out of 929 branches in 269 districts across 16 states and 1 union territory in India. This will lead to **High degree of client engagement and robust risk management**, leading to superior asset quality and collections.
- In October 2010, the MFI industry (including Spandana) was severely impacted due to the **AP Microfinance Ordinance 2010**, which enforced several restrictions on the operations of MFIs. Company's lenders referred Spandana to the Corporate Debt Restructuring ("**CDR**") mechanism of the RBI to develop a plan to restructure the borrowings and revive the business. **ICRA Research notes that Spandana is one of the only 2 major companies that were able to successfully exit from CDR.** Post exit from CDR, they were able to optimize the ticket sizes and also acquire new clients at existing and new branches. This helped them to grow their AUM in Fiscal 2018 at one of the highest rates (143.8%) among large NBFC-MFIs in India.

Brief Financial Details*

(Rs. In Cr)

Particulars	Consolidated		Standalone
	As at March 31,		
	2019	2018	2017
Equity Share Capital	59.63	29.76	28.45
Reserves	1,829.80	1,360.88	899.12
Net worth	1,889.44	1,390.64	927.57
Gross AUM~	4,437.28	3,166.79	1,301.54
Gross AUM Growth (%) as stated	40.12%	143.31%	6.78%
Disbursement	4,969.28	3,857.65	2059.17
Disbursement Growth (%) as stated	28.82%	87.34%	14.83%
Revenue from Operations	1,043.10	587.31	377.06
Revenue Growth (%)	77.6%	-	-
Net Interest Income	623.28	335.72	221.07
Profit Before Tax	473.47	282.70	45.59
Profit after Tax	311.90	187.95	443.41^
Net Profit as % to revenue	29.90%	32.00%	117.60%
EPS (Rs.) as stated	53.46	42.52	216.93
RoNW (%)	16.51%	13.52%	47.80%
Net Asset Value (Rs.)	316.84	467.33	326.04

Source: RHP ****Restated Consolidated,*** *~Gross AUM excluding the old AP Portfolio ^ increase in PAT due to the credit of deferred Tax of Rs.421.41 Cr.*

Issue Details

Fresh Issue of Equity shares aggregating upto Rs.400 Crores and Offer for sale of up to 9,356,725 Equity Shares.

Issue summary

Net Issue size:Rs.1,198.13 Cr - 1,200.94 Cr
No. of shares: 14,029,622 – 14,046,056
Face value: Rs.10

Issue summary

Price band : Rs.853 - 856
Bid Lot: **17 Shares** and in multiple thereof

Post Issue Implied Marker Cap = Rs.5,487 – 5,505 Cr

GCBRLMs: **Axis Capital**, ICICI Securities, IIFL Holdings, JM Financial
BRLMs: Indusind Bank, Yes Securities
Registrar: Karvy Fintech Pvt. Ltd.

Issue opens on: **Monday, 5th Aug'2019**
Issue closes on: **Wednesday,7th Aug'2019**
The Anchor Investor Bidding Date shall be 2nd August 2019

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	14-08-2019
Refunds/Unblocking ASBA Fund	14-08-2019
Credit of equity shares to DP A/c	16-08-2019
Trading commences	19-08-2019

Issue break-up

	No. of Shares	Rs. In Cr	% of Issue
QIB*	7,023,027 – 7,014,810	599.06 – 600.47	**50%**
NIB	2,106,909 – 2,104,444	179.72 – 180.14	**15%**
Retail	4,916,120 – 4,910,368	419.35 – 420.33	**35%**
Total	**14,046,056 -14,029,622**	**1,198.13-1,200.94**	**100%**

** Company may allocate up to 60% Shares of the QIB Portion to Anchor Investors.*

Listing : BSE and NSE

Shareholding (No. of Shares)

	Pre issue	Post issue^	Post issue#
No of shares	59,633,683	64,323,014	64,306,580

^@Upper price Band #@ Lower Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoter Gr	81.22%	62.58%
Public	18.78%	37.42%
Total	**100.00%**	**100.00%**

BACKGROUND

Company and Directors

The company was incorporated as Spandana Sphoorty Innovative Financial Services Limited ("**SSIFSL**") on March 10, 2003 at Hyderabad, Andhra Pradesh. **Padmaja Gangireddy and Kangchenjunga Limited, which is promoted by Kedaara Capital, are the Promoters of the company**. On October 16, 2004, the Reserve Bank of India ("**RBI**") granted a certificate of registration to the company as a non-deposit accepting nonbanking financial company ("**NBFC**"). The company was granted NBFC – Microfinance Institution ("**NBFC-MFI**") status by the RBI with effect from April 13, 2015**.**

Deepak Calian Vaidya is the Non-Executive Chairman and Independent Director of the company. He has served as a director on the board of the various companies. He has been a Director on the Company Board since June 6, 2018.

Padmaja Gangireddy is the Promoter and Managing Director of the company. She also serves as a director on the board of directors of Caspian Financial Services Limited. She has been a Director on the Company Board since April 19, 2003. She founded Spandana Rural and Urban Development Organisation ("**SRUDO**") in 1998.

Jagadish Capoor is the Independent Director of the company. He has previously worked as the deputy governor of the Reserve Bank of India for more than 4 years. He also serves as a director on the board of various companies. He has been a Director on the Company Board since June 6, 2018.

Bharat Dhirajlal Shah is an Independent Director of the company. He is the chairman of HDFC Securities Limited and a co-founder of HDFC Bank Limited. He has been a Director on the Company Board since April 13, 2018.

Abanti Mitra is the Independent Director of the company. She has served as a Director on the Company Board previously from 2012 to 2016. She has been a Director on the Company Board since May 4, 2017.

Ramachandra Kasargod Kamath, Amit Sobti, Kartikeya Dhruv Kaji and **Sunish Sharma** are the Nominee Director of the company and are appointed by Kedaara Capital.

Darius Dinshaw Pandole is the Nominee Director of the company and is appointed by JM Financial Products Limited.

Sudhesh Chandrasekar is the Chief Financial Officer of the company and has more than 15 years of experience in finance.

Abdul Feroz Khan is the Chief Strategy Officer of the company.

Rakesh Jhinjharia is the Company Secretary and Compliance Officer of the company.

OFFER DETAILS

The Offer	
Fresh Issue	**Upto 4,672,897^ - 4,689,332~ Equity Shares**
	(^ at upper price band and ~ lower price band)
Offer for Sale*	**Up to 9,356,725 Equity Shares**
**** Offer for sale by Promoter Selling Shareholder:***	***Shares up to:***
Kanchenjunga Ltd – The Corporate Promoter	5,967,097 Equity Shares
Padmaja Gangireddy – The Individual Promoters	1,423,114 Equity Shares
Vijaya Siva Rami Reddy Vendidandi – The Promoter Group	796,509 Equity Shares
**** Offer for sale by Other Selling Shareholder:***	
Valiant	783,747 Equity Shares
Helion Venture Capital II LLC ("Helion II")	132,831 Equity Shares
Kedaara Capital Alternative Investment Fund ("Kedaara AIF – 1")	129,732 Equity Shares
Helion Venture Partners LLC ("Helion")	123,695 Equity Shares

Shareholding of the Promoters and Promoter Group:

	Pre-offer			Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital	*No. of Shares offered*	Number of Equity Shares	% of Total Equity Share Capital
Padmaja Gangireddy	11,670,067	19.57%	*1,423,114*	10,246,953	15.93%
Kangchenjunga	35,270,269	59.14%	*5,967,097*	26,452,702	45.57%
Vijay Siva Rami Reddy Vendidandi	1,491,483	2.50%	*796,509*	314,483	1.08%
Total	**48,431,819**	**81.21%**	***8,186,720***	**40,245,099**	**62.58%**

OBJECTS OF THE ISSUE

(Rs. In Cr)

Objects	Amount
To utilize the Net Proceeds from the Fresh Issue towards augmenting its capital base to meet future capital requirements.	[•]
To receive the benefits of listing of the Equity Shares on the Stock Exchanges, enhancement of the company's brand name and creation of a public market for the Equity Shares in India.	-
General Corporate Purposes	[•]
Total	[•]

BUSINESS OVERVIEW

Spandana Sphoorty Financial Limited ("Spandana") is a leading, Rural Focused NBFC-MFI with a geographically diversified presence in India. Spandana offers income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. As of March 31, 2019, they were the 4th largest NBFC-MFI and the 6th largest amongst NBFC-MFIs and Small Finance Banks ("SFBs") in India, in terms of AUM (*Source: ICRA Research*). Further, according to ICRA Research, their operating expense to average managed assets ("**AMA**") ratio was better than the industry as a whole for Fiscal 2019.

Through their extensive corporate history, Spandana has developed an in-depth understanding of the borrowing requirements of the low-income client segment. Their business model involves regular client meeting processes through their employees, who maintain contact with the clients across the districts that they cover. As of June 30, 2019, Spandana had 7,062 employees (including 5,051 credit assistants) operating out of 929 branches in 269 districts across 16 states and 1 union territory in India. Through their loan products and client-centric approach, Spandana endeavor to strengthen the socio-economic well-being of low-income households by providing financing on a sustainable basis in order to improve livelihoods, establish identity and enhance self-esteem.

In October 2010, the MFI industry (including Spandana) was severely impacted due to external regulatory action, as the government of the formerly unified Andhra Pradesh promulgated the **AP Microfinance Ordinance 2010**, which enforced several restrictions on the operations of MFIs. This severely impacted Spandana's collections and the consequent cash-flow shortage impacted their ability to service their debt, which in turn impaired their growth and profitability. Their lenders referred Spandana to the Corporate Debt Restructuring ("**CDR**") mechanism of the RBI to develop a plan to restructure the borrowings and revive the business. Spandana agreed on a CDR plan with their lenders, which allowed them to get cash-flow relaxations to enable them to continue their efforts towards portfolio diversification, process improvement and cost rationalization. These measures helped them turn their operations profitable from the year ended March 31, 2014.

Further during the time that Spandana were under CDR, they deployed efforts to recover dues in AP, such as continuing to keep their branches open and continuing to engage with borrowers. Their operations turned profitable in the year ended March 31, 2014 and they went on to make profits for 4 consecutive years while operating under the CDR mechanism. The restated consolidated profit for the period (under Ind AS) for Fiscals 2018 and 2019 was Rs.187.95 crore and Rs.311.90 crore. As a result of their collections from the old AP portfolio and the profits generated from the operations in other states, Spandana was able to restructure their outstanding debt as well as raise refinancing debt from the existing CDR lenders. Spandana also received capital infusion from Kangchenjunga, their Corporate Promoter, and Kedaara AIF – 1, which enabled them to exit from CDR mechanism successfully in March 2017 with approvals from the RBI and their lenders. **ICRA Research notes that they were one of only 2 major companies that were able to successfully exit from CDR.**

Post their exit from CDR in March 2017, Spandana has increased their lender base, diversified their borrowings to new banks and NBFCs and also issued NCDs in the capital markets (leading to a reduction in Average Effective Cost of Borrowing to 16.31% for Fiscal 2017 from 14.74% for Fiscal 2018 and further to 12.84% for Fiscal 2019). As a result, during Fiscal 2018, with increasing flow of capital, Spandana expanded their operations and were able to effectively utilize the existing branch network and employees.

Prior to their exit from CDR in 2017, Spandana had limited access to capital, due to which they were able to offer loans in lower ticket sizes than the demand from the clients. According to ICRA Research, Spandana had the lowest portfolio per branch amongst peer comparison of major NBFC-MFIs and SFBs, as of March 31, 2017. Post exit from CDR, they were able to optimize the ticket sizes and also acquire new clients at existing and new branches. This helped them grow their AUM in Fiscal 2018 at one of the highest rates (143.8%) among large NBFC-MFIs in India (*Source: ICRA Research).* Over Fiscals 2018 and 2019, their Disbursements increased by 87.34% and 28.82% (from Rs.2,059.17 crore as of March 31, 2017 to Rs.3,857.65 crore as of March 31, 2018 and to Rs.4,969.28 crore as of March 31, 2019) and the Consolidated Gross AUM grew from Rs.3,166.79 crore as of March 31, 2018 and to Rs.4,437.28 crore as of March 31, 2019

REVENUE MIX

Details of Revenue from Operations

	For the year ended March 31,					
	2019		2018		2017	
	(Consolidated)		(Consolidated)		(Standalone)	
	Rs. Cr	% to Total	Rs. Cr	% to Total	Rs. Cr	% to Total
Interest Income	997.87	95.66%	573.04	97.57%	370.60	98.29%
Commission Income	15.01	1.44%	3.98	0.68%	3.79	1.01%
Net Gain on Fair Value Changes	26.68	2.56%	4.21	0.72%	1.64	0.43%
Others	3.54	0.34%	6.08	1.04%	1.04	0.285
Total	**1,043.10**	**100.00%**	**587.31**	**100.00%**	**377.06**	**100.00%**

KEY FINANCIAL AND OPERATIONAL METRICS

Financial and Operational Metrics and Ratios

(Rs.in Cr, except % and Nos.)

	As of/ for the year ended March 31		
	2019	2018	2017
	(Consolidated)	(Consolidated)	(Standalone)
Gross AUM (including the old AP Portfolio)	4,795.75	3,960.10	2,099.09
Gross AUM	4,437.28	3,166.79	1,301.54
Gross AUM Growth (%)	40.12%	143.31%	6.78%
Annual Average Gross AUM	3,802.03	2,234.16	1,260.23
Quarterly Average Gross AUM	3,873.03	2,204.42	-
Carrying value of loans securitized	663.84	684.60	-
Carrying value of loans derecognized	140.38	-	-
Disbursements	4,969.29	3,857.65	2,059.17
Disbursement Growth (%)	28.82%	87.34%	14.83%
Total Active Loan Accounts (No. in Cr)	0.30	0.19	0.11
Revenue from Operations	1,043.10	587.31	377.06
Other Income	5.43	0.23	1.60
Borrowers (No. in Cr)	0.25	0.16	0.11
Total Income	1,048.53	587.53	378.67
Finance Costs	357.87	231.79	149.39
Cost of Portfolio Derecognized	5.82	-	-

	As of/ for the year ended March 31		
	2019 (Consolidated)	2018 (Consolidated)	2017 (Standalone)
Net Interest Income*	623.28	335.72	221.07
Net Interest Margin =Net Interest Income/Annual Average Gross AUM (%)	16.39%	15.03%	17.54%
Net Interest Margin = Net Interest Income/Qtly Average Gross AUM (%)	16.09%	15.23%	-
Total Expenses	575.06	304.83	343.57
Operating Expenses	171.89	108.45	95.79
Operating Expenses / Annual Average Gross AUM (%)	4.52%	4.85%	7.61%
Operating Expenses / Quarterly Average Gross AUM (%)	4.44%	4.92%	-
Cost to Income Ratio	24.89%	30.49%	41.78%
Impairment on financial instruments	45.30	(35.41)	98.39
Impairment on financial instruments / Annual Average Gross AUM(%)	1.19%	(1.58)%	7.81%
Impairment on financial instruments / Quarterly Average Gross AUM (%)	1.17%	(1.61)%	-
Profit before tax	473.47	282.70	45.59
Profit for the period	311.90	187.95	443.41
Stage I, II & III PAR 0+ (excl. the old AP Portfolio and standard Portfolio	38.28	74.37	139.08
Stage I, II & III PAR 0+ Net (excl. the old AP Portfolio & standard Portfolio	27.21	14.03	39.48
Stage III PAR 90+ (excluding the old AP Portfolio)	4.31	71.94	89.26
Stage III PAR 90+ (excluding the old AP Portfolio) Ratio (%)	0.10%	2.27%	6.86%
Stage III PAR 90+ Net (excluding the old AP Portfolio)	0.61	11.75	8.72
Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio (%)	0.01%	0.38%	0.71%
Collection Efficiency	99.74%	99.25%	97.13%

** Note: Net Interest Margin as calculated herein is different from the Net Interest Margin as calculated as per the formula prescribed by the RBI.*

Return on Equity and Assets *(Rs. in Cr)*

	As of/ for the year ended March 31,		
	2019 (Consolidated)	2018 (Consolidated)	2017 (Standalone)
Profit for the period	311.90	187.95	443.41
Total Assets	4,931.71	3,764.25	1,928.62
Gross AUM (including the old AP portfolio)	4,795.75	3,960.10	2,099.09
Gross AUM	4,437.28	3,166.79	1,301.54
Annual Average Gross AUM	3,802.03	2,234.16	1,260.23
Quarterly Average Gross AUM	3,873.03	2,204.42	NA
Net Worth	1,889.44	1,390.64	927.57
Annual Average Net Worth	1,640.04	1,159.10	555.85
Quarterly Average Net Worth	1,673.80	1,078.74	NA
Total Borrowings	2,967.74	2,331.38	933.47
Annual Average Borrowings	2,649.56	1,632.42	926.13
Quarterly Average Borrowings	2,879.63	1,626.68	NA
Return on Annual Average Gross AUM (%)	8.20%	8.41%	35.19%
Return on Quarterly Average Gross AUM (%)	8.05%	8.53%	NA
Return on Annual Average Net Worth (%)	19.02%	16.21%	79.77%
Return on Quarterly Average Net Worth (%)	18.63%	17.42%	NA
Annual Average Borrowings / Annual Average Net Worth	1.62	1.41	1.67
Quarterly Average Borrowings / Quarterly Average Net Worth	1.72	1.51	NA
Annual Average Net Worth / Annual Average Gross AUM	43.14%	51.88%	44.11%
Quarterly Average Net Worth / Quarterly Average Gross AUM	43.22%	48.94%	NA
Basic Earnings Per Share	53.46	42.52	216.93
Diluted Earnings Per Share	53.35	42.51	5.48
Net Asset value per equity share	316.84	467.33	326.04

Yield and Cost of Funds

	As of/ for the year ended March 31,		
	2019 (Consolidated)	2018 (Consolidated)	2017 (Standalone)
Annual Average Yield on Gross AUM (%)	25.96%	25.40%	29.40%
Quarterly Average Yield on Gross AUM (%)	25.48%	25.74%	NA
Quarterly Average Yield on Disbursement (%)	24.27%	25.05%	25.80%
Annual Average Cost of Borrowings (%)	13.51%	14.20%	16.13%
Quarterly Average Cost of Borrowings (%)	12.43%	14.25%	NA

Productive Ratio

(Rs. In Cr)

	As of/ for the year ended March 31,		
	2019 (Consolidated)	2018 (Consolidated)	2017 (Standalone)
Number of branches	925	694	526
Number of employees	6,656	4,045	3,044
Number of loan officers	4,674	2,746	1,984
Number of active loan accounts	2,969,500	1,934,180	1,143,414
Gross AUM per branch (Rs. Cr)	4.80	4.56	2.47
Gross AUM per employee, excluding trainee CAs (Rs. Cr)	1.26	0.91	0.45
Gross AUM per active loan account (Rs.)	14,942.84	16,408.21	11,416.99
Disbursement per branch (Rs. Cr)	5.37	5.56	3.92
Disbursement per employee, excluding trainee CAs (Rs. Cr)	0.90	1.11	0.71
Disbursement per loan officer, excluding trainee CAs (Rs.Cr)	1.41	1.76	1.11
Average ticket size (Rs.)	26,278.55	22,826.27	21,024.65

Borrowing Profile

	As of March 31,					
	2019 (Consolidated)		2018 (Consolidated)		2017 (Standalone)	
	Rs. Cr	% to Total	Rs. Cr	% to Total	Rs. Cr	% to Total
Total Debt Securities	**1,371.96**	**46.23%**	**1,014.71**	**43.52%**	**-**	**-**
Total Borrowings (Other than Debt Securities) Secured Term Loan	**1,575.48**	**53.09%**	**1,296.51**	**55.61%**	**932.46**	**99.89%**
• *Indian rupee loan from banks*	*1,029.70*	*34.70%*	*970.43*	*41.62%*	*932.46*	*99.89%*
• *Indian rupee loan from non-banking financial companies*	*545.78*	*18.39%*	*326.04*	*13.98%*	-	-
Subordinated Liabilities	**20.29**	**0.68%**	**20.16**	**0.86%**	**1.01**	**0.11%**
Total	**2,967.74**	**100.00%**	**2,331.38**	**100.00%**	**933.47**	**100.005**

** Standalone*

Capital Adequacy Ratio

(Rs.in Cr, except %)

	As of March 31		
	2019 (Consolidated)	2018 (Consolidated)	2017 (Standalone)
Tier I Capital	1,684.21	1,003.82	695.48
Tier II Capital	45.50	31.06	6.28
Total Capital	**1,729.71**	**1,034.88**	**701.76**
Total Risk Weighted Assets	**4,367.10**	**3,180.83**	**1,431.77**
Capital Adequacy Ratio / Capital to Risk Weighted Assets Ratio			
CRAR – Tier I capital (%)	38.57%	31.56%	48.52%
CRAR – Tier II capital (%)	1.04%	0.98%	0.44%
CRAR (%)	**39.61%**	**32.54%**	**48.96%**

** Standalone*

Geographical Spread of Loan Accounts and Gross AUM

	No. of Loan Accounts						Gross AUM (Rs. Cr)					
	As of March 31,						As of March 31,					
	2019 (Consolidated)		2018 (Consolidated)		2017 (Standalone)		2019 (Consolidated)		2018 (Consolidated)		2017 (Standalone)	
	No. of Loan A/c	% to Total	No. of Loan A/c	% to Total	No. of Loan A/c	% to Total	Gross AUM	% to Total	Gross AUM	% to Total	Gross AUM	% to Total
Karnataka	509,731	17.17%	411,506	21.28%	208,242	18.21%	598.09	13.48%	707.08	22.33%	238.16	18.30%
MP	577,649	19.45%	411,639	21.28%	252,225	22.06%	887.89	20.01%	593.83	18.75%	289.64	22.25%
Orissa	576,647	19.42%	378,655	19.58%	257,906	22.56%	886.60	19.98%	696.74	22.00%	272.49	20.94%
Maharashtra	383,120	12.90%	258,508	13.37%	144,055	12.60%	477.74	10.77%	436.71	13.79%	174.13	13.38%
Chhattisgarh	242,496	8.17%	151,600	7.84%	99,534	8.70%	386.09	8.70%	235.25	7.43%	120.64	9.27%
AP	177,100	5.96%	101,860	5.27%	41,611	3.64%	298.43	6.73%	114.53	3.62%	43.69	3.36%
Jharkhand	150,289	5.06%	91,058	4.71%	58,710	5.13%	195.80	4.41%	115.72	3.65%	49.90	3.83%
Gujarat	99,440	3.35%	54,446	2.81%	32,560	2.85%	140.54	3.17%	92.72	2.93%	36.51	2.80%
Kerala	98,230	3.31%	46,368	2.40%	31,912	2.79%	200.84	4.53%	100.37	3.17%	45.16	3.47%
Bihar	54,314	1.83%	7,608	0.39%	73	0.01%	114.39	2.58%	12.41	0.39%	0.14	0.01%
Rajasthan	35,189	1.19%	322	0.02%	0	0	97.94	2.21%	0.66	0.02%	-	-
Goa	22,877	0.77%	11,508	0.59%	6,317	0.55%	39.95	0.90%	20.92	0.66%	10.02	0.77%
UP	14,085	0.47%	5,532	0.29%	9,133	0.80%	27.49	0.62%	7.58	0.24%	5.95	0.46%
West Bengal	13,694	0.46%	1,282	0.07%	0	0	51.92	1.17%	27.38	0.86%	13.00	1.00%
Telangana	12,850	0.43%	2,288	0.12%	1,136	0.10%	29.45	0.66%	4.89	0.15%	2.11	0.16%
Pondicherry	1,738	0.06%	-	-	-	-	2.70	0.06%	-	-	-	-
Tamil Nadu	51	-	-	-	-	-	1.43	0.03%	-	-	-	-
Total	**2,969,500**	**100.00%**	**1,934,180**	**100.00%**	**1,143,414**	**100.00%**	**4,437.28**	**100.00%**	**3,166.79**	**100.00%**	**1,301.54**	**100.00%**

COMPETITIVE STRENGTHS

- ***Seasoned business model with resilient performance through business cycles***

Spandana has been able to leverage the inherent strength of their client centric business model, focus on internal controls, the expertise of their Individual Promoter and core management team to maintain their status as a leading NBFC-MFI. Company's response to the 2010 AP crisis demonstrated the strength of their decision making, planning and execution. In the aftermath of the 2010 AP crisis, even while they were under CDR, Spandana continued operations outside Andhra Pradesh in various states. In this period, they focused on rebuilding profitable operations through portfolio diversification, cost rationalization, customer retention, and recovery from their Andhra Pradesh portfolio. These measures helped Spandana to raise new debt from existing lenders and gain capital infusion from Kangchenjunga, their Corporate Promoter and Kedaara AIF – 1, which allowed them to exit from CDR in March 2017. According to ICRA Research, Spandana is one of the only 2 major MFIs to successfully exit from CDR post AP crisis.

Further, in November 2016, the aftermath of demonetization, inadequate currency supply, political interference in some states and disruption in borrower cash flows led to a sharp dip in the collection efficiencies of MFIs (from over 98% prior to demonetization to approximately 75-80% in November and December 2016). During the months following the demonetization notification, Spandana adopted practices that allowed borrowers to repay a portion of their installments and also supported them with interim loans. Their Collection Efficiency for Fiscals 2018 and 2019 were 99.25% and 99.74% on a consolidated basis, respectively. ICRA Research notes that company's performance (in terms of reductions in 30 dpd delinquencies and 90 dpd delinquencies) and asset quality was superior to the industry after demonetization, as a result of their rural focus, lower share of portfolio in the most affected districts and their geographically diversified portfolio. Further, according to ICRA Research, company's credit costs post demonetization were superior than the industry average.

- ***High degree of client engagement and robust risk management, leading to superior asset quality and collections***

Spandana focuses on a high degree of client engagement through their large employee base and operating procedures. Their client engagement practices include village/block level centre meetings and client training. Prior to lending to a client, they impart training over 3 days on loan terms, utilization and repayment, insurance and client support services. They also conduct center meetings where clients interact with their staff at regular intervals (typically based on their installment payments frequency).

Further, their risk management norms are designed keeping in mind the various kinds of risks to their business. Spandana make changes to these norms from time to time in response to business environment to ensure a responsive risk management strategy. Many risk control measures are embedded in the business process. They follow a set of eligibility criteria for clients, which are aimed at minimizing credit risk. Every prospective client prior to disbursement is also assessed for their credit history with other lenders reporting into the credit bureau. ICRA Research notes that the vintage of their portfolio is better than the industry, with over 25% of the portfolio in the 4th cycle compared to 11% for the industry as of December 2018.

The table shows the key portfolio indicators:

(Rs. In Cr except %)

	As of / For the year ended March 31,		
	2019 (Consolidated)	**2018 (Consolidated)**	**2017 (Standalone)**
Collection Efficiency	99.74%	99.25%	97.13%
Stage III PAR 90+ (excluding the old AP Portfolio) Ratio (%)	0.10%	2.27%	6.86%
Stage III PAR 90+ Net (excluding the old AP Portfolio)	0.61	11.75	8.72
Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio (%)	0.01%	0.38%	0.71%
Stage I, II and III PAR 0+(excluding the old AP Portfolio and standard Portfolio)	38.28	74.37	139.08

Source : RHP

- ***Streamlined systems and processes and high employee productivity***

Company's business processes are designed for scale and efficiency and they constantly review and endeavor to strengthen them as the scale of their operations increase. Their operational efficiency is also driven by streamlined systems and procedures and scalable workforce deployment. At the branch level, they have implemented standardized systems and a front-end interface that gives them real time information on demand and collections. The systems follow an accounting module with budget controls built and approval authorities clearly earmarked. As a result, according to ICRA Research, Spandana had the lowest operating expenses/AMA ratio amongst major NBFC-MFIs and SFBs for Fiscal 2019.

- ***Focus on the high potential and under-served rural segment***

According to ICRA Research, while rural India accounts for approximately 68% of India's population as of March 2018, it accounted for only 34% of total deposit accounts and 23% of the loan accounts in scheduled commercial banks. ICRA Research notes that the significant under penetration of credit in Rural Areas offers strong potential for improvement and that given the relatively deeper reach, existing client relationships and employee base, micro-finance institutions are well placed to address this demand, which is currently being met by informal sources such as local money lenders. Accordingly, with Spandana's focus on the rural **segment as of December 31, 2018, 88% of their portfolio was located in Rural Areas, as compared with 61% for 33 NBFC-MFIs as a whole**. As a consequence, the proportion of their portfolio in agriculture and allied activities is higher for them as compared with the industry. (*Source: ICRA Research*). Further, loans given to their clients for agriculture and allied activities can be classified as "Direct Agri" by banks pursuant to the RBI's priority sector lending guidelines, which provides Spandana with the opportunity to assign this portfolio to banks that need to meet their target on Direct Agri loans. **As of March 31, 2019, 94.6% of their portfolio was located in Rural Areas.**

- ***Geographically diversified operations leading to risk containment and business resilience***

As of June 30, 2019, Spandana cover more than 74,749 villages in 269 districts in 16 states and 1 union territory across India through 929 branches. Their operations are well-diversified at the branch, district and state levels. To address geographic concentration risk, Spandana has specified exposure caps at the state, district and branch levels. With the adopted norm, their operations are geographically well-diversified with no single state contributing more than 20.01% to the AUM, no district contributing more than 1.82% to the AUM and no branch more than 0.3% to the AUM as of March 31, 2019. Further, according to ICRA Research, Spandana had the 2nd lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs, as of March 31, 2018 and lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs in March 31, 2019. Further, as per their risk containment norms, disbursements for any single state must be less than 22.5% of their total disbursements.

- ***Significant industry experience of the Promoter and management team***

The long-standing industry experience of the Individual Promoter and the management team provides Spandana with an understanding of the needs and behavior of the clients particularly in Rural Areas, the nuances of lending to these clients and issues specific to the microfinance industry in India. This expertise gives them a competitive advantage in this industry and has helped them in maintaining their resilience through industry cycles.

Padmaja Gangireddy, the Individual Promoter and Managing Director, has over 24 years' experience in social development and microfinance sector. She also founded Spandana Rural and Urban development Organisation ("SRUDO") in 1998 and promoted this company ("Spandana") in 2003. Further, at the field level, Spandana has a high retention rate of employees at the middle to senior management level. The average experience of their assistant vice-presidents, division managers and cluster managers was 7.6 years, 5.6 years and 6.4 years, respectively, as of March 31, 2019.

KEY BUSINESS STRATEGIES

- ***Leverage the popular income generation loan products to derive organic business growth***

Through their client-centric business model, Spandana focuses on providing financing to their clients on a speedy and continual basis according to their life-cycle needs. The company focuses on providing income generation loans and their popular 'Abhilasha' loans amounted to 84.62% of their Gross AUM as of March 31, 2019. The company expects to derive organic growth through their popular income generation loan products that are offered through the JLG model. To this end, they intend to utilize their existing branch infrastructure and employee base to increase their volume of income generation loans. Spandana intends to offer income generation loans both to their existing clients (as they complete their existing loan cycles) and to new clients through their existing branches.

In addition to their core business of providing micro-credit, Spandana also have contractual arrangements with one of their Group Companies, Abhiram Marketing Services Limited ("**Abhiram Marketing**"), a company engaged in the business of consumer goods (such as mobile phones, sarees, solar lamps, pressure cookers, mixers and grinders and bicycles, among other products) that are intended for purposes such as improving the quality of life of their clients, improving health and hygiene for families, reducing household expenditures and improving awareness, communication and mobility.

- ***Leverage the existing branch network by increasing loan portfolio and enhancing employee productivity***

Spandana has a large branch network which can be further leveraged since they have maintained low exposure levels per branch thus far. Within the branches, during the time that they were in CDR, Spandana focused on retaining clients even though they had to keep their ticket sizes lower than the client demand and credit approval levels.

Since their exit from CDR in March 2017, Spandana increased their lender base, diversified their borrowings and also received additional capital infusion from Kangchenjunga, their Corporate Promoter and Kedaara AIF–1. With increased capital flow, they were able to enhance their ticket sizes and also acquire new clients at their existing branches. This helped them grow their AUM in Fiscal 2018 at one of the highest rates (143.8%) among large NBFC-MFIs in India (*Source: ICRA Research).* As a result, during Fiscal 2018 and 2019 with increasing flow of funding, AUM per branch grew from ₹2.47 crore per branch as of March 31, 2017 to ₹4.56 crore per branch in March 31, 2018 and to Rs.4.80 crore per branch in March 31, 2019. However, according to ICRA Research, Spandana had the 2nd lowest GLP per branch amongst peer comparison of NBFC-MFIs and SFBs, as of March 31, 2018 and the lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs in March 31, 2019, which provides them with the potential to further increase their loan portfolio and enhance their employee productivity.

Further, Spandana has latent growth potential:

- By way of opening new branches in adjacent areas to their existing branch network;
- Splitting large branches according to demand (allowing them to grow by acquiring more clients in the same geographies); and
- Leverage on those states where they have less penetration though the states have large unmet potential.

- ***Increase the presence in under-penetrated states and districts***

Spandana has grown their geographical presence by expanding their branches into different regions. With this strategy, they expanded their operations into 3 new states, Bihar, West Bengal and Tamil Nadu and 1 union territory, Pondicherry, in the last 2 years besides restarting operations in Rajasthan where they had exited. Their

contiguous growth strategy is also relevant for expanding into newer districts within the states where they already have operations. The company intends to continue to expand their geographical coverage into newer states and union territories as well where they see business potential (for instance, Assam, Punjab and Haryana). According to ICRA Research, many large states such as UP, Bihar, MP, Gujarat, Chhattisgarh, Punjab, Haryana are under penetrated and offer good potential for growth. (*Source: ICRA Research*). They have commenced operations in some of these States such as Bihar, West Bengal and Rajasthan in the recent past.
Spandana open new branches as per their business plan and evaluate certain key criteria while opening a new branch, including the following:

- Demand for credit in the area;
- Income and market potential to determine repayment capacity of borrowers;
- Availability of transportation and infrastructure facilities at the location;
- Level of economic activity and employment opportunities in the area (presence of factories, shops/malls and other enterprises);
- Growth potential (in terms of new client acquisitions);
- Major income sources for the local population;
- Whether a majority of the houses are self-owned;
- Competition from other MFIs in the area; and
- Socio-economic and law and order risks in the proposed area.

- ***Further diversify the borrowing profile and reduce the cost of borrowings***

Company's funding sources are varied, as a diversified debt profile ensures that they are not overly dependent on any one type or source for funding. Post their exit from CDR, Spandana has diversified their lender base and accessed diverse sources of liquidity, such as term loans, cash credit and subordinated debt from banks, financial institutions and non-banking financial companies, proceeds from loan assets securitized, and proceeds from the issuance of NCDs to meet their funding requirements.

Spandana increased their lender base from 3 lenders as of March 31, 2017 to 22 as of March 31, 2018 and further to 28 as of March 31, 2019. Their Average Effective Cost of Borrowing reduced to 16.31% for Fiscal 2017 to 14.74% for Fiscal 2018 and further reduced to 12.84% as of Fiscal 2019. Further, their credit rating (by ICRA) improved from BBB- (Stable) as of August 2017 to BBB (Positive) as of February 2018 and BBB+ (Stable) in May 2018 and A- (Stable) in March 2019. The company intends to further diversify their lender base by raising financing through lower cost avenues such as capital markets instruments such as NCDs, commercial paper and securitizations and through term loans from banks under priority sector lending.

INDUSTRY OVERVIEW

Benchmarking of Spandana Sphoorty Financial Limited on various parameters

Comparison of AUM, Market shares and AUM growth

	AUM				Market Share on Portfolio				AUM growth (%)			
	Mar-19	Mar-18	Mar-17	Mar-16	Mar-19	Mar-18	Mar-17	Mar-16	Mar-19	Mar-18	Mar-17	Mar-16
Entity	Rs. Cr				%				%			
Bandhan Bank	34,700	20,580	14,680	12,280	21.1%	17.0%	13.7%	14.8%	68.6%	40.2%	19.5%	-
Bharat Financial Inclusion	17,390	12,590	9,150	7,680	10.6%	10.4%	8.5%	9.3%	38.2%	37.6%	19.1%	84.1%
Jana Small Finance Bank*	6,220	6,030	12,550	10,980	3.8%	5.0%	11.7%	13.2%	3.1%	(52.0)%	14.3%	191.0%
Ujjivan Small Finance Bank*	11,050	7,560	6,380	5,390	6.7%	6.2%	6.0%	6.5%	46.2%	18.5%	18.4%	64.6%
Satin Credit Care Network	6,370	5,080	3,620	3,270	3.9%	4.2%	3.4%	3.9%	25.5%	40.3%	10.7%	52.8%
CreditAccess Grameen	7,160	4,980	3,080	2,540	4.3%	4.1%	2.9%	3.1%	43.9%	61.5%	21.3%	75.5%
Spandana Sphoorty	4,270	3,170	1,300	1,220	2.6%	2.6%	1.2%	1.5%	34.7%	143.8%	6.6%	(6.1)%
Equitas Small Finance Bank^	2,960	2,300	3,300	3,280	1.8%	1.9%	3.1%	4.0%	28.5%	(30.3)%	0.6%	53.1%
Utkarsh Small FinanceBank	-	2,850	1,610	1,430	-	2.4%	1.5%	1.7%	-	77.0%	12.6%	96.7%
Muthoot Microfin Ltd	-	2,920	1,970	650	-	2.4%	1.8%	0.8%	-	48.2%	203.1%	(56.6)%
Asirvad Microfinance Ltd	-	2,440	1,790	1,000	-	2.0%	1.7%	1.2%	-	36.3%	79.0%	191.5%
Annapurna Finance Ltd	3,020	1,950	1,240	930	1.8%	1.6%	1.2%	1.1%	54.8%	57.3%	33.3%	132.4%
Arohan Financial Services	4,050	2,170	1,020	660	2.5%	1.8%	1.0%	0.8%	86.4%	112.7%	54.5%	71.8%

*Source: ICRA research; ^Data for Equitas is only MFI AUM; *gross overall AUM*

Market share based on disbursements

Trend in disbursements

Period ending	Mar-19	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13
MFI and SFBs (Rs. Cr)	82,900	59,600	65,300	55,800	37,600	23,700	15,800
Growth (MFI and SFBs)	39%	(9)%	17%	48%	59%	50%	13%
MFIs, SFBs and Banks (Rs. Cr)	185,700	155,100	125,000	103,100	54,600	35,100	23,400
Growth (MFIs, SFBs and Banks)	20%	24%	21%	89%	55%	50%	13%
Spandana Sphoorty Financial Ltd (Rs. Cr)	4,900	3,900	2,100	1,800	2,000	1,700	1,600
Growth (Spandana Sphoorty Financial)	27%	87%	15%	(10)%	19%	5%	10%

Source: ICRA research

Disbursement market share

Entity	Disbursement			Market Share on Disbursements			Growth in Disbursements			Disbursement per Employee		
	Mar-19	Mar-18	Mar-17	Mar-19	Mar-18	Mar-17	Mar-19	Mar-18	Mar-17	Mar-19	Mar-18	Mar-17
	Rs. Cr			%			%			Rs. Cr		
Bharat Financial Inclusion Ltd	2,670	18,470	14,670	14.4%	11.9%	11.7%	44.6%	25.9%	21.3%	1.39	1.15	0.99
Jana Small Finance Bank	6,140	2,520	8,990	3.3%	1.6%	7.2%	143.8%	(72.0)%	(22.0)%	NA	NA	0.54
Ujjivan Small Finance Bank	11,090	8,050	7,130	6.0%	5.2%	5.7%	37.8%	12.9%	7.7%	0.75	0.72	0.70
Satin Credit Care Network	6,250	4,770	3,590	3.4%	3.1%	2.9%	31.1%	32.9%	(0.6)%	0.60	0.62	0.62
CreditAccess Grameen	8,220	6,080	3,400	4.4%	3.9%	2.7%	35.2%	78.9%	1.5%	1.02	0.96	0.69
Spandana Sphoorty Financial	49,20	3,860	2,060	2.6%	2.5%	1.6%	27.3%	87.4%	15.1%	0.76	0.95	0.67
Utkarsh Small Finance Bank	NA	3,630	1,660	NA	2.3%	1.3%	NA	118.5%	1.8%	NA	0.71	0.43
Muthoot Microfin Ltd	NA	3,040	2,030	NA	2.0%	1.6%	NA	49.8%	163.6%	NA	0.52	0.51
Asirvad Microfinance Ltd	NA	2,880	2,110	NA	1.9%	1.7%	NA	36.5%	83.5%	NA	0.69	0.55
Annapurna Finance Ltd	3,130	2,090	1,150	1.7%	1.3%	0.9%	49.9%	81.7%	10.6%	0.63	0.60	0.49

Source: MFIN Micrometer, ICRA research;

Note: Market share calculated based on overall Microfinance portfolio disbursements (MFIs, SFBs and Banks)

Number of clients

Trend in client base

	CAGR	Mar-19	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13
Industry (MFI, SFBs & Banks) (No. in Cr)	21%	5.5	5.0	4.5	4.0	2.8	2.1	1.8
Growth (MFI, SFBs & Banks)		10%	11%	12%	42%	33%	16%	10%
Client Base (Spandana Sphoorty Financial) (No. in Cr)	15%	0.24	0.16	0.11	0.11	0.11	0.12	0.11
Growth (Spandana Sphoorty Financial)		51%	50%	(4)%	0%	(4)%	4%	(14)%

Source: MFIN Micrometer, ICRA research

Profitability metrics of the microfinance sector

	Year	Operating Expenses/ AMA	Operating Profit/ AMA	Provision / AMA	PBT/ AMA	PAT/ AMA	PAT/ Average Networth	Debt / Equity	Cost to Income	GNPA	NNPA	AUM 3 year CAGR
Bharat Financial Inclusion Ltd	FY2019	5.0%	2.5%	0.3%	7.3%	5.6%	26.7%	1.1%	54.1%	0.8%	0.2%	31%
	FY2018	5.0%	3.9%	1.7%	3.2%	3.2%	16.4%	2.6	50.5%	2.4%	0.1%	
	FY2017	5.0%	3.9%	3.2%	1.7%	2.6%	15.1%	2.9	50.2%	6.0%	2.7%	
Jana Small Finance Bank	FY2019	11.4%	(5.8)%	13.8%	(19.6)%	(19.6)%	(177.0)%	12.3	204.0%	8.1%	4.4%	(17)%
	FY2018	11.2%	(7.9)%	10.7%	(18.6)%	(19.4)%	(127.6)%	5.0	336.0%	42.2%	27.7%	
	FY2017	8.2%	3.8%	2.1%	1.8%	1.2%	9.4%	5.0	68.1%	0.7%	0.6%	
Ujjivan Small Finance Bank~	FY2019	8.6%	2.3%	0.6%	1.7%	1.3%	8.3%	6.4	79.0%	0.9%	0.3%	27%
	FY2018	7.0%	3.4%	3.3%	0.1%	0.1%	0.4%	4.3	67.0%	3.6%	0.7%	
	FY2017	6.1%	4.9%	1.0%	4.3%	2.8%	14.1%	3.7	55.1%	0.3%	0.0%	
Satin Credit Care Network	FY2019	4.9%	2.9%	0.7%	4.0%	2.6%	18.2%	4.5	62.7%	3.9%	2.4%	25%
	FY2018	4.7%	2.0%	3.7%	0.1%	0.1%	0.5%	4.3	57.6%	4.4%	2.6%	
	FY2017	5.4%	(0.7)%	1.1%	0.8%	0.5%	5.1%	6.1	77.6%	14.4%	12.8%	
CreditAccess	FY2019	4.5%	8.0%	1.2%	7.7%	5.0%	16.9%	2.1	36.3%	0.6%	0.0%	41%

	Year	Operating Expenses/ AMA	Operating Profit/ AMA	Provision / AMA	PBT/ AMA	PAT/ AMA	PAT/ Average Networth	Debt / Equity	Cost to Income	GNPA	NNPA	AUM 3 year CAGR
Grameen	FY2018	4.7%	7.2%	(0.3)%	7.6%	4.9%	20.0%	2.5	39.5%	0.8%	0.0%	
	FY2017	5.0%	6.9%	3.4%	3.6%	2.3%	13.1%	3.9	42.0%	0.0%	0.0%	
Spandana Sphoorty Financial	**FY2019**	**3.4%**	**10.2%**	**0.8%**	**9.3%**	**6.1%**	**18.8%**	**1.6**	**25.0%**	**7.9%**	**0.0%**	
	FY2018	**3.2%**	**7.9%**	**1.0%**	**6.9%**	**5.1%**	**22.6%**	**1.6**	**28.7%**	**25.9%**	**0.3%**	**52%**
	FY2017	**4.2%**	**3.3%**	**(0.1)%**	**3.4%**	**2.3%**	**(152.0)%**	**1.8**	**56.1%**	**42.1%**	**2.9%**	
Utkarsh Small Finance Bank	FY2018	6.5%	2.2%	4.6%	(2.5)%	(1.7)%	(8.5)%	4.8	74.8%	1.9%	1.1%	
	FY2017	6.2%	4.6%	2.2%	2.4%	1.5%	7.4%	2.9	57.4%	0.0%^	0.0%^	57%*
	FY2016	5.1%	5.0%	0.6%	4.3%	2.6%	15.8%	4.9	50.7%	0.2%^	0.1%	
Muthoot Microfin Limited	FY2019	5.1%	3.0%	0.7%	6.7%	5.0%	26.8%	2.8	63.1%	NA	NA	
	FY2018	3.2%	2.2%	0.0%	2.2%	1.4%	15.9%	5.7	59.7%	3.4%	2.0%	22%*
	FY2017	6.7%	4.2%	0.4%	3.8%	2.5%	28.7%	6.0	61.2%	0.3%	0.3%	
Asirvad Microfinance Limited	FY2019	5.0%	6.1%	0.5%	5.5%	3.6%	25.0%	2.9	45.2%	0.5%	0.0%	
	FY2018	6.0%	3.4%	6.4%	(2.1)%	(1.3)%	(11.7)%	7.3	58.1%	2.3%	0.2%	92%*
	FY2017	6.5%	6.4%	3.2%	3.3%	2.1%	13.9%	6.1	50.4%	4.6%	1.4%	
Annapurna Finance Limited	FY2018	5.1%	1.1%	2.3%	0.7%	0.5%	4.6%	7.0	66.4%	3.7%	0.3%	
	FY2017	4.8%	1.9%	0.6%	1.9%	1.3%	13.1%	7.8	72.1%	0.2%	0.0%	48%
	FY2016	4.9%	3.3%	0.5%	3.2%	2.0%	17.7%	7.4	59.7%	0.1%	0.0%	
Equitas Small Finance Bank	FY2019	6.9%	2.9%	0.7%	2.1%	1.4%	9.8%	5.8	70.3%	25%	1.6%	
	FY2018	7.8%	2.0%	1.5%	0.4%	0.3%	1.6%	5.3	80.0%	2.8%	1.7%	(3)%
	FY2017	8.5%	3.3%	1.0%	2.5%	1.6%	7.6%	3.3	72.4%	3.5%	1.5%	
Select NBFCs												
MAS	FY2019	1.6%	5.3%	1.0%	4.3%	2.8%	18.0%	3.0	21.6%	1.4%	1.1%	
	FY2018	1.8%	5.3%	2.2%	4.1%	2.7%	19.0%	2.5	25.9%	1.2%	0.9%	27%
	FY2017	2.0%	4.2%	0.9%	3.3%	2.2%	22.3%	4.0	31.8%	1.1%	1.0%	
SCUF	FY2019	4.9%	7.8%	2.5%	5.4%	3.5%	16.6%	3.6	35.8%	8.7%	2.7%	
	FY2018	5.1%	7.7%	3.9%	3.8%	2.5%	12.6%	3.9	39.7%	9.0%	3.4%	15%
	FY2017	4.8%	7.5%	3.8%	3.5%	2.4%	11.7%	3.5	36.2%	6.7%	1.8%	
Chola	FY2019	2.4%	4.5%	0.6%	3.5%	2.3%	21.0%	8.2	38.3%	2.3%	1.1%	
	FY2018	2.55	4.4%	0.8%	3.6%	2.4%	20.8%	6.2	36.0%	2.9%	1.7%	22%
	FY2017	2.4%	4.1%	0.9%	3.2%	2.1%	18.0%	5.6	37.3%	4.7%	3.2%	

*Notes: considering RBI dispensation; * 3-year CAGR as on March 31, 2018 Source: ICRA Research*
Please note that AMA referred to in this table for Spandana corresponds to Gross AUM (including the old AP Portfolio.)
~ Ujjivan Small Finance Bank (Consolidated Ujjivan Financial Services Limited)

Comparison with listed industry Peers (as on 31st March 2019)

Name of the company	Standalone / Consolidated	Face Value	Closing Share price as on 29.03.2019	Net Profit (Rs. Cr)	Net worth (Rs. Cr.)	EPS (Basic)	NAV	P/E (Basic)	RoNW (%)
Spandana Sphoorty Financial Ltd*	Consolidated	10	[•]	311.90	1,889.44	53.46	316.84	16.01~	16.51%
Bharat Financial Inclusion Ltd	Standalone	10	1,131.80	984.6	4,224.6	70.39	301.3	16.1	23.31%
Satin Creditcare Network Ltd	Consolidated	10	364.90	201.5	1,149.4	41.67	235.0	8.8	17.53%
Ujjivan Financial Services Ltd	Consolidated	10	347.95	150.4	1,877.7	12.43	155.0	28.0	8.01%
Bandhan Bank Ltd	Standalone	10	524.95	1,951.5	11,201.7	16.36	93.9	32.1	17.42%
Bajaj Finance Ltd	Consolidated	2	3,024.85	3,995.0	19,697.0	69.33	340.8	43.6	20.28%
Cholamandalam Investment & Finance Ltd	Consolidated	10	1,447.50	1,196.6	6,208.7	76.56	397.1	18.9	19.27%
Shriram City Union Finance Ltd	Consolidated	10	1,859.65	1,005.5	6,689.8	151.83	1,013.7	12.2	15.03%
Sundaram Finance	Consolidated	10	1,859.65	1,029.8	7,998.2	105.40	719.9	17.6	12.88%

Mahindra Mahindra Financial Services Ltd	Consolidated	2	420.95	1,867.3	11,347.5	29.73	183.7	14.2	16.46%

** Source: Stock Exchange. Based on Audited Financials for the year ended March 31, 2019*
P/E ratio based on closing market price as on March 29, 2019 available on www.bseindia.com and using Basic EPS
~P/E at the higher end of price band of Rs.856 as per publish announcement in the newspaper on 31st July' 2019.