

Placement Memorandum
Date: April 10, 2023

Private & Confidential
For Private Circulation Only
(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

No: _____

Addressed to: _____

PLACEMENT MEMORANDUM



SPANDANA SPOORTY FINANCIAL LIMITED

A public limited company incorporated under the
Companies Act, 1956

Placement Memorandum for issue of Debentures on a private placement basis on

Dated: April 10, 2023

Issue of 2500 (Two Thousand Five Hundred) Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) on a private placement basis (the "Issue").

PART A: DISCLOSURES AS PER SEBI DEBT LISTING REGULATIONS:

Please see below the disclosures as required under the terms of the SEBI Debt Listing Regulations (as defined below):

| S.no | Particulars | Relevant Disclosure |
|------|--|---|
| 1. | Corporate Identity Number of the Issuer: | L65929TG2003PLC040648 |
| 2. | Permanent Account Number of the Issuer: | AAICS6213N |
| 3. | Date and place of Incorporation of the Issuer: | Date- March 10, 2003 Place- Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad-500081, Telangana |
| 4. | Latest registration / identification number issued by any regulatory authority which regulates the Issuer (in this case) | N-09-00414 |




Ref. Channy

| | | |
|-----|--|---|
| | Reserve Bank of India): | |
| 5. | Registered Office address of the Issuer: | Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad-500081, Telangana |
| 6. | Corporate Office address of the Issuer: | Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad-500081, Telangana. |
| 7. | Telephone No of the Issuer: | +91 40 4812 6666 |
| 8. | Details of Compliance officer of the Issuer: | Name: Mr. Ramesh Periasamy Address: Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad- 500081, Telangana Telephone Number: +9140-45474750 Email address: ramesh.periasamy@spandanasphoorty.com |
| 9. | Details of Company Secretary of the Issuer: | Name: Mr. Ramesh Periasamy Address: Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad- 500081, Telangana Telephone Number: +9140-45474750 Email address: ramesh.periasamy@spandanasphoorty.com |
| 10. | Details of Chief Financial Officer of the Issuer: | Name: Mr. Ashish Kumar Damani- President and Chief Financial Officer of the Issuer. Telephone Number: +9140-45474750 Email address: ashish.damani@spandanasphoorty.com |
| 11. | Details of Promoters of the Issuer: | Name: Padmaja Gangireddy (Individual) Vijaya Sivarami Reddy Vendidandi (Individual) Kangchenjunga Limited (Body Corporate) Kedaara Capital Fund III LLP Telephone Number: +9140-45474750 Email address: secretarial@spandanasphoorty.com |
| 12. | Website address of the Issuer: | https://spandanasphoorty.com |
| 13. | Email address of the Issuer: | secretarial@spandanasphoorty.com |
| 14. | Details of debenture trustee for the Issue: | Name: Catalyst Trusteeship Limited Address: Windsor, 6 th Floor, Office No.604, C.S.T Road, Kalina, Santa Cruz (East), Mumbai 400098 Logo: |




nd. bhany

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | |
|-----|---|--|
| | |  <p>Telephone Number: 022-49220555 Email address: ComplianceCTL-Mumbai@ctltrustee.com Contact person: Mr. Umesh Salvi</p> |
| 15. | Details of credit rating agency for the Issue: | <p>Name: India Ratings and Research Private Limited Address: Wockhardt Towers, 4th floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai-400051.</p> <p>India Ratings & Research A Fitch Group Company</p> <p>Logo: Telephone Number: 91 22 4000 1700 Email address: amit.rane@indiaratings.co.in Contact person: Mr. Amit Rane</p> |
| 16. | Date of placement memorandum / Placement Memorandum | April 10, 2023 |
| 17. | Type of placement memorandum / Placement Memorandum | This Placement Memorandum is being issued in relation to the private placement basis of Debentures (which are being issued under the terms hereof in a single series). |
| 18. | The nature, number, price and amount of securities offered and issue size (base issue or green shoe), as may be applicable | Issue of 2500 (Two Thousand Five Hundred) Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) on a private placement basis (the "Issue"). |
| 19. | The aggregate amount proposed to be raised through all the stages of offers of non-convertible securities made through the shelf placement memorandum; | Not applicable. |
| 20. | Details of Registrar to the Issue: | Name: Kfin Technologies Limited (Formerly known as "Kfin Technologies Limited") |



ref. khanna

| | | |
|-----|--|---|
| | | <p>Address: Selenium Tower - B, Plot 31-32, Gachibowli, Financial District, Nanakramguda</p> <p>Logo:</p>  <p>Telephone Number: 1- 800-309-4001</p> <p>Fax number: --</p> <p>Website: https://www.kfintech.com</p> <p>Email address: cinward.ris@kfintech.com</p> |
| 21. | Issue Schedule | <p>Date of opening of the Issue: April 10, 2023</p> <p>Date of closing of the Issue: April 10, 2023</p> <p>Date of earliest closing of the Issue (if any): N.A.</p> <p>The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.</p> |
| 22. | Credit Rating of the Issue | <p>The Debentures proposed to be issued by the Issuer have been rated by India Ratings and Research Private Limited ("Rating Agency"). The Rating Agency has <i>vide</i> its letter dated April 04, 2023 and rating rationale dated February 15, 2023 assigned a rating of "A" with 'Stable' outlook in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the rating agency and should be evaluated independently of any other ratings. Please refer to Annexure II of this Placement Memorandum for the letter dated April 04, 2023 and rating rationale dated February 15, 2023 from the Rating Agency assigning the credit rating abovementioned and the press release by the Rating Agency in this respect.</p> |
| 23. | All the ratings obtained for the private placement of Issue | Please refer to S.no 22 above. |
| 24. | The name(s) of the stock exchanges where the securities are proposed to be listed | The Debentures are proposed to be listed on the National Stock Exchange of India Limited ("NSE"). |
| 25. | The details about eligible investors; | <p>The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("Eligible Investors"):</p> <p>A. Mutual Funds</p> |



| | | |
|-----|---|---|
| | | <p>B. NBFCs C. Provident Funds and Pension Funds D. Corporates E. Banks F. Foreign Institutional Investors (FIIs) G. Qualified Foreign Investors (QFIs) H. Foreign Portfolio Investors (FPIs) I. Insurance Companies J. Any other person eligible to invest in the Debentures.</p> <p>All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.</p> <p>Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.</p> |
| 26. | Coupon / dividend rate, coupon / dividend payment frequency, redemption date, redemption amount and details of debenture trustee | <p>In respect of the Coupon Rate, the Coupon Payment Frequency, the Redemption Date and Redemption Amount in respect of the Debentures, please refer to Section 5.37 (<i>Issue Details</i>) of this Placement Memorandum.</p> <p>The details of Debenture Trustee are provided under S. No. 14 above.</p> |
| 27. | Nature and issue size, base issue and green shoe option, if any, shelf or tranche size, each as may be applicable | Issue of 2500 (Two Thousand Five Hundred) Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) on a private placement basis (the "Issue"). |
| 28. | Details about underwriting of the issue including the amount undertaken to be underwritten by the underwriters: | Not applicable. |
| 29. | Inclusion of a compliance clause in relation to | Not applicable |



Ind. Khanna

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | |
|--|--|--|
| | electronic book mechanism and details pertaining to the uploading the placement memorandum on the Electronic Book Provider Platform, if applicable. | |
|--|--|--|

Background

This Placement Memorandum is related to the Debentures to be issued by Spandana Sphoorty Financial Limited (the “**Issuer**” or “**Company**”) on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Placement Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on September 21, 2022 and the Board of Directors of the Issuer on July 11, 2022 and August 04, 2022 read with the resolution passed by the Management Committee of the Board of Directors dated April 04, 2023 and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company’s shareholders dated September 21, 2022 in accordance with provisions of the Companies Act, 2013, the Company has been authorised to borrow and raise funds, by way of issuance of non-convertible debentures, upon such terms and conditions as the Board may think fit for aggregate amounts not exceeding Rs. 4000,00,00,000/- (Rupees Four Thousand Crores only). The present issue of Debentures in terms of this Placement Memorandum is within the overall powers of the Board as per the above shareholder resolution(s). This Issue does not form part of non-equity Tier-II / regulatory capital mentioned under Chapter V of the SEBI Debt Listing Regulations and the Issuer hereby confirms that Chapter V of the SEBI Debt Listing Regulations is not applicable to the present Issue. The face value of each Debenture being issued on private placement basis under this Issue is Rs. 1,00,000/- (Rupees One Lakh only).

Issuer’s Absolute Responsibility

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

Issue Schedule

| | |
|--------------------|----------------|
| | |
| Issue Opening Date | April 10, 2023 |
| Issue Closing Date | April 10, 2023 |
| Pay In Date | April 10, 2023 |



red. bh...

Placement Memorandum

Date: April 10, 2023

Private & Confidential
For Private Circulation Only
(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Deemed Date of Allotment

April 10, 2023

Prof. V. Chaitanya



TABLE OF CONTENTS

| | | |
|--------------------|---|-----|
| SECTION 1: | DEFINITIONS AND ABBREVIATIONS | 9 |
| SECTION 2: | NOTICE TO INVESTORS AND DISCLAIMERS | 16 |
| SECTION 3: | RISK FACTORS | 19 |
| SECTION 4: | FINANCIAL STATEMENTS | 25 |
| SECTION 5: | REGULATORY DISCLOSURES | 26 |
| SECTION 6: | DISCLOSURES PERTAINING TO WILFUL DEFAULT | 90 |
| SECTION 7: | TRANSACTION DOCUMENTS AND KEY TERMS | 91 |
| SECTION 8: | OTHER INFORMATION AND APPLICATION PROCESS | 113 |
| SECTION 9: | UNDERTAKING | 123 |
| SECTION 10: | FORM NO.PAS-4- PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER | 125 |
| SECTION 11: | DECLARATION BY THE DIRECTORS | 186 |
| | ANNEXURE I: TERM SHEET | 201 |
| | ANNEXURE II: RATING LETTER, RATING RATIONALE ALONG WITH DETAILED PRESS RELEASE FROM THE RATING AGENCY | 202 |
| | ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE | 213 |
| | ANNEXURE IV: APPLICATION FORM | 215 |
| | ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS | 219 |
| | ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS | 239 |
| | ANNEXURE VII: DUE DILIGENCE CERTIFICATE | 241 |
| | ANNEXURE VIII: TERMS AND CONDITIONS OF DEBENTURE TRUSTEE AGREEMENT | 243 |
| | ANNEXURE IX: IN-PRINCIPLE APPROVAL RECEIVED FROM NSE | 245 |
| | ANNEXURE X: DETAILS OF LATEST ALM STATEMENT SUBMITTED TO NSE | 246 |

Red. Khan



SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Placement Memorandum.

| | |
|------------------------------|--|
| Act | The Companies Act, 1956, or where applicable the notified provisions of the Companies Act, 2013 (" 2013 Act "), as may be amended from time to time |
| Anti-Corruption Laws | All Applicable Laws, subordinate legislation, rules, regulations or other legally binding measures related to bribery and corruption in any jurisdiction applicable to the Company, including the (Indian) Prevention of Corruption Act, 1988, the United Kingdom Bribery Act of 2010 and the United States Foreign Corrupt Practices Act of 1977. |
| Anti-Money Laundering Law(s) | All applicable financial record keeping and reporting requirements and money laundering statutes applicable to the Company including the (Indian) Prevention of Money Laundering Act, 2002, the (United States) Currency and Foreign Transaction Reporting Act of 1970, the (United Kingdom) Proceeds of Crime Act 2002, the (United Kingdom) Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the (United Kingdom) Terrorism Act 2000 and any similar laws, rules and or regulations issued, administered or enforced by a Governmental Authority in any applicable jurisdiction. |
| Anti-Terrorism Law | Any anti-terrorism law or regulation in India or any other jurisdiction in which the Company is incorporated or conducts its business. |
| Allot/Allotment/Allotted | Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue. |
| Applicable Law | All applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof |
| Application Form | The form used by the recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter, to apply for subscription to the Debentures, which is annexed to this Placement Memorandum and marked as Annexure IV . |
| Application Money | The subscription monies paid by the applicants at the time of submitting the Application Form, for the subscription of the Debentures. |
| Beneficial Owner(s) | The Debenture Holder(s) of the Debentures in dematerialised form whose name is recorded as such with the Depository |
| Board/Board of Directors | The Board of Directors of the Issuer. |
| Business Day | All days on which commercial banks are open for business in Mumbai For the purposes of this definition, in respect of : The time period between the Issue Closing Date and the listing of the Debentures on the Stock Exchanges: 'Business Day' means all trading days of the Stock Exchanges for Debentures as specified by the SEBI, excluding Saturdays, Sundays and bank holidays, as specified by the RBI |
| CDSL | Central Depository Services (India) Limited |
| CERSAI | The Central Registry of Securitisation Asset Reconstruction and Security Interest. |



| | |
|-------------------------------|---|
| Client Loan | Each loan given by the Issuer as a lender, and “ Client Loans ” shall refer to the aggregate of such loans. |
| Crore | Ten Million |
| Debentures / NCDs | 2500 (Two Thousand Five Hundred) Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures bearing a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only). |
| Debenture Holders / Investors | The holders of the Debentures issued by the Issuer and shall include any Person to whom the Debentures are transferred to and each who fulfils the following requirements: (a) Persons who are registered as such as the Beneficial Owners; and (b) Persons who are registered as debenture holder(s) in the Register of Debenture Holder(s). |
| Deemed Date of Allotment | April 10, 2023. |
| Debenture Trustee | Catalyst Trusteeship Limited |
| Debenture Trustee Agreement | The debenture trustee agreement executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures |
| Debenture Trust Deed | The debenture trust deed executed/to be executed by and between the Debenture Trustee and the Company which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer. |
| Deed of Hypothecation | The unattested deed of hypothecation entered/to be entered into between the Issuer and the Debenture Trustee, pursuant to which a first and exclusive charge by way of hypothecation over Secured Property shall be created by the Issuer in favour of the Debenture Trustee (acting for and on behalf of the Debenture Holders). |
| Demat | Refers to dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository. |
| Depositories Act | The Depositories Act, 1996, as amended from time to time. |
| Depository | A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 2018, as amended from time to time. |
| Depositories | NSDL and CDSL |
| Depository Participant / DP | A depository participant as defined under the Depositories Act |
| Director(s) | Board of Director(s) of the Issuer. |
| DP ID | Depository Participant Identification Number. |
| Due Date | Any date on which the holders of the Debentures are entitled to any Payments including on the Coupon Payment Dates/ Redemption Dates/Principal Payment Dates pursuant to Mandatory Redemption or Put Option (if exercised) or upon acceleration pursuant to occurrence of any Event of Default. |
| EFT | Electronic Fund Transfer. |
| Eligible Investors | Shall have the meaning specified in S.no 25 of Part A (Disclosures) above. |
| Financial Covenants | the financial covenants set out in Section 7.3(C) of this Placement Memorandum. |
| Financial Indebtedness | any indebtedness for or in respect of: (i) monies borrowed; |



| | |
|------------------------|--|
| | <p>(ii) any amount availed of by acceptance of any credit facility, bill acceptance or bill endorsement facility or dematerialized equivalent;</p> <p>(iii) any amount raised pursuant to the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments;</p> <p>(iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted principles of accounting in India, be treated as a finance or capital lease;</p> <p>(v) receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse basis);</p> <p>(vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;</p> <p>(vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);</p> <p>(viii) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;</p> <p>(ix) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance;</p> <p>(x) any put option, guarantees, keep fit letter(s), letter of comfort, etc by whatever name called, which gives or may give rise to any financial obligation(s);</p> <p>(xi) any preference shares (excluding any compulsorily convertible preference shares);</p> <p>(xii) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (xi) above.</p> <p>(xiii) Notwithstanding the items in paragraphs (i) to (xii) above, all obligations of any person from time to time (whether present or future, actual or contingent, as principal or surety or otherwise) for the payment or repayment of money.</p> |
| Financial Year/ FY | Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year. |
| Final Settlement Date | The date on which the Payments have been irrevocably discharged in full and/or the Debentures have been redeemed by the Company in full in accordance with the terms of the Transaction Documents as confirmed by the Debenture Trustee in writing and could mean the Maturity Date or the Put Option Date or such other date on which the Mandatory Redemption is exercised, whichever is earlier. |
| GAAP | Generally Accepted Accounting Principles prescribed by the Institute of Chartered Accountants of India from time to time and consistently applied by the Issuer. |
| Governmental Authority | The President of India, the Government of India, the Governor and the Government of any State in India, any ministry or department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by Applicable Law (and any |



| | |
|-----------------------------------|---|
| | court, tribunal or other judicial or quasi-judicial body, and shall include, without limitation, a stock exchange and any regulatory body. |
| IBC | The Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof; |
| IND AS | The Indian generally accepted accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, as amended, together with any pronouncements issued under applicable law thereon from time to time and applied on a consistent basis by the Issuer. |
| Information Utility | The National E-Governance Services Limited or any other entity registered as an information utility under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017. |
| Issue | Private Placement of the Debentures. |
| Issue Closing Date | April 10, 2023. |
| Issue Opening Date | April 10, 2023. |
| Issuer/ Company | Spandana Sphoorty Financial Limited. |
| Kedaara Private Equity Group | It shall include all the entities/Funds managed by Kedaara private Equity Including but not limited to Kagchenjunga Limited and Kedaara Capital Fund III LLP. |
| Identified Loans | shall mean collectively the rupee loan facilities advanced by the Company to the various Obligors on the terms and conditions set forth in the loan agreement(s), and “ Identified Loan ” shall mean each such individual loan facility. |
| Majority Debenture Holders | Debenture Holders holding an aggregate amount representing not less than 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding; |
| Management Covenants | the management and rating covenants set out in Section 7.3(E) of this Placement Memorandum. |
| Mandatory Redemption | As defined in Section 5.37 (<i>Issue Details</i>) of this Placement Memorandum. |
| Material Adverse Effect | In sole discretion of the Debenture Holder(s), with respect to the Company, the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could cause a material and adverse effect on: (i) the business, operations, property, assets, condition (financial or otherwise) and credit standing of the Company; or (ii) the ability of the Company to perform its obligations under the Transaction Documents ; or (iii) the legality, validity or enforceability of, or the effectiveness of any of the Transaction Documents (including the ability of any party to enforce any of its rights or remedies thereunder);or (iv) the validity, legality or enforceability of any Security or Security Interest expressed to be created pursuant to any of the Transaction Documents. |
| Maturity Date/ Redemption Date | The date falling at the end of 37 (Thirty-Seven) months and 15 (Fifteen) days from the Deemed Date of Allotment, being May 25, 2026, or such other date on which the final payment of the principal amount, interest, coupon or any other amounts, if any, with respect to the Debentures becomes due and payable subject to Mandatory Redemption or exercise of Put Option as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise; |
| N.A. | Not Applicable. |
| NBFC | Non-Banking Financial Company |
| NBFC Directions | RBI Master Direction dated September 1, 2016 bearing reference no. DNBR.PD.PD. 008/03.10.119/2016-17 on ‘Non-Banking Financial |



Redacted

| | |
|--|---|
| | Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016’ |
| NBFC-MFI | Non-Banking Financial Company –Micro Finance Institution |
| NSDL | National Securities Depository Limited. |
| Obligors | The persons who have availed of the Identified Loans from the Company under the loan agreement(s) and who are liable to make payments/repayments to the Company of the Receivables. |
| Outstanding Amounts | at any date, the outstanding principal amounts together with any Coupon (including any accrued but unpaid/uncrystallised Coupon), additional interest, costs, fees, charges, reimbursements, and other amounts payable by the Company in respect of the Debentures |
| PAN | Permanent Account Number. |
| Payments | All payments to be made by the to be made by the Company in relation to the Debentures to be calculated in the manner set out herein and shall include principal amounts, redemption premium (as may be applicable), interest, coupon and other amounts, if any, in respect of the Debentures as per this Placement Memorandum. |
| Placement Memorandum | This document which sets out sets out the terms and conditions for the issue and offer of the Debentures by the Issuer on a private placement basis and contains the relevant information in this respect. |
| Private Placement Offer cum Application Letter | The offer cum application letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and as annexed in SECTION 10: of this Placement Memorandum. |
| Put Option | The option available to the Debenture Holders to require the Company to redeem the Debentures (in full or part), on the Put Option Date. |
| RBI | Reserve Bank of India. |
| Rating Agency | India Ratings and Research Private Limited, registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time. |
| Record Date | The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date. |
| Redemption Amount | Rs. 1,00,000/- (Rupees One Lakh Only) per Debenture along with Coupon payable on the Redemption Date or on exercise of Put Option. |
| Register of Debenture Holders | The register maintained by the Issuer containing the name(s) of the Debenture Holder(s), which register shall be maintained at the registered office of the Issuer. |
| Restricted Party | A person that is: (i) listed on, or owned or Controlled by a person listed on, or acting on behalf of a Person listed on, any Sanctions List; (ii) located in, incorporated under the laws of, or owned or (directly or indirectly) Controlled by, or acting on behalf of, a person located in or organised under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions; or (iii) otherwise a target of Sanctions (" target of Sanctions ") signifies a person with whom a US person or other national of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities) |
| R&T Agent | Registrar and Transfer Agent to the Issue, in this case being KFin Technologies Limited. |
| ROC | Registrar of Companies. |
| Rs. / INR | Indian Rupee. |
| RTGS | Real Time Gross Settlement. |



| | |
|-------------------------------------|---|
| Sanctions | The economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by: (i) the United States government; (ii) the United Nations; (iii) the European Union; (iv) the United Kingdom; (v) Financial Action Task Force ("FATF") or (v) the respective governmental institutions and agencies of any of the foregoing, including, without limitation, the OFAC, the United States Department of State, and His Majesty's Treasury ("HMT") (together the "Sanctions Authorities"). |
| Sanctions List | The "Specially Designated Nationals and Blocked Persons" list maintained by OFAC, the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by HMT, or any similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities |
| SEBI | Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time). |
| SEBI Debt Listing Regulations | The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI read with the operational circular for issue and listing of non-convertible securities, securities debt instruments, security receipts, municipal debt securities and commercial paper dated August 10, 2021, issued by Securities and Exchange Board of India, as updated vide the SEBI circular dated December 01, 2022 (bearing reference number: SEBI/HO/DDHS/P/CIR/2021/613) and each as may be further updated, amended, modified or replaced from time to time. |
| Security Cover | The security cover to be provided by the Hypothecated Assets as specified in Section 5.37 (<i>Issue Details</i>) of this Placement Memorandum |
| Security | The security for the Debentures as specified in Section 5.37 (<i>Issue Details</i>) of this Placement Memorandum. |
| Secured Obligations | All the obligations at any time, all the present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever), owing or incurred by the Company to the Debenture Trustee and the Debenture Holder(s) in respect of the Debentures and shall include the obligation to redeem the Debentures in terms thereof together with the coupon/interest/premium accrued thereon, Default Interest, if any, accrued thereon, any outstanding remuneration of the Debenture Trustee, any amounts payable pursuant to indemnity obligations of the Company under any of the Transaction Documents, any and all sums expended by the Debenture Trustee or any of the Debenture Holders or other Person in order to preserve, enforce and realize the Security and all fees, costs, charges and expenses payable to the Debenture Trustee and other monies payable by the Company in respect of the Debentures under the Transaction Documents |
| Secured Property | All the right, title, interest, benefit, claims and demands of the Issuer, both present and future, in, to, or in respect of the identified receivables including balance principal repayments, overdue interest, overdue principal amount, charges, default or additional interest, accrued interest, premia on prepayment, liquidated damages, insurance proceeds and all other costs etc. arising out of rupee loan facilities advanced / to be advanced by the Issuer to any person and charged under the terms of this Issue under the terms of the Deed of Hypothecation. |
| Subscription Money / Issue Proceeds | shall mean monies paid by the prospective Debenture Holders to the Issuer towards subscription of the Debentures. |



| | |
|------------------------------------|---|
| Supplemental Deed of Hypothecation | An unattested deed of hypothecation supplemental to the Deed of Hypothecation, creating charge by way of hypothecation over such additional or substituted Identified Loan as are required to ensure and maintain the Security Cover, executed in favour of the Debenture Trustee. |
| Tax or Taxes | shall mean any and all present or future, direct or indirect, claims for tax, withholding tax, surcharge, levy, impost, duty, cess, statutory due or other charge of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) including on gross receipts, sales, turn-over, value addition, use, consumption, property, service, income, franchise, capital, occupation, license, excise, documents (such as stamp duties) and customs and other taxes, duties, assessments, or fees, however imposed, withheld, levied, or assessed by any Government; |
| TDS | Tax Deducted at Source. |
| The Companies Act/ the Act | the provisions of the Companies Act, 2013, along with the rules and regulations made thereunder and the notifications, circulars and orders issued in relation thereto, as amended, modified or supplemented from time to time. |
| Terms & Conditions | Shall mean the terms and conditions pertaining to the Issue as outlined in the Transaction Documents. |
| Transaction Documents | The documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in Section 7 of this Placement Memorandum. |
| Upfront Fees | An upfront fees payable to the Debenture Holders shall be mutually agreed between the Issuer and the Debenture Holders. |
| Wilful Defaulter | Shall mean an Issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such in accordance with Regulation 2(ss) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time. |
| YTM adjustment | The adjustment made in the cash flow on Put Option Date to arrive at Put Option Price in the event the Debenture Holders exercise Put Option |

red. Khan



SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS**2.1 ISSUER'S DISCLAIMER**

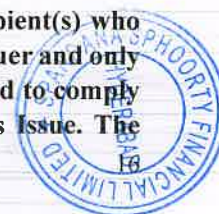
This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the NSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Placement Memorandum to be filed or submitted to the SEBI for its review and/or approval. This Placement Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time and the applicable RBI regulations governing private placements of debentures by NBFCs. This Placement Memorandum has been prepared solely to provide general information about the Issuer to the Eligible Investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Placement Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Placement Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Placement Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The Issuer certifies that the disclosures made in this Placement Memorandum and/or the Private Placement Offer cum Application Letter are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Placement Memorandum would be doing so at its own risk.

This Placement Memorandum, the Private Placement Offer cum Application Letter and the respective contents hereof respectively are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The



contents of this Placement Memorandum and/or the Private Placement Offer cum Application Letter are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Placement Memorandum and/or the Private Placement Offer cum Application Letter being issued have been sent. Any application by a person to whom the Placement Memorandum and/or the Private Placement Offer cum Application Letter has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Placement Memorandum and/or the Private Placement Offer cum Application Letter shall not reproduce or distribute in whole or in part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to us or other parties in connection with the Issue. This Placement Memorandum and/or the Private Placement Offer cum Application Letter may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Placement Memorandum) without retaining any copies hereof. If any recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter decides not to participate in the Issue, that recipient must promptly return this Placement Memorandum and/or the Private Placement Offer cum Application Letter and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Placement Memorandum and/or the Private Placement Offer cum Application Letter to reflect subsequent events after the date of Placement Memorandum and/or the Private Placement Offer cum Application Letter and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Placement Memorandum and/or the Private Placement Offer cum Application Letter nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Placement Memorandum and/or the Private Placement Offer cum Application Letter in any jurisdiction where such action is required. Persons into whose possession this Placement Memorandum and/or the Private Placement Offer cum Application Letter comes are required to inform themselves about and to observe any such restrictions. The Placement Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Placement Memorandum has been filed with the NSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Placement



nd. bhav

Memorandum to the NSE should not in any way be deemed or construed to mean that this Placement Memorandum has been reviewed, cleared, or approved by the NSE; nor does the NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum, nor does the NSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the NSE; nor does the NSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.3 DISCLAIMER CLAUSE OF RBI

The Company is having a valid certificate of registration issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits/ discharge of liability by the Company.

2.4 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Placement Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Placement Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Placement Memorandum.

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to Investors as specified under the clause titled "Eligible Investors" of this Placement Memorandum, who shall be/have been identified upfront by the Issuer. This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at Mumbai. This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.7 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take



Handwritten signature in blue ink.

necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depository participant. The Issuer will make the Allotment to Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

2.8 DISCLAIMER OF THE DEBENTURE TRUSTEE

The Issuer confirms that all necessary disclosures have been made in the Placement Memorandum including but not limited to statutory and other regulatory disclosures. Investors should carefully read and note the contents of the Placement Memorandum. Each prospective investor should make its own independent assessment of the merit of the investment in the Debentures and the Issuer. Prospective investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in such instruments. The Debenture Trustee, ipso facto does not have the obligations of a borrower or a principal debtor or as to the monies paid/invested by investors for the Debentures.

Handwritten signature



SECTION 3: RISK FACTORS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this Placement Memorandum and/or the Private Placement Offer cum Application Letter for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures. Potential Investors should also read the detailed information set out elsewhere in this Placement Memorandum and/or the Private Placement Offer cum Application Letter and reach their own views prior to making any investment decision.

3. GENERAL RISKS

3.1 RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES:

(a) Repayment is subject to the credit risk of the Issuer.

Potential Investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential Investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

(b) The secondary market for non-convertible securities may be illiquid.

The non-convertible securities may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the non-convertible securities, it is not likely to provide significant liquidity. Potential Investors may have to hold the Debentures until redemption to realize any value.

(c) Credit risk & rating downgrade risk

The Rating Agency has assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the Rating Agency may downgrade the rating of the Debentures. In such cases, potential investors may incur losses on revaluation of their investment or make provisions towards sub-standard/non-performing investment as per their usual norms.

(d) Changes in interest rates may affect the price of the Debentures.

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.



(e) Tax considerations and Legal considerations

Special tax considerations and legal considerations may apply to certain types of investors. Potential Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

(f) Accounting considerations

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

(g) Material changes in regulations to which the Issuer is subject could impair the Issuer's ability to meet payment or other obligations.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

3.2 RISKS IN RELATION TO THE SECURITY CREATED IN RELATION TO THE DEBT SECURITIES. FURTHER, ANY RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

(a) Security may be insufficient to redeem the Debentures

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the Security as per the terms of security documents, and other related documents executed in relation to the Debentures. The Investor's recovery in relation to the Debentures will be subject to (i) the market value of such Security, (ii) finding willing buyers for the Security at a price sufficient to repay the potential Investors amounts outstanding under the Debentures. There is a risk that the value realised from the enforcement of the Security may be insufficient to redeem the Debentures.

3.3 REFUSAL IN LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD:

As of date, the Issuer has not been refused in listing of any security during the last 3 (Three) years by any of the stock exchanges in India or abroad and therefore, this would not be applicable.

3.4 LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON STOCK EXCHANGES:

As of date, we are not aware of any limited or sporadic trading of the non-convertible securities of the Issuer on stock exchanges and therefore, this would not be applicable.

3.5 IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS, ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED, DEFAULT IN PAYMENT OF INTEREST, DEFAULT IN REDEMPTION OR

Red. Khan



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

**REPAYMENT, NON-CREATION OF DEBENTURE REDEMPTION RESERVE,
DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE**

As of date, the Issuer has not defaulted in compliance with any material covenants agreed to by the Issuer and therefore, this would not be applicable.

3.6 RISKS RELATED TO THE BUSINESS OF THE ISSUER

- A. *The Issuer provides unsecured loans to the clients and if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are insufficient to cover future loan losses, the financial condition and results of operations may be materially and adversely affected.*

A majority of the Issuer's loans are to the socially motivated double bottom line enterprises and the clients of these loans are of the high risk category. There is uncertainty on the client's ability to fulfil its loan obligations it can be difficult to verify all client details and assess the risk. Such non-performing or low credit quality loans can negatively impact our results of operations.

The Issuer has various procedures and process controls in place to mitigate the risk.

The Issuer cannot assure that it will be able to effectively control and reduce the level of the NPAs of its Client Loans. The amount of its reported NPAs may increase in the future as a result of growth of Client Loans. If the Issuer is unable to manage NPAs or adequately recover its loans, the results of its operations will be adversely affected.

The current loan loss reserves of the Issuer may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of Client Loans. As a result, if the quality of its total loan portfolio deteriorates the Issuer may be required to increase its loan loss reserves, which will adversely affect its financial condition and results of operations.

The clients are from different industries spread across several geographies with limited access to finance and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that its monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer are unable to control or reduce the level of its NPAs or poor credit quality loans, its financial condition and results of its operations could be materially and adversely affected.

- B. *The Issuer is exposed to certain political, regulatory and concentration of risks*

Due to the nature of its operations, the Issuer is exposed to political, regulatory and concentration risks. The Issuer believes a mitigate to this is to expand its geographical reach and may consequently expand its operations other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services



of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the banking and financial services industries. The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its growth. The Issuer's business is also dependent on its team of personnel who directly manage its relationships with its customers. The Issuer's business and profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its customers over a period of time. The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

C. ***The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees***

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

D. ***The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position***

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage.

In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

E. ***Issuer requires certain statutory and regulatory approvals for conducting business and failure to obtain or retain them in a timely manner, or at all, may adversely affect operations.***

NBFCs in India are subject to strict regulation and supervision by the RBI. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC pursuant to Section 45-IA of the RBI Act, 1934. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change and the Issuer may not be aware of or comply with all requirements all of the time. Additionally, RBI has issued detailed directions on prudential norms inter alia prescribing guidelines on income recognition, asset classification and provisioning requirements applicable to NBFCs.

Med. Khanna



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

exposure norms, disclosures in the balance sheet, requirement of capital adequacy, restrictions on investments in land and building and unquoted shares besides others. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC that is subject to numerous conditions. In addition, its branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishments laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, its business may be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not complied, with any of these conditions, the Issuer's certificate of registration may be suspended or cancelled and it shall not be able to carry on such activities. If the Issuer fails to comply with the NBFC Directions and fails to maintain the status of NBFC. It may attract penal provisions under the RBI Act, 1934 for non-compliance. The penal action can also result in RBI cancelling the Certificate of Registration issued to the NBFC.

F. ***Competition from banks and financial institutions, as well as state-sponsored programs, may adversely affect our profitability and position in the Indian NBFC lending industry***

The Issuer faces most significant competition from other NBFCs and banks in India. Many of the institutions with which Issuer competes can have greater assets and better access to, and lower cost of, funding than the issuer. In certain areas, they may also have better name recognition and larger member bases than Issuer. Issuer anticipates that it may encounter greater competition as they continue expanding the operations in India, which may result in an adverse effect on the business, results of operations and financial condition.

G. ***The economic fallout from the spread of the COVID-19 virus may impact the Issuer's business prospects, financial condition, result of operations and credit risk***

The spread of the COVID-19 virus has affected millions across the globe and the same coupled with measures taken by the governments including lockdowns/ curfew has not only affected day to day lives of people but has also given a hard blow to the supply chain of factories, with traderoutes being disturbed and slowing down of the industry, trade, commerce and business activities across all sectors.

The COVID-19 virus pandemic is adversely affecting, and is expected to continue to adversely affect, our operations, business, liquidity and cashflows, and we have experienced and expect to continue to experience unpredictable reductions in demand for certain of our products and services. Further, since a good fraction of our borrowers are small transport road operators, the disruption due to COVID-19 virus will also have an impact on their business as well as repayment capacity of the loans taken from us.

However, the extent of negative financial impact cannot be reasonably estimated at this time but a sustained economic slowdown may significantly affect our business, financial condition, liquidity, cashflows and results of operations and the same will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 virus and the actions to contain the COVID-19 virus or treat its impact, among others. Consequently, there may be a negative effect on the Company's ability to service the obligations in relation to the Debentures.

H. ***Economic Risk in India:***



neel kumar

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

3.7 ANY OTHER RISK FACTORS

(a) Legality of Purchase

Potential Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

Red Sharma



SECTION 4: FINANCIAL STATEMENTS

The consolidated and standalone audited financial statements of the Issuer for the financial year ended 31st March 2022 are set out in **Annexure V** of this Placement Memorandum.

Red Khan



SECTION 5: REGULATORY DISCLOSURES

The Placement Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and, in this section, the Issuer has set out the details required as per Schedule II of the SEBI Debt Listing Regulations.

5.1 Documents Submitted to the Exchanges

The following documents have been / shall be submitted to the NSE:

- A. This Placement Memorandum;
- B. Memorandum and Articles of Association of the Issuer;
- C. Certified copy of necessary resolution(s) authorizing the borrowings, issuance of the Debentures and list of authorized signatories for the allotment of the Debentures;
- D. Copy of last 3 (Three) years audited Annual Reports;
- E. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- F. Certified copy of the resolution passed by the shareholders of the Company at the Annual General Meeting held on September 21, 2022, authorizing the issue/offer of non-convertible debentures by the Company;
- G. Certified copy of the resolution passed by the shareholders of the Company at the Annual General Meeting held on September 28, 2021, authorizing the borrowing of the Company up to a limit of Rs. 12,000,00,00,000 (Rupees Twelve Thousand Crores only)
- H. Certified copy of the resolution passed by the shareholders of the Company at the Annual General Meeting held on September 28, 2021, authorizing the creation of security by the Company up to a limit of Rs. 15,000,00,00,000 (Rupees Fifteen Thousand Crores only);
- I. Certified copy of the resolution passed by the Board of Directors dated July 11, 2021, and August 04, 2022 read with the resolution passed by the Management Committee of the Board of Directors dated April 04, 2023 authorizing the issuance of the Debentures and the list of authorized signatories;
- J. An undertaking from the Issuer stating that the necessary documents for the creation of the charge, where applicable, including the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the NSE, where such securities have been proposed listed, within 5 (Five) working days of execution of the same;
- K. Where applicable, an undertaking that permission / consent from the prior creditor for a second or *pari passu* charge being created, in favour of the debenture trustee to the proposed issue has been obtained; and
- L. Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

5.2 Documents Submitted to Debenture Trustee

The following documents have been/shall be submitted to the Debenture Trustee in electronic form (soft copy) on or before the allotment of the Debentures:

- A. Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures and creation of security in relation to the Debentures;
- B. Certified true copy of the shareholders' resolution under Section 180(1)(c) of the Companies Act, 2013;
- C. Copy of last 3 (Three) years audited Annual Reports;
- D. Statement containing particulars of, dates of, and parties to all material contracts and agreements including all material contract and agreements with related parties;

Red Khan




(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- E. Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any.
- F. Statement containing details of all the taxation matters of the Issuer as on the date of the Issue and the details of statutory dues, if any.
- G. An undertaking to the effect that the Issuer would, until the redemption of the debt securities, submit the details mentioned in point (D) above to the Debenture Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009/ Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing / publishing its half yearly/ annual results. Further, the Issuer shall within 180 (One Hundred and Eighty) calendar days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within 2 (two) calendar days of their specific request.

5.3 Details of Promoters of the Issuer:

| S.no | Details of Promoter | | |
|------|--|--|---|
| 1. | Name of promoter | Padmaja Gangireddy | Kangchunjunga Limited |
| 2. | Date of Birth/Date of Incorporation | | April 9, 2013 |
| 3. | Age | January 14, 1967 | - |
| 4. | Personal Addresses/Register Address | Flat No. A-208, Jayabheri Orange County, Near ICICI Towers, Serilingampally, K.V. Rangaredd Hyderabad Telangana India 500084 | Suite 11, 1st Floor, Plot 42, Hotel Street, Cybercity 72201, Ebene, Republic of Mauritius |
| 5. | Education Qualifications | bachelors' degree in science and a bachelors' degree in communication and journalism. | - |
| 6. | Experience in the business or employment | She has been a director on the Board of Directors of the Issuer since April 19, 2003. | - |
| 7. | positions/posts held in the past by the promoter | Acted as an Managing Director until November 02, 2021 | - |
| 8. | directorships held by the promoter | Spandana Sphoorty Financial Limited Keertana Financial Limited Criss Financial Limited | None |



| | | | |
|-----|---|--|------------|
| | | Abhiram Marketing Services Limited Caspian Financial Services Limited | |
| 9. | Other ventures of the promoter | None | None |
| 10. | Special achievements | She has been awarded the “Women Leadership Award for Excellence in Banking & Finance Sector” presented by CMO Asia in 2018, the “Outstanding Achievement Award for Excellence in Banking & Finance” at the International Achievers Conference, 2018 and as one of the “Most Admired Leaders of Asia 2018” by Process Evaluators & Research – BARC Asia & Jury Panel, Herald Global. Recently, she has been awarded as ‘Promising Entrepreneur 2020’ by Economic Times. | None |
| 11. | Business and financial activities of the promoter | None | None |
| 12. | Photograph |  | - |
| 13. | Permanent Accountant Number | AEZPG1437L | AAFCK1434L |

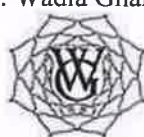
5.4 Details of specific entities in relation to the Issue:

| S.no | Particulars | Details |
|------|--------------------------------|--|
| 1. | Debenture Trustee to the Issue | <p>Name: Catalyst Trusteeship Limited</p> <p>Logo: </p> <p>Address: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400098</p> <p>Website: https://catalysttrustee.com</p> |

Red. Channay



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | |
|----|------------------------------------|---|
| | | <p>Email address: ComplianceCTL-Mumbai@ctltrustee.com Telephone Number: 022-49220555 Contact Person: Mr. Umesh Salvi</p> |
| 2. | Credit Rating Agency for the Issue | <p>Name: India Ratings and Research Private Limited</p> <p>India Ratings & Research A Fitch Group Company</p> <p>Logo:</p> <p>Address: Wockhardt Towers, 4th floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai, 400051 Website: www.indiacreditratings.co.in Email address: amit.rane@indiaratings.co.in Telephone Number: 91 22 4000 1700 Contact Person: Mr. Amit Rane</p> |
| 3. | Registrar to the Issue | <p>Name: KFin Technologies Private Limited</p> <p>KFINTECH</p> <p>Logo:</p> <p>Address: Selenium Tower - B, Plot 31-32, Gachibowli, Financial District, Nanakramguda</p> <p>Website: https://www.kfintech.com Email address: einward.ris@kfintech.com Telephone Number: (040) 7961 1000 Contact Person: Mr. S P Venugopal</p> |
| 4. | Statutory Auditors | <p>Name: Walker Chandiok & Co LLP</p> <p>Logo:</p> <p>Walker Chandiok & Co LLP</p> <p>Address: L-41, Connaught Circus, Outer Circle, New Delhi-110001, India. Website: https://www.walkerchandiok.in/ Email address: Manish.Gujral@WalkerChandiok.IN Telephone Number: 98339 78339 Contact Person: Manish Gujral</p> |
| 5. | Legal Counsel (if any) | <p>Name: Wadia Ghandy & Co.</p> <p></p> <p>Logo:</p> <p>Address: 2nd Floor, NM Wadia Buildings, 123 MG Road, Fort, Mumbai 400 001 Website: N.A Email address: administrator@wadiaghandy.com Telephone Number: +91 (22) 2271 5600 Contact Person: Administrator</p> |
| 6. | Guarantor (if applicable) | Name: Not Applicable |

Red Khanna



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | |
|----|-------------------|---|
| | | Logo: Not Applicable Address: Not Applicable Website: Not Applicable Email address: Not Applicable Telephone Number: Not Applicable Contact Person: Not Applicable |
| 7. | Arrangers, if any | Name: Not Applicable Logo: Not Applicable Address: Not Applicable Website: Not Applicable Email address: Not Applicable Telephone Number: Not Applicable Contact Person: Not Applicable |

5.5 About the Issuer: A brief summary of business / activities of the Issuer and its subsidiaries with the details of branches or units if any and its line of business containing at least the following information:

A. Overview of the business of the Issuer

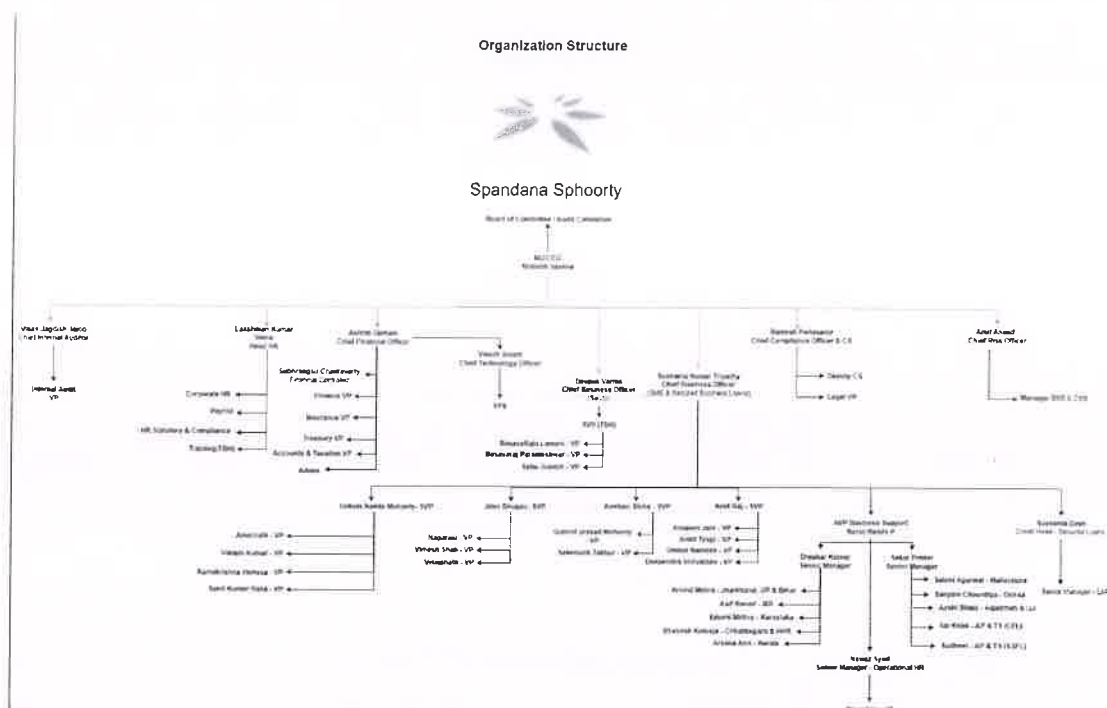
Spandana Sphoorty Financial Limited is a leading, rural focused NBFC-MFI with a geographically diversified presence in India. We offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas.

Through our extensive corporate history, we have developed an in-depth understanding of the borrowing requirements of the low-income client segment. Our business model involves regular client meeting processes through our employees, who maintain contact with our clients across the districts that we cover. As of December 31, 2021, we had 8,593 employees (including 6,618 credit assistants) operating out of 1,047 branches in 293 districts across 18 states and 1 union territory in India. Through our loan products and client-centric approach, we endeavour 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.

We were incorporated as a public company in 2003 and registered as an NBFC with the RBI in 2004. Subsequently, we registered as an NBFC-MFI in 2015. Between the years 2005 to 2010, we grew our micro-finance operations and, as of March 2010, we were the second largest MFI in terms of AUM.

B. Corporate Structure of the Issuer:





C. Project cost and means of financing, in case of funding of new projects

NIL

5.6 Key Operational and Financial Parameters for the last 3 audited years on a consolidated basis (wherever available) else on a standalone basis:

| Particulars | March 31, 2020 | | March 31, 2021 | | March 31, 2022 | | December 31, 2022 | |
|--|----------------|---------------|----------------|---------------|----------------|---------------|-------------------|---------------|
| | Standalone | Consolidation | Standalone | Consolidation | Standalone | Consolidation | Standalone | Consolidation |
| Balance Sheet | | | | | | | | |
| Net Fixed assets | 164.27 | 165.59 | 204.65 | 206.73 | 135.20 | 138.83 | 306.03 | 308.49 |
| Current assets | 59083.08 | 59425.44 | 82084.05 | 84368.54 | 66447.98 | 68365.35 | 78039.71 | 68365.35 |
| Non-current assets | 170.49 | 182.75 | 1171.93 | 1194.02 | 2053.73 | 2259.19 | 2518.18 | 2753.33 |
| Total assets | 59417.84 | 59773.78 | 83460.63 | 85769.29 | 68636.92 | 70763.37 | 80863.92 | 82614.96 |
| Non-Current Liabilities | | | | | | | | |
| (Including maturities of long-term borrowings and short-term borrowings) | | | | | | | | |
| Financial (borrowings, trade payables, and other financial liabilities) | 30162.07 | 30252.90 | 51974.30 | 53732.66 | 36314.54 | 37721.07 | 50249.48 | 51187.81 |



Handwritten signature: K. D. Khan

Placement Memorandum

Date: April 10, 2023

Private & Confidential
For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Provisions | | | | | | | | |
| Deferred tax liabilities (net) | | | | | | | | |
| Other non-current liabilities | 2255.73 | 2271.90 | 2561.99 | 2696.75 | 1285.64 | 1312.32 | 1181.52 | 1227.93 |
| Current Liabilities | | | | | | | | |
| (Including maturities of long-term borrowings) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial (borrowings, trade payables, and other financial liabilities) | | | | | | | | |
| Provisions | 27.57 | 28.00 | 16.08 | 16.50 | 39.47 | 40.15 | 44.91 | 45.76 |
| Current tax liabilities (net) | 596.69 | 647.07 | 1338.86 | 1398.16 | 177.53 | 281.62 | -3.17 | 77.32 |
| Other current liabilities | 294.40 | 301.45 | 410.35 | 414.25 | 504.42 | 508.76 | 447.57 | 465.41 |
| Equity (equity and other equity) | 26081.38 | 26272.46 | 27159.05 | 27510.97 | 30315.32 | 30899.45 | 28943.55 | 29610.74 |
| Total equity and liabilities | 59417.84 | 59773.78 | 83460.63 | 85769.29 | 68636.92 | 70763.37 | 80863.86 | 82614.97 |

| Profit and Loss Account | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Total revenue | 14094.86 | 14352.98 | 14429.05 | 14826.26 | 13763.38 | 14627.92 | 8533.22 | 9026.24 |
| From operations | | | | | | | | |
| Other income | 319.28 | 342.08 | 218.41 | 229.88 | 152.62 | 172.43 | 357.95 | 413.96 |
| Total Expenses | 8432.74 | 8510.52 | 12871.42 | 13051.69 | 13270.14 | 13831.63 | 10243.15 | 10647.63 |
| Total comprehensive income | 3362.99 | 3514.24 | 990.25 | 1155.21 | 119.81 | 351.81 | -1703.59 | -1596.2 |
| Profit / loss | 5981.4 | 6184.54 | 1776.34 | 2004.45 | 645.86 | 968.72 | -1351.98 | -1207.43 |
| Other comprehensive income | | | | | | | | |
| Profit / loss after tax | 3366.94 | 3518.29 | 1289.82 | 1454.6 | 466.38 | 698.27 | -1038.85 | -931.6 |
| Earnings per equity share: (a) basic; and (b) diluted | | | | | | | | |
| a)Basic | 53.85 | 56.21 | 20.05 | 22.55 | 7.22 | 10.75 | -14.71 | -13.2 |
| b)Diluted | 53.4 | 55.74 | 19.98 | 22.47 | 7.2 | 10.72 | -14.71 | -13.2 |
| Continued | 3366.94 | 3518.29 | 1289.82 | 1454.6 | 466.38 | 698.27 | -1038.85 | -931.6 |

red. Khan



Placement Memorandum

Date: April 10, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | |
|--|---------|---------|---------|--------|--------|--------|----------|--------|
| Discontinued operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Continuing and discontinued operations | 3366.94 | 3518.29 | 1289.82 | 1454.7 | 466.38 | 698.27 | -1038.85 | -931.6 |

| Cash flow Statement | | | | | | | | |
|---|----------|----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Net cash generated from operating activities | -536.67 | -351.73 | -16181.77 | -17540.55 | 8199.02 | 8625.81 | -10275.38 | (10,651.72) |
| Net cash used in /generated from investing activities | -4851.89 | -4873.31 | 5144.44 | 4819.75 | 448.66 | 362.18 | 766.22 | 60.36 |
| Net cash used in financing activities | 4470.68 | 4335.22 | 21808.97 | 23476.43 | -12715.56 | -13068.24 | 14,033.74 | 13,565.43 |
| Cash and cash equivalents | 536.19 | 596.31 | 11307.83 | 11351.95 | 7239.95 | 7271.7 | 10,232.10 | 10,245.77 |
| Balance as per statement of cash flows | 536.19 | 596.31 | 11307.83 | 11351.95 | 7239.95 | 7271.7 | 10,232.10 | 10,245.77 |

| Key Operational Data | | | | | | | | |
|---------------------------------------|----------|----------|----------|----------|----------|----------|-----------|----------|
| Net worth | 26081.38 | 26272.46 | 27159.06 | 27510.97 | 30315.32 | 30899.45 | 28943.55 | 29610.74 |
| Cash and Cash Equivalents | 536.19 | 596.31 | 11307.83 | 11351.95 | 7239.95 | 7271.7 | 10,232.10 | 10245.77 |
| Investments | 5498.55 | 4874.62 | 1146.24 | 23.25 | 1146.24 | 24.44 | 1997.12 | 842.38 |
| Assets Under Management (Cr) | 6672 | 6840 | 7735 | 8157 | 6199 | 6583 | 6,637.29 | 7,187.64 |
| Off Balance Sheet Assets | 1915 | 0 | 877 | 889.6 | 489 | 491.7 | 335.84 | 336.74 |
| Total Debts to Total assets | 0.51 | 0.51 | 0.62 | 0.63 | 0.53 | 0.53 | 0.62 | 0.62 |
| Debt Service Coverage Ratios | NA | NA | NA | NA | NA | NA | NA | NA |
| Interest Income | 11454.46 | 11691.94 | 13258.78 | 13627.1 | 12509.45 | 13365.36 | 8089.59 | 8581.82 |
| Interest Expense | 3541.11 | 3563.35 | 4171.62 | 4231.7 | 5140.88 | 5401 | 2988.14 | 3,088.90 |
| Interest service coverage ratio | NA | NA | NA | NA | NA | NA | NA | NA |
| Provisioning & Write-offs | 2728.96 | 2735.72 | 6398.75 | 6451.4 | 4658.31 | 4805.7 | 4086.43 | 4220.78 |
| Bad debts to Account receivable ratio | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross NPA (%) | 0.36% | 0.36% | 6.14% | 5.60% | 17.70% | 15% | 5.10% | 5.31% |
| Net NPA (%) | 0.07% | 0.07% | 3.27% | 3.10% | 9.68% | 5.90% | 2.30% | 2.52% |
| Tier I Capital Adequacy Ratio (%) | 51.78% | NA | 40.16% | NA | 50.55% | NA | 39.21% | NA |
| Tier II Capital Adequacy Ratio (%) | 1.11% | NA | -0.17% | NA | 0.19% | NA | 0.00% | NA |

Last 3 years Financials:

| |
|-------------------------------------|
| Spandana Sphoorty Financial Limited |
|-------------------------------------|



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| Audited Balance sheet for the previous three years till December 31, 2022 | | | | |
|---|---|---|---|---|
| | As at December 31, 2022 (Un audited) | As at March 31, 2022 (audited) | As at March 31, 2021 (audited) | As at March 31, 2020 (audited) |
| ASSETS | Standalone | Standalone | Standalone | Standalone |
| Financial assets | | | | |
| Cash and cash equivalents | 10232.1 | 7,239.95 | 11,307.83 | 536.19 |
| Bank balances other than cash and cash equivalents | 1390.41 | 4,750.72 | 2,453.27 | 1,970.99 |
| Trade receivables | 252.4 | 200.86 | 121.06 | 223.68 |
| Loans | 62690.77 | 52,637.39 | 66,163.14 | 49,051.40 |
| Derivative financial instruments | 0.46 | 0.46 | 0.45 | - |
| Other financial assets | 1213.39 | 322.98 | 742.67 | 1,652.89 |
| Investments | 1997.12 | 1,146.24 | 1,146.24 | 5,498.55 |
| Subtotal - Financial assets | 77776.65 | 66,298.60 | 81,934.66 | 58,933.70 |
| Non-financial assets | | | | |
| Current tax assets (net) | 263.06 | 149.38 | 149.38 | 149.38 |
| Deferred tax assets (net) | 2348.96 | 1,812.28 | 1,045.42 | 69.03 |
| Property, plant and equipment | 256.64 | 64.24 | 196.92 | 151.43 |
| Intangible assets | 49.39 | 70.96 | 7.74 | 12.84 |
| Goodwill | 0 | 0 | 0 | 0 |
| Other non-financial assets | 169.22 | 241.46 | 126.51 | 101.46 |
| Subtotal - Non-financial assets | 3,087.27 | 2,338.32 | 1,525.97 | 484.14 |
| Total assets | 80,863.92 | 68,636.92 | 83,460.63 | 59,417.84 |
| LIABILITIES AND EQUITY | | | | |
| LIABILITIES | | | | |
| Financial liabilities | | | | |
| Debt securities | 28928.24 | 17,584.36 | 20,347.14 | 7,776.28 |
| Borrowings (other than debt securities) | 21119.08 | 18,528.31 | 31,425.34 | 22,184.11 |
| Subordinated liabilities | 202.16 | 201.87 | 201.83 | 201.67 |
| Other financial liabilities | 1181.52 | 1,285.64 | 2,561.99 | 2,255.73 |
| Subtotal - Financial liabilities | 51,431.00 | 37,600.18 | 54,536.30 | 32,417.80 |
| Non-financial liabilities | | | | |
| Current tax liabilities (net) | -3.17 | 177.53 | 1,338.85 | 596.69 |
| Provisions | 44.91 | 39.47 | 16.08 | 27.58 |
| Other non-financial liabilities | 447.57 | 504.42 | 410.35 | 294.4 |
| Subtotal - Non-financial liabilities | 489.31 | 721.42 | 1,765.28 | 918.67 |



red. 16/04/23

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| EQUITY | | | | |
|-------------------------------------|-----------------|------------------|------------------|------------------|
| Equity share capital | 709.83 | 690.95 | 643.15 | 643.15 |
| Other equity | 28233.72 | 29,624.37 | 26,515.90 | 25,438.23 |
| Non controlling interest | 0 | 0 | 0 | 0 |
| Subtotal – Equity | 28943.55 | 30,315.32 | 27,159.06 | 26,081.39 |
| | | | | |
| Total liabilities and equity | 80863.86 | 68,636.92 | 83,460.63 | 59,417.84 |
| | | | | |

| Audited Profit and Loss for the Previous three years till 31st December ,2022 | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31-Dec-22 | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 |
| | Un audited | Audited | Audited | Audited |
| Revenue from operations | Standalo ne | Standalo ne | Standalo ne | Standalo ne |
| Interest income | 8089.59 | 12509.45 | 13,258.78 | 11,454.46 |
| Commission and incentive income | 0 | 64.68 | 89.12 | 351.12 |
| Net gain on fair value changes | 187.39 | 781.33 | 751.14 | 2,184.03 |
| Others | 256.24 | 407.92 | 330.01 | 105.25 |
| Total revenue from operations | 8533.22 | 13763.38 | 14,429.05 | 14,094.86 |
| | | | | |
| Other income | 357.95 | 152.62 | 218.41 | 319.28 |
| Total income | 8891.17 | 13916 | 14,647.46 | 14,414.14 |
| | | | | |
| Expenses | | | | |
| Finance cost | 2988.14 | 5,140.88 | 4,171.62 | 3,541.11 |
| Net loss on fair value changes | 0 | - | 27.44 | - |
| Impairment on financial instruments and other provisions | 4086.43 | 4,658.31 | 6,398.75 | 2,728.96 |
| Employee benefits expense | 2125.94 | 2,168.80 | 1,663.57 | 1,669.70 |
| Depreciation and amortization expense | 70.11 | 85.46 | 74.86 | 87.42 |
| Other expenses | 972.53 | 1,216.69 | 534.89 | 405.55 |
| Total expenses | 10243.15 | 13,270.14 | 12,871.12 | 8,432.74 |
| | | | | |
| Profit before tax | -1351.98 | 645.86 | 1,776.34 | 5,981.40 |
| | | | | |
| Tax expense: | | | | |
| Current tax | 0 | 812.71 | 1,362.16 | 653.54 |
| Taxes of prior period | 0 | 17.05 | | |
| Deferred tax | -313.13 | -650.28 | -875.64 | 1,960.92 |
| Income tax expense | -313.13 | 179.48 | 486.52 | 2,614.46 |
| | | | | |
| Profit for the year | -1038.85 | 466.38 | 1,289.82 | 3,366.94 |
| | | | | |

Red. Khamrui



| Other comprehensive income | | | | |
|---|-----------------|---------------|---------------|-----------------|
| | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Re-measurement gains/(losses) on defined benefit plans | -5.41 | -14.37 | 20.06 | -17.38 |
| Income tax effect | 1.36 | 3.62 | -5.05 | 4.37 |
| Items that will be reclassified subsequently to profit or loss | | | | |
| Fair value gain/(loss) on loans | -882.9 | -448.77 | -420.38 | 12.11 |
| Income tax effect | 222.21 | 112.95 | 105.8 | -3.05 |
| Total comprehensive income for the year | -1703.59 | 119.81 | 990.25 | 3,362.99 |

| Spandana Spahoorty Financial Limited | | | | |
|--|-------------------|----------------|-----------------|-----------------|
| Audited Cash Flow Statement for the previous three years till December 31, 2022 | | | | |
| Particulars | December 31, 2022 | March 31, 2022 | March 31, 2021 | March 31, 2020 |
| | (Un audited) | (audited) | (audited) | (audited) |
| | Standalone | Standalone | Standalone | Standalone |
| Cash flow from operating activities | | | | |
| Profit before tax | -1351.98 | 645.86 | 1,776.35 | 5,981.40 |
| Adjustments for: | | | | |
| Interest on income tax | 0 | 69.59 | 157.59 | - |
| Depreciation and amortization | 70.11 | 85.46 | 74.85 | 87.42 |
| Share based payment to employees | 222.35 | 112.18 | 88.05 | 41.07 |
| Provision for gratuity | 8.47 | 18.82 | 8.56 | 10.2 |
| Finance cost on lease liability | 6.11 | 17.81 | 14.88 | 14.37 |
| Gain on business transfer | 0 | 0 | -9.26 | - |
| Impairment on financial instruments and other provisions | 4086.43 | 4,658.31 | 6,398.75 | 2,728.96 |
| Net gain on fair value changes | -187.39 | -479.06 | -85.84 | -44.76 |
| Net (gain)/ loss on derecognition of property, plant and equipment | 0 | 0 | 0 | 0 |
| Net gain on adjustment on account of termination of leases | 0 | -52.44 | | |
| Net loss on financial assets and liabilities designated at fair value through profit or loss | 0 | -43.01 | 27.44 | - |
| Other provisions and write offs | 67.64 | 14.53 | 26.19 | 29.13 |
| Operating profit before working capital changes | 2,921.73 | 5048.05 | 8,477.56 | 8,847.79 |
| Movements in working capital: | | | | |
| Increase / (decrease) in other financial liabilities | -235.51 | -1,123.69 | 266.82 | 1,707.33 |
| Increase / (decrease) in provisions | -10.79 | -9.8 | - | -3.42 |
| Increase / (decrease) in other non financial liabilities | -56.85 | 94.07 | 115.96 | 70.97 |
| (Increase) / decrease in bank balances other than cash and cash equivalents | 3360.31 | -2,297.45 | -482.28 | 57.11 |
| (Increase) / decrease in trade receivables | -51.54 | -79.8 | 102.62 | -188.19 |
| (Increase) / decrease in loans | -15022.55 | 8,418.67 | -24,823.17 | -7,907.82 |
| (Increase) / decrease in other financial assets | -958.05 | 405.16 | 963.35 | -3,027.22 |

Handwritten signature: *neelkumar*



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | |
|---|------------------|-------------------|-------------------|------------------|
| (Increase) / decrease in other non financial assets | 72.24 | -195.52 | -25.05 | 25.55 |
| Changes in other inventories | | | | |
| Cash used in operations | -9,981.00 | 10,259.69 | -15,404.17 | -417.9 |
| Income taxes paid | -294.38 | -2,060.67 | -777.59 | -118.77 |
| Net cash used in operating activities (A) | -10275.38 | 8,199.02 | -16,181.77 | -536.67 |
| Cash flow from investing activities | | | | |
| Purchase of property, plant and equipment | -102.73 | -44.61 | -152.44 | -45 |
| Purchase of intangible assets | 0 | -70.8 | -0.1 | -0.02 |
| Proceeds from derecognition of property, plant and equipment | 0 | 4.44 | 38.24 | - |
| Business transfer | 0 | 80.57 | 822.21 | - |
| Investment in Subsidiary | -24.80 | 0 | -500 | - |
| Purchase of investments | -46150 | -1,08,624.01 | -42,843.00 | -72,390.11 |
| Sale of investments | 45,511.31 | 1,09,103.07 | 47,779.53 | 67,583.24 |
| Net cash generated/(used) in investing activities (B) | -766.22 | 448.66 | 5,144.44 | -4,851.89 |
| Cash flow from financing activities | | | | |
| Proceeds from issue of equity shares (including securities premium) | 109.47 | 2,924.27 | - | 3,925.59 |
| Balance subscription of optionally convertible redeemable preference shares (all series) | | | - | - |
| Proceeds from issue of Share Warrants (including securities premium) | | | - | - |
| Balance subscription of share warrants | | | | |
| Debt securities (net) / Borrowings (Including Debt Securities) availed | 3,821.39 | 17,011.56 | 12,542.98 | -5,943.36 |
| Principal payment of lease liability | -4.57 | -5.25 | 9.69 | -29.8 |
| Interest payment of lease liability | -6.11 | -17.81 | 14.88 | 14.37 |
| Borrowings (other than debt securities) (net)/Borrowings (Including Debt Securities) repaid | 10,113.26 | -32,628.37 | 9,241.28 | 6,654.22 |
| Subordinated liabilities (net) | 0.29 | 0.04 | 0.16 | 0.11 |
| Share issue expenses | | | - | -150.46 |
| Net generated from financing activities (C) | 14,033.74 | -12,715.56 | 21,808.97 | 4,470.68 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | 2,992.14 | -4,067.89 | 10,771.63 | -917.88 |
| Cash and cash equivalents at the beginning of the year | 7,239.95 | 11,307.83 | 536.19 | 1,454.07 |
| Cash and cash equivalents at the end of the year | 10,232.10 | 7,239.95 | 11,307.83 | 536.19 |

5.7 Debt: Equity Ratio of the Company:

| | |
|------------------|------|
| Before the Issue | 1.78 |
| After the Issue | 1.79 |

5.8 Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability:

Service Tax Open Assessments 48.66 Millions

red. changing



Income Tax Open Assessments 768.56 Millions

5.9 A brief history of Issuer since its incorporation giving details of its following activities:**A. Details of Share Capital as on last quarter end, i.e., December 31, 2022:**

| Share Capital | Amount (in Rs.) |
|---|-----------------|
| Authorised Share Capital | 21,500,000,000 |
| Issued, Subscribed and Paid- up Share Capital | 709,772,690.00 |

B. Changes in its capital structure as on last quarter end i.e., December 31, 2022 for the last three years:

| Date of Change (AGM/EGM) | Particulars |
|--------------------------|-------------|
| NIL | NIL |

C. Equity Share Capital History of the Company, for the last three years:

| Date of Allotment | Name of Investor | No of Equity Shares | Face Value (in Rs.) | Issue Price (in Rs) | Consideration (Cash, other than cash, etc) (Rs. In crore) | Nature of Allotment | Cumulative Paid-Up Capital | | | Remarks |
|-------------------|---|---------------------|---------------------|---------------------|---|----------------------------|----------------------------|------------------------------------|------------------------------------|---------|
| | | | | | | | No of Equity Shares | Equity Share Capital (Rs in Crore) | Equity Share Premium (Rs in Crore) | |
| 16.05.2014 | JM Financial Trustee Company Pvt Ltd | 5,44,000 | 10 | 50 | 2.72 (Cash) | Preferential Allotment | 19,924,767 | 19.92 | 2.18 | NIL |
| | Valiant Mauritius Partners FDI Ltd | 3,30,000 | 10 | 50 | 1.65 (Cash) | Preferential Allotment | 20,254,767 | 20.25 | 1.32 | NIL |
| | Helion Venture Partners II LLC | 90,000 | 10 | 50 | 0.45 (Cash) | Preferential Allotment | 20,344,767 | 20.34 | 0.36 | NIL |
| | Helion Venture Partners LLC | 36,000 | 10 | 50 | 0.18 (Cash) | Preferential Allotment | 20,380,767 | 20.38 | 0.14 | NIL |
| 31.03.2017 | Kangchenjunga Limited | 78,96,937 | 10 | 235.48 | 185.96 (Cash) | Private Placement | 28,277,704 | 28.28 | 178.06 | NIL |
| | Kedaara Capital Alternative Investment Fund - | 1,71,689 | 10 | 235.48 | 4.04 (Cash) | Private Placement | 28,449,393 | 28.45 | 3.87 | NIL |
| 08.03.2018 | Mrs. Padmaja Gangireddy | 74,954 | 10 | 235.48 | 1.76 (Cash) | Preferential allotment | 28,524,347 | 28.52 | 1.69 | NIL |
| | JM Financial Products Limited | 5,41,535 | 10 | 235.48 | 12.75 (Cash) | Preferential allotment | 29,065,882 | 29.07 | 12.21 | NIL |
| 08.03.2018 | Valiant Mauritius Partners FDI Limited | 6,50,790 | 10 | 235.48 | 15.32 (Cash) | Preferential allotment | 29,716,672 | 29.72 | 14.67 | NIL |
| 08.03.2018 | Spandana Employee Welfare Trust | 38,512 | 10 | 235.48 | 0.90 (Cash) | Preferential allotment | 29,755,184 | 29.76 | 0.87 | NIL |
| 08.03.2018 | BalaDeepthiGangireddy | 1,634 | 10 | 235.48 | 0.03 (Cash) | Preferential allotment | 29,756,818 | 29.76 | 0.04 | NIL |
| 15.05.2018 | Kangchenjunga Limited | 9767263 | 10 | 235.48 | 229.99 (Cash) | Conversion of Class A CCPS | 39,524,081 | 39.52 | 220.23 | NIL |
| 15.05.2018 | Kedaara Capital Alternative Investment | 212352 | 10 | 235.48 | 5.00 (Cash) | Conversion of Class A CCPS | 39,736,433 | 39.74 | 4.79 | NIL |

ud. Khan



Placement Memorandum

Date: April 10, 2023

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Private & Confidential
For Private Circulation Only

| | Fund | | | | | | | | | |
|------------|--|-----------|----|--------|---------------|--|-------------|-------|--------|-----|
| 15.05.2018 | Kangchenjunga Limited | 4954819 | 10 | 235.48 | 116.68 (Cash) | Conversion of Class A1 CCPS | 44,691,252 | 44.69 | 111.72 | NIL |
| 15.05.2018 | Kedaara Capital Alternative Investment Fund | 107723 | 10 | 235.48 | 2.54 (Cash) | Conversion of Class A1 CCPS | 44,798,975 | 44.80 | 2.43 | NIL |
| 15.05.2018 | Kangchenjunga Limited | 8758017 | 10 | 238.67 | 209.03 (Cash) | Conversion of Class B CCPS | 53,556,992 | 53.56 | 200.27 | NIL |
| 15.05.2018 | Kedaara Capital Alternative Investment Fund | 190408 | 10 | 238.67 | 4.54 (Cash) | Conversion of Class B CCPS | 53,747,400 | 53.75 | 4.35 | NIL |
| 20.06.2018 | Padmaja Gangireddy | 1,135,085 | 10 | 235.48 | 26.73 (Cash) | Conversion of Series C OCRPS | 54,882,485 | 54.88 | 25.59 | NIL |
| 20.06.2018 | Padmaja Gangireddy | 283,771 | 10 | 235.48 | 6.68 (Cash) | Conversion of FY 18 Series A OCRPS | 55,166,256 | 55.17 | 6.40 | NIL |
| 20.06.2018 | Padmaja Gangireddy | 283,771 | 10 | 235.48 | 6.68 (Cash) | Conversion of FY 18 Series B OCRPS | 55,450,027 | 55.45 | 6.40 | NIL |
| 20.06.2018 | Padmaja Gangireddy | 283,771 | 10 | 235.48 | 6.68 (Cash) | Conversion of FY 19 Series A OCRPS | 55,733,798 | 55.73 | 6.40 | NIL |
| 20.06.2018 | Padmaja Gangireddy | 283,771 | 10 | 235.48 | 6.68 (Cash) | Conversion of FY 19 Series B OCRPS | 56,017,569 | 56.02 | 6.40 | NIL |
| 20.06.2018 | Padmaja Gangireddy | 1488544 | 10 | 235.48 | 35.05 (Cash) | Conversion of convertible share warrants | 57,506,113 | 57.51 | 33.56 | NIL |
| 21.06.2018 | Padmaja Gangireddy | 2031988 | 10 | 235.48 | 47.85 (Cash) | Private placement | 59,538,101 | 59.54 | 45.82 | NIL |
| 21.06.2018 | Abdul Feroz Khan | 72402 | 10 | 235.48 | 1.70 (Cash) | Private placement | 59,610,503 | 59.61 | 1.63 | NIL |
| 21.06.2018 | VenkataNageswararao | 9748 | 10 | 235.48 | 0.23 (Cash) | Private placement | 59,620,251 | 59.62 | 0.22 | NIL |
| 21.06.2018 | Raju Danttu | 9185 | 10 | 235.48 | 0.22 (Cash) | Private placement | 59,629,436 | 59.63 | 0.21 | NIL |
| 21.06.2018 | AbantiMitra | 4247 | 10 | 235.48 | 0.10 (Cash) | Private placement | 59,633,683 | 59.63 | 0.10 | NIL |
| 14.08.2019 | IPO | 45,43,385 | 10 | 856.00 | 388.91 (Cash) | Initial Public Offer | 64,177,068 | 64.17 | 384.37 | NIL |
| 28.01.2020 | ESOP | 91752 | 10 | 263.35 | 2.42 (Cash) | ESOP | 64,268,820 | 64.26 | 2.32 | NIL |
| 03.03.2020 | ESOP | 46663 | 10 | 263.35 | 1.23 (Cash) | ESOP | 64,315,483 | 64.31 | 1.18 | NIL |
| 14.08.2021 | ESOP | 92705 | 10 | 263.35 | 2.44 (Cash) | ESOP | 64,408,188 | 64.40 | 2.35 | NIL |
| 17-03-2022 | Issue of equity Shares on preferential basis | 46,86,342 | 10 | 458.78 | 214.99 (Cash) | Issue of equity Shares on preferential | 6,90,94,530 | 4.68 | 210.31 | NIL |

red.khan



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | basis | | | | |
|------------|---|-----------|----|--------|--------------|---|-------------|-------|-------|-----|
| 17-03-2022 | Issue of convertible warrants on preferential basis | 18,52,739 | 10 | 458.78 | 75.00 (Cash) | Issue of convertible warrants on preferential basis | 6,90,94,530 | 1.85 | 73.15 | NIL |
| 21-05-2022 | Conversion of Warrants | 18,52,739 | 10 | 458.78 | 9.99 (Cash) | Conversion of Warrants | 7,09,47,269 | - | 9.99 | NIL |
| 08-09-2022 | ESOP | 30,000 | 10 | 265.35 | 0.79 (Cash) | ESOP | 7,09,77,269 | 70.98 | 0.76 | NIL |
| 19-10-2022 | ESOP | 6,000 | 10 | 265.35 | 0.16 | ESOP | 7,09,83,269 | 70.98 | 0.15 | NIL |

5.10 Details of any Acquisition or Amalgamation with any entity in the last 1 (one) year:

| Type of Event | Date of Announcement | Date of Completion | Details |
|---------------|----------------------|--------------------|---------|
| NIL | NIL | NIL | NIL |

5.11 Details of any Reorganization or Reconstruction in the last 1 (one) year:

| Type of Event | Date of Announcement | Date of Completion | Details |
|---------------|----------------------|--------------------|---------|
| NIL | NIL | NIL | NIL |

5.12 Details of the shareholding of the Company as on the latest quarter end, i.e., December 31, 2022**A. Shareholding pattern of the Company as on last quarter end, i.e. December 31, 2022 as per the format specified under the listing regulations:**

| Category | Category of Shareholder | No of Shareholders | No of fully paid up equity shares held | No of partly paid up equity shares held | No of Shares Underlying Depository Receipts | Total No of Shares Held (VII) = (IV) + (V) + (VI) | Shareholding as a % of total no of shares (As a % of (A+B+C 2)) | Number of Voting Rights held in each class of securities | No of Shares Underlying Outstanding convertible securities (Including Warrants) | Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in Shares | Number of Shares pledged or otherwise encumbered | Number of equity shares held in dematerialized form |
|----------|-------------------------|--------------------|--|---|---|---|---|--|---|---|----------------------------|--|---|
| | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | No | As a % of total Shares | As a % of total Shares |



ud bhav

red. bl. amt

| Sr. No. | Name of the Shareholder / Particulars | Total Number of equity shares | Total Shareholding as (%) of total number of equity shares. | Number of shares held in Demat Form |
|---------|--|-------------------------------|---|-------------------------------------|
| 1. | KANGCHENJUNGA LIMITED | 29303172 | 41.29 | 29303172 |
| 2. | PADMAJA GANGIREDDY | 10300953 | 14.51 | 10300953 |
| 3. | KEDAARA CAPITAL FUND III LLP | 5013295 | 7.06 | 5013295 |
| 4. | VALIANT MAURITIUS PARTNERS FDI LIMITED | 3848823 | 5.42 | 3848823 |
| 5. | ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED | 3054560 | 4.30 | 3054560 |
| 6. | VALIANT MAURITIUS PARTNERS OFFSHORE LIMITED | 2686963 | 3.79 | 2686963 |
| 7. | VALIANT INDIA OPPORTUNITIES LTD | 1799486 | 2.54 | 1799486 |
| 8. | JM FINANCIAL INDIA TRUST II-JM FINANCIAL INDIA FUND II | 1612313 | 2.27 | 1612313 |
| 9. | GOLDMAN SACHS FUNDS - GOLDMAN SACHS INDIA EQUITY PORTFOLIO | 1309991 | 1.85 | 1309991 |
| 10. | VALIANT MAURITIUS PARTNERS LIMITED | 1144376 | 1.61 | 1144376 |

5.13 Following details regarding the directors of the Company*:

A. Details of the current directors of the Company:

This table sets out the details regarding the Company's Board of Directors as on date of the Placement Memorandum:

| S. No. | Name of the Directors | Designation | Age | Address | DIN | Date of appointment | Details of other directorship | Whether willful defaulter (Yes/No) |
|--------|-----------------------|--|-----------|--|----------|---------------------|---|------------------------------------|
| 1. | Abanti Mitra | Chair person (Non-Executive Independent) | 08-Jul-78 | Flat No-2505, B Wing, Oberoi Woods, Goregaon East, Mumbai 400063 MH IN | 02305893 | 04/05/2017 | 1. Positron Capital Services LLP 2. Vedant Fashions Limited 3. Criss Financial Limited 4. Positron Consulting Services Privatelimite d | No |

Red. Khan



| | | | | | | | | |
|----|----------------------|------------------------|-----------|---|-----------|------------|---|----|
| | | | | | | | 5. Development Equities Private Limited | |
| 2. | Deepak Calian Vaidya | Independent Director | 09-Jan-45 | 249 / 251, 3rd Floor, SurajWaleshwar Road Mumbai 400006 MH | 0033 7276 | 06/06/2018 | 1. Spiracca Ventures LLP 2. Strides Pharma Science Limited 3. Indraprastha Medical Corporation Limited 4. Apollo Multispecialty Hospitals Limited 5. Marudhar Hotels Pvt Ltd 6. API holdings limited 7. UTI capital private limited 8. Criss Financial Limited | No |
| 3. | Padmaja Gangireddy | Non-Executive Director | 14-Jan-67 | Flat no. A-208, Jayabheri Orange County, Near ICICI Towers, Nanakramguda, Serilingampally, K.V. Rang Areddy Hyderabad 500032 TG | 0000 4842 | 19/04/2003 | 1. Keertana Financial Limited 2. Criss Financial Limited 3. Abhiram Marketing Services Limited 4. Caspian Financial Services Limited 5. Keertana Finserv Private Limited | No |
| 4. | Sunish Sharma | Nominee Director | 25-Oct-74 | 1305 North Tower The Imperial, B. B. Nakashe Marg, Tardeo, Tulsiwad | 0027 4432 | 1/03/2017 | 1. Kedaara Capital Advisors LLP 2. Nish Capital Advisors LLP 3. Kedaara Capital Fund II LLP | No |



Not to be used

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | |
|----|---------------------------------------|---------------------|-------------------|--|--------------|------------|---|----|
| | | | | i, Mumbai 400034 MH | | | <ol style="list-style-type: none"> 4. Nish Capital Advisory Services LLP 5. Kedaara Capital Fund III LLP 6. Nish Capital Growth Advisors LLP 7. Nish Capital Investment Advisors LLP 8. Kedaara Capital Growth Fund III LLP 9. Vedant Fashions Limited 10. Care Health Insurance Limited | |
| 5. | Rama chandra Kasargod Kamath | Nominee Director | 19- Nov- 55 | B-2004, Neptune Society, Sun City, AdiShan karacharya Marg Near Powai IIT Market, Powai, Mumbai Mumbai 400076 MH IN | 0171 5073 | 04/05/2017 | <ol style="list-style-type: none"> 1. Aavas Financiers Limited 2. Centrum Capital Limited 3. Manipal Technologies Limited 4. Conatus Finserve Private Limited 5. Ashimara Housing Private Limited 6. New Opportunity Consultancy Private Limited | No |
| 6. | Kartik Dhruv Kaji | Nominee Director | 22- Mar- 83 | The Imperial, Apartment 3901 B. B. Nakashe Marg Tardeo, Tulsiwadi Mumbai 400034 MH IN | 0764 1723 | 31/03/2017 | <ol style="list-style-type: none"> 1. Petals Lifestyle LLP 2. Trishikhar Ventures LLP 3. Aavas Financiers Limited 4. Criss Financial Limited | No |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | |
|----|--------------------|----------------------|--------------|---|-----------|------------|---|----|
| | | | | | | | 5. Caspian Financial Services Limited 6. Care Health Insurance Limited | |
| 7. | Jagdish Capoor | Independent Director | 01-Jul-39 | 1601, Brooke Ville, 359 Mogul Lane Near Magnet Mall, Mahim West Mumbai 400016 MH IN | 0000 2516 | 06/06/2018 | 1. West End Housing Finance Limited 2. LICHFL Trustee Company Private Limited 3. Fintech Products and Solutions (India) Private Limited 4. Finsec AA Solutions Private Limited | No |
| 8. | Bharat Dhiral Shah | Independent Director | 18-Feb-47 | 21 Hill Park, Bldg No 2 A. G Bell Road, Malabar Hill, Mumbai 400006 MH IN | 0013 6969 | 13/04/2018 | 1. Strides Pharma Science Limited 2. 3M India Limited 3. Exide Industries Limited 4. Salisbury Investments Private Limited | No |
| 9. | Neeraj Swaroop | Additional Director | 15-July-1958 | 1104, Signia Isles, G Block, Near Dhirubhai International, School, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, India-400051 | 0006 1170 | 04/08/2022 | 1. Avanse Financial Services Limited 2. HDFC Securities Limited 3. SBFC Finance Private Limited | No |

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | |
|-----|-----------------|---|----------------|--|------------|------------|--|----|
| 10. | Animesh Chauhan | Additional Director-Independent | 30-June - 1957 | Flat No.948, Block G, 6th Avenue, Gaur City-1 Sector-4, Greater Noida West, Chiprana Khurd Urf Tigri Gautam Buddha, Noida, Uttar Pradesh, 201009 | 020 604 57 | 04/08/2022 | 1. Union Asset Management Company Private Limited 2. Stock Holding Corporation of India Limited 3. Kailash Healthcare Limited 4. Scoreme Solutions Private Limited 5. Uma Medicare Limited 6. Kailash Hospitals Limited | No |
| 11. | Shalabh Saxena | Managing Director and Chief Executive Officer | 26-May - 1971 | 11/6, 2nd Floor, Nehru Enclave east kalkaji Extn, Kalkaji, South Delhi 110019 | 089 082 37 | 19/03-2022 | 1. Criss Financial Limited 2. Caspian Financial Services Limited | No |

*Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: N.A

B. Details of change in directors since last three years:

| Name | Designation | DIN | Date of Appointment | Date of Cessation, if applicable | Date of resignation, if applicable | Remarks |
|-------------------------|----------------------|-----------|---------------------|----------------------------------|------------------------------------|--|
| Kartikeya Dhruv Kaji | Nominee Director | 0764 1723 | 31/03/2017 | - | - | Appointment |
| Sunish Sharma | Nominee Director | 0027 4432 | 31/03/2017 | - | - | Appointment |
| Perur Seshappa Prasad | Director | 0020 6204 | 15/09/2014 | 31/03/2017 | 15/09/2014 | Resignation |
| Annapureddy Gopalareddy | Independent Director | 0287 3035 | 15/09/2014 | 25/04/2017 | 15/09/2014 | Resignation |
| Sundaram Ramakrishnan | Nominee Director | 0265 0040 | 24/09/2015 | 02/05/2017 | 24/09/2015 | Nomination withdrawn by appointing authority |



Placement Memorandum

Date: April 10, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | |
|-----------------------------|--|----------|------------|------------|------------|--|
| AbantiMitra | Independent Director | 02305893 | 04/05/2017 | - | - | Appointment |
| Ramachandra Kasargod Kamath | Independent Director | 01715073 | 04/05/2017 | - | - | Appointment |
| Darius DinshawP andole | Nominee Director | 00727320 | 18/07/2017 | - | 19/05/2017 | Nomination withdrawn by appointing authority |
| Amit Sobti | Nominee Director | 07795874 | 29/05/2017 | - | - | Appointment |
| Darius DinshawP andole | Nominee Director | 00727320 | 18/07/2017 | - | - | Appointment |
| Madhava Potturi | Independent Director | | 23/09/2014 | 18/10/2017 | 23/09/2014 | Resignation |
| Vijay Bhaskar Pedamallu | Additional Director(independent) | 06629884 | 03/03/2018 | - | - | Appointment |
| Bharat Dhirajlal Shah | Additional Director(independent) | 00136969 | 13/04/2018 | - | - | Appointment |
| Vijay Bhaskar Pedamallu | Additional Director(independent) | 06629884 | 03/03/2018 | 04/05/2018 | 03/03/2018 | Demise |
| Deepak Calian Vaidya | Additional Director(independent) | 00337276 | 06/06/2018 | - | - | Appointment |
| Jagdish Capoor | Additional Director(independent) | 00002516 | 06/06/2018 | - | - | Appointment |
| Ramachandra Kasargod Kamath | Re-designated as Non Executive-Nominee Director | 01715073 | 14/06/2018 | - | - | Change in designation |
| Deepak Calian Vaidya | Change in designation from Additional Director to Independent Director and Chairman of the Company | 00337276 | 14/06/2018 | - | - | Change in designation |
| Jagdish Capoor | Change in designation from Additional Director to Independent Director | 00002516 | 14/06/2018 | - | - | Change in designation |
| Bharat Dhirajlal Shah | Change in designation from Additional Director to Independent Director | 00136969 | 14/06/2018 | - | - | Change in designation |



Red. Khanna

Placement Memorandum

Date: April 10, 2023

Private & Confidential
For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | |
|------------------------|---|-----------|------------|------------|------------|---|
| Darius Dinshaw Pandole | Nominee Director | 0072 7320 | 18.07.2017 | 21.09.2020 | 18.07.2017 | Resignation Due to other commitments |
| Padmaja Gangireddy | Non-Executive Director | 0000 4842 | 02.11.2021 | | - | Resignation as Managing Director and continues to be Non-Executive Director |
| Deepak Calian Vaidya | Change in designation from Chairperson Independent Director to Independent Director | 0033 7276 | 22.11.2021 | - | 06-06-2018 | Change in designation |
| Abanti Mitra | Change in designation from Independent Director to Chairperson Independent Director | 0230 5893 | 22-11-2021 | - | 20-11-2012 | Change in designation |
| Shalabh Saxena | Managing Director and CEO | 0890 8237 | 19-03-2022 | - | - | Appointment |
| Neeraj Swaroop | Additional Director-Nominee | 0006 1170 | 04-08-2022 | - | - | Appointment |
| Animesh Chauhan | Additional Director-Independent | 0206 0457 | 04-08-2022 | - | - | Appointment |
| Amit Sobti | Nominee Director | 0779 5874 | 21/09/2022 | - | - | Retirement |

5.14 Following details regarding the auditors of the Company:

A. Details of the auditor of the Company:

| Name of the Auditor | Address | Auditor since | Remark |
|--------------------------|--|------------------|---|
| Walker Chandiok & co LLP | 7 th Floor, Block III, white house, Kundan Bagh, Begumpet, Hyderabad-500016 | January 29, 2022 | Appointment due to casual vacancy Pursuant to the RBI Notification No. DoS.CO.ARG/SEC.01/08.91.001/2021-22, S.R. Batliboi & Co. LLP, Chartered Accountants, being ineligible to continue as Statutory Auditors of the Company from the second half of FY 21-22, have vide their letter dated |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|--|--|--|---|
| | | | January 28, 2022, intimated their resignation as statutory auditors of the Company, effective from January 28, 2022 |
|--|--|--|---|

B. Details of change in auditors since last three years:

| Name of the Auditor | Address | Date of Appointment | Date of cessation, if applicable | Date of resignation, if applicable | Remarks |
|-----------------------|--|-----------------------|----------------------------------|------------------------------------|---|
| S.R.Batliboi & Co LLP | 12 th floor, The Ruby, 29 Senapati Bapat Road, Dadar West, Mum bai. | September 27, 2013 | - | January 28, 2022 | Pursuant to the RBI Notification No. DoS.CO.ARG/SEC.01/08.9 1.001/2021-22, S.R. Batliboi & Co. LLP, Chartered Accountants, being ineligible to continue as Statutory Auditors of the Company from the second half of FY 21-22, have vide their letter dated January 28, 2022, intimated their resignation as statutory auditors of the Company, effective from January 28, 2022 |

5.15 Details of the following liabilities of the Company, as at the latest quarter end i.e. March 31, 2023 or if available at a later date of February 28, 2023:**A. Details of Outstanding Secured Loan Facilities:**

Handwritten signature

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| Name of Lender | Type of Facility | Amount Sanctioned | Principal Amount Outstanding | Repayment date schedule | Security |
|---|------------------|-------------------|------------------------------|-------------------------|------------------------------------|
| Hinduja Finance | Term Loan | 20 | 3.85 | 16-Sep-23 | 1.1 Times Book debts Hypothecated |
| Indian Bank | Term Loan | 100 | 25.00 | 01-Dec-23 | 1.25 Times Book debts Hypothecated |
| State Bank of India | Term Loan | 200 | 36.36 | 08-Sep-23 | 1.2 Times Book debts Hypothecated |
| State Bank of India | Term Loan | 100 | 18.18 | 08-Sep-23 | 1.2 Times Book debts Hypothecated |
| Maanaveya Development & Finance Pvt Ltd | Term Loan | 30 | 6.66 | 27-Nov-23 | 1.05 Times Book debts Hypothecated |
| Nabkisan Finance Limited | Term Loan | 35 | 11.65 | 01-Feb-24 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 6 | 0.25 | 05-Apr-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 6 | 0.25 | 05-Apr-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 6 | 0.25 | 05-Apr-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 6 | 0.25 | 05-Apr-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 6 | 0.25 | 05-Apr-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 7 | 0.88 | 23-Jun-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 7 | 0.88 | 23-Jun-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 7 | 0.88 | 23-Jun-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 7 | 0.88 | 23-Jun-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 7 | 0.88 | 23-Jun-23 | 1.1 Times Book debts Hypothecated |



M. K. Chandra

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | |
|--------------------------------|-----------|-----|-------|-----------|---------------------------------------|
| Utkarsh Small Finance Bank | Term Loan | 30 | 6.25 | 31-Aug-23 | 1.1 Times Book debts Hypothecated |
| Federal Bank | Term Loan | 75 | 18.75 | 31-Aug-23 | 1.2 Times Book debts Hypothecated |
| Federal Bank | Term Loan | 75 | 18.75 | 31-Aug-23 | 1.2 Times Book debts Hypothecated |
| HSBC | Term Loan | 60 | 17.14 | 30-Sep-23 | 1.1 Times Book debts Hypothecated |
| Indian Bank | Term Loan | 150 | 87.50 | 01-Dec-24 | 1.25 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 10 | 2.50 | 25-Sep-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 10 | 2.50 | 25-Sep-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 10 | 2.50 | 25-Sep-23 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 10 | 2.50 | 25-Sep-23 | 1.1 Times Book debts Hypothecated |
| Vivriti Capital | Term Loan | 13 | 3.76 | 22-Aug-23 | 1.1 Times Book debts Hypothecated |
| Bandhan Bank | Term Loan | 125 | 89.29 | 16-Mar-24 | 1.05 Times Book debts Hypothecated |
| HSBC | Term Loan | 85 | 48.57 | 30-Apr-24 | 1.1 Times Book debts Hypothecated |
| Northern Arc | Term Loan | 50 | 28.87 | 05-Apr-24 | 1.1 Times Book debts Hypothecated |
| HSBC | Term Loan | 12 | 7.43 | 30-Apr-24 | 1.1 Times Book debts Hypothecated |
| HSBC | Term Loan | 3 | 2.00 | 25-May-24 | 1.1 Times Book debts Hypothecated |
| IDFC First Bank Limited | Term Loan | 100 | 62.50 | 24-Jun-24 | 1.1 Times Book debts Hypothecated |
| Arka Fincap | Term Loan | 25 | 18.75 | 29-Jul-24 | 1.1 Times Book debts Hypothecated |

red-bhan



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | |
|--------------------------------|-----------|-----|-------|-----------|---------------------------------------|
| Kotak Mahindra Bank | Term Loan | 70 | 58.33 | 25-Nov-24 | 1.1 Times Book debts Hypothecated |
| JM Financial Product Limited | Term Loan | 150 | 77.23 | 25-Sep-23 | 1.1 Times Book debts Hypothecated |
| HSBC | Term Loan | 47 | 39.86 | 26-Sep-24 | 1.1 Times Book debts Hypothecated |
| Asian Development Bank | Term Loan | 47 | 39.86 | 28-Sep-24 | 1.1 Times Book debts Hypothecated |
| JM Financial Product Limited | Term Loan | 100 | 51.49 | 28-Sep-23 | 1.1 Times Book debts Hypothecated |
| Creditsaison | Term Loan | 25 | 16.67 | 15-Mar-24 | 1.1 Times Book debts Hypothecated |
| IDFC First Bank Limited | Term Loan | 100 | 75.00 | 30-Sep-24 | 1.1 Times Book debts Hypothecated |
| Utkarsh Small Finance Bank | Term Loan | 25 | 18.75 | 25-Sep-24 | 1.15 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 6 | 4.17 | 25-Mar-24 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 6 | 4.17 | 25-Mar-24 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 6 | 4.17 | 25-Mar-24 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 6 | 4.17 | 25-Mar-24 | 1.1 Times Book debts Hypothecated |
| Federal Bank | Term Loan | 25 | 18.75 | 29-Sep-24 | 1.2 Times Book debts Hypothecated |
| Jana Small Finance Bank | Term Loan | 50 | 41.67 | 03-Nov-24 | 1.1 Times Book debts Hypothecated |
| HSBC | Term Loan | 20 | 19.05 | 16-Nov-24 | 1.1 Times Book debts Hypothecated |
| Asian Development Bank | Term Loan | 20 | 19.05 | 16-Nov-24 | 1.1 Times Book debts Hypothecated |
| Kotak Mahindra Bank | Term Loan | 30 | 27.50 | 17-Jan-25 | 1.1 Times Book debts Hypothecated |



Red Khanna

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | |
|--------------------------------|-----------|-----|-------|-----------|---------------------------------------|
| MAS Financial Services Limited | Term Loan | 8 | 5.83 | 24-May-24 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 8 | 5.83 | 24-May-24 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 8 | 5.83 | 24-May-24 | 1.1 Times Book debts Hypothecated |
| MAS Financial Services Limited | Term Loan | 8 | 5.83 | 24-May-24 | 1.1 Times Book debts Hypothecated |
| Arka Fincap | Term Loan | 25 | 21.88 | 30-Nov-24 | 1.1 Times Book debts Hypothecated |
| Suryoday Small Finance Bnak | Term Loan | 38 | 33.31 | 05-Dec-24 | 1.1 Times Book debts Hypothecated |
| AU Small Finance Bank | Term Loan | 50 | 43.75 | 03-Dec-24 | 1.2 Times Book debts Hypothecated |
| RBL Bank Limited | Term Loan | 53 | 50.11 | 14-Dec-24 | 1.1 Times Book debts Hypothecated |
| RBL Bank Limited | Term Loan | 18 | 16.70 | 14-Dec-24 | 1.1 Times Book debts Hypothecated |
| HSBC | Term Loan | 9 | 8.50 | 21-Dec-24 | 1.1 Times Book debts Hypothecated |
| Asian Development Bank | Term Loan | 9 | 8.50 | 21-Dec-24 | 1.1 Times Book debts Hypothecated |
| Vivriti Capital | Term Loan | 12 | 12.00 | 27-Jan-26 | 1.1 Times Book debts Hypothecated |
| Federal Bank | Term Loan | 100 | 87.50 | 28-Dec-24 | 1.2 Times Book debts Hypothecated |
| JM Financial Credit Solutions | Term Loan | 100 | 76.07 | 28-Dec-23 | 1.1 Times Book debts Hypothecated |
| JM Financial Credit Solutions | Term Loan | 50 | 42.27 | 28-Jun-24 | 1.1 Times Book debts Hypothecated |
| Aditya Birla Finance Ltd. | Term Loan | 25 | 23.36 | 30-Jan-25 | 1.1 Times Book debts Hypothecated |
| Standard Chartered | Term Loan | 43 | 31.88 | 30-Dec-23 | 1.25 Times Book debts Hypothecated |



Handwritten signature: Mel. Khan

| | | | | | |
|-------------------------------|-----------|-----|--------|-----------|------------------------------------|
| Standard Chartered | Term Loan | 43 | 31.88 | 30-Dec-23 | 1.25 Times Book debts Hypothecated |
| Standard Chartered | Term Loan | 52 | 39.00 | 30-Dec-23 | 1.25 Times Book debts Hypothecated |
| Creditsaison | Term Loan | 25 | 23.61 | 15-Aug-24 | 1.1 Times Book debts Hypothecated |
| Kotak Mahindra Bank | Term Loan | 45 | 43.13 | 24-Feb-25 | 1.15 Times Book debts Hypothecated |
| Jana Small Finance Bank | Term Loan | 56 | 56.00 | 03-Mar-25 | 1.1 Times Book debts Hypothecated |
| Standard Chartered | Term Loan | 30 | 30.00 | 24-Feb-24 | 1.25 Times Book debts Hypothecated |
| Standard Chartered | Term Loan | 30 | 30.00 | 24-Feb-24 | 1.25 Times Book debts Hypothecated |
| Northern Arc | Term Loan | 30 | 30.00 | 05-Mar-25 | 1.1 Times Book debts Hypothecated |
| Hero Fin corp | Term Loan | 50 | 50.00 | 03-Apr-25 | 1.15 Times Book debts Hypothecated |
| Federal Bank | Term Loan | 75 | 75.00 | 24-Mar-25 | 1.2 Times Book debts Hypothecated |
| RBL Bank Limited | Term Loan | 53 | 52.50 | 24-Mar-25 | 1.1 Times Book debts Hypothecated |
| RBL Bank Limited | Term Loan | 18 | 17.50 | 24-Mar-25 | 1.1 Times Book debts Hypothecated |
| Manappuram | Term Loan | 35 | 35.00 | 31-Mar-25 | 1.1 Times Book debts Hypothecated |
| HSBC | Term Loan | 57 | 57.00 | 28-Mar-25 | 1.1 Times Book debts Hypothecated |
| JM Financial Product Limited | Term Loan | 100 | 100.00 | 30-Mar-24 | 1.1 Times Book debts Hypothecated |
| JM Financial Credit Solutions | Term Loan | 100 | 100.00 | 30-Mar-24 | 1.1 Times Book debts Hypothecated |
| Equitas SFB | Term Loan | 50 | 50.00 | 05-Apr-25 | 1.1 Times Book debts Hypothecated |

Redikham



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | |
|------------------------|-----------|----|-------|-----------|--------------------------------------|
| Asian Development Bank | Term Loan | 57 | 57.00 | 31-Mar-25 | 1.1 Times Book debts Hypothecated |
|------------------------|-----------|----|-------|-----------|--------------------------------------|

B. Details of Outstanding Unsecured Loan Facilities:

| Name of Lender | Type of Facility | Amount Sanctioned (Rs. in Crores) | Principal Amount Outstanding (Rs. in crores) | Repayment Date / Schedule |
|-------------------------|------------------|-----------------------------------|--|---------------------------|
| IDFC First Bank Limited | Term Loan | 20 | 20 | June 08, 2024 |

C. Details of Outstanding Non-Convertible Securities:31.03.2023

| S r N o. | Series of Non-Convertible Securities | Teno r / Peri od of Mat urity in Mon ths | Cou pon | Amou nt Outsta nding | Date of allot ment | Rede mptio n Date / Sched ule | Credit Rating | Secur ed / Unsec ured | Security |
|----------|--------------------------------------|--|---------|-------------------------|--------------------|-------------------------------|---------------------|-----------------------|---------------------------------------|
| 1 | N.A | 69 | 14.00% | 42.50 | 19-Sep-17 | 30-Jun-23 | [CIRA] A-/(Stabl e) | Secur ed | 1.15 Times of Book debts hypothecated |
| 2 | N.A | 72 | 13.15% | 16.25 | 31-Oct-17 | 30-Jun-23 | [CIRA] A-/(Stabl e) | Secur ed | 1.1 Times of Book debts hypothecated |
| 3 | N.A | 35 | 12.75% | 16.67 | 19-Jun-20 | 21-Apr-23 | [CIRA] A-/(Stabl e) | Secur ed | 1 Times of Book debts hypothecated |
| 4 | N.A | 36 | 11.49% | 16.13 | 24-Dec-20 | 22-Dec-23 | [CIRA] A-/(Stabl e) | Secur ed | 1.1 Times of Book debts hypothecated |
| 5 | N.A | 72 | 12.00% | 26.25 | 12-Mar-21 | 12-Mar-27 | [CIRA] A-/(Stabl e) | Secur ed | 1.1 Times of Book debts hypothecated |
| 6 | N.A | 36 | 12.50% | 40.00 | 26-Feb-21 | 26-Feb-24 | [CIRA] A-/(Stabl e) | Secur ed | 1.1 Times of Book debts hypothecated |



Reddanna

Placement Memorandum

Date: April 10, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | | |
|----|-----|----|--------|--------|-----------|-----------|--------------|---------|---------------------------------------|
| 7 | N.A | 45 | 12.50% | 16.67 | 31-Mar-21 | 31-Dec-24 | IND A/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 8 | N.A | 41 | 12.50% | 20.00 | 31-Mar-21 | 15-Sep-24 | IND A/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 9 | N.A | 72 | 11.50% | 35.00 | 24-Mar-22 | 24-Mar-28 | IND A/RWN | Secured | 1.15 Times of Book debts hypothecated |
| 10 | N.A | 24 | 11.50% | 25.00 | 16-Jun-22 | 30-Jun-24 | IND A/RWN | Secured | 1.1 Times of Book debts hypothecated |
| 11 | N.A | 72 | 12.29% | 23.00 | 01-Aug-22 | 01-Aug-28 | [CIRA] A- | Secured | 1.15 Times of Book debts hypothecated |
| 12 | N.A | 18 | 11.95% | 25.00 | 30-Sep-22 | 30-Mar-24 | IND A/Stable | Secured | 1.15 Times of Book debts hypothecated |
| 13 | N.A | 24 | 12.00% | 52.50 | 20-Oct-22 | 20-Oct-24 | IND A/Stable | Secured | 1.2 Times of Book debts hypothecated |
| 14 | N.A | 18 | 11.50% | 20.83 | 09-Nov-22 | 09-May-24 | IND A/Stable | Secured | 1.15 Times of Book debts hypothecated |
| 15 | N.A | 18 | 11.50% | 20.83 | 09-Nov-22 | 09-May-24 | IND A/Stable | Secured | 1.15 Times of Book debts hypothecated |
| 16 | N.A | 21 | 11.35% | 64.29 | 08-Dec-22 | 08-Sep-24 | IND A/Stable | Secured | 1.15 Times of Book debts hypothecated |
| 17 | N.A | 21 | 11.35% | 21.43 | 08-Dec-22 | 08-Sep-24 | IND A/Stable | Secured | 1.15 Times of Book debts hypothecated |
| 18 | N.A | 12 | 11.50% | 40.00 | 15-Dec-22 | 18-Dec-23 | IND A/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 19 | N.A | 24 | 11.50% | 65.00 | 22-Dec-22 | 20-Dec-24 | IND A/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 20 | N.A | 14 | 11.35% | 100.00 | 30-Dec-22 | 01-Mar-24 | IND A/Stable | Secured | 1.15 Times of Book debts hypothecated |
| 21 | N.A | 28 | 11.35% | 1.00 | 30-Dec-22 | 30-Apr-25 | IND A/Stable | Secured | 1.15 Times of Book debts hypothecated |
| 22 | N.A | 36 | 11.35% | 50.00 | 30-Dec-22 | 30-Dec-25 | IND A/Stable | Secured | 1.15 Times of Book debts hypothecated |



Red Khanna

Placement Memorandum

Date: April 10, 2023

Private & Confidential
For Private Circulation Only

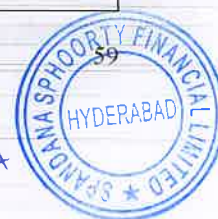
(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | | |
|----|-----|----|--------|--------|-----------|-----------|--------------------------|---------|---------------------------------------|
| 23 | N.A | 36 | 11.35% | 50.00 | 30-Dec-22 | 30-Dec-25 | IND A/Stable | Secured | 1.15 Times of Book debts hypothecated |
| 24 | N.A | 24 | 10.50% | 125.00 | 17-Mar-23 | 17-Mar-25 | IND A/Stable | Secured | 1.2 Times of Book debts hypothecated |
| 25 | N.A | 44 | 14.80% | 20.00 | 29-Oct-20 | 27-Jun-24 | PP-MLD [ICRA] A-(stable) | Secured | 1.2 Times of Book debts hypothecated |
| 26 | N.A | 36 | 12.25% | 100.00 | 24-Nov-20 | 24-Nov-23 | PP-MLD [ICRA] A-(stable) | Secured | 1.1 Times of Book debts hypothecated |
| 27 | N.A | 36 | 11.50% | 20.00 | 29-Dec-20 | 29-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1 Times of Book debts hypothecated |
| 28 | N.A | 36 | 11.50% | 7.40 | 29-Dec-20 | 29-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1 Times of Book debts hypothecated |
| 29 | N.A | 26 | 11.25% | 25.00 | 16-Mar-21 | 16-May-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 30 | N.A | 26 | 11.25% | 20.00 | 16-Mar-21 | 16-May-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 31 | N.A | 26 | 11.25% | 4.00 | 16-Mar-21 | 16-May-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 32 | N.A | 26 | 11.25% | 1.00 | 16-Mar-21 | 16-May-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |



Handwritten signature

| | | | | | | | | | |
|----|-----|----|--------|--------|-----------|-----------|------------------------|---------|--------------------------------------|
| 33 | N.A | 24 | 11.50% | 25.00 | 29-Apr-21 | 29-Apr-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 34 | N.A | 24 | 11.50% | 25.00 | 29-Apr-21 | 29-Apr-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 35 | N.A | 24 | 11.50% | 30.00 | 29-Apr-21 | 29-Apr-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 36 | N.A | 24 | 11.50% | 15.00 | 29-Apr-21 | 29-Apr-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 37 | N.A | 24 | 11.50% | 15.00 | 29-Apr-21 | 29-Apr-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 38 | N.A | 30 | 11.00% | 100.00 | 16-Jun-21 | 16-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 39 | N.A | 30 | 11.00% | 55.00 | 16-Jun-21 | 16-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 40 | N.A | 30 | 11.00% | 50.00 | 16-Jun-21 | 16-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 41 | N.A | 30 | 11.00% | 125.00 | 16-Jun-21 | 16-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 42 | N.A | 30 | 11.00% | 1.00 | 16-Jun-21 | 16-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | | |
|--------|-----|----|--------|-------|-----------|-----------|------------------------|---------|--------------------------------------|
| 4 3 | N.A | 30 | 11.00% | 2.50 | 16-Jun-21 | 16-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 4 4 | N.A | 30 | 11.00% | 2.00 | 16-Jun-21 | 16-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 4 5 | N.A | 30 | 11.00% | 1.00 | 16-Jun-21 | 16-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 4 6 | N.A | 30 | 11.00% | 1.00 | 16-Jun-21 | 16-Dec-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 4 7 | N.A | 22 | 10.75% | 30.00 | 14-Jul-21 | 16-May-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 4 8 | N.A | 23 | 10.75% | 72.02 | 22-Jul-21 | 16-May-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 4 9 | N.A | 23 | 10.75% | 23.88 | 22-Jul-21 | 16-May-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 5 0 | N.A | 23 | 10.75% | 19.10 | 22-Jul-21 | 16-May-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 5 1 | N.A | 23 | 10.75% | 5.00 | 22-Jul-21 | 16-May-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |
| 5 2 | N.A | 23 | 10.75% | 5.00 | 22-Jul-21 | 16-May-23 | IND PP-MLD Aemr/Stable | Secured | 1.1 Times of Book debts hypothecated |

Redikhan



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | | |
|----|-----|----|--------|---------|-----------|-----------|-----------------|---------|--------------------------------------|
| 53 | N.A | 18 | 10.75% | 3.0000 | 9-Sep-22 | 01-Apr-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 54 | N.A | 18 | 10.75% | 20.0000 | 9-Sep-22 | 01-Apr-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 55 | N.A | 18 | 10.75% | 17.0000 | 9-Sep-22 | 01-Apr-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 56 | N.A | 18 | 10.75% | 20.0000 | 9-Sep-22 | 01-Apr-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 57 | N.A | 18 | 10.75% | 13.3000 | 23-Sep-22 | 01-Apr-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 58 | N.A | 18 | 10.75% | 25.0000 | 23-Sep-22 | 01-Apr-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 59 | N.A | 18 | 10.75% | 1.9000 | 23-Sep-22 | 01-Apr-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 60 | N.A | 18 | 11.15% | 96.00 | 22-Nov-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 61 | N.A | 18 | 11.15% | 25.00 | 22-Nov-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 62 | N.A | 18 | 11.15% | 44.00 | 22-Nov-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 63 | N.A | 18 | 11.15% | 35.00 | 22-Nov-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 64 | N.A | 17 | 10.83% | 5.00 | 16-Dec-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |

Handwritten signature



| | | | | | | | | | |
|----|-----|----|--------|-------|-----------|-----------|-----------------|---------|--------------------------------------|
| 65 | N.A | 17 | 10.83% | 8.00 | 16-Dec-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 66 | N.A | 17 | 10.83% | 20.00 | 16-Dec-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 67 | N.A | 17 | 10.83% | 25.00 | 16-Dec-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 68 | N.A | 17 | 10.83% | 25.00 | 16-Dec-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 69 | N.A | 17 | 10.83% | 35.00 | 16-Dec-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 70 | N.A | 17 | 10.83% | 50.00 | 16-Dec-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |
| 71 | N.A | 17 | 10.83% | 32.00 | 16-Dec-22 | 22-May-24 | IND PP-MLD Aemr | Secured | 1.1 Times of Book debts hypothecated |

*given that returns are linked to an independent market index, coupon rate cannot be determined as on date however rate specified above is provided on assuming a particular movement market index

5.16 List of top 10 holders of non-convertible securities in terms of value (in cumulative basis) as on March 31, 2023

| Sr no. | Name of holders of non-convertible securities | Amount (Rs. in Crores) | Percentage (%) of total non-convertible securities outstanding |
|--------|--|------------------------|--|
| 1 | TATA CAPITAL FINANCIAL SERVICES LTD | 1,25,00,00,000 | 5.65% |
| 2 | IIFL INCOME OPPORTUNITIES FUND - SERIES 2 | 1,00,00,00,000 | 4.52% |
| 3 | MORGAN STANLEY INDIA PRIMARY DEALER PRIVATE LIMITE | 75,00,00,000 | 3.39% |
| 4 | OFB TECH PRIVATE LIMITED | 55,00,00,000 | 2.48% |
| 5 | IIFL INCOME OPPORTUNITIES FUND - SERIES 2 | 52,50,00,000 | 2.37% |

| | | | |
|----|--|--------------|-------|
| 6 | MODI FIDUCIARY SERVICES PRIVATE LIMITED | 51,00,00,000 | 2.30% |
| 7 | OXYZO FINANCIAL SERVICES PRIVATE LIMITED | 49,79,00,000 | 2.25% |
| 8 | ASK FINANCIAL HOLDINGS PRIVATE LIMITED | 44,34,00,000 | 2.00% |
| 9 | UTI INTERNATIONAL WEALTH CREATOR 4 | 42,50,00,000 | 1.92% |
| 10 | NORTHERN ARC MONEY MARKET ALPHA TRUST | 40,00,00,000 | 1.81% |

5.17 Details of outstanding Commercial Paper as at the end of the last quarter i.e. December 31, 2022 in the following format:

| Sr. No. | ISIN of Commercial Paper | Maturity Date | Amount outstanding |
|---------|--------------------------|---------------|--------------------|
| Nil | | | |

5.18 Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares):

| Name of Party (in case of facility) / Name of Instrument | Type of facility / Instrument | Amount sanctioned / issued | Principal Amount outstanding | Date of Repayment / Schedule | Credit Rating | Secured / Unsecured | Security |
|---|-------------------------------|----------------------------|------------------------------|------------------------------|---------------|---------------------|--|
| M/s. responsAbility Sicav (Lux) Micro and SME Debt Fund, Luxembourg | ECB | 18,51,75,000.00 | 18,51,75,000.00 | 30-Mar-26 | Ind A Stable | Secured | 1.10 Times of Book debts hypothecation |
| M/s. responsAbility Sicav (Lux) Financial Inclusion Fund, Luxembourg | ECB | 41,15,00,000.00 | 41,15,00,000.00 | 30-Mar-26 | Ind A Stable | Secured | 1.10 Times of Book debts hypothecation |
| M/s. responsAbility Sicav (Lux) Micro and SME Finance Leaders, Luxembourg | ECB | 24,69,00,000.00 | 24,69,00,000.00 | 30-Mar-26 | Ind A Stable | Secured | 1.10 Times of Book debts hypothecation |
| M/s. responsAbility Global Micro and | ECB | 80,24,00,000.00 | 80,24,25,000.00 | 30-Mar-26 | Ind A | Secured | 1.10 Times of Book |



| | | | |
|------------------------------|-----------|--------|---------------------|
| SME Finance Fund, Luxembourg | 25,000.00 | Stable | debts hypothecation |
|------------------------------|-----------|--------|---------------------|

- 5.19 Details of any outstanding borrowing taken / debt securities issued for consideration other than cash. This information shall be disclosed whether such borrowing / debt securities have been taken / issued: (i) in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option or not**

Nil

- 5.20 Where the Issuer is a non-banking finance company or housing finance company, the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials:**

A. Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC

- (a) Lending Policy: Should contain overview of origination, risk management, monitoring and collections:**

Spandana Sphoorty Financial Limited gives loans to women of Low income households for their economic upliftment. Loans are given to individuals with group guarantee. Repayments are always done at a group level and not an individual level. Unlike other MFIs we do not follow center guarantee. Since a center consists of 20-30 members you do not have to take liability of all the members. As we do not want to burden you with taking the liability of so many people as you will end up paying for other borrowers frequently. If you are part of a group with 6 members your liability is limited to only 5 others borrowers.

In a group, if any borrower has any difficulty to pay installments, other group members shall contribute and help that member to pay her installment on time so that the track record of the borrower and the group will be intact. Hence, it is very important to create a group with good clients with a clean track record. Loans are given for the betterment of the households. 6-12 women living in a close proximity shall form into a group and they shall fulfil the following eligibility criteria:

- a) Women
- b) Own House
- c) Age 15-59 years
- d) Group Guarantee
- e) Close proximity
- f) Compulsory center meeting attendance
- g) Existing loan should not be more than one MFI
- h) Loan in one family

- (b) Classification of Loans given to associate or entities related to Board, Senior management, promoters, etc.:**

Nil

- (c) Classification of loans according to type of loans, denomination of loan outstanding by loan to value, sectors, denomination of loans outstanding by ticket size, geographical classification of borrowers, maturity profile etc.:**

Please refer to paragraph (J) below of this table below.

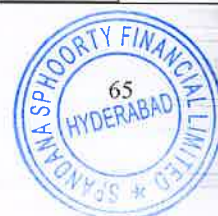


Red. Khan

(d) Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on Corporate Governance for NBFCs or HFCs, from time to time;

| List of Top 20 Borrower as on 31.12.2022 | | | | | | |
|--|-----------------|--------------------|-----------------|-------------------|------------------|--------------------------------------|
| Borrowers Name | A/c No/Cust. ID | Purpose | Sanction Amount | Disbursement Date | Disbursed Amount | Outstanding Balance as on 31.12.2022 |
| SANKAR K | CID951376210634 | House Construction | 6,26,118.00 | 19-10-2021 | 6,26,118.00 | 4,77,848.10 |
| PRABHAVATHI | SID951374530271 | Marriage | 5,34,818.00 | 14-08-2021 | 5,34,818.00 | 4,43,480.49 |
| NARASIMHA REDDY | SID951374676218 | House Construction | 16,23,925.00 | 26-09-2021 | 16,23,925.00 | 12,87,113.42 |
| KRISHNA | SID951374950085 | Buffalo | 6,30,866.00 | 18-08-2020 | 6,30,866.00 | 4,50,424.58 |
| SURESH | SID951375286526 | Petty Shop | 6,18,480.00 | 19-09-2019 | 6,18,480.00 | 5,41,413.00 |
| RATNA MANIKYAM | SID951375468133 | Agriculture | 8,24,640.00 | 05-12-2019 | 8,24,640.00 | 4,47,321.00 |
| UDAY KUMAR | SID951375543024 | WATER SERVICE | 8,32,217.00 | 14-01-2020 | 8,32,217.00 | 6,82,004.47 |
| RAVEENDRA | SID951375767901 | Buffalo | 10,41,414.00 | 19-03-2020 | 10,41,414.00 | 7,39,852.82 |
| SARDAAR | SID951375795522 | House Construction | 3,12,820.00 | 19-08-2020 | 3,12,820.00 | 2,39,816.93 |
| SARDAAR | SID951375795522 | House Construction | 3,12,820.00 | 13-03-2020 | 3,12,820.00 | 2,15,093.35 |
| SARVESWARA RAO | SID951375898125 | Milk Vending | 10,70,572.00 | 21-09-2020 | 10,70,572.00 | 9,03,301.03 |
| KALIMUNNISA | SID951375936680 | House Construction | 10,73,493.00 | 30-11-2020 | 10,73,493.00 | 6,37,784.66 |
| DHANALAKSHMI | SID951375950178 | House Construction | 5,46,093.00 | 16-10-2020 | 5,46,093.00 | 4,60,554.70 |

Red. Khanna



| | | | | | | |
|-----------------------------|---------------------|----------------------------|------------------|----------------|------------------|------------------|
| SARALA M | SID951375 979886 | Agriculture | 6,54,548.00 | 27-10- 2020 | 6,54,54 8.00 | 5,54,27 7.78 |
| SARASWATHI | SID951375 988356 | Marriage | 7,85,377.00 | 19-11- 2020 | 7,85,37 7.00 | 5,95,21 6.13 |
| ARAVINDKUMAR | SID951375 989493 | Petty Shop | 7,23,571.00 | 07-11- 2020 | 7,23,57 1.00 | 6,12,57 2.96 |
| VENKATA SANDEEP KUMAR | SID951375 994114 | Buffalo | 20,71,100.0 0 | 23-12- 2020 | 20,71,1 00.00 | 17,78,0 47.02 |
| VISHNUPATHI | SID951376 019163 | Repay Debt | 5,45,657.00 | 07-01- 2021 | 5,45,65 7.00 | 4,52,34 8.58 |
| ANBUTHAMBI | SID951376 020465 | House Construction o | 20,72,912.0 0 | 18-01- 2021 | 20,72,9 12.00 | 14,65,1 40.46 |
| NAGAPPAN | SID951376 022472 | House Construction o | 4,32,993.00 | 26-01- 2021 | 4,32,99 3.00 | 3,08,40 0.58 |
| NAGAPPAN | SID951376 022472 | House Construction o | 6,49,690.00 | 13-01- 2021 | 6,49,69 0.00 | 4,83,01 4.08 |
| Thangam | SID951376 038582 | Food joint | 6,42,621.00 | 17-02- 2021 | 6,42,62 1.00 | 5,24,25 2.01 |
| ASHOK | SID951376 042559 | Petty Shop | 7,22,965.00 | 09-03- 2021 | 7,22,96 5.00 | 4,84,21 5.01 |
| GUNASEKARAN | SID951376 048652 | Cloth Business | 10,80,934.0 0 | 29-04- 2021 | 10,80,9 34.00 | 9,59,96 6.68 |
| Sathyabama | SID951376 120507 | House Construction o | 2,07,138.00 | 17-09- 2021 | 2,07,13 8.00 | 1,80,80 3.01 |
| Sathyabama | SID951376 120507 | House Construction o | 3,10,906.00 | 28-08- 2021 | 3,10,90 6.00 | 2,63,87 4.82 |
| NIROSHKUMAR | SID951376 127963 | Agriculture | 6,21,269.00 | 09-09- 2021 | 6,21,26 9.00 | 5,41,03 3.43 |
| THIRUMURUGAN | SID951376 173299 | Agriculture | 5,31,210.00 | 28-09- 2021 | 5,31,21 0.00 | 4,92,94 3.34 |



Red. Channay

(e) Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations:

Please refer to paragraph (K) of this table below

B. Details of borrowings made by NBFC**(a) A portfolio summary with regard to industries/ sectors to which borrowings have been made:**

Please refer to paragraph (J) in this table below including sub-paragraph (c) therein.

(b) NPA exposures of the Issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer:

Please refer to paragraph (K) of this table below.

(c) Quantum and percentage of secured vis-à-vis unsecured borrowings made; and

99.5% Secured Borrowings and 0.5% Unsecured Borrowings

C. Details of change in shareholding**(a) Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI:**

NIL

D. Disclosure of Assets Under Management**(a) Segment wise breakup:**

Please refer to sub-paragraph (c) of paragraph (J) in this table below.

(b) Type of Loans

Please refer to sub-paragraph (a) of paragraph (J) in this table below

E. Details of borrowers**(a) Geographical location wise**

Please refer to sub-paragraph (e) of paragraph (J) in this table below.

F. Details of Gross NPA**(a) Segment wise:**

Please refer to sub-paragraph (c) of paragraph (K) in this table below.

G. Details of Assets and Liabilities**(a) Residual maturity profile wise into several bucket:**

Red. Khan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|---|---|--|-------------------|
| (d) Denomination of loans outstanding by ticket size*: | Details of Outstanding loans, category wise | | |
| | Sl. No. | Ticket size (at the time of origination) | Percentage of AUM |
| | 1 | Upto Rs. 2 lakh | 99.92% |
| | 2 | Rs. 2-5 lakh– | 0.0% |
| | 3 | Rs. 5 - 10 lakh – | 0.04% |
| | 4 | Rs. 10 - 25 lakh – | 0% |
| | 5 | Rs. 25 - 50 lakh | 0.0% |
| | 6 | –s. 50 lakh - 1 crore– | Nil |
| | 7 | Rs. 1 - 5 crore– | Nil |
| | 8 | Rs. 5 - 25 crore– | Nil |
| | 9 | Rs. 25 - 100 crore | Nil |
| | 10 | >Rs. 100 crore | Nil |
| | | Total | 100% |
| * Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts); | | | |
| multiple loan accounts); | | | |
| (e) Geographical classification of borrowers: | Top 5 states borrower wise | | |
| | Sl. No. | Top 5 states | Percentage of AUM |
| | 1 | Madhya Pradesh | 16.95% |
| | 2 | Orissa | 15.31% |
| | 3 | Karnataka | 11.03% |
| | 4 | Andhra Pradesh | 10.60% |
| | 5 | Maharashtra | 10.21% |
| | | Total | 64.11% |

| | | | |
|--|--|---|---------------|
| K. Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations | | | |
| (a) Movement of Gross NPA | Movement of gross NPA* | | Rs. crore |
| | Opening gross NPA | | 1113.91 |
| | - Additions during the year | | 278.94 |
| | - Reductions during the year | | 1039.46 |
| | Closing balance of gross NPA | | 353.38 |
| | *Please indicate the gross NPA recognition policy (Day's Past Due) | | |
| (b) Movement of provisions for NPA | Movement of provisions For NPA | | Rs. Crore |
| | Opening balance | | 492.82 |
| | - Provisions made during the year | | 153.42 |
| | - Write-off/ write-back of excess provisions | | 451.87 |
| | Closing balance | | 194.36 |
| | | | |
| (c) Segment wise gross NPA | Sl. No. | Segment-wise gross NPA | Gross NPA (%) |
| | 1 | Retail | |
| | A | Mortgages (home loans and loans against property) | Nil |
| | B | Gold loans | Nil |
| | C | Vehicle finance | Nil |
| | D | MFI | 5.10% |
| | E | MSME | Nil |
| | | | |



med.khan

| | | | |
|--|---|---|-----|
| | F | Capital market funding (loans against shares, margin funding) | Nil |
| | G | Others | Nil |
| | 2 | Wholesale | |
| | A | Infrastructure | Nil |
| | B | Real estate (including builder loans) | Nil |
| | C | Promoter funding | Nil |
| | D | Any other sector (as applicable) | Nil |
| | E | Others | Nil |
| | | Total | |
| | | | |

| L. Residual maturity profile of assets and liabilities (in line with the RBI format): | | | | | | | | | | |
|---|-------------|--------------------|------------------------|------------------------|------------------------|---------------------|--------------------|----------------------|-----------|--------|
| Residual maturity profile of assets and liabilities | Rs.in Cr | | | | | | | | | |
| | Category | Up to 30 / 31 days | >1 mont hs – 2 mont hs | >2 mont hs – 3 mont hs | >3 mont hs – 6 mont hs | >6 month s – 1 year | >1 years – 3 years | >3 year s – 5 year s | > 5 years | Total |
| | Deposit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Advances | 387 | 319 | 362 | 967 | 1782 | 2413 | 40 | 0 | 6269 |
| | Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 199.71 | 199.71 |
| | Borrowings | 241 | 234 | 279 | 1002 | 1487 | 1698 | 27 | 58 | 5025 |
| | FCA* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | FCL* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *FCA – Foreign Currency Assets; FCL – Foreign Currency Liabilities; | | | | | | | | | | |

5.21 Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past 3 years including the current financial year:

NIL

5.22 Details of Promoters of the Company:

A. Details of Promoter Holding in Company as on latest quarter end, i.e. December 31, 2022:



| S. No | Name of Shareholders | Total No. of Equity shares | No. of shares held in Demat form | Total Shareholding as % of total no. of equity shares | No of shares Pledged | % of shares pledged with respect to shares owned |
|-------|----------------------------------|----------------------------|----------------------------------|---|----------------------|--|
| 1 | Padmaja Gangireddy | 10301003 | 10301003 | 14.51 | 1800000 | 17.47 |
| 2 | Vijaya Sivarami Reddy Vendidandi | 118064 | 118064 | 0.17 | 0 | 0 |
| 3 | Kedaara Capital Fund III LLP | 5013295 | 5013295 | 7.06 | 0 | 0 |
| 4 | Kangchenjunga Limited | 29303172 | 29303172 | 41.29 | 0 | 0 |

5.23 A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the draft offer document or offer document or issue opening date, as applicable

The above financial statements shall be accompanied with the Auditor's Report along with the requisite schedules, footnotes, summary etc.

Spandana Sphoorty Financial Limited
Audited Profit and Loss for the Previous three years till December 31, 2022

| Audited Profit and Loss for the Previous three years till 31st December, 2022 | | | | | | | | |
|---|-------------------|----------------|------------------------------|------------------|-------------------------------|------------------|-------------------------------|------------------|
| | December 31, 2022 | | YTD March 31, 2022 (audited) | | For year ended March 31, 2021 | | For year ended March 31, 2020 | |
| | Standalone | Consolidation | Standalone | Consolidation | Standalone | Consolidation | Standalone | Consolidation |
| Revenue from operations | | | | | | | | |
| Interest income | 8089.59 | 8581.82 | 12509.45 | 13365.36 | 13,258.78 | 13,627.10 | 11,454.46 | 11,691.94 |
| Commission and incentive income | 0 | 0 | 64.68 | 64.68 | 89.12 | 97 | 351.12 | 370.56 |
| Net gain on fair value changes | 187.39 | 188.18 | 781.33 | 782.09 | 751.14 | 760.51 | 2,184.03 | 2,185.23 |
| Others | 256.24 | 256.24 | 407.92 | 415.79 | 330.01 | 341.65 | 105.25 | 105.25 |
| Total revenue from operations | 8533.22 | 9026.24 | 13763.38 | 14,627.92 | 14,429.05 | 14,826.25 | 14,094.86 | 14,352.98 |
| | | | | | | | | |
| Other income | 357.95 | 413.96 | 152.62 | 172.43 | 218.41 | 229.88 | 319.28 | 342.08 |
| Total income | 8891.17 | 9440.2 | 13916 | 14800.35 | 14,647.46 | 15,056.14 | 14,414.14 | 14,695.06 |
| | | | | | | | | |
| Expenses | | | | | | | | |
| Finance cost | 2988.14 | 3088.9 | 5,140.88 | 5401 | 4,171.62 | 4,231.70 | 3,541.11 | 3,563.35 |
| Net loss on fair value changes | 0 | 0.1 | - | 0.86 | 27.44 | 27.44 | - | - |
| Impairment on financial instruments and other provisions | 4086.43 | 4220.78 | 4,658.31 | 4805.7 | 6,398.75 | 6,451.40 | 2,728.96 | 2,735.72 |
| Employee benefits expense | 2125.94 | 2202.48 | 2,168.80 | 2283.97 | 1,663.57 | 1,715.36 | 1,669.70 | 1,707.47 |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | |
|---|-----------------|-----------------|------------------|-----------------|------------------|------------------|-----------------|-----------------|
| Depreciation and amortization expense | 70.11 | 71.6 | 85.46 | 91.77 | 74.86 | 76.23 | 87.42 | 88.33 |
| Other expenses | 972.53 | 1063.77 | 1,216.69 | 1,248.33 | 534.89 | 549.56 | 405.55 | 415.65 |
| Total expenses | 10243.15 | 10647.63 | 13,270.14 | 13831.63 | 12,871.12 | 13,051.69 | 8,432.74 | 8,510.52 |
| Profit before tax | -1351.98 | -1207.43 | 645.86 | 968.72 | 1,776.34 | 2,004.45 | 5,981.40 | 6,184.54 |
| Tax expense: | | | | | | | | |
| Current tax | 0 | 46.04 | 812.71 | 930.65 | 1,362.16 | 1,425.98 | 653.54 | 705.16 |
| Taxes of prior period | 0 | 0 | 17.05 | 17.05 | | | | |
| Deferred tax | -313.13 | -321.87 | 650.28 | 677.25 | 875.64 | 876.13 | 1,960.92 | 1,961.09 |
| Income tax expense | -313.13 | -275.83 | 179.48 | 270.45 | 486.52 | 549.85 | 2,614.46 | 2,666.25 |
| Profit for the year | -1038.85 | -931.6 | 466.38 | 698.27 | 1,289.82 | 1,454.60 | 3,366.94 | 3,518.29 |
| Other comprehensive income | | | | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | | | | | |
| Re-measurement gains/(losses) on defined benefit plans | -5.41 | -5.22 | -14.37 | -14.23 | 20.06 | 20.31 | -17.38 | -17.52 |
| Income tax effect | 1.36 | 1.31 | 3.62 | 3.59 | -5.05 | -5.11 | 4.37 | 4.41 |
| Items that will be reclassified subsequently to profit or loss | | | | | | | | |
| Fair value gain/(loss) on loans | -882.9 | -882.9 | 448.77 | 448.77 | 420.38 | 420.38 | 12.11 | 12.11 |
| Income tax effect | 222.21 | 222.21 | 112.95 | 112.95 | 105.8 | 105.8 | -3.05 | -3.05 |
| Total comprehensive income for the year | -664.74 | -1596.2 | 119.81 | 351.81 | 990.25 | 1,155.21 | 3,362.99 | 3,514.24 |
| Profit/loss for the year attributable to: | | | | | | | | |
| Owners of the company | | 932.55 | | 694.68 | | 1,450.43 | | 3,514.59 |
| Non-controlling interests | | 0.95 | | 3.59 | | 4.17 | | 3.7 |
| | | -931.60 | | 698.27 | | 1,454.60 | | 3,518.29 |
| Total comprehensive income for the year attributable to: | | | | | | | | |
| Owners of the company | | 1,597.15 | | 348.22 | | 1,151.05 | | 3,510.55 |
| Non-controlling interests | | 0.95 | | 3.59 | | 4.17 | | 3.7 |
| | | 1,596.20 | | 351.81 | | 1,155.22 | | 3,514.25 |
| Earnings per share (equity share, par value of Rs.10 each) | | | | | | | | |
| Computed on the basis of total profit for the year | | | | | | | | |
| Basic | -14.71 | 13.20 | 7.22 | 10.75 | 20.05 | 22.55 | 53.85 | 56.21 |
| Diluted | -14.71 | 13.20 | 7.2 | 10.72 | 19.98 | 22.47 | 53.4 | 55.74 |
| Nominal value | 10.00 | 10.00 | 10 | 10 | 10 | 10 | 10 | 10 |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| Spandana Sphoorty Financial Limited | | | | | | | | |
|--|--------------------------|-------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| Audited Balance sheet for the previous three years till September 30, 2022 | | | | | | | | |
| | As at | | As at | | As at | | As at | |
| | Decemb er 31, 2022 | | March 31, 2022 | | March 31, 2021 | | March 31, 2020 | |
| | | | (audit ed) | | | | | |
| ASSETS | Stand alone | Consolidati on | Stand alone | Cons olidat ion | Stand alone | Cons olidat ion | Stand alone | Cons olidat ion |
| Financial assets | | | | | | | | |
| Cash and cash equivalents | 10232.1 | 10245.77 | 7,239.95 | 7271.7 | 11,307.83 | 11,351.95 | 536.19 | 596.31 |
| Bank balances other than cash and cash equivalents | 1390.41 | 1390.41 | 4,750.72 | 4,570.72 | 2,453.27 | 2,458.26 | 1,970.99 | 1,975.05 |
| Trade receivables | 252.4 | 304.79 | 200.86 | 200.92 | 121.06 | 120.61 | 223.68 | 223.68 |
| Loans | 62690.77 | 65092.95 | 52,637.39 | 55,183.83 | 66,163.14 | 69,330.42 | 49,051.40 | 48,523.95 |
| Derivative financial instruments | 0.46 | 0.46 | 0.46 | 0.46 | 0.45 | 0.45 | - | - |
| Other financial assets | 1213.39 | 1221.02 | 322.98 | 745.15 | 742.67 | 756.71 | 1,652.89 | 2,904.96 |
| Investments | 1997.12 | 842.38 | 1,146.24 | 24.44 | 1,146.24 | 23.25 | 5,498.55 | 4,874.62 |
| Subtotal - Financial assets | 77776.65 | 79097.78 | 66,298.60 | 68,177.22 | 81,934.66 | 84,041.66 | 58,933.70 | 59,098.57 |
| Non-financial assets | | | | | | | | |
| Inventories | 0 | 98.81 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current tax assets (net) | 263.06 | 356.55 | 149.38 | 188.13 | 149.38 | 153.13 | 149.38 | 153.13 |
| Deferred tax assets (net) | 2348.96 | 2386.28 | 1,812.28 | 1,842.05 | 1,045.42 | 1,047.50 | 69.03 | 70.32 |
| Property, plant and equipment | 256.64 | 259.1 | 64.24 | 67.87 | 196.92 | 198.96 | 151.43 | 152.28 |
| Intangible assets | 49.39 | 49.39 | 70.96 | 70.96 | 7.74 | 7.77 | 12.84 | 13.31 |
| Goodwill | 0 | 173.89 | 0 | 173.89 | 0 | 173.74 | 0 | 173.74 |
| Other non-financial assets | 169.22 | 193.16 | 241.46 | 243.25 | 126.51 | 146.53 | 101.46 | 112.43 |
| Subtotal - Non-financial assets | 3,087.27 | 3517.18 | 2,338.32 | 2,586.15 | 1,525.97 | 1,727.62 | 484.14 | 675.21 |
| Total assets | 80,863.92 | 82614.96 | 68,636.92 | 70,763.37 | 83,460.63 | 85,769.29 | 59,417.84 | 59,773.78 |
| LIABILITIES AND EQUITY | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Financial liabilities | | | | | | | | |
| Debt securities | 28928.24 | 29144.83 | 17,584.36 | 17,782.40 | 20,347.14 | 20,347.14 | 7,776.28 | 7,776.28 |
| Borrowings (other than debt securities) | 21119.08 | 21840.82 | 18,528.31 | 19,736.80 | 31,425.34 | 33,183.69 | 22,184.11 | 22,273.34 |
| Subordinated liabilities | 202.16 | 202.16 | 201.87 | 201.87 | 201.83 | 201.83 | 201.67 | 203.28 |
| Other financial liabilities | 1181.52 | 1227.93 | 1,285.64 | 1,312.32 | 2,561.99 | 2,696.75 | 2,255.73 | 2,271.90 |
| Subtotal - Financial liabilities | 51431 | 52415.74 | 37,600.18 | 39,033.39 | 54,536.30 | 56,429.41 | 32,417.80 | 32,524.80 |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | |
|---|--------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|
| Non-financial liabilities | | | | | | | | |
| Current tax liabilities (net) | -3.17 | 77.32 | 177.53 | 281.62 | 1,338.85 | 1,398.16 | 596.69 | 647.07 |
| Provisions | 44.91 | 45.76 | 39.47 | 40.15 | 16.08 | 16.5 | 27.58 | 28 |
| Other non-financial liabilities | 447.57 | 465.41 | 504.42 | 508.76 | 410.35 | 414.25 | 294.4 | 301.45 |
| Subtotal - Non-financial liabilities | 489.31 | 588.49 | 721.42 | 830.53 | 1,765.28 | 1,828.91 | 918.67 | 976.52 |
| EQUITY | | | | | | | | |
| Equity share capital | 709.83 | 709.83 | 690.95 | 690.95 | 643.15 | 643.15 | 643.15 | 643.15 |
| Other equity | 28233.72 | 28898.43 | 29,624.37 | 30,184.73 | 26,515.90 | 26,847.64 | 25,438.23 | 25,616.39 |
| Non controlling interest | 0 | 2.48 | 0 | 23.77 | 0 | 20.18 | 0 | 12.92 |
| Subtotal - Equity | 28943.55 | 29610.74 | 30,315.32 | 30,899.45 | 27,159.06 | 27,510.97 | 26,081.39 | 26,272.46 |
| Total liabilities and equity | 80863.86 | 82614.97 | 68,636.92 | 70,763.37 | 83,460.63 | 85,769.29 | 59,417.84 | 59,773.78 |
| Spandana Sphoorty Financial Limited | | | | | | | | |
| Audited Cash Flow Statement for the previous three years till September 30, 2022 | | | | | | | | |
| Particulars | December 31, 2022 | | For year ended March 31, 2022 | | For year ended March 31, 2021 | | For year ended March 31, 2020 | |
| | | | (audit ed) | | | | | |
| | Stand alone | Consolidation | Stand alone | Consolidation | Stand alone | Consolidation | Stand alone | Consolidation |
| Cash flow from operating activities | | | | | | | | |
| Profit before tax | -1351.98 | (1,207.43) | 645.86 | 968.72 | 1,776.35 | 2,004.43 | 5,981.40 | 6,184.54 |
| Adjustments for: | | | | | | | | |
| Interest on income tax | 0 | 1.61 | 69.59 | 71.85 | 157.59 | 165.8 | - | 0.88 |
| Depreciation and amortization | 70.11 | 71.60 | 85.46 | 91.77 | 74.85 | 76.23 | 87.42 | 88.33 |
| Share based payment to employees | 222.35 | 222.35 | 112.18 | 112.18 | 88.05 | 87.85 | 41.07 | 41.64 |
| Provision for gratuity | 8.47 | 8.47 | 18.82 | 18.82 | 8.56 | 8.56 | 10.2 | 10.41 |
| Finance cost on lease liability | 6.11 | 6.11 | 17.81 | 17.81 | 14.88 | 14.88 | 14.37 | 14.37 |
| Gain on business transfer | 0 | 0 | 0 | 0 | -9.26 | - | - | - |
| Impairment on financial instruments and other provisions | 4086.43 | 4,220.78 | 4,658.31 | 4,805.70 | 6,398.75 | 6,451.40 | 2,728.96 | 2,735.72 |
| Net gain on fair value changes | -187.39 | (188.18) | 479.06 | 479.82 | -85.84 | -86.46 | -44.76 | -45.96 |
| Net (gain)/ loss on derecognition of property, plant and equipment | | | | | | | | |

Red. Khan



Placement Memorandum

Date: April 10, 2023

Private & Confidential
For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | |
|--|-----------------|--------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|
| Net gain on adjustment on account of termination of leases | 0 | 0 | -52.44 | -52.44 | | | | |
| Net loss on financial assets and liabilities designated at fair value through profit or loss | 0 | 0.10 | -43.01 | -42.15 | 27.44 | 27.44 | - | - |
| Other provisions and write offs | 67.64 | 69.06 | 14.53 | 14.67 | 26.19 | 26.19 | 29.13 | 29.24 |
| Operating profit before working capital changes | 2,921.73 | 3,204.47 | 5048.05 | 5,527.11 | 8,477.56 | 8,776.32 | 8,847.79 | 9,059.17 |
| Movements in working capital: | | | | | | | | |
| Increase / (decrease) in other financial liabilities | -235.51 | (212.82) | 1,123.69 | 1,231.77 | 266.82 | 385.41 | 1,707.33 | 1,713.86 |
| Increase / (decrease) in provisions | -10.79 | (8.08) | -9.8 | -9.4 | - | 112.8 | -3.42 | 76.6 |
| Increase / (decrease) in other non financial liabilities | -56.85 | (43.35) | 94.07 | 94.51 | 115.96 | 0.25 | 70.97 | -3.53 |
| (Increase) / decrease in bank balances other than cash and cash equivalents | 3360.31 | 3,360.31 | 2,297.45 | 2,292.46 | 482.28 | 483.22 | 57.11 | 56.81 |
| (Increase) / decrease in trade receivables | -51.54 | (103.87) | -79.8 | -80.31 | 102.62 | 103.07 | 188.19 | 188.19 |
| (Increase) / decrease in loans | 15022.55 | (15,834.36) | 8,418.67 | 8,889.20 | 24,823.17 | 878.94 | 7,907.82 | 8,569.97 |
| (Increase) / decrease in other financial assets | -958.05 | (544.93) | 405.16 | -3.11 | 963.35 | 26.439.33 | 3,027.22 | 2,329.73 |
| (Increase) / decrease in other non financial assets | 72.24 | 50.09 | 195.52 | -96.87 | -25.05 | -34.1 | 25.55 | 17.28 |
| Changes in other inventories | | (98.81) | | | | | | |
| Cash used in operations | -9981 | (10,231.35) | 10,259.69 | 10,796.90 | 15,404.17 | 16,699.83 | -417.9 | -167.7 |
| Income taxes paid | -294.38 | (420.37) | 2,060.67 | 2,171.09 | 777.59 | 840.69 | 118.77 | -184 |
| Net cash used in operating activities (A) | 10275.38 | (10,651.72) | 8,199.02 | 8,625.81 | 16,181.77 | 17,540.53 | 536.67 | -351.7 |
| Cash flow from investing activities | | | | | | | | |
| Purchase of property, plant and equipment | 102,726.871 | (103.02) | -44.61 | -69.63 | 152.44 | 154.56 | -45 | -45.63 |
| Purchase of intangible assets | 0 | 0 | -70.8 | -70.8 | -0.1 | -0.1 | -0.02 | -0.02 |
| Proceeds from derecognition of property, plant and equipment | 0 | 0 | 4.44 | 22.79 | 38.24 | 38.24 | - | - |
| Business transfer | 0 | 0 | 80.57 | | 822.21 | | - | - |
| Investment in Subsidiary | | | | | -500 | | - | - |
| Purchase of investments | -46150 | (44,529.99) | 1,08,624.01 | 1,08,622.06 | 42,843.00 | 42,843.36 | 72390.11 | 72432.21 |
| Sale of investments | 45,511.31 | 44,693.37 | 1,09,103.07 | 1,09,101.88 | 47,779.53 | 47,779.53 | 67,583.24 | 67,604.54 |
| Net cash generated/(used) in investing activities (B) | -766.22 | 60.36 | 448.66 | 362.18 | 5,144.44 | 4,819.74 | 4,851.89 | 4,873.32 |
| Cash flow from financing activities | | | | | | | | |
| Proceeds from issue of equity shares (including securities premium) | 109,472.8084 | | 2,924.27 | 2,924.27 | - | | 3,925.59 | 3,925.59 |



ud. khanna

| | | | | | | | | |
|---|-----------|-------------|-------------|-----------|-----------|-----------|----------|----------|
| | | 109.47 | | | | | | |
| Balance subscription of optionally convertible redeemable preference shares (all series) | | | | | - | | - | - |
| Proceeds from issue of Share Warrants (including securities premium) | | | | | - | | - | - |
| Balance subscription of share warrants | | | | | | | | |
| Debt securities (net) / Borrowings (Including Debt Securities) availed | 3,821.39 | 33,389.73 | 17,011.56 | 2,522.60 | 12,542.98 | 12,542.98 | 5,943.36 | 5,943.36 |
| Principal payment of lease liability | (4.57) | (4.57) | -5.25 | -5.25 | 9.69 | | -29.8 | -15.42 |
| Interest payment of lease liability | (6.11) | (6.11) | -17.81 | -17.81 | 14.88 | 9.69 | 14.37 | |
| Borrowings (other than debt securities) (net) / Borrowings (Including Debt Securities) repaid | 10,113.26 | (19,923.38) | (32,628.37) | 13,446.89 | 9,241.28 | 14.88 | 6,654.22 | 6,518.52 |
| Subordinated liabilities (net) | 0.29 | 0.29 | 0.04 | 0.04 | 0.16 | 10,910.35 | 0.11 | 0.34 |
| Share issue expenses | | | | | - | -1.45 | 150.46 | 150.46 |
| Net generated from financing activities (C) | 13,924.27 | 13,565.43 | 12,715.56 | 13,068.24 | 21,808.97 | 23,476.43 | 4,470.68 | 4,335.22 |

The standalone and consolidated auditors reports for the financial years ended March 31, 2020, March 31, 2021 and March 31, 2022 are attached under **Annexure V** of this Placement Memorandum.

- 5.24 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.**

The Issuer hereby declares that there has been no material event, development or change on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of issue, which may affect the Issue or the Investor's decision to invest/ continue to invest in the debt securities of the Issuer.

- 5.25 Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the Company;**

NIL

- 5.26 Details of default and non-payment of statutory dues**

NIL



- 5.27 The name(s) of the debentures trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with copy of the consent letter from the debenture trustee.**

The Debenture Trustee of the proposed Debentures is Catalyst Trusteeship Limited. Catalyst Trusteeship Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Placement Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Placement Memorandum.

- 5.28 Details of credit rating along with reference to the rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies in relation to the issue.**

The Rating Agency has assigned a rating of "INDRa A" 'stable' outlook to the Debentures. Instruments with this rating are considered to have an adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The rating letter from the Rating Agency, the rating rationale from the Rating Agency and the detailed press release is provided in **Annexure II** of this Placement Memorandum.

The Issuer hereby declares the aforesaid credit rating obtained by it in relation to the Debentures shall be valid on the date of Issue and on the date of listing of Debentures.

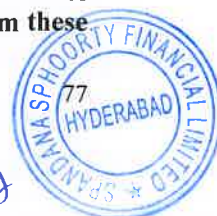
- 5.29 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.**

Not applicable.

- 5.30 Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention**

- A. The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made: Actual / Actual. Please also refer to the column on "*Business Day Convention*" under Section 5.37 (*Issue Details*) of this Placement Memorandum;
- B. Procedure and time schedule for allotment and issue of securities: Please refer to the column on "*Issue Timing*" under Section 5.37 (*Issue Details*) of this Placement Memorandum; and
- C. Cash flows emanating from the non-convertible securities shall be mentioned in the Placement Memorandum, by way of an illustration: The cashflows emanating from the Debentures, by way of an illustration, are set out under **Annexure VI** (*Illustration of Bond Cashflows*) of this Placement Memorandum.

- 5.31 Name(s) of the stock exchange(s) where the non-convertible securities are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s):**



The Debentures are proposed to be listed on the NSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

The Issuer has obtained the in-principle approval for the listing of the Debentures from NSE and the same is annexed in **Annexure IX** of this Placement Memorandum. The Issuer shall also be creating the recovery expense fund as per the applicable SEBI regulations with NSE.

5.32 Other details:

A. Creation of Debenture Redemption Reserve ("DRR") – relevant legislations and applicability:

As per Section 71 of the 2013 Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures.

B. Issue / instrument specific – regulations - relevant details (Companies Act, Reserve Bank of India guidelines etc.):

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and the applicable RBI guidelines.

C. Default in payment: Please refer to the column on "Default Interest Rate" under Clause 5.37 (*Issue Details*) of this Placement Memorandum and Clause 7.5 (*Consequences of Event of Default*) of SECTION 7: of the Placement Memorandum, setting out the consequences pursuant to any default in payment of Debentures

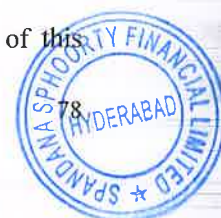
D. Delay in listing: Please refer to the column on "*Listing (name of stock Exchange(s) where it will be listed and timeline for listing)*" under Clause 5.37 (*Issue Details*) of this Placement Memorandum, setting out the consequences pursuant to any delay in listing of Debentures.

E. Delay in allotment of securities: Any delay in allotment of securities from 2 (Two) Business Days from the Deemed Date of Allotment shall be an "Event of Default" under the terms of the Transaction Documents and the consequences set out under Clause 7.5 (*Consequences of Event of Default*) of SECTION 7: of the Placement Memorandum shall trigger.

F. Issue details: Please refer to Clause 5.37 (*Issue Details*) of this Placement Memorandum

G. Application process:

The application process for the Issue is as provided in SECTION 8: of this Placement Memorandum.



Red. Channay

H. Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any:

All disclosures under Form No. PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 have been set out in SECTION 10: of this Placement Memorandum.

I. Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project:

Not applicable

5.33 A statement containing particulars of the dates of, and parties to all material contracts, agreements:

The following contracts, not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than 2 (Two) years before the date of this Placement Memorandum, which are or may be deemed material, have been entered into by the Company.

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

| S. No. | Nature of Contract |
|--------|---|
| 1 | Certified true copy of the Memorandum & Articles of Association of the Issuer. |
| 2 | Board Resolution dated July 11, 2022 and August 04, 2022 read with the resolution passed by the Management Committee of the Board of Directors dated April 04, 2023 authorizing the issue of Debentures offered under terms of this Placement Memorandum. |
| 3 | Shareholder Resolution dated September 21, 2022 authorizing the issue of non-convertible debentures by the Company. |
| 4 | Shareholder Resolutions dated September 21, 2022 authorizing the borrowing limits of the Company and the creation of security in respect of such borrowings. |
| 5 | Copies of annual reports of the Company for the last three financial years. |
| 6 | Credit rating letter from the Rating Agency dated April 04, 2023, rating rationale from the rating agency dated February 15, 2023 along with the detailed press release. |
| 7 | Letter from Catalyst Trusteeship Limited dated March 31, 2023 giving its consent to act as Debenture Trustee. |
| 8 | Letter for Register and Transfer Agent. |
| 9 | Certified true copy of the certificate of incorporation of the Company. |
| 10 | Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and NSDL and CDSL. |
| 11 | Copy of application made to NSE for grant of in-principle approval for listing of Debentures |

5.34 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of up to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) by issue of Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures, on a private placement basis. For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Section 5.37 (*Issue Details*) of this Placement Memorandum.

5.35 Issue Size

The aggregate issue size for the Debentures is upto Rs. 25,00,00,000/- (Rupees Twenty Five Crores only).

5.36 Utilization of the Issue Proceeds

The proceeds shall be used for the purpose as set out in the column of "*Details of the utilization of the Proceeds*" under Clause 5.37 (*Issue Details*) of this Placement Memorandum.

The Company undertakes that proceeds of this Issue shall not be utilized for the following purposes as specified in the RBI Master Circular No. DBOD.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 including *inter alia*:

- 1) Bills discounted / rediscounted by NBFCs, except for rediscounting of bills discounted by NBFCs arising out of: Commercial vehicles (including light commercial vehicles) and two wheeler and three wheeler vehicles, subject to the following conditions: The bills should have been drawn by the manufacturer on dealers only; The bills should represent genuine sale transactions as may be ascertained from the chassis / engine number and; Before rediscounting the bills, the bona fides and track record of NBFCs which have discounted the bills would be verified.
- 2) Investments of NBFCs both of current and long-term nature, in any company / entity by way of shares, debentures, etc. However, Stock Broking Companies may be provided need-based credit against shares and debentures held by them as stock-in-trade.
- 3) Unsecured loans / inter-corporate deposits by NBFCs to / in any company.
- 4) All types of loans and advances by NBFCs to their subsidiaries, group companies / entities.
- 5) Finance to NBFCs for further lending to individuals for subscribing to Initial Public Offerings (IPO) and for purchase of shares from secondary market.

5.37 Issue Details

| | |
|---|---|
| Security Name (Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year) | 10.25% Spandana Sphoorty Financial Limited 2026 |
| Issuer | Spandana Sphoorty Financial Limited |
| Type of Instrument | Non-Convertible Debentures |
| Nature of Instrument (Secured or Unsecured) | Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures |
| Seniority (Senior or | Senior |



Red Khanna

| | |
|--|---|
| subordinated) | |
| Mode of Issue | Private placement |
| Eligible/Identified Investors | As provided in S.no 25 of Part A (<i>Disclosures</i>) of this Placement Memorandum. |
| Listing (name of stock Exchange(s) where it will be listed and timeline for listing) | <p>The Debentures are to be listed on the NSE within a maximum period of 3 (Three) working days from the date of closing of the Issue.</p> <p>In accordance with the SEBI Debt Listing Regulations, in case of delay by the Company in listing of the Debentures beyond 3 (Three) working days from the date of closing of the Issue, the Company shall make payment to the Debenture Holders of 1% (One Percent) p.a. over the Coupon Rate from the expiry of 3 (Three) working days from the Deemed Date of Allotment till the listing of such Debentures.</p> |
| Rating of the Instrument | 'INDRa A''/Stable Outlook from the Rating Agency. |
| Issue Size | Rs. 25,00,00,000/- (Rupees Twenty-Five Crores only). |
| Minimum subscription | 100 (One Hundred) Debentures and in multiples of 1 (One) Debenture thereafter |
| Option to retain oversubscription (Amount) | There is no Option to retain oversubscription. |
| Objects of the Issue/ Purpose for which there is requirement of funds | <p>Entire Issue Proceeds will be utilized for the following purposes:</p> <ol style="list-style-type: none"> 1. general corporate purposes; and 2. for the ordinary course of business of the Issuer including repayment/re-financing of existing debt. <p>Provided however, proceeds of the issue of Debentures will not be utilised towards any capital market instrument such as equity and equity linked instruments or any other capital market related activities or for any speculative purposes or investment in the real estate sector, land acquisition or usages that are restricted for bank financing.</p> |
| Details of the utilization of the Proceeds | <p>Entire Issue Proceeds shall be utilised for:</p> <ol style="list-style-type: none"> 1. general corporate purposes; and 2. for the ordinary course of business of the Issuer including repayment/re-financing of existing debt. |
| Coupon/Coupon Rate/ Redemption Premium/ Return on Debentures | 10.25% (Ten Decimal Point Two Five Percent) per annum payable half yearly |
| Step Up / Step Down Coupon Rate | <p>In the event there is any downgrade in the rating below A- of Debentures and/or the Issuer by any credit rating agency, the Coupon Rate shall increase by 0.50% for each notch of rating downgrade ("Step-Up Coupon").</p> <p>After downgrade in any rating leading to Step -Up Coupon, there will be decrease by 0.50% for each notch of rating upgrade in rating of Debentures and/or the Issuer ("Step-Down Coupon") from the date on which the relevant rating is upgraded, provided however any Step Down Coupon will be subject to the floor of Coupon Rate set out</p> |

Red. Khan



| | |
|--|---|
| | <p>above.</p> <p>The Step-Up Coupon/ Step-Down Coupon shall be payable on each Coupon Payment Dates during the period starting from the date of downgrade/upgrade in rating, on the outstanding principal amount of the Debentures.</p> <p>It is hereby clarified that for the purpose of any increase or decrease in the Coupon Rate upon the occurrence of any downgrade or upgrade in rating, respectively, in accordance with the terms stated above, if the Company is rated by more than 1 (One) credit rating agency duly licensed by SEBI, then the lowest of the ratings shall be considered.</p> |
| Coupon Payment Frequency | Coupon shall be payable half yearly, subject to Mandatory Redemption or exercise of Put Option. |
| Coupon Payment Dates (cumulative / non-cumulative, in case of dividend) | Coupon shall be payable on half yearly basis, i.e. on the Coupon Payment Dates (as specified in the Debenture Trust Deed), subject to Mandatory Redemption or exercise of Put Option. |
| Coupon Type (Fixed, floating or other structure) | Fixed. |
| Coupon Reset Date | N.A. |
| Step Up Coupon Rate/Process | <p>In the event there is any downgrade in the rating below A- of Debentures and/or the Issuer by any credit rating agency, the Coupon Rate shall increase by 0.50% for each notch of rating downgrade ("Step-Up Coupon").</p> <p>After downgrade in any rating leading to Step -Up Coupon, there will be decrease by 0.50% for each notch of rating upgrade in rating of Debentures and/or the Issuer ("Step-Down Coupon") provided however any Step Down Coupon will be subject to the floor of Coupon Rate set out above.</p> <p>The Step-Up Coupon/ Step-Down Coupon shall be payable on each Coupon Payment Dates during the period starting from the date of downgrade/upgrade in rating, on the outstanding principal amount of the Debentures.</p> |
| Day Count Basis (Actual / Actual) | Actual/Actual |
| Interest on Application Money | The Issuer shall be liable to pay to each Debenture Holder, interest on the Application Monies (subject to any tax deductible at source under Applicable Law) paid by the said Debenture Holder in the event that the Debenture Holder has remitted the Application Monies prior to the relevant Deemed Date of Allotment, for which interest shall be calculated at the Coupon Rate, applicable for the Debentures issued on the Application Monies, for the period commencing from the date on which the said Debenture Holder has made payment of |

Red. bhany



| | |
|-----------------------|--|
| | the Application Monies in respect of the Debentures and ending on the day prior to the relevant Deemed Date of Allotment. The interest on the Application Monies shall be paid by the Issuer to the Debenture Holders within 7 (Seven) Business Days from the relevant Deemed Date of Allotment. Where pay-in date for the Debentures and Deemed Date of Allotment for the Debentures are the same, no interest on Application Money is to be paid. |
| Default Interest Rate | <p>Without prejudice to any other rights and remedies available to the Debenture Trustee under the Transaction Documents or under Applicable Law, on the occurrence of the following events:</p> <ol style="list-style-type: none"> 1. in the event of failure by the Company in the performance of its payment obligations under the Debentures on the relevant Due Dates, the Company shall pay default interest at the rate of 2% (Two Percent) per annum over and above the Coupon Rate, computed on the entire outstanding amount of the Debentures, for the period commencing from the date of the default and expiring on the date on which the default ceases or has been remedied or waived. However, the default interest under the terms of this paragraph may be waived by the Majority Debenture Holders in the event the failure by the Company in the performance of its payment obligations is for the following technical reasons as set out below and does not exceed 2 (Two) Business Days from the date of such failure to pay: <ol style="list-style-type: none"> (a) the Due Date for the payment of any interest and principal falls on a day which is not a Business Day; (b) in the opinion of the Debenture Trustee, payment infrastructure, i.e. RTGS transfer, experiencing any downtime in the opinion of the Debenture Trustee; 2. in the Event of Default or breach in the performance of any other covenants, including but not limited to Financial Covenants, Management and Rating Covenant, breach of Security Cover as provided herein, the Company shall be liable to pay the default interest at the rate of 2% (Two Percent) per annum over and above the Coupon Rate, on the entire outstanding amount of the Debentures from the date of the occurrence of the default until the default is cured or waived or the Debentures are redeemed pursuant to such default, as applicable. |
| Penal Interest Rate | Without prejudice to the remedies available to the Debenture Trustee under the Transaction Documents or under the Applicable Law, in case of delay in listing beyond 3 (Three) Business Days from Issue Closing Date, the Company will pay penal interest of 1% p.a. (One Percent per annum) over the Coupon Rate from the Deemed Date of Allotment till the listing of such Debentures. |
| Delay Penalty | In the case of a delay in the execution of Debenture Trust Deed and the Deed of Hypothecation within the timelines prescribed under the Debentures Trust Deed, the Issuer shall refund the Subscription Monies with the agreed rate of interest or shall pay penal interest of 2% (Two Percent) per annum over and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor. |
| Mandatory Redemption | In the event that the Debentures are not listed on the NSE within a |



Rediltham

| | |
|---|--|
| | maximum period of 3 (Three) Business Days from the date of closing of the Issue, the Issuer shall mandatorily redeem all the outstanding Debentures in full together with accrued Coupon, and all other amounts accrued thereto without any prepayment penalty within 30 (Thirty) from the expiry of 3 (Three) Business Days from the Deemed Date of Allotment. |
| Tenor | 37 (Thirty Seven) months 15 (Fifteen) days from the Deemed Date of Allotment. |
| Scheduled Redemption Date | May 25, 2026 being 37 (Thirty Seven) months and 15 (Fifteen) days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations). |
| Principal Payment Date(s) | The principal amount of the Debentures shall be payable by the Company on the Principal Payment Date set out in Annexure VI (<i>Illustration of Bond Cashflows</i>) of this Placement Memorandum. |
| Redemption Amount | Rs. 1,00,000/- (Rs. One Lakh only) per Debenture on the Principal Payment Date plus accrued Coupon in the manner set out in Annexure VI (<i>Illustration of Bond Cash Flows</i>) of this Placement Memorandum. Further, the aforesaid amount would be payable with the Default Interest (if any), and other such costs, charges and expenses if any, payable on the Due Date(s) under the Transaction Documents. |
| Redemption Premium/ Discount | N.A. |
| Issue Price | Rs. 1,00,000/- (Rupees One Lakh only) per Debenture. |
| Discount at which security is issued and the effective yield as a result of such discount | N.A. |
| Put Option Date | The Debenture Holder(s) shall be entitled to exercise Put Option on the date falling on the expiry of 24 months from the Deemed Date of Allotment being April 10, 2025. |
| Put Option Price | Amount equivalent to the face value of the Debentures and accrued Coupon due and payable as on the Put Option Date (adjusted for YTM adjustment (absolute amount) of Rs 3,490 per Debenture). As an illustration, the Put Option Price payable per Debenture is provided in Annexure VI |
| Put Notification Time (Timeline by which the investor needs to intimate Issuer before exercising the put) | The Debenture Trustee (acting on the instructions of Majority Debenture Holders) shall be entitled to redeem the Debentures (in full or part) by providing a written notice to the Company of at least 30 (Thirty) calendar days prior to the Put Option Date (" Put Option Notice "). Upon receipt of the Put Option Notice, the Company shall on the Put Option Date, redeem the Debentures by crediting to the beneficiary account of the Debenture Holder(s), the Redemption Amount for the Debentures in respect of which Put Option has been exercised by the Debenture Trustee (acting on the instructions of Majority Debenture Holders). The Company shall send notice to all the Debenture Holders and the |



red. bhavans

| | |
|--|--|
| | <p>Debenture Trustee at least 31 (Thirty One) days before the date from which the Debenture Holders can exercise the Put Option.</p> <p>The Company shall comply with the provisions of SEBI Debt Listing Regulations with respect to exercise of Put Option by the Debenture Trustee (acting on the instructions of Majority Debenture Holders).</p> |
| Face Value | Rs 1,00,000/- (Rs. One Lakh only) per Debenture |
| Minimum Application and in multiples of thereafter | The minimum application size for the Issue shall be 100 (One Hundred) Debentures and in multiples of 1 (One) Debenture thereafter. |
| Issue Timing | <p>Issue Opening Date: April 10, 2023</p> <p>Issue Closing Date: April 10, 2023</p> <p>Date of earliest closing of the Issue, if any: N.A</p> <p>Pay-in Date: April 10, 2023</p> <p>Deemed Date of Allotment: April 10, 2023</p> <p>All documentation including, but not limited to, the Placement Memorandum, Board Resolution, Management Committee Resolution, Rating Letter, rating rationale along with the detailed press release and Appointment of Debenture Trustee to be completed 1 (One) business day prior to Issue Opening Date.</p> |
| Issuance mode of the Instrument | Demat only |
| Trading mode of the Instrument | Demat only |
| Settlement mode of the Instrument | Cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer |
| Depositories | NSDL and CDSL |
| Business Days | <p>All days on which commercial banks are open for business in Mumbai</p> <p>For the purposes of this definition, in respect of :</p> <p>The time period between the Issue Closing Date and the listing of the Debentures on the Stock Exchanges: 'Business Day' means all trading days of the Stock Exchanges for Debentures as specified by the SEBI, excluding Saturdays, Sundays and bank holidays, as specified by the RBI.</p> |
| Business Day Convention | <p>In the event that the date for performance of any event or any of the Coupon Payment Dates or any Record Date falls on a day that is not a Business Day, the immediately succeeding Business Day shall be considered as the effective date(s) for that payment or determination or the date for performance of such event, as the case may be.</p> <p>In the event that the Principal Payment Date / Maturity Date of the Debentures falls on a day that is not a Business Day, the immediately preceding Business Day shall be considered as the effective date for the payment.</p> <p>It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.</p> |



Red. Khanna

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | |
|---|---|
| Disclosure of Interest / Dividend / Redemption Dates | Please refer to the column on " <i>Coupon Payment Dates</i> " and " <i>Interest Payment Dates</i> " under this Section 5.37 (<i>Issue Details</i>). |
| Record Date | In relation to any Due Date, the day falling 15 (Fifteen) calendar days prior to such date. |
| All covenants of the issue (including side letters, accelerated payment clause, etc.) | As set out in in Clause 7.3 of this Placement Memorandum and as set out in detail under the Transaction Documents. |



Red. Khosla

| | |
|--|--|
| <p>Description regarding Security (where applicable) including type of security (movable / immovable / tangible etc.), type of charge (pledge / hypothecation / mortgage etc.), date of creation of security / likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document / Placement Memorandum.</p> | <p>The Debentures shall be secured by a first and exclusive charge by the Issuer in favour of the Debenture Trustee (for the benefit of the Debenture Holders) being an exclusive first ranking charge by way of hypothecation over specific identified loan, all the right, title, interest, benefit, claims and demands of the Issuer, both present and future, in, to, or in respect of the identified receivables including balance principal repayments, overdue interest, overdue principal amount, charges, default or additional interest, accrued interest, premia on prepayment, liquidated damages, insurance proceeds and all other costs etc. arising out of rupee loan facilities advanced / to be advanced by the Issuer to any person and charged under the terms of this Issue under the terms of the Deed of Hypothecation ("Hypothecated Property" / "Hypothecated Assets"). The Issuer undertakes:</p> <ul style="list-style-type: none">• to maintain the value of security at all times equal to 1.10 (One Decimal Point One Zero) time or 110% (One Hundred and Ten Percent) the aggregate Outstanding Amounts of the Debentures where at least 1.10 (One Decimal Point One Zero) time or 110.0% (One Hundred and Ten Percent) of the security cover is from principal receivables ("Security Cover");• to create the security over the Hypothecated Assets upon execution of a duly stamped deed of hypothecation ("Deed of Hypothecation") no later than the Deemed Date of Allotment of the Debentures;• to register and perfect the security over the Hypothecated Assets as contemplated above no later than 30 (Thirty) calendar days from the date of execution of the Debenture Trust Deed by filing Form CHG-9. The Company shall also provide such information sought by the Debenture Trustee for the purpose of filing the prescribed forms and particulars with the Central Registry and Information Utility in connection with the Debentures and the Security Interest over the Hypothecated Assets;• to provide a list on a monthly basis within 25 (Twenty Five) calendar days from the end of each month, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of the deed of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("Monthly Hypothecated Asset Report");• to monitor the Security Cover on a monthly basis and replace/add fresh loans/ top up any Hypothecated Property that do not meet eligibility criteria in terms of the Deed of Hypothecation within 15 Business Days of the receivables ceasing to meet Eligibility Criteria.;• to add fresh loan assets to Hypothecated Assets to maintain the Security Cover;• to provide a certificate from an independent chartered accountant on a quarterly basis stating the list of the Hypothecated Assets and certifying that the Hypothecated Assets are in compliance with the Eligibility Criteria. |
|--|--|



| | |
|---|--|
| | <ul style="list-style-type: none"> The receivables constituting the Hypothecated Assets shall meet the Eligibility Criteria as set out above and in more detail under the Deed of Hypothecation. The Debenture Trustee acting on the instructions of the Majority Debenture Holders) has the right to direct the Issuer to execute a Supplemental Deed of Hypothecation with the latest list of identified receivables, at any point of time until the maturity <p>Eligibility Criteria for the Hypothecated Property:</p> <ol style="list-style-type: none"> every individual receivable/book debt is existing at the time of selection for creation of security and has not been terminated or pre-paid the Hypothecated Assets should be free from any encumbrances and should not be charged as security in favour of any other lender. the receivables have not been restructured and rescheduled and are not overdue. all "Know Your Customer" norms have been complied with as prescribed by the RBI. the receivables constituting the Hypothecated Assets shall comprise of Identified Loans which are fully disbursed. the receivables constituting the Hypothecated Assets are free from any prior security interest, charge, trust, pledge, lien, claim or encumbrance and likewise, in relation to the future Hypothecated Assets, the same shall be unencumbered, absolute and disposable property of the Company, with full power of disposition over the same until the Final Settlement Date (except for the charge created under the terms of the Deed of Hypothecation) None of the Receivables shall have an overdue of more than 30 days. None of the receivables constituting Hypothecated Assets shall comprise of loans, where outstanding amount exceeds of Rs. 1,00,000/- (Rupees One Lakh only). <p>Any Identified Loan once provided as security should not be replaced until and unless:</p> <ol style="list-style-type: none"> it is not meeting the Eligibility Criteria; the Issuer is selling the asset under direct assignment or securitization route provided that the required Security Cover is maintained. |
| Due diligence certificate issued by the Debenture Trustee | The due diligence certificate issued by the Debenture Trustee to NSE in accordance with the SEBI operational circular dated March 31, 2023 (bearing reference no SEBI/HO/DDHS/P/CIR/2023/50) is annexed hereto as Annexure VII of this Placement Memorandum. |
| Terms and conditions of debenture trustee agreement including fees charged by | Please refer to Annexure VIII of this Placement Memorandum. |



Ud. Khanna

| | |
|---|--|
| debenture trustees(s), details of security to be created and process of due diligence carried out by the debenture trustee. | |
| Transaction Documents | Shall be as set out in Clause 7.1 of this Placement Memorandum. |
| Conditions Precedent to Disbursement | <p>On or prior to the payment of subscription monies by the Debenture Holder(s) proposing to subscribe to the Debentures:</p> <p>(a) The Company shall have submitted to the Debenture Trustee, a certified true copy of the constitutional documents of the Company (being the Memorandum of Association and Articles of Association) and the Certificate of Incorporation;</p> <p>(b) The Company shall have submitted to the Debenture Trustee, a certified true copy of the certificate of registration as a non-banking financial company.</p> <p>(c) The Company shall have submitted to the Debenture Trustee and the Debenture Holders:</p> <p>(i) a certified true copy of the resolution of the shareholders of the Company under section 42 of the Act, section 180(1)(a) and section 180(1)(c) of the Act and the execution, delivery and performance by the Company of the Transaction Documents in accordance with the Act, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other rules prescribed and shall have submitted the certified copies of each of the aforesaid corporate approvals to the Debenture Trustee and the Debenture Holders; and</p> <p>(ii) a certified true copy of the resolution of the Board of Directors of the Company and the resolution passed by the Management Committee of the Board of Directors, under Section 179 of the Act authorizing the issue of Debentures as also execution and delivery of the Transaction Documents in that behalf.</p> <p>(d) A copy of a resolution of the board of directors of the Company or any committee thereof should have been submitted to the Debenture Trustee:</p> <ol style="list-style-type: none"> Authorising the Company to issue the Debentures; Authorising the Company, for creation/ declaration of trust, appointment of the Debenture Trustee and issue of the Debentures in accordance with the terms hereof; Authorising the creation of the security interest; Authorising a specified person, on its behalf, to sign and/or execute and/or stamp and/or get registered and/or despatch all documents and/or notices |

Med. Khan



| | |
|--|--|
| | <p>required so to be done, under or in relation to the issuance of the Debentures;</p> <p>(e) The Company shall have obtained the governmental authorizations or permissions (if any) and issued the corporate authorizations (including board / committee resolution permitting the issuance of the Debentures and the listing of the Debentures), as applicable, and shall have submitted the certified copies of each of the aforesaid authorizations to the Debenture Trustee and the Debenture Holders;</p> <p>(f) Execution by the Company of the Debenture Trustee Agreement, the Debenture Trust Deed and the Deed of Hypothecation, in a form and manner satisfactory to the Debenture Trustee shall have taken place;</p> <p>(g) The Company shall have submitted the list of Initial Hypothecated Assets in order to create the security as required under the Deed of Hypothecation.</p> <p>(h) The Company shall have submitted to the Debenture Trustee, the rating letter with a minimum credit rating "IndRA A" (pronounced as "India Rating Single A") with a "Stable" outlook, rating rationale and detailed press release from the Rating Agency in relation to the Debentures;</p> <p>(i) The Company shall have submitted to the Debenture Trustee all the required documents for the purpose of satisfying the know your customer requirements;</p> <p>(j) The Company shall have submitted to the Debenture Trustee, the audited account statements for the most recent financial or audited financial half-year;</p> <p>(k) The Company shall have provided a certificate to the Debenture Trustee (including board resolution permitting the Company for listing of the securities) certifying that the issuance and allotment of the Debentures shall not result in the Company exceeding the prescribed limits of borrowing or similar limit binding;</p> <p>(l) Letter of consent for appointment of the Debenture Trustee as debenture trustee in relation to the Debentures;</p> <p>(m) Receipt by the Debenture Trustee of copy of in-principle approval obtained by the Company from the NSE, for listing the Debentures on the NSE;</p> <p>(n) Receipt by the Debenture Trustee of certified copy of the depository arrangements made by the Company with NSDL and CDSL for issue of the Debentures in dematerialized form;</p> |
|--|--|



| | |
|--|---|
| | <p>(o) The Company shall provide such other undertaking as may be required by the Debenture Trustee;</p> <p>(p) The Company shall ensure all the necessary approvals have been obtained for the Issue;</p> <p>(q) The Company shall have submitted the due diligence certificate issued by the Debenture Trustee to NSE in accordance with the SEBI operational circular dated March 31, 2023 (bearing reference no SEBI/HO/DDHS/P/CIR/2023/50).</p> <p>(r) The Debenture Holders shall have received the Upfront Fees.</p> <p>(s) The Company shall have submitted any other documents that may be requested by the Debenture Trustee and/or the Debenture Holders.</p> |
| Conditions Subsequent to Disbursement | <p>The Company shall comply with the following conditions subsequent within the timelines stipulated herein below:</p> <p>(a) On or prior to the utilisation of the subscription monies by the Company, filing of the return of allotment on the issue of the Debentures in Form PAS-3 specified pursuant to Rule 12 and 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, along with the requisite fee with the Registrar of Companies within 15 (Fifteen) days from the Deemed Date of Allotment;</p> <p>(b) Within 3 (Three) working days from the date of closing of the Issue, the Company shall list the Debentures on the NSE and obtain the listing approval from the NSE;</p> <p>(c) Within 30 (Thirty) calendar days from the date of execution of the Debenture Trust Deed, the Company shall perfect the charge over the Hypothecated Asset by filing Form CHG-9 with the applicable Registrar of Companies;</p> <p>(d) Within 1 (One) Business Day from the Deemed Date of Allotment, the Company shall provide to the Debenture Trustee, a certified true copy of the Board of Directors of the Company allotting the Debentures;</p> <p>(e) Within 2 (Two) Business Days from the Deemed Date of Allotment, the Company shall ensure credit of dematerialised account(s) of the allottee(s) of the debentures with the number of debentures allotted;</p> <p>(f) The Company shall ensure compliance with the relevant regulations of the SEBI and the Act, as applicable to the Company, in relation to the issuance of the Debentures.</p> |
| Events of Default (including manner of | As mentioned in Clause 7.4 of this Placement Memorandum |



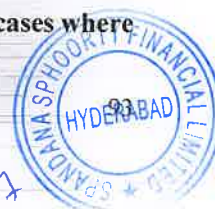
| | |
|---|--|
| voting /conditions of joining Inter Creditor Agreement) | |
| Creation of recovery expense fund | The Company shall create and maintain a recovery expense fund as per the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, and other Applicable Law, as amended from time to time, and if during the currency of these presents, any guidelines are formulated (or modified or revised) by SEBI or any other regulator under the Applicable Law in respect of creation of the recovery expense fund, the Company shall abide by such guidelines and execute all such supplemental letters, agreements and deeds of modifications as may be required by the Debenture Trustee. Subject to Applicable Law, the recovery expense fund shall be utilised in accordance with the instructions of the Majority Debenture Holders. |
| Conditions for breach of covenants (as specified in the Debenture Trust Deed) | As set out in detail under Clause 7.4 of this Placement Memorandum. |
| Provisions related to Cross Default Clause | Any Financial Indebtedness of the Company or any of its subsidiary company is not paid when due nor within any originally applicable grace period; Any Financial Indebtedness of the Company or any of its subsidiary company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an Event of Default, a default or other similar condition or event (however described). |
| Role and Responsibilities of Debenture Trustee | Following are <i>inter alia</i> the roles and responsibilities of the Debenture Trustee: <ol style="list-style-type: none"> 1. Call for periodical reports from the Issuer; 2. To enforce Security in the interest of the Debenture Holders; 3. Submit to the Debenture Holder (in a format which shall be provided by the Debenture Holder from time to time) such other information relevant to the Issue that the Debenture Holder may reasonably request on a monthly, quarterly and annual basis or pursuant to an annual diligence by the Debenture Holder, subject to such information being available with the Company. 4. To take appropriate measures for protecting the interest of Debenture Holders as soon as there is any breach of any provision of the Debenture Trust Deed. 5. To ascertain that the Debentures have been redeemed in accordance with the provisions of the Debenture Trust Deed or Placement Memorandum. 6. To inform SEBI immediately of any breach of Debenture Trust Deed or provision and law. 7. To appoint a nominee director on the Board of Issuer. 8. The Debenture Trustee may take all steps as he may deem fit <p>(a) To ensure on a continuous basis that the Security</p> |

| | |
|--------------------------------------|---|
| | <p>provided to secure the Debentures is available and adequate at all times to discharge the interest and principal amount payable to debenture holders.</p> <p>(b) To ensure that the Company does not commit any breach of covenants of the Debenture Trust Deed;</p> <p>(c) To take steps to call a meeting of holders of Debentures as and when such meeting is required to be held.</p> |
| Risk factors pertaining to the Issue | As mentioned in SECTION 3: of this Placement Memorandum. |
| Covenants | As mentioned in Clause 7.3 of this Placement Memorandum. |
| Representation and warranties | As mentioned in Clause 7.2 below of this Placement Memorandum |
| Illustration of Bond Cashflows | Kindly refer to Annexure VI of this Placement Memorandum |
| Governing Law and Jurisdiction | The Debentures and documentation will be governed by and construed in accordance with the laws of India and the courts and tribunals in Mumbai shall have the exclusive jurisdiction to determine any dispute arising in relation to the Debentures. |
| Further Issuance Compliance | Company reserves the right to make multiple issuance under the same ISIN with reference to SEBI circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and as updated vide SEBI Circular dated April 13, 2022. Issue can be made either by way of creation of fresh ISIN or by way of issuance under the existing ISIN at premium / par / discount as the case may be in line with SEBI circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021. |

Note:

1. If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.
2. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.
3. The penal interest rates mentioned above as payable by the Issuer are independent of each other.
4. The Issuer has provided granular disclosures in this Placement Memorandum, with regards to the "Object of the Issue" including the percentage of the Issue Proceeds earmarked for each of the "object of the issue".
5. While the debt securities are secured to the tune of 110% (One Hundred and Ten Percent) of the principal amount or as per the terms of offer document/ Placement Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained.

Creation of Security: The Issuer shall give an undertaking in the Placement Memorandum that the assets on which charge is created are free from any encumbrances and in cases where



the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor

The Issuer hereby undertakes that the assets on which the first ranking exclusive charge is created by the Company in favour of the Debenture Trustee to secure the obligations of the Company in relation to the Debentures under the terms of the Deed of Hypothecation, being the Secured Property, are free from any encumbrances.

Resh Khansingh



SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

In case of listing of debt securities made on private placement, the following disclosures are required to be made vide the SEBI Debt Listing Regulations:

- A. **Name of the Bank declaring the entity as a Wilful Defaulter:** NIL
- B. **The year in which the entity is declared as a Wilful Defaulter:** NIL
- C. **Outstanding amount when the entity is declared as a Wilful Defaulter:** NIL
- D. **Name of the entity declared as a Wilful Defaulter:** NIL
- E. **Steps taken, if any, for the removal from the list of wilful defaulters:** NIL
- F. **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions:** NIL
- G. **Any other disclosure as specified by the Board:** NIL

Red. Lehmann



SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 Transaction Documents

The following documents shall be executed in relation to the Issue ("**Transaction Documents**"):

- A. Debenture Trustee Agreement, which will confirm the appointment of Catalyst Trusteeship Limited as the Debenture Trustee ("**Debenture Trustee Agreement**");
- B. Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer ("**Debenture Trust Deed**");
- C. Deed of Hypothecation whereby the Issuer will create an exclusive charge by way of hypothecation over the Secured Property in favour of the Debenture Trustee to secure its obligations in respect of the Debentures ("**Deed of Hypothecation**");
- D. Credit rating letter containing rating rationale from Rating Agency;
- E. Tripartite agreement between the Company, Registrar and Depositories (National Securities Depository Limited/ Central Depository Services (India) Limited);
- F. board resolutions approving issue of Debentures, shareholder resolution approving issuance of Debentures for the Issue of Debentures in dematerialized form, confirmation of allotment of Debentures; and
- G. Such other documents including a supplemental deed of hypothecation and power of attorney as agreed between the Issuer and the Debenture Trustee.

The Debenture Trustee Agreement, the Debenture Trust Deed and the Deed of Hypothecation shall be executed prior to the Deemed Date of Allotment.

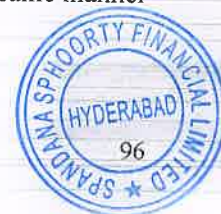
7.2 Representations and Warranties of the Issuer

- A. The Issuer hereby makes the following representations and warranties and the same shall also be set out in the Transaction Documents.

(a) Authority and Capacity

- (i) The Company has been duly incorporated, duly organized and is validly existing, under Applicable Law.
- (ii) As on date, the Company is registered with the Reserve Bank of India as a non-banking financial company
- (iii) The Company has the corporate power, authority and all permits, approvals, authorizations, licenses, registrations, and consents including registrations, to own and operate its assets and to carry on its business in substantially the same manner as it is currently conducted.

Handwritten signature



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (iv) The Company is in compliance with Applicable Law for the performance of its obligations with respect to this Issue.
- (v) The Company represents that all consents, and actions of, filings with and notices to any Governmental Authority as may be required to be obtained by the Company in connection with the Issue has been obtained and is in full force and effect.

(b) **Validity and admissibility in evidence:**

All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable:

- (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party;
- (ii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
- (iii) for it to carry on its business have been obtained or effected and are in full force and effect.

(c) **Compliance**

- (i) The Company is in compliance with Applicable Law for the performance of its obligations with respect to this Issue.
- (ii) The Company represents that all consents, and actions of, filings with and notices to any Governmental Authority as may be required to be obtained by the Company in connection with the Issue has been obtained and is in full force and effect.

(d) **Corporate Matters**

- (i) All the legal and procedural requirements specified in the constitutional documents have been duly complied with in all respects in relation to the Issue.
- (ii) The registers, and minute books (including the minutes of board and shareholders meeting) required to be maintained by the Company under Applicable Law:
 - A. are up-to-date and have been maintained in accordance with Applicable Law;
 - B. comprise complete and accurate records of all information required to be recorded in such books and records; and
 - C. no notice or allegation that any of them are incorrect and / or should be rectified has been received.

(e) **Non-conflict with other obligations**

The Issue (or any of the obligations undertaken by the Company in relation thereto) does not and will not conflict with the objects of its constitutional documents or any Applicable Law to which the Company is subject, including but not limited to any laws and/or regulations regarding anti-money laundering/ terrorist financing and financial Sanctions as



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

well as any agreement or instrument binding upon it or any of its assets, including but not limited to any terms and conditions of the existing Financial Indebtedness of the Company.

(f) **Binding Obligation**

The Transaction Documents have been duly and validly executed by the Company, and upon execution and delivery by the Company of Transaction Documents, each such documents will constitute, legal, valid and binding obligations of the Company, enforceable against it in accordance with their respective terms.

(g) **Accounts and Records**

The books of accounts of the Company have been fairly and properly maintained, the accounts of the Company have been prepared in accordance with Applicable Law and in accordance with the generally accepted accounting principles, so as to give a true and fair view of the business (including the assets, liabilities and state of affairs) of the Company and its subsidiaries.

(h) **Taxation Matters**

- (i) The Company has complied with all the requirements as specified under the respective Tax laws as applicable to it in relation to returns, computations, notices and information which are or are required to be made or given by the Company to any tax authority for taxation and for any other Tax or duty purposes, have been made and are correct.
- (ii) As on date, the Company has not received any written notice of any Tax disputes or other liabilities of Taxes in respect of which a claim has been made or notice has been issued against the Company.

(i) **Legal / Litigation Matters**

Other than as disclosed to the Debenture Trustee:

- (i) There are no claims, investigations or proceedings before any Governmental Authority in progress or pending against or relating to the Company, other than in the normal course of business, which would have a Material Adverse Effect on the Debentures (or the holders thereof) or on the ability of the Company to make the scheduled Payments in relation to the Debentures.
- (ii) There are no unfulfilled or unsatisfied judgments or court orders of which the Company has notice and which is outstanding against the Company which would have a Material Adverse Effect on the Debentures (or the holders thereof) or on the ability of the Company to make the scheduled Payments in relation to the Debentures.
- (iii) The Company has not taken any action nor has any order been passed for its winding-up, dissolution or re-organisation or for the enforcement of any security over its assets or for the appointment of a liquidator, supervisor, receiver, administrator, administrative receiver, compulsory manager, trustee or other similar officer for it or in respect of its assets.



- (iv) There is no action, suit, proceeding or investigation pending or, to the Company's knowledge, currently threatened against the Company that questions the validity of the Transaction Documents, or the right of the Company to execute the Transaction Documents or the right of the Company to issue the Debentures or that could reasonably be expected to result in any Event of Default.

(j) **Assets**

Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using CINL65929TG2003PLC040648 on the website <http://www.mca.gov.in/mcafoportal/showIndexOfCharges.do> under the heading Index of Charges), the Company has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

(k) **Employees**

The Company is in compliance with all obligations under the applicable labour laws and other laws in relation to its employees.

(l) **Event of Default**

The Company hereby represents that there is no Event of Default (as defined below) that has currently occurred or is continuing as on the date hereof.

(m) **Material Adverse Effect**

The Company hereby represents that there is no Material Adverse Effect existing and is likely to occur and that there are no circumstances existing which could give rise, with the passage of time or otherwise, to a Material Adverse Effect on the Debentures (or the holders thereof) or on the ability of the Company to make the scheduled Payments in relation to the Debentures.

(n) **No Immunity**

Neither the Company, nor any of its assets are entitled to immunity from suit, execution, attachment or other legal process in its jurisdiction of incorporation. This Issue (and the documents to be executed in relation thereto) constitutes, and the exercise of its rights and performance of and compliance with its obligations in relation thereto, will constitute, private and commercial acts done and performed for private and commercial purposes.

(o) **Security**

Save and except the charge created to secure the Debentures (and any other charges disclosed to the Debenture Trustee), the Secured Property herein before expressed to be granted, conveyed, assigned, transferred and assured unto the Debenture Trustee is the sole and absolute property of the Company and is free from any other mortgage, charge or encumbrance and is not subject to any *lis pendens*, attachment, or other order or process issued by any Governmental Authority and that the Company has a clear and marketable title to the Secured Property.

Red Khan



(p) **Information**

All information provided by the Company is true and accurate in all respects as on the date it was provided or as on the date at which it was stated and is not misleading, whether by reason of omission to state a material fact or otherwise.

(q) **Illegality**

It is not unlawful or illegal for the Company to perform any of its obligations under the terms of the Transaction Documents and/or any obligation or obligations of the Company under any Transaction Documents have not ceased to be valid, binding or enforceable.

B. Nature of Representations and Warranties

Subject to the below paragraph, each of the representations and warranties set out above shall be true and accurate as on the Deemed Date of Allotment.

7.3 Covenants of the Issuer

A. Affirmative Covenants

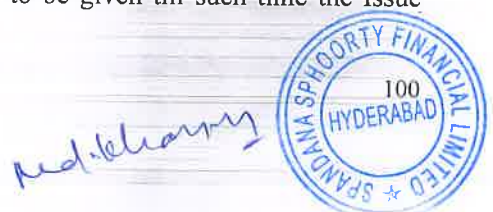
The Company hereby covenants with the Debenture Trustee that the Company shall, (except as may otherwise be agreed in writing by the Debenture Trustee (acting upon the instructions of the Majority Debenture Holders)), undertake to comply with the following covenants:

(a) **Utilisation of proceeds of Debentures / End Use**

- (i) The Company shall utilise the monies received upon subscription of the Debentures towards general corporate purposes and for the ordinary course of business including repayment / re-financing of the existing debt (collectively the "**Purpose**").
- (ii) The Company undertakes that no part of the proceeds of the Debentures received from the Applicants / Debenture Holder(s) shall be utilized by the Company directly or indirectly towards business activities of Restricted Party, capital markets (including equity and equity linked instruments or any other capital market land activities), any payments towards dividends, any speculative purposes, any activity in the exclusion list or investment in the real estate sector.

Provided that the Company shall not use the proceeds from the subscription of any Debentures until:

- (i) the issue and allotment of the Debentures has been completed;
- (ii) the Company has filed a return of allotment with the relevant Registrar of Companies in Form PAS-3 in accordance with the Act and the relevant rules thereunder.
- (iii) The Company shall within 45 (Forty-Five) calendar days from the end of every quarter submit to NSE, a statement indicating the utilization of Issue Proceeds, which shall be continued to be given till such time the Issue



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Proceeds have been fully utilised for the purpose for which these proceeds of Issue were raised has been achieved.

(b) Validity of Transaction Documents

The Company shall ensure that the Transaction Documents shall be validly executed and delivered and shall continue in full force and effect and shall constitute a direct, general, unconditional and legally valid and binding obligations of the Company enforceable in accordance with its terms.

(c) Further documents and acts

- (i) The Company shall execute all such deeds, documents, instruments and assurances and do all such acts and things the Debenture Trustee may require for exercising the rights under the Debenture Trust Deed and the Debentures and for perfecting the Debenture Trust Deed or for effectuating and completing the Security intended to be hereby created or for ensuring that the Security is adequately insured and is in proper condition and shall from time to time and at all times after the Security hereby constituted shall become enforceable, execute and do all such deeds, documents, assurance, acts, and things as the Debenture Trustee may require for facilitating realisation of the Secured Property and in particular the Company shall execute all transfers, conveyances, assignments and assurance of the Hypothecated Assets whether to the Debenture Trustee or to their nominees and shall give all notices and directions which the Debenture Trustee may think expedient.
- (ii) The Company shall promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of its compliance.
- (iii) Obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all licenses or authorisations necessary to enable it lawfully to enter into and perform its obligations under this Placement Memorandum or to ensure the legality, validity, enforceability or admissibility in evidence in India of the Transaction Documents
- (iv) Within 15 (Fifteen) Business Days of receipt of a request from the Debenture Trustee, the Company shall authenticate any information relating to the Debentures, to be submitted by the Debenture Trustee with the Information Utility.
- (v) The Company shall comply with any monitoring and/or servicing requests from the Debenture Holder(s).
- (vi) The Company shall authorize the Debenture Trustee to nominate any person for the purposes of conducting credit bureau scrub on the Specified Receivables from time to time.

(d) Make the Relevant filings with the Registrar of Companies/SEBI

Pursuant to the Act and the relevant rules thereunder, the Company undertakes to make the necessary filings of the documents mandated therein including the Form



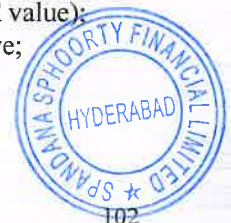
(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

PAS-3 for return of allotment with the Registrar of Companies and/or SEBI within the timelines stipulated under the Act and the relevant rules thereunder.

(e) **Compliance with laws**

The Company shall comply with:

- (i) all laws, rules, regulations and guidelines (including the Act) as applicable in respect to the Issue, and obtain such regulatory approvals as may be required from time to time, including but not limited, in relation to the following (i) the SEBI Debt Listing Regulations, as may be in force from time to time during the currency of the Debentures; (ii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Debentures including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), each as amended, modified or supplemented from time to time, and (iii) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act, each as amended, modified or supplemented from time to time;
- (ii) comply with all the applicable provisions as mentioned in the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993, the SEBI Debt Listing Regulations, RBI Master Direction dated September 1, 2016 bearing reference no. DNBR.PD.007/03.10.119/2016-17 on 'Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, the Act, Issuance of Non-Convertible Debentures (Reserve Bank) Directions, 2010, the operational circular dated August 10, 2021 (as amended) on Issue and Listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper and/or any other notification, circular, press release issued by the SEBI/RBI, each as amended, modified or supplemented from time to time.
- (iii) comply with all the applicable provisions as mentioned in the RBI Master Direction dated September 1, 2016 bearing reference no. DNBR.PD.007/03.10.119/2016-17 on 'Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, the Act, corporate governance, fair practices code prescribed by RBI and/or any other notification, circular, press release issued by the SEBI/RBI, each as amended, modified or supplemented from time to time;
- (iv) The Company shall, while submitting quarterly/ annual financial results to the NSE disclose *inter alia* the following line items along with the financial results and the same shall be communicated to the Debenture Holder(s) on a half-yearly basis:
 - A. debt-equity ratio;
 - B. outstanding redeemable preference shares (quantity and value);
 - C. capital redemption reserve/debenture redemption reserve;
 - D. net worth;
 - E. net profit after tax;
 - F. earnings per share;
 - G. current ratio;



Red. Channay

- H. long term debt to working capital;
- I. bad debts to Account receivable ratio;
- J. current liability ratio;
- K. total debts to total assets;
- L. debtors turnover;
- M. inventory turnover;
- N. operating margin (%);
- O. net profit margin (%);
- P. sector specific equivalent ratios, as applicable.

(f) **Pre-authorisation**

The Company proposes to pay the redemption amount in relation to the Debentures on the Redemption Date from the bank account, details of which are set out below and hereby authorises the Debenture Trustee to seek information in relation to payment with respect to redemption of Debentures directly from the Company's bank. Further, in the event that, the Company proposes to change the aforesaid bank account the Company shall inform the Debenture Trustee about the new bank account details within 1 (One) Business Day of such change.

Bank Account Details:

Bank Name : Kotak Mahindra Bank

Branch Address : 1-118 Survey No. 64, National Institute Of Fashion Technology Campus, Opp Hitech City, Hitech City Road, Silicon Valley, Madhapur, Hyderabad, Telangana 500081.

Account Name : Spandana Sphoorty Financial Limited

Account No. : 8846160117

IFSC Code : KKBK0007494

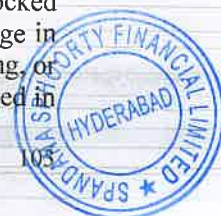
The Company further undertakes that it shall obtain an acknowledgment (in the form and manner acceptable to the Debenture Trustee) from the bank where the Company holds the abovementioned bank account, in terms of which acknowledgment the bank shall agree to provide the information pertaining to payment with respect to redemption of Debentures, as and when required by the Debenture Trustee.

(g) **Fraud and Money Laundering**

The Company shall ensure that it maintains internal control for the purpose of (i) preventing fraud of monies lent by the Company; and (ii) preventing its money being used for money laundering or any illegal purposes.

(h) **Anti-Terrorism Laws**

The Company (including its brokers or other agents acting or benefiting in any capacity in connection with the Debentures) are not: (a) dealing in, or otherwise engaged in any transaction relating to, any property or interest in property blocked pursuant to any Anti-Terrorism Laws; (b) engaged in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempting to violate, any Anti-Terrorism Laws; or (c) engaging or has engaged in



Red Khanna

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

any transaction that violates any of the applicable prohibitions set forth in any Anti-Money Laundering Law applicable to such Person.

(i) **Anti-Corruption Laws**

- (b) The Company and each of its officers, directors, employees and agents is in compliance with applicable Anti-Corruption Laws;
- (c) The Company has instituted and maintain policies and procedures designed to promote and achieve compliance with Anti-Corruption Laws.

(j) **Inspection**

- (i) The Company shall make available to the Debenture Trustee the loan agreements or such documents as required by the Debenture Trustee in order to carry out the necessary due diligence and monitor the security cover in the manner as may be specified by SEBI from time to time.
- (ii) The Company shall at their sole cost and expense permit the Debenture Trustee, as the representative of the Debenture Holders, to enter into its premises and inspect and make copies of the books of record and accounts of the Company.

(k) **Recovery Expense Fund**

The Issuer shall create a recovery expense fund in the manner as maybe specified by the SEBI from time to time and inform the Debenture Trustee about the same.

(l) **Security Cover**

The Company shall maintain the Security Cover as required under the Deed of Hypothecation at all times until the Final Settlement Date.

(m) **Transfer of unclaimed Redemption Amounts.**

The Company shall comply with the provisions of the Act relating to transfer of unclaimed redemption and coupon amounts of Debentures to Investor Education and Protection Fund ("IEPF"), if applicable to it.

(n) **Security**

The Company hereby further agrees, declares and covenants with the Debenture Trustee as follows:

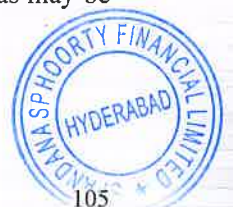
- (i) The Debentures shall be secured by way of a first ranking exclusive and continuing charge on the Hypothecated Assets and such Hypothecated Assets are free from any encumbrances and, if required the Issuer has obtained consents/ permission from the earlier creditors for creating the aforesaid charge over the Hypothecated Assets;
- (ii) It shall perfect the security over the Secured Property by filing Form CHG-9 with the Registrar of Companies in relation thereto within 30 (Thirty) calendar days from the Deemed Date of Allotment and Form I with CERSAI reporting the charge created to the CERSAI, without payment of penalty and shall deliver a copy thereof to the Debenture Trustee.



- (iii) The Company shall keep the Secured Property adequately insured, in a proper condition and shall pay all taxes, cesses, insurance premium with the Secured Property within the time permissible under Applicable Laws.

Notwithstanding the above, the Company shall from time to time take all the necessary and requisite actions, including the making of all filings with the relevant authorities, such as the Registrar of Companies, in order to perfect the security over the Hypothecated Assets created or modified (by way of addition or substitution or replacement of receivables, as provided for in the Deed of Hypothecation) by the Company, within the time period stipulated in the Deed of Hypothecation or acceptable to the Debenture Trustee. The Company shall submit the requisite proof of such perfection of security to the Debenture Trustee.

- (o) The Company shall carry out subsequent valuation of the Secured Property, at the request of the Debenture Trustee;
- (p) The Company shall obtain an no objection certificate from the Debenture Trustee for sale of stake in it subsidiary companies or associate companies;
- (q) The Company shall provide details of any material litigation, arbitration or administrative proceedings affecting the Company or its property or operations which, if adversely determined, would result in a liability exceeding 1% of the AUM;
- (r) The Company shall promptly notify the Debenture Trustee of any potential Event of Default or occurrence of Event of Default;
- (s) The Company undertakes to appoint the Nominee Director within 7 (Seven) days of receipt of intimation from the Debenutre Trustee upon the occurrence of Event of Default or any at any other point of time;
- (t) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993, as amended from time to time, the Trust Deed has to contain the matters specified in Section 71 of the Act and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014 to the extent applicable to it as if they are actually and physically incorporated herein in the Debenture Trust Deed;
- (u) Within 15 (Fifteen) Business Days of receipt of a request from the Debenture Trustee, the Company shall authenticate any information relating to the Debentures, to be submitted by the Debenture Trustee with the Information Utility.
- (v) The Company shall submit to the Debenture Trustee, such information as may be required by the Debenture Trustee from time to time.



Red Khanna

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (w) The Company shall comply with the requirements of the SEBI operation circular dated March 31, 2023 (bearing reference number: SEBI/HO/DDHS/P/CIR/2023/50), as amended, replaced or modified from time to time.

(x) **Preserve Corporate Status**

The Company shall diligently preserve its corporate existence and status and its license to conduct business as a non-banking financial company and any other rights, licenses and franchises necessary for its obligations under the Debentures and the Transaction Documents and continue to be a validly existing organization in good standing and at all times act and proceed in relation to its affairs and business in compliance with Applicable Law.

(y) **Corporate Governance**

The Company shall confirm to and comply with the corporate governance and fair practices code as prescribed by the RBI.

B. Reporting Covenants

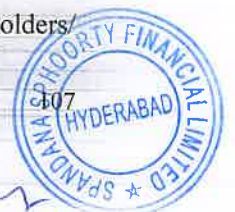
- (a) Without prejudice to the quarterly report or any other report to be submitted by the Company to the Debenture Trustee, the Company shall provide/ cause to be provided information/ report in respect of the following promptly and no later than 15 (Fifteen) Business Days from the occurrence of such event (unless otherwise specifically provided):
- (i) notify the Debenture Trustee of any change in the shareholding structure / pattern of the Company;
 - (ii) notify the Debenture Trustee of any change in the composition or list of the Board of Directors of the Company;
 - (iii) notify the Debenture Trustee of change in any senior management officials including chief financial officer, chief executive officer, chief operating officer chief risk officer or any other officer of the Company holding such equivalent post;
 - (iv) notify the Debenture Trustee of change in the statutory auditor of the Company.
 - (v) notify the Debenture Trustee in writing of any fraud being committed with respect to the loans and advances or in respect of the Issuer (including its management), amounting to more than 1% (One Percent) of the gross loan portfolio.
 - (vi) notify the Debenture Trustee in writing of any fraud being committed with respect to Identified Loans
 - (vii) notify the Debenture Trustee in writing, of any notice of an application for winding up having been made or receipt of any statutory notice of winding up under the provisions of the Act or any other notice under any other law or otherwise of any suit or legal process intended to be filed affecting the



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

title to the property of the Company.

- (viii) provide/ submit information in relation to litigation, arbitration, investigation or administrative proceedings which could result in a Material Adverse Effect.
- (ix) notify the Debenture Trustee in writing, if it becomes aware of any fact, matter or circumstance which would cause any of the representations and warranties under any of the Transaction Documents to become untrue or inaccurate or misleading in any material respect.
- (x) notify the Debenture Trustee promptly in writing, of any event which constitutes an Event of Default or a potential Event of Default, specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same.
- (xi) notify the Debenture Trustee in writing, of any proposed change in the nature or scope or the business or operations of the Company or the entering into any agreement or arrangement by any person that may materially affect the assets and liabilities of the Company.
- (xii) provide to the Debenture Trustee such further information regarding the financial condition, business and operations of the Company as the Debenture Trustee may reasonably request in relation to the Payments due to be made on the Debentures;
- (xiii) notify the Debenture Trustee promptly of any revision in the rating provided by the rating agency in the Issue;
- (xiv) provide to the Debenture Trustee such information regarding details of any change in the accounting policy of the Company, which have a material impact, and excluding changes required due to compliance with statutory requirements;
- (xv) inform the Debenture Trustee promptly about any failure to create security and about all orders, directions, notices of court/tribunal affecting the Hypothecated Assets;
- (xvi) notify the Debenture Trustee in writing of any one or more events, conditions or circumstances that exist or have occurred that has, had or could reasonably be expected to have a Material Adverse Effect;
- (xvii) notify the Debenture Trustee in writing of any change to the constitutional documents of the Company;
- (xviii) The Company agrees that it shall forward to the Debenture Trustee promptly, which information can be forwarded in electric form or fax:
 - (a) a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;
 - (b) a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and



- (c) a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media.
- (b) Furnish quarterly (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline) report to the Debenture Trustee (and to the Debenture Holders), containing the following particulars: -
- A. Periodical status/performance reports from the Company within 7 (Seven) days of the relevant board meeting or within 45 (Forty-Five) days of the respective quarter, whichever is earlier;
 - B. Unaudited or limited-review financial statements of the Company within 45 (Forty-Five) days of the respective quarter;
 - C. Details of the shareholding pattern/ structure and the composition of the board of directors of the Company within 30 (Thirty) days of the end of the respective quarter;
 - D. Updated list of the names and addresses of the Debenture Holder(s);
 - E. Details of the coupon and principal payments to be made, but unpaid and reasons for the non-payment thereof in relation to the Debentures;
 - F. The number and nature of grievances received from the Debenture Holder(s) and resolved by the Company, those grievances not yet solved and the reasons to the satisfaction of the Debenture Holder(s);
 - G. Certificate from the Director/ Managing Director of the Company, certifying the value of the book debts/receivables underlying the Hypothecated Assets and stating that those assets of the Company which are available by way of security are sufficient to discharge the claims of the Debenture Holders as and when they become due;
 - H. Certificate from a Statutory Auditor certifying the value of book debts/receivables underlying the Hypothecated Assets;
 - I. Certificate from the Director or Chief Financial Officer of the Company, certifying that the Company is in compliance with all the financial covenants provided by the Company in the Transaction Documents along with the summary details in the format acceptable to the Debenture Trustee within 30 (Thirty) days of the end of the respective quarter;
 - J. Submitting such information, as required by the Debenture Trustee.

(c) **Monthly Report to the Debenture Trustee**

Submit to the Debenture Trustee, details in relation to the asset liability management report in the format as acceptable to the Debenture Trustee, on a monthly basis, within 15 (Fifteen) days from the end of the month.

(d) **Quarterly Reports**

Submit to the Debenture Trustee within 45 (Forty Five) calendar days after the end of each quarter, containing the following particulars: -

Red Khanna



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (i) the information on financials of the Company in the formats acceptable to the Debenture Holder(s);
- (ii) the Company shall issue in favour of the Debenture Trustee and the Debenture Holder(s), a certificate issued by the chief financial officer of the Company or an authorized officer of the Company certifying the compliance by the Company of each of the financial and other covenants;
- (iii) the shareholding pattern of the Company;
- (iv) the Asset liability management ("ALM") statement of the Company for the relevant quarter;
- (v) the liquidity position of the Company at the end of such quarter, in a format acceptable to the Debenture Holders;
- (vi) the static pool data of the Company;
- (vii) the restructuring data of the Company; and
- (viii) the portfolio cuts data of the Company

(e) **Half-yearly Certificate**

The Issuer shall submit a certificate from its statutory auditor to the Debenture Trustee on half-yearly basis confirming compliance with all the covenants, in respect of the Debentures along with the half-yearly financial results.

(f) **Financial Statements**

The Company shall:

- i. The Company shall submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested), its duly audited annual accounts, within 120 (One Hundred and Twenty) days from the close of its accounting year.
 - ii. The Company shall submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested), its provisional quarterly financials, within 45 (Forty-Five) days from the close of each of its accounting quarters.
- (g) The Company shall give to the Debenture Trustee or their nominee(s) (and to the Debenture Holder(s), if so requested), information in respect of the following within a maximum of 15 (Fifteen) calendar days from the date of request made by the Debenture Trustee (unless otherwise specifically provided):
- (i) Submit to the Debenture Holder *(in a format which shall be provided by the Debenture Holder from time to time)* such other information relevant to the Issue that the Debenture Holder may reasonably request on a monthly, quarterly and annual basis or pursuant to an annual diligence by the Debenture Holder, subject to such information being available with the Company.
 - (ii) Submit to the Debenture Trustee, if so requested, a statement that the assets of the Company which are available by way of security is/are sufficient to discharge the claims of the Debenture Holders as and when they become due.

ded. khanna



- (iii) As soon as practicable, and in any event within 1 (One) Business Day, upon the Company having knowledge of any winding up proceeding including filing of any application under the IBC or initiation of any insolvency resolution process against the Company under the IBC.
- (iv) Such information as the Debenture Holders may require as to all matters relating to the business, property and affairs of the Company that materially impacts the interests of the Debenture Holders and provide access to relevant books of accounts and records in relation to this Issue and to enter into or upon and to view and inspect the state and condition of all the Hypothecated Assets, together with all records, registers in relation to the Hypothecated Assets as required by the Debenture Trustee.
- (v) The Company shall provide to the Debenture Trustee such information as it may require for any filings, statements, reports that the Debenture Trustee is required to provide to any Governmental Authority under Applicable Law.
- (vi) The Company shall promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holder(s) and promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall provide report to the Debenture Trustee periodically of its compliance.
- (h) The Company shall promptly and expeditiously provide the details of top 15 (Fifteen) exposures of the Company in each segment in the format as prescribed by the Debenture Trustee.
- (i) The Company shall in the event of initiating or implementing any change which requires approval of the board of directors and such change may have an impact on the Debentures or the Debenture Holders, notify the Debenture Trustee within 5 (Five) from the approval received from the board of directors.
- (j) Furnish a valuation report (if applicable) for the Secured Property once in three years within 75 (Seventy Five) days from the end of the financial year.
- (k) The Company hereby covenants and undertakes that it shall within 75 (Seventy Five) calendar days from the end of each financial quarter (save and except the last quarter) of a Financial Year and for the last quarter of a Financial Year, within 90 (Ninety) days from the end of such Financial Year, submit to the Debenture Trustee, a security cover certificate in respect of the Secured Property in the applicable format prescribed under Annexure A of the SEBI operational circular dated March 31, 2023 (bearing reference number: SEBI/HO/DDHS/P/CIR/2023/50) to enable the Debenture Trustee to submit the same to the relevant stock exchange(s) within the timelines stipulated under Applicable Law;
- (l) The Company shall submit a certificate from its statutory auditor to the Debenture Trustee on a quarterly basis within 75 (Seventy Five) days of the end of each quarterly or any other period as may be specified by SEBI, giving the value of receivables / book debts comprising the Secured Property including compliance with the covenants of the Placement Memorandum in the manner as may be specified by SEBI from time to time and certifying maintenance of hundred percent security cover or a higher security cover (in this case being the Security Cover) as per the



terms of the Placement Memorandum and/or the Debenture Trust Deed along with the financial results of the Company in the manner and format as specified by SEBI.

- (m) The Company undertakes to provide all information/ documents required to be submitted to the Debenture Trustee, to enable it to carry out the due diligence in terms of SEBI operational circular dated March 31, 2023 and bearing number SEBI/HO/DDHS/P/CIR/2023/50 as amended, replaced or modified from time to time

C. Financial Covenants

The Issuer covenants with the Debenture Trustee that the Company shall comply with the following financial covenants:

- (a) The Company shall ensure that its maximum consolidated Net Leverage remains below 3.5 times;
- (b) The Company shall maintain Tier 1 Capital Adequacy Ratio of at least 20% (Twenty Percent) or as prescribed by the applicable regulations of the RBI from time to time, whichever is higher;;
- (c) The Company shall ensure that the Gross NPA (as reported to RBI) shall not exceed 8% (Eight Percent) till June, 2023 and 5% (Five Percent) post June, 2023.
- (d) The Company shall maintain the Non-Performing Loans at below 6% (Six Percent).
- (e) The Company shall not have any mismatches on a cumulative basis in any of the standard buckets up to the next 12 (Twelve) months on all standard liquidity buckets, as prescribed by RBI. In order to calculate the same on the inflow side, only the contractual collection of the Company shall be considered and on the outflow side, all the put options or open-ended interest reset options without any linkage to benchmark for a capital market debt instrument shall be considered as maturity;
- (f) The Company shall have a minimum consolidated Net Worth of Rs. 2800,00,00,000/- (Rupees Two Thousand Eight Hundred Crores Only) at all times;
- (g) The Company shall maintain a minimum Liquidity at 5% (Five Percent) of Asset Under Management of the Company;
- (h) The Company shall ensure that the exposure to one State shall not exceed 20% (Twenty Percent) of the Asset Under Management of the Company.

For the purpose of this Clause 7.3(C) (Financial Covenants) of this Information Memorandum, the following terms shall have the meaning ascribed to them as provided below:

“Non Performing Loans” is calculated as loans overdue for more than 90 day plus restructured loans (excluding loans restructured prior to March 31, 2023) plus security receipts of assets sold down to ARCs plus loss of on sale of assets to ARCs plus loans written off during last 12 months (excluding write off done till March 31, 2023) from testing

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

date divide by the on balance sheet loan book. The loan book, 90 DPD portfolio, write off etc for portfolio sourced prior to April 1, 2021 shall not be considered for above working..

“Assets Under Management” / “AUM” shall mean the aggregate of loan receivable portfolio as reported by the Company on the balance sheet of the Issuer.

“Gross NPA” shall have the meaning assigned in the RBI regulations.

“Liquidity” shall include cash and cash equivalents, Fixed Deposit, investment in Liquid Mutual fund schemes, not lien marked to anyone and free from any encumbrances.

“Net Leverage” shall mean (consolidated Financial Indebtedness (including receivables sold via direct assignment route on no recourse basis) – consolidated Liquidity) / consolidated Tangible Net Worth.

“Tangible Net Worth” shall mean, at any time, the aggregate amount of equity capital, equity share premium and reserves (excluding revaluation reserves), as reduced by the aggregate amount of goodwill, DTA, investment in security receipts and other intangible assets.

“Net Worth” shall mean, at any time, the aggregate amount of equity capital, equity share premium and reserves (excluding revaluation reserves).

The Debenture Trustee shall monitor the compliance with the above covenants, as on the last date of every financial quarter, i.e. on March 31, June 30, September 30 or on December 31 until the Final Settlement Date.

The Company shall, within 60 (Sixty) calendar days of the expiry of each financial quarter, issue in favour of the Debenture Trustee and the Debenture Holder(s), a certificate issued by the Management of the Company certifying the compliance by the Company of each of the financial covenants provided for in clause 7.3(C) of this Placement Memorandum, which certificate shall be delivered to the Debenture Trustee and the Debenture Holder(s).

D. Negative Covenants

The Company hereby covenants with the Debenture Trustee that the Company shall not undertake the following without obtaining a prior written consent of the Majority Debenture Holders:

(a) Purchase, Redemption of Share Capital and Buyback

The Company shall not purchase, redeem or reduce any of its issued share capital or buy back any equity shareholding held by any of the present or future shareholders of the Company.

(b) Payment of dividend

The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid the amounts then due and payable on the Debentures or has made provisions satisfactory to the Debenture Trustee for making such payment and so long as no Event of Default has occurred and is then continuing or subsisting.

Red. Khan



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(c) **Merger, Consolidation, etc.**

The Company shall not enter into any agreement to effectuate transaction of merger, de-merger, consolidation, re-organization, slump sale, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction, acquisition, restructuring without prior intimation of the Debenture Trustee. Provided however, there will be no consent requirement if such requirement leads to the Issuer making default of its payment obligations in relation to the Debentures.

(d) **Disposal of Assets**

The Company shall not sell, transfer, or otherwise dispose of in any manner whatsoever any non financial assets of the Company, other than in ordinary course of business including any securitization / portfolio sale of assets undertaken by the Company in its ordinary course of business.

(e) **Constitutional Documents**

The Company shall not make any amendments or modifications to the Memorandum of Association or to the Articles of Association of the Company in any manner which would have a Material Adverse Effect.

(f) **No Encumbrance Over Secured Property**

The Company shall not, until all the payments have been irrevocably discharged in full and/or the Debentures have been redeemed by the Company in full, create any further charge or encumbrance over the Hypothecated Assets, except as created in favour of the Debenture Trustee for the benefit of the Debenture Holders, under the terms of the Debenture Trust Deed and the Deed of Hypothecation.

(g) **Diversification**

- (i) The Company shall not alter its principal nature of business or shall not undertake any material diversification of any existing business.
- (ii) The Company shall not undertake any sale of assets/business/division that has the effect of exiting the business or re-structuring of the existing business.

(h) **Investments in Group Company**

The Company shall not give any loans or place any inter-corporate deposits or invest in any manner in any of the Group Company. For the purposes of this sub-clause (h), the term "Group Company" shall include: (i) entities wherein the promoters of the Company are the majority shareholders of such entities; and/ or (ii) entities where the promoters of the Company are on the board of directors; and/or (iii) any subsidiary or associate company of the Issuer.

- (i) The Company shall not change the Financial Year unless required by Applicable Law.

E. **Management and Rating Covenants**

The Issuer covenants with the Debenture Trustee that the Company shall comply with the following management and rating covenants:



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (a) The Company shall ensure that Kedaara Private Equity Group shall hold and continue to hold at least 26% (Twenty Six Percent) of the total shareholding of the Company on a fully diluted basis;
- (b) The Company shall ensure that Kedaara Private Equity Group shall continue to remain as the promoter of the Company and shall continue to have management control;
- (c) The Company shall ensure that Mr. Shalabh Saxena shall continue to remain as the Managing Director and Chief Executive Officer of the Company and shall continue to be in the Board of Directors of the Company;
- (d) The Company shall ensure that Mr. Ashish Damani shall continue to remain as the Chief Financial Officer of the Company; and
- (e) The long-term credit rating of the Company shall not be downgraded and/or assigned to below "A-" by any credit rating agency and remarks such as "Issuer not cooperating" / "suspends" shall not be provided or affixed to the existing credit rating of the Company.

7.4 Events of Default

If one or more of the events specified below (hereinafter each an '**Event of Default**' and collectively, '**Events of Default**') happen(s), the Debenture Trustee shall be entitled to exercise any and all rights hereunder as contained in the Debenture Trust Deed:

(a) **Payments**

The failure to any amount payable in relation to the Debentures, including without limitation failure to make payment of the principal amount of the Debentures and/or the Coupon and/or Default Interest and/or any other amounts due in respect of the Debentures including the Payments in respect of the Debentures on the Due Date(s) unless its failure to pay is caused by the technical error and payment is made within 2 (Two) days of its Due Date.

(b) **Inability to pay Debts**

The Company admits in writing its inability to pay its debts as they mature or suspends making payments on any of its debts and as a result of which event of default is declared by such financial creditor of the Company.

(c) **Representation and Warranty**

Any representation or warranty made by the Company in any Transaction Document or in any certificate, financial statement or other document delivered to the Debenture Trustee/Debenture Holders by the Company is incorrect, false or misleading in any material respect when made or deemed made and such misrepresentation adversely affects the interest of the Debenture Holders in the reasonable opinion of the Debenture Trustee (acting on the instructions of the Majority Debenture Holder(s)) and is not cured within 15 (Fifteen) calendar days.

(d) **Breach of Covenants / Obligations**



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

If the Company fails to comply with any covenant (including but not limited to Financial Covenants, Management Covenants and Rating Covenant, Negative Covenants or Affirmative Covenants) or undertaking provided by it in the Debenture Trust Deed or any other Transaction Documents including any covenants stipulated in this Placement Memorandum.

(e) **Security Cover**

If, in the opinion of the Debenture Trustee, the value of the Hypothecated Assets is insufficient to maintain the Security Cover and/or top-up of the receivables is not completed within the timelines stipulated under the Deed of Hypothecation.

(f) **Security**

- (i) Failure of the Company to register and perfect the charge created over the Hypothecated Assets within the timelines stipulated herein or any other Transaction Documents;
- (ii) Failure of the Company to maintain the Security cover or top up the receivables within the timelines stipulated under the Deed of Hypothecation or any other Transaction Documents; and
- (iii) When the Company creates or attempts to create any charge on the Hypothecated Assets or any part thereof without the prior approval of the Debenture Trustee / Debenture Holders.

(g) **Transaction Documents**

- (i) In the opinion of the Debenture Trustee, any of the Transaction Documents failing to provide the security interests, rights, title, remedies, powers or privileges intended to be created thereby (including the priority intended to be created thereby), or such security interests failing to have the priority contemplated under the Transaction Documents, or the security interests becoming unlawful, invalid or unenforceable;
- (ii) Any of the Transaction Documents are claimed by the Company, or any of the security providers, not to be in full force and effect.

(h) **End Use**

All or any part of the proceeds of the Issue is not utilised or is not being utilized for the intended end use stipulated in the Debenture Trust Deed or this Placement Memorandum.

(i) **Applicable Law**

- (i) The Company fails to comply with Applicable Law in relation to the issue or the security interest created in relation therewith;
- (ii) The other security providers fail to comply with the Applicable Law in relation to the security interests made available by them.

(j) **Insolvency**



- (i) The Company commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary proceeding under any such law, or consent to the appointment or taking possession by a receiver, liquidator, insolvency resolution professional, assignee (or similar official) for all or a substantial part of its property or take any action towards its reorganization, liquidation or dissolution without the prior written intimation of the Debenture Trustee (acting on behalf of the Debenture Holders);
- (ii) An order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Company, or the Company ceases to carry on all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, re-organisation, merger or consolidation on terms approved by the Majority Debenture Holders;
- (iii) An expropriation, distress, attachment, sequestration, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets (including the Hypothecated Assets) or revenues of the Company or the Company itself, which is not dismissed or quashed within 5 (Five) Business Days;
- (iv) The Company is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or stops or suspends payment of all its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or any application has been filed or proceedings have been initiated against the Company under the Insolvency and Bankruptcy Code, 2016 or a moratorium is agreed or declared in respect of or affecting all the debts of the Company, and the same is not dismissed / quashed within 5 (Five) calendar days from the date of filing such application / petition.
- (v) Any corporate action, legal proceedings or other procedure or step is taken (including the making of an application, the presentation of a petition, the filing of a notice or the passing of a resolution), in relation to:
 - (a) the suspension of payments, a moratorium of any indebtedness, winding-up, insolvency, dissolution, administration or reorganisation of the Company with an intention of winding up or liquidating or declaring insolvent the Company (by way of voluntary arrangement, scheme of arrangement or otherwise) or
 - (b) a composition, compromise, assignment or arrangement with any creditor of the Company; or
 - (c) enforcement of assets of the Company; or
 - (d) the appointment of a liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or any of



its assets, and such appointment has not been vacated or has not been challenged by the Company; or

(e) any analogous procedure or step taken in any other jurisdiction.

(vi) In the event a financial creditor of the Company files an application under the IBC and the same is not dismissed or if a reference has been made to the relevant bench of the National Company Law Tribunal, by a financial creditor under the IBC and the Company has not resolved the complaint or is nationalized or is under the management of the Central Government or the Company takes advantage of any law for the relief of insolvent debtors.

(vii) In the event an operational creditor file an application under the IBC and the same is not dismissed within 30 (thirty) calendar days or if a reference has been made to the relevant bench of the National Company Law Tribunal, by an operational creditor under the IBC and the Company has not resolved the complaint or is nationalized or is under the management of the Central Government or the Company takes advantage of any law for the relief of insolvent debtors.

(k) **Material Adverse Effect**

The occurrence of any event or condition or any series of events or conditions which are in the opinion of the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders constitute or may constitute a Material Adverse Effect.

It is hereby clarified that the Promoters of the Company being declared as wilful defaulters will constitute a Material Adverse Effect.

(l) **Cessation of business**

The Company suspend, cease or threaten to suspend or cease to carry on all or a substantial part of its respective business.

(m) **Unlawfulness and Invalidity**

(i) It is or becomes unlawful for the Company to perform any of its obligations under the Transaction Documents, or if the Transaction Documents or any part thereof ceases, for any reason whatsoever, to be valid and binding or in full force and effect;

(ii) The Company repudiates a Transaction Document to which it is a party or evidences an intention to repudiate Transaction Documents to which it is a part.

(n) **Cross default**

(i) If the Company or any subsidiary company (present or future), in regards to any Financial Indebtedness availed by it: (A) defaults in any payment of any Financial Indebtedness beyond the period of grace if any, provided in the instrument or agreement under which such Financial Indebtedness was created; or (B) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness or under any security document executed in relation to such Financial Indebtedness, the effect of



Red. Khan

which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (with the giving of notice or passage of time or both would permit or cause) any such Financial Indebtedness to become due prior to its stated maturity; or (C) any Financial Indebtedness of the Company is declared to be or otherwise becomes due and payable, or required to be prepaid other than by a regularly scheduled required prepayment prior to the stated maturity thereof;

- (ii) If the Company is declared to be in default by any creditor or trustee in writing in relation to the servicing obligations undertaken by it with respect to direct assignment transactions and/or securitization transactions wherein the Company is the originator or the loans assigned / securitized and such default is not resolved within 30 (Thirty) calendar days from such default.

(o) **Governmental Intervention**

- (i) All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalised, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority;
- (ii) One or more legal proceedings or proceedings by any Governmental Authority, have been initiated against the Company, which has resulted in a Material Adverse Effect, in the opinion of the Debenture Trustee.

(p) **Fraud and Embezzlement**

Any material act of fraud, embezzlement, misstatement, misappropriation, or siphoning off of the funds or revenues of the Company or the Promoter or any other act having a similar effect being committed by the management or an officer, and/or employee of the Company or the Promoter.

(q) **Delisting of the Debentures**

The Debentures cease to be listed on the NSE for any reason whatsoever (whether or not attributable to the actions of the Company) or suspended at any point of time prior to the Redemption Date. PROVIDED THAT the foregoing shall not apply if such delisting is in accordance with the prior consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders).

(r) **Merger, Re-arrangement etc.**

The Company has taken or suffered to be taken any action for re-organization of its capital or any rearrangement, merger, demerger, amalgamation, scheme of arrangement or slump sale transaction, without the prior written consent of the Debenture Trustee in terms hereof.

(s) **Suspension or Revocation**



Red. Khanna

The operating licenses of the Company upon being revoked, suspended, or surrendered including the certificate of registration of the Company as a non-banking financial company being revoked, suspended, or surrendered by RBI.

(t) **Material Litigation**

Any litigation, arbitration, investigative or administrative proceeding is current, pending or threatened by issuance of a written notice against the Issuer, which could have a material adverse impact on the Issuer.

(u) **Change of Control**

In the event the Company takes any action without prior consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) which would result in change of control of the Company. For the purposes of this sub-clause the term "control" shall have the meaning assigned to such term under the Act.

(v) **Wilful Default**

Any promoter(s) of the Company being declared as a 'wilful defaulter' under the applicable RBI regulations and/or by any competent authority.

- (w) If the Company fails to comply with any of the covenants set out in the financing documents which gives the respective lender under such financing documents the right to call an event of default or accelerate payment/redemption of the Company's financial obligation under such financing documents and such financial obligations individually or cumulatively is more than 5% (Five Percent) of the asset under management of the Company.

(x) **Execution**

Any execution of any decree that may affect any assets of the Company, which in the opinion of the Debenture Trustee shall have a Material Adverse Effect;

(y) **Failure to Credit**

In the event the Company fails to credit the Debentures to the dematerialized account of the Debenture Holders with the Depositories within 2 (Two) Business Days from the Deemed Date of Allotment.

7.5 Consequences of Events of Default

- (a) On and at any time after the occurrence of an Event of Default, unless such Event of Default at the request of the Company is expressly waived by the Debenture Trustee acting on the instructions of the Majority Debenture Holder(s), the Debenture Trustee (acting upon the instructions of the Majority Debenture Holders) shall:
- (i) declare that all or part of the Secured Obligations be immediately due and payable, whereupon they shall become immediately due and payable and accelerate the redemption of the Debentures together with any Payments in respect of the Debentures;

Adil Khan



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (ii) enforce the charge over the Secured Property in accordance with the terms of the Deed of Hypothecation in such manner as the Debenture Trustee and/or Majority Debenture Holder(s) may deem fit;
- (iii) exercise all rights and remedies available to the Debenture Holder(s) in such manner as Debenture Holder(s) may deem fit without intervention of any court and without having to obtain the consent of the Company.
- (iv) on and from the occurrence of an Event of Default, any receivables and any amount collected by the Company from the underlying Identified Loan forming a part of the Hypothecated Assets shall be held by the Company for the benefit and trust of the Debenture Holder(s) and shall not be utilised for any purpose other than paying all or part of the Secured Obligations due and payable to the Debenture Holder(s).
- (v) without prejudice to any other right the Debenture Trustee and /or Debenture Holder(s) may have under this Deed, under IBC or any other Applicable Law, the Debenture Holder(s) and/or the Debenture Trustee shall in its sole discretion exercise all the rights, powers and remedies vested in it for the protection, perfection and enforcement of its rights in respect of the Security herein.
- (vi) subject to the Applicable Law, require the Company to assign the Hypothecated Assets to a trust and appoint a servicer to such trust for undertaking collections. The Company hereby undertakes and confirms that, subject to Applicable Laws, it shall provide all the required support for assigning the Hypothecated Assets to the trust including but not limited to entering into the assignment agreement and other transaction documents in relation thereto. The Company hereby undertakes and confirms that it shall provide all the support required to the servicer appointed for such trust.
- (vii) appoint a nominee director or an observer on the Board of Directors of the Company in the manner set out in the Debenture Trust Deed.
- (viii) take any action with respect of SEBI Defaults (Procedure) Circular in accordance with the provisions of the Debenture Trust Deed.
- (ix) disclose the details of the Company to TransUnion CIBIL Limited ("CIBIL") or RBI or Central Repository of Information of Large Credits ("CRILC") and publish the name of the Company and each of their directors as a defaulter through print and electronic media or in any other form and manner as the Debenture Trustee may deem fit, at their absolute discretion and also notify other creditors of the Company, and the Stock Exchange where the Company's securities are listed, of such default.
- (x) at the cost of the Company, appoint a receiver in respect of the Secured Property.
- (xi) at the cost of the Company, appoint additional auditors or other consultants or professional advisors in relation to the Secured Property.

Red. Khan



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (b) Until the happening of any of the Event(s) of Default set out in Clause 7.4 (*Events of Default*) above, the Debenture Trustee shall not be in any manner required, bound or concerned to interfere with the management or the affairs of the Company or its business thereof. The Debenture Trustee shall, on being informed by the Company of the happening of any of the Event(s) of Default set out in Clause 7.4 (*Events of Default*) above or upon the happening of any of such Event(s) of Default coming to its notice, forthwith give written notice to the Debenture Holder(s) of the same.
- (c) exercise any other right that the Debenture Trustee and/or the Debenture Holder(s) may have under the Transaction Documents or under Applicable Law including in relation to the enforcement of security / entering into the inter-creditor agreement with the creditors of the Company and in relation to Recovery Expense Fund pursuant to the SEBI operational circular dated March 31, 2023 (bearing reference number: SEBI/HO/MIRSD/CRADT/CIR/P/2020/203), as amended, modified or replaced from time to time.

****Please note that the Capitalised terms used in this section, but not defined herein, shall have the meaning as assigned to such term in the Debenture Trust Deed.***

Red. Khan



SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Placement Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

8.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL and CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the Register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

8.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/EFT/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

8.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed Catalyst Trusteeship Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered / intend to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in



regard to the repayment of principal and coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.4 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

8.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

8.6 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Placement Memorandum which in the opinion of the Debenture Trustee is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by the Majority Debenture Holders.

For the avoidance of doubt, the following matters require the consent of Majority Debenture Holders, either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holders as set out below:

- A. Creating of any additional security; and
- B. Amendment to the terms and conditions of the Debentures or the Transaction Documents.

8.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

8.8 Notices

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post, recognized overnight courier service, hand delivery or by facsimile transmission addressed to such Debenture Holder at its/his registered address, e-mail or facsimile number.



All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or email or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked "Private Placement of Debentures".

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 5 (Five) Business Days after posting via certified or registered mail, return receipt requested; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business day delivery (c) in the case of facsimile at the time when dispatched with a report confirming proper transmission; (d) in the case of personal delivery, at the time of delivery or (e) or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).

8.9 Issue Procedure

Only Eligible Investors as given hereunder may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

8.10 Application Procedure

Potential Investors will be invited to subscribe by way of the Application Form prescribed in the Placement Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issuer reserves the right to change the Issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

8.11 Fictitious Applications

All fictitious applications will be rejected.

8.12 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, priority will be given to potential investors on a first come first serve basis. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to the Issuer by the Deemed Date of Allotment.



Red Khanna

8.13 Payment Instructions

The Application Form should be submitted directly. The entire amount of Rs. 1,00,000/- (Rupees One Lakh Only) per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS/ECS/cheques on Pay-in Date. The details of the Issuer are as under:

| | |
|--------------------------|-------------------------------------|
| Beneficiary Name: | SPANDANA SPHOORTY FINANCIAL LIMITED |
| Bank Account No. | 8846160278 |
| IFSC CODE: | KKBK0007494 |
| Bank Name | KOTAK MAHINDRA BANK |
| Branch Address: | HYDERABAD - HI TECH CITY |

8.14 Eligible Investors

The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"):

- A. Mutual Funds
- B. Non-banking financial companies
- C. Provident Funds and Pension Funds
- D. Corporates
- E. Banks
- F. Foreign Portfolio Investors (FPIs)
- G. Foreign Institutional Investors (FIIs)
- H. Qualified Foreign Investors (QFIs)
- I. Insurance Companies
- J. Investment holding companies of high net worth individuals
- K. Any other person eligible to invest in the Debentures.

All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Note: Participation by potential Investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

8.15 Procedure for Applying for Dematerialised Facility

- A. The applicant must have at least one beneficiary account with any of the DPs of NSDL and CDSL prior to making the application.



red.khan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- B. The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".
- C. Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.
- D. For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.
- E. Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.
- F. If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
- G. For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- H. The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.16 Depository Arrangements

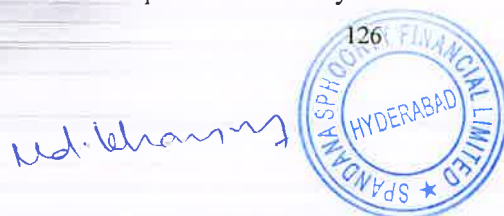
The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

8.17 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

8.18 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or



authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

8.19 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The Application Forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of

- A. SEBI registration certificate
- B. Resolution authorizing investment and containing operating instructions
- C. Specimen signature of authorized signatories

8.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable

- A. Memorandum and Articles of Association or other constitutional documents
- B. Certified true copy of the Resolution authorising investment
- C. Certified true copy of the Power of Attorney to custodian
- D. Specimen signatures of the authorised signatories
- E. SEBI registration certificate (for Mutual Funds)
- F. Copy of PAN card
- G. Application Form (including EFT/RTGS details)

8.21 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through cheque/EFT/RTGS.

8.22 Succession

In the event of winding-up of the Debenture Holder (being a company), the Issuer will recognize the legal representative of the Debenture Holder(s) as having title to the Debenture(s). The Issuer shall not be bound to recognize such legal representative as having title to the Debenture(s) unless they obtains legal representation, from a court in India having jurisdiction over the matter.



The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of such other legal representation, in order to recognise any person as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on the production of sufficient documentary proof and/or an indemnity.

8.23 Mode of Payment

All payments must be made through cheque(s) demand draft(s), EFT/RTGS as set out in the Application Form.

8.24 Effect of Holidays

In case any Coupon Payment Date falls on a day which is not a Business Day, the payment to be made on such Coupon Payment Date, as the case may be, shall be made on the immediately succeeding Business Day. When the Maturity Date (including the last Coupon Payment Date), falls on a day which is not a Business Day, all payments to be made on the Maturity Date (including accrued Coupon and outstanding principal amount), shall be made on the immediately preceding Business Day. It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.

8.25 Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the Debenture Holder(s) at the office of the R&T Agent of the Issuer at least 15 (Fifteen) calendar days before the relevant payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money, should be submitted along with the Application Form.

If any payments under this Issue is subject to any tax deduction other than such amounts as are required as per current regulations existing as on the date of the Debenture Trust Deed), including if the Company shall be required legally to make any payment for Tax from the sums payable under the Debenture Trust Deed, ("Tax Deduction"), the Company shall make such Tax Deduction, as may be necessary and shall simultaneously pay to the Debenture Holders, such additional amounts as may be necessary in order that the net amounts received by the Debenture Holders after the Tax Deduction shall equal the respective amounts which would have been receivable by the Debenture Holders in the absence of such Tax Deduction.

8.26 Letters of Allotment

The letter of allotment, indicating allotment of the Debentures, will be credited in dematerialised form within 1 (One) Business Days from the Deemed Date of Allotment. The aforesaid letter of allotment shall be replaced with the actual credit of Debentures, in dematerialised form, within a maximum of 2 (Two) Business Days from the Deemed Date of Allotment or within such timelines as permissible under Applicable Law.



Net. Khanna

8.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is April 10, 2023 by which date the Investors would be intimated of allotment.

8.28 Record Date

The Record Date will be 15 (Fifteen) calendar days prior to any Due Date.

8.29 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the R&T Agent shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

8.30 Interest on Application Money

Refer to Paragraph 37 of Section 5 (Issue Details).

8.31 PAN Number

Every applicant should mention its Permanent Account Number ("PAN") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

8.32 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL and CDSL and accordingly the account of the Debenture Holder(s) with NSDL and CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

Disclaimer: Please note that only those persons to whom this Placement Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those



documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may but is not bound to revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

Red. Khanna



SECTION 9: UNDERTAKING

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other applicable laws have been complied with and no statement made in this Placement Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Placement Memorandum is as applicable to privately placed debt securities and subject to the information available with the Issuer. The extent of disclosures made in the Placement Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer confirms that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters of the Issuer and Permanent Account Number of the directors of the Issuer have been submitted to the stock exchange(s) on which the non-convertible securities are proposed to be listed, at the time of filing of the draft Placement Memorandum.

Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number 19 under SECTION 3: 'General Risks'.

The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Placement Memorandum. Any covenants later added shall be disclosed on the relevant stock exchange's website where the Debentures are listed.

For **Spandana Sphoorty Financial Limited**



Authorised Signatory

Name: Mohammed Khayyum

Title: G. Manager

Date: April 10, 2023



SECTION 10: FORM NO. PAS-4 - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Addressed to:

Serial No: _____

April 10, 2023

FORM NO PAS-4 PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER*[Pursuant to Section 42 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014]***Issue of 2500 (Two Thousand Five Hundred) Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) on a private placement basis (the "Issue").****10.1 General Information:****A. Name, address, website and other contact details of the Company, indicating both registered office and the corporate office:**

Issuer / Company: Spandana Sphoorty Financial Limited
 Registered Office: Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad-500081, Telangana
 Corporate Office: Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad-500081, Telangana
 Telephone No.: 040 – 4812 6666
 Website: <http://www.spandanaspchoorty.com>
 Fax: --
 Contact Person: Mr. Ramesh Periasamy
 Email: ramesh.periasamy@spandanaspchoorty.com
secretarial@spandanaspchoorty.com

B. Date of Incorporation of the Company:March 10th 2003**C. Business carried on by the Company and its subsidiaries with the details of branches or units, if any;**

The details of the business carried out by the Company is set out under Section 5.4 (a) of this Placement Memorandum. The Company has its offices / sites / branches across India, however, for the purpose of this issue, the concerned are requested to contact the compliance officer at the registered office of the Company during the business hours.



Red. Channay

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

The list of subsidiaries with details of branches or units, if any, is as follows:

1. Caspian Financial Services Limited (Caspian):

Caspian Financial Services Limited, is a wholly owned subsidiary of Spandana. It was incorporated on October 13, 2017 under the Companies Act, 2013 as a public limited company. It has its registered office at Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad- 500081, Telangana.

Caspian Financial is authorised to engage in the business of, inter alia, lending and advancing money, giving credits on any terms, with or without security to any person, firm, Company, body corporate, trust, individual, etc., financing development activities through long term loans and other means of financing, providing loans to persons or entities engaged in business of construction of houses (residential/non-residential), entering into guarantees, contracts of indemnity and suretyship of all kinds, carrying out research, consultancy, technical assistance and training in the field of development finance, acting as an agent/ collaborator/ partner with Banks, Insurance Companies, Mutual Funds and other Financial Institutions, buying, selling marketing or dealing in securities and various financial products and hire purchase of movable properties of any kind.

2. Criss Financial Limited (Formerly known as “Criss Financial Holdings Limited”)

Criss Financial was incorporated under the Companies Act, 1956 as a public limited company, under the name of M.G. Brothers Finance Limited pursuant to certificate of incorporation issued by the RoC, dated August 20, 1992, and received its certificate for commencement of business from the RoC on September 21, 1992. The name was changed from M.G. Brothers Finance Limited to Keertana Financial Limited by way of a fresh certificate of incorporation consequent upon change of name issued by the RoC, dated December 16, 2008. Subsequently, the name was changed to Criss Financial by way of a fresh certificate of incorporation consequent upon change of name issued by the RoC, dated December 13, 2010. It received a certificate of registration from the RoC to carry on the business of an NBFC without accepting public deposits on January 12, 2011. It has its registered office at Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad-500081, Telangana.

Criss Financial is authorised (i) to carry on the business of providing micro finance services (mainly non banking financial services as permitted by Reserve Bank of India) to large number of low income households directly or indirectly; (ii) to carry on the business of financing, whether by making loans or advances or by purchasing, discounting or accepting bills of exchange, promissory notes or other negotiable instruments, or by giving guarantees or otherwise, for any industrial, trade, commercial or economic activities of individuals, whether incorporated or not and deal in all kinds of properties movable or immovable, including goods, machines, stock in trade, motor vehicles, lands, buildings, bullion, stock, shares, jewels and government bonds; (iii) to carry on the business of marketing and dealing in all kinds of financial products and (iv) to carry on the business of hire purchase of movable properties of any kind including machinery, plant, motor vehicles of all kinds.



Red. Khan

D. Details of branches with address as on December 31, 2022 is as follows:Please refer to **CHAPTER E** below.**E. Brief particulars of the management of the Company:**

| Management Details | | |
|-------------------------|---|---|
| Name | Designation | Description |
| Mr. Shalabh Saxena | Managing Director and Chief Executive Officer | Mr. Shalabh Saxena has a strong retail financial experience of more than 26 years in Consumer Banking and Life Insurance industry. Throughout his career, he has run large profit centres and SBUs across various business lines in Life Insurance and Consumer Banking. Core competence and exposure revolves around distribution and handling sales in large business environments, Marketing, Strategy, Information Technology, Planning, Alliances and Acquisitions. He holds MBA in Marketing from B K School of Management, Ahmedabad. He has previously worked with Bharat Financial Inclusion Limited as MD & CEO, HSBC Life Insurance, ING Life Insurance & Standard Chartered Bank. |
| Mr. Ashish Kumar Damani | President and Chief Financial Officer | Mr. Ashish Kumar Damani has over 22 years of corporate experience and his expertise lies in Business Planning, Strategy, Structured Finance & Equity, Process, Risk Management, Accounts and Audit. He also has an experience of handling IT, Risk, Finance & Accounts, Process, Cross sell and Administration functions. He was previously associated with Bharat Financial Inclusion Limited for the 19 years as ED & CFO and Fullerton India. He holds a Post Graduate Diploma in Business Administration and has done AGMP from IIMA. |
| Mr. Ramesh Periasamy | Company Secretary and Compliance Officer | Ramesh is Company Secretary & Compliance Officer. He is qualified Cs 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 Spandana, he worked with embassy office parks REIT, Manappuram Finance Ltd, Kalyan Jewellers and Nest Technologies as Cs, Legal and Compliance Officer. He also practiced law in trial courts and Madras High Court. |
| Mr. Amit Anand | Chief Risk Officer | Mr. Amit Anand holds a Master's degree in Finance from ICFAI Business School, Hyderabad and a Bachelor's degree in Economics from Magadh University. He has an overall experience of 19 years in Banks and NBFC's across various risk functions. Prior to joining Spandana he has worked with Shinhan Bank, Bank of India, Bank of Baroda and CRISIL among others. |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | |
|-----------------------------|---|--|
| Mr. Sushanta Kumar Tripathy | Chief Business Officer-SME & Secured Business Loans | He was associated with Bharat financial Inclusion limited as Business head for SME Business Loans prior to Joining us. He is an MBA from the institute from the Rural Management, Anand (IRMA) and Masters in agriculture and technology. Across his 17+ years of experience, he has worked with organizations like BFIL, IFMR Trust & YES Bank in various functions. His primary areas of exposure have been in Business & product development, planning & strategy related functions. |
| Mr. Subhrangsu Chakravarty | Financial Controller | He was associated with ASA International india Micro finance Limited as chief financial officer. He is a chartered accountant from the ICAI and Cost accountant from the ICWAI. He was associated with various organizations like Ambuja Group, Reliance, Capgemini, HCL, and ASA international india Micro finance limited in finance and accounts. |

F. Name, addresses, DIN and occupations of the directors:

| S. No. | Name of the Directors | Address | DIN | Occupation |
|--------|-----------------------------|---|----------|---|
| 1. | Abanti Mitra | Flat No-2505,B Wing, Oberoi Woods,Goregaon East, Mumbai 400063 MH IN | 02305893 | Chairprson (Non-Executive Independent Director) |
| 2. | Deepak Calian Vaidya | 249 / 251, 3rd Floor, Suraj Walkeshwar Road Mumbai 400006 MH | 00337276 | Independent Director |
| 3. | Padmaja Gangireddy | Flat no. A-208, Jayabheri Orange County, Near ICICI Towers, Nanakramguda, Serilingampally, K.V. Rang Areddy Hyderabad 500032 TG | 00004842 | Non-Executive Director |
| 4. | Sunish Sharma | 1305 North Tower The Imperial, B. B. Nakashe Marg, Tardeo, Tulsiwadi, Mumbai 400034 MH | 00274432 | Nominee Director |
| 5. | Ramachandra Kasargod Kamath | B-2004, Neptune Society, Sun City, Adi Shankaracharya Marg Near Powai IIT Market, Powai, Mumbai Mumbai 400076 MH IN | 01715073 | Nominee Director |
| 6. | Kartikeya Dhruv Kaji | The Imperial, Apartment 3901 B. B. Nakashe Marg Tardeo, Tulsiwadi Mumbai 400034 MH IN | 07641723 | Nominee Director |




| | | | | |
|-----|-----------------------|---|----------|---|
| 7. | Jagdish Capoor | 1601, Brooke Ville, 359 Mogul Lane Near Magnet Mall, Mahim West Mumbai 400016 MH IN | 00002516 | Independent Director |
| 8. | Bharat Dhirajlal Shah | 21 Hill Park, Bldg No 2 A. G Bell Road, Malabar Hill, Mumbai 400006 MH IN | 00136969 | Independent Director |
| 9. | Neeraj Swaroop | 1104, Signia Isles, G Block, Near Dhirubhai International, School, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, India-400051 | 00061170 | Additional Director-Nominee |
| 10. | Animesh Chauhan | Flat No.948, Block G, 6th Avenue, Gaur City-1 Sector-4, Greater Noida West, Chipiyana Khurd Urf Tigri Gautam Buddha, Noida, Uttar Pradesh, 201009 | 02060457 | Additional Director-Independent |
| 11. | Shalabh Saxena | 11/6, 2nd Floor, Nehru Enclave east kalkaji Extn, Kalkaji, South Delhi 110019 | 08908237 | Managing Director and Chief Executive Officer |

10.2 MANAGEMENT PERCEPTION OF RISK FACTORS:

Please refer to SECTION 3: of this Placement Memorandum.

10.3 RISKS RELATED TO THE BUSINESS OF THE ISSUER

Please refer to SECTION 3: of this Placement Memorandum.

10.4 Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

- (i) Statutory Dues: NIL
- (ii) Debentures and interest thereon: NIL
- (iii) Deposits and interest thereon: NIL
- (iv) Loan from any bank or financial institution and interest thereon: NIL

10.5 Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the Issue:

Name: Mr. Ramesh Periasamy
 Designation: Company Secretary and Compliance Officer
 Address: Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad- 500081, Telangana.
 Phone No.: +9140 - 45474750
 Email: ramesh.periasamy@spandanasphoorty.com



Ramesh Periasamy

10.6 Any default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder:

The company has not defaulted in annual filing under the Companies Act, 2013, or the rules made thereunder.

10.7 Particulars of the Offer:

| | |
|---|--|
| Financial position of the Company for the last 3 (three) financial years | Please refer to CHAPTER A below. |
| Date of passing of Board Resolution | Resolution passed by the Board of Directors of the Company under Section 179 of the Companies Act, 2013 on July 11, 2022 and August 04, 2022 read with the resolution passed by the Management Committee of the Board of Directors dated April 04, 2023. A certified true copy of the said board resolution and the Management Committee resolution is attached hereto as CHAPTER C . |
| Date of passing of resolution in [annual / extra-ordinary general meeting], authorizing the offer of securities | Shareholders resolution under Section 180(1)(a) and Section 180(1)(c) of the Companies Act, 2013 dated September 28, 2021. Shareholders resolution under Section 42 of the Companies Act, 2013 dated September 21, 2022. A certified true copy of the said resolutions are attached hereto as CHAPTER D . |
| Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued | 2500 (Two Thousand Five Hundred) Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 25,00,00,000/- (Rupees Twenty-Five Crores only) on a private placement basis (the " Issue "). |
| Price at which the security is being offered, including premium if any, along with justification of the price | The Debentures are being issued at face value of Rs. 1,00,000/- (Rupees One Lakh only) each. |
| Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer | Not Applicable |
| Relevant date with reference to which the price has been arrived at [Relevant Date means a date at least 30 days prior to the date on which the general meeting of the Company is scheduled to be held] | Not applicable. |
| The class or classes of persons to whom the allotment is proposed to be made | As provided in S.no 25 of Part A (<i>Disclosures</i>) of this Placement Memorandum. |
| Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) [Not required in case of issue of non-convertible debentures] | Not applicable. |



Red. Khan

| | | | | | | | | | |
|--|---|--------------------------|---|-----------------------------|----------------------|-----------------|---|-------------------|---|
| The proposed time within which the allotment shall be completed | Issue Opening Date: April 10, 2023 Issue Closing Date: April 10, 2023 Pay-in Date: April 10, 2023 Deemed Date of Allotment: April 10, 2023 | | | | | | | | |
| The names of the proposed allottees and the percentage of post private placement capital that may be held by them [Not applicable in case of issue of non-convertible debentures] | Not applicable. | | | | | | | | |
| The change in control, if any, in the company that would occur consequent to the private placement | No change in control would occur consequent to this private placement. | | | | | | | | |
| The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms of securities as well as price | <p>Prefential basis: (conversion of warrant into equity shares) Number of person: 0 No. of securities: 0 Price: Rs. 0</p> <p>Private placement: (Issue of Debentures) Number of person: 0 No. of securities: 0 Price: Rs. 0.</p> | | | | | | | | |
| The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer | Not Applicable | | | | | | | | |
| Amount, which the Company intends to raise by way of proposed offer of securities | Up to Rs. 25,00,00,000/- (Rupees Twenty-Five Crores only). | | | | | | | | |
| Terms of raising of securities: | <table border="1"> <tr> <td>Duration, if applicable:</td><td>37 (Thirty Seven) months and 15 (Fifteen) days from the Deemed Date of Allotment.</td></tr> <tr> <td>Rate of Interest or Coupon:</td><td>Refer to Clause 5.37</td></tr> <tr> <td>Mode of Payment</td><td>cheque(s)/ demand draft/ electronic clearing services (ECS)/credit through RTGS system/funds transfer</td></tr> <tr> <td>Mode of Repayment</td><td>cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer</td></tr> </table> | Duration, if applicable: | 37 (Thirty Seven) months and 15 (Fifteen) days from the Deemed Date of Allotment. | Rate of Interest or Coupon: | Refer to Clause 5.37 | Mode of Payment | cheque(s)/ demand draft/ electronic clearing services (ECS)/credit through RTGS system/funds transfer | Mode of Repayment | cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer |
| Duration, if applicable: | 37 (Thirty Seven) months and 15 (Fifteen) days from the Deemed Date of Allotment. | | | | | | | | |
| Rate of Interest or Coupon: | Refer to Clause 5.37 | | | | | | | | |
| Mode of Payment | cheque(s)/ demand draft/ electronic clearing services (ECS)/credit through RTGS system/funds transfer | | | | | | | | |
| Mode of Repayment | cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer | | | | | | | | |
| Proposed time schedule for which the Issue/Offer Letter is valid | April 10, 2023 | | | | | | | | |
| Purpose and objects of the Issue/Offer | Refer to Clause 5.37 (Issue Details) as specified in this Placement Memorandum | | | | | | | | |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects | | N.A. | | | |
|---|---|----------------------|--------------------|--------------------|--------------------|
| Principal terms of assets charged as security, if applicable | | Refer to Clause 5.37 | | | |
| The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations | | NIL | | | |
| The pre-issue and post-issue shareholding pattern of the Company in the following format: | | | | | |
| S. No. | Category | Pre-Issue | | Post-Issue | |
| | | No. of Shares held | % of share holding | No. of Shares held | % of share holding |
| A. | Promoter's holding | | | | |
| 1 | Indian | | | | |
| | Individual (Including Joint holding) | 1,04,19,067 | 14.68 | 1,04,19,067 | 14.68 |
| | Bodies Corporate | 50,13,295 | 7.06 | 50,13,295 | 7.06 |
| | Sub Total | 1,54,32,362 | 21.74 | 1,54,32,362 | 21.74 |
| 2 | Foreign Promoter | 2,93,03,172 | 41.29 | 2,93,03,172 | 41.29 |
| | Subtotal (A) | 4,47,35,534 | 63.03 | 4,47,35,534 | 63.03 |
| B. | Non Promoter's holding | | | | |
| 1 | Institutional Investors | 11900433 | 16.77 | 11900433 | 16.77363085 |
| 2 | Non-Institution Investors | 13929456 | 19.63 | 13929456 | 19.63353374 |
| | Private Bodies Corporate (Including Foreign Bodies) | 86,81,812 | 12.24 | 86,81,812 | 12.23699252 |
| | Indian Public | 41,66,300 | 5.87 | 41,66,300 | 5.872389535 |
| | Others (Including NRIs) | 10,81,344 | 1.52 | 10,81,344 | 1.524151691 |
| | Subtotal (B) | 2,62,41,735 | 36.97 | 2,62,41,735 | 36.97 |
| | Grand Total (A) + (B) | 7,09,77,269 | 100 | 7,09,77,269 | 100 |



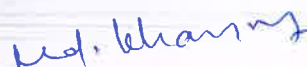
10.8 Mode of payment for subscription (Cheque/ Demand Draft/ other banking channels):
Other banking channels – RTGS/NEFT.**10.9 Disclosure with regard to interest of directors, litigation, etc:**

| Any financial or other material interest of the directors, promoters or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons | The directors, promoters or key managerial personnel do not have any financial or other material interest in the offer/ Issue. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------------------|-----------------------|----------------------|----------------------|-----------------------|---------|--|--|---------------------|---|-----------|--------------------|---|-----------|----------------|---|-----------|-------------------|---|-----------|--------------------|---|-----------|-----------------|---|-----------|------------------|---|-----------|-------------------------|----------|--|----------|--|--|----------------|---|-----------|-------------------|---|-----------|--------------------|---|-----------|-----------------|---|-----------|------------------|---|-----------|-------------------------|----------|--|---------|--|--|----------------|---|-----------|-------------------|---|-----------|--------------------|---|-----------|-----------------|---|-----------|
| Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (three) years immediately preceding the year of the issue of this Offer Letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed | There is no such litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (Three) years immediately preceding the year of the circulation of this Placement Memorandum. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Remuneration of directors (during the current year and last 3 (three) financial years) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table><tr><th>Name of the Director</th><th>Remuneration (in Rs)</th><th>Sitting Fees (In Rs.)</th></tr><tr><td>2021-22</td><td></td><td></td></tr><tr><td>Mr. Animesh Chauhan</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Neeraj Swaroop</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. K R Kamath</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Deepak Vaidya</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Jagdish Capoor</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Bharat Shah</td><td>-</td><td>20,00,000</td></tr><tr><td>Ms. Abanti Mitra</td><td>-</td><td>20,00,000</td></tr><tr><td>Mrs. Padmaja Gangireddy</td><td>18395836</td><td></td></tr><tr><td>2020 -21</td><td></td><td></td></tr><tr><td>Mr. K R Kamath</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Deepak Vaidya</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Jagdish Capoor</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Bharat Shah</td><td>-</td><td>20,00,000</td></tr><tr><td>Ms. Abanti Mitra</td><td>-</td><td>20,00,000</td></tr><tr><td>Mrs. Padmaja Gangireddy</td><td>53750000</td><td></td></tr><tr><td>2019-20</td><td></td><td></td></tr><tr><td>Mr. K R Kamath</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Deepak Vaidya</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Jagdish Capoor</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Bharat Shah</td><td>-</td><td>20,00,000</td></tr></table> | | | Name of the Director | Remuneration (in Rs) | Sitting Fees (In Rs.) | 2021-22 | | | Mr. Animesh Chauhan | - | 20,00,000 | Mr. Neeraj Swaroop | - | 20,00,000 | Mr. K R Kamath | - | 20,00,000 | Mr. Deepak Vaidya | - | 20,00,000 | Mr. Jagdish Capoor | - | 20,00,000 | Mr. Bharat Shah | - | 20,00,000 | Ms. Abanti Mitra | - | 20,00,000 | Mrs. Padmaja Gangireddy | 18395836 | | 2020 -21 | | | Mr. K R Kamath | - | 20,00,000 | Mr. Deepak Vaidya | - | 20,00,000 | Mr. Jagdish Capoor | - | 20,00,000 | Mr. Bharat Shah | - | 20,00,000 | Ms. Abanti Mitra | - | 20,00,000 | Mrs. Padmaja Gangireddy | 53750000 | | 2019-20 | | | Mr. K R Kamath | - | 20,00,000 | Mr. Deepak Vaidya | - | 20,00,000 | Mr. Jagdish Capoor | - | 20,00,000 | Mr. Bharat Shah | - | 20,00,000 |
| | Name of the Director | Remuneration (in Rs) | Sitting Fees (In Rs.) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2021-22 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Animesh Chauhan | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Neeraj Swaroop | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. K R Kamath | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Deepak Vaidya | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Jagdish Capoor | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Bharat Shah | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Ms. Abanti Mitra | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mrs. Padmaja Gangireddy | 18395836 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2020 -21 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. K R Kamath | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Deepak Vaidya | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Jagdish Capoor | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Bharat Shah | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Ms. Abanti Mitra | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mrs. Padmaja Gangireddy | 53750000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2019-20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. K R Kamath | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Deepak Vaidya | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Jagdish Capoor | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mr. Bharat Shah | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|------------------|----------|--|-------------------------|---|--|---------|--|--|----------------|---|-----------|-------------------|---|-----------|--------------------|---|-----------|-----------------|---|-----------|------------------|---|-----------|-------------------------|----------|--|
| | <table><tr><td>Ms. Abanti Mitra</td><td>-</td><td>20,00,000</td></tr><tr><td>Mrs. Padmaja Gangireddy</td><td>53750000</td><td></td></tr><tr><td>2018-19</td><td></td><td></td></tr><tr><td>Mr. K R Kamath</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Deepak Vaidya</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Jagdish Capoor</td><td>-</td><td>20,00,000</td></tr><tr><td>Mr. Bharat Shah</td><td>-</td><td>20,00,000</td></tr><tr><td>Ms. Abanti Mitra</td><td>-</td><td>20,00,000</td></tr><tr><td>Mrs. Padmaja Gangireddy</td><td>53750000</td><td></td></tr></table> | Ms. Abanti Mitra | - | 20,00,000 | Mrs. Padmaja Gangireddy | 53750000 | | 2018-19 | | | Mr. K R Kamath | - | 20,00,000 | Mr. Deepak Vaidya | - | 20,00,000 | Mr. Jagdish Capoor | - | 20,00,000 | Mr. Bharat Shah | - | 20,00,000 | Ms. Abanti Mitra | - | 20,00,000 | Mrs. Padmaja Gangireddy | 53750000 | |
| Ms. Abanti Mitra | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mrs. Padmaja Gangireddy | 53750000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2018-19 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. K R Kamath | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. Deepak Vaidya | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. Jagdish Capoor | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. Bharat Shah | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ms. Abanti Mitra | - | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mrs. Padmaja Gangireddy | 53750000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided | Please refer to CHAPTER F below. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of this Offer Letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark | NIL | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of circulation of the Offer Letter in the case of the Company and all of its subsidiaries. Also if there were any were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of this Offer Letter and if so, section-wise details thereof for the Company and all of its subsidiaries | <p>No inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of circulation of the Offer Letter. The details of Compounding of Offences made during last three immediately preceding financial year are given herein:</p> <p><u>2018-19</u></p> <p><u>Compounding of Offences by Company:</u></p> <table><tr><td>Section:</td><td>Section 203 of the Companies Act, 2013</td></tr><tr><td>Brief Description:</td><td>During the financial year 2018-19, the Company and its KMPs, filed an Application before the compounding authority under Section 441 of the Companies Act, 2013 for Compounding of offence u/s 203 of the Companies Act, 2013 for non-appointment of Chief Financial Officer during the period 13.03.2016 to 30.01.2018. The said</td></tr></table> | | Section: | Section 203 of the Companies Act, 2013 | Brief Description: | During the financial year 2018-19, the Company and its KMPs, filed an Application before the compounding authority under Section 441 of the Companies Act, 2013 for Compounding of offence u/s 203 of the Companies Act, 2013 for non-appointment of Chief Financial Officer during the period 13.03.2016 to 30.01.2018. The said | | | | | | | | | | | | | | | | | | | | | | |
| Section: | Section 203 of the Companies Act, 2013 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Brief Description: | During the financial year 2018-19, the Company and its KMPs, filed an Application before the compounding authority under Section 441 of the Companies Act, 2013 for Compounding of offence u/s 203 of the Companies Act, 2013 for non-appointment of Chief Financial Officer during the period 13.03.2016 to 30.01.2018. The said | | | | | | | | | | | | | | | | | | | | | | | | | | | |




| | | |
|---|-------------------------------------|---|
| | | <p>application was forwarded to Regional Director (RD), South East Region for consideration.</p> <p>Regional Director vide its order no.'F.NO:9/80/TELANGANA/RD(SER)/203 OF 2013/2018, dated 27th March, 2019 has compounded the aforesaid offence, on payment of the relevant fee by the Company.</p> |
| | <u>Details of Compounding Fees:</u> | <p>1. Company - Rs.1,00,000/-,</p> <p>2. Mrs. Padmaja Gangireddy (Managing Director)-Rs.1,87,000/-</p> <p>3. Mr. Santosh Kumar Jha (Past Company Secretary)-Rs. 85,600/-</p> <p>Mr. Rakesh Jhinharia (Past Company Secretary)-Rs.96000/-</p> |
| Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company | NIL | |

10.10 Financial Position of the Company:

The capital structure of the company in the following manner in a tabular form:

| The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value) | Share Capital | Rs. |
|--|--|----------------|
| | Authorised | 21,500,000,000 |
| | | |
| | | |
| | TOTAL | |
| | Issued, Subscribed and Fully Paid- up | 70,97,72,690 |
| | TOTAL | |
| Size of the Present Offer | 2500 (Two Thousand Five Hundred) Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only). | |
| Paid-up Capital: | Equity Share Capital: 70,97,72,690 Preference Share Capital: NIL | |
| a. After the offer: | Equity Share Capital: 70,97,72,690 Preference Share Capital: NIL | |
| b. After the conversion of Convertible Instruments (if applicable) | Not Applicable | |



| Share Premium Account: | | | | | | | | | | | | | | | | |
|---|---|------------------------|-----------------------------|------------------------|----------------------|-------------|-------------------|---------|--------|--------|---------|-------------------------|--------|---------|--------|--------|
| a. Before the offer: | Rs.2217.98 Cr | | | | | | | | | | | | | | | |
| b. After the offer: | Rs.2217.98 Cr | | | | | | | | | | | | | | | |
| Details of the existing share capital of the Issuer including details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case: | | | | | | | | | | | | | | | | |
| Please refer to the table under Section 5.9 of this Placement Memorandum. | | | | | | | | | | | | | | | | |
| *Kindly note the preference shares mentioned above are of different classes. | | | | | | | | | | | | | | | | |
| Details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case. | Please refer to the table under Section 5.9 of this Placement Memorandum. | | | | | | | | | | | | | | | |
| Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of circulation of this Offer Letter | <table><tr><th>FY</th><th>PBT (in Rs. Cr)</th><th>PAT (in Rs. Cr)</th></tr><tr><td>As on March 31, 2022</td><td>64.58</td><td>46.63</td></tr><tr><td>FY 2021</td><td>177.63</td><td>128.98</td></tr><tr><td>FY 2020</td><td>598.14</td><td>336.69</td></tr><tr><td>FY 2019</td><td>469.38</td><td>308.75</td></tr></table> | FY | PBT (in Rs. Cr) | PAT (in Rs. Cr) | As on March 31, 2022 | 64.58 | 46.63 | FY 2021 | 177.63 | 128.98 | FY 2020 | 598.14 | 336.69 | FY 2019 | 469.38 | 308.75 |
| FY | PBT (in Rs. Cr) | PAT (in Rs. Cr) | | | | | | | | | | | | | | |
| As on March 31, 2022 | 64.58 | 46.63 | | | | | | | | | | | | | | |
| FY 2021 | 177.63 | 128.98 | | | | | | | | | | | | | | |
| FY 2020 | 598.14 | 336.69 | | | | | | | | | | | | | | |
| FY 2019 | 469.38 | 308.75 | | | | | | | | | | | | | | |
| Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid) | <table><tr><th>Year</th><th>As on March 31, 2022</th><th>2021</th><th>2020</th><th>2019</th></tr><tr><td>Dividend Declared</td><td>NIL</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>Interest Coverage Ratio</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr></table> | Year | As on March 31, 2022 | 2021 | 2020 | 2019 | Dividend Declared | NIL | Nil | Nil | Nil | Interest Coverage Ratio | NA | NA | NA | NA |
| Year | As on March 31, 2022 | 2021 | 2020 | 2019 | | | | | | | | | | | | |
| Dividend Declared | NIL | Nil | Nil | Nil | | | | | | | | | | | | |
| Interest Coverage Ratio | NA | NA | NA | NA | | | | | | | | | | | | |
| A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter | Please refer CHAPTER A to this Private Placement Offer cum Application Letter. | | | | | | | | | | | | | | | |
| Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter | Please refer CHAPTER B to this Private Placement Offer cum Application Letter. | | | | | | | | | | | | | | | |
| Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company | Our Company has adopted the Indian Accounting Standards (“IndAS”) for the financial periods starting from April 01, 2018. Given that IndAS differs in many respects from Indian GAAP, there has been a change in revenue recognition and other significant accounting practices since April 01, 2018 as per the statutory requirement. | | | | | | | | | | | | | | | |



Ref. Khan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

10.11 PART B (To be filed by the Applicant)

- (i) Name: _____
(ii) Director name: N.A;
(iii) Complete Address including Flat / House Number, Street, Locality, Pin Code: _____;
(iv) Phone number; if any: _____;
(v) Email ID, if any: _____;
(vi) PAN Number: _____; and
(vii) Bank Account details:

Bank Name: _____

Branch: _____

IFSC: _____

Cash Account Number (INR): _____

Account Name of the Applicant's account at the Main Bank: _____

(viii) Tick whichever is applicable:

- (a) The applicant is not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares / securities:

Yes

- (b) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith:

Not required

Signature _____

Signature _____

Initial of the Officer of the Company designated to keep the record

Enclosed

Copy of Board Resolution

Copy of Shareholders Resolution

Copy of _____

Chapter A - A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter

Chapter B - Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter

Chapter C - A certified true copy of the Board Resolution and Management Committee resolution;

Chapter D - Certified true copies of the Shareholder Resolutions

Chapter E - Details of branches with address as on December 31, 2022



Red. Bhargava

Placement Memorandum

Date: April 10, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Chapter F-Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided

Optional Attachments, if any

Redd Chandra



**CHAPTER A: FINANCIAL POSITION OF THE COMPANY AS IN THE 3 (THREE)
AUDITED BALANCE SHEETS IMMEDIATELY PRECEDING THE DATE OF
CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION
LETTER**

Attached Separately



Prof. Khaym

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

CHAPTER B: AUDITED CASH FLOW STATEMENT FOR THE 3 (THREE) YEARS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER



| Spandana Spahoorty Financial Limited (CIN: L68299TG2003PL2000046) | | |
|---|--|----------------------------------|
| Statement of Standalone Financial Results for the quarter and year ended March 31, 2023 | | |
| Notes | | |
| 2. Statement of standalone statement of cashflow for the year ended March 31, 2023 | | |
| | (Figures in million unless otherwise stated) | |
| Particulars | For year ended March 31, 2023 | For year ended March 31, 2022 |
| Cash flow from operating activities | | |
| Profit before tax | 643.05 | 1,776.58 |
| Adjustments for: | | |
| Interest on income tax | 58.99 | 137.39 |
| Depreciation and amortisation | 95.46 | 79.85 |
| Share based payment to employees | 112.29 | 88.09 |
| Provision for penalty | 16.82 | 6.04 |
| Finance cost on lease liability | 17.81 | 14.88 |
| Gain on transfer of lease portfolio | - | (9.28) |
| Impairment on financial instruments and other provisions | 6,938.31 | 6,306.75 |
| Net gain on fair value changes | (479.06) | (81.84) |
| Net gain on adjustment on movement of termination of leases | (52.44) | - |
| Net (gain)/loss on financial assets and liabilities designated at fair value through profit or loss | (43.01) | 27.44 |
| Other provisions and write-offs | 14.15 | 26.21 |
| Operating profit before working capital changes | 8,618.85 | 8,477.58 |
| Changes in working capital: | | |
| Changes in other financial liabilities | (1,123.49) | 386.91 |
| Changes in other non-financial liabilities | 94.07 | 112.56 |
| Changes in bank balances other than cash and cash equivalents | (2,291.43) | (492.28) |
| Changes in provisions | (9.40) | 105.42 |
| Changes in trade receivables | (74.82) | - |
| Changes in loans | 8,414.47 | (24,807.17) |
| Changes in other financial assets | 485.18 | 983.39 |
| Changes in other non-financial assets | (129.72) | (114.97) |
| Cash used in operations | 4,998.79 | (16,449.77) |
| Income taxes paid | (2,644.97) | (777.78) |
| Net cash generated from (used in) operating activities (A) | 8,199.82 | (15,193.77) |
| Cash flow from investing activities | | |
| Payments of property, plant and equipment | (9,441) | (132.04) |
| Purchase of intangible assets | (38.82) | (6.38) |
| Proceeds from decommissioning of property, plant and equipment | 6.04 | 35.31 |
| Proceeds from sale of property, plant and equipment | 10.57 | 423.21 |
| Investment in subsidiary | - | (20,000) |
| Purchase of investments | (1,60,024.87) | (70,000.00) |
| Net cash generated from (used in) investing activities (B) | 448.26 | (19,570.90) |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including associate premium) | 3,916.27 | - |
| Debt securities issued (repaid) | (2,719.79) | (2,392.36) |
| Principal payment of lease liability | (5,310) | 5.00 |
| Interest payment of lease liability | (17.81) | 14.88 |
| Dividends (after tax debt securities) (net) | (12,897.07) | 9,348.29 |
| Interest received (paid) | 5.00 | 0.00 |
| Net cash generated from (used in) financing activities (C) | (4,003.30) | 6,975.81 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | 14,697.78 | (18,788.86) |
| Cash and cash equivalents at the beginning of the year | 11,357.83 | 136.19 |
| Cash and cash equivalents at the end of the year | 5,339.95 | 11,347.52 |



Spandana Spahoorty Financial Limited
CIN: L68299TG2003PL2000046
Plot No. 11 & 12, Rainy Season Towers, Sector 4,
Gurgaon Road, Financial District, Gurgaon, Haryana 122 002,
IN. INDIA-122 002



Red Khan

Spandana Spahoorty Financial Limited
Standard Cash Flow Statement for the year ended March 31, 2023

(Figures in Lakhs unless otherwise stated)

| Particulars | For year ended March 31, 2023 | For year ended March 31, 2022 |
|--|----------------------------------|----------------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 776.35 | 1,981.40 |
| Adjustments for: | | |
| Interest on income tax | (31.99) | - |
| Depreciation and amortization | 74.85 | 87.42 |
| Share based payment to employees | 88.05 | 41.97 |
| Provision for gratuity | 8.76 | 19.30 |
| Finance cost on lease liability | 14.88 | 14.37 |
| Gain or loss on transfer | (9.26) | - |
| Impairment on financial instruments and other provisions | 3,390.73 | 2,728.96 |
| Net gain on fair value changes | (85.84) | (44.26) |
| Net loss on financial assets and liabilities designated at fair value through profit or loss | 27.44 | - |
| Other provisions and items with | 26.19 | 29.13 |
| Operating profit before working capital changes | 6,677.66 | 6,847.79 |
| Changes in working capital | | |
| Increase / (decrease) in other financial liabilities | 266.82 | 1,707.33 |
| Increase / (decrease) in provisions | - | (3.42) |
| Increase / (decrease) in other non-financial liabilities | 115.06 | 70.97 |
| (Increase) / decrease in bank balances other than cash and cash equivalents | (462.28) | 17.11 |
| (Increase) / decrease in trade receivables | 182.62 | (188.19) |
| (Increase) / decrease in loans | (24,823.17) | (7,907.82) |
| (Increase) / decrease in other financial assets | 963.35 | (3,037.22) |
| (Increase) / decrease in other non-financial assets | (23.07) | 23.35 |
| Cash used in operations | (18,464.17) | (417.99) |
| Income taxes paid | (777.39) | (1,18.77) |
| Net cash used in operating activities (A) | (19,241.56) | (536.76) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (152.44) | (45.00) |
| Purchase of intangible assets | (6.19) | (0.02) |
| Proceeds from decommissioning of property, plant and equipment | 30.34 | - |
| Business transfer | 822.21 | - |
| Investment in Subsidiary | (500.00) | - |
| Purchase of investments | (42,843.09) | 172,390.11 |
| Sale of investments | 47,779.57 | 67,053.26 |
| Net cash generated/(used) in investing activities (B) | 3,244.44 | (4,857.87) |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | - | 3,923.39 |
| Debt issuances (net) | 12,542.98 | (9,943.26) |
| Principal payments of lease liability | 9.89 | (29.80) |
| Interest payments of lease liability | 14.88 | 14.37 |
| Borrowings (other than debt securities) (net) | 9,341.28 | 6,854.22 |
| Subordinated liabilities (net) | 0.16 | 0.11 |
| Share issue expenses | - | (150.96) |
| Net generated from financing activities (C) | 21,808.31 | 4,570.43 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | 15,771.62 | (917.85) |
| Cash and cash equivalents at the beginning of the year | 536.19 | 1,454.07 |
| Cash and cash equivalents at the end of the year (refer note 4) | 16,307.81 | 536.19 |
| Components of cash and cash equivalents as at the end of year | | |
| Cash on hand | 20.92 | 2.82 |
| Balance with banks - on current account | 8,765.07 | 735.37 |
| Deposits with original maturity of less than or equal to 3 months | 7,521.82 | - |
| Total cash and cash equivalents | 16,307.81 | 536.19 |

For disclosure of investing and financing activities that do not require the use of cash and cash equivalents, refer note 6A

| Cash flow from operating activities | For year ended March 31, 2023 | For year ended March 31, 2022 |
|-------------------------------------|----------------------------------|----------------------------------|
| Interest received | 12,785.08 | 12,372.85 |
| Interest paid | 3,942.28 | 3,321.34 |

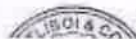
Summary of significant accounting policies

Note No. 3

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
Pw C. H. Rastogi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 300332/IC300035

per Vikram H. Mehta



For and on behalf of the Board of Directors of
Spandana Spahoorty Financial Limited

Deepak Catiya Mittal Padmaja Ganguly



Reddy Chandra

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| SPANDANA SPOHOORTY FINANCIAL LIMITED | | |
|---|----------------------------------|----------------------------------|
| Standardized Audited Cash flow statement for the quarter and year ended March 31, 2020 | | |
| Note: 2. Disclosure of standardized statement of cash flow as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, for the year ended March 31, 2020. | | |
| (Rupees in millions unless otherwise stated) | | |
| Particulars | For year ended March 31, 2020 | For year ended March 31, 2019 |
| | (Audited) | (Audited) |
| Cash flow from operating activities | | |
| Profit before tax | 1,981.40 | 1,593.81 |
| Adjustments for: | | |
| Interest on income tax | - | 1.15 |
| Depreciation and amortization | 87.42 | 69.19 |
| Share based payment to employees | 41.07 | 41.14 |
| Finance cost on Lease Liability | 14.37 | - |
| Provision for gratuity | 10.20 | 3.95 |
| Net gain on derecognition of property, plant and equipment | - | (0.03) |
| Impairment on financial instruments and other provisions | 2,728.96 | 454.17 |
| Net gain on fair value changes | (44.76) | (109.57) |
| Other provisions and write offs | 29.13 | 23.61 |
| Operating profit before working capital changes | 8,847.79 | 5,177.42 |
| Movements in working capital: | | |
| Increase / (decrease) in other financial liabilities | 1,707.33 | 290.10 |
| Increase / (decrease) in provisions | (3.43) | (7.50) |
| Increase / (decrease) in other non financial liabilities | 70.97 | 43.12 |
| (Increase) / decrease in bank balances other than cash and cash equivalents | 57.81 | (995.63) |
| (Increase) / decrease in trade receivables | (188.19) | (9.95) |
| (Increase) / decrease in loans | (7,007.82) | (10,522.94) |
| (Increase) / decrease in other financial assets | (3,027.22) | (225.23) |
| (Increase) / decrease in other non financial assets | 25.55 | (111.54) |
| Cash used in operations | (417.90) | (6,362.14) |
| Interest taxes paid | (118.72) | (135.61) |
| Net cash generated/(used) in operating activities (A) | (536.62) | (6,497.75) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (45.00) | (69.07) |
| Purchase of intangible assets | (0.02) | (8.00) |
| Proceeds from derecognition of property, plant and equipment | - | 0.08 |
| Purchase of investments | (72,390.11) | (67,585.20) |
| Sale of investments | 67,583.34 | 67,694.76 |
| Investment in subsidiary | - | (625.35) |
| Net cash used in investing activities (B) | (4,851.89) | (592.78) |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | 3,925.59 | 501.00 |
| Balance subscription of optionally convertible redeemable preference shares (all series) | - | 532.31 |
| Proceeds from issue of Share Warrants (including securities premium) | - | 349.03 |
| Dividend paid on compulsory convertible preference shares (all series) | - | (0.13) |
| Debt securities (net) | (5,943.36) | 3,572.51 |
| Payment of Lease liability | (15.42) | - |
| Borrowings (other than debt securities) (net) | 6,654.22 | 2,564.81 |
| Subordinated liabilities (net) | 0.11 | 0.01 |
| Share issue expenses | (150.46) | - |
| Net cash from financing activities (C) | 4,470.68 | 7,519.54 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | (917.83) | 429.00 |
| Cash and cash equivalents at the beginning of the year | 1,454.07 | 1,025.07 |
| Cash and cash equivalents at the end of the year | 536.24 | 1,454.07 |
| Cash flow from operating activities includes interest received of Rs.12,372.65 million (previous year Rs. 9,643.40 million) and interest paid of Rs.3,325.34 million (previous year Rs. 3,229.04 million) | | |



Reddy

| Spandana Spahoorty Financial Limited Standalone Cash Flow Statement for the year ended December 31, 2021 | | | |
|---|--|-----------------------------|---------------------------|
| Particulars | (Rupees in millions unless otherwise stated) | | |
| | Half Year ended | | For year ended |
| | Sep 30, 2021 (Unaudited) | Sep 30, 2020 (Unaudited) | Mar 31, 2021 (Audited) |
| Cash flow from operating activities | | | |
| Profit before tax | 420.42 | 1,587.86 | 1,776.3 |
| Adjustments for: | | | |
| Interest on income tax | 54.06 | | 157.5 |
| Depreciation and amortization | 59.47 | 31.06 | 74.8 |
| Share based payment to employees | 61.37 | 49.37 | 88.0 |
| Provision for gratuity | (0.01) | 5.05 | 8.5 |
| Finance cost on lease liability | 13.41 | 7.13 | 14.8 |
| Gain on business transfer | - | - | (9.2) |
| Impairment on financial instruments and other provisions | 4,452.75 | 2,333.44 | 6,398.7 |
| Net gain on fair value changes | (396.03) | (44.32) | (85.8) |
| Net (gain)/loss on financial assets and liabilities designated at fair value through profit or loss | (43.01) | - | 27.4 |
| Other provisions and write off | 16.61 | 9.02 | 26.1 |
| Operating profit before working capital changes | 4,639.05 | 3,978.61 | 8,477.5 |
| Movements in working capital: | | | |
| Increase / (decrease) in other financial liabilities | (1,542.91) | 522.82 | 266.8 |
| Increase / (decrease) in other non financial liabilities | (133.27) | 36.89 | 115.9 |
| (Increase) / decrease in bank balances other than cash and cash equivalents | (2,505.61) | (174.41) | (482.2) |
| (Increase) / decrease in trade receivables | 81.61 | 143.58 | 102.6 |
| (Increase) / decrease in loans | 9,793.98 | (8,671.44) | (24,823.1) |
| (Increase) / decrease in other financial assets | 219.46 | 216.66 | 963.3 |
| (Increase) / decrease in other non financial assets | (37.27) | 24.96 | (25.05) |
| Cash used in operations | 10,521.43 | (3,922.33) | (15,404.17) |
| Income taxes paid | (2,055.00) | (22.33) | (777.59) |
| Net cash used in operating activities (A) | 8,466.43 | (3,944.66) | (16,181.77) |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | (33.20) | (18.28) | (152.44) |
| Purchase of intangible assets | - | - | (0.10) |
| Proceeds from derecognition of property, plant and equipment | 31.18 | 0.01 | 38.2 |
| Business transfer | 0.00 | - | 822.2 |
| Investment in Subsidiary | - | - | (500.00) |
| Purchase of investments | (89,424.01) | (7,073.00) | (42,843.0) |
| Sale of investments | 89,820.04 | 11,958.25 | 47,779.5 |
| Net cash generated/(used) in investing activities (B) | 394.02 | 4,866.98 | 5,144.4 |
| Cash flow from financing activities | | | |
| Proceeds from issue of equity shares (including securities premium) | 24.41 | - | - |
| Debt securities (net) | (576.57) | (249.34) | 12,542.9 |
| Principal payment of lease liability | (3.79) | - | 9.6 |
| Interest payment of lease liability | (13.41) | (7.42) | 14.8 |
| Borrowings (other than debt securities) (net) | (10,486.02) | 3,145.36 | 9,241.2 |
| Subordinated liabilities (net) | 0.06 | 0.01 | 0.1 |
| Net generated from financing activities (C) | (11,055.31) | 2,888.61 | 21,808.9 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | (2,194.87) | 3,810.93 | 10,771.6 |
| Cash and cash equivalents at the beginning of the year | 11,307.82 | 536.19 | 536.1 |
| Cash and cash equivalents at the end of the year (refer note 4) | 9,112.95 | 4,347.12 | 11,307.8 |

Page 1



CHAPTER C: BOARD RESOLUTION AND MANAGEMENT COMMITTEE RESOLUTION



CERTIFIED TRUE COPY OF RESOLUTION PASSED AT THE MEETING NO. 01/2023-24 OF THE MANAGEMENT COMMITTEE OF BOARD OF DIRECTORS ("MANAGEMENT COMMITTEE") OF SPANDANA SPHOORTY FINANCIAL LIMITED ("COMPANY") HELD ON TUESDAY, APRIL 04, 2023, THROUGH AUDIO-VISUAL ELECTRONIC COMMUNICATION MEANS ("AVEC"):

TO APPROVE THE ISSUE OF UP TO 2,500 (TWO THOUSAND AND FIVE HUNDRED) SENIOR, SECURED, RATED, LISTED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES HAVING FACE VALUE OF RS.1,00,000/- (ONE LAKH) EACH AT PAR AGGREGATING UP TO RS. 25,00,00,000/- (RUPEES TWENTY-FIVE CRORE ONLY) ON PRIVATE PLACEMENT BASIS:

"RESOLVED THAT pursuant to the powers delegated by the Board of Directors of the Company (the 'Board') to the Management Committee at its meeting held on August 04, 2022 and the resolution passed by the Board at its meeting held on July 11, 2022, pursuant to the approval of the shareholders of the Company obtained at the Annual General Meeting held on September 21, 2022 pursuant to Section 42 of the Companies Act, 2013; pursuant to the approval of the shareholders of the Company obtained at the Annual General Meeting held on September 28, 2021 pursuant to Section 180(1)(c) of the Companies Act, 2013; and pursuant to the approval of the shareholders of the Company obtained at the Annual General Meeting held on September 28, 2021 pursuant to Section 180(1)(a) of the Companies Act, 2013, the provisions of the Sections 42, 71, and 179 of the Companies Act, 2013, and all the applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time, ("NCS Regulations"), Securities and Exchange Board of India "Operational Circular for Issue and Listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper" dated August 10, 2021, each as amended, updated, modified or supplemented from time to time ("SEBI Operational Circular") (NCS Regulations and SEBI Operational Circular shall collectively be referred to as the "SEBI Debt Listing Regulations") and any other provisions as may be applicable (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the regulations/guidelines, if any, prescribed by any relevant authorities from time to time, including applicable circulars, guidelines and notifications issued from time to time by the Securities and Exchange Board of India ("SEBI") and Reserve Bank of India ("RBI") including the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, and the SEBI Debt Listing Regulations, as amended and also subject to approvals, consents, sanctions, permissions as may be required from any appropriate statutory and regulatory authorities, and in accordance with the relevant provisions of the Memorandum of Association and Articles of Association of the Company and the listing agreements entered into with the stock exchange being the Bombay Stock Exchange or National Stock Exchange of India Limited (the "Stock Exchange") where the securities of the Company may be listed, subject to such approvals, consents, sanctions, permissions as may be necessary from all other appropriate statutory and regulatory authorities, if any and subject to such conditions and modifications as may be prescribed by the respective statutory and/or regulatory authorities while granting such approvals, consents, sanctions, permissions and subject to such conditions or modifications which may be agreed to, the Management Committee of Board of Directors of the Company (the "Management Committee") hereby approves:

- a) the offer and issue of up to 2,500 (Two Thousand and Five Hundred) Senior, Secured, Rated, Listed, Redeemable, Non-Convertible Debentures for a face value of up to Rs. 1,00,000/- (Rupees One Lakh only) per debenture for a tenure of 37 (Thirty-Seven) months and 15 (Fifteen) days or such other tenure as may be decided by the Company and investors and having a coupon payable at the rate of 10.25% (Ten decimal point Two Five Percent) per annum payable monthly

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSHC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN
Ph: +9140-45474750 | contact@spandanaspfoorty.com | www.spandanaspfoorty.com

Red. Khan



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)



or such other rate as may be decided by the Company and investors, aggregating up to Rs. 25,00,00,000/- (Rupees Twenty-Five Crore only), ("Debentures") for cash, in dematerialized form and on a private placement basis (the "Issue") on the terms and conditions to be set out in the debenture trust deed to be entered into by and between the Company and Catalyst Trusteeship Limited, as the debenture trustee ("Debenture Trustee") (collectively "Debenture Trust Deed") and the Disclosure Documents (as defined below) to investors identified by the Committee ("Investor").

- b) securing of the amounts to be raised pursuant to the issue of Debentures together with all interests and other charges thereon are to be secured by way of, *inter-alia* a first ranking, exclusive and continuing charge on certain identified loan receivables ("Hypothecated Receivables") to be created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein ("Deed of Hypothecation"). The Hypothecated Receivables shall at all times be equal to 1.10 (One Decimal Point One Zero) times of the total amount of principal outstanding of the Debentures and the coupon accrued thereon, referred to herein as the "Security".

"RESOLVED FURTHER THAT pursuant to Section 42(2) of the Companies Act, 2013, the Committee shall identify the identified person(s) to whom the Company can make private placement of the Debentures in the Allotment Resolution;"

RESOLVED FURTHER THAT Mr. Ashish Kumar Damani, President & Chief Financial Officer; Mr. Nikhilesh Kumar Jain, Vice President-Fund Raise; Mr. Mohammed Khayyum, Senior Manager-Finance; and Mr. Ramesh Periasamy, Company Secretary and Chief Compliance Officer (collectively "Authorised Signatories") of the Company be and are hereby severally authorised to appoint:

- i. Catalyst Trusteeship Limited being a debenture trustee registered with SEBI as the debenture trustee ("Debenture Trustee") in respect of the issue, offer and allotment of the Debentures on such terms and conditions as may be agreed between the Company and the Debenture Trustee in the debenture trustee agreement to be executed by and between the Company and the Debenture Trustee ("Debenture Trustee Agreement");
- ii. National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") as the depositories for the issue, offer and allotment of Debentures;
- iii. India Ratings and Research Private Limited, being a credit rating agency registered with the SEBI for obtaining the rating(s) in respect of the issue, offer and allotment of the Debentures ("Rating Agency");
- iv. KFIN Technologies Limited, as the registrar and share transfer agent for the issue, offer and allotment of the Debentures;"

"RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised to:

- a) to do all such acts, deeds and things as the Authorised Signatories may deem necessary or desirable in connection with the issue, offer and allotment of the Debentures;
- b) seek, if required, any approval, consent or waiver from any/all concerned government and regulatory authorities, and/or any other approvals, consent or waivers that may be required in connection with the issue, offer and allotment of the Debentures;
- c) negotiate, approve of and decide the terms and conditions of the issuance of Debentures;

Spandana Sohoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN
Ph: +9140-45474750 | contact@spandanasohoorty.com | www.spandanasohoorty.com

Red. Khan





- d) execute the term sheet
- e) finalize terms and conditions of the appointment of the consultants, appointment of legal counsel, the registrar to the issue, the rating agency and other advisors as may be required and making payment of their fees;
- f) authorised to record the name of the holders of the Debentures in the register of debenture holders of the Company, to maintain the register of holders of Debentures and to undertake such other acts, deeds and acts as may be required to give effect to the issue, offer and allotment of the Debentures;
- g) to take all necessary steps relating to the creation, perfection and registration of the Security as required in accordance with the terms of the Transaction Documents (as defined below) including but not limited to sign and submit the necessary forms with the relevant Registrar of Companies, the Ministry of Corporate Affairs, CDSL, NSDL and other relevant governmental authorities as required and as required in accordance with the terms of the Transaction Documents (as defined below) in relation to the issue, offer and allotment of the Debentures;
- h) finalize the date of allocation and the deemed date of allotment of the Debentures;
- i) negotiate, execute, file and deliver any documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required in connection with the issue and deal with regulatory authorities in connection with the Issue including but not limited to Registrar of Companies, Ministry of Corporate Affairs or any depository and such other authorities as may be required;
- j) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates and to give such directions as it deems fit or as may be necessary or desirable with regard to this Issue;
- k) to execute all documents, file forms with, make applications with the Registrar of Companies, or any depositories including issuing instructions to NSDL and CDSL and to execute or ratify the necessary or requisite agreement(s) with NSDL and CDSL and the registrar and transfer agent(s) and entering into any other agreements with CDSL and NSDL, undertakings or other writings required for admitting the Company and the Debentures to CDSL and NSDL and for the issue of the Debentures in the dematerialised form;
- l) sign and/or dispatch all documents and notices to be signed and/or dispatched by the Company under or in connection with the Transaction Documents;
- m) to take all steps and do all things and give such directions as may be required, necessary, expedient or desirable for giving effect to the Transaction Documents, the transactions contemplated therein and the resolutions mentioned herein;
- n) approving the placement memorandum and the private placement offer cum application letter (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;
- o) to take all such decisions and steps as they deem fit and to perform all such acts, deeds, matters and things and give such directions as may be required, necessary, expedient or desirable for giving effect to the Transaction Documents, the transactions contemplated therein and the resolutions mentioned herein, including without limitation, to approve, negotiate, finalize, sign, execute, ratify, amend, supplement and/or issue any document, deed, undertakings, mandates, agreements, assignments, instruments and writings including the following, including any amendments, modifications, supplements, restatements or novation thereto (now or in the future):

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN
Ph: +9140-45474750 | contact@spandanaspchoorty.com | www.spandanaspchoorty.com



Med. Chary



- i. placement memorandum, private placement offer cum application letter(s) ("Disclosure Documents");
 - ii. tripartite agreement between the Company, the depository and the registrar and transfer agent;
 - iii. the memorandum of understanding between the Company and the registrar and transfer agent;
 - iv. the Debenture Trust Deed, Debenture Trustee Agreement, Deed of Hypothecation and other requisite documents for the creation of a security and to record the terms upon which the Debentures are being issued and to do all such acts, deeds and things as may be necessary or expedient to implement this resolution and to execute all such documents, writings, agreements and evidences as may be required by the Debenture Trustee in connection with the aforesaid and where required including lodging of any such documents, writings and agreements for registration under the Indian Registration Act and/or other statute(s) / law(s) and any other document in relation thereto (collectively, the "Transaction Documents");
 - v. documents for the opening of bank accounts and issuing instructions of bank accounts related thereto in connection with the Debentures including without limitation for the purposes of recognizing the rights of the Debenture Trustee to operate such bank accounts;
 - vi. any other documents required for the purposes of the Issue and the transactions contemplated thereby, including but not limited to letters of undertaking, declarations, agreements, reports; and
 - vii. any other document designated as a security document by the Debenture Trustee.
- p) do all other acts, deeds and things as may be deemed necessary to give effect to the foregoing and the other terms of this resolution."

"RESOLVED FURTHER THAT each of the Authorised Officers, be and are hereby severally authorized to take all necessary steps relating to the creation, perfection and registration of charges and also to sign and submit the necessary forms with the Registrar of Companies, the Ministry of Corporate Affairs, or and depository and other relevant governmental authorities."

"RESOLVED FURTHER THAT the approval of the Committee, be and is hereby accorded to seek admission of aforesaid Debentures, in the Depository system of NSDL and CDSL and that Authorised Signatories, be and are hereby severally authorized to do all such acts and deeds as may be required and to sign all such papers and documents as may be necessary to implement the decision and execute or ratify the necessary or requisite agreement(s) with those depositories and the registrar and transfer agent and any other agreements, undertakings or other writings required for the issue, offer and allotment of the Debentures in dematerialized form and to negotiate, finalise and execute any documents in such respect and/or to ratify the same."

"RESOLVED THAT each of the Authorised Officers, be and are hereby severally authorised to prepare, approve and finalize, issue on behalf of the Company, the terms of the Disclosure Documents to subscribe to the Debentures on a private placement basis, and to sign and execute the aforementioned documents on behalf of the Company and to file the private placement offer cum

Spandana Sphoorty Financial Limited

CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,

TSIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanaspheorty.com | www.spandanaspheorty.com

Red. Khan





application letter with the relevant registrar of companies in accordance with the Companies Act 2013 setting out the terms and conditions of the issuance of the Debentures."

"RESOLVED FURTHER THAT each of the Authorised Officers, be and are hereby severally authorised to pay all stamp duty required to be paid for the Issue in accordance with the laws of the Republic of India and procure the stamped documents from the relevant governmental authorities."

"RESOLVED FURTHER THAT any of the Authorised Officers, be and are hereby severally authorised to approve and finalise, sign, execute and deliver documents in relation to the Issue as set out in this resolution and such other agreements, deeds, undertakings, indemnity and documents as may be required by the debenture trustee, or any of them in connection with the Debentures to be issued by the Company."

"RESOLVED FURTHER THAT each of the Authorised Officers, be and are hereby authorised to delegate the powers as may be deemed necessary to do such acts and execute such documents as may be required in connection with any of the matters relating to the issue of the Debentures."

"RESOLVED FURTHER THAT each of the Authorised Signatories, be and hereby severally authorised to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or governmental authority competent in that behalf."

"RESOLVED FURTHER THAT each of the Authorised Signatories, be and hereby severally authorised to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or governmental authority competent in that behalf."

"RESOLVED FURTHER THAT each of the Authorised Signatories, be and hereby severally authorised to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or governmental authority competent in that behalf."

"RESOLVED FURTHER THAT the Committee do hereby approve and ratifies all such acts, deeds and actions taken by the Company till date for the purpose of this Issue."

"RESOLVED FURTHER THAT any one Director or the Company Secretary be and are hereby severally authorised to furnish the certified true copy of the foregoing resolution to the debenture trustee and such other persons as may be deemed necessary for their information and records".

For Spandana Sphoorty Financial Limited

Ramesh

Periasamy

Ramesh Periasamy

Company Secretary and Chief Compliance Officer

Digitaly signed by Ramesh Periasamy
Date: 2023.04.04 11:23:09
+05'30

Spandana Sphoorty Financial Limited

CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,

TSIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanasphoorty.com | www.spandanasphoorty.com



Ref: bhay...



OBTAINED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING NO.150 OF THE BOARD OF DIRECTORS OF SPANDANA SPHOORTY FINANCIAL LIMITED ("COMPANY") HELD ON THURSDAY, AUGUST 04, 2022:

TO CONSIDER AND APPROVE RECONSTITUTION OF MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS:

"RESOLVED THAT in supersession to all the earlier resolutions passed by the Board with regard to the constitution/ re-constitution of the Management Committee, the Management Committee be and is hereby re-constituted with effect from August 04, 2022 comprising the following members;

| | |
|----|------------------------------------|
| 1. | Mr. Shalish Saxena – Chairperson |
| 2. | Mrs. Abanti Mitra – Member |
| 3. | Mr. Kartikaya Dhiraj Kaji – Member |

RESOLVED FURTHER THAT the quantum for the Management Committee Meeting shall be two members.

RESOLVED FURTHER THAT in supersession of all the earlier resolutions passed by the Board in this regard, the terms of reference of the Management Committee of the Board of Directors of the Company, shall be;

- a. to apply for loans and to provide security including hypothecation of book debts of the Company at such terms and conditions as may be decided by the Committee from time to time;
- b. to borrow moneys from time to time subject to an aggregate amount as approved by the Shareholders;
- c. to determine the terms of the Issue(s) of Debentures, and finalize the terms and conditions of such Issue(s) including the number of Debentures to be allotted in each Issue, Issue Price/Face Value, Rate of Interest, Redemption Period, the nature of security etc. for the purpose of raising funds in its absolute discretion as deemed fit and to do all such acts, deeds and things as may be required necessary in this regard;
- d. to sell loan portfolios of the Company up to a limit of Rs. 1,500 Crores per sanction;
- e. to securitize the loan receivables arising from an identified pool of loans ("Receivables") provided to various persons from time to time standing in the books of the Company up to a limit of Rs. 1,500 Crores per sanction;
- f. to purchase book debts of other micro-finance/ NBFC Companies up to a limit of Rs. 50 Crores per sanction;
- g. to grant loans including inter corporate loans and advances on such terms and conditions as it may deem fit;
- h. to give guarantee or provide security for securing the loans or advances availed or to be availed by its subsidiaries;
- i. to authorize Company official/s for execution of any agreements, deeds and documents on behalf of the Company, including any loan documents;
- j. to change and authorize any officials of the Company to open, operate and close the Bank Accounts and Demat Accounts of the Company;
- k. to invest funds of the Company in Fixed Deposits to the extent necessary to avail credit facilities/

Spandana Sphoorty Financial Limited

CIN - L55929TL2003PLC06648

Plot No.31 & 32, Ramky Selenyum Towers, Tower A, Ground Floor,

Financial Dist, Nanakramguda, Hyderabad - 500 032

Ph: +9140-45474750

contact@spandanaspohorty.com, www.spandanaspohorty.com





loans from the Banks/ Financial Institutions etc. and to invest surplus funds in liquid funds (i.e. mutual funds etc.) for the benefit of the Company including authorising the officials of the Company for such investments;

- L. to approve capital and operational expenditure including any exception thereof as per the Delegation of Authority Matrix as approved by the Board and amended from time to time.
- m. to appoint /authorize Company official/s for execution of documents, agreement, deeds and papers as may be required from time to time in relation to day-to-day operations of the Company;
- n. to make applications for obtaining licenses, registrations, connections, clearances, services etc. and to authorize/appoint directors/employees/officers for signing applications, returns, forms, bonds, agreements, documents, papers etc. and for representing Company before the authorities under various Laws including but not limited to Corporate Laws, Industrial Laws, Tax Laws, Labour Laws and other Business Laws applicable to the Company in respect of all present and future offices of the Company, for compliance of all provisions, rules, clauses, regulations, directives and other related matters under the said Laws, which may be applicable to the Company;
- o. to review lease, assign, sell, transfer or otherwise dispose of, any fixed assets or investments, whether by one transaction or by a series of transactions (whether related or not).

RESOLVED FURTHER THAT the Company Secretary of the Company will act as the Secretary of the Management Committee.

RESOLVED FURTHER THAT any of the Directors of the Company and Mr. Ramesh Periasamy, Company Secretary and Compliance Officer of the Company be and are hereby severally authorized to do all such acts, deeds and things which may be deemed necessary for giving effect to this resolution."

For Spandana Sphoorty Financial Limited
Ramesh
Periasamy
Ramesh Periasamy
Company Secretary and Compliance Officer

Digitally signed by Ramesh
Periasamy
Date: 2022.09.09 10:41:21
+05'30'

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648
Plot No.31 & 32, Ramky Selenyum Towers, Tower A, Ground Floor,
Financial Dist, Narasimhaipada, Hyderabad - 500 032
Ph: +9140-45474750

contact@spandanaspheorty.com, www.spandanaspheorty.com





CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF SPANDANA SPOORTY FINANCIAL LIMITED HELD ON MONDAY, JULY 11, 2022 THROUGH AUDIO-VISUAL ELECTRONIC COMMUNICATIONS MEANS ("AVEC"):

TO APPROVE THE ISSUANCE OF NON-CONVERTIBLE DEBENTURES, IN A YEAR, ON A PRIVATE PLACEMENT BASIS AND TO CONFER AUTHORIZATION IN THIS REGARD AND MATTERS RELATED THERETO:

"RESOLVED THAT in accordance with Section 42, 71, 179(3)(c) and other applicable provisions, if any, of the Companies Act, 2013 and in accordance with Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014, SEBI (Issue & Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 including guidelines Issued by Reserve Bank of India for Raising Money through Private Placement of Non-Convertible Debentures ("NCDs") by NBFCs and all other rules, regulations, guidelines, notifications, clarifications and circulars, if any, issued by any Statutory/Regulatory Authority, as may be applicable, and the memorandum and articles of association of the Company and subject to approval of the Shareholders of the Company and the consents, approvals, permissions and sanctions of the concerned statutory and regulatory authorities, if and to the extent necessary, the consent of the Board of Directors of the Company be and is hereby accorded to create, offer, invite, issue, subscribe, allot unsubordinated or subordinated, perpetual or non-perpetual, listed or unlisted, secured or unsecured, non-convertible debentures, (hereinafter collectively referred as "Securities") on a private placement basis, in one or more modes or combinations thereof and in one or more series or tranches, during a period of one year from the date of shareholder's resolution for approval of issue of NCDs under private placement with or without security, up to an amount not exceeding Rs.4000 Crore (Indian Rupees Four Thousand Crore only) on such terms and conditions at par, premium or discount, to such person or persons, including but not limited to one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, alternative investment funds, pension/provident funds and individuals, as the case may be as the Board of Directors of the Company ("the Board", which term shall include any committee which the Board may constitute to exercise its powers including the powers conferred under this Resolution) may decide in its absolute discretion."

"RESOLVED FURTHER THAT the Management Committee of the Board of Directors be and are hereby authorized to undertake all acts, deeds and things as may be required, in respect of issuance of NCDs including but not limited to:

- i. To identify/select class of person /investor to whom such Securities to be issued;
- ii. to determine the terms of the issue including issue size, tranches, face value, issue price, number of NCDs to be allotted, rate of interest, premium/ discount, tenor, redemption period, rating, security, mode of issuance, objects of the issue, etc.;
- iii. negotiate, approve of and decide the terms and conditions of the issue of the said debentures;
- iv. execute term sheet/s;

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648
Plot No.31 & 32, Ramky Selenium Towers, Tower A, Ground Floor,
Financial Dist, Nanakramguda, Hyderabad - 500 032
Ph: +9140-45474750
contact@spandanasphty.com www.spandanasphty.com





- v. finalize terms and conditions of the appointment of an arranger, a debenture trustee, a registrar and transfer agent, a credit rating agency, a depository and such other intermediaries as may be required to be appointed, including their successors and their agents;
- vi. secure, if required, the amounts to be raised pursuant to the issue of the Debentures, together with all interest and other charges accrued thereon as may be required in terms of the issuance of the Debentures;
- vii. the appointment of National Securities Depository Limited ("NSDL") and/or Central Depository Services (India) Limited ("CDSL") as the depositories for the proposed issuance of the Debentures;
- viii. authorise various persons from time to time to sign and execute the transaction documents to be executed in relation to the Debentures;
- ix. decide upon the date of opening and closing of the debenture issue and the period for which the aforesaid issue will remain open;
- x. finalize the date of allocation and deemed date of allotment of the debentures;
- xi. negotiate, execute, file and deliver any documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required in connection with the debenture issue and deal with regulatory authorities in connection with the debenture issue including but not limited to SEBI, Registrar of Companies, Ministry of Corporate Affairs, Company Law Board, Stock Exchanges and such other authorities as may be required;
- xii. including without limitation, approve, negotiate, sign, execute, amend, supplement and / or issue the following:
 - a) information memorandum / private placement offer letter / shelf disclosure document / disclosure document for the Debenture Issue (the "Information Memorandum");
 - b) tripartite agreement between the Company, the depository and the registrar and transfer agent;
 - c) the memorandum of understanding between the Company and the registrar and transfer agent;
 - d) debenture certificate for the debentures;
 - e) debenture trust deed, mortgage, deed, deed of hypothecation and other requisite documents for the creation of a security over the Company's movable properties and assets, (including any powers of attorney in connection thereto);
 - f) documents for opening of bank accounts and issuing instructions of bank accounts related thereto in connection with the Debentures including without limitation for the purposes of recognizing the rights of the debenture trustee to operate such bank accounts;
 - g) any other documents required for the purposes of the debenture issue and the transactions contemplated thereby, including but not limited to letters of undertaking, declarations, agreements, reports; and
 - h) any other document designated as a security document by the debenture trustee.
- xiii. approve allotment of the NCDs
- xiv. buy back / redeem / repurchase of the NCDs in case of put option and reissue of same to the new investors
- xv. do all act necessary for the proposed listing of the debentures in accordance with the terms set out in the Information Memorandum, wherever applicable

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648
Plot No.31 & 32, Ramky Selenium Towers, Tower A, Ground Floor,
Financial Dist, Nanakramguda, Hyderabad - 500 032

Mohitham





- xvi. delegate any of the powers so conferred upon the Committee in respect of the issuance of NCDs on private placement to any directors or officers of the Company, including by the grant of power of attorney;
- xvii. seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India and any other consents that may be required in connection with the issue and allotment of the NCDs; and
- xviii. do all other acts, deeds and things as may be deemed necessary to give effect to the foregoing and the other terms of this resolution."

"RESOLVED FURTHER THAT Mr. Shalabh Saxena, Managing Director and Chief Executive Officer, Mr. Ashish Kumar Damani, President and Chief Finance Officer and Mr. Ramesh Periasamy, Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to file necessary forms and returns as may be required/ necessary with the Registrar of Companies and to furnish the certified to be true copies of the foregoing resolution by any of the Directors or the Company Secretary to such parties as may be deemed necessary for their information and records".

For Spandana Sphoorty Financial Limited

Ramesh

Periasamy

Ramesh Periasamy

Company Secretary and Compliance Officer

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648
Plot No.31 & 32, Ramky Selenium Towers, Tower A, Ground Floor,
Financial Dist, Nanakramguda, Hyderabad - 500 032
Ph: +9140-45474750

contact@spandanaphoorty.com www.spandanaphoorty.com

Handwritten signature in blue ink.



CHAPTER D: SHAREHOLDERS' RESOLUTIONS



CERTIFIED TRUE COPY OF RESOLUTION PASSED AT THE 19TH ANNUAL GENERAL MEETING (AGM) OF SPANDANA SHPOORTY FINANCIAL LIMITED ("COMPANY") HELD ON WEDNESDAY, SEPTEMBER 21, 2022 THROUGH AUDIO-AUDIO-VISUAL ELECTRONIC COMMUNICATION MEANS ("AVEC")

ISSUE OF NON-CONVERTIBLE DEBENTURES (NCDs) ON PRIVATE PLACEMENT BASIS

"RESOLVED THAT pursuant to the provision of Sections 23, 43 and 71 and other applicable provisions, if any, of the Companies Act, 2013 and in accordance with Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014, Securities and Exchange Board of India (Issue & Listing of Debt Securities) Regulations, 2021, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Guidelines Issued by Reserve Bank of India for Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by Non-Banking Financial Companies and all other rules, regulations, guidelines, notifications, clarifications and circulars, if any, issued by any Statutory / Regulatory Authority, as may be applicable and the Memorandum and Articles of Association of the Company and subject to the consents, approvals, permissions and sanctions of the concerned Statutory and Regulatory Authorities, if any and to the extent necessary, approval of the Members be and is hereby accorded to the Board of Directors of the Company (the "Board", which term shall include any committee constituted / may be constituted by the Board to exercise its powers including the powers conferred under this Resolution) to create, offer, invite, issue and allot subordinated or unsubordinated, perpetual or non-perpetual, listed or unlisted, secured or unsecured, non-convertible debentures (hereinafter collectively referred as "Securities") on a private placement basis during a period of one year from the date of passing of this Resolution up to an amount not exceeding ₹4000,00,00,000/- (Rupees Four Thousand Crore Only) on such terms and conditions, at par or premium or discount, in one or more tranches to such person or persons including but not limited to one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, alternative investment funds, pension/provident funds and individuals as the case may be, as the Board may decide in its absolute discretion."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors (including any Committee thereof) be and is hereby authorized to determine and consider the terms that are proper and most beneficial to the Company including, without limitation, the terms of issue including the class of investors to whom the Securities are to be issued, time, securities to be offered, the number of securities, tranches, issue price, tenor, interest rate, premium/ discount, listing, utilization of the issue proceeds and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds / documents / undertakings / agreements / papers / writings, as may be required in this regard and matters connected therewith or incidental thereto."

For Spandana Shpoorty Financial Limited

Digitally signed by

Ramesh Pertasamy

Date: 2022.09.23

17:04:36 +05'30'

Company Secretary and Compliance Officer

Spandana Shpoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIC, Raidurg Pannaktha, Hyderabad - 500081, Telangana
Ph: +9140-45474750 | contact@spandanashpoorty.com | www.spandanashpoorty.com



Red. Chaurang

SPANDANA

*Explanatory Statement to notice of Extraordinary General meeting
(Pursuant to Section 102 of the Companies Act, 2013)*

Item No. 3:

Members of the Company had accorded their approval by way of Special Resolution through resolution passed at the 18th annual general meeting of the Company held on September 28, 2021 for making offer(s) or invitation(s) to subscribe to, and allot subordinated or unsubordinated, perpetual or non-perpetual, listed or unlisted, secured or unsecured, non-convertible debentures (hereinafter collectively referred as "NCDs") up to an aggregate amount of ₹4000,00,00,000/- (Rupees Four Thousand Crore Only) under private placement basis, for the period of one year on such terms and conditions as may be determined by the Board. The said approval expires on September 27, 2022.

Members are requested to note that considering the business plan and growth of the Company and to enable the Company to raise funds by way of issuance of NCDs, the Board of Directors of the Company ("Board") at their meeting held on July 11, 2022, subject to the approval of the Members of the Company, accorded their approval to create, offer, invite, issue and allot NCDs, on a private placement basis during a period of one year from the date of passing of this resolution up to an amount not exceeding ₹4000,00,00,000/- (Rupees Four Thousand Crore Only). Further, the Board has authorized the Management Committee ("Committee") to undertake all acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, proper or desirable, in respect of issuance of NCDs under private placement including but not limited to determine the terms and conditions of the NCDs to be issued, number of NCDs to be issued, issue price, face value, issue size, coupon, tenor, objects of the issue, etc.

Members are requested to note that in terms of Section 71 of the Companies Act, 2013 read with Section 23 and 42 of the Companies Act, 2013 and Rule 14(1) of the Companies (Prospectus & Allotment of Securities) Rules, 2014 which inter alia states that a Company shall not make a private placement of its securities unless the proposed offer of securities or invitation to subscribe securities has been previously approved by the Members of the Company, by a Special Resolution, for each of the offers or invitations, however in case of offer or invitation for non-convertible debentures, it shall be sufficient if the Company passes a previous special resolution only once in a year for all the offers or invitation for such debentures during the year.

Accordingly, the approval of the Members is sought by way of special resolution to create, offer(s) or invitation(s) to subscribe to, issue and allot subordinated or unsubordinated, perpetual or non-perpetual listed or unlisted, secured or unsecured, non-convertible debentures under private placement, in one or more tranches, for an amount not exceeding ₹4000,00,00,000/- (Rupees Four Thousand Crore Only), and as per the terms to be decided by the Board and/or the Committee, during the period of one year from the date of passing of the Special Resolution set out at Item no. 5 of this Notice.

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIC, Raidurg Panmakha, Hyderabad - 500081, Telangana
Ph: +9140-45474750 | contact@spandanaspfoorty.com | www.spandanaspfoorty.com

Neel Khanna





The Board recommends the resolution as set out at Item No. 5 of this Notice for Members' approval, by way of Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution, except to the extent of the NCDs that may be subscribed by any entity in which any of the Directors or Key Managerial Personnel of the Company or their relatives may be concerned or interested in any capacity.

For Spandana Sphoorty Financial Limited
Ramesh
Periasamy
Ramesh Periasamy
Company Secretary and Compliance Officer

Digitally signed by Ramesh
Periasamy
Date: 2022.09.23 12:04:50
+05'30'

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648 -
Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad - 500081, Telangana
Ph: +9140-45474750 | contact@spandanaspheorty.com | www.spandanaspheorty.com

Red. Channay





CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE ANNUAL GENERAL MEETING OF THE MEMBERS OF SPANDANA SPHOORTY FINANCIAL LIMITED HELD ON TUESDAY, SEPTEMBER 28, 2021 AT THE REGISTERED OFFICE OF THE COMPANY AT PLOT NO: - 31 & 32, RAMKY SILENIUM TOWERS, TOWER A, GROUND FLOOR, FINANCIAL DIST, NANAKRAMGUDA, HYDERABAD, TELANGANA-500032

APPROVE REVISION IN OVERALL BORROWING POWER OF THE COMPANY UNDER SECTION 180(1)(c) OF THE COMPANIES ACT, 2013.

"RESOLVED THAT in supersession to the earlier Resolution passed by the Members at their Meeting held on June 14, 2018 and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules prescribed thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board", which in turn shall include any committee which the Board may constitute to exercise its powers including the powers conferred under this resolution), to borrow from time to time, both in Indian currency and in foreign currencies, including External Commercial Borrowing, if any, and by issue of debentures of any kind, by issue of commercial papers, raising through Bonds in foreign currencies, American Depositary Receipts, Global Depositary Receipts for the purposes of Company's business, subject to obtaining necessary approvals of the Reserve Bank of India ("RBI"), if any, and other statutory authorities or other statutes, for the time being in force, as may be necessary, any sum or sums of monies as it may deem proper, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company, if any, (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed, at any time, the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; provided that the total amount to be borrowed by the Company together with monies already borrowed shall not exceed ₹12000,00,00,000/- (Rupees Twelve Thousand Crore Only), outstanding at any time and that the Board be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies borrowed / to be borrowed, from time to time, as to interest, repayment, security, or otherwise howsoever as it may deem fit, as also to execute all such deeds and documents as may be necessary, usual or expedient for this purpose.

RESOLVED FURTHER THAT in connection with the aforesaid, the Board of Directors (including any Committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

For Spandana Sphoorty Financial Limited


Ramesh Periasamy
Company Secretary and Compliance Officer



Spandana Sphoorty Financial Limited
CIN - U6829TG2003PLC040648
Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad - 500 032,
Ph : +91 43 46126666, Fax : 040-44386540
contact@spandana.co.in, www.spandana.co.in



Red. Khan



Explanatory Statement to notice of Annual General meeting
(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 5:


The Members at the Extra-ordinary General Meeting held on June 18, 2018, had accorded by way of Special Resolution their approval to the Board of Directors of the Company to borrow money from time to time, not exceeding ₹8,000 Crores (Rupees Eight thousand crore Only) over and above the aggregate of the paid up share capital of the Company and its free reserves.

The Members are being informed that it is proposed to amend the aforesaid resolution passed by the Members of the Company by increasing the overall limit of borrowings of ₹8,000 crore over and above the aggregate of the paid up share capital of the Company and its free reserves to overall aggregate limit of ₹12,000 crore;

The Board recommends the resolution as set out in Item no. 5 of this Notice for approval of Members as Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

For Spandana Sphoorty Financial Limited


Ramish Periasamy
Company Secretary and Compliance Officer



Spandana Sphoorty Financial Limited
CIN - L65829TG2003PLC040648
Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad - 500 032.
Ph : +91 43 45125666, Fax : 040-44386540
contact@spandanaIndia.com, www.spandanaIndia.com

Red. Khan



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)



CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE ANNUAL GENERAL MEETING OF THE MEMBERS OF SPANDANA SPHOORTY FINANCIAL LIMITED HELD ON TUESDAY, SEPTEMBER 28, 2021 AT THE REGISTERED OFFICE OF THE COMPANY AT PLOT NO: - 31 & 32, RAMKY SILENIUM TOWERS, TOWER A, GROUND FLOOR, FINANCIAL DIST, NANAKRAMGUDA, HYDERABAD, TELANGANA-500032

APPROVE CREATION OF CHARGE / MORTGAGE ON THE ASSET OF THE COMPANY UNDER SECTION 180(1)(a) OF THE COMPANIES ACT, 2013

"RESOLVED THAT in supersession to the earlier Resolution passed by the Members at their meeting held on June 14, 2018, and pursuant to Section 180 (1)(a) and other applicable provisions if any, of the Companies Act, 2013 and the applicable rules prescribed thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company and subject to such other approvals and permissions as may be required, consent of the Members be and is hereby accorded to the Board of Directors of the Company ("the Board", which in turn shall include any committee which the Board may constitute to exercise its powers including the powers conferred under this resolution) for mortgaging, hypothecating, creation of charge on properties of the Company including first pari-passu charge, and pledging and / or creating a fixed charge or floating charge and / or subordinated charge / second charge and also to create lien, charges and all other encumbrances of whatsoever in nature on all or any part of the movable or immovable properties of the Company and the whole or substantially the whole of all or any part of the undertaking of the Company, of every nature and kind whatsoever, both present and future to or in favour of banks, financial institutions, bodies corporate, debenture trustees or any other lenders/creditors, whether in India or abroad, for securing amounts borrowed by the Company or any third party, from time to time, up to an aggregate amount not exceeding ₹15000,00,00,000/- (Rupee Fifteen Thousand Crore Only) for the due payment/ re-payment of the principal together with interest, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, charges, costs, expenses and all other monies payable by the Company or any third party, in respect of such borrowings under the agreements/ arrangements entered into/ to be entered into by the Company or any third party, as the case may be.

RESOLVED FURTHER THAT in connection with the aforesaid, the Board of Directors (including any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

For Spandana Sphoorty Financial Limited


Ramesh Periasamy
Company Secretary and Compliance Officer



Spandana Sphoorty Financial Limited
CIN - L65925TG2003PLC040643
Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad - 500 032
Ph : +91 40 46128660, Fax : 040-44356640
www.spandana.com, www.spandana.co.in





(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)



*Explanatory Statement to notice of Annual General meeting
(Pursuant to Section 102 of the Companies Act, 2013)*

Item No. 6

The Members at the Extra-ordinary General Meeting of the Company held on June 18, 2018, had accorded by way of Special Resolution their approval to the Board of Directors of the Company for creation of charge and mortgage on both movable and immovable properties and assets of the Company, both present and future and to secure one or more securities to be issued to the extent of ₹8,000 crore (Rupees Eight thousand crore only).

The Members are being informed that it is proposed to amend the aforesaid resolution passed by the Members of the Company by increasing the overall limit of creating charge / mortgage on the properties of the Company for securing the borrowings of ₹8,000 crore to ₹15,000 crore;

The Board recommends the resolution as set out in Item no. 6 of this Notice for approval of Members as Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

For Spandana Sphoorty Financial Limited


Ramesh Periasamy
Company Secretary and Compliance Officer



Spandana Sphoorty Financial Limited
CIN - L59929TG2000PLC040848
Plot No.31 & 32, Ramky Salesium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad - 500 032.
Ph : +91 40 48128686, Fax : 040-44388040
contact@spandana.in, www.spandana.in



Handwritten signature: H. K. Khanna

CHAPTER E: DETAILS OF BRANCHES WITH ADDRESS AS ON December 31, 2022

| Branch Code | Branch Name | Zone Name | State Name |
|-------------|--------------------------|--------------|-----------------|
| APGL0001 | Guntur-1 | Vijayawada | Telangana |
| AP0004 | Ponnur | Gudivada | Andhra Pradesh |
| APGL0005 | Mangalagiri-1 | Vijayawada | Telangana |
| APGL0013 | Bapatla-1 | Gudivada | Andhra Pradesh |
| APGL0021 | Narasaraopet-1 | Vijayawada | Telangana |
| APGL0025 | Repalle | Gudivada | Andhra Pradesh |
| APGL0034 | Vuyyuru-1 | Gudivada | Andhra Pradesh |
| TS0058 | Kukatpally-1 | Hyderabad | Telangana |
| APGL0060 | Gudivada-1 | Gudivada | Andhra Pradesh |
| AP0064 | Ongole-1 | Nandyal | Telangana |
| APGL0067 | Challapalli | Gudivada | Andhra Pradesh |
| APGL0084 | Gunthakal-1 | Anantapur | Telangana |
| KAGL0111 | Bellary-1 | Vijayanagara | North Karnataka |
| TS0115 | Ecil-1 | Hyderabad | Telangana |
| AP0127 | Atmakur(Nellore) | Nandyal | Telangana |
| APGL0128 | Peddapuram | Tuni | Andhra Pradesh |
| KAGL0131 | Yalahank-1 | Chikballapur | South Karnataka |
| KAGL0133 | Chinthamani | Chikballapur | South Karnataka |
| APGL0136 | Yemmiganur | Nandyal | Telangana |
| AP0137 | Adoni-1 | Nandyal | Telangana |
| KAGL0138 | Hospet-1 | Vijayanagara | North Karnataka |
| AP0139 | Jangareddygudem | Palakollu | Andhra Pradesh |
| APGL0140 | Chinthalapudi | Vijayawada | Telangana |
| AP0148 | Jammalamadugu(Proddatur) | Nandyal | Telangana |
| APGL0151 | Nandikotkur | Nandyal | Telangana |
| APGL0154 | Bobbili-1 | Tuni | Andhra Pradesh |
| APGL0160 | Nandyal | Nandyal | Telangana |
| KAGL0161 | Gangavathi-1 | Vijayanagara | North Karnataka |
| KAGL0163 | Dodballapur | Chikballapur | South Karnataka |
| KAGL0166 | Raichur-1 | Gulbarga | North Karnataka |
| KAGL0170 | Bidar-1 | Gulbarga | North Karnataka |
| KAGL0172 | Bellary-2 | Vijayanagara | North Karnataka |
| KAGL0174 | Gouribidanur-1 | Chikballapur | South Karnataka |



red.khan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|-----------------|--------------|-----------------|
| KAGL0176 | Sindhur-1 | Vijayanagara | North Karnataka |
| APIL0179 | Kakinada-4 | Palakollu | Andhra Pradesh |
| KAGL0183 | Tumkur-1 | Chikballapur | South Karnataka |
| KAGL0185 | Sira | Chikballapur | South Karnataka |
| KAGL0187 | Mulbagal | Chikballapur | South Karnataka |
| KAGL0188 | Kolar-1 | Chikballapur | South Karnataka |
| KAGL0189 | Mandya-1 | Mysore | South Karnataka |
| KAGL0190 | Kanakapura | Mysore | South Karnataka |
| KAGL0191 | Hiriyur | Vijayanagara | North Karnataka |
| KAGL0195 | Koppal | Vijayanagara | North Karnataka |
| KAGL0196 | Bagepalli | Chikballapur | South Karnataka |
| KAGL0198 | Madhugiri-1 | Chikballapur | South Karnataka |
| APIL0200 | Kurnool-2 | Nandyal | Telangana |
| KA0204 | Pavagada | Chikballapur | South Karnataka |
| APGL0205 | Mydukuru | Nandyal | Telangana |
| KAGL0209 | Challakere | Vijayanagara | North Karnataka |
| KAGL0212 | Chitradurga | Vijayanagara | North Karnataka |
| APGL0213 | Mummadivaram | Palakollu | Andhra Pradesh |
| APGL0219 | Podili | Nandyal | Telangana |
| KAGL0220 | Gadag-1 | Belgaum | North Karnataka |
| KAGL0223 | Nanjangud | Mysore | South Karnataka |
| KAGL0226 | Chamrajnagar | Mysore | South Karnataka |
| KAGL0227 | Mysore-3 | Mysore | South Karnataka |
| KAGL0229 | Basavakalyan | Gulbarga | North Karnataka |
| APIL0232 | Amalapuram-2 | Palakollu | Andhra Pradesh |
| KAGL0233 | Humnabad | Gulbarga | North Karnataka |
| ORGL0234 | Rayagharha | Nabarangpur | Orissa-2 |
| ORGL0235 | Paralakhemundi | Nabarangpur | Orissa-2 |
| KAGL0240 | Hubbali-1 | Belgaum | North Karnataka |
| APIL0247 | Eluru-4 | Palakollu | Andhra Pradesh |
| APIL0250 | Vijayanagaram-2 | Tuni | Andhra Pradesh |



Red. Khan

| | | | |
|----------|-------------------------------|--------------|-----------------|
| APIL0253 | Piduguralla-1 | Vijayawada | Telangana |
| KA0277 | Gulbarga-2 | Gulbarga | North Karnataka |
| MR0280 | Ambajogai | Jamkhed | Maha-2 |
| KAGL0283 | Gulbarga-1 | Gulbarga | North Karnataka |
| MR0285 | Nilanga | Jamkhed | Maha-2 |
| MR0287 | Parbhani | Jalna | Maha-2 |
| ORGL0291 | Berhampur 1 | Berhampur | Orissa-1 |
| KAGL0293 | Huliyar | Chikballapur | South Karnataka |
| AP0295 | Ananthapur-1 | Anantapur | Telangana |
| APIL0297 | Anakapalli-3 | Tuni | Andhra Pradesh |
| KAGL0299 | Dharwad-1 | Belgaum | North Karnataka |
| KAGL0302 | Chikballapur 2 (Vijayapura 1) | Chikballapur | South Karnataka |
| APGL0307 | Gokulapadu(Yalamanchili) | Tuni | Andhra Pradesh |
| APGL0310 | Koyyalagudem | Palakollu | Andhra Pradesh |
| KAGL0311 | Yadgir-1 | Gulbarga | North Karnataka |
| APIL0316 | Tuni-3 | Tuni | Andhra Pradesh |
| MRGL0321 | Solapur-2 | Jamkhed | Maha-2 |
| KA0322 | Kolar-2 | Chikballapur | South Karnataka |
| KAGL0325 | Bagalkot | Gulbarga | North Karnataka |
| ORGL0328 | Tangi | Berhampur | Orissa-1 |
| ORGL0329 | Jaypur-1 | Nabarangpur | Orissa-2 |
| ORGL0332 | Balugan | Berhampur | Orissa-1 |
| ORGL0333 | Khordha-2 | Bhubaneswar | Orissa-1 |
| KAGL0336 | Bijapur-1 | Belgaum | North Karnataka |
| AP0340 | Chodavaram | Tuni | Andhra Pradesh |
| KAGL0341 | Bijapur-2 | Belgaum | North Karnataka |
| KAGL0346 | Sindgi | Gulbarga | North Karnataka |
| TS0359 | Tandur-1 | Hyderabad | Telangana |
| MR0360 | Umarga | Jamkhed | Maha-2 |
| MR0368 | Hingoli | Jalna | Maha-2 |
| MRIL0372 | Barsi | Jamkhed | Maha-2 |
| MR0373 | Umarkhed | Umarkhed | Maha-1 |
| ORGL0376 | Bhubaneshwar-2 | Bhubaneswar | Orissa-1 |
| APIL0377 | Kadapa-3 | Nandyal | Telangana |
| OR0378 | Nayagarh | Berhampur | Orissa-1 |
| MRGL0383 | Akalkot | Jamkhed | Maha-2 |



Redikhan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|------------------------|-------------|--------------------|
| MR0384 | Mangalvedhe | Kolhapur | Maha-2 |
| MPGL0385 | Jabalpur | Jabalpur | Mp-2 |
| MPGL0395 | Indore-1 | Indore | Mp-1 |
| ORGL0396 | Choudwar | Bhubaneswar | Orissa-1 |
| ORGL0397 | Dhenkanal | Boudh | Orissa-1 |
| ORGL0398 | Anugul-2 | Boudh | Orissa-1 |
| ORGL0399 | Bhanjanagar | Berhampur | Orissa-1 |
| CHGL0400 | Raipur-2 | Raipur | CH-1 |
| CHGL0402 | Bilaspur-1 | Champa | CH-2 |
| CHGL0403 | Rajnandgoan | Charama | CH-1 |
| MPGL0404 | Ujjain | Indore | Mp-1 |
| MPGL0405 | Narsingpur | Itarsi | MP-3 |
| KAGL0406 | Nagarmangala | Mysore | South Karnataka |
| MPGL0408 | Dewas | Indore | Mp-1 |
| ORGL0412 | Baragarh | Jharsuguda | Orissa-2 |
| ORGL0413 | Athagarh | Boudh | Orissa-1 |
| APGL0414 | Rayadurgam | Anantapur | Telangana |
| CHGL0416 | Korba | Champa | CH-2 |
| CHGL0418 | Mahasamund | Raipur | CH-1 |
| KAGL0420 | Hassan | Simogga | South Karnataka |
| KAGL0423 | Muddebihal | Gulbarga | North Karnataka |
| ORGL0424 | Semiliguda(Koraput) | Nabarangpur | Orissa-2 |
| AP0425 | Macherla | Vijayawada | Telangana |
| KAGL0427 | Tiptur | Simogga | South Karnataka |
| KAGL0428 | Chikmagalur-1 | Simogga | South Karnataka |
| ORGL0429 | Puri | Bhubaneswar | Orissa-1 |
| MR0430 | Dharmabad | Umarkhed | Maha-1 |
| KAGL0433 | T Narsipur | Mysore | South Karnataka |
| MPGL0434 | Gadarwada | Itarsi | MP-3 |
| MRIL0435 | Satara | Jamkhed | Maha-2 |
| ORGL0439 | Polasara | Berhampur | Orissa-1 |
| MPGL0441 | Pipariya | Itarsi | MP-3 |
| MPGL0442 | Katni | Katni | Mp-2 |
| MPGL0443 | Badnagar | Ratlam | Mp-1 |
| MPGL0447 | Sadhar | Jabalpur | Mp-2 |
| TS0450 | Wanaparthi | Nandyal | Telangana |
| AP0458 | Gajapathinagaram | Tuni | Andhra Pradesh |
| APGL0459 | Pendurthi(Kothavalasa) | Tuni | Andhra Pradesh |
| AP0461 | Srungavarapukota | Tuni | Andhra Pradesh |
| ORGL0463 | Jajpur Road | Jajpur Road | Orissa-3 |



Red.khan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|--------------------|--------------|--------------------|
| ORGL0464 | Jharsuguda | Jharsuguda | Orissa-2 |
| MR0467 | Ambad | Jalna | Maha-2 |
| MRIL0469 | Pune | Jamkhed | Maha-2 |
| MRIL0470 | Sillod | Jalna | Maha-2 |
| KAGL0477 | Davangere-1 | Vijayanagara | North Karnataka |
| CHGL0480 | Bhatapara | Raipur | CH-1 |
| AP0485 | Jaggampeta | Tuni | Andhra Pradesh |
| MPGL0487 | Indore-2 | Indore | Mp-1 |
| APGL0490 | Kadiri | Anantapur | Telangana |
| KAGL0495 | Ranibennur | Vijayanagara | North Karnataka |
| KAGL0496 | Hagiribommanahalli | Vijayanagara | North Karnataka |
| MPGL0498 | Ashta | Sarangpur | Mp-1 |
| MPGL0499 | Ratlam | Ratlam | Mp-1 |
| MR0501 | Chandrapur | Nagpur | Maha-1 |
| MPGL0502 | Satna (Satra) | Katni | Mp-2 |
| CHGL0504 | Raigarh | Champa | CH-2 |
| CHGL0505 | Bhilai-2 | Raipur | CH-1 |
| KAGL0508 | Chennarayapatna | Simogga | South Karnataka |
| KAGL0509 | Arsikere | Simogga | South Karnataka |
| MRGL0510 | Kopargaon (Shirdi) | Jalna | Maha-2 |
| MPGL0514 | Gotegaon | Itarsi | MP-3 |
| MRIL0521 | Nagpur-1 | Nagpur | Maha-1 |
| KAGL0522 | Belgaum-1 | Belgaum | North Karnataka |
| MRGL0524 | Nagpur-2 | Nagpur | Maha-1 |
| TS0531 | Sangareddy | Hyderabad | Telangana |
| OR0534 | Khordha-3 | Bhubaneswar | Orissa-1 |
| KAGL0535 | Siruguppa | Vijayanagara | North Karnataka |
| MPGL0536 | Indore-3 | Indore | Mp-1 |
| MRIL0537 | Wardha | Umarkhed | Maha-1 |
| MRGL0538 | Wardha-2 (Sailu) | Umarkhed | Maha-1 |
| MRGL0539 | Aurangabad-3 | Jalna | Maha-2 |
| MP0540 | Kareli | Itarsi | MP-3 |
| ORGL0541 | Baleswar | Bhadrak | Orissa-3 |
| ORGL0542 | Baripada | Bhadrak | Orissa-3 |
| ORGL0543 | Bolangir | Bolangir | Orissa-2 |
| ORGL0544 | Talcher | Boudh | Orissa-1 |
| KAGL0545 | Kollegal | Mysore | South Karnataka |
| KAGL0546 | Gundlapet | Mysore | South Karnataka |
| KAGL0547 | Ilakal | Gulbarga | North Karnataka |



Real Charming

| | | | |
|----------|-------------------|--------------|-----------------|
| KAGL0548 | Gajendragad | Belgaum | North Karnataka |
| MRGL0550 | Chandwad (Manmad) | Jalna | Maha-2 |
| MRGL0551 | Lonand (Sasvad) | Jamkhed | Maha-2 |
| MRGL0552 | Sangamner | Jalna | Maha-2 |
| MRIL0553 | Solapur-3 | Jamkhed | Maha-2 |
| MR0555 | Jalna | Jalna | Maha-2 |
| MRGL0556 | Amaravathi-2 | Umarkhed | Maha-1 |
| ORGL0557 | Soro | Bhadrak | Orissa-3 |
| ORGL0558 | Padampur | Bolangir | Orissa-2 |
| ORGL0560 | Sundergarh | Jharsuguda | Orissa-2 |
| ORGL0561 | Titlagarh | Bolangir | Orissa-2 |
| MRGL0562 | Bhandara | Nagpur | Maha-1 |
| ORGL0563 | Raurkela | Jharsuguda | Orissa-2 |
| MPGL0566 | Shajapur | Sarangpur | Mp-1 |
| KAGL0567 | Bylahongale | Belgaum | North Karnataka |
| KAGL0568 | Nippani | Belgaum | North Karnataka |
| KAGL0569 | Jamkhandi | Belgaum | North Karnataka |
| KAGL0570 | Manvi | Gulbarga | North Karnataka |
| AP0572 | Kotananduru | Tuni | Andhra Pradesh |
| APGL0573 | Thagarapuvalasa | Tuni | Andhra Pradesh |
| ORGL0574 | Aska | Berhampur | Orissa-1 |
| MPGL0575 | Maihar | Katni | Mp-2 |
| MPGL0576 | Itarsi | Itarsi | MP-3 |
| KAGL0577 | Gokak | Belgaum | North Karnataka |
| KAGL0579 | Simogga-1 | Simogga | South Karnataka |
| KAGL0581 | Sandur | Vijayanagara | North Karnataka |
| ORGL0584 | Bhadrak | Bhadrak | Orissa-3 |
| ORGL0594 | Keonjharagarh | Jajpur Road | Orissa-3 |
| MRGL0596 | Akola | Dhule | Maha-1 |
| MR0597 | Jintur | Jalna | Maha-2 |
| MRGL0598 | Ramtek | Nagpur | Maha-1 |
| MRGL0599 | Balharshah | Nagpur | Maha-1 |
| ORGL0600 | Umarkote | Nabarangpur | Orissa-2 |
| ORGL0601 | Patnagarh | Bolangir | Orissa-2 |
| MRGL0605 | Barsi-2 | Jamkhed | Maha-2 |
| MRGL0608 | Sinnar | Jalna | Maha-2 |
| CHGL0611 | Janjgir | Champa | CH-2 |
| MPGL0612 | Shujalpur | Sarangpur | Mp-1 |
| KAGL0616 | Kampli | Vijayanagara | North Karnataka |



red.khan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|-----------------------------|-------------|--------------------|
| MPGL0625 | Damoh | Jabalpur | Mp-2 |
| MPGL0626 | Vidisha | Bhopal | MP-3 |
| MRGL0627 | Washim | Umarkhed | Maha-1 |
| ORGL0628 | Khallikot | Berhampur | Orissa-1 |
| MPGL0629 | Dhar | Indore | Mp-1 |
| KAGL0633 | Badravathi | Simogga | South Karnataka |
| KAGL0634 | Kadur | Simogga | South Karnataka |
| ORGL0635 | Sohela | Jharsuguda | Orissa-2 |
| OR0636 | Odagaon | Berhampur | Orissa-1 |
| ORGL0637 | Bhubaneswar-3 | Bhubaneswar | Orissa-1 |
| KAGL0643 | Sirisi | Simogga | South Karnataka |
| KAGL0655 | Athani | Belgaum | North Karnataka |
| TS0660 | Patny | Hyderabad | Telangana |
| APGL0661 | Giddalur | Nandyal | Telangana |
| KAGL0662 | Hunsur | Mysore | South Karnataka |
| KAGL0663 | Shikarpur | Simogga | South Karnataka |
| MRGL0664 | Thuljapur | Jamkhed | Maha-2 |
| ORGL0666 | Sonapur | Boudh | Orissa-1 |
| KAGL0678 | Ramadurga | Belgaum | North Karnataka |
| MPGL0679 | Sagar | Bhopal | MP-3 |
| ORGL0685 | Sorada | Berhampur | Orissa-1 |
| ORGL0686 | Anandpur | Jajpur Road | Orissa-3 |
| ORGL0687 | Bargarh-2 | Jharsuguda | Orissa-2 |
| MRGL0688 | Kolhapur | Kolhapur | Maha-2 |
| MRGL0689 | Rahuri | Jamkhed | Maha-2 |
| MRGL0690 | Katol | Nagpur | Maha-1 |
| MRGL0691 | Deulgaon Raja | Jalna | Maha-2 |
| MRIL0692 | Hinganghat | Nagpur | Maha-1 |
| CHGL0697 | Nawapara Rajim(Abhanpur) | Raipur | CH-1 |
| KAGL0698 | Indi | Belgaum | North Karnataka |
| CHGL0701 | Dongargarh | Charama | CH-1 |
| ORGL0707 | Kesinga | Bolangir | Orissa-2 |
| MPGL0712 | Banda | Bhopal | MP-3 |
| APIL0714 | Kandukuru-2 | Nandyal | Telangana |
| MPGL0720 | Burhar | Katni | Mp-2 |
| KAGL0729 | Hangal | Simogga | South Karnataka |
| KAGL0732 | Honnali | Simogga | South Karnataka |
| ORGL0734 | Rajgangpur | Jharsuguda | Orissa-2 |
| ORGL0735 | Kontabanji | Bolangir | Orissa-2 |



Red. Khan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|------------------------------|--------------|-----------------|
| KAGL0738 | Mudhol | Belgaum | North Karnataka |
| KA0741 | Malur | Chikballapur | South Karnataka |
| KAGL0743 | Chennapatna | Mysore | South Karnataka |
| KAGL0749 | Devadurga | Gulbarga | North Karnataka |
| TS0752 | L.B.Nagar | Hyderabad | Telangana |
| KAGL0756 | Harapanhalli | Vijayanagara | North Karnataka |
| MPGL0761 | Mandideep(Obaidullaganj) | Bhopal | MP-3 |
| MPGL0762 | Rehli | Jabalpur | Mp-2 |
| CHGL0766 | Saraipali | Raipur | CH-1 |
| MPGL0778 | Bina | Bhopal | MP-3 |
| CHGL0781 | Shakti | Champa | CH-2 |
| ORGL0782 | Gunupur | Nabarangpur | Orissa-2 |
| ORGL0783 | Borigumma(Kotpad) | Nabarangpur | Orissa-2 |
| ORGL0784 | Sambalpur-2 | Jharsuguda | Orissa-2 |
| KAGL0787 | Shorapur | Gulbarga | North Karnataka |
| KAGL0788 | Lingasur-2 | Gulbarga | North Karnataka |
| KA0790 | Malavalli | Mysore | South Karnataka |
| MRGL0792 | Islampur | Kolhapur | Maha-2 |
| MRGL0793 | Srirampur | Jalna | Maha-2 |
| MRGL0794 | Paithan | Jalna | Maha-2 |
| MRGL0795 | Wani | Nagpur | Maha-1 |
| APGL0796 | Narisipatanam-2 | Tuni | Andhra Pradesh |
| MPGL0805 | Khargone | Indore | Mp-1 |
| MPGL0806 | Narsingharh | Sarangpur | Mp-1 |
| MPGL0807 | Gunjbasoda | Bhopal | MP-3 |
| MPGL0809 | Khandwa | Indore | Mp-1 |
| MPGL0810 | Maheshwar | Indore | Mp-1 |
| MPGL0811 | Mandsaur | Ratlam | Mp-1 |
| MPGL0812 | Nagda | Ratlam | Mp-1 |
| KAGL0813 | Raibagh | Belgaum | North Karnataka |
| KAGL0814 | Laxmeshwar | Belgaum | North Karnataka |
| MPGL0819 | Mandla | Jabalpur | Mp-2 |
| MPGL0820 | Seoni Malwa | Itarsi | MP-3 |
| ORGL0821 | Kharhial Road (Rajkhariar) | Bolangir | Orissa-2 |
| KAGL0824 | Channagiri | Vijayanagara | North Karnataka |
| CHGL0827 | Pithora | Raipur | CH-1 |
| KAGL0835 | Kundapura | Simogga | South Karnataka |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|------------------------|--------------|--------------------|
| ORGL0837 | Jankia(Tangi-2) | Bhubaneswar | Orissa-1 |
| ORGL0838 | Bolangir-2 | Bolangir | Orissa-2 |
| MPGL0842 | Seoni | Chhindwara | Mp-2 |
| MPGL0843 | Raisen | Bhopal | MP-3 |
| MPGL0844 | Begamganj | Bhopal | MP-3 |
| CHGL0846 | Raigarh-2 | Champa | CH-2 |
| CHGL0847 | Sarangarh | Raipur | CH-1 |
| ORGL0848 | Kuchinda | Jharsuguda | Orissa-2 |
| ORGL0849 | Bhatli | Jharsuguda | Orissa-2 |
| OR0851 | Bhuban | Jajpur Road | Orissa-3 |
| MRGL0853 | Daund | Jamkhed | Maha-2 |
| MRGL0854 | Akluj | Kolhapur | Maha-2 |
| MRGL0856 | Murtizapur | Dhule | Maha-1 |
| MRGL0857 | Basmat-2 | Umarkhed | Maha-1 |
| KAGL0860 | Karawar | Simogga | South Karnataka |
| KAGL0863 | Hosadurga | Vijayanagara | North Karnataka |
| KAGL0864 | Kushalnagar | Mysore | South Karnataka |
| AP0867 | Tadipatri | Anantapur | Telangana |
| MPGL0869 | Harda | Itarsi | MP-3 |
| MPGL0871 | Barwani | Indore | Mp-1 |
| MPGL0872 | Barwaha(Omkareshwar) | Indore | Mp-1 |
| MPGL0873 | Neemuch | Ratlam | Mp-1 |
| MPGL0874 | Jaora | Ratlam | Mp-1 |
| MPGL0875 | Sonkatch | Indore | Mp-1 |
| MP0876 | Agar | Sarangpur | Mp-1 |
| MRGL0882 | Jath | Kolhapur | Maha-2 |
| MRGL0883 | Pimpalgaon | Jalna | Maha-2 |
| MRGL0892 | Daryapur | Umarkhed | Maha-1 |
| KA0901 | Bannur(T Narasipura-2) | Mysore | South Karnataka |
| CHGL0903 | Champa | Champa | CH-2 |
| APGL0906 | Kodumuru | Nandyal | Telangana |
| ORGL0917 | Chandikol | Jajpur Road | Orissa-3 |
| MPGL0932 | Guna | Jhansi | MP-3 |
| MPGL0933 | Ashok Nagar | Jhansi | MP-3 |
| MPGL0934 | Chhatarpur | Jhansi | MP-3 |
| MPGL0935 | Nagod | Katni | Mp-2 |
| MPGL0936 | Chhindwara | Chhindwara | Mp-2 |
| MPGL0937 | Lakhnadon | Jabalpur | Mp-2 |
| MPGL0938 | Chaurai | Chhindwara | Mp-2 |
| MPGL0939 | Parasia | Chhindwara | Mp-2 |
| MRGL0946 | Umred | Nagpur | Maha-1 |
| ORGL0949 | Karanjia | Jajpur Road | Orissa-3 |
| APIL0954 | Ramachandrapuram-2 | Palakollu | Andhra Pradesh |



Red Khan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|--------------------------|--------------|--------------------|
| APIL0964 | Shamirpet | Hyderabad | Telangana |
| AP0974 | Gorantla | Anantapur | Telangana |
| KAGL0982 | Kunigal | Chikballapur | South Karnataka |
| APIL1001 | Addanki(Medarametla) | Nandyal | Telangana |
| ORGL1002 | Rairangpur | Jajpur Road | Orissa-3 |
| MRGL1004 | Warora(Bhadravati) | Nagpur | Maha-1 |
| ORGL1008 | Jajpur Town | Jajpur Road | Orissa-3 |
| ORGL1009 | Salepur | Jajpur Road | Orissa-3 |
| ORGL1010 | Saintala | Bolangir | Orissa-2 |
| ORGL1011 | Bhawanipatna-2 | Bolangir | Orissa-2 |
| MRGL1016 | Arvi | Umarkhed | Maha-1 |
| MRIL1018 | Sangole | Kolhapur | Maha-2 |
| MRGL1021 | Mehekar | Umarkhed | Maha-1 |
| MR1023 | Partur | Jalna | Maha-2 |
| MRGL1024 | Narshi | Umarkhed | Maha-1 |
| MRGL1027 | Sangli-2 | Kolhapur | Maha-2 |
| MRGL1029 | Devli | Umarkhed | Maha-1 |
| MRGL1030 | Yavatmal | Umarkhed | Maha-1 |
| MRGL1031 | Warud | Nagpur | Maha-1 |
| KAGL1036 | Nargund | Belgaum | North Karnataka |
| ORGL1040 | Balijhuri(Narsinghpur) | Boudh | Orissa-1 |
| AP1051 | Mulakalacheruvu | Anantapur | Telangana |
| JH1057 | Barharwa | Deoghar | Jharkhand |
| ORGL1088 | Berhampur-4 | Berhampur | Orissa-1 |
| ORGL1104 | Bamra | Jharsuguda | Orissa-2 |
| ORGL1105 | Paikamal | Bolangir | Orissa-2 |
| AP1161 | Kothacheruvu | Anantapur | Telangana |
| KAGL1169 | Khanapur-Ka | Belgaum | North Karnataka |
| APIL1172 | Banaganapalli | Nandyal | Telangana |
| OR1176 | Remuna | Bhadrak | Orissa-3 |
| ORGL1186 | Hindol Road(Gudiakateni) | Boudh | Orissa-1 |
| ORGL1187 | Boinda(Athemallick) | Boudh | Orissa-1 |
| KAGL1190 | Bhalki | Gulbarga | North Karnataka |
| JHGL1191 | Ramgarh | Ramgarh | Jharkhand |
| OR1192 | Junagarh | Bolangir | Orissa-2 |
| KAGL1199 | Krishnarajpet | Simogga | South Karnataka |
| KAGL1204 | Hukeri | Belgaum | North Karnataka |
| MP1207 | Indore-4 | Indore | Mp-1 |
| APIL1211 | Pithapuram-6 | Tuni | Andhra Pradesh |
| MRGL1220 | Ichalkaranji-2 | Kolhapur | Maha-2 |
| MPGL1226 | Bhopal-3 | Bhopal | MP-3 |



red. bhavani

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|-------------------------|--------------|-----------------|
| APIL1241 | Allagadda(Chagalamarri) | Nandyal | Telangana |
| AP1243 | Penukonda | Anantapur | Telangana |
| APGL1265 | Inkollu | Gudivada | Andhra Pradesh |
| MP1286 | Sagar-2 | Bhopal | MP-3 |
| MPGL1287 | Gwalior-1 | Jhansi | MP-3 |
| MPGL1288 | Bareilly | Itarsi | MP-3 |
| MPGL1291 | Panagar | Jabalpur | Mp-2 |
| MPGL1294 | Pandhurna | Chhindwara | Mp-2 |
| MPGL1295 | Nasrullahganj | Itarsi | MP-3 |
| MPGL1296 | Burhanpur | Indore | Mp-1 |
| MPGL1297 | Betma | Indore | Mp-1 |
| MPGL1298 | Sarangpur | Sarangpur | Mp-1 |
| GAGL1301 | Margao | Kolhapur | Maha-2 |
| KAGL1305 | Kalghatgi | Simogga | South Karnataka |
| KAGL1311 | Kudligi | Vijayanagara | North Karnataka |
| APIL1320 | Rajanagaram-2 | Tuni | Andhra Pradesh |
| ORGL1329 | Cuttack | Bhubaneswar | Orissa-1 |
| ORGL1333 | Sakhi Gopal | Bhubaneswar | Orissa-1 |
| OR1334 | Nachuni | Berhampur | Orissa-1 |
| APIL1336 | Annavaram(Kathipudi-2) | Tuni | Andhra Pradesh |
| GRGL1347 | Ahmedabad-2 | Ahmedabad | Gujarath |
| APIL1349 | Yeleswaram-3 | Tuni | Andhra Pradesh |
| MPGL1351 | Shivpuri | Jhansi | MP-3 |
| MPGL1352 | Balaghat | Chhindwara | Mp-2 |
| MPGL1353 | Deori | Bhopal | MP-3 |
| MPGL1356 | Susner | Sarangpur | Mp-1 |
| MPGL1357 | Shamgarh(Garoth) | Sarangpur | Mp-1 |
| MRGL1363 | Badnera | Umarkhed | Maha-1 |
| JHGL1386 | Hazaribagh | Ramgarh | Jharkhand |
| KAGL1394 | Basavana Bagevadi | Gulbarga | North Karnataka |
| KAGL1398 | Aland | Gulbarga | North Karnataka |
| MPGL1406 | Sausar | Chhindwara | Mp-2 |
| MPGL1407 | Slemanabad(Bahoriband) | Katni | Mp-2 |
| MPGL1409 | Bagdona(Ghoradongri) | Itarsi | MP-3 |
| MPGL1410 | Raghogarh(Kumbhraj) | Jhansi | MP-3 |
| MPGL1428 | Sheopur | Jhansi | MP-3 |
| APIL1442 | Hindupur-3 | Anantapur | Telangana |
| OR1444 | Jayapatna | Bolangir | Orissa-2 |
| ORGL1447 | Basta(Rasagobindapur) | Bhadrak | Orissa-3 |
| ORGL1448 | Tihidi | Bhadrak | Orissa-3 |
| ORGL1452 | Hinjilicut | Berhampur | Orissa-1 |



Red Khanna

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|-----------------------|--------------|-----------------|
| KAGL1457 | Heggadadevankote | Mysore | South Karnataka |
| TS1461 | Shankarpalle | Hyderabad | Telangana |
| MRGL1473 | Vita | Kolhapur | Maha-2 |
| KAGL1478 | Chelur | Anantapur | Telangana |
| GRGL1482 | Kheda - 1 | Padra | Gujarath |
| GRGL1486 | Kapadvanj-1 | Ahmedabad | Gujarath |
| APIL1493 | Cumbum(Bestavaripeta) | Nandyal | Telangana |
| ORGL1517 | Muniguda | Nabarangpur | Orissa-2 |
| MR1529 | Shegaon | Dhule | Maha-1 |
| APIL1541 | Krosuru-2 | Vijayawada | Telangana |
| GRGL1557 | Tarapur-1 | Padra | Gujarath |
| ORGL1564 | Khaira(Kupari) | Bhadrak | Orissa-3 |
| KAGL1575 | Chincholi | Gulbarga | North Karnataka |
| KAGL1582 | Kurugodu | Vijayanagara | North Karnataka |
| KA1606 | Periyapatna | Mysore | South Karnataka |
| AP1610 | Kanekal | Anantapur | Telangana |
| OR1616 | Mangalpur | Jajpur Road | Orissa-3 |
| KAGL1617 | Terakanambi | Mysore | South Karnataka |
| GRGL1659 | Khambhat | Padra | Gujarath |
| KAGL1677 | Mundarigi | Belgaum | North Karnataka |
| KAGL1678 | Chadchan | Belgaum | North Karnataka |
| JHGL1715 | Tilaiya | Deoghar | Jharkhand |
| ORGL1717 | Jagatsinghapur | Bhubaneswar | Orissa-1 |
| OR1719 | Nimapada | Bhubaneswar | Orissa-1 |
| MR1723 | Kurundwad | Kolhapur | Maha-2 |
| ORGL1733 | Dunguripalli | Boudh | Orissa-1 |
| MPGL1746 | Biaora | Sarangpur | Mp-1 |
| KA1747 | Bagepalli-2 | Chikballapur | South Karnataka |
| MPGL1762 | Babai | Itarsi | MP-3 |
| GR1764 | Lunawada | Godhra | Gujarath |
| GRGL1765 | Godhra | Godhra | Gujarath |
| GR1767 | Talod | Ahmedabad | Gujarath |
| GRGL1768 | Modasa | Ahmedabad | Gujarath |
| GRGL1769 | Himatnagar | Ahmedabad | Gujarath |
| JHGL1772 | Chaibasa | Ramgarh | Jharkhand |
| KAGL1780 | Arkalgud | Simogga | South Karnataka |
| KAGL1781 | Sakleshpur-2 | Simogga | South Karnataka |
| KAGL1819 | Shrirangapattana | Mysore | South Karnataka |
| MR1820 | Chandrapur-2 | Nagpur | Maha-1 |



ad. bhannu

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|----------------------|--------------|-----------------|
| ORGL1842 | Banki | Bhubaneswar | Orissa-1 |
| KAGL1851 | Jagalur-2 | Vijayanagara | North Karnataka |
| KA1857 | Sirwar | Gulbarga | North Karnataka |
| KA1869 | Udupi | Simogga | South Karnataka |
| MPGL1901 | Khandwa-2 | Indore | Mp-1 |
| MP1905 | Burhanpur-2 | Indore | Mp-1 |
| MPGL1907 | Ichhawar | Sarangpur | Mp-1 |
| MPGL1914 | Shahgarh | Jhansi | MP-3 |
| MPGL1916 | Udaipura | Itarsi | MP-3 |
| CHGL1918 | Ambikapur | Ambikapur | CH-2 |
| KA1935 | Sargur | Mysore | South Karnataka |
| KA1936 | Begur | Mysore | South Karnataka |
| KAGL2028 | Kolar Gold Fields | Chikballapur | South Karnataka |
| MRGL2029 | Kudal (Sawantwadi) | Kolhapur | Maha-2 |
| KAGL2032 | Krishna Raja Nagar-2 | Mysore | South Karnataka |
| KAGL2034 | Ramanathapura | Simogga | South Karnataka |
| KAGL2040 | Sagara | Simogga | South Karnataka |
| GA2043 | Porvorim(Panjim) | Kolhapur | Maha-2 |
| JHGL2045 | Giridih | Deoghar | Jharkhand |
| CHGL2046 | Kharsiya | Champa | CH-2 |
| CHGL2047 | Dhamdha | Raipur | CH-1 |
| KAGL2048 | Honnar-2 | Simogga | South Karnataka |
| MPGL2049 | Dabra-1 | Jhansi | MP-3 |
| MP2050 | Guna-2 | Jhansi | MP-3 |
| KLGL2052 | Thamarassery | Wandoor | Kerala |
| KLGL2053 | Koyilandi | Wandoor | Kerala |
| MPGL2055 | Hatta | Jabalpur | Mp-2 |
| MPGL2056 | Multai | Itarsi | MP-3 |
| MP2057 | Umaria | Katni | Mp-2 |
| MPGL2058 | Kotma | Katni | Mp-2 |
| GRGL2059 | Bayad1 | Ahmedabad | Gujarath |
| GRGL2060 | Idar1 | Ahmedabad | Gujarath |
| KLGL2061 | Vadakara | Wandoor | Kerala |
| MPGL2065 | Rewa | Katni | Mp-2 |
| MPGL2066 | Shahpura | Jabalpur | Mp-2 |
| MPGL2067 | Panna | Katni | Mp-2 |
| MPGL2068 | Patan | Jabalpur | Mp-2 |
| MPGL2069 | Jamai | Chhindwara | Mp-2 |
| MPGL2070 | Kannod-1 | Itarsi | MP-3 |
| MPGL2071 | Khirkia(Chhanera) | Itarsi | MP-3 |



red.khan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|-------------------------|------------|---------------|
| CHGL2073 | Baikunthapur | Ambikapur | CH-2 |
| CHGL2074 | Gharghoda | Champa | CH-2 |
| MRGL2104 | Saoner | Nagpur | Maha-1 |
| MRGL2105 | Dhule | Dhule | Maha-1 |
| MRGL2106 | Amalner | Dhule | Maha-1 |
| MRGL2107 | Erandol | Dhule | Maha-1 |
| MRGL2108 | Miraj | Kolhapur | Maha-2 |
| JHGL2111 | Bagodar(Suriya) | Deoghar | Jharkhand |
| JHGL2112 | Chirkunda | Deoghar | Jharkhand |
| UPGL2114 | Allahabad | Allahabad | Uttar Pradesh |
| UPGL2115 | Jaunpur | Allahabad | Uttar Pradesh |
| UPGL2116 | Azamgarh | Allahabad | Uttar Pradesh |
| UPGL2117 | Pratapgarh | Allahabad | Uttar Pradesh |
| GRGL2118 | Dehgam | Ahmedabad | Gujarath |
| GRGL2119 | Nadiad-1 | Padra | Gujarath |
| GRGL2121 | Balasinor-1 | Godhra | Gujarath |
| GRGL2122 | Dabhoi | Padra | Gujarath |
| UPGL2123 | Raebareli | Allahabad | Uttar Pradesh |
| JHGL2124 | Dumka | Deoghar | Jharkhand |
| CHGL2131 | Surajpur | Ambikapur | CH-2 |
| MPGL2132 | Anuppur | Katni | Mp-2 |
| CHGL2136 | Pussore | Champa | CH-2 |
| CHGL2137 | Pathalgaon Khurd | Ambikapur | CH-2 |
| CHGL2138 | Kota | Champa | CH-2 |
| MPGL2141 | Pandhurna-2 | Chhindwara | Mp-2 |
| KLGL2175 | Palakkad | Wandoor | Kerala |
| KLGL2176 | Kondotty(Ramanattukara) | Wandoor | Kerala |
| CHGL2180 | Bilaigarh(Seorinarayan) | Raipur | CH-1 |
| CHGL2181 | Balod-1 | Charama | CH-1 |
| GRGL2184 | Mansa(Vijapur) | Ahmedabad | Gujarath |
| MPGL2190 | Nainpur | Chhindwara | Mp-2 |
| MPGL2191 | Sendhawa | Indore | Mp-1 |
| MPGL2193 | Betul | Itarsi | MP-3 |
| CHGL2194 | Baramkela | Raipur | CH-1 |
| ORGL2211 | Boudh | Boudh | Orissa-1 |
| ORGL2212 | Tusra | Bolangir | Orissa-2 |
| MPGL2213 | Sausar-2 | Chhindwara | Mp-2 |
| CHGL2244 | Katghora | Champa | CH-2 |
| MRGL2246 | Morshi | Umarkhed | Maha-1 |
| MP2249 | Manasa | Ratlam | Mp-1 |
| UP2251 | Gopiganj | Allahabad | Uttar Pradesh |
| MPGL2252 | Katangi | Chhindwara | Mp-2 |



Red. Channay

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|-------------------------------|-------------|--------------------|
| MRGL2258 | Karanja(Lad) | Dhule | Maha-1 |
| MRGL2259 | Risod | Umarkhed | Maha-1 |
| MRGL2273 | Shirpur | Dhule | Maha-1 |
| MRGL2325 | Ralegaon | Umarkhed | Maha-1 |
| KLGL2326 | Mannarkkad | Wandoor | Kerala |
| KLGL2327 | Ottappalam | Wandoor | Kerala |
| KLGL2328 | Alathur | Chalakkudi | Kerala |
| MRGL2332 | Murgud | Kolhapur | Maha-2 |
| KLGL2340 | Chittur | Wandoor | Kerala |
| CHGL2398 | Manendragarh | Ambikapur | CH-2 |
| AP2445 | B Kothakota | Anantapur | Telangana |
| KAGL2470 | Chittapur | Gulbarga | North Karnataka |
| MR2567 | Arni(Mh) | Umarkhed | Maha-1 |
| KLGL2604 | Wadakkancherry | Chalakkudi | Kerala |
| CHGL2614 | Pendra Road | Champa | CH-2 |
| ORGL2615 | Palalahada | Boudh | Orissa-1 |
| JHGL2624 | Deoghar | Deoghar | Jharkhand |
| JHGL2625 | Godda | Deoghar | Jharkhand |
| ORGL2626 | Ainthapali(Burla) | Jharsuguda | Orissa-2 |
| JHGL2627 | Pakur | Deoghar | Jharkhand |
| OR2629 | Ladugaun | Bolangir | Orissa-2 |
| ORGL2630 | Birmahrajpur | Boudh | Orissa-1 |
| ORGL2631 | Champua | Jajpur Road | Orissa-3 |
| ORGL2632 | Belpahar | Jharsuguda | Orissa-2 |
| ORGL2635 | Bhandari Pokhari | Bhadrak | Orissa-3 |
| JHGL2636 | Jamtara | Deoghar | Jharkhand |
| ORGL2640 | Bonaigarh | Jharsuguda | Orissa-2 |
| CHGL2641 | Dongergaon | Charama | CH-1 |
| KLGL2642 | Mannuthi | Chalakkudi | Kerala |
| KLGL2643 | Chalakkudi | Chalakkudi | Kerala |
| KL2645 | Vadanappally | Chalakkudi | Kerala |
| JH2646 | Barhi | Ramgarh | Jharkhand |
| UP2650 | Ghazipur | Ghazipur | Uttar Pradesh |
| OR2655 | Dhenkikote | Jajpur Road | Orissa-3 |
| MR2656 | Shahapur | Jalna | Maha-2 |
| MR2658 | Malkapur-1 | Dhule | Maha-1 |
| JH2659 | Chakradharpur | Ramgarh | Jharkhand |
| JH2660 | Katras | Deoghar | Jharkhand |
| OR2661 | Raigarh | Nabarangpur | Orissa-2 |
| OR2662 | Deogarh | Jharsuguda | Orissa-2 |
| OR2663 | Nabarangpur | Nabarangpur | Orissa-2 |
| KL2664 | Kodungallur(North Paravur) | Chalakkudi | Kerala |
| JH2665 | Daltonganj | Ramgarh | Jharkhand |
| CH2666 | Basna-1 | Raipur | CH-1 |



Red. Channay

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|--------|-----------------------|-------------|-----------|
| GR2667 | Limkheda | Godhra | Gujarath |
| JH2668 | Mahagama | Deoghar | Jharkhand |
| OR2669 | Charichhaka(Nimapada) | Bhubaneswar | Orissa-1 |
| OR2670 | Nuapada 1 | Bolangir | Orissa-2 |
| GR2671 | Santrampur | Godhra | Gujarath |
| CH2672 | Sitapur | Ambikapur | CH-2 |
| OR2673 | Kantamal | Boudh | Orissa-1 |
| JH2674 | Maheshpur | Deoghar | Jharkhand |
| CH2675 | Gariaband | Charama | CH-1 |
| CH2676 | Pratappur | Ambikapur | CH-2 |
| CH2677 | Wadrafanagar | Ambikapur | CH-2 |
| JH2678 | Bermo | Ramgarh | Jharkhand |
| JH2679 | Domchach | Deoghar | Jharkhand |
| JH2680 | Garwha | Ramgarh | Jharkhand |
| JH2681 | Lohardaga | Ramgarh | Jharkhand |
| OR2682 | Raikia | Berhampur | Orissa-1 |
| BH2683 | Jamui | Lakhisarai | Bihar |
| BH2684 | Lakhisarai | Lakhisarai | Bihar |
| BH2685 | Arwal | Lakhisarai | Bihar |
| OR2686 | Malkanigiri | Nabarangpur | Orissa-2 |
| OR2687 | Tikiri | Nabarangpur | Orissa-2 |
| CH2688 | Ramanuj Ganj | Ambikapur | CH-2 |
| UP2692 | Mahoba | Jhansi | MP-3 |
| UP2693 | Jhansi | Jhansi | MP-3 |
| CH2694 | Tilda(Kharora) | Raipur | CH-1 |
| MP2695 | Hat Pipaliya | Indore | MP-1 |
| JH2696 | Gola | Ramgarh | Jharkhand |
| CH2698 | Gunderdehi | Raipur | CH-1 |
| CH2699 | Takhatpur | Raipur | CH-1 |
| JH2700 | Latehar | Ramgarh | Jharkhand |
| CH2701 | Chirmiri | Ambikapur | CH-2 |
| GA2702 | Sanquelim | Kolhapur | Maha-2 |
| JH2703 | Boarijor(Sahibganj) | Deoghar | Jharkhand |
| OR2704 | Basudevpur | Bhadrak | Orissa-3 |
| OR2706 | Kuakhia | Jajpur Road | Orissa-3 |
| JH2707 | Nagar Untari | Ramgarh | Jharkhand |
| OR2709 | Rahama | Bhubaneswar | Orissa-1 |
| OR2713 | Mohana | Berhampur | Orissa-1 |
| OR2714 | Puranakatak | Boudh | Orissa-1 |
| BH2716 | Jhajha | Lakhisarai | Bihar |
| JH2717 | Mirzaaganj(Chatro) | Deoghar | Jharkhand |
| MR2718 | Jamner | Dhule | Maha-1 |
| MP2719 | Badarwas | Jhansi | MP-3 |
| JH2720 | Rajdhanwar | Deoghar | Jharkhand |
| MR2721 | Chopda | Dhule | Maha-1 |



Ad. Chatterjee

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|--------|-----------------|-------------|-----------|
| MP2722 | Waraseoni | Chhindwara | Mp-2 |
| JH2723 | Chatra | Ramgarh | Jharkhand |
| MP2724 | Shahdol | Katni | Mp-2 |
| MP2725 | Petlawad | Ratlam | Mp-1 |
| CH2726 | Shankargarh | Ambikapur | CH-2 |
| OR2727 | Kalimela | Nabarangpur | Orissa-2 |
| JH2729 | Muri | Ramgarh | Jharkhand |
| GR2730 | Mandvi | Padra | Gujarath |
| GR2731 | Dediapada | Padra | Gujarath |
| OR2732 | Baliapal | Bhadrak | Orissa-3 |
| OR2733 | Balikuda | Bhubaneswar | Orissa-1 |
| WB2735 | Purulia | Bishnupur | Jharkhand |
| OR2736 | Subdega | Jharsuguda | Orissa-2 |
| CH2737 | Chandrapur(Ch) | Champa | CH-2 |
| MR2738 | Nandurbar | Dhule | Maha-1 |
| CH2741 | Nagri | Charama | CH-1 |
| MP2742 | Jabera | Jabalpur | Mp-2 |
| WB2743 | Raghunathpur | Bishnupur | Jharkhand |
| CH2744 | Mohla | Charama | CH-1 |
| CH2745 | Kunkuri | Ambikapur | CH-2 |
| CH2746 | Gaurella | Champa | CH-2 |
| BH2748 | Ekangarsarai | Lakhisarai | Bihar |
| BH2749 | Rajauli | Lakhisarai | Bihar |
| OR2750 | Sinapali | Bolangir | Orissa-2 |
| OR2751 | Chikiti Pentha | Berhampur | Orissa-1 |
| MR2752 | Shahada | Dhule | Maha-1 |
| MP2753 | Vijayraghavgarh | Katni | Mp-2 |
| KL2754 | Pulamanthole | Wandoor | Kerala |
| OR2757 | Naktideul | Boudh | Orissa-1 |
| OR2758 | Singhpur | Jajpur Road | Orissa-3 |
| OR2759 | Baisinga | Bhadrak | Orissa-3 |
| OR2760 | Lathor | Bolangir | Orissa-2 |
| OR2761 | Gaisilat | Bolangir | Orissa-2 |
| OR2763 | Athmallik | Boudh | Orissa-1 |
| MP2764 | Garhakota | Jabalpur | Mp-2 |
| MR2765 | Sindkheda | Dhule | Maha-1 |
| OR2766 | Brahmagiri | Bhubaneswar | Orissa-1 |
| KL2767 | Muvattupuzha | Chalakkudi | Kerala |
| MP2768 | Soyat Kalan | Sarangpur | Mp-1 |
| CH2769 | Jashpur(Manora) | Ambikapur | CH-2 |
| CH2770 | Jaijaipur | Champa | CH-2 |
| OR2781 | Chandahandi | Nabarangpur | Orissa-2 |
| OR2782 | Tarbha | Boudh | Orissa-1 |
| MR2785 | Kallam | Jamkhed | Maha-2 |
| MR2786 | Gadchiroli | Nagpur | Maha-1 |



Red. Channay

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|--------|-----------------------|--------------|-----------------|
| MR2787 | Yawal | Dhule | Maha-1 |
| KA2788 | Kotturu | Vijayanagara | North Karnataka |
| OR2790 | Purusottampur | Berhampur | Orissa-1 |
| OR2791 | Malud | Berhampur | Orissa-1 |
| MP2792 | Dindori | Jabalpur | Mp-2 |
| RJ2794 | Banswara | Banswara | Rajasthan |
| MP2795 | Pachore | Sarangpur | Mp-1 |
| KA2796 | Nittur | Chikballapur | South Karnataka |
| WB2797 | Bishnupur | Bishnupur | Jharkhand |
| WB2798 | Sonamukhi | Bishnupur | Jharkhand |
| CH2799 | Deobhog | Charama | CH-1 |
| UP2800 | Manjhanpur | Allahabad | Uttar Pradesh |
| UP2801 | Jagdishpur | Allahabad | Uttar Pradesh |
| KA2802 | Belthangady | Simogga | South Karnataka |
| MP2804 | Baihar | Chhindwara | Mp-2 |
| OR2805 | Ambodala | Bolangir | Orissa-2 |
| MR2806 | Nagbhir | Nagpur | Maha-1 |
| MR2807 | Akkalkuva | Dhule | Maha-1 |
| CH2808 | Kotba | Ambikapur | CH-2 |
| MP2809 | Chandangaon(Umranala) | Chhindwara | Mp-2 |
| MR2810 | Desaiganj | Nagpur | Maha-1 |
| MP2811 | Niwas | Jabalpur | Mp-2 |
| CH2812 | Bagbahara | Charama | CH-1 |
| OR2814 | Khatiguda | Nabarangpur | Orissa-2 |
| UP2815 | Khaga | Allahabad | Uttar Pradesh |
| MP2816 | Beohari | Katni | Mp-2 |
| BH2817 | Barbiga | Lakhisarai | Bihar |
| KL2818 | Cherthala | Kollam | Kerala |
| KA2819 | Virajpet | Mysore | South Karnataka |
| MR2820 | Raver | Dhule | Maha-1 |
| KA2821 | Karkala | Simogga | South Karnataka |
| CH2822 | Saraipali-2(Balouda) | Raipur | CH-1 |
| MR2823 | Kinwat | Umarkhed | Maha-1 |
| GR2824 | Jhalod | Godhra | Gujarath |
| RJ2825 | Sagwara | Dungarpur | Rajasthan |
| RJ2826 | Ghatol | Banswara | Rajasthan |
| BH2827 | Warisaliganj | Lakhisarai | Bihar |
| BH2828 | Sikandra | Lakhisarai | Bihar |
| CH2829 | Bhanupratappur | Charama | CH-1 |
| MP2830 | Datia | Jhansi | MP-3 |
| OR2831 | Nuapatna | Boudh | Orissa-1 |



red.khanna

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|--------|------------------------|------------|--------------------|
| KL2832 | Perambra | Wandoor | Kerala |
| MR2833 | Kagal | Kolhapur | Maha-2 |
| MP2834 | Ghansaur | Jabalpur | Mp-2 |
| RJ2835 | Pratapgarh(Rj) | Banswara | Rajasthan |
| GR2836 | Karjan | Padra | Gujarath |
| GR2837 | Meghraj | Ahmedabad | Gujarath |
| MR2838 | Shevgaon | Jamkhed | Maha-2 |
| MR2839 | Jalgaon (Jamod) | Dhule | Maha-1 |
| MP2840 | Bhainsdehi | Itarsi | MP-3 |
| UP2841 | Dudhinagar | Ambikapur | CH-2 |
| MP2842 | Shyampur | Bhopal | MP-3 |
| MR2843 | Gadchandur | Nagpur | Maha-1 |
| KA2844 | Mulki | Simogga | South Karnataka |
| KA2845 | Thirthahalli | Simogga | South Karnataka |
| RJ2846 | Bagidora | Banswara | Rajasthan |
| KL2847 | Ettumanoor | Kollam | Kerala |
| MP2848 | Bhaura | Itarsi | MP-3 |
| MP2849 | Sultanpur | Bhopal | MP-3 |
| MP2850 | Alote | Ratlam | Mp-1 |
| MP2851 | Kukshi | Ratlam | Mp-1 |
| MP2852 | Jobat | Ratlam | Mp-1 |
| MP2853 | Pawai | Katni | Mp-2 |
| KL2855 | Wandoor | Wandoor | Kerala |
| UP2856 | Renukoot | Ambikapur | CH-2 |
| OR2857 | Jaleswar | Bhadrak | Orissa-3 |
| UP2859 | Bairia | Ghazipur | Uttar Pradesh |
| UP2860 | Rasra | Ghazipur | Uttar Pradesh |
| RJ2861 | Arnod | Banswara | Rajasthan |
| RJ2862 | Beawar | Didwana | Rajasthan |
| RJ2863 | Chittorgarh | Dungarpur | Rajasthan |
| PU2866 | Yanam | Palakollu | Andhra Pradesh |
| JH2867 | Japla | Ramgarh | Jharkhand |
| WB2868 | Gopiballabpur | Bishnupur | Jharkhand |
| BH2869 | Goh | Lakhisarai | Bihar |
| CH2870 | Saria | Raipur | CH-1 |
| KL2871 | Haripad | Kollam | Kerala |
| WB2872 | Krishnanagar(Santipur) | Bishnupur | Jharkhand |
| MR2873 | Sakri | Dhule | Maha-1 |
| KL2874 | Adoor | Kollam | Kerala |
| MR2875 | Jamkhed | Jamkhed | Maha-2 |
| BH2876 | Tarapur | Lakhisarai | Bihar |
| OR2877 | Rasol(Khajuriakata) | Boudh | Orissa-1 |
| OR2878 | Bhukta | Jharsuguda | Orissa-2 |



Real. Charming

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|-----------|----------------------|-------------|-----------|
| MP2879 | Bhanpura | Sarangpur | Mp-1 |
| MP2880 | Jhabua | Ratlam | Mp-1 |
| MR2881 | Anjangaon | Dhule | Maha-1 |
| MR2882 | Deolapar | Nagpur | Maha-1 |
| OR2883 | Hatadihi | Bhadrak | Orissa-3 |
| BH2885 | Amba | Lakhisarai | Bihar |
| BH2886 | Mokama | Lakhisarai | Bihar |
| CH2887 | Chhal | Champa | CH-2 |
| CH2888 | Kumhari | Raipur | CH-1 |
| CH2889 | Gursiya | Champa | CH-2 |
| MP2890 | Kirnapur | Chhindwara | Mp-2 |
| MR2891 | Murtizapur-2 | Dhule | Maha-1 |
| GR2893 | Ghoghamba | Godhra | Gujarath |
| CH2894 | Pakhanjur | Charama | CH-1 |
| CH2895 | Bastar | Charama | CH-1 |
| WB2896 | Chakdah | Bishnupur | Jharkhand |
| MR2897 | Kumbhari | Jamkhed | Maha-2 |
| GR2898 | Morva Hadaf | Godhra | Gujarath |
| MR2899 | Bhokardan | Jalna | Maha-2 |
| CH2900 | Bagicha | Ambikapur | CH-2 |
| MP2901 | Karond | Bhopal | MP-3 |
| MP2902 | Bairad | Jhansi | MP-3 |
| WB2903 | Baidyabati(Konnagar) | Bishnupur | Jharkhand |
| BH2904 | Makhdumpur | Lakhisarai | Bihar |
| KL2905 | Thodupuzha(Muttom) | Chalakkudi | Kerala |
| BH2906 | Kesariya | Kanti | Bihar |
| BH2907 | Kotwa(Sangrampur) | Kanti | Bihar |
| CH2908 | Janakpur | Ambikapur | CH-2 |
| OR2909 | Narsinghpur | Boudh | Orissa-1 |
| KL2910 | Kalady | Chalakkudi | Kerala |
| TNLAP2911 | Vellore Lap | Vellore LAP | LAP |
| MP2912 | Tarana | Indore | Mp-1 |
| OR2913 | Chandanpur | Bhubaneswar | Orissa-1 |
| OR2914 | Raghunathpur(Or) | Bhubaneswar | Orissa-1 |
| OR2915 | Kalapathar | Bhubaneswar | Orissa-1 |
| OR2916 | Chandbali | Bhadrak | Orissa-3 |
| OR2917 | Kotapad | Nabarangpur | Orissa-2 |
| MP2918 | Moman Badodiya | Sarangpur | Mp-1 |
| MP2919 | Nalkheda | Sarangpur | Mp-1 |
| MP2920 | Bajna(Shivgarh) | Ratlam | Mp-1 |
| JH2921 | Tandwa | Ramgarh | Jharkhand |
| RJ2922 | Bhinder | Dungarpur | Rajasthan |
| MR2924 | Mul | Nagpur | Maha-1 |
| BH2925 | Pipra | Kanti | Bihar |
| BH2926 | Mehsi | Kanti | Bihar |



red.khan 187

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|-----------|------------------------|-------------|--------------------|
| WB2927 | Panskura | Bishnupur | Jharkhand |
| JH2928 | Patan(Jh) | Ramgarh | Jharkhand |
| JH2929 | Hansdiha | Deoghar | Jharkhand |
| BH2930 | Kanti | Kanti | Bihar |
| BH2931 | Bhabua | Kanti | Bihar |
| BH2932 | Ramgarh(Bh) | Kanti | Bihar |
| BH2933 | Sasaram | Kanti | Bihar |
| RJ2935 | Dungarpur | Dungarpur | Rajasthan |
| RJ2936 | Mandalgarh | Didwana | Rajasthan |
| RJ2937 | Dhariyawad | Banswara | Rajasthan |
| UP2938 | Anpara | Ambikapur | CH-2 |
| OR2939 | Nandapur | Nabarangpur | Orissa-2 |
| GR2940 | Bhiloda | Ahmedabad | Gujarath |
| KL2941 | Ponkunnam | Chalakkudi | Kerala |
| GR2942 | Asodar | Padra | Gujarath |
| GR2943 | Padra(Vadodara) | Padra | Gujarath |
| GR2945 | Dahod | Godhra | Gujarath |
| KL2946 | Edappal | Chalakkudi | Kerala |
| TNLAP2947 | Tiruvannamalai Lap | Vellore LAP | LAP |
| CH2949 | Charama | Charama | CH-1 |
| CH2950 | Chhura | Charama | CH-1 |
| UP2952 | Babhani | Ambikapur | CH-2 |
| KL2955 | Changanassery | Kollam | Kerala |
| OR2956 | Tikabali | Berhampur | Orissa-1 |
| RJ2957 | Ramganj Mandi | Sarangpur | Mp-1 |
| RJ2958 | Salumbar | Banswara | Rajasthan |
| KL2959 | Kollam | Kollam | Kerala |
| KL2960 | Ayoor | Kollam | Kerala |
| RJ2961 | Danpur | Banswara | Rajasthan |
| RJ2962 | Rishabhdev | Dungarpur | Rajasthan |
| TN2963 | Thalavadi | Mysore | South Karnataka |
| MR2964 | Sindkhed Raja | Jalna | Maha-2 |
| MP2965 | Jawar | Sarangpur | Mp-1 |
| MP2966 | Bargi | Jabalpur | Mp-2 |
| MP2968 | Jaisinghnagar | Katni | Mp-2 |
| MP2969 | Katangi(Jabalpur Dist) | Jabalpur | Mp-2 |
| MR2970 | Parola | Dhule | Maha-1 |
| GR2971 | Chhota Udepur | Padra | Gujarath |
| CH2972 | Pali | Champa | CH-2 |
| GR2973 | Fatepura | Godhra | Gujarath |
| CH2974 | Chhuriya Kalan | Charama | CH-1 |
| MP2975 | Lanji | Chhindwara | Mp-2 |
| MR2976 | Aundha Nagnath | Jalna | Maha-2 |
| GR2978 | Bhavnagar | Padra | Gujarath |
| GR2979 | Palitana | Padra | Gujarath |



Aeel. Khan

| | | | |
|--------|------------------|-------------|----------------|
| GR2980 | Barwala | Ahmedabad | Gujarath |
| GR2981 | Mahuva | Padra | Gujarath |
| RJ2982 | Sabla | Dungarpur | Rajasthan |
| BH2983 | Fatehpur | Lakhisarai | Bihar |
| BH2984 | Paroo | Kanti | Bihar |
| BH2985 | Dhaka | Kanti | Bihar |
| BH2986 | Obra | Lakhisarai | Bihar |
| MP2987 | Baradari | Jhansi | MP-3 |
| KL2989 | Kozhencherry | Kollam | Kerala |
| JH2990 | Udhwa | Deoghar | Jharkhand |
| OR2992 | Joda | Jajpur Road | Orissa-3 |
| JH2993 | Chirkunda-2 | Deoghar | Jharkhand |
| KL2994 | Paravoor | Kollam | Kerala |
| RJ2995 | Mavli | Dungarpur | Rajasthan |
| KL2996 | Alanallur | Wandoor | Kerala |
| JH2997 | Suriya | Deoghar | Jharkhand |
| JH2998 | Jasidih | Deoghar | Jharkhand |
| KL2999 | Piravom | Chalakkudi | Kerala |
| AP3001 | Vatluru | Palakollu | Andhra Pradesh |
| KL3002 | Attingal | Kollam | Kerala |
| RJ3003 | Pindwara | Dungarpur | Rajasthan |
| RJ3004 | Amet | Dungarpur | Rajasthan |
| OR3007 | Daspalla | Berhampur | Orissa-1 |
| CH3009 | Kondagaon | Charama | CH-1 |
| CH3011 | Jagdalpur | Charama | CH-1 |
| RJ3012 | Raila | Didwana | Rajasthan |
| RJ3013 | Shahpura(Rj) | Didwana | Rajasthan |
| KL3014 | Nedumangad | Kollam | Kerala |
| KL3015 | Edakkara | Wandoor | Kerala |
| WB3018 | Chandrakona Town | Bishnupur | Jharkhand |
| WB3019 | Midnapore | Bishnupur | Jharkhand |
| WB3021 | Jhargram | Bishnupur | Jharkhand |
| BH3022 | Jagdishpur(Bh) | Kanti | Bihar |
| BH3023 | Harsidhi | Kanti | Bihar |
| BH3024 | Goraul | Kanti | Bihar |
| GR3025 | Limbdi | Ahmedabad | Gujarath |
| KL3026 | Nemom | Kollam | Kerala |
| KL3027 | Chathannoor | Kollam | Kerala |
| RJ3029 | Bilara | Didwana | Rajasthan |
| BH3030 | Masaurhi | Lakhisarai | Bihar |
| BH3031 | Amarpur | Lakhisarai | Bihar |
| KL3032 | Kunnamkulam | Chalakkudi | Kerala |
| WB3033 | Chandipur | Bishnupur | Jharkhand |
| BH3034 | Piro | Kanti | Bihar |
| BH3035 | Madanpur | Lakhisarai | Bihar |



Red. Khan

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|--------|-------------------|------------|-----------|
| BH3036 | Guraru | Lakhisarai | Bihar |
| BH3037 | Lauriya | Kanti | Bihar |
| KL3038 | Ramapuram | Chalakkudi | Kerala |
| KL3039 | Peringottukurissi | Wandoor | Kerala |
| RJ3040 | Bhinmal | Dungarpur | Rajasthan |
| RJ3041 | Kushalgarh | Banswara | Rajasthan |
| MR3042 | Goregaon | Nagpur | Maha-1 |
| RJ3043 | Abu Road | Dungarpur | Rajasthan |
| MR3044 | Karjat | Jamkhed | Maha-2 |
| BH3046 | Bagaha | Kanti | Bihar |
| RJ3047 | Merta Road | Didwana | Rajasthan |
| RJ3048 | Bhim | Didwana | Rajasthan |
| RJ3049 | Rawatbhata | Didwana | Rajasthan |
| BH3050 | Chauradano | Kanti | Bihar |
| JH3052 | Gawan | Deoghar | Jharkhand |
| KL3053 | Irinjalakuda | Chalakkudi | Kerala |
| MR3054 | Igatpuri | Jalna | Maha-2 |
| MR3055 | Zari | Nagpur | Maha-1 |
| MR3056 | Mukhed | Umarkhed | Maha-1 |
| RJ3058 | Degana | Didwana | Rajasthan |
| RJ3060 | Thanwala | Didwana | Rajasthan |
| GR3061 | Limdi(Jhalod) | Godhra | Gujarath |
| BH3063 | Akbarpur | Lakhisarai | Bihar |
| JH3064 | Itkhor | Ramgarh | Jharkhand |
| GR3065 | Jhalod-2 | Godhra | Gujarath |
| JH3066 | Hunterganj | Ramgarh | Jharkhand |
| RJ3067 | Peepalkhoont | Banswara | Rajasthan |
| RJ3068 | Kherwara | Dungarpur | Rajasthan |
| MP3069 | Bairagarh | Bhopal | MP-3 |
| MP3070 | Thandla | Ratlam | Mp-1 |
| MP3071 | Sarangpur-2 | Sarangpur | Mp-1 |
| MP3072 | Shivpuri-2 | Jhansi | MP-3 |
| UP3073 | Jhansi-2 | Jhansi | MP-3 |
| MR3074 | Rajura | Nagpur | Maha-1 |
| RJ3075 | Itawa | Jhansi | MP-3 |
| AP3076 | Madanapalle | Anantapur | Telangana |
| TS3077 | Gadwal | Nandyal | Telangana |
| MR3078 | Kalamnuri | Umarkhed | Maha-1 |
| MR3079 | Purna | Umarkhed | Maha-1 |
| RJ3081 | Dag | Sarangpur | Mp-1 |
| MP3082 | Sendhawa-2 | Indore | Mp-1 |
| GR3083 | Sanjeli | Godhra | Gujarath |
| BH3084 | Jandaha | Kanti | Bihar |
| BH3085 | Kalyanpur | Kanti | Bihar |
| RJ3087 | Intali Khera | Dungarpur | Rajasthan |



Red. Khan

| | | | |
|--------|-----------------|-------------|----------------|
| JH3088 | Panki | Ramgarh | Jharkhand |
| RJ3089 | Anandpuri | Banswara | Rajasthan |
| RJ3090 | Banswara-2 | Banswara | Rajasthan |
| GR3091 | Sehra | Godhra | Gujarath |
| GR3092 | Devgadh Baria | Godhra | Gujarath |
| HR3094 | Rohtak | Rohtak | Haryana |
| BH3095 | Pakribarwan | Lakhisarai | Bihar |
| RJ3096 | Chikhali | Dungarpur | Rajasthan |
| JH3097 | Bishrampur | Ramgarh | Jharkhand |
| BH3098 | Jamui-2 | Lakhisarai | Bihar |
| JH3100 | Dumri | Deoghar | Jharkhand |
| CH3101 | Basna-2 | Raipur | CH-1 |
| MP3102 | Mandsaur-2 | Ratlam | Mp-1 |
| OR3103 | Gopalpur | Bhadrak | Orissa-3 |
| OR3104 | Jagatsinghpur-2 | Bhubaneswar | Orissa-1 |
| OR3105 | Kujanga | Jajpur Road | Orissa-3 |
| OR3106 | Buguda | Berhampur | Orissa-1 |
| OR3107 | Dhamara | Bhadrak | Orissa-3 |
| OR3108 | Jajpur Town-2 | Jajpur Road | Orissa-3 |
| OR3109 | Chandikhol-2 | Jajpur Road | Orissa-3 |
| OR3110 | Kendrapara | Jajpur Road | Orissa-3 |
| OR3111 | Bhadrak-2 | Bhadrak | Orissa-3 |
| RJ3112 | Chhoti Sadri | Ratlam | Mp-1 |
| RJ3113 | Dungarpur-2 | Dungarpur | Rajasthan |
| RJ3114 | Lasadiya | Banswara | Rajasthan |
| RJ3115 | Parsola | Banswara | Rajasthan |
| OR3116 | Badamba | Boudh | Orissa-1 |
| HR3117 | Charkhi Dadri | Rohtak | Haryana |
| BH3118 | Kotwa-2 | Kanti | Bihar |
| MP3119 | Hindoria | Jabalpur | Mp-2 |
| MP3120 | Barela | Jabalpur | Mp-2 |
| HR3121 | Kosli | Rohtak | Haryana |
| UP3123 | Salempur | Ghazipur | Uttar Pradesh |
| UP3124 | Sikandarpur | Ghazipur | Uttar Pradesh |
| BH3125 | Motipur | Kanti | Bihar |
| RJ3126 | Khamera | Banswara | Rajasthan |
| RJ3127 | Ganoda | Banswara | Rajasthan |
| KL3128 | Kayamkulam | Kollam | Kerala |
| GA3129 | Ponda | Kolhapur | Maha-2 |
| OR3130 | Brahmagiri-2 | Bhubaneswar | Orissa-1 |
| AP3131 | Denduluru | Palakollu | Andhra Pradesh |
| RJ3195 | Galiyakot | Dungarpur | Rajasthan |
| RJ3196 | Talwara | Banswara | Rajasthan |
| RJ3197 | Genji | Dungarpur | Rajasthan |



Ref. Khanna

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|--------|-----------------|--------------|-----------------|
| RJ3198 | Sarada | Banswara | Rajasthan |
| GR3199 | Dahod-2 | Godhra | Gujarath |
| RJ3200 | Gangar Talai | Godhra | Gujarath |
| JH3201 | Ranka | Ambikapur | CH-2 |
| BH3202 | Surajgarha | Lakhisarai | Bihar |
| MP3203 | Karera | Jhansi | MP-3 |
| GR3204 | Talaja | Padra | Gujarath |
| GR3205 | Gadhada | Ahmedabad | Gujarath |
| GR3206 | Khedbrahma | Ahmedabad | Gujarath |
| GR3207 | Umreth | Padra | Gujarath |
| GR3208 | Kheralu | Ahmedabad | Gujarath |
| GR3209 | Netrang | Padra | Gujarath |
| HR3210 | Meham | Rohtak | Haryana |
| GR3211 | Satlasana | Ahmedabad | Gujarath |
| HR3212 | Ateli | Rohtak | Haryana |
| HR3213 | Nangal Chaudhry | Rohtak | Haryana |
| RJ3214 | Didwana | Didwana | Rajasthan |
| RJ3215 | Jayal | Didwana | Rajasthan |
| RJ3216 | Kuchera | Didwana | Rajasthan |
| RJ3217 | Kekri | Didwana | Rajasthan |
| RJ3218 | Gogunda | Dungarpur | Rajasthan |
| OR3219 | Brajarajnagar | Jharsuguda | Orissa-2 |
| UP3231 | Dudhai | Ghazipur | Uttar Pradesh |
| UP3232 | Pathardewa | Ghazipur | Uttar Pradesh |
| MR3233 | Kamptee | Nagpur | Maha-1 |
| JH3234 | Satbarwa | Ramgarh | Jharkhand |
| BH3235 | Sono | Lakhisarai | Bihar |
| BH3236 | Aliganj | Lakhisarai | Bihar |
| BH3237 | Pakridayal | Kanti | Bihar |
| KA3238 | Kanahosahalli | Vijayanagara | North Karnataka |
| MP3239 | Lalbarra | Chhindwara | Mp-2 |
| BH3240 | Gogri | Lakhisarai | Bihar |
| HR3241 | Narnaund | Rohtak | Haryana |
| HR3242 | Pundri | Rohtak | Haryana |
| HR3243 | Bawal | Rohtak | Haryana |
| HR3244 | Safidon | Rohtak | Haryana |
| BR3245 | Chakai | Deoghar | Jharkhand |
| UP3246 | Salempur | Ghazipur | Uttar Pradesh |
| RJ3247 | Kolayat | Didwana | Rajasthan |
| RJ3248 | Khajuwala | Didwana | Rajasthan |
| OR3249 | Dhenkanal-2 | Boudh | Orissa-1 |
| GR3250 | Vijaynagar | Ahmedabad | Gujarath |
| GR3251 | Shamlaji | Ahmedabad | Gujarath |



pet. bhany

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|--------|------------------|-------------|----------------|
| RJ3252 | Nokha | Didwana | Rajasthan |
| RJ3253 | Lunkaransar | Didwana | Rajasthan |
| MP3256 | Thandla-2 | Ratlam | Mp-1 |
| BR3257 | Bihpur | Lakhisarai | Bihar |
| UP3259 | Naurangia | Ghazipur | Uttar Pradesh |
| GR3260 | Mora | Godhra | Gujarath |
| GR3261 | Sukhsar | Godhra | Gujarath |
| GR3262 | Dhanpur | Godhra | Gujarath |
| RJ3254 | Khatu Shyam | Didwana | Rajasthan |
| MR3258 | Mehekar-2 | Umarkhed | Maha-1 |
| OR3255 | Jagatpur | Bhubaneswar | Orissa-1 |
| BH3264 | Kanti-2 | Kanti | Bihar |
| AP3268 | Cherukupalli | Gudivada | Andhra Pradesh |
| AP3269 | Karlapalem | Gudivada | Andhra Pradesh |
| UP3270 | Bhatpar Rani | Ghazipur | Uttar Pradesh |
| UP3271 | Uruwa Bazar | Ghazipur | Uttar Pradesh |
| UP3272 | Bhathat | Ghazipur | Uttar Pradesh |
| UP3273 | Hata | Ghazipur | Uttar Pradesh |
| TN3274 | Sriperumbudur | Vellore | Tamil Nadu |
| TN3275 | Kanchipuram | Vellore | Tamil Nadu |
| UP3276 | Kolhui Bazar | Ghazipur | Uttar Pradesh |
| UP3277 | Nautanwa | Ghazipur | Uttar Pradesh |
| UP3278 | Nichlaul | Ghazipur | Uttar Pradesh |
| UP3279 | Pharenda | Ghazipur | Uttar Pradesh |
| BH3280 | Alauli | Lakhisarai | Bihar |
| BH3281 | Khagaria | Lakhisarai | Bihar |
| BH3282 | Maner | Lakhisarai | Bihar |
| BH3283 | Jainagar | Kanti | Bihar |
| BH3284 | Dharbhanga | Lakhisarai | Bihar |
| BH3285 | Laheriasarai | Lakhisarai | Bihar |
| BH3286 | Mirganj | Kanti | Bihar |
| UP3287 | Behat | Saharanpur | Uttar Pradesh |
| UP3288 | Chhutmalpur | Saharanpur | Uttar Pradesh |
| UP3289 | Nakur | Saharanpur | Uttar Pradesh |
| UP3290 | Saharanpur | Saharanpur | Uttar Pradesh |
| TN3291 | Tirukazhukundram | Kanchipuram | Tamil Nadu |
| TN3292 | Uthiramerur | Kanchipuram | Tamil Nadu |



Real.khannay

| | | | |
|--------|------------------------|------------|----------------|
| AP3293 | Rayachoti SSFL | Nandyal | Telangana |
| AP3294 | Punganur SSFL | Anantapur | Telangana |
| AP3295 | Kavali SSFL | Nandyal | Telangana |
| AP3296 | Kovur SSFL | Nandyal | Telangana |
| AP3297 | Gudur SSFL | Nandyal | Telangana |
| AP3298 | Srikalahasti SSFL | Anantapur | Telangana |
| AP3299 | Jaggaihpeta SSFL | Gudivada | Andhra Pradesh |
| AP3300 | Palamaner SSFL | Anantapur | Telangana |
| TS3301 | Tukkuguda SSFL | Hyderabad | Telangana |
| AP3302 | Puthalapattu SSFL | Anantapur | Telangana |
| TS3303 | Jadcherla SSFL | Hyderabad | Telangana |
| AP3304 | Naidupeta SSFL | Nandyal | Telangana |
| TS3305 | Kodad SSFL | Gudivada | Andhra Pradesh |
| AP3306 | Koduru SSFL | Nandyal | Telangana |
| AP3307 | Mudinepalli SSFL | Palakollu | Andhra Pradesh |
| TS3308 | Sathupalli SSFL | Vijayawada | Telangana |
| AP3309 | Chilakaluripet SSFL | Vijayawada | Telangana |
| AP3310 | Kuchipudi SSFL | Gudivada | Andhra Pradesh |
| AP3311 | Unguturu(Pulla) SSFL | Palakollu | Andhra Pradesh |
| AP3312 | Tanuku SSFL | Palakollu | Andhra Pradesh |
| TS3313 | Bhuvanagiri SSFL | Hyderabad | Telangana |
| AP3314 | Machilipatnam SSFL | Gudivada | Andhra Pradesh |
| TS3315 | Wyra Cfl(Tallada) SSFL | Gudivada | Andhra Pradesh |
| AP3316 | Kaikaluru SSFL | Palakollu | Andhra Pradesh |
| AP3317 | Bhimavaram SSFL | Palakollu | Andhra Pradesh |
| AP3318 | Kadiyam SSFL | Tuni | Andhra Pradesh |
| AP3319 | Nidadavolu SSFL | Palakollu | Andhra Pradesh |
| TS3320 | Gajwel SSFL | Hyderabad | Telangana |
| TS3321 | Nakrekal SSFL | Hyderabad | Telangana |
| TS3322 | Madhira SSFL | Gudivada | Andhra Pradesh |
| TS3323 | Kallur SSFL | Gudivada | Andhra Pradesh |
| AP3324 | Mylavaram SSFL | Vijayawada | Telangana |
| AP3325 | Kolluru SSFL | Gudivada | Andhra Pradesh |
| TS3326 | Kamareddy SSFL | Hyderabad | Telangana |
| AP3327 | Pileru SSFL | Anantapur | Telangana |
| TS3328 | Medak SSFL | Hyderabad | Telangana |
| AP3329 | Gollapudi(Vij-2) SSFL | Vijayawada | Telangana |



not. khamy

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|--------|--------------------------|------------|----------------|
| AP3330 | Ravulapalem SSFL | Palakollu | Andhra Pradesh |
| AP3331 | Rajahmundry SSFL | Tuni | Andhra Pradesh |
| AP3332 | Vijayawada-1 SSFL | Vijayawada | Telangana |
| AP3333 | Vissannapet SSFL | Vijayawada | Telangana |
| AP3334 | Palakollu SSFL | Palakollu | Andhra Pradesh |
| AP3335 | Tenali(Nandivelugu) SSFL | Vijayawada | Telangana |
| AP3336 | Razole SSFL | Palakollu | Andhra Pradesh |
| AP3337 | Nuziveedu SSFL | Vijayawada | Telangana |

Criss Financial Limited

| Branch_Code | Branch Name | Zone Name | State Name |
|-------------|---------------------|----------------|----------------|
| APML0001 | Vijayawada-1 | Vijayawada | Telangana |
| APML0002 | Palakollu | Palakollu | Andhra Pradesh |
| APML0003 | Rajahmundry | Tuni | Andhra Pradesh |
| APML0004 | Tanuku | Palakollu | Andhra Pradesh |
| APML0005 | Gollapudi(Vij-2) | Vijayawada | Telangana |
| APML0006 | Ravulapalem | Palakollu | Andhra Pradesh |
| APML0009 | Razole | Palakollu | Andhra Pradesh |
| APML0012 | Machilipatnam | Gudivada | Andhra Pradesh |
| AP0032 | Nuziveedu | Vijayawada | Telangana |
| AP0038 | Kolluru | Gudivada | Andhra Pradesh |
| TS0042 | Chandanagar | Hyderabad | Telangana |
| AP0045 | Kaikaluru | Palakollu | Andhra Pradesh |
| AP0053 | Tiruvuru | Vijayawada | Telangana |
| APLAP0054 | Palakollu LAP | Vijayawada LAP | LAP |
| APML0067 | Tenali(Nandivelugu) | Vijayawada | Telangana |
| AP0069 | Nidadavolu | Palakollu | Andhra Pradesh |
| APML0082 | Chilakaluripet | Vijayawada | Telangana |
| APML0083 | Unguturu(Pulla) | Palakollu | Andhra Pradesh |
| APML0084 | Tadepallegudem | Palakollu | Andhra Pradesh |
| APML0085 | Bhimavaram | Palakollu | Andhra Pradesh |
| APML0086 | Vissannapet | Vijayawada | Telangana |



Red. Channay

| | | | |
|-----------|------------------|----------------|----------------|
| APML0087 | Pedanandipadu | Vijayawada | Telangana |
| APML0089 | Tallada | Gudivada | Andhra Pradesh |
| APML0090 | Sathupalli | Vijayawada | Telangana |
| APML0092 | Mudinepalli | Palakollu | Andhra Pradesh |
| TSML0093 | Kodad | Gudivada | Andhra Pradesh |
| TSML0094 | Madhira | Gudivada | Andhra Pradesh |
| APML0095 | Jaggaihpeta | Gudivada | Andhra Pradesh |
| TSML0104 | Bhuvanagiri | Hyderabad | Telangana |
| TSML0106 | Toopran | Hyderabad | Telangana |
| TSML0107 | Medak | Hyderabad | Telangana |
| APLAP0109 | Guntur LAP | Vijayawada LAP | LAP |
| APML0110 | Kavali | Nandyal | Telangana |
| TSML0111 | Kamareddy | Hyderabad | Telangana |
| TSML0112 | Choutuppal | Hyderabad | Telangana |
| APML0114 | Pileru | Anantapur | Telangana |
| APML0115 | Punganur | Anantapur | Telangana |
| APML0116 | Kadiyam | Tuni | Andhra Pradesh |
| TSML0117 | Vemulavada | Hyderabad | Telangana |
| APML0118 | Kodur | Nandyal | Telangana |
| APML0119 | Rayachoti | Nandyal | Telangana |
| APML0120 | Kovur | Nandyal | Telangana |
| TSML0121 | Gajwel | Hyderabad | Telangana |
| AN30 | Gannavaram | Vijayawada | Telangana |
| AN31 | Kuchipudi | Gudivada | Andhra Pradesh |
| TSML0123 | Nakrekal | Hyderabad | Telangana |
| APLAP0129 | Rayadurgam LAP | Anantapur LAP | LAP |
| TSLAP0130 | Khammam Lap | Hyderabad LAP | LAP |
| APLAP0131 | Bapatla Lap | Vijayawada LAP | LAP |
| APLAP0132 | Proddutur Lap | Anantapur LAP | LAP |
| APLAP0133 | Guntakal Lap | Anantapur LAP | LAP |
| APLAP0134 | Amalapuram Lap | Vijayawada LAP | LAP |
| TSLAP0135 | Mahbubnagar Lap | Hyderabad LAP | LAP |
| TSLAP0136 | Vikarabad Lap | Hyderabad LAP | LAP |
| APLAP0137 | Dharmavaram Lap | Anantapur LAP | LAP |
| TSLAP0138 | Kodad Lap | Hyderabad LAP | LAP |
| TSLAP0139 | Siddipet Lap | Hyderabad LAP | LAP |
| APLAP0140 | Kadiri Lap | Anantapur LAP | LAP |
| APLAP0141 | Narasaraopet Lap | Vijayawada LAP | LAP |
| APLAP0142 | Hindupur Lap | Anantapur LAP | LAP |
| TSML0144 | Kallur | Gudivada | Andhra Pradesh |
| APML0164 | Mylavaram | Vijayawada | Telangana |



Red. Channu

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | |
|----------|--------------|------------|----------------|
| APML0169 | Nandivelugu | Vijayawada | Telangana |
| APML0170 | Puthalapattu | Anantapur | Telangana |
| APML0171 | Palamaner | Anantapur | Telangana |
| APML0172 | Gudur | Nandyal | Telangana |
| APML0178 | Naidupeta | Nandyal | Telangana |
| TSML0181 | Tukkuguda | Hyderabad | Telangana |
| TSML0182 | Kandukur | Hyderabad | Telangana |
| TSML0183 | Jadcherla | Hyderabad | Telangana |
| APML0184 | Srikalahasti | Anantapur | Telangana |
| TSML0185 | Bonakal | Gudivada | Andhra Pradesh |
| TSML0186 | Enkuru | Gudivada | Andhra Pradesh |
| TSML0187 | Huzurnagar | Gudivada | Andhra Pradesh |

CHAPTER F: RELATED PARTY TRANSACTIONS ENTERED DURING THE LAST 3 (THREE) FINANCIAL YEARS IMMEDIATELY PRECEDING THE YEAR OF ISSUE OF THIS OFFER LETTER INCLUDING WITH REGARD TO LOANS MADE OR, GUARANTEES GIVEN OR SECURITIES PROVIDED

| Related Party | Nature of Transactions | Transactions during year ended March 31, 2022 | Transactions during year ended March 31, 2021 | Transactions during year ended March 31, 2020 | (Payable)/Receivable | | |
|---|----------------------------------|---|---|---|----------------------|----------------|----------------|
| | | | | | March 31, 2022 | March 31, 2021 | March 31, 2020 |
| Spandana Rural and Urban Development Organization | Rent expense | 28.47 | 0 | - | (1.21) | | - |
| | Interest expense on lease | - | 7.56 | 6.6 | | 0 | - |
| | Lease liability payable | 98.87 | 50.93 | | | (102.05) | |
| | Repayment of lease liability | 3.18 | 0.74 | - | | | -51.86 |
| | Rent deposit | 1.02 | 3.83 | - | | 6.92 | 3.09 |
| | Rent Deposits Refunded/adjusted | 7.94 | - | - | - | - | - |
| | Sale of Fixed Assets | 3.66 | - | - | - | - | - |
| | Expense reimbursement | 0.04 | 0.06 | 0.13 | 0.01 | | 0.01 |
| Criss Financial Holdings Limited | Expense reimbursement (net) | 89.62 | 5.84 | 0.67 | (0.06) | (0.72) | 0.5 |
| | Inter-corporate advances (net) * | 390.88 | -305 | 760.07 | 1118.88 | 728 | 1,033.00 |
| | Interest income | 128.37 | 148.94 | 67.1 | 11.32 | 12.49 | 11.34 |



Red. Channay

Placement Memorandum

Date: April 10, 2023

Private & Confidential
For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | |
|--------------------------------------|--|----------|----------|--------|---------|--------|----------|
| | Subscription to equity shares | - | 500 | - | | | - |
| | Business transfer ** | - | 902.77 | - | | 80.57 | |
| Abhiram Marketing Services Limited | Commission income | | 0 | 268.62 | | | 97.91 |
| | Incentive income | 64.68 | 89.12 | 82.5 | 69.85 | 87.78 | 80.85 |
| | Expenses reimbursement | 0.30 | 11.63 | 40.73 | - | 0.12 | 10.21 |
| | Inter-corporate advances (net) * | (115.24) | (970.16) | 755 | 64.60 | 179.84 | 1,150.00 |
| | Blue Lemon collections & sales | 278.03 | 2,265.01 | - | (25.17) | (8.79) | - |
| | Transfer of loan Portfolio | - | 388.43 | - | - | - | - |
| | Other advances | | 0 | 122.19 | | | 122.19 |
| | Interest income | 12.94 | 152.65 | 109.7 | - | 7.47 | 12.19 |
| | Purchase of fixed assets & goods | 9.74 | 6.39 | 53.19 | - | - | -0.03 |
| | | | | | | | |
| Spandana Mutual Benefit Trust (SMBT) | Sale of Fixed Assets | 0.20 | - | - | - | - | - |
| Caspian Financial Services Limited | Pre-incorporation expenses | | | - | | | - |
| Kangchenjunga Limited | Dividend on CCPS (all class) | | | - | | | - |
| Mr. Deepak Goswami | Remuneration# | | 0 | 0.32 | | | - |
| Mr. Sudhesh Chandrasekar | Remuneration# | | 1.82 | 8.24 | | | -3.45 |
| | Equity shares issued pursuant to stock option scheme | | 0 | 1.32 | | | - |
| | Fair value of Stock Options granted | | 0 | 0.68 | | | - |
| Mr. Rakesh Jhinharia | Equity shares issued pursuant to stock option scheme | | 0 | 0.79 | | | - |
| | Fair value of Stock Options granted | | 0 | 0.41 | | | - |
| | Remuneration# | | 0.4 | 2.34 | | | -0.31 |
| Mr. Nitin Prakash Agrawal | Remuneration# | | 0 | 0.09 | | | - |
| Mr. Bharat Shah | Sitting fee | 2.18 | 2 | 2 | - | -0.46 | -0.5 |
| Mr. Deepak Vaidya | Sitting fee | 2.18 | 2 | 2 | - | -0.46 | -0.5 |
| Mr. Jagdish Capoor | Sitting fee | 2.18 | 2 | 2 | - | -0.46 | -0.5 |
| Mr. K. R. Kamath | Sitting fee | 2.18 | 2 | 2 | - | (0.46) | -0.5 |
| Ms. Abanti Mitra | Sitting fee | 2.18 | 2 | 1 | - | (0.46) | -0.25 |
| | Subscription to equity shares | - | 0 | - | | | - |
| Mr. Abdul Feroz Khan | Equity shares issued pursuant to stock option scheme | - | 0 | 4.74 | | | - |
| | Fair value of Stock Options granted | - | 0 | 2.43 | | | - |
| | Remuneration# | 7.34 | 7.45 | 6.81 | - | (2.60) | -1.27 |
| | Subscription to equity shares | - | 0 | - | | | - |



Red. Channay

| | | | | | | | |
|--------------------------------------|---|--------|-------|-------|----------|---------|--------|
| Mrs. Padmaja Gangireddy | Balance subscription received on share warrants | | 0 | - | | | - |
| | Balance subscription received on OCRPS (all series) | | 0 | - | | | - |
| | Subscription to equity shares | | 0 | - | | | - |
| | Purchase of CFHL Shares | | 0 | - | | | - |
| | Dividend on OCRPS | | 0 | - | | | - |
| | Settlement Fees | 376.05 | - | - | (407.10) | - | - |
| Mr. Revan Saahith | Remuneration# | 28.20 | 53.75 | 53.75 | - | (25.00) | -27.68 |
| | Remuneration# | 1.92 | 3.1 | 2.38 | - | (0.72) | -0.65 |
| Mr. Vijaya Sivarami Reddy Vendidandi | Purchase of CFHL Shares | | 0 | - | | | - |
| | Purchase of CFHL Shares | | 0 | - | | | - |
| | Interest expense on lease | | 0.97 | | | | |
| | Rent Expenses | 12.95 | | | (0.77) | | |
| | Lease liability payable | 48.54 | 50.93 | | | (50.61) | |
| | Repayment of lease liability | 2.07 | 0.31 | | | | |
| | Rent Deposits Refunded/adjusted | 4.61 | | | | | |
| | Sale of Fixed Assets | 1.35 | - | - | - | - | - |
| | Rent deposit | 0.78 | 3.83 | | | 3.83 | |
| Mrs. Hina Ansari | Purchase of CFHL Shares | | 0 | - | | | - |
| Mr. Ramesh Periasamy | Remuneration# | 7.85 | 4.28 | | (3.49) | (1.54) | |
| Mr. Satish Kottakota | Remuneration# | 4.36 | 12.39 | | (5.48) | (3.82) | |
| Mrs. Sharmila Kunguma | Remuneration# | 4.09 | 0.98 | | (1.41) | (0.40) | |
| Mr. Shalabh Saxena | Remuneration# | 1.57 | | | (1.57) | | |
| Mr. Ashish Damani | Remuneration# | 1.22 | | | (1.22) | | |

nd. Khan



SECTION 11: DECLARATION BY THE DIRECTORS

Each of the directors of the Company hereby confirm and declare that:

- A. the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act, 2013 and the rules and regulations made thereunder, including the compliances in relation to making a private placement of the Debentures;
- B. the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of non-convertible securities, if applicable, is guaranteed by the Central Government;
- C. the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Memorandum; and
- D. whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under SECTION 3: of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

I am authorized by the Board of Directors of the Company dated July 11, 2022 and August 04, 2022 read with the resolution passed by the Management Committee of the Board of Directors dated April 04, 2023 vide resolution number 01 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For Spandana Sphoorty Financial Limited

Director

Name: Mr. Shalabh Saxena

Title: Director

Date: April 10, 2023



Handwritten signature

ANNEXURE I: TERM SHEET

As per Clause 5.37 (*Issue Details*) of this Placement Memorandum.

Attached Separately



Net. Channay

**ANNEXURE II: RATING LETTER, RATING RATIONALE AND DETAILED PRESS
RELEASE FROM THE RATING AGENCY**

**India Ratings
& Research**
A Fitch Group Company

FitchGroup

Mr. Shalekh Saxena,
Chief Executive Officer,
Spandana Sphoorty Financial Limited
Galaxy, Wing B, 16th Floor, Plot No.1,
forming part of Sy No 83/1, Hyderabad Knowledge City,
TSIC, Raidurg Pannaktha, Serilingampally Mandal,
Ranga Reddy District, Hyderabad- 500081,
Telangana.

April 04, 2023

Dear Sir/Madam,

Re: Rating Letter for NCD of Spandana Sphoorty Financial Limited

India Ratings and Research (Ind-Ra) is pleased to communicate the rating of

- INR11.3bn non-convertible debentures (NCD): TND A+/ Stable.
- INR18.0bn Principal Protected Market Linked Debentures (PP-MLDs): TND PP-MLD A+/ Stable

Please refer to annexure for details.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the

India Ratings & Research Private Limited - A Fitch Group Company
Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai - 400051
Tel: +91 22 4000 1700 | Fax: +91 22 4000 1701 | CIN/LLPIN: U67100MH1995FTC140049 | www.indiaratings.co.in





collective work product of India Ratings and no individual or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your adviser, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at info@indiaratings.co.in

Sincerely,

India Ratings

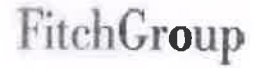
Abhishek Bhattacharya
Senior Director

Annexure: ISIN

| Instrument | ISIN | Date of Issuance | Coupon Rate | Maturity Date | Ratings | Outstanding/Total Amount(INR million) |
|------------|--------------|------------------|-------------|---------------|---------------------|---------------------------------------|
| PP-MLD | INE572J07299 | 29/12/2020 | 11.5 | 29/12/2023 | IND PP-MLD A/Stable | 830 |
| PP-MLD | INE572J07331 | 16/03/2021 | 11.25 | 16/03/2023 | IND PP-MLD A/Stable | 500 |
| PP-MLD | INE572J07364 | 29/04/2021 | 11.5 | 29/04/2023 | IND PP-MLD A/Stable | 1100 |
| PP-MLD | INE572J07372 | 16/03/2021 | 11 | 16/03/2023 | IND PP-MLD A/Stable | 3300 |
| PP-MLD | INE572J07391 | 14/07/2021 | 10.75 | 16/03/2023 | IND PP-MLD A/Stable | 300 |
| PP-MLD | INE572J07331 | 22/07/2021 | 10.75 | 16/03/2023 | IND PP-MLD A/Stable | 1250 |
| PP-MLD | INE572J07422 | 09/09/2022 | 10.75 | 01/04/2024 | IND PP-MLD A/Stable | 600 |
| PP-MLD | INE572J07422 | 23/09/2022 | 10.75 | 01/04/2024 | IND PP-MLD A/Stable | 400 |
| PP-MLD | INE572J07471 | 22/11/2022 | 11.15 | 22/05/2024 | IND PP-MLD A/Stable | 2000 |
| PP-MLD | INE572J07471 | 16/12/2022 | 11.15 | 22/05/2024 | IND PP-MLD A/Stable | 2000 |



res. kharan



| PP-MLD (Unutilised) | | | | | RD PP-MLD Available | 5630 |
|---------------------|--------------|------------|-------|------------|---------------------|------|
| NCD | INE572J07349 | 31/03/2021 | 12.5 | 31/12/2024 | IND A Stable | 250 |
| NCD | INE572J07356 | 31/03/2021 | 12.5 | 15/09/2024 | IND A Stable | 200 |
| NCD | INE572J07398 | 24/03/2022 | 11.85 | 24/03/2025 | IND A Stable | 350 |
| NCD | INE572J07406 | 16/08/2022 | 12.6 | 30/06/2025 | IND A Stable | 400 |
| NCD | INE572J07430 | 30/09/2022 | 11.85 | 30/03/2024 | IND A Stable | 250 |
| NCD | INE572J07448 | 30/10/2022 | 12 | 20/10/2024 | IND A Stable | 600 |
| NCD | INE572J07455 | 11/09/2022 | 11.5 | 05/09/2024 | IND A Stable | 250 |
| NCD | INE572J07463 | 11/09/2022 | 11.5 | 05/09/2024 | IND A Stable | 250 |
| NCD | INE572J07497 | 15/12/2022 | 11.5 | 10/12/2023 | IND A Stable | 500 |
| NCD | INE572J07505 | 22/12/2022 | 11.5 | 20/12/2024 | IND A Stable | 600 |
| NCD | INE572J07513 | 30/12/2022 | 11.35 | 30/12/2025 | IND A Stable | 800 |
| NCD | INE572J07521 | 30/12/2022 | 11.35 | 03/01/2024 | IND A Stable | 1000 |
| NCD | INE572J07539 | 30/12/2022 | 11.35 | 30/06/2025 | IND A Stable | 10 |
| NCD | INE572J07547 | 17/03/2023 | 10.50 | 17/03/2025 | IND A Stable | 1250 |
| NCD | INE572J07489 | 08/12/2022 | 11.35 | 08/09/2024 | IND A Stable | 1000 |
| NCD (Unutilised) | | | | | IND A Stable | 3340 |

18



Real Estate



Login

Correction: India Ratings Assigns Spandana Sphoorty Financial's CPs 'IND A1'; Affirms Existing Ratings

Feb 15, 2023 | Microfinance Institutions

This announcement rectifies the version published on 20 December 2022 and 19 January 2023 to correctly state the ISIN in the annexure table. The amended version is as follows:

India Ratings and Research (Ind-Ra) has taken the following rating actions on Spandana Sphoorty Financial Limited's (Spandana) debt instruments:

| Instrument Type | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of Issue (billion) | Rating/Outlook | Rating Action |
|---|------|------------------|-----------------|---------------|--------------------------------|---------------------|---------------|
| Commercial papers (CPs) # | - | - | - | - | INR5.0 | IND A1 | Assigned |
| Principal protected-market linked debentures (PP-MLDs)* | - | - | - | - | INR18.0 | IND PP-MLD A/Stable | Affirmed |
| Non-convertible debentures (NCDs)* | - | - | - | - | INR11.3 (reduced from INR11.7) | IND A/Stable | Affirmed |
| Bank loans# | - | - | - | - | INR20.0 | IND A/Stable | Affirmed |

*Details in annexure

Unutilised



Red. Channay

The rating of the market-linked debentures is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on these instruments will be based on the performance of a reference index or equity share (detailed in the information memorandum of the issue).

PP-MLD refers to full principal protection in the equity-linked notes, wherein the issuer is obligated to pay the full principal upon maturity.

Key Rating Drivers

Strategic Execution Underway to Regain Franchise: Spandana's disbursements recovered to INR27.1 billion in 1HFY23. During FY22, the company's annual disbursements declined to INR34 billion (FY21: INR64 billion; FY20: INR80 billion), on account of board-level challenges, leading to operational disruptions which were aggravated by COVID-19-led disruptions. The company expects an average quarterly run rate of INR15 billion-20 billion in 2HFY23. Ind-Ra expects the company to at least partly regain its franchise in FY23-FY24, on the back of its high capital levels, improved operating efficiencies of the existing set-up, and adequate availability of fresh market borrowings. Ind-Ra will closely monitor the company's franchise-building efforts, as around 40% of industry disbursements take place in 4Q of the financial year. Spandana aims to achieve assets under management (AUM) of INR150 billion by FY25 (1HFY23: INR57.8 billion; FY22: INR66 billion), supported by its new customer acquisition strategy, increasing ticket sizes for its existing customers as needed and by diversifying within its distribution models, such as business correspondence, co-lending, and balance sheet funding in the near to medium term.

Legacy Stress Largely Addressed: The new management team made substantial write-offs (INR7 billion; 11% of the AUM pre-write-off) in the pre-March 2021 book during 1QFY23, which along with the revival of its disbursements led to a decline in the proportion of legacy stress book (i.e. pre-March 2021 originated restructured loans) to 3% at end-September 2022 (end-June 2022: 6%; end-March 2022: 15%). The gross non-performing asset (NPA) ratio also reduced to 7.5% in 1HFY23 (FY22: 17.7%; FY21: 6%), and the net NPA ratio declined to 3.96% (9.7%; 3.3%). The provision coverage ratio improved marginally to 52.2% in 1HFY23 (FY22: 45.3%; FY21: 47%). The reported ratios were impacted partly due to a 19% decline in the AUM over FY21-FY22. The company's AUM post-April-2021 (which contributed 82% to the total AUM) demonstrated industry comparable collection efficiency (excluding arrears) of 97.5% in 2QFY23 (1QFY23: 97.5%; 4QFY23: 96.4%) as against the entire AUM's collection efficiency (excluding arrears) of 93.3% (94.0%; 92.2%). The outstanding restructured assets constituted 7% of the AUM at end-September 2022; however, 70% of the restructured loans have already slipped into NPAs. Hence, the provisions on incremental slippages from the balance 30% restructured assets and on legacy NPAs would be manageable.

Operational Set-up Poised to Deliver: The business operations have been stabilised and Spandana is well positioned in terms of information technology systems to drive its AUM growth, with its existing infrastructure of 1,115 branches and 6,374 loan officers at end-September 2022. However, the company's ability to improve the disbursement trend materially would be key to growing the franchise and improve the asset quality. Ind-Ra estimates the company would need to disburse at least INR15 billion per quarter to grow its AUM by 10%; the company's quarterly disbursement run-rate exceeded INR13 billion each during 4QFY22, 1QFY23 and 2QFY23. Its AUM per branch improved in 2QFY23 to INR55 million, after falling to INR53 million in 1QFY23 (FY22: INR59 million; FY21: INR78 million); the company plans to maximise the utilisation of its existing infrastructure set-up to meet the near-term growth expectations. Spandana broadly expects its first cycle borrowers to contribute 30%-35% to its total AUM by end-FY23.

High Capital Levels Provide Long Runway for Growth: Spandana's healthy capital buffers (2QFY23 capital adequacy ratio: 45.3%; FY22: 50.7%, FY21: 40%, FY20: 47.4%) were supported by around INR3.0 billion of equity capital raise in March 2022, which is a clear sign of investor confidence, as per Ind-Ra. Its leverage (debt/ tangible equity) remained substantially low at 1.5x in 1HFY23 (FY22: 1.3x; FY21: 2.0x, FY20: 1.2x), providing the balance sheet strength to fund the



company's growth and raise borrowings. The management expects the leverage to increase to a modest level of 2.2x in FY23 to meet its AUM target of INR92.4 billion (40% growth over FY22 AUM). Even in a stress scenario, the agency expects the leverage to remain well below 4.0x over the next two years.

Liquidity Indicator - Adequate: At end-December 2022, based on the asset-liability statement, Spandana's short-term liquidity (up-to-one year) was adequate, with a cumulative surplus ((excess of short-term assets over short-term liabilities) of 48%. Even under Ind-Ra's stress scenario, the near-term asset-liability management remains in surplus. This also includes Spandana's cash and cash equivalents totalling INR10.7 billion at end-December 2022, which would be sufficient to cover its debt repayments of INR8.8 billion over January 2023-March 2023 without considering any inflows from collections. The company had a monthly collection run-rate of INR4.5 billion-5.0 billion.

Spandana's bank borrowings as a percentage of the total funding mix declined to 47% in 1HFY23 (FY22: 49%; FY21: 68%); consequently, the company's reliance on the capital market borrowings remained at 33% of the funding mix (34%; 21%). The balance 20% of 1HFY23 funding was contributed by non-banking finance companies (NBFCs: 14%), development finance institutions (1%) and foreign portfolio investors (5%). Although Spandana demonstrated a significant improvement in its ability to raise fresh borrowings compared to that during October 2021 to June 2022, the company needs to improve it further to meet its high growth plans to regain its franchise. In the prevailing rising interest rate scenario, the cost of funds is likely to increase; however, Ind-Ra believes that, with the implementation of the risk-based pricing starting 1 July 2022 by Spandana, incremental lending yields (24% from 1 July 2022) are likely to aid largely absorb the potential increase in the cost of funds.

High Credit Costs to Put Profitability under Pressure: Spandana's return on assets declined to 0.6% in FY22 (FY21: 1.7%; FY20: 6%), mainly on account of increased credit cost of 7.3% (10.9%; 5.8%). During 1HFY23, the company reported a net loss of INR1.6 billion (profit after tax - FY22: INR0.5 billion; FY21: INR1.3 billion) post the upfront write-off of the pre-April 2021 stressed book and corresponding credit costs of about 6.7% of the AUM on a non-annualised basis. That being said, the company turned profitable during 2QFY23 with net profit of INR0.55 billion (1QFY23 net loss INR2.20 billion). Given the high credit costs incurred by Spandana in 1HFY23 and the residual but still higher-than-peers restructuring, Ind-Ra expects the credit costs to remain elevated for FY23, on an overall basis; however, incremental credit costs hereon might not result in losses. Under Ind-Ra's stress tests, the company might just about break even in FY23. Since 1 July 2022, Spandana increased the yields to 24% (1QFY23: 19%); this will only add to the operating buffers.

The operating cost increased 52.7% yoy during FY22, due to the investments in new information technology systems, realignment of the staff cost in line with the industry standards, a decline in overall loans, and hiring of several consultants in the aftermath of the promoter-board and investor issues. This along with a decline of about 14% in its operating income led to the cost-to-income ratio rising to 36% at FYE22 (FYE21: 20%). Consequently, the pre-provision operating profit to average advances declined to 8.2% in FY22 (FY21: 13.5%). It is essential for the company to scale-up to prevent franchise erosion. Ind-Ra expects Spandana's return on assets to revert to historic levels FY24 onwards.

Rating Sensitivities

Positive: Future developments that could collectively lead to a positive rating action include:

- * material franchisee growth while maintaining control over the asset quality,
- * adequate seasoning of borrowers,
- * stability of the management team, and
- * maintaining of adequate liquidity and capital buffers.

Negative: Future developments that could, individually or collectively, lead to a negative rating action include:

- * inability to deliver on franchise growth expectations,



- funding challenges, leading to dilution in liquidity,
- a material capital erosion, leading to depletion of buffers, and
- leverage exceeding 4.0x

ESG

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on Spandana, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

Company Profile

Spandana was incorporated in 2003 as an NBFC after it took over the microfinance operations of a non-governmental organisation started by Padmaja Reddy in 1998. The company was classified as an NBFC-microfinance institution in 2015. As on 30 September 2022, Spandana had operations in 18 states/union territories spanning across 300 districts with outstanding AUM of INR57.8 billion.

FINANCIAL SUMMARY

| Particulars | FY22 | FY21 |
|------------------------------|------|------|
| Total assets (INR billion) | 73.1 | 86.5 |
| Total equity (INR billion) | 28.4 | 26.1 |
| Net income (INR billion) | 0.46 | 1.29 |
| Return on average assets (%) | 0.58 | 1.75 |
| Equity/assets (%) | 38.9 | 30.2 |
| Capital adequacy ratio (%) | 50.7 | 39.2 |
| Source: Spandana, Ind-Ra | | |

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Rating History

| Instrument Type | Current Rating/Outlook | | | Historical Rating/Outlook | | | | | |
|-----------------|------------------------|------------------------|--------------|---------------------------|-------------------|----------------|------------------|--------------|--------------|
| | Rating Type | Rated Limits (billion) | Rating | 20 December 2022 | 13 September 2022 | 25 August 2022 | 15 December 2021 | 28 July 2021 | 14 Jun 2021 |
| NCDs | Long-term | INR11.3 | IND A/Stable | IND A/Stable | IND A/Stable | IND A/Stable | IND A/RWN | IND A/Stable | IND A/Stable |



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | | | | |
|------------|------------|---------|---------------------|---------------------|---------------------|---------------------|------------------|---------------------|---------------------|
| PP-MLDs | Long-term | INR18.0 | IND PP-MLD A/Stable | IND PP-MLD A/Stable | IND PP-MLD A/Stable | IND PP-MLD A/Stable | IND PP-MLD A/RWN | IND PP-MLD A/Stable | IND PP-MLD A/Stable |
| Bank loans | Long-term | INR20.0 | IND A/Stable | IND A/Stable | IND A/Stable | IND A/Stable | IND A/RWN | IND A/Stable | IND A/Stable |
| CP | Short-term | INR5.0 | IND A1 | - | - | - | - | - | - |

Annexure

| Instrument Type | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of Issue (billion) | Rating/Outlook |
|-----------------|--------------|-------------------|-----------------|-------------------|-------------------------|-------------------|
| NCD | INE572J07307 | 7 January 2021 | 11.50 | 7 January 2023 | INR0.40 | WD (Paid in full) |
| NCD | INE572J07349 | 31 March 2021 | 12.50 | 31 December 2024 | INR0.25 | IND A/Stable |
| NCD | INE572J07356 | 31 March 2021 | 12.50 | 15 September 2024 | INR0.20 | IND A/Stable |
| NCD | INE572J07398 | 24 March 2022 | 11.85 | 24 March 2028 | INR0.35 | IND A/Stable |
| NCD | INE572J07406 | 16 June 2022 | 12.60 | 30 June 2025 | INR0.40 | IND A/Stable |
| NCD | INE572J07430 | 30 September 2022 | 11.95 | 30 March 2024 | INR0.25 | IND A/Stable |
| NCD | INE572J07448 | 20 October 2022 | 12.00 | 20 October 2024 | INR0.60 | IND A/Stable |
| NCD | INE572J07455 | 9 November 2022 | 11.5 | 9 May 2024 | INR0.25 | IND A/Stable |
| NCD | INE572J07463 | 9 November 2022 | 11.5 | 9 May 2024 | INR0.25 | IND A/Stable |
| NCD | INE572J07489 | 8 December 2022 | 11.35 | 8 September 2024 | INR1.00 | IND A/Stable |
| NCD | INE572J07497 | 15 December 2022 | 11.5 | 18 December 2023 | INR0.50 | IND A/Stable |
| NCD | INE572J07505 | 22 December 2022 | 11.5 | 20 December 2024 | INR0.65 | IND A/Stable |
| NCD | INE572J07513 | 30 December 2022 | 11.35 | 30 December 2025 | INR1.00 | IND A/Stable |



Net. Khanna

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | | | | | | |
|------------|--------------|------------------|-------|---------------|---------|--------------|
| NCD | INE572J07521 | 30 December 2022 | 11.35 | 1 March 2024 | INR1.00 | IND A/Stable |
| NCD | INE572J07539 | 30 December 2022 | 11.35 | 30 April 2025 | INR0.01 | IND A/Stable |
| Unutilised | | | | | INR4.59 | |

| Instrument Type | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of Issue (billion) | Rating/Outlook |
|-----------------|--------------|-------------------|-----------------|------------------|-------------------------|---------------------|
| PP-MLD | INE572J07299 | 29 December 2020 | 11.50 | 29 December 2022 | INR0.83 | IND PP-MLD A/Stable |
| PP-MLD | INE572J07331 | 16 March 2021 | 11.25 | 16 May 2023 | INR0.50 | IND PP-MLD A/Stable |
| PP-MLD | INE572J07364 | 29 April 2021 | 11.50 | 29 April 2023 | INR1.10 | IND PP-MLD A/Stable |
| PP-MLD | INE572J07372 | 16 June 2021 | 11.00 | 16 December 2023 | INR3.38 | IND PP-MLD A/Stable |
| PP-MLD | INE572J07331 | 14 July 2021 | 10.75 | 16 May 2023 | INR0.30 | IND PP-MLD A/Stable |
| PP-MLD | INE572J07331 | 22 July 2021 | 10.75 | 16 May 2023 | INR1.25 | IND PP-MLD A/Stable |
| PP-MLD | INE572J07422 | 9 September 2022 | 10.75 | 1 April 2024 | INR0.60 | IND PP-MLD A/Stable |
| PP-MLD | INE572J07422 | 23 September 2022 | 10.75 | 1 April 2024 | INR0.40 | IND PP-MLD A/Stable |
| PP-MLD | INE572J07471 | 22 November 2022 | 11.15 | 22 May 2024 | INR2.00 | IND PP-MLD A/Stable |
| PP-MLD | INE572J07471 | 16 December 2022 | 11.15 | 22 May 2024 | INR2.00 | IND PP-MLD A/Stable |
| Unutilised | | | | | INR5.65 | |



red.khany

Bank wise Facilities Details

Click here to see the details

Complexity Level of Instruments

| Instrument Type | Complexity Indicator |
|-----------------|----------------------|
| PP-MLDs | High |
| NCDs | Low |
| Bank loans | Low |
| CPs | Low |

For details on the complexity level of the instruments please visit <https://www.indiaratings.co.in/complexity-indicators>.

Contact

Primary Analyst

Amit Rane

India Ratings and Research Pvt Ltd

Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051

+91 22 40001700

For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Jindal Haria

+91 22 40001750

Chairperson

Pankaj Naik

+91 22 40001723

Media Relation

Ankur Dahiya

Senior Manager – Corporate Communication

+91 22 40356121

APPLICABLE CRITERIA

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

Evaluating Corporate Governance



DISCLAIMER

All credit ratings assigned by India ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.indiaratings.co.in/rating-definitions>. In addition, rating definitions and the terms of use of such ratings are available on the agency's public website www.indiaratings.co.in. Published ratings, criteria, and methodologies are available from this site at all times. India ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the code of conduct section of this site.



Red. Khan

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

CATALYST
Believe in yourself... Trust us!



CL/DEB/22-23/1927

Date : 31-Mar-2023

To,
KHAYYUM MOHAMMED,
Spandana Sphoorty Financial Limited,
Galaxy, Wing B, 16th Floor, Plot No. 1, Sy No 83/1, ,
Hyderabad Knowledge City, TSIC, Raidurg Panmaktha, Rangareddi, ,
Hyderabad,
Telangana,
India 500081.

Dear Sir/ Madam,

Re: Consent to act as a Debenture Trustee for Private Placement of Fully Paid, Rated, Listed, Redeemable, Transferable, Secured, Non-Convertible Debentures of ₹ 25.00 Crores

We refer to your letter dated 31.03.2023, requesting us to convey our consent to act as the Debenture Trustee for captioned issue of Debentures.

We hereby convey our acceptance to act as Debenture Trustees for the said issue Debentures, subject to execution of Debenture Trustee Agreement as per Regulation 13 of SEBI (Debenture Trustee) Regulations, 1993, thereby agreeing to execute Debenture Trust Deed and to create the security if applicable within the timeline as per relevant Laws / Regulations and in the Offer Document / Information Memorandum / Disclosure Document / Placement Memorandum and company agreeing / undertaking to comply with the provisions of SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulations 2021, SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, Companies Act, 2013 and Rules thereunder and other applicable laws as amended from time to time.

Fee Structure for the proposed transaction will be as per annexure A.

Assuring you of the best professional services.

Thanking you.

Yours faithfully,



Name : Nidhi Todi

Designation : Manager

Red. Khanna



CATALYST TRUSTEESHIP LIMITED INCORPORATED IN INDIA

Mumbai Office: Windsor, 4th Floor, Office No. 904, C.S.T. Road, Kalfine, Santacruz (East), Mumbai 400 090. Tel: +91 (0)22 4522 0585. Fax: +91 (0)22 4822 0988
Regd. Office: CTA House 2nd Flr No. 85, Bhandarkar (Right), Bandra (West), Mumbai 400 050. Tel: +91 (0)22 4522 0585. Fax: +91 (0)22 4522 0988
Delhi Office: Office No. 915, 8th Floor, Kalfine Building, 24, Naraina Capital Mang, New Delhi - 110028. Tel: +91 11 430 2910/02.
CIN No. U74999MH2022PTC02852 Email: info@catalysttrustee.com Website: www.catalysttrustee.com
Pune | Mumbai | Bangalore | Delhi | Chennai

An ISO 9001 Company



Red. Khanna

CATALYST
Believe in yourself... Trust us!



Annexure A

Fee Structure for transaction CL/DEB/22-23/1927

| PARTICULARS | AMOUNT / PERCENTAGE |
|--|---------------------|
| Acceptance fees (one-time, non-refundable, payable on our appointment) | ₹ 50000.00000 |
| Annual Trusteeship Fees(Amount/Percentage) | ₹ 50000.00000 |

Annual Trusteeship Fees are payable in advance each year from date of execution till termination of the transaction. Pro-rata charges would apply for the first year till FY end, as applicable.

The taxes on above fee structure are payable at applicable rates from time to time.

All out of pocket expenses incurred towards legal fees, travelling, inspection charges, etc shall be levied and re-imbursed on actual basis.

Please return the second copy this letter duly signed by Authorized Officer from your company.

Yours Faithfully,

We accept the above terms.

For Catalyst Trusteeship Limited

For Spandana Sphoorty Financial Limited

Nidhi Todt



Name : Nidhi Todt

Designation : Manager

Mohammed Khayyur

Name : Mohammed Khayyur

Designation : Sr. Manager



CATALYST TRUSTEESHIP LIMITED (INCORPORATED IN INDIA)

Registered Office: Windsor, 4th Floor, Office No. 104, C.S.T. Road, Kurla, Santacruz (East), Mumbai 400 098. Tel: +91 22 214922 06/68 Fax: +91 22 214922 05/05
Regd. Office: GDA House, Plot No. 95, Shreeji Colony (Bhamburda Road), Pune-411 006. Tel: +91 20 27326006 Fax: +91 20 27326027
Bdhl Office: Office No. 810, 8th Floor, Kalagh Building, 26, Kasturba Gandhi Marg, New Delhi - 110001. Tel: +91 11 430 2910/102
CIN No. U74999MH1997PLC002243 Email: dh@trustee.com Website: www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai

AN-86 0001 Company



Md. Khayyur

ANNEXURE IV: APPLICATION FORM**SPANDANA SPHOORTY FINANCIAL LIMITED**

A public company with limited liability incorporated on March 10, 2003 under the Companies Act, 1956 (registered as a non-banking financial company within the meaning of the Reserve Bank of India Act, 1934 (2 of 1934)) and validly existing under the Companies Act, 2013.

Registered Office: Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad- 500081, Telangana

Corporate Office: Galaxy, Wing B, 16th Floor, Plot No.1, forming part of Sy No 83/1, Hyderabad Knowledge City, TSIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad- 500081, Telangana

CIN: L65929TG2003PLC040648

Telephone No.: +91 40 4812 6666, **Contact Person:** Mr. Ramesh Periasamy

E-mail: secretarial@spandanaspchoorty.com, **Website:** <http://www.spandanaspchoorty.com/>

| | | | | | | | | | |
|---|---|--|--|--|--|--|--|--|--|
| DEBENTURE SERIES APPLICATION FORM SERIAL NO. | 1 | | | | | | | | |
|---|---|--|--|--|--|--|--|--|--|

ISSUE OF UPTO 2500 (TWO THOUSAND FIVE HUNDRED) SECURED, SENIOR, REDEEMABLE, TRANSFERABLE, LISTED, RATED NON-CONVERTIBLE DEBENTURES OF RS. 1,00,000/- (RUPEES ONE LAKH ONLY) EACH AGGREGATING UPTO RS. 25,00,00,000/- (RUPEES TWENTY FIVE CRORES ONLY), FULLY PAID UP FOR CASH.

DEBENTURE SERIES APPLIED FOR:

Number of Debentures ____ In words _____

Amount Rs. _____ /- in words
_____ Crores only

DETAILS OF PAYMENT:

RTGS

No. _____ Drawn on _____

Funds transferred to Spandana Sphoorty Financial Limited

Dated _____

Total Amount Enclosed

(In Figures) _____ (In words) _____

APPLICANT'S NAME IN FULL (CAPITALS)

SPECIMEN SIGNATURE



Red. Channu

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

| | |
|--|--|
| | |
|--|--|

APPLICANT'S ADDRESS

| | | | | | |
|----------------|--|--------------|--|------------|--|
| ADDRESS | | | | | |
| STREET | | | | | |
| CITY | | | | | |
| PIN | | PHONE | | FAX | |

APPLICANT'S PAN/GIR NO. _____ IT CIRCLE/WARD/DISTRICT _____

WE ARE () COMPANY () OTHERS () SPECIFY _____

We have read and understood the terms and conditions of the issue of Debentures including the Risk Factors described in the Placement Memorandum and have considered these in making our decision to apply. We bind ourselves to these terms and conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Debenture Holders.

| Name of the Authorised Signatory(ies) | Designation | Signature |
|---------------------------------------|-------------|-----------|
| | | |
| | | |
| | | |

Applicant's
Signature

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

| | |
|------------------------------------|----------------------|
| DEPOSITORY | NSDL and CDSL |
| DEPOSITORY PARTICIPANT NAME | |



Red. Khanna

| | |
|-----------------------------------|--|
| DP-ID | |
| BENEFICIARY ACCOUNT NUMBER | |
| NAME OF THE APPLICANT(S) | |

| | |
|---|--|
| Applicant Bank Account: | |
| (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms) | |
| | |

| | |
|-----------------|---------------------|
| | FOR OFFICE USE ONLY |
| DATE OF RECEIPT | DATE OF CLEARANCE |

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Placement Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

The Issuer understands and accepts that the Applicants' intention to subscribe to the Issue is subject to (i) the absence of material adverse changes in the availability of currency hedging accessible to it between the Issue Opening Date and the Pay-in Dates and/or (ii) the hedging price being acceptable to the Applicants.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, (ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, (iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures. We undertake that upon sale or transfer to subsequent investor or transferee ("Transferee"), we shall convey all the terms and conditions contained herein and in this Placement Memorandum to such Transferee. In the event of any Transferee (including any intermediate or final holder of the Debentures) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer and also hold the Issuer and each such person harmless in respect of any claim by any Transferee.

Applicant's
Signature



Red. Channay

Placement Memorandum

Date: April 10, 2023

Private & Confidential
For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

FOR OFFICE USE ONLY

DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

------(TEAR HERE)-----

- ACKNOWLEDGMENT SLIP -

(To be filled in by Applicant) SERIAL NO.

1

Received from _____

Address _____

Cheque/Draft/UTR # _____ Drawn on _____ for
Rs. _____ on account of application of _____ Debenture

red. bhavani



ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS



| SPANDANA SCHOORTY FINANCIAL LIMITED (SPANDANA SCHOORTY FINANCIAL LIMITED) | | | | | |
|---|---------------------------------|---|---|---|---|
| Statement of Consolidated Financial Results for the quarter and year ended March 31, 2023 | | | | | |
| Sr. No. | Particulars | Quarter ended | | Year ended | |
| | | 31-Mar-23 (Actuals) Rupee crore '00 | 31-Mar-22 (Audited) (Rupee crore '00) | 31-Mar-23 (Actuals) (Rupee crore '00) | 31-Mar-22 (Audited) (Rupee crore '00) |
| 01 | Revenue from operations | 3,750.00 | 3,781.00 | 5,797.44 | 11,397.41 |
| 02 | Interest income | 0.00 | - | 88.12 | 88.88 |
| 03 | Commission and brokerage income | 0.00 | 0.00 | 780.21 | 781.33 |
| 04 | Net gain on fair value changes | 0.00 | 0.00 | 780.21 | 781.33 |
| 05 | Other income | 0.00 | 0.00 | 0.00 | 0.00 |
| 06 | Total revenue from operations | 3,750.00 | 3,781.00 | 6,357.98 | 12,969.62 |
| 07 | Other income | 0.00 | 0.00 | 0.00 | 0.00 |
| 08 | Total income (A+B) | 3,750.00 | 3,781.00 | 6,357.98 | 12,969.62 |
| 09 | Expenses | 3,000.00 | 3,000.00 | 4,500.00 | 4,500.00 |
| 10 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 11 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 12 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 13 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 14 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 15 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 16 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 17 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 18 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 19 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 20 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 21 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 22 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 23 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 24 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 25 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 26 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 27 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 28 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 29 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 30 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 31 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 32 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 33 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 34 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 35 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 36 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 37 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 38 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 39 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 40 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 41 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 42 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 43 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 44 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 45 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 46 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 47 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 48 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 49 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 50 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 51 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 52 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 53 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 54 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 55 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 56 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 57 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 58 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 59 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 60 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 61 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 62 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 63 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 64 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 65 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 66 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 67 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 68 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 69 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 70 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 71 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 72 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 73 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 74 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 75 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 76 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 77 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 78 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 79 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 80 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 81 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 82 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 83 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 84 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 85 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 86 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 87 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 88 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 89 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 90 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 91 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 92 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 93 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 94 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 95 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 96 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 97 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 98 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 99 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |
| 100 | Net gain on fair value changes | 0.00 | 0.00 | 0.00 | 0.00 |



Spandana Schoorty Financial Limited
204, 1st Floor, Spandana Towers, Tower A,
Ground Floor, Financial Park, Madhavaram, Hyderabad - 500 032,
AP-500 032
Tel: 080-4544 4444
Email: info@spandanaschoorty.com, www.spandanaschoorty.com

Ref. Khanus





SPANDANA

Spandana Sphoorty Financial Limited
(CIN: L40901TG200517113MH000000)

Statement of Spandana Sphoorty Financial Results for the quarter ended March 31, 2023

Notes: 1. Classification of assets and liabilities as at March 31, 2023: (Figures in million rupees, unless noted)

| Particulars | As at March 31, 2023 (unaudited) | As at March 31, 2022 (unaudited) |
|--|--|--|
| ASSETS | | |
| Financial assets | | |
| Cash and cash equivalents | 1,236.91 | 1,367.83 |
| Short-term debt (due less than 12 months) | 8,746.13 | 2,473.27 |
| Debt securities | 5.86 | 2.42 |
| Trade receivables | 106.84 | 731.96 |
| Loans | 11,617.30 | 10,103.51 |
| Investments | 1,144.24 | 1,149.88 |
| Other financial assets | 112.18 | 762.82 |
| Subtotal - Financial assets | 22,969.46 | 26,671.49 |
| Non-financial assets | | |
| Current tax assets (net) | 145.18 | 147.18 |
| Deferred tax assets (net) | 1,871.18 | 1,045.40 |
| Property, plant and equipment | 46.34 | 146.82 |
| Other intangible assets | 10.96 | 1.19 |
| Other non-financial assets | 31.06 | 18.51 |
| Subtotal - Non-financial assets | 2,064.82 | 1,369.10 |
| Total assets | 25,034.28 | 28,040.59 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Financial liabilities | | |
| Trade payables | 17,384.76 | 20,247.14 |
| Banking/other debt (due more than 12 months) | 18,421.11 | 19,421.76 |
| Subordinated liabilities | 201.87 | 291.43 |
| Other financial liabilities | 1,380.14 | 2,361.29 |
| Subtotal - Financial liabilities | 37,387.88 | 42,321.59 |
| Non-financial liabilities | | |
| Current tax liabilities (net) | 170.57 | 1,108.53 |
| Provisions | 30.42 | 18.88 |
| Other non-financial liabilities | 195.45 | 613.37 |
| Subtotal - Non-financial liabilities | 396.44 | 1,740.78 |
| EQUITY | | |
| Equity share capital | 996.95 | 441.13 |
| Other equity | 19,024.97 | 16,171.89 |
| Subtotal - Equity | 20,021.92 | 16,613.02 |
| Total liabilities and equity | 57,806.24 | 61,675.39 |



Spandana Sphoorty Financial Limited
CIN: L40901TG200517113MH000000
Plot No. 31 & 32, Survey No. 10/1, 10/2, 10/3, 10/4, 10/5, 10/6, 10/7, 10/8, 10/9, 10/10, 10/11, 10/12, 10/13, 10/14, 10/15, 10/16, 10/17, 10/18, 10/19, 10/20, 10/21, 10/22, 10/23, 10/24, 10/25, 10/26, 10/27, 10/28, 10/29, 10/30, 10/31, 10/32, 10/33, 10/34, 10/35, 10/36, 10/37, 10/38, 10/39, 10/40, 10/41, 10/42, 10/43, 10/44, 10/45, 10/46, 10/47, 10/48, 10/49, 10/50, 10/51, 10/52, 10/53, 10/54, 10/55, 10/56, 10/57, 10/58, 10/59, 10/60, 10/61, 10/62, 10/63, 10/64, 10/65, 10/66, 10/67, 10/68, 10/69, 10/70, 10/71, 10/72, 10/73, 10/74, 10/75, 10/76, 10/77, 10/78, 10/79, 10/80, 10/81, 10/82, 10/83, 10/84, 10/85, 10/86, 10/87, 10/88, 10/89, 10/90, 10/91, 10/92, 10/93, 10/94, 10/95, 10/96, 10/97, 10/98, 10/99, 10/100, 10/101, 10/102, 10/103, 10/104, 10/105, 10/106, 10/107, 10/108, 10/109, 10/110, 10/111, 10/112, 10/113, 10/114, 10/115, 10/116, 10/117, 10/118, 10/119, 10/120, 10/121, 10/122, 10/123, 10/124, 10/125, 10/126, 10/127, 10/128, 10/129, 10/130, 10/131, 10/132, 10/133, 10/134, 10/135, 10/136, 10/137, 10/138, 10/139, 10/140, 10/141, 10/142, 10/143, 10/144, 10/145, 10/146, 10/147, 10/148, 10/149, 10/150, 10/151, 10/152, 10/153, 10/154, 10/155, 10/156, 10/157, 10/158, 10/159, 10/160, 10/161, 10/162, 10/163, 10/164, 10/165, 10/166, 10/167, 10/168, 10/169, 10/170, 10/171, 10/172, 10/173, 10/174, 10/175, 10/176, 10/177, 10/178, 10/179, 10/180, 10/181, 10/182, 10/183, 10/184, 10/185, 10/186, 10/187, 10/188, 10/189, 10/190, 10/191, 10/192, 10/193, 10/194, 10/195, 10/196, 10/197, 10/198, 10/199, 10/200, 10/201, 10/202, 10/203, 10/204, 10/205, 10/206, 10/207, 10/208, 10/209, 10/210, 10/211, 10/212, 10/213, 10/214, 10/215, 10/216, 10/217, 10/218, 10/219, 10/220, 10/221, 10/222, 10/223, 10/224, 10/225, 10/226, 10/227, 10/228, 10/229, 10/230, 10/231, 10/232, 10/233, 10/234, 10/235, 10/236, 10/237, 10/238, 10/239, 10/240, 10/241, 10/242, 10/243, 10/244, 10/245, 10/246, 10/247, 10/248, 10/249, 10/250, 10/251, 10/252, 10/253, 10/254, 10/255, 10/256, 10/257, 10/258, 10/259, 10/260, 10/261, 10/262, 10/263, 10/264, 10/265, 10/266, 10/267, 10/268, 10/269, 10/270, 10/271, 10/272, 10/273, 10/274, 10/275, 10/276, 10/277, 10/278, 10/279, 10/280, 10/281, 10/282, 10/283, 10/284, 10/285, 10/286, 10/287, 10/288, 10/289, 10/290, 10/291, 10/292, 10/293, 10/294, 10/295, 10/296, 10/297, 10/298, 10/299, 10/300, 10/301, 10/302, 10/303, 10/304, 10/305, 10/306, 10/307, 10/308, 10/309, 10/310, 10/311, 10/312, 10/313, 10/314, 10/315, 10/316, 10/317, 10/318, 10/319, 10/320, 10/321, 10/322, 10/323, 10/324, 10/325, 10/326, 10/327, 10/328, 10/329, 10/330, 10/331, 10/332, 10/333, 10/334, 10/335, 10/336, 10/337, 10/338, 10/339, 10/340, 10/341, 10/342, 10/343, 10/344, 10/345, 10/346, 10/347, 10/348, 10/349, 10/350, 10/351, 10/352, 10/353, 10/354, 10/355, 10/356, 10/357, 10/358, 10/359, 10/360, 10/361, 10/362, 10/363, 10/364, 10/365, 10/366, 10/367, 10/368, 10/369, 10/370, 10/371, 10/372, 10/373, 10/374, 10/375, 10/376, 10/377, 10/378, 10/379, 10/380, 10/381, 10/382, 10/383, 10/384, 10/385, 10/386, 10/387, 10/388, 10/389, 10/390, 10/391, 10/392, 10/393, 10/394, 10/395, 10/396, 10/397, 10/398, 10/399, 10/400, 10/401, 10/402, 10/403, 10/404, 10/405, 10/406, 10/407, 10/408, 10/409, 10/410, 10/411, 10/412, 10/413, 10/414, 10/415, 10/416, 10/417, 10/418, 10/419, 10/420, 10/421, 10/422, 10/423, 10/424, 10/425, 10/426, 10/427, 10/428, 10/429, 10/430, 10/431, 10/432, 10/433, 10/434, 10/435, 10/436, 10/437, 10/438, 10/439, 10/440, 10/441, 10/442, 10/443, 10/444, 10/445, 10/446, 10/447, 10/448, 10/449, 10/450, 10/451, 10/452, 10/453, 10/454, 10/455, 10/456, 10/457, 10/458, 10/459, 10/460, 10/461, 10/462, 10/463, 10/464, 10/465, 10/466, 10/467, 10/468, 10/469, 10/470, 10/471, 10/472, 10/473, 10/474, 10/475, 10/476, 10/477, 10/478, 10/479, 10/480, 10/481, 10/482, 10/483, 10/484, 10/485, 10/486, 10/487, 10/488, 10/489, 10/490, 10/491, 10/492, 10/493, 10/494, 10/495, 10/496, 10/497, 10/498, 10/499, 10/500, 10/501, 10/502, 10/503, 10/504, 10/505, 10/506, 10/507, 10/508, 10/509, 10/510, 10/511, 10/512, 10/513, 10/514, 10/515, 10/516, 10/517, 10/518, 10/519, 10/520, 10/521, 10/522, 10/523, 10/524, 10/525, 10/526, 10/527, 10/528, 10/529, 10/530, 10/531, 10/532, 10/533, 10/534, 10/535, 10/536, 10/537, 10/538, 10/539, 10/540, 10/541, 10/542, 10/543, 10/544, 10/545, 10/546, 10/547, 10/548, 10/549, 10/550, 10/551, 10/552, 10/553, 10/554, 10/555, 10/556, 10/557, 10/558, 10/559, 10/560, 10/561, 10/562, 10/563, 10/564, 10/565, 10/566, 10/567, 10/568, 10/569, 10/570, 10/571, 10/572, 10/573, 10/574, 10/575, 10/576, 10/577, 10/578, 10/579, 10/580, 10/581, 10/582, 10/583, 10/584, 10/585, 10/586, 10/587, 10/588, 10/589, 10/590, 10/591, 10/592, 10/593, 10/594, 10/595, 10/596, 10/597, 10/598, 10/599, 10/600, 10/601, 10/602, 10/603, 10/604, 10/605, 10/606, 10/607, 10/608, 10/609, 10/610, 10/611, 10/612, 10/613, 10/614, 10/615, 10/616, 10/617, 10/618, 10/619, 10/620, 10/621, 10/622, 10/623, 10/624, 10/625, 10/626, 10/627, 10/628, 10/629, 10/630, 10/631, 10/632, 10/633, 10/634, 10/635, 10/636, 10/637, 10/638, 10/639, 10/640, 10/641, 10/642, 10/643, 10/644, 10/645, 10/646, 10/647, 10/648, 10/649, 10/650, 10/651, 10/652, 10/653, 10/654, 10/655, 10/656, 10/657, 10/658, 10/659, 10/660, 10/661, 10/662, 10/663, 10/664, 10/665, 10/666, 10/667, 10/668, 10/669, 10/670, 10/671, 10/672, 10/673, 10/674, 10/675, 10/676, 10/677, 10/678, 10/679, 10/680, 10/681, 10/682, 10/683, 10/684, 10/685, 10/686, 10/687, 10/688, 10/689, 10/690, 10/691, 10/692, 10/693, 10/694, 10/695, 10/696, 10/697, 10/698, 10/699, 10/700, 10/701, 10/702, 10/703, 10/704, 10/705, 10/706, 10/707, 10/708, 10/709, 10/710, 10/711, 10/712, 10/713, 10/714, 10/715, 10/716, 10/717, 10/718, 10/719, 10/720, 10/721, 10/722, 10/723, 10/724, 10/725, 10/726, 10/727, 10/728, 10/729, 10/730, 10/731, 10/732, 10/733, 10/734, 10/735, 10/736, 10/737, 10/738, 10/739, 10/740, 10/741, 10/742, 10/743, 10/744, 10/745, 10/746, 10/747, 10/748, 10/749, 10/750, 10/751, 10/752, 10/753, 10/754, 10/755, 10/756, 10/757, 10/758, 10/759, 10/760, 10/761, 10/762, 10/763, 10/764, 10/765, 10/766, 10/767, 10/768, 10/769, 10/770, 10/771, 10/772, 10/773, 10/774, 10/775, 10/776, 10/777, 10/778, 10/779, 10/780, 10/781, 10/782, 10/783, 10/784, 10/785, 10/786, 10/787, 10/788, 10/789, 10/790, 10/791, 10/792, 10/793, 10/794, 10/795, 10/796, 10/797, 10/798, 10/799, 10/800, 10/801, 10/802, 10/803, 10/804, 10/805, 10/806, 10/807, 10/808, 10/809, 10/810, 10/811, 10/812, 10/813, 10/814, 10/815, 10/816, 10/817, 10/818, 10/819, 10/820, 10/821, 10/822, 10/823, 10/824, 10/825, 10/826, 10/827, 10/828, 10/829, 10/830, 10/831, 10/832, 10/833, 10/834, 10/835, 10/836, 10/837, 10/838, 10/839, 10/840, 10/841, 10/842, 10/843, 10/844, 10/845, 10/846, 10/847, 10/848, 10/849, 10/850, 10/851, 10/852, 10/853, 10/854, 10/855, 10/856, 10/857, 10/858, 10/859, 10/860, 10/861, 10/862, 10/863, 10/864, 10/865, 10/866, 10/867, 10/868, 10/869, 10/870, 10/871, 10/872, 10/873, 10/874, 10/875, 10/876, 10/877, 10/878, 10/879, 10/880, 10/881, 10/882, 10/883, 10/884, 10/885, 10/886, 10/887, 10/888, 10/889, 10/890, 10/891, 10/892, 10/893, 10/894, 10/895, 10/896, 10/897, 10/898, 10/899, 10/900, 10/901, 10/902, 10/903, 10/904, 10/905, 10/906, 10/907, 10/908, 10/909, 10/910, 10/911, 10/912, 10/913, 10/914, 10/915, 10/916, 10/917, 10/918, 10/919, 10/920, 10/921, 10/922, 10/923, 10/924, 10/925, 10/926, 10/927, 10/928, 10/929, 10/930, 10/931, 10/932, 10/933, 10/934, 10/935, 10/936, 10/937, 10/938, 10/939, 10/940, 10/941, 10/942, 10/943, 10/944, 10/945, 10/946, 10/947, 10/948, 10/949, 10/950, 10/951, 10/952, 10/953, 10/954, 10/955, 10/956, 10/957, 10/958, 10/959, 10/960, 10/961, 10/962, 10/963, 10/964, 10/965, 10/966, 10/967, 10/968, 10/969, 10/970, 10/971, 10/972, 10/973, 10/974, 10/975, 10/976, 10/977, 10/978, 10/979, 10/980, 10/981, 10/982, 10/983, 10/984, 10/985, 10/986, 10/987, 10/988, 10/989, 10/990, 10/991, 10/992, 10/993, 10/994, 10/995, 10/996, 10/997, 10/998, 10/999, 10/1000, 10/1001, 10/1002, 10/1003, 10/1004, 10/1005, 10/1006, 10/1007, 10/1008, 10/1009, 10/1010, 10/1011, 10/1012, 10/1013, 10/1014, 10/1015, 10/1016, 10/1017, 10/1018, 10/1019, 10/1020, 10/1021, 10/1022, 10/1023, 10/1024, 10/1025, 10/1026, 10/1027, 10/1028, 10/1029, 10/1030, 10/1031, 10/1032, 10/1033, 10/1034, 10/1035, 10/1036, 10/1037, 10/1038, 10/1039, 10/1040, 10/1041, 10/1042, 10/1043, 10/1044, 10/1045, 10/1046, 10/1047, 10/1048, 10/1049, 10/1050, 10/1051, 10/1052, 10/1053, 10/1054, 10/1055, 10/1056, 10/1057, 10/1058, 10/1059, 10/1060, 10/1061, 10/1062, 10/1063, 10/1064, 10/1065, 10/1066, 10/1067, 10/1068, 10/1069, 10/1070, 10/1071, 10/1072, 10/1073, 10/1074, 10/1075, 10/1076, 10/1077, 10/1078, 10/1079, 10/1080, 10/1081, 10/1082, 10/1083, 10/1084, 10/1085, 10/1086, 10/1087, 10/1088, 10/1089, 10/1090, 10/1091, 10/1092, 10/1093, 10/1094, 10/1095, 10/1096, 10/1097, 10/1098, 10/1099, 10/1100, 10/1101, 10/1102, 10/1103, 10/1104, 10/1105, 10/1106, 10/1107, 10/1108, 10/1109, 10/1110, 10/1111, 10/1112, 10/1113, 10/1114, 10/1115, 10/1116, 10/1117, 10/1118, 10/1119, 10/1120, 10/1121, 10/1122, 10/1123, 10/1124, 10/1125, 10/1126, 10/1127, 10/1128, 10/1129, 10/1130, 10/1131, 10/1132, 10/1133, 10/1134, 10/1135, 10/1136, 10/1137, 10/1138, 10/1139, 10/1140, 10/1141, 10/1142, 10/1143, 10/1144, 10/1145, 10/1146, 10/1147, 10/1148, 10/1149, 10/1150, 10/1151, 10/1152, 10/1153, 10/1154, 10/1155, 10/1156, 10/1157, 10/1158, 10/1159, 10/1160, 10/1161, 10/1162, 10/1163, 10/1164, 10/1165, 10/1166, 10/1167, 10/1168, 10/1169, 10/1170, 10/1171, 10/1172, 10/1173, 10/1174, 10/1175, 10/1176, 10/1177, 10/1178, 10/1179, 10/1180, 10/1181, 10/1182, 10/1183, 10/1184, 10/1185, 10/1186, 10/1187, 10/1188, 10/1189, 10/1190, 10/1191, 10/1192, 10/1193, 10/1194, 10/1195, 10/1196, 10/1197, 10/1198, 10/1199, 10/1200, 10/1201, 10/1202, 10/1203, 10/1204, 10/1205, 10/1206, 10/1207, 10/1208, 10/1209, 10/1210, 10/1211, 10/1212, 10/1213, 10/1214, 10/1215, 10/1216, 10/1217, 10/1218, 10/1219, 10/1220, 10/1221, 10/1222, 10/1223, 10/1224, 10/1225, 10/1226, 10/1227, 10/1228, 10/1229, 10/1230, 10/1231, 10/1232, 10/1233, 10/1234, 10/1235, 10/1236, 10/1237, 10/1238, 10/1239, 10/1240, 10/1241, 10/1242, 10/1243, 10/1244, 10/1245, 10/1246, 10/1247, 10/1248, 10/1249, 10/



| Spandana Spicity Financial Limited (INCORPORATED IN INDIA) | | |
|--|--------------------------------------|--------------------------------------|
| Statement of Spandana Financial Results for the quarter ended March 31, 2023 | | |
| (Figures in million rupees unless stated) | | |
| Particulars | As at March 31, 2023 (Actuals) | As at March 31, 2022 (Actuals) |
| ASSETS | | |
| Financial assets | | |
| Cash and cash equivalents | 7,236.95 | 11,240.85 |
| Bank balances other than cash and cash equivalents | 4,719.75 | 3,453.85 |
| Derivative financial instruments | 0.00 | 0.00 |
| Trade receivables | 206.80 | 229.50 |
| Loans | 12,027.39 | 88,185.50 |
| Investments | 1,144.24 | 1,145.40 |
| Other financial assets | 712.36 | 742.82 |
| Subtotal - Financial assets | 26,047.29 | 104,908.42 |
| Non-financial assets | | |
| Fixed intangible assets | 102.24 | 145.39 |
| Deferred tax assets | 1,877.28 | 1,895.40 |
| Prepaid, lease and equipment | 64.34 | 180.80 |
| Other intangible assets | 10.86 | 1.74 |
| Other non-financial assets | 211.60 | 136.21 |
| Subtotal - Non-financial assets | 2,266.32 | 2,369.54 |
| Total - assets | 28,313.61 | 107,277.96 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Financial liabilities | | |
| Trade payables | 11,284.70 | 22,267.14 |
| Borrowings (other than bank borrowings) | 18,185.19 | 71,421.14 |
| Subordinated liabilities | 201.81 | 281.61 |
| Other financial liabilities | 1,077.64 | 1,101.00 |
| Subtotal - Financial liabilities | 29,689.34 | 95,070.89 |
| Non-financial liabilities | | |
| Deferred tax liabilities | 177.59 | 1,336.83 |
| Provisions | 10.47 | 10.88 |
| Other non-financial liabilities | 204.42 | 415.25 |
| Subtotal - Non-financial liabilities | 392.58 | 1,763.96 |
| Equity | | |
| Equity share capital | 100.00 | 100.00 |
| Other equity | 13,223.71 | 74,715.90 |
| Subtotal - Equity | 13,323.71 | 74,815.90 |
| Total - liabilities and equity | 28,313.61 | 107,277.96 |



Spandana Spicity Financial Limited
(INCORPORATED IN INDIA)
Plot No. 10, B-10, Survey No. 10/10, Town, J. P. Nagar,
Hyderabad, India. Telephone: 080-2611-1111, 080-2611-1112, 080-2611-1113, 080-2611-1114, 080-2611-1115, 080-2611-1116, 080-2611-1117, 080-2611-1118, 080-2611-1119, 080-2611-1120, 080-2611-1121, 080-2611-1122, 080-2611-1123, 080-2611-1124, 080-2611-1125, 080-2611-1126, 080-2611-1127, 080-2611-1128, 080-2611-1129, 080-2611-1130, 080-2611-1131, 080-2611-1132, 080-2611-1133, 080-2611-1134, 080-2611-1135, 080-2611-1136, 080-2611-1137, 080-2611-1138, 080-2611-1139, 080-2611-1140, 080-2611-1141, 080-2611-1142, 080-2611-1143, 080-2611-1144, 080-2611-1145, 080-2611-1146, 080-2611-1147, 080-2611-1148, 080-2611-1149, 080-2611-1150, 080-2611-1151, 080-2611-1152, 080-2611-1153, 080-2611-1154, 080-2611-1155, 080-2611-1156, 080-2611-1157, 080-2611-1158, 080-2611-1159, 080-2611-1160, 080-2611-1161, 080-2611-1162, 080-2611-1163, 080-2611-1164, 080-2611-1165, 080-2611-1166, 080-2611-1167, 080-2611-1168, 080-2611-1169, 080-2611-1170, 080-2611-1171, 080-2611-1172, 080-2611-1173, 080-2611-1174, 080-2611-1175, 080-2611-1176, 080-2611-1177, 080-2611-1178, 080-2611-1179, 080-2611-1180, 080-2611-1181, 080-2611-1182, 080-2611-1183, 080-2611-1184, 080-2611-1185, 080-2611-1186, 080-2611-1187, 080-2611-1188, 080-2611-1189, 080-2611-1190, 080-2611-1191, 080-2611-1192, 080-2611-1193, 080-2611-1194, 080-2611-1195, 080-2611-1196, 080-2611-1197, 080-2611-1198, 080-2611-1199, 080-2611-1200, 080-2611-1201, 080-2611-1202, 080-2611-1203, 080-2611-1204, 080-2611-1205, 080-2611-1206, 080-2611-1207, 080-2611-1208, 080-2611-1209, 080-2611-1210, 080-2611-1211, 080-2611-1212, 080-2611-1213, 080-2611-1214, 080-2611-1215, 080-2611-1216, 080-2611-1217, 080-2611-1218, 080-2611-1219, 080-2611-1220, 080-2611-1221, 080-2611-1222, 080-2611-1223, 080-2611-1224, 080-2611-1225, 080-2611-1226, 080-2611-1227, 080-2611-1228, 080-2611-1229, 080-2611-1230, 080-2611-1231, 080-2611-1232, 080-2611-1233, 080-2611-1234, 080-2611-1235, 080-2611-1236, 080-2611-1237, 080-2611-1238, 080-2611-1239, 080-2611-1240, 080-2611-1241, 080-2611-1242, 080-2611-1243, 080-2611-1244, 080-2611-1245, 080-2611-1246, 080-2611-1247, 080-2611-1248, 080-2611-1249, 080-2611-1250, 080-2611-1251, 080-2611-1252, 080-2611-1253, 080-2611-1254, 080-2611-1255, 080-2611-1256, 080-2611-1257, 080-2611-1258, 080-2611-1259, 080-2611-1260, 080-2611-1261, 080-2611-1262, 080-2611-1263, 080-2611-1264, 080-2611-1265, 080-2611-1266, 080-2611-1267, 080-2611-1268, 080-2611-1269, 080-2611-1270, 080-2611-1271, 080-2611-1272, 080-2611-1273, 080-2611-1274, 080-2611-1275, 080-2611-1276, 080-2611-1277, 080-2611-1278, 080-2611-1279, 080-2611-1280, 080-2611-1281, 080-2611-1282, 080-2611-1283, 080-2611-1284, 080-2611-1285, 080-2611-1286, 080-2611-1287, 080-2611-1288, 080-2611-1289, 080-2611-1290, 080-2611-1291, 080-2611-1292, 080-2611-1293, 080-2611-1294, 080-2611-1295, 080-2611-1296, 080-2611-1297, 080-2611-1298, 080-2611-1299, 080-2611-1300, 080-2611-1301, 080-2611-1302, 080-2611-1303, 080-2611-1304, 080-2611-1305, 080-2611-1306, 080-2611-1307, 080-2611-1308, 080-2611-1309, 080-2611-1310, 080-2611-1311, 080-2611-1312, 080-2611-1313, 080-2611-1314, 080-2611-1315, 080-2611-1316, 080-2611-1317, 080-2611-1318, 080-2611-1319, 080-2611-1320, 080-2611-1321, 080-2611-1322, 080-2611-1323, 080-2611-1324, 080-2611-1325, 080-2611-1326, 080-2611-1327, 080-2611-1328, 080-2611-1329, 080-2611-1330, 080-2611-1331, 080-2611-1332, 080-2611-1333, 080-2611-1334, 080-2611-1335, 080-2611-1336, 080-2611-1337, 080-2611-1338, 080-2611-1339, 080-2611-1340, 080-2611-1341, 080-2611-1342, 080-2611-1343, 080-2611-1344, 080-2611-1345, 080-2611-1346, 080-2611-1347, 080-2611-1348, 080-2611-1349, 080-2611-1350, 080-2611-1351, 080-2611-1352, 080-2611-1353, 080-2611-1354, 080-2611-1355, 080-2611-1356, 080-2611-1357, 080-2611-1358, 080-2611-1359, 080-2611-1360, 080-2611-1361, 080-2611-1362, 080-2611-1363, 080-2611-1364, 080-2611-1365, 080-2611-1366, 080-2611-1367, 080-2611-1368, 080-2611-1369, 080-2611-1370, 080-2611-1371, 080-2611-1372, 080-2611-1373, 080-2611-1374, 080-2611-1375, 080-2611-1376, 080-2611-1377, 080-2611-1378, 080-2611-1379, 080-2611-1380, 080-2611-1381, 080-2611-1382, 080-2611-1383, 080-2611-1384, 080-2611-1385, 080-2611-1386, 080-2611-1387, 080-2611-1388, 080-2611-1389, 080-2611-1390, 080-2611-1391, 080-2611-1392, 080-2611-1393, 080-2611-1394, 080-2611-1395, 080-2611-1396, 080-2611-1397, 080-2611-1398, 080-2611-1399, 080-2611-1400, 080-2611-1401, 080-2611-1402, 080-2611-1403, 080-2611-1404, 080-2611-1405, 080-2611-1406, 080-2611-1407, 080-2611-1408, 080-2611-1409, 080-2611-1410, 080-2611-1411, 080-2611-1412, 080-2611-1413, 080-2611-1414, 080-2611-1415, 080-2611-1416, 080-2611-1417, 080-2611-1418, 080-2611-1419, 080-2611-1420, 080-2611-1421, 080-2611-1422, 080-2611-1423, 080-2611-1424, 080-2611-1425, 080-2611-1426, 080-2611-1427, 080-2611-1428, 080-2611-1429, 080-2611-1430, 080-2611-1431, 080-2611-1432, 080-2611-1433, 080-2611-1434, 080-2611-1435, 080-2611-1436, 080-2611-1437, 080-2611-1438, 080-2611-1439, 080-2611-1440, 080-2611-1441, 080-2611-1442, 080-2611-1443, 080-2611-1444, 080-2611-1445, 080-2611-1446, 080-2611-1447, 080-2611-1448, 080-2611-1449, 080-2611-1450, 080-2611-1451, 080-2611-1452, 080-2611-1453, 080-2611-1454, 080-2611-1455, 080-2611-1456, 080-2611-1457, 080-2611-1458, 080-2611-1459, 080-2611-1460, 080-2611-1461, 080-2611-1462, 080-2611-1463, 080-2611-1464, 080-2611-1465, 080-2611-1466, 080-2611-1467, 080-2611-1468, 080-2611-1469, 080-2611-1470, 080-2611-1471, 080-2611-1472, 080-2611-1473, 080-2611-1474, 080-2611-1475, 080-2611-1476, 080-2611-1477, 080-2611-1478, 080-2611-1479, 080-2611-1480, 080-2611-1481, 080-2611-1482, 080-2611-1483, 080-2611-1484, 080-2611-1485, 080-2611-1486, 080-2611-1487, 080-2611-1488, 080-2611-1489, 080-2611-1490, 080-2611-1491, 080-2611-1492, 080-2611-1493, 080-2611-1494, 080-2611-1495, 080-2611-1496, 080-2611-1497, 080-2611-1498, 080-2611-1499, 080-2611-1500, 080-2611-1501, 080-2611-1502, 080-2611-1503, 080-2611-1504, 080-2611-1505, 080-2611-1506, 080-2611-1507, 080-2611-1508, 080-2611-1509, 080-2611-1510, 080-2611-1511, 080-2611-1512, 080-2611-1513, 080-2611-1514, 080-2611-1515, 080-2611-1516, 080-2611-1517, 080-2611-1518, 080-2611-1519, 080-2611-1520, 080-2611-1521, 080-2611-1522, 080-2611-1523, 080-2611-1524, 080-2611-1525, 080-2611-1526, 080-2611-1527, 080-2611-1528, 080-2611-1529, 080-2611-1530, 080-2611-1531, 080-2611-1532, 080-2611-1533, 080-2611-1534, 080-2611-1535, 080-2611-1536, 080-2611-1537, 080-2611-1538, 080-2611-1539, 080-2611-1540, 080-2611-1541, 080-2611-1542, 080-2611-1543, 080-2611-1544, 080-2611-1545, 080-2611-1546, 080-2611-1547, 080-2611-1548, 080-2611-1549, 080-2611-1550, 080-2611-1551, 080-2611-1552, 080-2611-1553, 080-2611-1554, 080-2611-1555, 080-2611-1556, 080-2611-1557, 080-2611-1558, 080-2611-1559, 080-2611-1560, 080-2611-1561, 080-2611-1562, 080-2611-1563, 080-2611-1564, 080-2611-1565, 080-2611-1566, 080-2611-1567, 080-2611-1568, 080-2611-1569, 080-2611-1570, 080-2611-1571, 080-2611-1572, 080-2611-1573, 080-2611-1574, 080-2611-1575, 080-2611-1576, 080-2611-1577, 080-2611-1578, 080-2611-1579, 080-2611-1580, 080-2611-1581, 080-2611-1582, 080-2611-1583, 080-2611-1584, 080-2611-1585, 080-2611-1586, 080-2611-1587, 080-2611-1588, 080-2611-1589, 080-2611-1590, 080-2611-1591, 080-2611-1592, 080-2611-1593, 080-2611-1594, 080-2611-1595, 080-2611-1596, 080-2611-1597, 080-2611-1598, 080-2611-1599, 080-2611-1600, 080-2611-1601, 080-2611-1602, 080-2611-1603, 080-2611-1604, 080-2611-1605, 080-2611-1606, 080-2611-1607, 080-2611-1608, 080-2611-1609, 080-2611-1610, 080-2611-1611, 080-2611-1612, 080-2611-1613, 080-2611-1614, 080-2611-1615, 080-2611-1616, 080-2611-1617, 080-2611-1618, 080-2611-1619, 080-2611-1620, 080-2611-1621, 080-2611-1622, 080-2611-1623, 080-2611-1624, 080-2611-1625, 080-2611-1626, 080-2611-1627, 080-2611-1628, 080-2611-1629, 080-2611-1630, 080-2611-1631, 080-2611-1632, 080-2611-1633, 080-2611-1634, 080-2611-1635, 080-2611-1636, 080-2611-1637, 080-2611-1638, 080-2611-1639, 080-2611-1640, 080-2611-1641, 080-2611-1642, 080-2611-1643, 080-2611-1644, 080-2611-1645, 080-2611-1646, 080-2611-1647, 080-2611-1648, 080-2611-1649, 080-2611-1650, 080-2611-1651, 080-2611-1652, 080-2611-1653, 080-2611-1654, 080-2611-1655, 080-2611-1656, 080-2611-1657, 080-2611-1658, 080-2611-1659, 080-2611-1660, 080-2611-1661, 080-2611-1662, 080-2611-1663, 080-2611-1664, 080-2611-1665, 080-2611-1666, 080-2611-1667, 080-2611-1668, 080-2611-1669, 080-2611-1670, 080-2611-1671, 080-2611-1672, 080-2611-1673, 080-2611-1674, 080-2611-1675, 080-2611-1676, 080-2611-1677, 080-2611-1678, 080-2611-1679, 080-2611-1680, 080-2611-1681, 080-2611-1682, 080-2611-1683, 080-2611-1684, 080-2611-1685, 080-2611-1686, 080-2611-1687, 080-2611-1688, 080-2611-1689, 080-2611-1690, 080-2611-1691, 080-2611-1692, 080-2611-1693, 080-2611-1694, 080-2611-1695, 080-2611-1696, 080-2611-1697, 080-2611-1698, 080-2611-1699, 080-2611-1700, 080-2611-1701, 080-2611-1702, 080-2611-1703, 080-2611-1704, 080-2611-1705, 080-2611-1706, 080-2611-1707, 080-2611-1708, 080-2611-1709, 080-2611-1710, 080-2611-1711, 080-2611-1712, 080-2611-1713, 080-2611-1714, 080-2611-1715, 080-2611-1716, 080-2611-1717, 080-2611-1718, 080-2611-1719, 080-2611-1720, 080-2611-1721, 080-2611-1722, 080-2611-1723, 080-2611-1724, 080-2611-1725, 080-2611-1726, 080-2611-1727, 080-2611-1728, 080-2611-1729, 080-2611-1730, 080-2611-1731, 080-2611-1732, 080-2611-1733, 080-2611-1734, 080-2611-1735, 080-2611-1736, 080-2611-1737, 080-2611-1738, 080-2611-1739, 080-2611-1740, 080-2611-1741, 080-2611-1742, 080-2611-1743, 080-2611-1744, 080-2611-1745, 080-2611-1746, 080-2611-1747, 080-2611-1748, 080-2611-1749, 080-2611-1750, 080-2611-1751, 080-2611-1752, 080-2611-1753, 080-2611-1754, 080-2611-1755, 080-2611-1756, 080-2611-1757, 080-2611-1758, 080-2611-1759, 080-2611-1760, 080-2611-1761, 080-2611-1762, 080-2611-1763, 080-2611-1764, 080-2611-1765, 080-2611-1766, 080-2611-1767, 080-2611-1768, 080-2611-1769, 080-2611-1770, 080-2611-1771, 080-2611-1772, 080-2611-1773, 080-2611-1774, 080-2611-1775, 080-2611-1776, 080-2611-1777, 080-2611-1778, 080-2611-1779, 080-2611-1780, 080-2611-1781, 080-2611-1782, 080-2611-1783, 080-2611-1784, 080-2611-1785, 080-2611-1786, 080-2611-1787, 080-2611-1788, 080-2611-1789, 080-2611-1790, 080-2611-1791, 080-2611-1792, 080-2611-1793, 080-2611-1794, 080-2611-1795, 080-2611-1796, 080-2611-1797, 080-2



Spandana Sphoorty Financial Limited
(CIN: LAC2911CH0001000000)

Statement of Financial Position & Profit for the period and year ended March 31, 2023

Notes:

1. Disclosure of financial statements of activities for the year ended March 31, 2023:

| Particulars | For year ended March 31, 2022 | For year ended March 31, 2021 |
|---|----------------------------------|----------------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 645.85 | 1,794.34 |
| Adjustments for: | | |
| Interest on borrowings | 48.29 | 623.27 |
| Depreciation and amortisation | 15.48 | 24.88 |
| Share-based payment to employees | 113.18 | 88.82 |
| Provision for doubtful | 18.83 | 8.50 |
| Provision for loss liability | 17.87 | 64.88 |
| Change in liability of loss portfolio | | (8.26) |
| Impairment on financial investments and other portfolios | 4,888.11 | 6,388.12 |
| Net gain on fair value changes | (979.88) | (82.34) |
| Net gain on adjustment on amount of termination of lease | (23.44) | |
| Net (gain)/loss on financial assets and liabilities designated at fair value through profit or loss | (98.88) | 22.44 |
| Other provisions and write-offs | 14.51 | 25.81 |
| Operating profit before working capital changes | 8,888.28 | 8,877.88 |
| Movement in working capital: | | |
| Change in other financial liabilities | (1,123.48) | 266.15 |
| Change in other non-financial liabilities | 68.81 | 115.88 |
| Change in bank balances other than cash and cash equivalents | (2,297.88) | (482.38) |
| Change in provisions | (8.88) | - |
| Change in trade receivables | (79.38) | (88.88) |
| Change in loans | 5,418.81 | (8,823.17) |
| Change in other financial assets | (68.81) | (88.88) |
| Change in other non-financial assets | (88.88) | (88.88) |
| Cash used in operations | (18,871.87) | (15,834.17) |
| Income from sale | (2,888.17) | (277.87) |
| Net cash generated from (used in) operating activities (A) | 9,798.81 | (16,881.77) |
| Cash flow from investing activities | | |
| Provision of property, plant and equipment | (81.42) | (235.44) |
| Acquisition of intangible assets | (78.88) | (8.10) |
| Proceeds from disposal of property, plant and equipment | 4.81 | 38.31 |
| Proceeds from disposal of | 88.81 | (88.88) |
| Investment in subsidiary | | (288.88) |
| Provision of investment | (188,824.81) | (12,843.88) |
| Interest on investments | 888.88 | 877.81 |
| Net cash generated from investing activities (B) | 4,888.88 | (13,881.44) |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | 3,884.87 | - |
| Debt securities issued (repaid) | (2,782.78) | (2,782.78) |
| Principal payment of lease liability | (5.88) | 8.88 |
| Interest payment of lease liability | (22.81) | 16.88 |
| Dividends (other than debt securities) paid | (2,887.28) | (2,881.28) |
| Share-based liabilities (net) | 8.88 | 8.11 |
| Net cash generated from financing activities (C) | (1,803.88) | (8,881.88) |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 14,881.88 | (38,881.88) |
| Cash and cash equivalents at the beginning of the year | 2,188.81 | 1,188.81 |
| Cash and cash equivalents at the end of the year | 17,070.76 | 32,070.76 |



Spandana Sphoorty Financial Limited
CIN: LAC2911CH0001000000
Plot No. 31 & 32, Banjara Hills, Hyderabad, India
Spandana Sphoorty Financial Limited, Hyderabad, India
www.spandanasphoorty.com, www.spandanasphoorty.in



Red. Khan





Statistical of Hardware Financial Results for the quarter and year ended March 31, 2002

[illegible]

Spanish & Igbo Financial Limited
CIN: LA927112205PLC00048
Plot No. 11 & 13, Ikoyi International Towers, Tower A,
Ground Floor, Financial Street, Ikoyi, Lagos, Nigeria. 420211
PH: 01-4547470
contact@spanishandigbo.com, www.spanishandigbo.com

Verhaltens



Statements of Government of India, for the year 1953-54, are published under No. 10, 1954.

(Disclaimer: In compliance with Regulation (EU) 609/2014 (on GDSI (Global Data System Information)) by the system and your code March 10, 2023 is attached as Appendix.)



Prof. Khoury



SPAINBATA, EFFICIENTLY FINANCIAL, LIMITED
(NYSE: SPAINBATA)

Exposure of American Friends' Service for Congregations and your school March 24, 2002

[illegible]

Spandana Spahoorty Financial Limited

pel. Wharves





SPANDANA
SPANDANA SPHOORTY FINANCIAL LIMITED
(CIN: L89202GHR191143000000)

(Figures in million unless otherwise stated)

Annexure 1
Disclosures required by Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and year ended March 31, 2023*

| S.No. | Particulars | Quarter ended 31.03.2023 | Year Ended 31.03.2023 |
|-------|--|-----------------------------|--------------------------|
| 1 | Debt-Equity Ratio (Ratio %) | 1.20 | 1.20 |
| 2 | Debt service coverage ratio | N/A | N/A |
| 3 | Interest service coverage ratio | N/A | N/A |
| 4 | Capital Adequacy Ratio | 1.55% | 1.52% |
| 5 | Customer Relationship Score | N/A | N/A |
| 6 | Networth (Rs in Millions) (Ratio %) | 30,313.12 | 20,313.12 |
| 7 | Net Profit after tax | 182.89 | 656.21 |
| 8 | Paradeep Per Share (Post amendment) | 2.75 | 1.23 |
| 9 | Dividend (%) | 2.75 | 7.30 |
| 10 | Current ratio | N/A | N/A |
| 11 | Long term debt to working capital | N/A | N/A |
| 12 | Debt to Equity ratio | N/A | N/A |
| 13 | Current liability ratio | N/A | N/A |
| 14 | Total debt to total assets (Ratio %) | 0.23 | 0.23 |
| 15 | Debt service coverage | N/A | N/A |
| 16 | Operating Margin (%) | N/A | N/A |
| 17 | Net profit margin (%) (Ratio %) | 6.67% | 3.55% |
| 18 | Return on capital employed ratio | 11.70% | 13.30% |
| 19 | Stage III loan assets to Gross loan assets (%) (Ratio %) | 4.47% | 9.68% |
| 20 | Net Stage III loan assets to Gross loan assets (%) (Ratio %) | 11.07% | 11.07% |
| 21 | Capital Adequacy Ratio (Ratio %) | 45.50% | 45.50% |

* The information furnished is based on Standalone Financial Results.
* Provisions amounting to Rs.608.11 million is considered for the purposes of ONPA & NNPA ratios above. In case the same is not included, ONPA & NNPA stands at 18.31% and 8.45% respectively. The provision coverage ratio after including the Provisions is 68.32%.
* ONPA and NNPA of our mutual fund is calculated based on portfolio assets of 8.01% and 4.46% respectively.
* For the purpose of these ratios loan assets exclude accrued interest in the outstanding portfolio.

Notes:
1. The figures/ratios which are not applicable to the Company, being an NBFC, are marked as "N/A".
2. Debt-Equity ratio = (Debt Securities/Borrowings) (other than debt securities) Subordinated liabilities / (Equity share capital + Other equity)
3. Net Worth = Equity share capital + Other Equity
4. Total debt to total assets = (Debt Securities + Borrowings (other than debt securities) + Subordinated liabilities) / total assets
5. Net profit margin (%) = Net profit after tax / Total Income
6. Stage III loan assets to Gross loan assets (Ratio %) = Stage III loan assets / Gross loan assets
7. Net Stage III loan assets to Gross loan assets (Ratio %) = (Stage III loan assets - Expected credit loss provision for stage III loan assets) / Gross loan assets
8. Capital Adequacy Ratio has been computed as per RBI guidelines.
9. Provision Coverage Ratio = Expected credit loss provision for Stage III loan assets / Stage III loan assets.

Net. Behav. 17



Walker Chandok & Co LLP

Walker Chandok & Co LLP
11th Floor, Tower II,
One International Center,
B B Marg, Pratiksha (W),
Mumbai - 400013
Maharashtra, India
T +91 22 6625 2000
F +91 22 6625 2001

Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Spandana Spahoorty Financial Limited

Opinion

1. We have audited the accompanying consolidated annual financial results (the Statement) of Spandana Spahoorty Financial Limited (the Holding Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), for the year ended 31 March 2022, attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate audited financial results of the subsidiaries as referred to in paragraph 14 below, the Statement:
 - (i) Includes the annual financial results of the entities listed in Annexure 1;
 - (ii) presents financial results in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations; and
 - (iii) gives a true and fair view in conformity with the applicable Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India, of the consolidated net profit after tax and other comprehensive income and other financial information of the Group, for the year ended 31 March 2022.



Page 1 of 7

Chartered Accountants
Office: Bangalore, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, Mumbai, New Delhi, Pune and Pune

Walker Chandok & Co LLP is registered with the Ministry of Corporate Affairs, Government of India, under the Companies Act, 2013 and is a member of the Institute of Cost Accountants of India.

Red. Khan



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Spandana Spahoorty Financial Limited
Independent Auditor's Report on Consolidated Annual Financial Results of the Company
Pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of
the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Basis for Opinion

- 3 We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (The ICAI) together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 14 of the Other Matter section below is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Books of accounts and other matters

4. We draw attention to Note 6 to the accompanying Statement, relating to:

- a. the resignation of erstwhile Managing Director (MD) of the Company during the year including the process followed by the management in implementing the new Information Technology (IT) application (including new loan management system) due to loss of access to the old IT systems; and
b. the settlement agreement entered with the erstwhile MD and other parties subsequent to the year-end and its related impact on the accompanying Statement.

Emphasis of Matter - Recoveries from gold loan portfolio

6. We draw attention to Note 5 to the accompanying Statement, pertaining to matter on which following emphasis of matter has been included in the audit report dated 7 July 2022 on the financial results of Crisis Financial Limited, a subsidiary of the Company, issued by an independent firm of Chartered Accountants, which is relevant to our opinion on the consolidated financial results of the Group, and reproduced by us as under:

"During the month of October 2021, w.r.t. all gold loan branches of the Company, there were certain differences between the company and Spandana Mutual Benefit Trust ("SMBT").

On 22.06.2022, company has entered into a gold loan agreement (part of settlement agreement). As per which it is understood that, disputes between the Board of directors of the company and erstwhile director are settled and the board ratified the appointment of SMBT as collecting agent.



Page 2
of 7

Other Information

Other Information, if any, should be read in conjunction with the accompanying Statement.

Spandana Spahoorty & Co. LLP is a member firm of the network of member firms of the Chartered Accountants of India (CAI) and is a member firm of the Chartered Accountants of India (CAI) and is a member firm of the Chartered Accountants of India (CAI).

nd.kharyns



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Spendana Spchoorty Financial Limited
Independent Auditor's Report on Consolidated Annual Financial Results of the Company
Pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Based on the information and explanations given to us, **SMET has recovered substantial amount of gold loans** during the months of November and December 2021. It has credited an amount of **Rs.29.72 Crores** to the company from November 2021 to March, 2022 and balance amount of **Rs.41.42 Crores** is shown as receivable under other financial assets as on 31.03.2022. During May and June 2022, company has realized balance amount of **Rs.41.42 Crores**. The company has recognized an amount of **2.19 Crores** as interest on gold loans for the aforesaid period, which has been received as part of settlement agreement.

Our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Statement

6. The Statement, which is the responsibility of the Holding Company's management and has been approved by the Holding Company's Board of Directors, has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit or loss and other comprehensive income, and other financial information of the Group in accordance with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 32 read with Regulation 63 of the Listing Regulations, the respective Board of Directors' management of the companies included in the Group and their responsibility for the preparation and presentation of the Statement in accordance with the provisions of the Act, for safeguarding of the assets of the Group, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively, for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.
7. In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors' management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
8. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the companies included in the Group.



Page 3 of 7

Abstract

Shelley Chazotte, Esq., L.L.M., is a partner in the labor and employment law department of the law firm of Chazotte, Pines & Pines, P.C., in San Francisco, California. She is also a frequent speaker at seminars and conferences on labor and employment law.

pol. learning



Spandana Spahoorty Financial Limited
Independent Auditor's Report on Consolidated Annual Financial Results of the Company
Pursuant to the Regulation 39 and Regulation 52 read with Regulation 53 of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Auditor's Responsibilities for the Audit of the Statement

9. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error, and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
10. As part of an audit in accordance with the Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.



Page 4 of 7

Chartered Accountant

(Spandan Bhatnagar (Chartered), Chartered Accountant, Hyderabad), Chartered Accountant, Hyderabad, New Delhi, India and Firm

Mehar Chartered & Co LLP is registered with the Institute of Cost Accountants of India (ICAI) and is a member firm of the Institute of Cost Accountants of India (ICAI) and is a member firm of the Institute of Cost Accountants of India (ICAI).

Aud. Khanna



Spandana Spahory Financial Limited
Independent Auditor's Report on Consolidated Annual Financial Results of the Company
Pursuant to the Regulation 23 and Regulation 32 read with Regulation 33 of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

• Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors. For the other entities included in the Statement, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

11. We communicate with those charged with governance of the reporting Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

13. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD/146/2019 dated 28 March 2019, issued by the SEBI under Regulation 32 (3) of the Listing Regulations, to the extent applicable.

Opinion

14. We did not audit the annual financial results of subsidiaries included in the Statement, whose financial information reflects total assets of ₹4,239.86 million as at 31 March 2022, total revenues of ₹7,512.71 million, total net profit after tax of ₹231.58 million, total comprehensive income of ₹231.58 million, and cash outflows (net) of ₹12.37 million for the year ended on that date, as operational in the Statement. These annual financial results have been audited by other auditors and whose audit report has been furnished to us by the management, and our opinion is as set forth in relation to the amounts and disclosures included in respect of these subsidiaries are based solely on the audit reports of such other auditors, and the procedures performed by us as stated in paragraph 13 above.

Our opinion is not modified in respect of this matter with respect to our reliance on the audit reports by and the reports of the other auditors.

15. The Statement includes the consolidated financial results for the quarter ended 31 March 2022, being the following figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us.



Page 4 of 7

Chartered Accountants
Firm Registration No: 012704N600013

Spandana Spahory Financial Limited
Hyderabad
Firm Registration No: 012704N600013

Spandana Spahory Financial Limited
Independent Auditor's Report on Consolidated Annual Financial Results of the Company
Pursuant to the Regulation 23 and Regulation 32 read with Regulation 33 of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

16. The audit of consolidated financial results for the corresponding quarter and year ended 31 March 2021 included in the Statement was carried out and reported by M. R. Sankar & Co. LLP who have expressed unmodified opinion vide their audit report dated 22 May 2021, whose report has been furnished to us and which has been relied upon by us for the purpose of our audit of the Statement. Our opinion is not modified in respect of this matter.

For M. R. Sankar & Co. LLP
Chartered Accountants
Firm Registration No: 012704N600013

M. R. Sankar & Co. LLP
Partner
Membership No: 008117
MEMBERSHIP NO: 008117
Firm Registration No: 012704N600013
Date: 11 July 2022

Page 6 of 7

Chartered Accountants
Firm Registration No: 012704N600013

Spandana Spahory Financial Limited
Hyderabad
Firm Registration No: 012704N600013



net.khany

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)



| SPANDANA SPHOORTY FINANCIAL LIMITED (CIN: L48222MH2009PLC000000) | | | | | | |
|---|---|----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|
| Statement of Consolidated Financial Results for the Quarter and Year ended March 31, 2023 | | | | | | |
| Sl.No. | Particulars | Quarter ended | | Year ended | | |
| | | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 | 31-Mar-21 |
| | | (Audited) Rs. crore (1) | (Unaudited) Rs. crore (1) | (Audited) Rs. crore (1) | (Audited) Rs. crore (1) | (Audited) Rs. crore (1) |
| 00 | Revenue from operations | 2,028.21 | 3,388.43 | 4,029.00 | 11,342.39 | 13,637.70 |
| 01 | Interest income | 64.40 | - | 87.25 | 64.48 | 92.00 |
| 02 | Commission and incentive income | 43.23 | 108.54 | 371.97 | 303.09 | 708.75 |
| 03 | Net gain on fair value changes | 117.51 | 75.18 | 200.36 | 673.99 | 109.54 |
| 04 | Other | - | - | - | - | - |
| 05 | Total revenue from operations | 2,203.35 | 3,572.25 | 4,459.58 | 12,041.56 | 14,512.29 |
| 06 | Other income | 777.98 | 97.14 | 63.34 | 122.49 | 500.51 |
| 07 | Total revenue (I+II) | 2,981.33 | 3,669.39 | 4,522.92 | 12,164.05 | 15,012.80 |
| 08 | Expenses | | | | | |
| 09 | Finance cost | 1,076.40 | 1,382.40 | 1,383.79 | 5,406.00 | 4,321.70 |
| 10 | Net loss on fair value changes | 8.06 | 75.11 | 21.44 | 6.40 | 22.64 |
| 11 | Impairment on financial instruments and other provisions | 195.06 | 443.80 | 1,116.09 | 4,808.70 | 6,411.40 |
| 12 | Employee benefit expense | 646.79 | 642.63 | 448.79 | 2,393.77 | 3,713.36 |
| 13 | Depreciation and amortisation expense | 33.04 | 34.43 | 24.10 | 94.77 | 36.23 |
| 14 | Other expenses | 484.00 | 753.23 | 148.00 | 1,008.14 | 649.50 |
| 15 | Total expenses | 3,403.35 | 3,932.57 | 4,731.19 | 13,817.01 | 15,131.83 |
| 16 | Profit before tax (III-IV) | 577.98 | 736.82 | 791.73 | 857.04 | 2,880.97 |
| 17 | Tax expense | | | | | |
| 18 | Current tax | 1,041.07 | 33.21 | 348.36 | 130.45 | 1,423.34 |
| 19 | Deferred tax | - | 8.89 | - | 87.83 | - |
| 20 | Deferred tax | 718.14 | 95.13 | 144.91 | 1,077.24 | 898.17 |
| 21 | Total tax expense | 1,759.21 | 137.23 | 493.27 | 1,295.52 | 2,321.51 |
| 22 | Profit after tax (V-VI) | 202.77 | 600.59 | 298.46 | 561.52 | 559.46 |
| 23 | Profit attributable to non-controlling interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 24 | Profit for the period / year (VII-VIII) | 204.25 | 597.26 | 294.78 | 556.46 | 553.29 |
| 25 | Other comprehensive income | | | | | |
| 26 | Items that will be reclassified subsequently to profit or loss | | | | | |
| 27 | 1. Re-measurement gain/(loss) on defined benefit plans | (17.80) | 3.13 | (8.95) | (14.37) | 38.31 |
| 28 | 2. Income tax effect | 4.75 | (8.84) | 8.34 | 1.98 | (3.13) |
| 29 | Net total | (13.05) | 2.29 | (0.61) | (12.39) | 35.18 |
| 30 | Items that will be reclassified subsequently to profit or loss | | | | | |
| 31 | 1. Fair Value (Gain) / (Loss) on loans | (482.00) | (1,044.37) | (545.13) | (446.79) | (430.30) |
| 32 | 2. Income tax effect | 218.69 | (163.23) | (227.83) | (146.88) | (146.88) |
| 33 | Subtotal (IX) | (263.31) | (1,207.60) | (772.96) | (593.67) | (577.18) |
| 34 | Other comprehensive income/(loss) (X-XI) | (263.31) | (1,207.60) | (772.96) | (593.67) | (577.18) |
| 35 | Total comprehensive income (XII-XIII) | (59.04) | (610.34) | (478.18) | (36.21) | (24.89) |
| 36 | Particulars for the period / year attributable to: | | | | | |
| 37 | Company | 204.25 | 597.26 | 294.78 | 556.46 | 553.29 |
| 38 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 39 | Total comprehensive income for the period / year attributable to: | | | | | |
| 40 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 41 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 42 | Total comprehensive income for the period / year attributable to: | | | | | |
| 43 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 44 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 45 | Total comprehensive income for the period / year attributable to: | | | | | |
| 46 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 47 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 48 | Total comprehensive income for the period / year attributable to: | | | | | |
| 49 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 50 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 51 | Total comprehensive income for the period / year attributable to: | | | | | |
| 52 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 53 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 54 | Total comprehensive income for the period / year attributable to: | | | | | |
| 55 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 56 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 57 | Total comprehensive income for the period / year attributable to: | | | | | |
| 58 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 59 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 60 | Total comprehensive income for the period / year attributable to: | | | | | |
| 61 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 62 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 63 | Total comprehensive income for the period / year attributable to: | | | | | |
| 64 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 65 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 66 | Total comprehensive income for the period / year attributable to: | | | | | |
| 67 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 68 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 69 | Total comprehensive income for the period / year attributable to: | | | | | |
| 70 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 71 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 72 | Total comprehensive income for the period / year attributable to: | | | | | |
| 73 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 74 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 75 | Total comprehensive income for the period / year attributable to: | | | | | |
| 76 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 77 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 78 | Total comprehensive income for the period / year attributable to: | | | | | |
| 79 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 80 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 81 | Total comprehensive income for the period / year attributable to: | | | | | |
| 82 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 83 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 84 | Total comprehensive income for the period / year attributable to: | | | | | |
| 85 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 86 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 87 | Total comprehensive income for the period / year attributable to: | | | | | |
| 88 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 89 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 90 | Total comprehensive income for the period / year attributable to: | | | | | |
| 91 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 92 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 93 | Total comprehensive income for the period / year attributable to: | | | | | |
| 94 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 95 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 96 | Total comprehensive income for the period / year attributable to: | | | | | |
| 97 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 98 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 99 | Total comprehensive income for the period / year attributable to: | | | | | |
| 100 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 101 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 102 | Total comprehensive income for the period / year attributable to: | | | | | |
| 103 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 104 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 105 | Total comprehensive income for the period / year attributable to: | | | | | |
| 106 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 107 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 108 | Total comprehensive income for the period / year attributable to: | | | | | |
| 109 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 110 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 111 | Total comprehensive income for the period / year attributable to: | | | | | |
| 112 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 113 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 114 | Total comprehensive income for the period / year attributable to: | | | | | |
| 115 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 116 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 117 | Total comprehensive income for the period / year attributable to: | | | | | |
| 118 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 119 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 120 | Total comprehensive income for the period / year attributable to: | | | | | |
| 121 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 122 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 123 | Total comprehensive income for the period / year attributable to: | | | | | |
| 124 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 125 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 126 | Total comprehensive income for the period / year attributable to: | | | | | |
| 127 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 128 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 129 | Total comprehensive income for the period / year attributable to: | | | | | |
| 130 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 131 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 132 | Total comprehensive income for the period / year attributable to: | | | | | |
| 133 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 134 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 135 | Total comprehensive income for the period / year attributable to: | | | | | |
| 136 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 137 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 138 | Total comprehensive income for the period / year attributable to: | | | | | |
| 139 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 140 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 141 | Total comprehensive income for the period / year attributable to: | | | | | |
| 142 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 143 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 144 | Total comprehensive income for the period / year attributable to: | | | | | |
| 145 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 146 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 147 | Total comprehensive income for the period / year attributable to: | | | | | |
| 148 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 149 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 150 | Total comprehensive income for the period / year attributable to: | | | | | |
| 151 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 152 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 153 | Total comprehensive income for the period / year attributable to: | | | | | |
| 154 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 155 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 156 | Total comprehensive income for the period / year attributable to: | | | | | |
| 157 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 158 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 159 | Total comprehensive income for the period / year attributable to: | | | | | |
| 160 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 161 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 162 | Total comprehensive income for the period / year attributable to: | | | | | |
| 163 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 164 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 165 | Total comprehensive income for the period / year attributable to: | | | | | |
| 166 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 167 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 168 | Total comprehensive income for the period / year attributable to: | | | | | |
| 169 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 170 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 171 | Total comprehensive income for the period / year attributable to: | | | | | |
| 172 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 173 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 174 | Total comprehensive income for the period / year attributable to: | | | | | |
| 175 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 176 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 177 | Total comprehensive income for the period / year attributable to: | | | | | |
| 178 | Company | 205.73 | 600.59 | 298.46 | 561.52 | 559.46 |
| 179 | Minority interest | 1.48 | 3.33 | 3.68 | 5.06 | 6.17 |
| 180</ | | | | | | |



| SPANDANA SPHOORTY FINANCIAL LIMITED (CIN: L65929TG2003PLC00648) | | |
|---|--|--------------------------------------|
| Statement of Consolidated Financial Results for the Quarter and Year ended March 31, 2023 | | |
| Notes: 1. Disclosure of consolidated assets and liabilities as at March 31, 2023: | | |
| | (Figures in million unless otherwise stated) | |
| Particulars | At or March 31, 2022 (Audited) | At or March 31, 2021 (Audited) |
| ASSETS | | |
| Financial assets | | |
| Cash and cash equivalents | 7,271.70 | 11,351.95 |
| Bank balances other than cash and cash equivalents | 4,759.32 | 2,418.27 |
| Derivative financial instrument | 0.40 | 0.40 |
| Trade receivables | 208.92 | 170.61 |
| Loans | 55,181.83 | 69,330.47 |
| Investments | 24.44 | 23.25 |
| Other financial assets | 345.15 | 716.72 |
| Subtotal - Financial assets | 68,172.32 | 84,041.67 |
| Non-financial assets | | |
| Current tax assets (net) | 188.17 | 153.13 |
| Deferred tax assets (net) | 1,842.05 | 1,047.49 |
| Property, plant and equipment | 67.87 | 188.56 |
| Other intangible assets | 10.96 | 7.77 |
| Goodwill | 173.89 | 173.74 |
| Other non-financial assets | 342.32 | 146.23 |
| Subtotal - Non-financial assets | 2,565.46 | 1,777.42 |
| Total assets | 70,737.78 | 85,819.09 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Financial liabilities | | |
| Debt securities | 17,787.49 | 20,947.14 |
| Borrowings (other than debt securities) | 19,726.89 | 33,183.69 |
| Subordinated liabilities | 201.87 | 201.83 |
| Other financial liabilities | 1,312.52 | 2,026.72 |
| Subtotal - Financial liabilities | 39,028.77 | 56,359.48 |
| Non-financial liabilities | | |
| Current tax liabilities (net) | 201.69 | 1,838.16 |
| Deferred tax liabilities (net) | - | - |
| Provisions | 40.15 | 16.50 |
| Other non-financial liabilities | 108.75 | 41.82 |
| Subtotal - Non-financial liabilities | 350.59 | 1,896.48 |
| EQUITY | | |
| Equity share capital | 690.95 | 643.15 |
| Other equity | 39,184.73 | 25,847.62 |
| Equity attributable to shareholders of the company | 39,875.68 | 26,490.77 |
| Non-controlling interest | 23.77 | 20.18 |
| Subtotal - Equity | 39,899.45 | 26,510.95 |
| Total liabilities and equity | 79,278.81 | 84,766.91 |

**Spandana Sphoorty Financial Limited**

CIN: L65929TG2003PLC00648

Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial District, Nandakumar, Hyderabad - 500 032.
Ph: 040-2547 4750
contact@spandanasphoorty.com, www.spandanasphoorty.com

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)



| SPANDANA SPOHOITY FINANCIAL LIMITED (CIN: L65929TG2003PLC040648) | | |
|---|---|----------------------------------|
| Statement of Consolidated Financial Results for the Quarter and Year ended March 31, 2023 | | |
| Note: 2. Disclosure of consolidated assets and liabilities as at March 31, 2023: | | |
| Particulars | (Figures in millions unless otherwise stated) | |
| | For year ended March 31, 2023 | For year ended March 31, 2022 |
| Cash flow from operating activities | | |
| Profit before tax | 988.92 | 2,004.43 |
| Adjustments for: | | |
| Income on interest tax | 11.85 | 103.80 |
| Depreciation and amortization | 94.77 | 94.23 |
| Share based payment to employees | 112.18 | 87.85 |
| Provision for penalty | 18.81 | 8.50 |
| Finance cost on lease liability | 17.81 | 14.88 |
| Impairment on financial investments and other provisions | 8,105.70 | 6,431.40 |
| Net gain on fair value changes | (470.42) | (58.46) |
| Net gain on adjustment on account of limitation of losses | (32.44) | - |
| Net provision on financial assets and liabilities designated at fair value through profit or loss | (42.15) | 27.44 |
| Other provisions and write off | (4.67) | 26.19 |
| Operating profit before working capital changes | 5,527.11 | 6,776.32 |
| Movements in working capital: | | |
| Changes in other financial liabilities | (1,371.77) | 385.41 |
| Changes in other non financial liabilities | 94.51 | 112.80 |
| Changes in provisions | (9.48) | 11.25 |
| Changes in bank balances other than cash and cash equivalents | (2,392.48) | (483.32) |
| Changes in trade receivables | (80.11) | 101.07 |
| Changes in other financial assets | (2.11) | 878.94 |
| Changes in loans | 8,889.28 | (36,679.53) |
| Changes in other non financial assets | (96.87) | (54.10) |
| Cash used in operations | 16,796.99 | (18,699.80) |
| Income taxes paid | (2,171.89) | (843.22) |
| Net cash used in operating activities (A) | 8,625.11 | (17,543.05) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (89.43) | (194.50) |
| Purchase of intangible assets | (70.82) | (2.10) |
| Proceeds from deconsolidation of property, plant and equipment | 32.79 | 34.04 |
| Purchase of investments | (108,152.26) | (42,841.98) |
| Proceeds from sale of investments | (52,101.98) | 41,729.32 |
| Net cash generated/(used) in investing activities (B) | 962.18 | 6,818.35 |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | 2,924.27 | - |
| Debt securities issued/(repaid)/(net) | (2,572.60) | 12,542.98 |
| Principal payments of lease liability | (3.25) | 9.69 |
| Interest payments of lease liability | (17.81) | 16.88 |
| Outstanding (other than debt securities) (net) | (13,449.89) | 10,910.35 |
| Subordinated liabilities (net) | 0.04 | (1.45) |
| Net cash generated from financing activities (C) | (13,088.24) | 23,476.45 |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | (4,091.23) | 10,751.64 |
| Add: Cash and cash equivalents at the beginning of the year | 11,351.95 | 944.31 |
| Cash and cash equivalents at the end of the year | 5,371.70 | 11,751.89 |



Spandana Sphoorty Financial Limited
CIN: L65929TG2003PLC040648
Plot No. 51 & 52, Ramky Solentum Towers, Tower A
Ground Floor, Financial Dist, Nanakramguda, Hyderabad - 500 032.



Red. Chavany

[illegible]

Coandana Subharty Financial Limited

Ref. Kharyuz



[illegible]

red. Khayns



Placement Memorandum
Date: April 10, 2023

Private & Confidential
For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)



SPANDANA

Declaration under Regulation 33(3)(d) read with Regulation 52(3)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations")

Pursuant to Regulation 33(3)(d) read with Regulation 52(3) of SEBI LODR Regulations as amended from time to time, we hereby declare that Statutory Auditor of the Company i.e., Walker Chandok & Co. LLP, Chartered Accountants, have submitted the audit report with unmodified opinion on annual audited financial results of the Company (Standalone and Consolidated) for the financial year ended March 31, 2022.

We request you to take the above information on record.

Thanking you,

Your Sincerely,

For Spandana Sphoorty Financial Limited



Ashish Damani
President and Chief Financial Officer

Date: July 11, 2022



and, Khanna



SPANDANA

Declaration pursuant to Regulation 52(7) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to captioned subject, the Company hereby confirms that the proceeds of issue of Non-Convertible Debt securities have been fully utilized for the purpose/object as stated in the offer document and there have been no material deviation in utilization of such proceeds as on March 31, 2022.

We request you to take the above information on record.

Thanking you,

Yours Sincerely,
For Spandana Synergy Financial Limited

Ramesh Periasamy
Company Secretary and Compliance Officer

Date: July 21, 2022



Handwritten signature: Ramesh Periasamy



ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

| Illustration of Bond Cash Flows | |
|--|--|
| Company | Spandana Sphoorty Financial Limited |
| Face Value (per security) | Rs. 1,00,000/- (Rupees One Lakh only) |
| Issue Date / Date of Allotment | Issue Opening Date: April 10, 2023 Deemed Date of Allotment: April 10, 2023 |
| Maturity Date | May 25, 2026 being 37 (Thirty Seven) months and 15 (Fifteen) days from the Deemed Date of Allotment. |
| Coupon Rate | As per section 5.37 (Issue Details) of this Placement Memorandum |
| Frequency of the Coupon Payment with specified dates | Coupon payable half yearly. |
| Day Count Convention | Actual / Actual |

INTEREST PAYMENT AND REDEMPTION SCHEDULE**IF PUT OPTION IS NOT EXERCISED**

| Period (Months) | Interest/Principal Payment Dates | No. Of Days for Interest | Outstanding Principal | Principal (Tranche 1) | Interest | Cash Outflow |
|-----------------|----------------------------------|--------------------------|-----------------------|-----------------------|------------|--------------|
| 6 | 10 October 2023 | 183.00 | (250,000,000) | | 12,847,603 | 12,847,603 |
| 12 | 10 April 2024 | 183.00 | (250,000,000) | | 12,812,500 | 12,812,500 |
| 18 | 10 October 2024 | 183.00 | (250,000,000) | | 12,812,500 | 12,812,500 |
| 24 | 10 April 2025 | 182.00 | (250,000,000) | | 12,777,397 | 12,777,397 |
| 30 | 10 October 2025 | 183.00 | (250,000,000) | | 12,847,603 | 12,847,603 |
| 36 | 10 April 2026 | 182.00 | (250,000,000) | | 12,777,397 | 12,777,397 |
| 38 | 25-May-26 | 45.00 | (250,000,000) | 250,000,000 | 3,159,247 | 253,159,247 |



IF PUT OPTION IS EXERCISED

| Period (Months) | Interest/Pr incipal Payment Dates | No. Of Days for Interest | Outstanding Principal | Principal (Tranche 1) | Interest | YTM Adjustment | Cash Outflow |
|---------------------|--|-----------------------------------|--------------------------|--------------------------|------------|-------------------|-----------------|
| 6 | 10 October 2023 | 183.00 | (250,000,000) | | 12,847,603 | | 12,847,603 |
| 12 | 10 April 2024 | 183.00 | (250,000,000) | | 12,812,500 | | 12,812,500 |
| 18 | 10 October 2024 | 183.00 | (250,000,000) | | 12,812,500 | | 12,812,500 |
| 24 | 10 April 2025 | 182.00 | (250,000,000) | 250,000,000 | 12,777,397 | 8,725,000.00 | 254,052,397 |

Red. Khanna



ANNEXURE VII: DUE DILIGENCE CERTIFICATE

CATALYST

Believe in yourself... Trust us!



CTL/23-24/0800

(Annexure A)

DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE AT THE TIME OF FILING THE DRAFT OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM
(Applicable for Secured and Unsecured Issuances)

To,

National Stock Exchange of India Limited.
Exchange Plaza, 5 Floor, Plot C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai 400 051

Dear Sir / Madam,

SUB.: ISSUE OF UPTO 2,500 (TWO THOUSAND AND FIVE HUNDRED) SECURED, SENIOR, RATED, LISTED, REDEEMABLE, TRANSFERABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF RS. 1,00,000/- (RUPEES ONE LAKH ONLY) EACH, AGGREGATING UP TO RS 25,00,00,000 (RUPEES TWENTY-FIVE CRORES ONLY) ON A PRIVATE PLACEMENT BASIS BY SPANDANA SPOORTY FINANCIAL LIMITED.

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

- 1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
- 2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

We confirm that:

- a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.
- b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).
- c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.
- d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

CATALYST TRUSTEESHIP LIMITED (INCORPORATED IN INDIA)

An ISO 9001 Company

Mumbai Office: Windsor, 6th Floor, Office No. 504, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 096. Tel: +91 022 4922 0555 Fax: +91 022 4922 0505
Regd. Office: CDA House, Plot No. 85, Bhuzart Colony (Right), Paud Road, Pune 411 038 Tel: +91 (020) 25290091 Fax: +91 (020) 25290275
Delhi Office: Office No. 810, 8th Floor, Kalash Building, 28, Kasturba Gandhi Marg, New Delhi - 110001 Tel: 11 430 29101/02.
CIN No. U74600PH1997PLC100362 Email: dt@ctltrustee.com Website: www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai



Red. Channay

CATALYST

Believe in yourself... Trust us!



- e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.
- f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.
- g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

Place: Mumbai
Date: April 04, 2023



For Catalyst Trusteeship Limited

For Catalyst Trusteeship Limited

[Signature]
Authorized Signatory

Ms. Kalyani Pandey
Compliance Head

CATALYST TRUSTEESHIP LIMITED COMPANY REGD. IN INDIA

An ISO 9001 Company

Mumbai Office Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kallina, Santacruz (East), Mumbai 400 098 Tel +91 (022) 4922 0555 Fax +91 (022) 4922 0505
Regd. Office CDA House, Plot No. 65, Bhuxari Colony (Right), Paud Road, Pune 411 038 Tel +91 (020) 25280081 Fax +91 (020) 25280275
Delhi Office Office No. 810, 8th Floor, Kallash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 Tel 11 430 29101/02
CIN No. U74999MH1997PLC03262 Email info@catalysttrustee.com Website www.catalysttrustee.com



[Handwritten signature]



Placement Memorandum

Date: April 10, 2023

Private & Confidential

For Private Circulation Only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

**ANNEXURE VIII: TERMS AND CONDITIONS OF DEBENTURE TRUSTEE
AGREEMENT**

Attached separately.

red. bhargava



(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE IX: IN-PRINCIPLE APPROVAL RECEIVED FROM NSE



25

National Stock Exchange Of India Limited

Ref. No.: NSE/LIST/6216

April 05, 2023

The Company Secretary
Spandana Sphoorty Financial Limited
Galaxy, Wing B, 16th Floor, Plot No.1,
Sy No 83/1, Hyderabad Knowledge City,
TSIC, Raidurg Panmaktha,
Hyderabad- 500081

Kind Attn.: Mr. Ramesh Periasamy

Dear Sir,

Sub.: In-principle approval for listing of Non-Convertible Debentures on private placement basis

This is with reference to your application dated April 05, 2023, requesting for in-principle approval for proposed listing of secured, senior, redeemable, transferable, rated, non-cumulative non-convertible debentures of face value of Rs. 100000/- each, aggregating to total issue size of Rs. 2500 lakhs, to be issued by Spandana Sphoorty Financial Limited on private placement basis. In this regard, the Exchange is pleased to grant in-principle approval for the said issue, subject to adequate disclosures to be made in the Offer Document in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard and provided the Company includes the following Disclaimer Clause as given below in the Offer Document after the SEBI disclaimer clause:

"As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref.: NSE/LIST/6216 dated April 05, 2023 or hosting the same on the website of NSE in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or ~~any other reason whatsoever~~

Signer: PRAKASH DEVIDAS KELKAR
Date: Wed, Apr 5, 2023 18:46:42 IST
Location: NSE

National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Band
India +91 22 26599100 | www.nseindia.com | CIN U67120MH1091PLC069749



1st, Bandra (E), Mumbai - 400 051.



red. bhavani

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)



Ref No.: NSE/LIST/6216

Continuation Sheet
April 05, 2023

Please note that the approval given by us should not in any way be deemed or construed that the draft Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this draft offer document; nor does it warrant that the securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project.

Kindly also note that these debt instruments may be listed on the Exchange after the allotment process has been completed, provided the securities of the issuer are eligible for listing on the Exchange as per our listing criteria and the issuer fulfills the listing requirements of the Exchange. The issuer is responsible to ensure compliance with all the applicable guidelines issued by appropriate authorities from time to time including Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard.

Specific attention is drawn towards Para 1 of Chapter XV of SEBI Operational Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021. Accordingly, Issuers of privately placed debt securities in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of allotment of securities. The details can be uploaded using the following links:

<https://www.nse-ebp.com>

<https://www.nseebp.com/ebp/rest/reportingentity?new=true>

Kindly ensure compliance with SEBI Circular No. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/167 dated November 30, 2022 with respect to the timelines for listing of securities issued on a private placement basis.

Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/Rule/Bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any.

Yours faithfully,

For National Stock Exchange of India Limited

Prakash Kelkar
Manager

This Document is Digitally Signed

National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, 8a
India +91 22 26598100 | www.nseindia.com | CIN U67120MH1992PLC069787

Signer: PRAKASH DEVDAS KELKAR
Date: Wed, Apr 5, 2023 18:49:42 IST
Location: NSE

NSE
plex, Bandra (E), Mumbai - 400 051,



Prakash Kelkar

ANNEXURE X: DETAILS OF LATEST ALM STATEMENT SUBMITTED TO STOCK EXCHANGE**As on December 31, 2022**

| Particulars | < 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 Years | 3 to 5 Years | > 5 Years | Total |
|------------------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|------------------|-----------------|
| Outflows | | | | | | | | | |
| Equity & Reserves | - | - | - | - | - | - | - | 2,894.00 | 2,894.00 |
| Borrowing | 241.00 | 234.00 | 279.00 | 1,002.00 | 1,487.00 | 1,698.00 | 27.00 | 58.00 | 5,025.00 |
| Others | 72.00 | - | 4.00 | 8.00 | 3.00 | 67.00 | - | 13.00 | 167.00 |
| Total (A) | 313.00 | 234.00 | 283.00 | 1,010.00 | 1,490.00 | 1,765.00 | 27.00 | 2,965.00 | 8,086.00 |
| Inflow | | | | | | | | | |
| Cash & bank | 1,023.00 | - | - | 8.00 | 68.00 | 59.00 | 4.00 | - | 1,162.00 |
| Loans (net of ECL provision) | 387.00 | 319.00 | 362.00 | 967.00 | 1,782.00 | 2,413.00 | 40.00 | - | 6,269.00 |
| Others | 12.00 | 11.00 | 86.00 | 206.00 | 141.00 | 20.00 | 23.00 | 157.00 | 655.00 |
| Total (B) | 1,422.00 | 330.00 | 449.00 | 1,180.00 | 1,990.00 | 2,492.00 | 67.00 | 157.00 | 8,086.00 |
| GAP (B-A) | 1,109.00 | 96.00 | 166.00 | 170.00 | 500.00 | 727.00 | 41.00 | -2,809.00 | - |
| Cumulative GAP | 1,109.00 | 1,205.00 | 1,371.00 | 1,541.00 | 2,042.00 | 2,768.00 | 2,809.00 | - | - |




Walker Chandio & Co LLP

11th Floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai - 400013
Maharashtra, India

T +91 22 6626 2699

F +91 22 6626 2601

Independent Auditor's Review Report on Unaudited Standalone Quarterly Financial Results and Year to Date Results of the Non- Banking Financial Company ('NBFC') pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Spandana Sphoorty Financial Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results ('the Statement') of **Spandana Sphoorty Financial Limited** ('the NBFC') for the quarter ended **31 December 2022** and the year to date results for the period **01 April 2022 to 31 December 2022**, being submitted by the NBFC pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').
2. The Statement, which is the responsibility of the NBFC's management and approved by the NBFC's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), the circulars, guidelines and directions issued by the Reserve Bank of India ('the RBI') from time to time, applicable to NBFCs ('the RBI guidelines'), and other accounting principles generally accepted in India, and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Spandana Sphooty Financial Limited

Independent Auditor's Review Report on Unaudited Standalone Quarterly Financial Results and Year to Date Results of the Non- Banking Financial Company ('NBFC') pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, the RBI guidelines, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement, or that it has not been prepared in accordance with the relevant prudential norms issued by the RBI in respect of income recognition, asset classification, provisioning and other related matters, or that it contains any material misstatement.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No:001076N/N500013



Manish Gujral

Partner

Membership No:105117

UDIN:23105117BGRNK11260

Place: Hyderabad

Date: 31 January 2023





| SPANDANA SPOHOITY FINANCIAL LIMITED | | | | | | | |
|---|---|-----------------|-----------------|-----------------|-------------------|------------------|------------------|
| Statement of Unaudited Standalone Financial Results for the Quarter and nine months ended December 31, 2022 | | | | | | | |
| (Rupees in millions unless otherwise stated) | | | | | | | |
| Sr. No. | Particulars | Quarter ended | | | Nine months ended | | Year ended |
| | | 31-Dec-22 | 30-Sep-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 | 31-Mar-22 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| | Revenue from Operations | | | | | | |
| (a) | Interest Income | 3,232.57 | 2,598.66 | 3,101.66 | 8,089.59 | 10,137.55 | 12,509.45 |
| (b) | Fees and Commission income | - | - | - | - | - | 64.68 |
| (c) | Net gain on fair value changes | 84.19 | 63.15 | 100.64 | 187.39 | 698.30 | 781.33 |
| (d) | Recovery against loans written-off | 84.74 | 148.60 | 74.90 | 256.24 | 295.81 | 407.92 |
| I | Total revenue from operations | 3,401.50 | 2,810.41 | 3,277.20 | 8,533.22 | 11,131.66 | 13,763.38 |
| II | Other income | 152.78 | 120.71 | 29.54 | 357.95 | 35.87 | 152.62 |
| III | Total income (I+II) | 3,554.28 | 2,931.12 | 3,306.74 | 8,891.17 | 11,167.53 | 13,916.00 |
| | Expenses | | | | | | |
| (a) | Finance costs | 1,181.02 | 882.63 | 1,315.95 | 2,988.14 | 4,122.38 | 5,140.88 |
| (b) | Net loss on fair value changes | - | - | - | - | - | - |
| (b) | Impairment on financial instruments | 397.51 | 237.71 | 639.30 | 4,086.43 | 4,452.75 | 4,658.31 |
| (c) | Employee benefits expense | 664.31 | 693.84 | 575.72 | 2,125.94 | 1,554.73 | 2,168.80 |
| (d) | Depreciation and amortization expense | 25.08 | 23.38 | 23.24 | 70.11 | 59.47 | 85.46 |
| (e) | Other expenses | 348.15 | 334.63 | 226.61 | 972.53 | 557.80 | 1,216.69 |
| IV | Total expenses | 2,616.07 | 2,172.19 | 2,780.82 | 10,243.15 | 10,747.13 | 13,270.14 |
| V | Profit/(Loss) before tax (III-IV) | 938.21 | 758.93 | 525.92 | (1,351.98) | 420.40 | 645.86 |
| | Tax expense: | | | | | | |
| | Current tax | - | - | 39.18 | - | 982.35 | 812.71 |
| | Taxes of prior period | - | - | - | - | 17.05 | 17.05 |
| | Deferred tax expense/(Credit) | 245.49 | 263.65 | 89.45 | (313.13) | (862.69) | (650.28) |
| VI | Income tax expense/(Credit) | 245.49 | 263.65 | 128.63 | (313.13) | 136.71 | 179.48 |
| VII | Profit / (loss) for the period / year (V-VI) | 692.72 | 495.28 | 397.29 | (1,038.85) | 283.69 | 466.38 |
| VIII | Other comprehensive income | | | | | | |
| (a) | Items that will not be reclassified subsequently to profit or loss | | | | | | |
| | 1. Re-measurement gains/(losses) on defined benefit plans | (12.35) | 4.85 | 3.00 | (5.41) | 2.95 | (14.37) |
| | 2. Income tax effect | 3.11 | (1.22) | (0.75) | 1.36 | (0.74) | 3.62 |
| (b) | Items that will be reclassified subsequently to profit or loss | | | | | | |
| | 1. Fair Value (Loss) / Gain on Portfolio loans | 233.89 | (205.30) | (1,046.37) | (882.90) | (875.82) | (448.77) |
| | 2. Income tax effect | (58.86) | 51.67 | 263.35 | 222.21 | 220.43 | 112.95 |
| | Other comprehensive income/(loss) (VIII = a+b) | 165.79 | (150.00) | (780.77) | (664.74) | (653.18) | (346.57) |
| IX | Total comprehensive income/(loss) (VII+VIII) | 858.51 | 345.28 | (383.48) | (1,703.59) | (369.49) | 119.81 |
| X | Paid up equity share capital (Face value of Rs.10 each) | 709.83 | 709.47 | 644.08 | 709.83 | 644.08 | 690.95 |
| XI | Other equity | | | | | | 29,624.37 |
| XII | Earnings per equity share (Not annualised) | | | | | | |
| | Nominal value of share (in Rs.) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| | Basic (in Rs.) | 9.76 | 6.98 | 6.17 | (14.71) | 4.40 | 7.22 |
| | Diluted (in Rs.) | 9.74 | 6.97 | 6.15 | (14.71)# | 4.39 | 7.20 |

Since Diluted EPS are anti dilutive, the disclosure is restricted to Basic EPS.



Spandana Sphoorty Financial Limited

CIN : L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No. 1, Sy No. 83/1, Hyderabad Knowledge City,
TSIC, Raidurg Panmaktha, Hyderabad- 500081 Telangana.

Ph: 040 45474750

Contact@Spandanaspchoorty.com | www.spandanaspchoorty.com.



SPANDANA SPOHOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040648)

Statement of Unaudited Standalone Financial Results for the Quarter and Nine months ended December 31, 2022

Notes:

1. These financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') prescribed under section 133 of the Companies Act, 2013 ('the Act'), the circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time ('the RBI guidelines') and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.

2. These financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on January, 31, 2023 and subjected to review by the statutory auditors of the Company.

3. In the month of June 2022, the Company has settled the differences that arose between the Company and its Board of Directors with the erstwhile Managing Director and other entities, amicably in terms of a settlement agreement and other related agreements subject to terms and conditions stated therein. As a result, the Company has made all the required payments which were fully provided for in the financial results for the quarter and year ended March 31, 2022, under 'Other expenses'.

Further, the Company has performed sufficient procedures to ensure completeness, accuracy and authenticity of the data received post the settlement and has significantly reconciled the historical balances and the balances as on September 30, 2021 as per the old IT system with the opening balances as of October 1, 2021 considered in the new IT System with the information available. The management does not believe that ongoing reconciliation process will have any significant impact on the accompanying financial results.

4. The higher delinquencies caused due to COVID-19 pandemic and resignation of the erstwhile Managing Director and subsequent developments have resulted in breach of few of the covenants related to borrowings such as Return on assets, GNPA, NPA ratios and increase in portfolio at risk (PAR). The Company has been regularly servicing all its borrowings and has sought forbearance/ waiver from the lenders with respect to non-compliance with the covenants, wherever applicable.

Based on the discussions with the lenders, the Company has no reason to believe that any adverse action, such as levy of higher interest or a recall of the facility, will be invoked by the lenders on account of the above breaches; and as of the date of these financial results, none of the lenders have intimated about any remedial action. Accordingly, no adjustment is required in these financial results.

5. COVID-19 pandemic affected the global economies over the last two years. Like other countries, India is also fast emerging from the impact of pandemic by a significant reduction in new cases and vaccination coverage of a large part of the population. The extent to which the pandemic will impact the Company's operations and financial metrics going forward will depend on ongoing as well as future developments, including the nature and severity of any new waves.

6. The details of stressed loans transferred and Investment made in Security Receipts during the quarter ended December 31, 2022 to ARCs:

| (Rs. In million) | |
|---|----------|
| Particulars | Details |
| i) No. of accounts | 1,40,358 |
| ii) Aggregate principal outstanding of loans transferred (Rs. in million) ^ | 3,230.30 |
| iii) Weighted average residual tenor of the loans transferred (months) | 4.3 |
| iv) Net book value of loans transferred (at the time of transfer) | 610.10 |
| v) Aggregate consideration | 950.00 |
| vi) Additional consideration realised in respect of accounts transferred in earlier years | - |
| vii) Investment in Security Receipts (SR)# | 826.10 |

^ including written off loans of Rs. 2,010.20 million

SRs currently not rated, to be rated within timelines as per RBI guidelines.

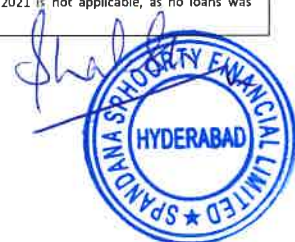
7. (i) On May 21, 2022, the Company has allotted 18,52,739 equity shares of Rs.10 each at issue price of Rs.458.78 per share including premium of Rs.448.78 per share to Kedaara Capital Fund III LLP on conversion of 18,52,739 fully convertible warrants allotted on preferential basis, in compliance with the SEBI Regulations and the Companies Act, 2013, to the extent applicable.

(ii) During the nine months ended, the Company has allotted 36,000 equity shares to eligible employees under Employee stock Option Plan at a price of Rs.263.35 per equity share including premium of Rs.253.35 per equity share.

8. Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the quarter and nine months ended December 31, 2022 is attached as Annexure-1.

9. Disclosures in compliance with Regulation 54(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is attached as Annexure-2.

10. Disclosures pursuant to the RBI Notification-RBI/DOR/2021-22/86 DOR-STR.REC.51/21.04.048/2021-22 dated September 24, 2021 is not applicable, as no loans was transferred or acquired under direct assignment transaction during the quarter and nine months ended December 31, 2022.



Spandana Spohoorty Financial Limited

CIN : L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No. 1, Sy No. 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad- 500081 Telangana.

Ph: 040 45474750

Contact@Spandanaspohoorty.com | www.spandanaspohoorty.com.




SPANDANA SPHOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040648)

Statement of Unaudited Standalone Financial Results for the Quarter and Nine months ended December 31, 2022

Notes:

- 11 The Company operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic.
- 12 Pursuant to the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 (the "RBI Guidelines") and in line with the specific instructions received from the RBI, the predecessor auditor's had resigned on January 28, 2022, after completion of limited review on the financial results of the Company for the quarter and half year ended September 30, 2021. Such resignation and subsequent appointment of new statutory auditors, being contrary to the provisions of para 6(A) of SEBI guidelines on "Resignation of statutory auditors from listed entities and their material subsidiaries" issued vide circular no. CIR/CFD/CMD1/114/2019 dated October 18, 2019, the Company has submitted application dated February 3, 2022 with SEBI, seeking settlement in this matter. Further, the Company vide letter dated June 3, 2022, has offered to pay Rs. 2.5 million to settle the matter and SEBI has accepted the settlement vide the Settlement Order no. SO/EFD-2/SD/429/OCTOBER/2022 dated October 25, 2022.
- 13 Pursuant to the RBI circular dated November 12, 2021 on "Prudential norms on Income Recognition, Asset Classification and Provisioning ('IRAC') pertaining to Advances-Clarifications" to be read with circular dated February 15, 2022, the Company has changed its NPA definition to comply with the applicable norms effective from October 1, 2022.
- 14 Previous year / period figures have been regrouped / rearranged wherever necessary to confirm to current period's classification.

For and on behalf of the Board of Directors of
SPANDANA SPHOORTY FINANCIAL LIMITED


Shwathi Saxena
Managing Director & CEO
(CIN: L65929TG2003PLC040648)

Place: Hyderabad
Date: 31-01-2023



Spandana Sphoorty Financial Limited

CIN : L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No. 1, Sy No. 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad- 500081 Telangana.

Ph: 040 45474750

Contact@Spandanaspchoorty.com | www.spandanaspchoorty.com.



SPANDANA SPOHOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040648)

Annexure-1 (Rupees in millions unless otherwise stated)

| Disclosures required by Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Quarter and Nine months ended December 31, 2022* | | | |
|--|--|----------------------|--------------------------|
| S.No | Particulars | Quarter ended | Nine months ended |
| | | 31.12.2022 | 31.12.2022 |
| 1 | Debt-Equity Ratio (Note-2) | 1.74 | 1.74 |
| 2 | Debt service coverage ratio | NA | NA |
| 3 | Interest service coverage ratio | NA | NA |
| 4 | Capital Redemption Reserve | 1,526.92 | 1,526.92 |
| 5 | Debenture Redemption Reserve | NA | NA |
| 6 | Networth (Rs in Millions) (Note-3) | 28,943.55 | 28,943.55 |
| 7 | Net Profit after tax | 692.72 | (1,038.85) |
| 8 | Earnings Per Share (Not annualised) | | |
| i | Basic (₹) | 9.76 | (14.71) |
| ii | Diluted (₹) | 9.74 | (14.71)# |
| 9 | Current ratio | NA | NA |
| 10 | Long term debt to working capital | NA | NA |
| 11 | Bad debts to Account receivable ratio | NA | NA |
| 12 | Current liability ratio | NA | NA |
| 13 | Total debts to total assets (Note-4) | 0.62 | 0.62 |
| 14 | Debtors turnover | NA | NA |
| 15 | Inventory turnover | NA | NA |
| 16 | Operating Margin (%) | NA | NA |
| 17 | Net profit margin (%) (Note-5) | 19.49% | -11.68% |
| 18 | Sector specific equivalent ratios: | | |
| i | Stage III loan assets to Gross loan assets (%) (Note-6) \$ | 5.10% | 5.10% |
| ii | Net Stage III loan assets to Gross loan assets (%) (Note-7) \$ | 2.30% | 2.30% |
| iii | Capital Adequacy ratio (Note-8) | 39.21% | 39.21% |
| iv | Provision coverage ratio (Note-9) \$ | 55.00% | 55.00% |


* The information furnished is based on Unaudited Standalone Financial Results.

\$ For the purpose of these ratio's loan assets excludes accrued interest on the outstanding portfolio.

Since Diluted EPS are anti dilutive, the disclosure is restricted to Basic EPS.

Notes:

- The figures/ratios which are not applicable to the Company, being an NBFC, are marked as "NA".
- Debt-Equity ratio = {Debt Securities+Borrowings(other than debt securities)+Subordinated liabilities} / {Equity share capital+ Other equity}
- Net Worth = Equity share capital + Other Equity
- Total debts to total assets = {Debt Securities+Borrowings(other than debt securities)+Subordinated liabilities} / Total assets
- Net profit margin (%) = Net profit after tax / Total Income
- Stage III loan assets to Gross loan assets = Stage III loan assets / Gross loan assets.
- Net Stage III loan assets to Gross loan assets = {Stage III loan assets-Expected credit loss provision for stage III loan assets} / Gross loan assets.
- Capital Adequacy Ratio has been computed as per RBI guidelines.
- Provision Coverage Ratio = Expected credit loss provision for Stage III loan assets / Stage III loan assets.



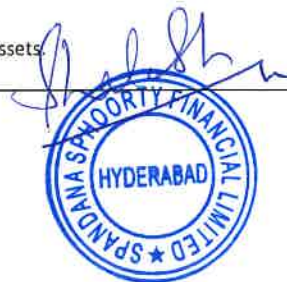
* The information furnished is based on Unaudited Standalone Financial Results.

\$ For the purpose of these ratio's loan assets excludes accrued interest on the outstanding portfolio.

Since Diluted EPS are anti dilutive, the disclosure is restricted to Basic EPS.

Notes:

- The figures/ratios which are not applicable to the Company, being an NBFC, are marked as "NA".
- Debt-Equity ratio = {Debt Securities+Borrowings(other than debt securities)+Subordinated liabilities} / {Equity share capital+ Other equity}
- Net Worth = Equity share capital + Other Equity
- Total debts to total assets = {Debt Securities+Borrowings(other than debt securities)+Subordinated liabilities} / Total assets
- Net profit margin (%) = Net profit after tax / Total Income
- Stage III loan assets to Gross loan assets = Stage III loan assets / Gross loan assets.
- Net Stage III loan assets to Gross loan assets = {Stage III loan assets-Expected credit loss provision for stage III loan assets} / Gross loan assets.
- Capital Adequacy Ratio has been computed as per RBI guidelines.
- Provision Coverage Ratio = Expected credit loss provision for Stage III loan assets / Stage III loan assets



Spandana Sphoorty Financial Limited

CIN : L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No. 1, Sy No. 83/1, Hyderabad Knowledge City,
TSIC, Raidurg Panmaktha, Hyderabad- 500081 Telangana.

Ph: 040 45474750

Contact@Spandanaspohorty.com | www.spandanaspohorty.com.

Walker Chandio & Co LLP

To
The Board of Directors
Spandana Sphoorty Financial Limited
Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1
Hyderabad Knowledge City, TSIC
Raidurg Panmaktha
Hyderabad - 500 081
Telangana, India

Walker Chandio & Co LLP
11th Floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai - 400013
Maharashtra, India
T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Certificate on the statement of book values of the assets offered as security against listed debt securities pursuant to Regulation 15(1)(t)(i)(a) of SEBI (Debenture Trustees) Regulations, 1993 read with clause 3.1(a) of SEBI Circular dated 19 May 2022

1. This certificate is issued in accordance with the terms of our engagement letter dated 01 December 2022 with **Spandana Sphoorty Financial Limited** ('the Company').
2. The accompanying statement containing details of book value of assets offered as security against listed debt securities of the Company outstanding as at **31 December 2022** (hereinafter referred to as "the Statement") has been prepared by the Company's management for the purpose of submission of the Statement along with this certificate to the Debenture Trustees of the Company, pursuant to the requirements of Regulation 15(1)(t)(i)(a) of SEBI (Debenture Trustees) Regulations, 1993 (as amended) ('Debenture Trustees Regulations') read with clause 3.1(a) of SEBI circular SEBI/HO/MISRD_CRADT/CIR/P/2022/67 dated 19 May 2022 (collectively referred to as 'the Regulations'). We have initialled the Statement for identification purposes only.

Management's Responsibility for the Statement

3. The preparation of the Statement, including the preparation and maintenance of all accounting and other relevant supporting records and documents, is solely the responsibility of the management of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The management is also responsible for ensuring the compliance with the requirements of the Regulations and the debenture trust deeds for the purpose of furnishing this Statement and for providing all relevant information to the Debenture Trustee.



Spandana Spahoorty Financial Limited

Independent Auditor's Certificate on the statement of book values of the assets offered as security against listed debt securities pursuant to Regulation 15(1)(t)(i)(a) of SEBI (Debenture Trustees) Regulations, 1993 read with clause 3.1(a) of SEBI Circular dated 19 May 2022

Auditor's Responsibility

5. Pursuant to requirement of the Regulations, it is our responsibility to express limited assurance in the form of a conclusion as to whether anything has come to our attention that cause us believe that the details included in the accompanying Statement regarding book values of the assets offered as security against listed debt securities of the Company outstanding as at 31 December 2022 are, in all material respects, not in agreement with the unaudited standalone financial results of the Company, underlying books of account and other relevant records and documents maintained by the Company for the quarter ended 31 December 2022, which have been subjected to limited review pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR').
6. The unaudited standalone financial results, referred to in paragraph 5 above, have been reviewed by us, on which we have expressed an unmodified conclusion vide our report dated 31 January 2023. Our review of unaudited standalone financial results was conducted in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India ('the ICAI'). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to the financial data and thus, provides less assurance than an audit. We have not performed an audit and accordingly, we did not express an audit opinion.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.
9. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The procedures selected depend on the auditor's judgment, including the assessment of the areas where a material misstatement of the subject matter information is likely to arise. We have performed the following procedures in relation to the accompanying Statement:
 - a) Obtained the list and value of assets offered as security against listed debt securities of the Company outstanding as at 31 December 2022;
 - b) Traced the book values of assets from the Statement to the unaudited standalone financial results, underlying books of account and other relevant records and documents maintained by the Company for the period ended 31 December 2022 which have been subject to limited review as mentioned in paragraph 6 above;



Spandana Spahoorty Financial Limited

Independent Auditor's Certificate on the statement of book values of the assets offered as security against listed debt securities pursuant to Regulation 15(1)(t)(i)(a) of SEBI (Debenture Trustees) Regulations, 1993 read with clause 3.1(a) of SEBI Circular dated 19 May 2022

- c) Obtained the list of security created in the register of charges maintained by the Company and 'Form No.CHG-9' filed with Ministry of Corporate Affairs ('MCA'). Traced the value of charge created against assets of the Company to the details included in the accompanying Statement;
- d) Obtained necessary representations from the management.

Conclusion on the Statement

- 10. Based on our examination and the procedures performed as per paragraph 9 above, evidences obtained, and the information and explanations given to us, along with the representations provided by the management, nothing has come to our attention that cause us to believe that the details included in the accompanying Statement regarding book values of the assets offered as security against listed debt securities of the Company outstanding as at 31 December 2022 are, in all material respects, not in agreement with the unaudited standalone financial results of the Company, underlying books of account and other relevant records and documents maintained by the Company for the quarter ended 31 December 2022, which have been subjected to limited review pursuant to the Regulation 52 of the SEBI LODR.

Restriction on distribution or use

- 11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Regulations. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as the statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.
- 12. The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with the requirements of the Regulations, which inter alia, require it to submit this certificate along with the Statement to the Debenture Trustees of the Company, and therefore, this certificate should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No:001076N/N500013



Manish Gujral

Partner

Membership No:105117

UDIN:23105117BGRNKK1617

Place: Hyderabad

Date: 31 January 2023



| Column A | Column B | Column C | Column D | Column E | Column F | Column G | Column H | Column I | Column J | Column K | Column L | Column M | Column N | Column O |
|--|----------|------------------|------------------|-------------------|-------------------|-------------------|--------------------------------|-------------------------------|------------------|--|---|---|--|-----------------------|
| Particulars | | Exclusive Charge | Exclusive Charge | Part-Passu Charge | Part-Passu Charge | Part-Passu Charge | Assets not offered as Security | Elimination (amount negative) | (Total C to H) | Market Value for Assets charged on Exclusive basis | Carrying /book value for assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable) | Market Value for Part passu charge Assets | Carrying value / book value for assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable) | Total Value=(K+L+M+N) |
| ASSETS | | | | | | | | | | | | | | |
| Property, Plant and Equipment | | - | - | No | NA | NA | 129.32 | - | 129.32 | - | - | - | - | - |
| Capital Work-in-Progress | | - | - | No | NA | NA | - | - | - | - | - | - | - | - |
| Right of Use Assets | | - | - | No | NA | NA | 127.32 | - | 127.32 | - | - | - | - | - |
| Goodwill | | - | - | No | NA | NA | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | No | NA | NA | 49.39 | - | 49.39 | - | - | - | - | - |
| Investments | | - | - | No | NA | NA | - | - | - | - | - | - | - | - |
| Loans | | - | - | No | NA | NA | 1,997.12 | - | 1,997.12 | - | - | - | - | - |
| Inventories | | - | 25,813.45 | No | NA | NA | 13,502.52 | - | 62,690.77 | - | 23,374.80 | - | - | 23,374.80 |
| Trade Receivables | | - | - | No | NA | NA | - | - | - | - | - | - | - | - |
| Cash and Cash Equivalents | | - | - | No | NA | NA | 252.40 | - | 252.40 | - | - | - | - | - |
| Bank Balances other than Cash and Cash Equivalents | | - | - | No | NA | NA | 10,232.10 | - | 10,232.10 | - | - | - | - | - |
| Others | | - | 1,346.64 | No | NA | NA | 43.77 | - | 1,390.41 | - | - | - | - | - |
| Total | | 23,374.80 | 27,160.09 | No | NA | NA | 30,329.03 | - | 80,863.92 | - | 23,374.80 | - | - | 23,374.80 |
| LIABILITIES | | | | | | | | | | | | | | |
| Debt securities to which this certificate pertains | | 20,824.58 | - | No | NA | NA | 1,266.61 | - | 22,091.19 | - | - | - | - | - |
| Other debt sharing part-passu charge with above debt | | not to be filed | - | No | NA | NA | - | - | - | - | - | - | - | - |
| Other Debt | | - | 6,826.76 | No | NA | NA | 7.29 | - | 6,837.05 | - | - | - | - | - |
| Subordinated debt | | - | - | No | NA | NA | 202.16 | - | 202.16 | - | - | - | - | - |
| Borrowings | | - | 21,191.61 | No | NA | NA | (72.53) | - | 21,119.08 | - | - | - | - | - |
| Bank | | - | - | No | NA | NA | - | - | - | - | - | - | - | - |
| Debt Securities | | - | - | No | NA | NA | - | - | - | - | - | - | - | - |
| Others | | - | - | No | NA | NA | - | - | - | - | - | - | - | - |
| Trade payables | | - | - | No | NA | NA | - | - | - | - | - | - | - | - |
| Lease Liabilities | | - | - | No | NA | NA | 131.39 | - | 131.39 | - | - | - | - | - |
| Provisions | | - | - | No | NA | NA | 44.91 | - | 44.91 | - | - | - | - | - |
| Others | | - | - | No | NA | NA | 1,494.53 | - | 1,494.53 | - | - | - | - | - |
| Total | | 20,824.58 | 28,021.37 | No | NA | NA | 3,074.36 | - | 51,920.31 | - | - | - | - | - |
| Cover on Book Value | | 112% | | | | | | | | | | | | |
| Cover on Market Value | | | | | | | | | | | | | | |

Note: 1

As per the arrangement entered with the Debenture Trustees, the Company is required to create charge only on the outstanding value of non-convertible debentures (excluding interest accrued). Accordingly, the amount reported excludes interest accrued but not due for payment as on 31 December 2022.

Note: 2

Includes borrowings aggregating to Rs.4,270 millions, availed during the month of December 2022, on which the Company is in the process of creation of exclusive charge on book debt receivables in accordance with the terms of the term loan agreement with the respective lenders.



Walker ChandioK & Co LLP

11th Floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai - 400013
Maharashtra, India
T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Financial Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Spandana Spahoorty Financial Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of **Spandana Spahoorty Financial Limited** ('the Company') for the quarter ended **30 September 2022** and the year to date results for the period 01 April 2022 to 30 September 2022, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. The Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), the circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time, applicable to NBFCs ('the RBI guidelines') and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Spandana Sphoorty Financial Limited

Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Financial Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

4. Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, the RBI guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement, or that it has not been prepared in accordance with the prudential norms issued by the RBI in respect of income recognition, asset classification, provisioning and other related matters.
5. The review of standalone unaudited quarterly and year to date financial results for the period ended 30 September 2021, included in the Statement was carried out and reported by S. R. Batliboi & Co. LLP who has expressed modified conclusion vide their review report dated 05 January 2022, whose review report have been furnished to us and which has been relied upon by us for the purpose of our review of the Statement. Our conclusion is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No:001076N/N500013



Manish Gujral

Partner

Membership No:105117



UDIN:22105117AZYGEX4583

Place: Hyderabad

Date: 17 October 2022



| SPANDANA SPOHOORTY FINANCIAL LIMITED Statement of Unaudited Standalone Financial Results for the Quarter and Half year ended September 30, 2022 (Rupees in millions unless otherwise stated) | | | | | | | |
|--|---|-----------------|-------------------|-----------------|-------------------|-----------------|------------------|
| Sr. No. | Particulars | Quarter ended | | | Half-Year ended | | Year ended |
| | | 30-Sep-22 | 30-Jun-22 | 30-Sep-21 | 30-Sep-22 | 30-Sep-21 | 31-Mar-22 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| | Revenue from Operations | | | | | | |
| (a) | Interest Income | 2,598.66 | 2,258.36 | 3,276.52 | 4,857.02 | 7,035.89 | 12,509.45 |
| (b) | Fees and Commission income | - | - | - | - | - | 64.68 |
| (c) | Net gain on fair value changes | 63.15 | 40.05 | 311.06 | 103.20 | 597.66 | 781.33 |
| (d) | Recovery against loans written-off | 148.60 | 22.90 | 136.93 | 171.50 | 220.91 | 407.92 |
| I | Total revenue from operations | 2,810.41 | 2,321.31 | 3,724.51 | 5,131.72 | 7,854.46 | 13,763.38 |
| II | Other income | 120.71 | 84.46 | 1.41 | 205.17 | 6.33 | 152.62 |
| III | Total income (I+II) | 2,931.12 | 2,405.77 | 3,725.92 | 5,336.89 | 7,860.79 | 13,916.00 |
| | Expenses | | | | | | |
| (a) | Finance costs | 882.63 | 924.49 | 1,432.21 | 1,807.12 | 2,806.42 | 5,140.88 |
| (b) | Impairment on financial instruments | 237.71 | 3,451.21 | 2,289.65 | 3,688.92 | 3,813.45 | 4,658.31 |
| (c) | Employee benefits expense | 693.84 | 767.79 | 533.38 | 1,461.63 | 979.00 | 2,168.80 |
| (d) | Depreciation and amortization expense | 23.38 | 21.65 | 12.18 | 45.03 | 36.23 | 85.46 |
| (e) | Other expenses | 334.63 | 289.75 | 178.35 | 624.38 | 331.19 | 1,216.69 |
| IV | Total expenses | 2,172.19 | 5,454.89 | 4,445.77 | 7,627.08 | 7,966.29 | 13,270.14 |
| V | Profit/(Loss) before tax (III-IV) | 758.93 | (3,049.12) | (719.85) | (2,290.19) | (105.50) | 645.86 |
| | Tax expense: | | | | | | |
| | Current tax | - | - | 426.00 | - | 943.16 | 812.71 |
| | Taxes of prior period | - | - | 17.05 | - | 17.05 | 17.05 |
| | Deferred tax expense/(Credit) | 263.65 | (822.27) | (574.12) | (558.62) | (952.15) | (650.28) |
| VI | Income tax expense/(Credit) | 263.65 | (822.27) | (131.07) | (558.62) | 8.06 | 179.48 |
| VII | Profit/(Loss) after tax (V-VI) | 495.28 | (2,226.85) | (588.78) | (1,731.57) | (113.56) | 466.38 |
| VIII | Other comprehensive income | | | | | | |
| (a) | Items that will not be reclassified subsequently to profit or loss | | | | | | |
| | 1. Re-measurement gains/(losses) on defined benefit plans | 4.85 | 2.09 | (1.29) | 6.94 | (0.05) | (14.37) |
| | 2. Income tax effect | (1.22) | (0.53) | 0.32 | (1.75) | 0.01 | 3.62 |
| (b) | Items that will be reclassified subsequently to profit or loss | | | | | | |
| | 1. Fair Value (Loss) / Gain on Portfolio loans | (205.30) | (911.49) | 974.04 | (1,116.79) | 170.55 | (448.77) |
| | 2. Income tax effect | 51.67 | 229.40 | (245.14) | 281.07 | (42.92) | 112.95 |
| | Other comprehensive income/(loss) (VIII = a+b) | (150.00) | (680.53) | 727.93 | (830.53) | 127.59 | (346.57) |
| IX | Total comprehensive income/(loss) (VII+VIII) | 345.28 | (2,907.38) | 139.15 | (2,562.10) | 14.03 | 119.81 |
| X | Paid up equity share capital (Face value of Rs.10 each) | 709.77 | 709.47 | 644.08 | 709.77 | 644.08 | 690.95 |
| XI | Other equity | | | | | | 29,624.37 |
| XII | Earnings per share (equity share, par value of Rs.10 each) | | | | | | |
| | Basic* (Rs.) (EPS) | 6.98 | (31.84) | (9.15) | (24.58) | (1.76) | 7.22 |
| | Diluted* (Rs.) (DPS) | 6.97 | (31.84)# | (9.15)# | (24.58)# | (1.76)# | 7.20 |

* EPS and DPS for the quarters and half years are not annualised.

Since Diluted EPS are anti dilutive, the disclosure is restricted to Basic EPS.



Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanaspohorty.com | www.spandanaspohorty.com



| Spandana Sphoorty Financial Limited (CIN: L65929TG2003PLC040648) Statement of Unaudited Standalone Financial results for the Quarter and Half Year ended September 30, 2022 | | |
|---|--|--------------------------------------|
| Notes : | | |
| 1. Standalone statement of assets and liabilities as at September 30, 2022: | | |
| | (Rupees in millions unless otherwise stated) | |
| Particulars | As at September 30, 2022 (Unaudited) | As at March 31, 2022 (Audited) |
| ASSETS | | |
| Financial assets | | |
| Cash and cash equivalents | 8,648.05 | 7,239.95 |
| Bank balances other than cash and cash equivalents | 976.06 | 4,750.72 |
| Derivative financial instruments | 0.46 | 0.46 |
| Trade receivables | 206.36 | 200.86 |
| Loans | 51,623.91 | 52,637.39 |
| Investments | 1,171.04 | 1,146.24 |
| Other financial assets | 843.79 | 322.98 |
| Subtotal - Financial assets | 63,469.67 | 66,298.60 |
| Non-financial assets | | |
| Current tax assets (net) | 259.29 | 149.38 |
| Deferred tax assets (net) | 2,650.23 | 1,812.28 |
| Property, plant and equipment | 255.12 | 64.24 |
| Other Intangible assets | 55.03 | 70.96 |
| Other non-financial assets | 240.39 | 241.46 |
| Subtotal - Non-financial assets | 3,460.06 | 2,338.32 |
| Total - assets | 66,929.73 | 68,636.92 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Financial liabilities | | |
| Debt securities | 17,924.80 | 17,584.36 |
| Borrowings (other than debt securities) | 18,642.75 | 18,528.31 |
| Subordinated liabilities | 202.03 | 201.87 |
| Other financial liabilities | 1,539.56 | 1,285.64 |
| Subtotal - Financial liabilities | 38,309.14 | 37,600.18 |
| Non-financial liabilities | | |
| Current tax liabilities (net) | 9.68 | 177.53 |
| Provisions | 38.04 | 39.47 |
| Other non-financial liabilities | 551.00 | 504.42 |
| Subtotal - Non-financial liabilities | 598.72 | 721.42 |
| EQUITY | | |
| Equity share capital | 709.77 | 690.95 |
| Other equity | 27,312.10 | 29,624.37 |
| Subtotal - Equity | 28,021.87 | 30,315.32 |
| Total-liabilities and equity | 66,929.73 | 68,636.92 |



Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanasphoorty.com | www.spandanasphoorty.com





| Spandana Sphoorty Financial Limited (CIN: L65929TG2003PLC040648) | | | |
|--|--------------------------|--------------------------|------------------------|
| Statement of Unaudited Standalone Financial Results for the Quarter and Half year ended September 30, 2022 | | | |
| Notes : | | | |
| 2. Standalone statement of cashflow for the half year ended September 30, 2022: | | | |
| (Rupees in millions unless otherwise stated) | | | |
| Particulars | Half year ended | | Year ended |
| | 30-Sep-22 (Unaudited) | 30-Sep-21 (Unaudited) | 31-Mar-22 (Audited) |
| Cash flow from operating activities | | | |
| Profit/(Loss) before tax | (2,290.19) | (105.50) | 645.86 |
| Adjustments for: | | | |
| Interest on income tax | - | 54.06 | 69.59 |
| Depreciation and amortization | 45.03 | 36.23 | 85.46 |
| Share based payment to employees | 160.76 | 27.67 | 112.18 |
| Provision for gratuity | 5.51 | 4.00 | 18.82 |
| Finance cost on lease liability | 2.48 | 8.98 | 17.81 |
| Impairment on financial instruments | 3,688.92 | 3,813.45 | 4,658.31 |
| Net gain on fair value changes | (103.20) | (303.31) | (479.06) |
| Net gain on adjustment on account of termination of leases | - | - | (52.44) |
| Net (gain)/loss on financial assets and liabilities designated at fair value through profit or loss | - | (43.01) | (43.01) |
| Other provisions and write offs | 45.42 | 4.32 | 14.53 |
| Operating profit before working capital changes | 1,554.73 | 3,496.89 | 5,048.05 |
| Movements in working capital: | | | |
| Changes in other financial liabilities | 117.96 | (1,023.61) | (1,123.69) |
| Changes in other non financial liabilities | 46.58 | - | 94.07 |
| Changes in bank balances other than cash and cash equivalents | 3,774.66 | (13.67) | (2,297.45) |
| Changes in provisions | (0.00) | 159.15 | (9.80) |
| Changes in trade receivables | (5.50) | 119.06 | (79.80) |
| Changes in loans | (3,792.07) | 4,194.42 | 8,418.67 |
| Changes in other financial assets | (566.23) | 175.99 | 405.16 |
| Changes in other non financial assets | 1.07 | (48.11) | (195.52) |
| Cash generated from operations | 1,131.20 | 7,060.12 | 10,259.69 |
| Income taxes paid | (277.76) | (1,388.89) | (2,060.67) |
| Net cash generated from operating activities (A) | 853.44 | 5,671.23 | 8,199.02 |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | (81.76) | (27.26) | (44.61) |
| Purchase of intangible assets | - | - | (70.80) |
| Proceeds from derecognition of property, plant and equipment | - | - | 4.44 |
| Transfer of loan portfolio | - | - | 80.57 |
| Investment in Subsidiary | (24.80) | - | - |
| Purchase of investments | (25,650.00) | (50,924.01) | (108,624.01) |
| Sale of investments | 25,753.20 | 51,227.33 | 109,103.07 |
| Net cash generated from / (used in) investing activities (B) | (3.36) | 276.06 | 448.66 |
| Cash flow from financing activities | | | |
| Proceeds from issue of equity shares (including securities premium) | 107.90 | 24.41 | 2,924.27 |
| Borrowings (including Debt Securities) availed | 3,821.39 | 13,146.56 | 17,011.56 |
| Borrowings (including Debt Securities) repaid | (3,366.51) | (15,796.36) | (32,628.37) |
| Payment of lease liability | (4.93) | (11.47) | (23.06) |
| Subordinated liabilities (net) | 0.16 | - | 0.04 |
| Net cash generated from / (used in) financing activities (C) | 558.02 | (2,636.86) | (12,715.56) |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | 1,408.10 | 3,310.43 | (4,067.88) |
| Cash and cash equivalents at the beginning of the year | 7,239.95 | 11,307.83 | 11,307.83 |
| Cash and cash equivalents at the end of the period / year | 8,648.05 | 14,618.26 | 7,239.95 |



Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanasphoorty.com | www.spandanasphoorty.com





SPANDANA SPHOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040648)

Statement of Unaudited Standalone Financial Results for the Quarter and Half year ended September 30, 2022

Notes:

- 3 These financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') prescribed under section 133 of the Companies Act, 2013 ('the Act'), the circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time ('the RBI guidelines') and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
- 4 These financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on October, 17, 2022 and subjected to review by the statutory auditors of the Company. The standalone financial results for the quarter and half year ended September 30, 2021 were subjected to limited review by erst while auditors, S.R Batliboi & Co. LLP, Chartered Accountants.
- 5 In the month of June 2022, the Company has settled the differences that arose between the Company and its Board of Directors with the erstwhile Managing Director and other entities, amicably in terms of a settlement agreement and other related agreements subject to terms and conditions stated therein. As a result, the Company has made all the required payments which were fully provided for in the financial results for the quarter and year ended March 31, 2022, under 'Other expenses'.
Further, the Company has performed sufficient procedures to ensure completeness, accuracy and authenticity of the data received post the settlement and has significantly reconciled the historical balances and the balances as on September 30, 2021 as per the old IT system with the opening balances as of October 1, 2021 considered in the new IT System with the information available. The management does not believe that ongoing reconciliation process will have any significant impact on the accompanying financial results.
- 6 The higher delinquencies caused due to COVID-19 pandemic and resignation of the erstwhile Managing Director have resulted in breach of some of the covenants related to borrowings such as increase in portfolio at risk (PAR) and NPA ratios. The Company has been regularly servicing all its borrowings and has sought forbearance/ waiver from the lenders with respect to non-compliance with the covenants, wherever applicable.
Based on the discussions with the lenders, the Company has no reason to believe that any adverse action, such as levy of higher interest or a recall of the facility, will be invoked by the lenders on account of the above breaches; and as of the date of these financial results, none of the lenders have intimated about any remedial action. Accordingly, no adjustment is required in these financial results.
- 7 COVID-19 pandemic affected the global economies over the last two years. Like other countries, India is also fast emerging from the impact of pandemic by a significant reduction in new cases and vaccination coverage of a large part of the population. The extent to which the pandemic will impact the Company's operations and financial metrics going forward will depend on ongoing as well as future developments, including the nature and severity of any new waves.
- 8 During the year, to relieve COVID-19 pandemic related stress, the Company had invoked and implemented resolution plans for eligible borrowers based on the parameters laid down in accordance with the one-time restructuring policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI vide its circular dated May 5, 2021 (Resolution Framework – 2.0).

| (Rs in millions) | | | | | |
|-------------------|---|--|---|---|---|
| Type of borrower | A Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e. March 31, 2022 | B Of (A), aggregate debt that slipped into NPA during the half-year @ | C Of (A) amount written off during the half-year | D Of (A) amount paid by the borrowers during the half-year | E Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e. September 30, 2022 |
| Personal Loans | | | | | |
| Corporate persons | | | | | |
| Of which, MSMEs | | | | | |
| Others * | 4,821.84 | 687.56 | 419.13 | 1,906.94 | 1,105.36 |

* Includes joint liability group loan (JLG) and individual Loan (IL)

@ Represents aggregate debt that slipped into NPA during the half-year excluding written-off portion of debt

Note 1: Loans transferred by way of direct assignment, which have been de-recognised as per Ind AS 109, have not been considered in the above disclosure.

Note 2: The Company has not restructured any loan accounts under RBI's Resolution Framework 1.0 dated August 6, 2020.

Note 3: Portfolio amounting to Rs.702.85 millions has been reclassified to non-restructured category as at September 30, 2022, in accordance with the RBI guidelines.

- 9 (i) On May 21, 2022, the Company has allotted 18,52,739 equity shares of Rs.10 each at issue price of Rs.458.78 per share including premium of Rs 448.78 per share to Kedaara Capital Fund III LLP on conversion of 18,52,739 fully convertible warrants allotted on preferential basis, in compliance with the SEBI Regulations and the Companies Act, 2013, to the extent applicable.
(ii) During the half year, the Company has allotted 30,000 equity shares to eligible employees under Employee stock Option Plan at a price of Rs.263.35 per equity share including premium of Rs.253.35 per equity share.
- 10 Pursuant to Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has secured by first pari passu mortgage of immovable property and exclusive charge on the receivables of the Company and maintained requisite asset cover of more than 100% of the outstanding dues on all the secured listed Non-Convertible Debentures.
- 11 Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the quarter and half year ended September 30, 2022 is attached as Annexure-1.
- 12 Disclosures pursuant to the RBI Notification-RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 is not applicable, as no loans was transferred or acquired under direct assignment transaction during the quarter and half year ended September 30, 2022.



Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanaspchoorty.com | www.spandanaspchoorty.com





SPANDANA SPOHOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040648)

Statement of Unaudited Standalone Financial Results for the Quarter and Half year ended September 30, 2022


Notes:

- 13 The Company operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic.
- 14 Pursuant to the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 (the "RBI Guidelines") and in line with the specific instructions received from the RBI, the predecessor auditor's had resigned on January 28, 2022, after completion of limited review on the financial results of the Company for the quarter and half year ended September 30, 2021. Such resignation and subsequent appointment of new statutory auditors, being contrary to the provisions of para 6(A) of SEBI guidelines on "Resignation of statutory auditors from listed entities and their material subsidiaries" issued vide circular no. CIR/CFD/CMD1/114/2019 dated October 18, 2019, the Company has submitted application dated February 3, 2022 with SEBI, seeking settlement in this matter. Further, the Company vide letter dated June 3, 2022, has offered to pay Rs.2.5 million to settle the matter and expects to receive the regulatory forbearance from SEBI in due course.
- 15 The RBI vide Its notification dated November 12, 2021, has issued circular on "Prudential norms on Income Recognition, Asset Classification and Provisioning ('IRAC') pertaining to Advances-Clarifications", with a view to ensure uniformity in the implementation of IRACP norms across all lending institutions. On February 15, 2022, the RBI has allowed deferment till September 30, 2022, of Para 10 of this circular pertaining to upgrade of non-performing accounts and the Company has opted for the deferment.
- 16 Previous year / period figures have been regrouped / rearranged wherever necessary to confirm to current period's classification.

Place: Hyderabad
Date: October 17, 2022



For and on behalf of the Board of Directors of
SPANDANA SPOHOORTY FINANCIAL LIMITED


Shalabh Saxena
Managing Director & CEO
DIN: 08908237

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanaspohoorty.com | www.spandanaspohoorty.com



| SPANDANA SPHOORTY FINANCIAL LIMITED (CIN: L65929TG2003PLC040648) | | | |
|--|---|--|-----------------|
| Annexure-1 | | (Rupees in millions unless otherwise stated) | |
| Disclosures required by Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Quarter and Half year ended September 30, 2022* | | | |
| S.No | Particulars | Quarter ended | Half year ended |
| | | 30.09.2022 | 30.09.2022 |
| 1 | Debt-Equity Ratio (Note-2) | 1.31 | 1.31 |
| 2 | Debt service coverage ratio | NA | NA |
| 3 | Interest service coverage ratio | NA | NA |
| 4 | Capital Redemption Reserve | 1,526.92 | 1,526.92 |
| 5 | Debenture Redemption Reserve | NA | NA |
| 6 | Networth (Rs in Millions) (Note-3) | 28,021.87 | 28,021.87 |
| 7 | Net Profit after tax | 495.28 | (1,731.57) |
| 8 | Earnings Per Share (Not annualised) | | |
| i | Basic (₹) | 6.98 | (24.58) |
| ii | Diluted (₹) | 6.97 | (24.58)# |
| 9 | Current ratio | NA | NA |
| 10 | Long term debt to working capital | NA | NA |
| 11 | Bad debts to Account receivable ratio | NA | NA |
| 12 | Current liability ratio | NA | NA |
| 13 | Total debts to total assets (Note-4) | 0.55 | 0.55 |
| 14 | Debtors turnover | NA | NA |
| 15 | Inventory turnover | NA | NA |
| 16 | Operating Margin (%) | NA | NA |
| 17 | Net profit margin (%) (Note-5) | 16.90% | -32.45% |
| 18 | Sector specific equivalent ratios: | | |
| i | Stage III loan assets to Gross loan assets (%) (Note-6) \$ | 7.31% | 7.31% |
| ii | Net Stage III loan assets to Gross loan assets (%) (Note-7)\$ | 3.89% | 3.89% |
| iii | Capital Adequacy ratio (Note-8) | 45.32% | 45.32% |
| iv | Provision coverage ratio (Note-9)\$ | 46.80% | 46.80% |

* The information furnished is based on Standalone Financial Results.
\$ For the purpose of these ratio's loan assets excludes accrued interest on the outstanding portfolio.
Since Diluted EPS are anti dilutive, the disclosure is restricted to Basic EPS.

Notes:

- The figures/ratios which are not applicable to the Company, being an NBFC, are marked as "NA".
- Debt-Equity ratio = {Debt Securities+Borrowings(other than debt securities)+Subordinated liabilities} / {Equity share capital+ Other equity}
- Net Worth = Equity share capital + Other Equity
- Total debts to total assets = {Debt Securities+Borrowings(other than debt securities)+Subordinated liabilities} / Total assets
- Net profit margin (%) = Net profit after tax / Total Income
- Stage III loan assets to Gross loan assets = Stage III loan assets / Gross loan assets.
- Net Stage III loan assets to Gross loan assets = {Stage III loan assets-Expected credit loss provision for stage III loan assets} / Gross loan assets.
- Capital Adequacy Ratio has been computed as per RBI guidelines.
- Provision Coverage Ratio = Expected credit loss provision for Stage III loan assets / Stage III loan assets.



Walker Chandio & Co LLP

Walker Chandio & Co LLP

11th Floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai - 400013
Maharashtra, India
T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Spandana Sphoorty Financial Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of **Spandana Sphoorty Financial Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), (refer Annexure 1 for the list of subsidiaries included in the Statement) for the quarter ended **30 September 2022** and the consolidated year to date results for the period 01 April 2022 to 30 September 2022, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') prescribed under section 133 of the Companies Act, 2013 ('the Act'), the circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time, applicable to NBFCs ('the RBI guidelines') and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.



Page 1 of 3

Spandana Sphoort Financial Limited

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review report of the other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, the RBI guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement, or that it has not been prepared in accordance with the prudential norms issued by the RBI in respect of income recognition, asset classification, provisioning and other related matters.
5. We did not review the interim financial results of a subsidiary included in the Statement, whose financial results reflects total assets of ₹4,553.15 million as at 30 September 2022, total revenues of ₹222.57 million and ₹444.26 million, total net profit after tax of ₹60.01 million and ₹91.57 million, total comprehensive income of ₹60.09 million and ₹91.68 million, for the quarter and six-month period ended on 30 September 2022, respectively, and cash flows (net) of (₹16.74) million for the period ended 30 September 2022 as considered in the Statement. These interim financial results have been reviewed by other auditor whose review report has been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the review report of such other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

6. The Statement includes the interim financial information of a subsidiary, which has not been reviewed by their auditors, whose interim financial results reflects total assets of ₹177.78 million as at 30 September 2022, total revenues of ₹0.29 million and ₹0.51 million, net loss after tax of ₹3.42 million and ₹5.36 million, total comprehensive loss of ₹3.42 million and ₹5.36 million for the quarter and six-month period ended on 30 September 2022, respectively, and cash flows (net) of (₹0.08) million for the period ended 30 September 2022 as considered in the Statement, based on their interim financial information, which have not been reviewed by their auditors, and have been furnished to us by the Holding Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on such unreviewed interim financial information. According to the information and explanations given to us by the management, these interim financial information are not material to the Group.

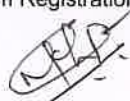
Our conclusion is not modified in respect of this matter with respect to our reliance on the financial information certified by the Board of Directors.

7. The review of consolidated unaudited quarterly and year to date financial results for the period ended 30 September 2021 included in the Statement was carried out and reported by S. R. Battliboi & Co. LLP who have expressed modified conclusion vide their review report dated 05 January 2022, whose review report has been furnished to us by the management and which has been relied upon by us for the purpose of our review of the Statement. Our conclusion is not modified in respect of this matter.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013



Manish Gujral

Partner

Membership No. 105117

UDIN:22105117AZYHBB6425

Place: Hyderabad

Date: 17 October 2022



Spandana Sphoorty Financial Limited
Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Annexure 1

List of subsidiaries included in the Statement

1. Criss Financial Limited (formerly known as "Criss Financial Holdings Limited")
2. Caspian Financial Services Limited





| SPANDANA SPOHOORTY FINANCIAL LIMITED (CIN: L65929TG2003PLC040648) Statement of Unaudited Consolidated Financial Results for the Quarter and Half Year ended September 30, 2022 (Rupees in millions unless otherwise stated) | | | | | | |
|--|---|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| Sr.No. | Particulars | Quarter ended | | | Half Year ended | |
| | | 30-Sep-22 (Unaudited) | 30-Jun-22 (Unaudited) | 30-Sep-21 (Unaudited) | 30-Sep-22 (Unaudited) | 31-Mar-22 (Audited) |
| | Revenue from operations | | | | | |
| (a) | Interest income | 2,764.83 | 2,439.59 | 3,504.64 | 5,204.42 | 13,365.36 |
| (b) | Fees and Commission income | - | - | - | - | 64.68 |
| (c) | Net gain on fair value changes | 63.44 | 40.27 | 310.63 | 103.71 | 782.09 |
| (d) | Recovery against loans written-off | 148.60 | 22.90 | 141.37 | 171.50 | 415.79 |
| I | Total revenue from operations | 2,976.87 | 2,502.76 | 3,956.64 | 5,479.63 | 14,627.92 |
| II | Other income | 124.62 | 85.88 | 5.27 | 210.50 | 172.43 |
| III | Total income (I+II) | 3,101.49 | 2,588.64 | 3,961.91 | 5,690.13 | 14,800.35 |
| | Expenses | | | | | |
| (a) | Finance costs | 913.52 | 967.95 | 1,497.87 | 1,881.47 | 5,401.00 |
| (b) | Net loss on fair value changes | - | 0.10 | (0.37) | 0.10 | 0.86 |
| (c) | Impairment on financial instruments | 257.52 | 3,517.21 | 2,413.63 | 3,774.73 | 4,805.70 |
| (d) | Employee benefits expense | 721.79 | 795.53 | 561.57 | 1,517.32 | 2,283.97 |
| (e) | Depreciation and amortization expense | 23.84 | 22.17 | 14.65 | 46.01 | 91.77 |
| (f) | Other expenses | 341.90 | 296.47 | 189.59 | 638.37 | 1,248.33 |
| IV | Total expenses | 2,258.57 | 5,599.43 | 4,676.94 | 7,858.00 | 13,831.63 |
| V | Profit / (loss) before tax (III-IV) | 842.92 | (3,010.79) | (715.03) | (2,167.87) | 968.72 |
| | Tax expense: | | | | | |
| | Current tax | 27.59 | 24.06 | 455.60 | 51.65 | 930.65 |
| | Taxes of prior period | - | - | 17.05 | - | 17.05 |
| | Deferred tax expense / (credit) | 263.42 | (837.64) | (600.99) | (574.22) | (677.25) |
| VI | Income tax expense / (credit) | 291.01 | (813.58) | (128.34) | (522.57) | 270.45 |
| VII | Profit / (loss) after tax (V-VI) | 551.91 | (2,197.21) | (586.69) | (1,645.30) | 698.27 |
| VIII | Profit attributable to Non controlling interest | 0.42 | 0.49 | (7.33) | 0.91 | 3.59 |
| IX | Profit / (loss) for the period / year (VII-VIII) | 551.49 | (2,197.70) | (579.36) | (1,646.21) | 694.68 |
| X | Other comprehensive income | | | | | |
| (a) | Items that will not be reclassified subsequently to profit or loss | | | | | |
| | 1. Re-measurement gains / (losses) on defined benefit plans | 4.96 | 2.13 | (1.47) | 7.09 | (0.42) |
| | 2. Income tax effect | (1.25) | (0.54) | 0.37 | (1.79) | 3.59 |
| | Subtotal (a) | 3.71 | 1.59 | (1.10) | 5.30 | (0.31) |
| (b) | Items that will be reclassified subsequently to profit or loss | | | | | |
| | 1. Fair Value (Loss) / Gain on Portfolio loans | (205.30) | (911.49) | 974.03 | (1,116.79) | (448.77) |
| | 2. Income tax effect | 51.67 | 229.40 | (245.14) | 281.07 | 112.95 |
| | Subtotal (b) | (153.63) | (682.09) | 728.89 | (835.72) | (335.82) |
| | Other comprehensive income/(loss) (X = a+b) | (149.92) | (680.50) | 727.79 | (830.42) | (346.46) |
| XI | Total comprehensive income/(loss) (VII+X) | 401.99 | (2,877.71) | 141.10 | (2,475.72) | 351.81 |
| XII | Profit/(loss) for the period / year attributable to: | | | | | |
| | Owners of the company | 551.50 | (2,197.71) | (579.36) | (1,646.21) | 694.68 |
| | Non-controlling interests | 0.42 | 0.49 | (7.33) | 0.91 | 3.59 |
| XIII | Total comprehensive income/(loss) for the period / year attributable to: | | | | | |
| | Owners of the company | 401.58 | (2,878.21) | 148.43 | (2,476.63) | 348.22 |
| | Non-controlling interests | 0.42 | 0.49 | (7.33) | 0.91 | 3.59 |
| XIV | Paid up equity share capital (Face value of Rs.10 each) | 709.77 | 709.47 | 644.08 | 709.77 | 644.08 |
| XV | Other equity | | | | | 30,184.73 |
| XVI | Earnings per share (equity share, par value of Rs.10 each) | | | | | |
| | Basic* (Rs.) (EPS) | 7.78 | (31.42) | (9.01) | 23.40 | 10.75 |
| | Diluted* (Rs.) (DPS) | 7.76 | (31.42)# | (9.01)# | (23.40)# | 10.72 |

* EPS and DPS for the quarters and half years are not annualised.

Since Diluted EPS are anti dilutive, the disclosure is restricted to Basic EPS.



Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanasphoorty.com | www.spandanasphoorty.com



| SPANDANA SPOHOORTY FINANCIAL LIMITED (CIN: L65929TG2003PLC040648) Statement of Unaudited Consolidated Financial Results for the Quarter and Half Year ended September 30, 2022 | | |
|--|--|--------------------------------------|
| 1. Consolidated statement of assets and liabilities as at September 30, 2022: | | |
| | (Rupees in millions unless otherwise stated) | |
| Particulars | As at September 30, 2022 (Unaudited) | As at March 31, 2022 (Audited) |
| ASSETS | | |
| Financial assets | | |
| Cash and cash equivalents | 8,662.98 | 7,271.70 |
| Bank balances other than cash and cash equivalents | 976.46 | 4,750.72 |
| Derivative financial instrument | 0.46 | 0.46 |
| Trade receivables | 206.51 | 200.92 |
| Loans | 53,901.54 | 55,183.83 |
| Investments | 22.70 | 24.44 |
| Other financial assets | 859.32 | 745.15 |
| Subtotal - Financial assets | 64,629.97 | 68,177.22 |
| Non-financial assets | | |
| Inventories | 154.08 | - |
| Current tax assets (net) | 342.78 | 188.13 |
| Deferred tax assets (net) | 2,694.43 | 1,842.05 |
| Property, plant and equipment | 258.06 | 67.87 |
| Other Intangible assets | 55.03 | 70.96 |
| Goodwill | 173.89 | 173.89 |
| Other non-financial assets | 259.45 | 243.25 |
| Subtotal - Non-financial assets | 3,937.72 | 2,586.15 |
| Total - assets | 68,567.69 | 70,763.37 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Financial liabilities | | |
| Debt securities | 18,134.99 | 17,782.40 |
| Borrowings (other than debt securities) | 19,223.73 | 19,736.80 |
| Subordinated liabilities | 202.03 | 201.87 |
| Other financial liabilities | 1,647.57 | 1,312.32 |
| Subtotal - Financial liabilities | 39,208.32 | 39,033.39 |
| Non-financial liabilities | | |
| Current tax liabilities (net) | 95.91 | 281.62 |
| Provisions | 38.80 | 40.15 |
| Other non-financial liabilities | 556.59 | 508.76 |
| Subtotal - Non-financial liabilities | 691.30 | 830.53 |
| EQUITY | | |
| Equity share capital | 709.77 | 690.95 |
| Other equity | 27,955.86 | 30,184.73 |
| Equity attributable to shareholders of the company | 28,665.63 | 30,875.68 |
| Non controlling interest | 2.44 | 23.77 |
| Subtotal-Equity | 28,668.07 | 30,899.45 |
| Total-liabilities and equity | 68,567.69 | 70,763.37 |



Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanasphoorty.com | www.spandanasphoorty.com



| SPANDANA SPOHOITY FINANCIAL LIMITED (CIN: L65929TG2003PLC040648) Statement of Unaudited Consolidated Financial Results for the Quarter and Half Year ended September 30, 2022 | | | |
|---|-----------------|-------------------|--------------------|
| 2. Consolidated statement of cashflow for the half year ended September 30, 2022: | | | |
| (Rupees in millions unless otherwise stated) | | | |
| Particulars | Half year ended | | Year ended |
| | 30-Sep-22 | 30-Sep-21 | 31-Mar-22 |
| | (Unaudited) | (Unaudited) | (Audited) |
| Cash flow from operating activities | | | |
| Profit / (loss) before tax | (2,167.87) | (4.19) | 968.72 |
| Adjustments for: | | | |
| Interest on income tax | 1.61 | 56.32 | 71.85 |
| Depreciation and amortization | 46.01 | 40.30 | 91.77 |
| Share based payment to employees | 160.76 | 27.67 | 112.18 |
| Provision for gratuity | 5.51 | 4.56 | 18.82 |
| Finance cost on lease liability | 2.48 | 8.98 | 17.81 |
| Impairment on financial instruments and other provisions | 3,774.73 | 3,962.99 | 4,805.70 |
| Net gain on fair value changes | (103.71) | (303.68) | (479.82) |
| Net gain on adjustments on account of termination of leases | - | - | (52.44) |
| Net (gain)/loss on financial assets and liabilities designated at fair value through profit or loss | 0.10 | (43.01) | (42.15) |
| Other provisions and write offs | 45.42 | 4.32 | 14.67 |
| Operating profit before working capital changes | 1,765.04 | 3,754.26 | 5,527.11 |
| Movements in working capital : | | | |
| Changes in Inventories | (154.08) | - | - |
| Changes in other financial liabilities | 202.25 | (1,078.00) | (1,231.77) |
| Changes in other non financial liabilities | 47.83 | (36.74) | 94.51 |
| Changes in provisions | 0.23 | - | (9.40) |
| Changes in bank balances other than cash and cash equivalents | 3,774.26 | 164.14 | (2,292.46) |
| Changes in trade receivables | (5.59) | 120.50 | (80.31) |
| Changes in other financial assets | (159.59) | 177.89 | (3.11) |
| Changes in loans | (3,608.67) | 3,412.17 | 8,889.20 |
| Changes in other non financial assets | (16.20) | (41.44) | (96.87) |
| Cash generated from operations | 1,845.48 | 6,472.78 | 10,796.90 |
| Income taxes paid | (393.62) | (1,457.30) | (2,171.09) |
| Net cash generated from operating activities (A) | 1,451.86 | 5,015.48 | 8,625.81 |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | (82.05) | (46.82) | (69.63) |
| Purchase of intangible assets | - | - | (70.80) |
| Proceeds from derecognition of property, plant and equipment | - | - | 22.79 |
| Purchase of investments | (25,676.03) | (50,922.86) | (108,622.06) |
| Proceeds from sale of investments | 25,754.94 | 51,226.54 | 109,101.88 |
| Net cash generated from / (used in) investing activities (B) | (3.14) | 256.86 | 362.18 |
| Cash flows from financing activities | | | |
| Proceeds from issue of equity shares (including securities premium) | 107.90 | 24.41 | 2,924.27 |
| Borrowings (including Debt Securities) availed | 12,351.39 | 14,286.56 | 18,151.56 |
| Borrowings (including Debt Securities) repaid | (12,511.97) | (16,254.99) | (34,121.05) |
| Payment of lease liability | (4.93) | (11.47) | (23.06) |
| Subordinated liabilities (net) | 0.16 | - | 0.04 |
| Net cash used in financing activities (C) | (57.45) | (1,955.49) | (13,068.24) |
| Net change in cash and cash equivalents (A + B + C) | 1,391.27 | 3,316.85 | (4,080.25) |
| Add: Cash and cash equivalents at the beginning of the year | 7,271.71 | 11,351.96 | 11,351.95 |
| Cash and cash equivalents at the end of the period / year | 8,662.98 | 14,668.81 | 7,271.70 |



Spandana Sphoorty Financial Limited

CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,

TSIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanaspohoorty.com | www.spandanaspohoorty.com



SPANDANA SPOHOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040648)

Statement of Unaudited Consolidated Financial Results for the Quarter and Half year ended September 30, 2022

Notes:

- 3 These consolidated financial results of the Spandana Sphoorty Financial Limited (the 'Holding Company') and its subsidiaries (collectively referred to as the 'Group') have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') prescribed under section 133 of the Companies Act, 2013 ('the Act'), the circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time ('the RBI guidelines') and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. These consolidated financial results include results of the following subsidiaries:

| Name of the subsidiaries | % shareholding and voting power held |
|---|--------------------------------------|
| Caspian Financial Services Limited | 100.00% |
| Criss Financial Limited ("CFL") (formerly Criss Financial Holdings Limited) | 99.85% |

- 4 These consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on October, 17, 2022 and subjected to review by the statutory auditors of the Holding Company. The consolidated financial results for the quarter and half year ended September 30, 2021 were subjected to limited review by erstwhile auditors, S.R Batliboi & Co, LLP, Chartered Accountants.
- 5 In the month of June 2022, the Group has settled the differences that arose between the Group and its Board of Directors with the erstwhile Managing Director and other entities, amicably in terms of a settlement agreement and other related agreements subject to terms and conditions stated therein. As a result, the Holding Company has made all the required payments which were fully provided for in the financial results for the quarter and year ended March 31, 2022, under 'Other expenses'.
- Further, the Group has performed sufficient procedures to ensure completeness, accuracy and authenticity of the data received post the settlement and has significantly reconciled the historical balances and the balances as on September 30, 2021 as per the old IT system with the opening balances as of October 1, 2021 considered in the new IT System with the information available. The management does not believe that ongoing reconciliation process will have any significant impact on the accompanying financial results.
- 6 The higher delinquencies caused due to COVID-19 pandemic and resignation of the erstwhile Managing Director have resulted in breach of some of the covenants related to borrowings such as increase in portfolio at risk (PAR) and NPA ratios. The Group has been regularly servicing all its borrowings and has sought forbearance/waiver from the lenders with respect to non-compliance with the covenants, wherever applicable.
- Based on the discussions with the lenders, the Group has no reason to believe that any adverse action, such as levy of higher interest or a recall of the facility, will be invoked by the lenders on account of the above breaches; and as of the date of these consolidated financial results, none of the lenders have intimated about any remedial action. Accordingly, no adjustment is required in these consolidated financial results.
- 7 COVID-19 pandemic affected the global economies over the last two years. Like other countries, India is also fast emerging from the impact of pandemic by a significant reduction in new cases and vaccination coverage of a large part of the population. The extent to which the pandemic will impact the Group's operations and financial metrics going forward will depend on ongoing as well as future developments, including the nature and severity of any new waves.
- 8 (i) On May 21, 2022, the Holding Company has allotted 18,52,739 equity shares of Rs.10 each at issue price of Rs.458.78 per share including premium of Rs 448.78 per share to Kedaara Capital Fund III LLP on conversion of 18,52,739 fully convertible warrants allotted on preferential basis, in compliance with the SEBI Regulations and the Companies Act, 2013, to the extent applicable.
- (ii) During the half year, the Holding Company has allotted 30,000 equity shares to eligible employees under Employee stock Option Plan at a price of Rs.263.35 per equity share including premium of Rs.253.35 per equity share.
- 9 The Group operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments'. The Group operates in a single geographical segment i.e. domestic.
- 10 Pursuant to the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBS and NBFCs (including HFCs) dated April 27, 2021 (the "RBI Guidelines") and in line with the specific instructions received from the RBI, the predecessor auditor's had resigned on January 28 2022, after completion of limited review on the financial results of the Holding Company for the quarter and half year ended September 30, 2021. Such resignation and subsequent appointment of new statutory auditors, being contrary to the provisions of para 6(A) of SEBI guidelines on "Resignation of statutory auditors from listed entities and their material subsidiaries" issued vide circular no. CIR/CFD/CMD1/114/2019 dated October 18, 2019, the Holding Company has submitted application dated February 3, 2022 with SEBI, seeking settlement in this matter. Further, the Holding Company vide letter dated June 3, 2022, has offered to pay Rs.2.5 million to settle the matter and expects to receive the regulatory forbearance from SEBI in due course.
- 11 Previous year / periods figures have been regrouped / rearranged wherever necessary to conform to current period's classification.

For and on behalf of the Board of Directors of
SPANDANA SPOHOORTY FINANCIAL LIMITED

Shalabh Saxena
Managing Director & CEO
DIN: 08908237

Place: Hyderabad
Date: October 17, 2022



Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040648

Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Ph: +9140-45474750 | contact@spandanaspohoorty.com | www.spandanaspohoorty.com

Walker ChandioK & Co LLP

11th Floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai - 400013
Maharashtra, India

T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Spandana Sphoorty Financial Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of **Spandana Sphoorty Financial Limited** ('the Company') for the quarter ended **30 June 2022**, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. The Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Spandana Sphoorty Financial Limited

Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

4. Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. The review of unaudited standalone quarterly financial results for the quarter ended 30 June 2021 included in the Statement was carried out and reported by S. R. Batliboi & Co. LLP who has expressed unmodified conclusion vide their review report dated 14 August 2021, whose review report have been furnished to us and which has been relied upon by us for the purpose of our review of the Statement. Our conclusion is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No:001076N/N500013



Manish Gujral

Partner

Membership No:105117

UDIN:22105117AOFYCC7563

Place: Mumbai

Date: 04 August 2022



SPANDANA

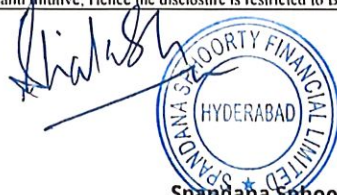
SPANDANA SPHOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040648)

Statement of unaudited Standalone Financial Results for the quarter ended June 30, 2022
(Rupees in millions unless otherwise stated)

| Sr. No. | Particulars | Quarter ended | | | Year ended |
|---------|---|-------------------|----------------------------|-----------------|------------------|
| | | 30-Jun-22 | 31-Mar-22 | 30-Jun-21 | 31-Mar-22 |
| | | (Unaudited) | (Audited) Refer note 13 | (Unaudited) | (Audited) |
| | Revenue from Operations | | | | |
| (a) | Interest Income | 2,258.36 | 2,371.90 | 3,759.37 | 12,509.45 |
| (b) | Commission and Incentive Income | - | 64.68 | - | 64.68 |
| (c) | Net gain on fair value changes | 40.05 | 83.03 | 286.59 | 781.33 |
| (d) | Others | 22.90 | 112.11 | 83.98 | 407.92 |
| I | Total revenue from operations | 2,321.31 | 2,631.72 | 4,129.94 | 13,763.38 |
| II | Other income | 84.46 | 116.75 | 4.92 | 152.62 |
| III | Total income (I+II) | 2,405.77 | 2,748.47 | 4,134.86 | 13,916.00 |
| | Expenses | | | | |
| (a) | Finance cost | 924.49 | 1,018.50 | 1,374.21 | 5,140.88 |
| (b) | Net loss on fair value changes | - | - | - | - |
| (c) | Impairment on financial instruments and other provisions | 3,451.21 | 205.56 | 1,523.80 | 4,658.31 |
| (d) | Employee benefits expense | 767.79 | 614.07 | 445.62 | 2,168.80 |
| (e) | Depreciation and amortization expense | 21.65 | 25.99 | 24.05 | 85.46 |
| (f) | Other expenses | 289.75 | 658.89 | 152.84 | 1,216.69 |
| IV | Total expenses | 5,454.89 | 2,523.01 | 3,520.53 | 13,270.14 |
| V | Profit before tax (III-IV) | (3,049.12) | 225.46 | 614.33 | 645.86 |
| | Tax expense: | | | | |
| | Current tax | - | (169.64) | 517.16 | 812.71 |
| | Taxes of prior period | - | - | - | 17.05 |
| | Deferred tax | (822.27) | 212.41 | (378.02) | (650.28) |
| VI | Income tax expense | (822.27) | 42.77 | 139.14 | 179.48 |
| VII | Profit after tax (V-VI) | (2,226.85) | 182.69 | 475.20 | 466.38 |
| VIII | Other comprehensive income | | | | |
| (a) | Items that will not be reclassified subsequently to profit or loss | | | | |
| | 1. Re-measurement gains/(losses) on defined benefit plans | 2.09 | (17.32) | 1.24 | (14.37) |
| | 2. Income tax effect | (0.53) | 4.36 | (0.31) | 3.62 |
| (b) | Items that will be reclassified subsequently to profit or loss | | | | |
| | 1. Fair Value (Loss) / Gain on loans | (911.49) | 427.05 | (803.49) | (448.77) |
| | 2. Income tax effect | 229.40 | (107.48) | 202.22 | 112.95 |
| | Other comprehensive income/(loss) (VIII = a+b) | (680.53) | 306.61 | (600.36) | (346.57) |
| IX | Total comprehensive income (VII+VIII) | (2,907.38) | 489.30 | (125.16) | 119.81 |
| X | Paid up equity share capital (Face value of Rs.10 each) | 709.47 | 690.95 | 643.15 | 690.95 |
| XI | Other equity | | | | 29,624.37 |
| XII | (Loss)/Earnings per share (equity share, par value of Rs.10 each) | | | | |
| | Basic* (Rs.) (EPS) | (31.84) | 2.79 | 7.39 | 7.22 |
| | Diluted* (Rs.) (DPS) | (31.84)# | 2.78 | 7.37 | 7.20 |

* EPS and DPS for the quarters are not annualised.

Since Diluted EPS are anti dilutive, Hence the disclosure is restricted to Basic EPS.



Spandana Sphoorty Financial Limited

CIN: L65929TG2003PLC040648

Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad -500 032,

Ph: 040-4547 4750

contact@spandanasphoorty.com, www.spandanasphoorty.com



SPANDANA

SPANDANA SPOHOORTY FINANCIAL LIMITED

(CIN: L65929TG2003PLC040648)

Statement of unaudited Standalone Financial Results for the quarter ended June 30, 2022

Notes:

- 1 These financial results have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- 2 These financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on August, 4, 2022 and subjected to review by the statutory auditors of the Company, in accordance with the requirement of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The standalone financial results for the quarter ended June 30, 2021 were subjected to limited review by S R Batliboi & Co. LLP, Chartered Accountants.
- 3 In the month of June 2022, the Company has settled the differences that arose between the Company and its Board of Directors with the erstwhile Managing Director and other entities, amicably in terms of a settlement agreement and other related agreements subject to terms and conditions stated therein. As a result, the Company has made all the required payments which were fully provided for in the financial results for the quarter and year ended March 31, 2022, under 'Other expenses'.
Further, the Company has performed sufficient procedures to ensure completeness, accuracy and authenticity of the data received post the settlement and has significantly reconciled the historical balances and the balances as on September 30, 2021 as per the old IT system with the opening balances as of October 1, 2021 considered in the new IT System with the information available. The management does not believe that ongoing reconciliation process will have any significant impact on the accompanying financial results.
- 4 The higher delinquencies caused due to COVID-19 pandemic and resignation of the erstwhile Managing Director have resulted in breach of some of the covenants related to borrowings such as increase in portfolio at risk (PAR) and NPA ratios. The Company has been regularly servicing all its borrowings and has sought forbearance/ waiver from the lenders with respect to non-compliance with the covenants, wherever applicable.
Based on the discussions with the lenders, the Company has no reason to believe that any adverse action, such as levy of higher interest or a recall of the facility, will be invoked by the lenders on account of the above breaches; and as of the date of these financial results, none of the lenders have intimated about any remedial action. Accordingly, no adjustment is required in these financial results.
- 5 COVID-19 pandemic affected the global economies over the last two years. Like other countries, India is also fast emerging from the impact of pandemic by a significant reduction in new cases and vaccination coverage of a large part of the population. The extent to which the pandemic will impact the Company's operations and financial metrics going forward will depend on ongoing as well as future developments, including the nature and severity of any new waves.
- 6 On May 21, 2022, the Company has allotted 18,52,739 equity shares of Rs.10 each at issue price of Rs.458.78 per share including premium of Rs.448.78 per share to Kedaara Capital Fund III LLP on conversion of 18,52,739 fully convertible warrants allotted on preferential basis, in compliance with the SEBI Regulations and the Companies Act, 2013, to the extent applicable.
- 7 Pursuant to Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has secured by first pari passu mortgage of immovable property and exclusive charge on the receivables of the Company and maintained requisite asset cover of more than 100% of the outstanding dues on all the secured listed Non-Convertible Debentures.
- 8 Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the quarter ended June 30, 2022 is attached as Annexure-I.
- 9 Disclosures pursuant to the Reserve Bank of India's ("RBI") Notification-RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 is not applicable, as no loans was transferred or acquired under direct assignment transaction during the quarter ended June 30, 2022.
- 10 The Company operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic.
- 11 Pursuant to the Reserve Bank of India's ("RBI") Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 (the "RBI Guidelines") and in line with the specific instructions received from the RBI, the predecessor auditor's had resigned on 28 January 2022, after completion of limited review on the financial results of the Company for the quarter and half year ended September 30, 2021. Such resignation and subsequent appointment of new statutory auditors, being contrary to the provisions of para 6(A) of SEBI guidelines on "Resignation of statutory auditors from listed entities and their material subsidiaries" issued vide circular no. CIR/CFD/CMD1/14/2019 dated October 18, 2019, the Company has submitted application dated February 3, 2022 with SEBI, seeking settlement in this matter. Further, the Company vide letter dated June 3, 2022, has offered to pay Rs.2.5 million to settle the matter and expects to receive the regulatory forbearance from SEBI in due course.
- 12 The RBI vide its notification dated November 12, 2021, has issued circular on "Prudential norms on Income Recognition, Asset Classification and Provisioning ('IRAC') pertaining to Advances-Clarifications", with a view to ensure uniformity in the implementation of IRAC norms across all lending institutions. On February 15, 2022, RBI has allowed deferment till 30 September 2022 of Para 10 of this circular pertaining to upgrade of non-performing accounts and the Company has opted for this deferment.
- 13 The figures for the quarter ended March 31, 2022 are the balancing figures between audited figures in respect of the year ended March 31, 2022 and the reviewed figures for the nine months ended December 31, 2021.
- 14 Previous year / period figures have been regrouped / rearranged wherever necessary to confirm to current period's classification.

Place: Mumbai
Date: August 04, 2022



For and on behalf of the Board of Directors of
SPANDANA SPOHOORTY FINANCIAL LIMITED



Shalabh Saxena
Managing Director & CEO
DIN: 08908237

Spandana Sphoorty Financial Limited

CIN: L65929TG2003PLC040648

Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad -500 032,
Ph: 040-4547 4750
contact@spandanasphoorty.com, www.spandanasphoorty.com



SPANDANA SPIOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040648)

Annexure-1

Disclosures required by Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended June 30, 2022*

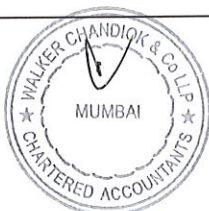
| S.No | Particulars | Quarter ended |
|------|---|---------------|
| | | 30.06.2022 |
| 1 | Debt-Equity Ratio (Note-2) | 1.13 |
| 2 | Debt service coverage ratio | NA |
| 3 | Interest service coverage ratio | NA |
| 4 | Capital Redemption Reserve | 1,526.92 |
| 5 | Debenture Redemption Reserve | NA |
| 6 | Networth (Rs in Millions) (Note-3) | 27,585.22 |
| 7 | Net Profit after tax | (2,226.85) |
| 8 | Earnings Per Share (Not annualised) | |
| i | Basic (₹) | (31.84) |
| ii | Diluted (₹) | (31.84) |
| 9 | Current ratio | NA |
| 10 | Long term debt to working capital | NA |
| 11 | Bad debts to Account receivable ratio | NA |
| 12 | Current liability ratio | NA |
| 13 | Total debts to total assets (Note-4) | 0.51 |
| 14 | Debtors turnover | NA |
| 15 | Inventory turnover | NA |
| 16 | Operating Margin (%) | NA |
| 17 | Net profit margin (%) (Note-5) | -92.56% |
| 18 | Sector specific equivalent ratios: | |
| i | Stage III loan assets to Gross loan assets (%) (Note-6) \$ | 6.51% |
| ii | Net Stage III loan assets to Gross loan assets (%) (Note-7)\$ | 3.34% |
| iii | Capital Adequacy ratio (Note-8) | 47.90% |
| iv | Provision coverage ratio (Note-9)\$ | 48.71% |

* The information furnished is based on Standalone Financial Results.

\$ For the purpose of these ratio's loan assets excludes accrued interest on the outstanding portfolio.

Notes:

- The figures/ratios which are not applicable to the Company, being an NBFC, are marked as "NA".
- Debt-Equity ratio = {Debt Securities+Borrowings(other than debt securities)+Subordinated liabilities} / {Equity share capital + Other equity}
- Net Worth = Equity share capital + Other Equity
- Total debts to total assets = {Debt Securities + Borrowings (other than debt securities) + Subordinated liabilities} / total assets
- Net profit margin (%) = Net profit after tax / Total Income
- Stage III loan assets to Gross loan assets (GNPA) = Stage III loan assets / Gross loan assets.
- Net Stage III loan assets to Gross loan assets (NNPA) = {Stage III loan assets-Expected credit loss provision for stage III loan assets} / Gross loan assets.
- Capital Adequacy Ratio has been computed as per RBI guidelines.
- Provision Coverage Ratio = Expected credit loss provision for Stage III loan assets / Stage III loan assets.



Shel...



Spandana Sphoorty Financial Limited

CIN: L65929TG2003PLC040648

Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad -500 032,

Ph: 040-4547 4750

contact@spandanasphoorty.com, www.spandanasphoorty.com

Walker Chandiok & Co LLP

11th Floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai - 400013
Maharashtra, India
T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Spandana Sphoorty Financial Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of **Spandana Sphoorty Financial Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), (refer Annexure 1 for the list of subsidiaries included in the Statement) for the quarter ended **30 June 2022**, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.



Spandana Sphoorty Financial Limited

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review report of the other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We did not review the interim financial results of a subsidiary included in the Statement, whose financial results reflects total revenues of ₹221.69 million, total net profit after tax of ₹31.57 million, total comprehensive income of ₹31.60 million, for the quarter ended on 30 June 2022, as considered in the Statement. These interim financial results have been reviewed by other auditor whose review report has been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the review report of such other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

6. The Statement includes the interim financial information of a subsidiary, which has not been reviewed by their auditors, whose interim financial results reflects total revenues of ₹0.22 million, net loss after tax of ₹1.93 million, total comprehensive loss of ₹1.93 million for the quarter 30 June 2022, as considered in the Statement, based on their interim financial information, which have not been reviewed by their auditors, and have been furnished to us by the Holding Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on such unreviewed interim financial information. According to the information and explanations given to us by the management, these interim financial information are not material to the Group.

Our conclusion is not modified in respect of this matter with respect to our reliance on the financial information certified by the Board of Directors.

7. The review of unaudited consolidated quarterly financial results for the quarter ended 30 June 2021 included in the Statement was carried out and reported by S. R. Batliboi & Co. LLP who have expressed unmodified conclusion vide their review report dated 14 August 2021, whose review report has been furnished to us by the management and which has been relied upon by us for the purpose of our review of the Statement. Our conclusion is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No:001076N/N500013



Manish Gujral

Partner

Membership No:105117

Place: Mumbai

Date: 04 August 2022

Page 2 of 3

Spandana Sphoorty Financial Limited
Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Annexure 1

List of subsidiaries included in the Statement

1. Criss Financial Limited (formerly known as "Criss Financial Holdings Limited")
2. Caspian Financial Services Limited



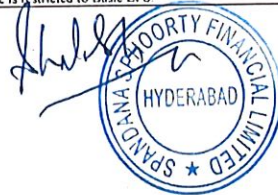


SPANDANA

| SPANDANA SPHOORTY FINANCIAL LIMITED (CIN: L65929TG2003PLC040648) | | | | | |
|---|--|--------------------------|--|--------------------------|------------------------|
| Statement of unaudited Consolidated Financial Results for the Quarter ended June 30, 2022 | | | | | |
| Rs. in Million | | | | | |
| Sl.No. | Particulars | Quarter ended | | | |
| | | 30-Jun-22 (Unaudited) | 31-Mar-22 (Audited) Refer note 9 | 30-Jun-21 (Unaudited) | 31-Mar-22 (Audited) |
| | Revenue from operations | | | | |
| (a) | Interest income | 2,439.59 | 2,608.21 | 3,967.09 | 13,365.36 |
| (b) | Commission and incentive income | - | 64.68 | - | 64.68 |
| (c) | Net gain on fair value changes | 40.27 | 83.23 | 287.39 | 782.09 |
| (d) | Others | 22.90 | 112.11 | 87.21 | 415.79 |
| I | Total revenue from operations | 2,502.76 | 2,868.23 | 4,341.69 | 14,627.92 |
| II | Other income | 85.88 | 122.50 | 7.30 | 172.43 |
| III | Total income (I+II) | 2,588.64 | 2,990.73 | 4,348.99 | 14,800.35 |
| | Expenses | | | | |
| (a) | Finance cost | 967.95 | 1,078.89 | 1,433.75 | 5,401.00 |
| (b) | Net loss on fair value changes | 0.10 | 0.04 | 1.30 | 0.86 |
| (c) | Impairment on financial instruments and other provisions | 3,517.21 | 199.66 | 1,549.36 | 4,805.70 |
| (d) | Employee benefits expense | 795.53 | 640.79 | 468.99 | 2,283.97 |
| (e) | Depreciation and amortization expense | 22.17 | 27.04 | 25.65 | 91.77 |
| (f) | Other expenses | 296.47 | 666.09 | 159.11 | 1,248.33 |
| IV | Total expenses | 5,599.43 | 2,612.51 | 3,638.16 | 13,831.63 |
| V | Profit before tax (III-IV) | (3,010.79) | 378.22 | 710.83 | 968.72 |
| | Tax expense: | | | | |
| | Current tax | 24.06 | (126.17) | 544.01 | 930.65 |
| | Taxes of prior period | - | - | - | 17.05 |
| | Deferred tax | (837.64) | 218.34 | (381.13) | (677.25) |
| VI | Income tax expense | (813.58) | 92.17 | 162.88 | 270.45 |
| VII | Profit after Tax (V-VI) | (2,197.21) | 286.05 | 547.95 | 698.27 |
| VIII | Profit attributable to Non controlling interest | 0.49 | 1.60 | 8.49 | 3.59 |
| IX | Profit/loss for the period / year (VII-VIII) | (2,197.70) | 284.45 | 539.46 | 694.68 |
| X | Other comprehensive income | | | | |
| (a) | Items that will not be reclassified subsequently to profit or loss | | | | |
| 1 | Re-measurement gains/(losses) on defined benefit plans | 2.13 | (17.16) | 1.05 | (14.23) |
| 2 | Income tax effect | (0.54) | 4.33 | (0.26) | 3.59 |
| | Subtotal (a) | 1.59 | (12.83) | 0.79 | (10.64) |
| (b) | Items that will be reclassified subsequently to profit or loss | | | | |
| 1 | Fair Value (Loss) / Gain on loans | (911.49) | 427.05 | (803.49) | (448.77) |
| 2 | Income tax effect | 229.40 | (107.48) | 202.22 | 112.95 |
| | Subtotal (b) | (682.09) | 319.57 | (601.27) | (335.82) |
| | Other comprehensive income/(loss) (X = a+b) | (680.50) | 306.74 | (600.48) | (346.46) |
| XI | Total comprehensive income (VII+X) | (2,877.71) | 592.79 | (52.53) | 351.81 |
| XII | Profit/(loss) for the period / year attributable to: | | | | |
| | Owners of the company | (2,197.71) | 284.45 | 539.46 | 694.68 |
| | Non-controlling interests | 0.49 | 1.60 | 8.49 | 3.59 |
| XIII | Total comprehensive income for the period / year attributable to: | | | | |
| | Owners of the company | (2,878.21) | 591.19 | (61.02) | 348.22 |
| | Non-controlling interests | 0.49 | 1.60 | 8.49 | 3.59 |
| XIV | Paid up equity share capital (Face value of Rs.10 each) | 709.47 | 690.95 | 643.15 | 690.95 |
| XV | Other equity | | | | 30,184.73 |
| XVI | (Loss)/Earnings per share (equity share, par value of Rs.10 each) | | | | |
| | Basic* (Rs.) (EPS) | (31.42) | 4.35 | 8.39 | 10.75 |
| | Diluted* (Rs.) (DPS) | (31.42)# | 4.33 | 8.36 | 10.72 |

* EPS and DPS for the quarters are not annualised

Since Diluted EPS are anti dilutive. Hence the disclosure is restricted to Basic EPS



Spandana Sphoorty Financial Limited

CIN: L65929TG2003PLC040648

Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad -500 032,
Ph: 040-4547 4750
contact@spandanasphoorty.com, www.spandanasphoorty.com

**SPANDANA SPHOORTY FINANCIAL LIMITED**

(CIN: L65929TG2003PLC040648)

Statement of Consolidated Financial Results for the Quarter ended June 30, 2022**Notes:**

- 1 These consolidated financial results of the Spandana Sphoorty Financial Limited (the 'Holding Company') and its subsidiaries (collectively referred to as the 'Group') have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. These consolidated financial results include results of the following companies:

| Name of the Group | % shareholding and voting power of Holding Company | Consolidated as |
|------------------------------------|--|-----------------|
| Caspian Financial Services Limited | 100.00% | Subsidiary |
| Criss Financial Limited ("CFL") | 98.45% | Subsidiary |

- 2 These consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on August, 4, 2022 and subjected to review by the statutory auditors of the Company, in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The consolidated financial results for the quarter ended June 30, 2021 were subjected to limited review by S.R. Batliboi & Co. LLP, Chartered Accountants.
- 3 In the month of June 2022, the Group has settled the differences that arose between the Group and its Board of Directors with the erstwhile Managing Director and other entities, amicably in terms of a settlement agreement and other related agreements subject to terms and conditions stated therein. As a result, the Holding Company has made all the required payments which were fully provided for in the financial results for the quarter and year ended March 31, 2022, under 'Other expenses'.
- Further, the Group has performed sufficient procedures to ensure completeness, accuracy and authenticity of the data received post the settlement and has significantly reconciled the historical balances and the balances as on September 30, 2021 as per the old IT system with the opening balances as of October 1, 2021 considered in the new IT System with the information available. The management does not believe that ongoing reconciliation process will have any significant impact on the accompanying financial results.
- 4 The higher delinquencies caused due to COVID-19 pandemic and resignation of the erstwhile Managing Director have resulted in breach of some of the covenants related to borrowings such as increase in portfolio at risk (PAR) and NPA ratios. The Group has been regularly servicing all its borrowings and has sought forbearance/ waiver from the lenders with respect to non-compliance with the covenants, wherever applicable.
- Based on the discussions with the lenders, the Group has no reason to believe that any adverse action, such as levy of higher interest or a recall of the facility, will be invoked by the lenders on account of the above breaches; and as of the date of these consolidated financial results, none of the lenders have intimated about any remedial action. Accordingly, no adjustment is required in these consolidated financial results.
- 5 COVID-19 pandemic affected the global economies over the last two years. Like other countries, India is also fast emerging from the impact of pandemic by a significant reduction in new cases and vaccination coverage of a large part of the population. The extent to which the pandemic will impact the Group's operations and financial metrics going forward will depend on ongoing as well as future developments, including the nature and severity of any new waves.
- 6 On May 21, 2022, the Holding Company has allotted 18,52,739 equity shares of Rs.10 each at issue price of Rs.458.78 per share including premium of Rs.448.78 per share to Kedaara Capital Fund III LLP on conversion of 18,52,739 fully convertible warrants allotted on preferential basis, in compliance with the SEBI Regulations and the Companies Act, 2013, to the extent applicable.
- 7 The Group operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments'. The Group operates in a single geographical segment i.e. domestic.
- 8 Pursuant to the Reserve Bank of India's ("RBI") Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 (the "RBI Guidelines") and in line with the specific instructions received from the RBI, the predecessor auditor's had resigned on 28 January 2022, after completion of limited review on the financial results of the Holding Company for the quarter and half year ended September 30, 2021. Such resignation and subsequent appointment of new statutory auditors, being contrary to the provisions of para 6(A) of SEBI guidelines on "Resignation of statutory auditors from listed entities and their material subsidiaries" issued vide circular no. CIR/CFD/CMD1/114/2019 dated October 18, 2019, the Holding Company has submitted application dated February 3, 2022 with SEBI, seeking settlement in this matter. Further, the Holding Company vide letter dated June 3, 2022, has offered to pay Rs.2.5 million to settle the matter and expects to receive the regulatory forbearance from SEBI in due course.
- 9 The figures for the quarter ended March 31, 2022 are the balancing figures between audited figures in respect of the year ended March 31, 2022 and the reviewed figures for the nine month ended December 31, 2021.
- 10 Previous year / periods figures have been regrouped / rearranged wherever necessary to conform to current period's classification.

For and on behalf of the Board of Directors of
SPANDANA SPHOORTY FINANCIAL LIMITED


Shalabh Saxena
Managing Director & CEO
DIN: 08908237

Place: Mumbai
Date: August 04, 2022

**Spandana Sphoorty Financial Limited**

CIN: L65929TG2003PLC040648

Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad -500 032,
Ph: 040-4547 4750
contact@spandanaspohorty.com, www.spandanaspohorty.com

Independent Auditor's Report

To the Members of

Spandana Sphoorty Financial Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying standalone financial statements of Spandana Sphoorty Financial Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| (a) Impairment losses on loan portfolio Refer note 3(e) for significant accounting policies, note 7 for impairment disclosures and note 41.1 for credit risk disclosures. The Company has gross loan assets of ₹58,956.54 million outstanding as at 31 March 2022, against which an impairment of ₹6,319.15 million has been recorded as at reporting date, which is measured in accordance with Ind AS 109, Financial Instruments, using 'Expected Credit Loss' (ECL) method. The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets in accordance with the accounting policy adopted by the Company. Significant management judgements are involved in measuring ECL with respect to: <ul style="list-style-type: none"> determining the criteria for significant increase in credit risk and default risk i.e. staging of loans factoring in forward-looking information (including macroeconomic factors on a portfolio level) techniques used to determine probability of default, loss given default and exposure at default. | Our audit procedures were focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis that included, but were not limited to, the following: <ul style="list-style-type: none"> Examined the Board Policy approving methodology for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109. Also, obtained the policy on moratorium and restructuring of loans approved by the Board of Directors pursuant to the RBI circulars/guidelines and ensured such policy is in compliant with the requirements of the RBI circulars / guidelines. Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals |

Key audit matter

These parameters are derived from the Company's internally developed statistical models, historical data, macro-economic factors and after considering the Reserve Bank of India ("RBI") circulars on "COVID 19 Regulatory Package- Asset Classification and Provisioning" dated 17 April 2020; "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021; and Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated 5 May 2021 (collectively referred to as 'COVID-19 – Regulatory Package'). Any change in such models or assumptions could have a material impact on the accompanying financial statements.

Considering the significance of the above matter to the financial statements, degree of estimation uncertainty and significant management judgment involved, this area required significant auditor attention to test such complex accounting estimates, and accordingly, this matter has been identified as a key audit matter for the current year audit.

How our audit addressed the key audit matter

- Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages by evaluating management's assessment of parameters such as probability of default (PD) or loss given default (LGD), including the adjustments made to such estimates on account of COVID-19 impact.
- Ensured that the Company's approved policy in relation to restructuring is in accordance with the directions given by Reserve Bank of India ('RBI') and tested, on sample basis, the compliance with respect to asset classification and provisioning norms as per the COVID-19 – Regulatory Package.
- Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying standalone financial statements in accordance with the applicable accounting standards and related RBI Circulars.

(b) Information Technology system for the financial reporting process, including implementation of new IT system

The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Among other things, management also uses the information produced by the IT systems for accounting, preparation and presentation of the financial statements.

The Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans, amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.

Further, as detailed in Note 52 of the standalone financial statements, the Company has migrated to a new IT application (including new loan management system) w.e.f. from 1 October 2021. Data migration activity involves significant impact on the processes and controls related to the financial reporting. We have focused on the data migration controls designed and implemented during the migration activity due to the risk of error and the impact of such an error it could have on financial accounting and reporting process.

Since our audit strategy included focus on key IT systems and controls due to pervasive impact on the financial statements, we have determined the same as a key audit matter for current year audit.

Our key audit procedures on the old and new IT Systems, with the involvement of our IT specialists included, but were not limited to the following:

- Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit.
- Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above.
- On such in-scope IT systems, we have tested key IT general controls with respect to the following domains:
 - a) Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments.
 - b) User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties;
 - c) Other areas that were assessed under the IT control environment included user interfaces, configuration and other application controls
- Additionally, with respect to implementation of new IT Application and data migration:
 - a) Obtained understanding and tested the controls over data migration including proper authorization, completeness and accuracy; and
 - b) Tested the migrated balances, for completeness and accuracy as of 1 October 2021, including review of reconciliations prepared by the management
- For the identified gaps in the internal control system with respect to certain specific controls around security management and implementation of the Company's new IT system, we altered our audit approach and performed additional procedures, as follows:
 - a) Identified compensating manual controls implemented by the management and tested that they operated effectively including the management's adoption of comprehensive process for manual review and reconciliation to ensure completeness and accuracy of data; and
 - b) Performed additional substantive procedures for account balances such as loans, interest income (covering samples to test the origination, income accrual and collection) in order to mitigate the risk of identified material weakness.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| (c) Data loss and subsequent settlement with erstwhile Managing Director (MD) | |
| <p>As detailed in note 52 to the standalone financial statements, prior to the resignation of the erstwhile Managing Director (MD) during the year, the Company had transferred certain IT systems to a new IT vendor (IQ Technologies), which had led to loss of access to the historical data and books of accounts.</p> <p>Owing to this, the Company had created a parallel IT environment and implemented a new IT application along with the loan origination system with a fully automated workflow. The balances as of 30 September 2021, backed with relevant internal data back-up and necessary reconciliations, have been updated in the new IT application along with all the transactions for the period commencing from 1 October 2021.</p> <p>Subsequently in June 2022, the Company has settled differences with erstwhile MD, IQ Technologies and other entities by entering into Settlement agreement and other related agreements (collectively referred as "Agreements"), resulting in (a) receiving access to the old IT system and hardware from IQ Technologies; (b) accounting for all the related matters arising from the terms of the Agreements in accordance with Ind AS 10 "Events after the Reporting Period". Additionally, the Company has performed sufficient procedures to ensure completeness, accuracy and authenticity of the data received from IQ Technologies and has significantly reconciled the balances as on 30 September 2021 as per the old IT system with the opening balances as of 1 October 2021 considered in the new IT System.</p> <p>Considering the significance of the above matter in preparation and presentation of the standalone financial statements, and significant auditor attention required, we have identified this as a key audit matter for current year audit.</p> <p>Further, we have determined the above matters to be fundamental to the understanding of the users of the accompanying standalone financial statements.</p> | <p>Our key audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluated the management process to reconcile the balances as of and for the six months period ended 30 September 2021 with relevant internal data back-up available with the Company. • Held discussions with the members of the Board of Directors and Management and understood the Company's response and conclusions to the events identified post resignation of erstwhile MD, which had led to loss of access to the historical data and books of accounts. Corroborated the responses to the discussions documented in the meeting minutes of the Board of Directors, Audit Committee and periodical updates shared with the Reserve Bank of India. • Reviewed the reconciliation performed by the management to reconcile the balances as on 30 September 2021 as per the old IT system with the opening balances as of 1 October 2021 considered in the new IT System. Assessed the effect of unreconciled balances and its impact on the accompanying standalone financial statements. • Performed substantive procedures to reconcile and test the completeness and accuracy of balances as of and for the six months period ended 30 September 2021 migrated into new IT Application. • Performed substantive procedures to ensure completeness and accuracy of the transactions posted / accounted in the new IT Application for the period from 1 October 2021 till 31 March 2022. • For the opening balances as on 1 April 2021, amongst other procedures, we tested the accuracy of the balances from the old IT system to the audited financial statements for the year ended 31 March 2021; tested the reconciliations provided by the management and traced the account balances to underlying supporting documents on a samples basis. • For a sample of historical transactions (mainly for loans, operating expenses and related party transactions), by involving our specialist team, we have also tested the appropriateness of the transactions with the underlying documents. Where controls were not found to be operating effectively for such historical transactions, we altered our audit approach and performed alternate substantive procedures and increased the extent of planned audit procedures to mitigate the risk of identified deficiencies and assessed its impact on the standalone financial statements for the year ended 31 March 2022, including impact on the internal financial controls with reference to the financial statements: • Read the executed Agreements to gain an understanding of the significant terms and assessed whether the adjusting events after the reporting period and related disclosures in the accompanying standalone financial statements reflect the requirements of Ind AS 10. |

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Other Matter**
15. The standalone financial statements of the Company for the year ended 31 March 2021 were audited by the predecessor auditor, S. R. Batliboi & Co. LLP, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 22 May 2021. Our opinion is not modified in respect of this matter.
- Report on Other Legal and Regulatory Requirements**
16. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
 17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 18. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed a modified opinion; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 34 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;
 - ii. the Company, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;
 - iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in note 44(a) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources

or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, as disclosed in note 44(b) to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or

on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

Sd/-
Manish Gujral
Partner

Place: Mumbai
Date: 11 July 2022

Membership No: 105117
UDIN: 22105117AMOXSH4944

ANNEXURE I REFERRED TO IN PARAGRAPH 17 OF THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SPANDANA SPOORTY FINANCIAL LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment and right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification program adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties held by the Company other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee are held in the name of the Company.
- (d) The Company has not revalued its property, plant and equipment and right of use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company as it is not holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not been sanctioned working capital limits in excess of five crore rupees by banks or financial institutions on the basis of security of current assets during any point of time of the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans are, prima facie, not prejudicial to the interest of the Company.
- (c) The Company is a Non-Banking Finance Company ('NBFC'), registered under section 45-IA of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except for certain instances as below:

| Particulars – Days past due | Amount due as on 31 March 2022 (₹ in millions) | No of cases |
|-----------------------------|---|-------------|
| 1-29 Days | 370.71 | 204,898 |
| 30-59 Days | 343.39 | 88,239 |
| 60-89 Days | 391.54 | 66,280 |
| 90 or more days | 3,669.96 | 325,160 |

- (d) The total amount which is overdue for more than 90 days as at 31 March 2022 in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties aggregates to ₹3,669.96 million as at 31 March 2022 in respect of 325,160 number of loans. Further reasonable steps have been taken by the Company for recovery of such principal and interest amounts overdue.
- (e) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

- (f) The Company has granted loans which are repayable on demand, as per details below:

| (₹ in millions) | | | |
|---|-----------------|-----------|-----------------|
| Particulars | All Parties | Promoters | Related Parties |
| Aggregate of loans/advances in nature of loan | | | |
| - Repayable on demand (A) | 1,194.81 | - | 1,194.81 |
| - Agreement does not specify any terms or period of repayment (B) | - | - | - |
| Total (A+B) | 1,194.81 | | 1,194.81 |
| Percentage of loans/advances in nature of loan to the total loans | 2.03% | | 2.03% |

- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of loans, guarantees and security.
- (v) The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being a non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

| (₹ in millions) | | | | | |
|------------------------------------|----------------|------------------|-------------------------------|--|--|
| Name of the statute | Nature of dues | Gross Amount (₹) | Amount paid under Protest (₹) | Period to which the amount relates | Forum where dispute is pending |
| Chapter V of the Finance Act, 1994 | Service tax | 56.85 * | 9.93 | Financial year from 2006-07 to 2014-15 | Customs, Excise & Service Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income tax | 8.72 | - | Financial year 2010-11 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income tax | 475.38 * | 69.22 | Financial year 2016-17 | Commissioner of Income Tax (Appeals) |

* Excluding interest and penalty, as applicable

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender except for the below:

| (₹ in millions) | | | | |
|--|-------------------------|-----------------------------|-------------------------------|-------------------|
| Nature of borrowing, including debt securities | Name of lender | Amount not paid on due date | Whether principal or interest | No. of days delay |
| Indian rupee loan from banks | Standard Chartered Bank | 200.00 | Principal | 2 Days |
| Indian rupee loan from banks | Federal Bank | 20.83 | Principal | 3 Days |

- (b) According to the information and explanations given to us and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.

- (d) In our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis during the year or in any previous year. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) During the year, the Company has made preferential allotment of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the Rules framed thereunder with respect to the same. Further, the amounts so raised have been utilized by the Company for the purposes for which these funds were raised. Further the Company has not made preferential allotment or private placement of fully or partially or optionally convertible debentures.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit, except for in some cases as identified by the management relating to cash embezzlement amounting to ₹52.72 million as stated under Note 47(F) to the accompanying standalone financial statements. The Company has ensured recovery of these amounts to the extent possible. The unrecovered amount of ₹28.62 million has been provided for during the current year.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.
- (b) According to the information and explanations given to us, the Company has conducted Non-Banking Financial Companies activities during the year under a valid Certificate of Registration (CoR) from the Reserve Bank of India ("RBI") as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

- (xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors during the year and based on the information and explanations given to us by the management and the response to our communication with the outgoing auditors, there have been no issues, objections or concerns raised by the outgoing auditors.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company has transferred unspent amount in respect of other than ongoing projects to a Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-
Manish Gujral
Partner

Membership No.: 105117
UDIN: 22105117AMOXSH4944

Place: Mumbai
Date: 11 July 2022

Annexure II

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Spandana Sphoorty Financial Limited ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31 March 2022:

The Company did not have an appropriate internal control system with respect to certain specific controls around security management and implementation of the Company's Information Technology (IT) system, which could potentially result in unauthorised changes being made to the information technology system or

programs. As detailed in note 52 to the standalone financial statements consequent to the events that occurred during the year, the management is in the process of further strengthening the robustness of the overall IT system.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.
10. In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company

considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2022, and the material weakness do not affect our opinion on the standalone financial statements of the Company.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sd/-

Manish Gujral

Partner

Place: Mumbai

Date: 11 July 2022

Membership No.: 105117

UDIN: 22105117AMOXSH4944

Standalone Balance Sheet

As at March 31, 2022

(₹ in million unless otherwise stated)

| Particulars | Notes | As at March 31, 2022 | As at March 31, 2021 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash and cash equivalents | 4 | 7,239.95 | 11,307.83 |
| Bank balances other than cash and cash equivalents | 5 | 4,750.72 | 2,453.27 |
| Derivative financial instruments | | 0.46 | 0.45 |
| Trade receivables | 6 | 200.86 | 121.06 |
| Loans | 7 | 52,637.39 | 66,163.14 |
| Investments | 9 | 1,146.24 | 1,146.24 |
| Other financial assets | 8 | 322.98 | 742.67 |
| Subtotal - Financial assets | | 66,298.60 | 81,934.66 |
| Non-financial assets | | | |
| Current tax assets (net) | 10 | 149.38 | 149.38 |
| Deferred tax assets (net) | 11 | 1,812.28 | 1,045.42 |
| Property, plant and equipment | 12 | 64.24 | 196.92 |
| Other intangible assets | 12A | 70.96 | 7.74 |
| Other non-financial assets | 13 | 241.46 | 126.51 |
| Subtotal - Non-financial assets | | 2,338.32 | 1,525.97 |
| Total assets | | 68,636.92 | 83,460.63 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Financial liabilities | | | |
| Debt securities | 14 | 17,584.36 | 20,347.14 |
| Borrowings (other than debt securities) | 14 | 18,528.31 | 31,425.34 |
| Subordinated liabilities | 14 | 201.87 | 201.83 |
| Other financial liabilities | 15 | 1,285.64 | 2,561.99 |
| Subtotal - Financial liabilities | | 37,600.18 | 54,536.30 |
| Non-financial liabilities | | | |
| Current tax liabilities (net) | 16 | 177.53 | 1,338.85 |
| Provisions | 17 | 39.47 | 16.08 |
| Other non-financial liabilities | 18 | 504.42 | 410.35 |
| Subtotal - Non-financial liabilities | | 721.42 | 1,765.28 |
| EQUITY | | | |
| Equity share capital | 19 | 690.95 | 643.15 |
| Other equity | 20 | 29,624.37 | 26,515.90 |
| Subtotal - Equity | | 30,315.32 | 27,159.05 |
| Total liabilities and equity | | 68,636.92 | 83,460.63 |

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

Manish Gujral

Partner

Membership No.: 105117

Place: Mumbai

Date: July 11, 2022

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited
Abanti Mitra

Chairperson

DIN: 02305893

Place: Mumbai

Date: July 11, 2022

Ashish Kumar Damani

President and Chief

Finance Officer

Place: Hyderabad

Date: July 11, 2022

Shalabh Saxena

Managing Director &

Chief Executive Officer

DIN: 08908237

Place: Hyderabad

Date: July 11, 2022

Ramesh Periasamy

Company Secretary and

Compliance Officer

Membership No.: A26247

Place: Hyderabad

Date: July 11, 2022

Statement of Profit And Loss

For the year ended March 31, 2022

| (₹ in million unless otherwise stated) | | | |
|---|-------|----------------------------------|----------------------------------|
| Particulars | Notes | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Revenue from operations | | | |
| Interest income | 21 | 12,509.45 | 13,258.78 |
| Commission and incentive income | | 64.68 | 89.12 |
| Net gain on fair value changes | 22 | 781.33 | 751.14 |
| Others | 23 | 407.92 | 330.01 |
| Total revenue from operations | | 13,763.38 | 14,429.05 |
| Other income | 24 | 152.62 | 218.41 |
| Total income | | 13,916.00 | 14,647.46 |
| Expenses | | | |
| Finance cost | 25 | 5,140.88 | 4,171.62 |
| Net loss on fair value changes | 26 | - | 27.44 |
| Impairment on financial instruments and other provisions | 27 | 4,658.31 | 6,398.75 |
| Employee benefits expense | 28 | 2,168.80 | 1,663.57 |
| Depreciation and amortization expense | | 85.46 | 74.85 |
| Other expenses | 29 | 1,216.69 | 534.89 |
| Total expenses | | 13,270.14 | 12,871.12 |
| Profit before tax | | 645.86 | 1,776.34 |
| Tax expense: | | | |
| Current tax | 30 | 812.71 | 1,362.16 |
| Taxes of prior period | | 17.05 | - |
| Deferred tax | | (650.28) | (875.64) |
| Income tax expense | | 179.48 | 486.52 |
| Profit for the year | | 466.38 | 1,289.82 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement gains/(losses) on defined benefit plans | | (14.37) | 20.06 |
| Income tax effect | | 3.62 | (5.05) |
| Items that will be reclassified subsequently to profit or loss | | | |
| Fair value loss on loans | | (448.77) | (420.38) |
| Income tax effect | | 112.95 | 105.80 |
| Other comprehensive income / (loss) | | (346.57) | (299.57) |
| Total comprehensive income for the year | | 119.81 | 990.25 |
| Earnings per equity share | 31 | | |
| Basic (₹) | | 7.22 | 20.05 |
| Diluted (₹) | | 7.20 | 19.98 |
| Nominal value per equity share (₹) | | 10.00 | 10.00 |

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

Manish Gujral

Partner

Membership No.: 105117

Place: Mumbai

Date: July 11, 2022

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Abanti Mitra

Chairperson

DIN: 02305893

Place: Mumbai

Date: July 11, 2022

Shalabh Saxena

Managing Director &

Chief Executive Officer

DIN: 08908237

Place: Hyderabad

Date: July 11, 2022

Ashish Kumar Damani

President and Chief

Finance Officer

Place: Hyderabad

Date: July 11, 2022

Ramesh Periasamy

Company Secretary and

Compliance Officer

Membership No.: A26247

Place: Hyderabad

Date: July 11, 2022

Cash Flow Statement

For the year ended March 31, 2022

| (₹ in million unless otherwise stated) | | |
|---|----------------------------------|----------------------------------|
| Particulars | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Cash flow from operating activities | | |
| Profit before tax | 645.86 | 1,776.34 |
| Adjustments for: | | |
| Depreciation and amortization | 85.46 | 74.85 |
| Interest on income tax | 69.59 | 157.59 |
| Share based payment to employees | 112.18 | 88.05 |
| Provision for gratuity | 18.82 | 8.56 |
| Finance cost on lease liability | 17.81 | 14.88 |
| Gain on business transfer | - | (9.26) |
| Impairment on financial instruments and other provisions | 4,658.31 | 6,398.75 |
| Net gain on fair value changes | (479.06) | (85.84) |
| Net gain on adjustment on account of termination of leases | (52.44) | - |
| Net (gain)/loss on financial assets and liabilities designated at fair value through profit or loss | (43.01) | 27.44 |
| Other provisions and write offs | 14.53 | 26.21 |
| Operating profit before working capital changes | 5,048.05 | 8,477.57 |
| Movements in working capital : | | |
| Changes in other financial liabilities | (1,123.69) | 266.82 |
| Changes in other non financial liabilities | 94.07 | 115.96 |
| Changes in bank balances other than cash and cash equivalents | (2,297.45) | (482.28) |
| Changes in provisions | (9.80) | - |
| Changes in trade receivables | (79.80) | 102.62 |
| Changes in loans | 8,418.67 | (24,823.17) |
| Changes in other financial assets | 405.16 | 963.35 |
| Changes in other non financial assets | (195.52) | (25.03) |
| Cash used in operations | 10,259.69 | (15,404.16) |
| Income taxes paid | (2,060.67) | (777.59) |
| Net cash generated from (used in) operating activities (A) | 8,199.02 | (16,181.76) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (44.61) | (152.44) |
| Purchase of intangible assets | (70.80) | (0.10) |
| Proceeds from derecognition of property, plant and equipment | 4.44 | 38.24 |
| Transfer of loan portfolio | 80.57 | 822.21 |
| Investment in Subsidiary | - | (500.00) |
| Purchase of investments | (1,08,624.01) | (42,843.00) |
| Sale of investments | 1,09,103.07 | 47,779.53 |
| Net cash generated from investing activities (B) | 448.66 | 5,144.44 |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | 2,924.27 | - |
| Debt securities issued/(repaid)(net) | (2,719.78) | 12,542.98 |
| Principal payment of lease liability | (5.25) | 9.69 |
| Interest payment of lease liability | (17.81) | 14.88 |
| Borrowings (other than debt securities) (net) | (12,897.03) | 9,241.28 |

Cash Flow Statement

For the year ended March 31, 2022

(₹ in million unless otherwise stated)

| Particulars | For year ended March 31, 2022 | For year ended March 31, 2021 |
|---|----------------------------------|----------------------------------|
| Subordinated liabilities (net) | 0.04 | 0.14 |
| Net generated from (used in) financing activities (C) | (12,715.56) | 21,808.97 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | (4,067.88) | 10,771.64 |
| Cash and cash equivalents at the beginning of the year | 11,307.83 | 536.19 |
| Cash and cash equivalents at the end of the year (refer note 4) | 7,239.95 | 11,307.83 |
| Components of cash and cash equivalents as at the end of year | | |
| Cash on hand | 1.53 | 20.92 |
| Balance with banks - on current account | 7,037.89 | 8,765.92 |
| Deposits with original maturity of less than or equal to 3 months | 200.53 | 2,520.99 |
| Total cash and cash equivalents | 7,239.95 | 11,307.83 |

(₹ in millions unless otherwise stated)

| Cash flow from operating activities | For year ended March 31, 2022 | For year ended March 31, 2021 |
|-------------------------------------|----------------------------------|----------------------------------|
| Interest received | 12,200.66 | 12,786.00 |
| Interest paid | (4,223.32) | (3,592.28) |

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

Manish Gujral

Partner

Membership No.: 105117

Place: Mumbai

Date: July 11, 2022

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Abanti Mitra

Chairperson

DIN: 02305893

Place: Mumbai

Date: July 11, 2022

Shalabh Saxena

Managing Director &

Chief Executive Officer

DIN: 08908237

Place: Hyderabad

Date: July 11, 2022

Ashish Kumar Damani

President and Chief

Finance Officer

Place: Hyderabad

Date: July 11, 2022

Ramesh Periasamy

Company Secretary and

Compliance Officer

Membership No.: A26247

Place: Hyderabad

Date: July 11, 2022

Statement of Changes in Equity

For the year ended March 31, 2022

A. EQUITY SHARES

Equity Share of ₹ 10 each issued, subscribed and fully paid

| Particulars | (₹ in millions unless otherwise stated) | |
|--|---|---------------|
| | No. of Shares | Amount |
| As at April 1, 2020 | 6,43,15,483 | 643.15 |
| Issue of equity share capital during the year ended March 31, 2021 (refer note 19) | - | - |
| As at March 31, 2021 | 6,43,15,483 | 643.15 |
| Issue of equity share capital during the year ended March 31, 2022 (refer note 19) | 47,79,047 | 47.79 |
| As at March 31, 2022 | 6,90,94,530 | 690.95 |

B. OTHER EQUITY

| Particulars | (₹ in millions unless otherwise stated) | | | | | | |
|--|---|-------------------|-----------------|-------------------|----------------------------|-----------------------------------|------------------|
| | Securities Premium | Retained Earnings | General Reserve | Statutory Reserve | Capital Redemption Reserve | Share options outstanding reserve | Balance |
| Balance as at April 01, 2020 | 19,199.86 | 927.27 | 23.28 | 3,239.55 | 1,526.92 | 64.17 | 2,498.05 |
| Profit for the year ended March 31, 2021 | - | 1,289.82 | - | - | - | - | 1,289.82 |
| Impairment allowance on other provisions reclassified to profit and loss | - | - | - | - | - | - | - |
| Fair value change during the year | - | - | - | - | - | - | - |
| Remeasurement gain or loss on actuarial valuation | - | 15.01 | - | - | - | - | 15.01 |
| Transfer to Statutory Reserve | - | (257.96) | - | 257.96 | - | - | - |
| Share issue expenses | 0.05 | - | - | - | - | - | 0.05 |
| Add: Share based payment to employees | - | - | - | - | - | 87.38 | 87.38 |
| Balance as at March 31, 2021 | 19,199.91 | 1,974.14 | 23.28 | 3,497.51 | 1,526.92 | 151.55 | 26,373.31 |
| Profit for the year ended March 31, 2022 | - | 466.38 | - | - | - | - | 466.38 |
| Impairment allowance on other provisions reclassified to profit and loss | - | - | - | - | - | - | - |
| Fair value change during the year | - | - | - | - | - | - | - |
| Remeasurement gain or loss on actuarial valuation | - | (10.75) | - | - | - | - | (10.75) |
| Transfer to Statutory Reserve | - | (93.28) | - | 93.28 | - | - | - |
| Premium on issue of equity shares, net of issue expenses | 2,139.38 | - | - | - | - | - | 2,139.38 |
| Balance as at March 31, 2022 | 21,339.29 | 2,436.15 | 23.28 | 3,590.79 | 1,526.92 | 151.55 | 29,518.91 |

| (₹ in millions unless otherwise stated) | | | | (₹ in millions unless otherwise stated) | |
|---|------------|---------------------------------------|-------------|---|------------|
| Other items of comprehensive income (fair valuation on loans) | Total | Money received against Share Warrants | Grand Total | Other items of comprehensive income (fair valuation on loans) | Total |
| 457.17 | 25,438.22 | - | 25,438.22 | 457.17 | 25,438.22 |
| - | 1,289.82 | - | 1,289.82 | - | 1,289.82 |
| (6,713.33) | (6,713.33) | - | (6,713.33) | (6,713.33) | (6,713.33) |
| 6,398.75 | 6,398.75 | - | 6,398.75 | 6,398.75 | 6,398.75 |
| 15.01 | 15.01 | - | 15.01 | 15.01 | 15.01 |
| - | - | - | - | - | - |
| - | 0.05 | - | 0.05 | - | 0.05 |
| - | 87.38 | - | 87.38 | - | 87.38 |
| 142.59 | 26,515.90 | - | 26,515.90 | 142.59 | 26,515.90 |
| - | 466.38 | - | 466.38 | - | 466.38 |
| 4,658.31 | 4,658.31 | - | 4,658.31 | 4,658.31 | 4,658.31 |
| (4,994.13) | (4,994.13) | - | (4,994.13) | (4,994.13) | (4,994.13) |
| - | (10.75) | - | (10.75) | - | (10.75) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 2,139.38 | - | 2,139.38 | - | 2,139.38 |
| - | - | - | - | - | - |

Statement of Changes in Equity

For the year ended March 31, 2022

| Particulars | Reserves & Surplus | | | | | | Other items of comprehensive income (fair valuation on loans) | Total | Money received against Share Warrants | Grand Total |
|--|--------------------|-------------------|-----------------|-------------------|----------------------------|-----------------------------------|---|------------------|---------------------------------------|------------------|
| | Securities Premium | Retained Earnings | General Reserve | Statutory Reserve | Capital Redemption Reserve | Share options outstanding reserve | | | | |
| Issue of Share Warrants | - | - | - | - | - | - | - | - | 750.00 | 750.00 |
| Add: Share based payment to employees | - | - | - | - | - | 112.18 | - | 112.18 | - | 112.18 |
| Less: Transfer on allotment / cancellation pursuant to ESOP scheme | - | - | 49.96 | - | - | (62.85) | - | (12.89) | - | (12.89) |
| Balance as at March 31, 2022 | 21,339.29 | 2,336.49 | 73.24 | 3,590.79 | 1,526.92 | 200.88 | (193.23) | 28,874.38 | 750.00 | 29,624.38 |

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date
For **Walker Chandok & Co LLP**
Chartered Accountants

ICAI Firm registration number: 001076N/N500013

Manish Gujral

Partner

Membership No.: 105117

For and on behalf of the Board of Directors of
Spandana Spahoorty Financial Limited

Abanti Mitra

Chairperson

DIN: 02305893

Place: Mumbai

Date: July 11, 2022

Shalabh Saxena

Managing Director &

Chief Executive Officer

DIN: 08908237

Place: Hyderabad

Date: July 11, 2022

Ashish Kumar Damani

President and Chief

Finance Officer

Place: Hyderabad

Date: July 11, 2022

Ramesh Periasamy

Company Secretary and

Compliance Officer

Membership No.: A26247

Place: Hyderabad

Date: July 11, 2022

Place: Mumbai

Date: July 11, 2022

Notes to the Standalone Financial Statements

For year ended March 31, 2022

1. CORPORATE INFORMATION

Spandana Sphoorty Financial Limited ('SSFL' or the 'Company') is a public company domiciled in India and incorporated under the provisions of erstwhile Companies Act, 1956 on March 10, 2003. The Company was registered as a non-deposit accepting non-banking financial company ('NBFC-ND') with the Reserve Bank of India ('RBI') and got classified as a non-banking financial company – micro finance institution (NBFC – MFI) effective April 13, 2015. The Company's shares are listed on BSE Limited ('BSE') and National Stock Exchange of India Ltd ('NSE'). The registered office of the Company is located at plot no 31 & 32, Ramky Selenium Towers, Ground floor, Nanakramguda Gachibowli, Telangana, India.

The Company is primarily engaged in the business of micro finance providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

2. BASIS OF PREPARATION

a) Statement of compliance in preparation of standalone financial statements

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial assets held for trading and all of which have been measured at fair value.

The functional currency of the Company is the Indian rupee. These standalone financial statements are presented in Indian rupees ("Rs." or "INR") and all values / amounts are rounded off to nearest millions, unless otherwise stated.

b) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

c) Assessment of impact of Covid-19

During the financial year 2020-2021, the Covid-19 pandemic resulted in a nation-wide lockdown in April 2020 - May 2020 which substantially impacted economic activity. Regulatory measures like moratorium on payment of dues and stand still in asset classification were implemented to mitigate the economic consequences on borrowers. During financial year 2021-2022, the second wave of Covid-19 pandemic during April 2021 - May 2021 led to the re-imposition of localised / regional lock-down measures in various parts of the country. The Company had offered resolution plan to its customers pursuant to Reserve Bank of India's guidelines on 'Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses' dated May 5, 2021, as the lockdowns eased gradually from June 2021, resulting in improvement in economic activity.

While there has been significant progress in vaccination programme and the impact of the third wave of Covid-19 in India has been mild, the impact, including with respect to credit quality and provisions, of the Covid-19 pandemic on the Company's result will depend on the trajectory of the pandemic, effectiveness of the vaccinations, the effectiveness of current and future steps taken by the government and central bank to mitigate the economic impact.

The Company has recognized provisions as on March 31, 2022 towards its loan assets, based on the information available at this point of time, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of these audited financial results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Company will continue to monitor any material changes to future economic condition.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

ii) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Impairment of loan portfolio

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

iv) Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

v) Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

b) Recognition of income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Interest income and expense

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iii) Other income and expense

All Other income and expense are recognized in the period they occur.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis

c) Property, plant and equipment(PPE) and intangible asset PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible asset

Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.

d) Depreciation and amortization

Depreciation

- Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.
- Property, plant and equipment costing up to ₹ 5,000 individually are fully depreciated in the year of purchase.

The Company has used the following useful lives to provide depreciation on its Property, plant and equipment:

| Asset Category | Useful Life (in years) |
|------------------------|------------------------|
| Furniture & Fixtures | 10 |
| Computers & Printers | 3 |
| Office Equipment | 5 |
| Leasehold Improvements | 3 |
| Vehicles | 8 |
| Land & Buildings | 60 |

Amortization

Intangible assets are amortized at a rate of 40% per annum on a "Written Down Value" method, from the date that they are available for use.

e) Impairment

i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.

In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognize credit losses over next 12-month period. The Company has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Company has a process to assess credit risk of all exposures at each year end as follows:

Stage I

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over next 12 months.

Stage II

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

Methodology for calculating ECL

The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The

Notes to the Standalone Financial Statements

For year ended March 31, 2022

Company does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) - It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) - It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

ii) Non financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money

and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Revenue from Contracts with Customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

- (a) Commission is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.
- (b) The Company recognizes revenue from advertisement activities upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers

g) Leases

Measurement of lease liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payment discounted using the Company's incremental cost of borrowing rate. Subsequently, the lease liability is (a) increased by interest on lease liability; and (b) reduce by lease payment made.

Measurement of Right-of-Use asset

At the time of initial recognition, the Company measures 'Right-of-Use assets' as present value of all lease payment discounted using the Company's incremental cost of borrowing rate w.r.t said lease contract. Subsequently, 'Right-of-Use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-Use assets' is provided on straight line basis over the lease period

Notes to the Standalone Financial Statements

For year ended March 31, 2022

Short-term leases:

Short term leases not covered under Ind AS 116 are classified as operating lease. Lease payments during the year are charged to statement of profit and loss.

h) Retirement and employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company operates following employee benefit plans:

i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these

assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

iii Leaves

The service rules of the Company do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

iv) Employee Stock Option Plan

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

i) Income taxes

Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current

Notes to the Standalone Financial Statements

For year ended March 31, 2022

income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Company also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

j) Earnings per share (EPS)

The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per

share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

l) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not have any contingent assets in the financial statements.

m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or

Notes to the Standalone Financial Statements

For year ended March 31, 2022

equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.

Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of

assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an

Notes to the Standalone Financial Statements

For year ended March 31, 2022

effective interest basis for loan portfolio other than those financial assets classified as at FVTPL

Equity instruments and Mutual Funds

Equity instruments in other than subsidiaries, associates and joint ventures and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

n) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

o) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- **Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- **Level 3 financial instruments** - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

q) Cash flow statements

The standalone cash flow statement is prepared in accordance with the Indirect method. Standalone cash flow statement presents the cash flows by operating, financing and investing activities of the Company. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

r) Proposed dividend

As per Ind AS -10, 'Events after the Reporting period', the Company disclose the dividend proposed by board of directors after the balance sheet date in the notes to these standalone financial statements. The liability to pay dividend is recognised when the declaration of dividend is approved by the shareholders.

s) Standards and recent pronouncements issued but not yet effective

MCA vide its notification dated 23 March 2022 has notified Companies (Indian Accounting Standards) Amendment

Rules, 2022 to further amend the Companies (Indian Accounting Standards) Rules, 2015, as below, which are effective from 1 April 2022.

Ind AS 16 – Property Plant and equipment - The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

Ind AS 109 – Financial Instruments - The amendment clarifies the nature of fees an entity should include when it applies the '10% test' in assessing whether to derecognize a financial liability. An entity shall include only fees paid or received between the entity and the lender, including the fees paid or received by either the entity or the lender on other's behalf.

The Company does not expect any of these amendments to have any material effect on the financial statements.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

4: CASH AND CASH EQUIVALENTS

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Cash on hand | 1.53 | 20.92 |
| Balances with banks | | |
| On current accounts* | 7,037.89 | 8,765.92 |
| Deposit with original maturity of less than three months | 200.53 | 2,520.99 |
| | 7,239.95 | 11,307.83 |

5: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Deposit with banks not considered as cash and cash equivalents | 1,609.00 | 133.82 |
| Restricted bank balance | 234.95 | - |
| Deposits held as margin money or security against the borrowings | 2,906.77 | 2,319.45 |
| | 4,750.72 | 2,453.27 |

6: TRADE RECEIVABLES

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Unsecured | | |
| - Considered good | 200.86 | 121.06 |
| - Significant increase in credit risk | - | - |
| | 200.86 | 121.06 |
| Less: Allowance for receivables with significant increase in credit risk | - | - |
| | 200.86 | 121.06 |

Trade receivables ageing schedule:

| | (₹ in millions unless otherwise stated) | | | | | |
|-----------------------------|--|-------------------|-----------|-----------|-------------------|--------|
| Particulars | Outstanding for following periods from due date of payment | | | | | TOTAL |
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at March 31, 2022 | | | | | | |
| Undisputed | | | | | | |
| Considered good | 200.86 | - | - | - | - | 200.86 |
| Credit impaired | - | - | - | - | - | - |
| As at March 31, 2021 | | | | | | |
| Undisputed | | | | | | |
| Considered good | 121.06 | - | - | - | - | 121.06 |
| Credit impaired | - | - | - | - | - | - |

There are no disputed receivables as at March 31, 2022 and March 31, 2021.

7: LOANS

| | (₹ in millions unless otherwise stated) | |
|---|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| (a) Loans (at fair value through OCI) | 57,761.73 | 69,352.44 |
| (b) Inter corporate advances to related parties (repayable on demand) (at amortized cost) | 1,194.81 | 927.80 |
| Total - Gross | 58,956.54 | 70,280.24 |
| Less: Impairment allowance | (6,319.15) | (3,319.97) |
| Less: Provision towards refund of excess interest collected (Refer note 48) | - | (797.13) |
| Total - Net | 52,637.39 | 66,163.14 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

| | (₹ in millions unless otherwise stated) | |
|---|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Break-up of loans | | |
| (a) Secured by tangible assets [Property including land and building (March 31, 2021: Includes Gold)] | 81.03 | 119.57 |
| (b) Unsecured | 58,875.51 | 70,160.67 |
| Total - Gross | 58,956.54 | 70,280.24 |
| Less: Impairment and other provisions | (6,319.15) | (4,117.10) |
| Total - Net | 52,637.39 | 66,163.14 |
| (a) Public sector | - | - |
| (b) Others | 58,956.54 | 70,280.24 |
| Total - Gross | 58,956.54 | 70,280.24 |
| Less: Impairment and other provisions | (6,319.15) | (4,117.10) |
| Total - Net | 52,637.39 | 66,163.14 |
| (a) Within India | 58,956.54 | 70,280.24 |
| (b) Outside India | - | - |
| Total - Gross | 58,956.54 | 70,280.24 |
| Less: Impairment and other provisions | (6,319.15) | (4,117.10) |
| Total - Net | 52,637.39 | 66,163.14 |

Note 1: The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Act), either severally or jointly that are (a) repayable on demand and or (b) without specifying any terms or period of repayment, except for the loans extended to related parties, which are repayable on demand as under:

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Outstanding balance | 1,194.81 | 927.80 |
| Percentage to the total gross loan portfolio | 2.03% | 1.32% |

Note 2: The table below discloses credit quality of the Company's exposures (net of impairment loss allowance) as at reporting date:

Gross loan portfolio movement for the year ended March 31, 2022

| | (₹ in millions unless otherwise stated) | | | |
|---|---|-----------------|------------------|------------------|
| Particulars | Stage I | Stage II | Stage III | Total |
| Gross carrying amount as at April 1, 2021 | 58,847.13 | 6,455.42 | 4,049.89 | 69,352.44 |
| New assets originated or purchased | 30,629.87 | - | - | 30,629.87 |
| Asset derecognised or repaid (excluding write offs) # | (35,872.95) | (4,116.56) | (67.61) | (40,057.12) |
| Assets written off during the year | - | - | (1,995.21) | (1,995.21) |
| Inter-stage movements | | | | |
| Stage I | 327.48 | (313.81) | (13.67) | - |
| Stage II | (4,294.86) | 4,301.78 | (6.92) | - |
| Stage III | (8,337.33) | (835.23) | 9,172.56 | - |
| Fair Value on loans | (148.50) | (19.75) | - | (168.25) |
| Gross carrying amount as at March 31, 2022 | 41,150.84 | 5,471.85 | 11,139.04 | 57,761.73 |

Represents balancing figure

Notes to the Standalone Financial Statements

For year ended March 31, 2022

Gross loan portfolio movement for the year ended March 31, 2021

| (₹ in millions unless otherwise stated) | | | | |
|---|------------------|-----------------|-----------------|------------------|
| Particulars | Stage I | Stage II | Stage III | Total |
| Gross carrying amount as at April 1, 2020 | 48,211.14 | 106.57 | 179.36 | 48,497.07 |
| New assets originated or purchased | 60,290.85 | - | - | 60,290.85 |
| Asset derecognised or repaid (excluding write offs) # | (44,491.29) | 3,429.45 | 4,929.70 | (36,132.14) |
| Assets written off during the year | (0.01) | (0.08) | (3,583.78) | (3,583.87) |
| Inter-stage movements | | | | |
| Stage I | 8.17 | (6.49) | (1.68) | - |
| Stage II | (2,912.47) | 2,913.28 | (0.81) | - |
| Stage III | (2,512.06) | (15.04) | 2,527.10 | - |
| Fair Value on loans | 252.80 | 27.73 | - | 280.53 |
| Gross carrying amount as at March 31, 2021 | 58,847.13 | 6,455.42 | 4,049.89 | 69,352.44 |

Represents balancing figure

Movement of impairment allowance (ECL) during the year ended March 31, 2022

| (₹ in millions unless otherwise stated) | | | | |
|--|---------------|-----------------|-----------------|-----------------|
| Particulars | Stage I | Stage II | Stage III | Total |
| Opening Balance | 464.36 | 962.28 | 1,893.33 | 3,319.97 |
| Provision made/ (reversed) during the year | 417.00 | 275.35 | 4,302.04 | 4,994.39 |
| Inter-stage movements | | | | |
| Stage I | 147.45 | (112.75) | (34.70) | - |
| Stage II | (185.24) | 191.06 | (5.82) | - |
| Stage III | (509.44) | (259.12) | 768.56 | - |
| Write off | - | - | (1,995.21) | (1,995.21) |
| Closing Balance | 334.13 | 1,056.82 | 4,928.20 | 6,319.15 |

Movement of impairment allowance (ECL) during the year ended March 31, 2021

| (₹ in millions unless otherwise stated) | | | | |
|--|---------------|---------------|-----------------|-----------------|
| Particulars | Stage I | Stage II | Stage III | Total |
| Opening Balance | 741.12 | 64.26 | 145.21 | 950.59 |
| Provision made/ (reversed) during the year | 1,306.54 | 408.77 | 4,237.93 | 5,953.25 |
| Inter-stage movements | | | | |
| Stage I | (33.74) | 12.04 | 21.70 | - |
| Stage II | (431.48) | 430.72 | 0.76 | - |
| Stage III | (1,118.08) | 46.57 | 1,071.51 | - |
| Write off | (0.01) | (0.08) | (3,583.78) | (3,583.87) |
| Closing Balance | 464.36 | 962.28 | 1,893.33 | 3,319.97 |

Note 3: During the current and previous year, the Company has pre-closed loan accounts and provided fresh (top-up) loans to certain borrowers for restarting their businesses after a temporary suspension of economic activities due to COVID-19 pandemic. In determining whether this resulted in a significant increase in credit risk or impairment of these loans and potential future loss estimate, the Company takes into consideration the borrowers' vintage, past repayment behaviour and viability of their businesses, as a separate cohort.

Based on such assessment and in accordance with Ind AS 109 principles, including those relating to modified loans, and in terms of the ECL policy approved by the Board of Directors ("ECL Policy"), the Company has classified loans amounting to ₹ 800.31 million as stage 3 (March 31, 2021: ₹3,680 million as Stage 2 and ₹1,079 million as Stage 3), although these loans overdue was not more than 90 days as per the latest repayment schedule as at March 31, 2022. While the staging movement has been carried out taking cognizance of the overdues in previous loan, the Company has applied relatively lower probability of default (PD) and loss given default (LGD) factors as per its ECL Policy considering the borrowers' repayment behaviour in earlier loan cycles. Accordingly, the Company has recognised a total impairment allowance of ₹79.86 million (March 31, 2021: ₹848 million) on such loans.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

Further, as the loans are provided to borrowers having running businesses with steady cash flows and not as a concession to overcome financial difficulties faced by borrowers other than the temporary suspension due to lockdown, these cases are not considered as restructured accounts in terms of extant RBI Master Directions.

Note 4: The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, various state governments and local statutory authorities imposed restrictions on economic activities in different parts of the country which continued to impact Company's operations including lending and collection activities. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company had offered a moratorium to its borrowers until May 31, 2020 which was further extended up to August 31, 2020 based on borrowers' requests.

In assessing the impairment allowance for loan portfolio, the Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave, and has noted that the existing provisioning levels are adequate to cover any further delinquencies. Given the unique nature and scale of this pandemic, its full extent of impact on the Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Company's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated.

Note 5: No impairment allowance has been recognized on the outstanding inter-corporate advances to related parties as at March 31, 2022 and March 31, 2021.

8: OTHER FINANCIAL ASSETS

| (₹ in millions unless otherwise stated) | | |
|--|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Security deposits | 22.38 | 28.30 |
| Amount receivable from banks and non banking financial companies | 0.08 | 0.07 |
| Term deposits placed with non banking financial companies # | - | 13.02 |
| Retained interest on asset assigned | 300.47 | 620.66 |
| Other assets | 0.05 | 80.62 |
| | 322.98 | 742.67 |

Represent margin money deposits placed to avail term loans from non-banking financial companies

9: INVESTMENTS

| (₹ in millions unless otherwise stated) | | |
|---|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| <i>Measured at cost</i> | | |
| Investment in subsidiaries | | |
| 2,000,000 (March 31, 2021: 2,000,000) equity shares of ₹10 each fully paid up in Caspian Financial Services Limited | 20.00 | 20.00 |
| 7,552,210 (March 31, 2021: 7,552,210) equity shares of ₹10 each fully paid up in Criss Financial Limited | 1,125.24 | 1,125.24 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| <i>Measured at fair value through profit & loss</i> | | |
| Others | | |
| 100,000 (March 31, 2021: 100,000) equity shares of ₹10 each fully paid up in Alpha Micro Finance Consultants Private Limited | 1.00 | 1.00 |
| | 1,146.24 | 1,146.24 |
| Less: Impairment loss allowance | - | - |
| | 1,146.24 | 1,146.24 |

Note: All investments are held within India.

10: CURRENT TAX ASSETS (NET)

(₹ in millions unless otherwise stated)

| | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------------|-------------------------|-------------------------|
| Advance income tax (net of provision) | 149.38 | 149.38 |
| | 149.38 | 149.38 |

11: DEFERRED TAX ASSETS (NET)

(₹ in millions unless otherwise stated)

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| Effects of deferred tax assets / (liabilities): | | |
| Impairment of financial instruments and other provisions | 1,659.96 | 1,099.26 |
| Provisions allowable on payment basis | 52.31 | 50.78 |
| Property, plant and equipment | 36.09 | 38.37 |
| Ind-AS 116 impact | - | 5.89 |
| Fair value gain on loans | 42.34 | (70.60) |
| Income from direct assignments | (75.62) | (156.88) |
| Others | 97.21 | 78.60 |
| Net deferred tax assets | 1,812.28 | 1,045.42 |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

11.1: DEFERRED TAX ASSETS (NET)

Movement in deferred tax balances for the year ended March 31, 2022

(₹ in millions unless otherwise stated)

| Particulars | Net Balance April 1, 2021 | (Charge) / credit in profit & loss | Recognised in OCI | Net Balance March 31, 2022 |
|--|------------------------------|---------------------------------------|-------------------------|-------------------------------|
| Deferred tax assets / (liabilities) | | | | |
| Property, plant and equipment | 38.36 | (2.27) | - | 36.09 |
| Provisions allowable on payment basis | 50.78 | (2.09) | 3.62 | 52.31 |
| Impairment of financial instruments and other provisions | 1,099.26 | 560.70 | - | 1,659.96 |
| Income from direct assignments | (156.87) | 81.25 | - | (75.62) |
| Other items | 13.89 | 12.71 | 112.95 | 139.55 |
| Net Deferred tax assets / (liabilities) | 1,045.42 | 650.29 | 116.57 | 1,812.28 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

Movement in deferred tax balances for the year ended March 31, 2021

| (₹ in millions unless otherwise stated) | | | | |
|--|---------------------------|------------------------------------|-------------------|----------------------------|
| Particulars | Net Balance April 1, 2021 | (Charge) / credit in profit & loss | Recognised in OCI | Net Balance March 31, 2022 |
| Deferred tax assets / (liabilities) | | | | |
| Property, plant and equipment | 36.47 | 1.89 | - | 38.36 |
| Provisions allowable on payment basis | 76.59 | (20.76) | (5.05) | 50.78 |
| Impairment of financial instruments and other provisions | 449.91 | 649.35 | - | 1,099.26 |
| Income from direct assignments | (359.01) | 202.14 | - | (156.87) |
| Other items | (134.94) | 43.03 | 105.80 | 13.89 |
| Net Deferred tax assets / (liabilities) | 69.02 | 875.64 | 100.75 | 1,045.42 |

12: PROPERTY, PLANT AND EQUIPMENT

| (₹ in millions unless otherwise stated) | | | | | | | | |
|---|-------------------|------------------------|----------------------|------------------|--------------|---------------|--------------------|---------------|
| | Land & Building * | Leasehold improvements | Furniture & Fixtures | Office Equipment | Vehicles | Computers | Right of use asset | Total |
| Gross block | | | | | | | | |
| At April 1, 2020 | 2.01 | 95.40 | 79.73 | 32.33 | 15.17 | 179.71 | 114.27 | 518.62 |
| Addition | - | - | 11.44 | 6.37 | 19.41 | 13.38 | 101.84 | 152.44 |
| Disposals | - | - | (0.59) | (0.24) | - | (0.51) | (36.90) | (38.24) |
| At March 31, 2021 | 2.01 | 95.40 | 90.58 | 38.46 | 34.58 | 192.58 | 179.21 | 632.82 |
| Addition | - | - | 9.40 | 17.71 | 9.07 | 8.43 | - | 44.61 |
| Disposals | - | - | (1.90) | (3.58) | - | (25.79) | (179.21) | (210.48) |
| At March 31, 2022 | 2.01 | 95.40 | 98.08 | 52.59 | 43.65 | 175.22 | - | 466.95 |
| Depreciation | | | | | | | | |
| At April 1, 2020 | 0.24 | 93.77 | 64.75 | 23.09 | 6.20 | 152.46 | 26.69 | 367.20 |
| Charge for the year | 0.08 | 1.03 | 12.05 | 5.35 | 6.37 | 21.53 | 23.26 | 69.67 |
| Disposals | - | - | (0.45) | (0.14) | - | (0.38) | - | (0.97) |
| At March 31, 2021 | 0.32 | 94.80 | 76.35 | 28.30 | 12.57 | 173.61 | 49.95 | 435.90 |
| Charge for the year | 0.08 | 0.38 | 8.95 | 10.83 | 8.70 | 14.65 | 34.30 | 77.89 |
| Disposals | - | - | (1.52) | (0.02) | - | (25.31) | (84.25) | (111.10) |
| At March 31, 2022 | 0.40 | 95.18 | 83.78 | 39.11 | 21.27 | 162.95 | - | 402.69 |
| Net carrying amount | | | | | | | | |
| At March 31, 2021 | 1.69 | 0.60 | 14.23 | 10.16 | 22.01 | 18.97 | 129.26 | 196.92 |
| At March 31, 2022 | 1.61 | 0.22 | 14.30 | 13.48 | 22.38 | 12.27 | - | 64.24 |

* Mortgaged as security against non-convertible debentures.

12A: Other Intangible assets

| (₹ in millions unless otherwise stated) | | |
|---|-------------------|---------------|
| Particulars | Computer software | Total |
| Gross block | | |
| At April 1, 2020 | 103.88 | 103.88 |
| Addition | 0.10 | 0.10 |
| At March 31, 2021 | 103.98 | 103.98 |
| Addition | 70.80 | 70.80 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| Particulars | Computer software | Total |
|----------------------------|-------------------|---------------|
| At March 31, 2022 | 174.78 | 174.78 |
| Amortization | | |
| At April 1, 2020 | 91.04 | 91.04 |
| Charge for the year | 5.19 | 5.19 |
| At March 31, 2021 | 96.23 | 96.23 |
| Charge for the year | 7.58 | 7.58 |
| At March 31, 2022 | 103.81 | 103.81 |
| Net carrying amount | | |
| At March 31, 2021 | 7.74 | 7.74 |
| At March 31, 2022 | 70.96 | 70.96 |

13: OTHER NON-FINANCIAL ASSETS

(₹ in millions unless otherwise stated)

| | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------------------|-------------------------|-------------------------|
| Unsecured, considered good | | |
| Prepaid expenses | 21.15 | 12.39 |
| Capital advances | 13.61 | 3.85 |
| Advance against sum assured | 140.33 | 89.47 |
| Other advances | 66.37 | 20.80 |
| | 241.46 | 126.51 |
| Unsecured, considered doubtful | | |
| Amounts deposited with courts | 6.24 | 6.24 |
| Provision for doubtful debts - claims | 22.72 | 16.68 |
| Less: Provision for doubtful debts | (28.96) | (22.92) |
| | 241.46 | 126.51 |

14: (A) DEBT SECURITIES (AT AMORTISED COST)

(₹ in millions unless otherwise stated)

| | No. of debentures outstanding | | Face Value (₹ in millions) | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------------------------|-------------------|-------------------------------|-------------------------|-------------------------|
| | March 31, 2022 | March 31, 2021 | | | |
| (i) Debentures (Secured) | | | | | |
| 13.12% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. December 7, 2018 | - | 410 | 1.00 | - | 426.58 |
| 13.25% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of thirteen months from the date of allotment i.e. September 24, 2020 | - | 400 | 1.00 | - | 423.42 |
| 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of fifteen months from the date of allotment i.e. October 20, 2020 | - | 800 | 0.10 | - | 85.23 |
| 11% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of fifteen months from the date of allotment i.e. November 17, 2020 | - | 7,500 | 0.10 | - | 766.45 |
| 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. October 20, 2020 | 800 | 800 | 0.10 | 94.52 | 84.70 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| | No. of debentures outstanding | | Face Value (₹ in millions) | As at | As at |
|---|-------------------------------|-------------------|-------------------------------|----------------|----------------|
| | March 31, 2022 | March 31, 2021 | | March 31, 2022 | March 31, 2021 |
| 10.00% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. October 29, 2020 | 1,000 | 1,000 | 1.00 | 1,041.87 | 1,040.89 |
| 10.80% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. November 19, 2020 | 350 | 1,400 | 1.00 | 352.57 | 1,383.22 |
| 11.49% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. December 24, 2020 (subject to exercise of put option by the lender at the end of eighteen months from the date of allotment). Redeemable on maturity if option not exercised by the investor. | 215 | 215 | 1.00 | 221.85 | 221.47 |
| 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of twenty one months from the date of allotment i.e. October 20, 2020. | 800 | 800 | 0.10 | 94.52 | 84.94 |
| 14.00% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of twenty four months from the date of allotment i.e. September 08, 2020 (subject to exercise of put option by the lender at the end of six months from the date of allotment). Redeemable on maturity if option not exercised by the investor. | 250 | 250 | 1.00 | 251.81 | 251.02 |
| 14.8% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of twenty three months from the date of allotment i.e. October 28, 2020. | 1,740 | 1,740 | 0.10 | 224.12 | 191.02 |
| 12.75% Secured, Redeemable, Non-convertible Debentures redeemable in twenty four equal monthly installments from the date of allotment i.e. September 29, 2020. | 250 | 250 | 1.00 | 62.17 | 184.74 |
| 12.20% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of twenty four months from the date of allotment i.e. December 19, 2020. | 500 | 500 | 1.00 | 502.54 | 498.78 |
| 11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of Twenty Four months from the date of allotment i.e. December 16, 2020. | 6,360 | 6,360 | 0.10 | 725.96 | 644.56 |
| 11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. December 29, 2020 (subject to exercise of put option by the lender at the end of twenty four months from the date of allotment). Redeemable on maturity if option not exercised from the investor | 8,275 | 8,275 | 0.10 | 929.43 | 818.94 |
| 11.50% Secured, Redeemable, Non-convertible Debentures redeemable at quarterly intervals. | 2,000 | 4,000 | 0.10 | 204.14 | 405.12 |
| 12.75% Secured, Redeemable, Non-convertible Debentures redeemable at half-yearly intervals. | 500 | 1,000 | 1.00 | 515.20 | 832.05 |
| 11.25% Secured, Senior, Redeemable, Transferable, Listed, Principal protected, Market Linked, Rated Non Convertible Debentures, redeemable at par at the end of twenty six months from the date of allotment i.e. March 16, 2021 (subject to exercise of put option by the lender at the end of eighteen months from the date of allotment). Redeemable on maturity if option not exercised from the investor | 5,000 | 5,000 | 0.10 | 544.13 | 483.28 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| | No. of debentures outstanding | | Face Value (₹ in millions) | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------------|-------------------|-------------------------------|-------------------------|-------------------------|
| | March 31, 2022 | March 31, 2021 | | | |
| 13.15% Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1 million each redeemable at par at the end of seventy two months from the date of allotment i.e. October 31, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of thirty six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | 325 | 325 | 1.00 | 339.92 | 339.93 |
| 11.34% (net of with-holding tax), Secured, Redeemable, Non-convertible Debentures, 50% of which is redeemable at par at the end of sixth month from September 18, 2017 i.e. the date of allotment and balance 50% to be redeemable on maturity i.e. June 30, 2023 (subject to exercise of put option by the lender at March 18, 2022 i.e. at the end of fifty four months from date of allotment). | 850 | 850 | 1.00 | 854.12 | 853.62 |
| 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. November 24, 2020 (subject to exercise of put option by the lender at the end of twenty four months from the date of allotment). Redeemable on maturity if option not exercised by the investor | 10,000 | 10,000 | 0.10 | 1,014.50 | 1,008.92 |
| 12.5% Secured, Redeemable, Non-convertible Debentures redeemable at quarterly intervals | 800 | 1,200 | 1.00 | 795.94 | 1,190.45 |
| 12% Secured, Rated, Listed, Redeemable, Transferable, Non Convertible Debentures of face value of ₹1 million each | 350 | 350 | 1.00 | 351.12 | 351.75 |
| 14.80% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of forty four months from the date of allotment i.e. October 28, 2020 (subject to exercise of put option by the lender at the end of Thirty months from the date of allotment). Redeemable on maturity if option not exercised by the investor. | 2,000 | 2,000 | 0.10 | 244.99 | 225.80 |
| 12.5% Rated, unlisted, senior, secured, redeemable, taxable, non convertible Debentures of face value ₹ 0.1 million each | 4,500 | 4,500 | 0.10 | 448.50 | 447.98 |
| 11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of twenty four months from the date of allotment i.e. April 29, 2021. | 11,000 | - | 0.10 | 1,232.03 | - |
| 11% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of thirty months from the date of allotment i.e. June 16, 2021. | 33,750 | - | 0.10 | 3,592.43 | - |
| 10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures each redeemable at par at the end of twenty two months from the date of allotment i.e. July 14, 2021. | 3,000 | - | 0.10 | 330.09 | - |
| 10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirty months from the date of allotment i.e. July 22, 2021. | 12,500 | - | 0.10 | 1,374.04 | - |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| | No. of debentures outstanding | | Face Value (₹ in millions) | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------------|-------------------|-------------------------------|-------------------------|-------------------------|
| | March 31, 2022 | March 31, 2021 | | | |
| 10.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirteen months from the date of allotment i.e. August 03, 2021. | 150 | - | 1.00 | 149.99 | - |
| 10.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirteen months from the date of allotment i.e. March 24, 2022. | 350 | - | 1.00 | 350.70 | - |
| Sub - Total | | | | 16,843.20 | 13,244.86 |
| (ii) Borrowing under securitisation arrangement (secured) | | | | | |
| From Banks | | | | 741.16 | 6,225.00 |
| From non-banking financial companies | | | | - | 877.28 |
| Sub - Total | | | | 741.16 | 7,102.28 |
| Total Debt Securities | | | | 17,584.36 | 20,347.14 |
| Nature of security | | | | | |
| The above debt securities are secured by the way of first and exclusive charge over eligible specified book debts and mortgage of land. | | | | | |
| Out of the above debt securities | | | | | |
| Debt securities in India | | | | 17,584.36 | 20,347.14 |
| Debt securities outside India | | | | - | - |
| Total | | | | 17,584.36 | 20,347.14 |
| (b) Borrowings (Other than Debt Securities) | | | | | |
| Secured, measured at amortised cost | | | | | |
| Indian rupee loan from banks | | | | 15,249.67 | 27,273.13 |
| Indian rupee loan from non-banking financial companies | | | | 3,278.64 | 4,152.21 |
| Total | | | | 18,528.31 | 31,425.34 |
| Out of the above | | | | | |
| Borrowings in India | | | | 18,528.31 | 31,425.34 |
| Borrowings outside India | | | | - | - |
| Total | | | | 18,528.31 | 31,425.34 |
| Nature of security | | | | | |
| Borrowings (other than debt securities) are secured by the way of hypothecation of book debts and margin money deposits. | | | | | |
| <i>Refer Note 14A for terms of principal repayment and the applicable interest rate on the borrowings (other than debt securities).</i> | | | | | |
| (c) Subordinated Liabilities (at amortised cost) | | | | | |
| Unsecured term loan | | | | | |
| Indian rupee loan from Bank | | | | 201.87 | 201.83 |
| Total Subordinated Liabilities | | | | 201.87 | 201.83 |
| Out of the above | | | | | |
| Borrowings in India | | | | 201.87 | 201.83 |
| Borrowings outside India | | | | - | - |
| Total | | | | 201.87 | 201.83 |

Subordinate debt is unsecured and carries an interest rate @ 15% per annum. The Subordinate debt is due for maturity on June 08, 2024.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

14A. Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than debt securities)

(i) As at March 31, 2022

| | | | | | | | (₹ in millions unless otherwise stated) | | |
|---|------------------------|---------------|---------------------|-----------|--------------------------|----------|---|--------|-----------|
| Original maturity of loan | Frequency of repayment | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Total |
| | | | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | |
| 1-3 years | Monthly | 8.50%-10.50% | 167 | 5,095.79 | 63 | 2,008.55 | 15 | 458.33 | 7,562.67 |
| | | 10.51%-12.00% | 178 | 5,208.79 | 53 | 1,733.07 | - | - | 6,941.86 |
| | | 12.01%-14.00% | 67 | 985.72 | 9 | 79.15 | - | - | 1,064.87 |
| | Quarterly | 10.51%-12.00% | 11 | 354.17 | 4 | 116.67 | - | - | 470.84 |
| | Half yearly | 7.00%-10.00% | 1 | 500.00 | - | - | - | - | 500.00 |
| | | 10.01%-11.00% | 2 | 600.00 | - | - | - | - | 600.00 |
| | Annually | 7.00%-8.00% | 1 | 300.00 | - | - | - | - | 300.00 |
| | Bullet payment | 8.50%-10.50% | 3 | 985.00 | - | - | - | - | 985.00 |
| Total | | | | 14,029.47 | 3,937.44 | | 458.33 | | 18,425.24 |
| Impact of EIR | | | | | | | | | 1.36 |
| Interest accrued on borrowings (other than debt securities) | | | | | | | | | 101.71 |
| Grand Total | | | | | | | | | 18,528.31 |

(ii) As at March 31, 2021

| | | | | | | | | | (₹ in millions unless otherwise stated) |
|---|------------------------|---------------|---------------------|-----------|--------------------------|----------|--------------------------|----------|---|
| Original maturity of loan | Frequency of repayment | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Total |
| | | | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | |
| 1-3 years | Monthly | 8.50%-9.50% | 29 | 1,150.41 | 24 | 1,090.91 | 12 | 545.45 | 2,786.77 |
| | | 9.51%-10.00% | 112 | 3,280.71 | 32 | 912.08 | - | - | 4,192.79 |
| | | 10.01%-11.00% | 140 | 4,501.03 | 102 | 3,708.37 | 9 | 250.00 | 8,459.39 |
| | | 11.01%-12.00% | 119 | 3,075.99 | 37 | 735.76 | 6 | 38.50 | 3,850.26 |
| | | 12.01%-13.00% | 109 | 1,520.73 | 49 | 746.12 | 1 | 12.50 | 2,279.34 |
| | Quarterly | 13.01%-14.00% | 45 | 586.26 | 18 | 239.60 | 8 | 66.65 | 892.51 |
| | | 9.51%-10.00% | 17 | 1,437.07 | - | - | - | - | 1,437.07 |
| | | 10.51%-11.00% | 7 | 857.14 | - | - | - | - | 857.14 |
| | | 11.01%-12.00% | 14 | 820.24 | 11 | 354.17 | 4 | 116.67 | 1,291.08 |
| | | 7.00%-10.00% | 2 | 1,000.00 | 1 | 500.00 | - | - | 1,500.00 |
| | Half yearly | 10.01%-11.00% | 2 | 1,200.00 | 2 | 600.00 | - | - | 1,800.00 |
| | | 7.00%-8.00% | 1 | 700.00 | 1 | 300.00 | - | - | 1,000.00 |
| | Annually | 9.51%-10.00% | 3 | 875.00 | - | - | - | - | 875.00 |
| | | 10.51%-11.00% | 1 | 125.00 | - | - | - | - | 125.00 |
| | Total | | | 21,129.59 | | 9,187.01 | | 1,029.77 | |
| Impact of EIR | | | | | | | | | (94.90) |
| Interest accrued on borrowings (other than debt securities) | | | | | | | | | 173.89 |
| Grand Total | | | | | | | | | 31,425.34 |

14B. Compliance with the loan covenants

The resignation of the erstwhile Managing Director of the Company on November 2, 2021 with immediate effect, resulted in a change in the management of the Company. Such change in management and other factors such as increase in portfolio at risk (PAR) and NPA ratios due to higher delinquencies caused by COVID-19 pandemic have resulted in a breach of some of the covenants relating to borrowings such as portfolio at risk (PAR) ratios, NPA ratios, etc. The Company has been regularly servicing all its borrowings and has sought forbearance/ waiver from the lenders with respect to non-compliance with the covenants, wherever applicable.

Based on the discussions with the lenders, the Company has no reason to believe that any adverse action, such as levy of higher interest or a recall of the facility, will be invoked by the lenders on account of the above breaches; and as of the date of these financial statements, none of the lenders have intimated about any remedial action. Accordingly, no adjustment is required in these standalone financial statements.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

15: OTHER FINANCIAL LIABILITIES

| | (₹ in millions unless otherwise stated) | |
|---|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Expenses payable | 457.95 | 34.17 |
| Lease liability | - | 152.66 |
| Employee benefits payable | 151.75 | 204.68 |
| Assignment and other payables | 221.13 | 1,631.08 |
| Provision towards refund of excess interest collected (Refer note 48) | 454.81 | 539.40 |
| | 1,285.64 | 2,561.99 |

16: CURRENT TAX LIABILITIES (NET)

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Provision for tax (net of advance tax) | 177.53 | 1,338.85 |
| | 177.53 | 1,338.85 |

17: PROVISIONS

| | (₹ in millions unless otherwise stated) | |
|--------------------------------|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Gratuity (net of contribution) | 39.47 | 16.08 |
| | 39.47 | 16.08 |

18: OTHER NON-FINANCIAL LIABILITIES

| | (₹ in millions unless otherwise stated) | |
|---|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Other payables | 254.98 | 190.48 |
| Unfructified service tax liability [net of amount paid under protest ₹9.93 million] | 166.94 | 158.41 |
| Statutory dues payable | 82.50 | 61.46 |
| | 504.42 | 410.35 |

19: SHARE CAPITAL

| | (₹ in millions unless otherwise stated) | |
|---|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Authorized | | |
| 900,000,000 (March 31, 2021: 900,000,000) equity shares of ₹10 each | 9,000.00 | 9,000.00 |
| 1,250,000,000 (March 31, 2021: 1,250,000,000) preference shares of ₹10 each | 12,500.00 | 12,500.00 |
| | 21,500.00 | 21,500.00 |
| Issued, subscribed and paid-up | | |
| 69,094,530 (March 31, 2021: 64,315,483) equity shares of ₹10 each fully paid up | 690.95 | 643.15 |
| | 690.95 | 643.15 |

(a) Terms / rights attached to equity shares

The Company has only one class of equity shares of par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees. During the current financial year no dividend has been proposed by the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

(₹ in millions unless otherwise stated)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|----------------------|---------------|----------------------|---------------|
| | No. of shares | Amount | No. of shares | Amount |
| Outstanding at the beginning of the year | 6,43,15,483 | 643.15 | 6,43,15,483 | 643.15 |
| Issued during the year - Preferential Allotment | 46,86,342 | 46.87 | - | - |
| Issued during the year - ESOP | 92,705 | 0.93 | - | - |
| Outstanding at the end of the year | 6,90,94,530 | 690.95 | 6,43,15,483 | 643.15 |

Note:

- During the year, the Company has allotted 4,686,342 equity shares of ₹10 each at issue price of ₹458.78 per share including premium of ₹ 448.78 per share on preferential basis in terms of Regulation 169(4) of Chapter V of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI Regulations") and the Companies Act, 2013, to the extent applicable.
- During the year, the Company has allotted 92,705 equity shares to eligible employees under Employee stock Option Plan at a price of ₹263.35 per equity share including premium of ₹253.35 per equity share.

(c) Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

(₹ in millions unless otherwise stated)

| Name of the shareholder | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|--------------|----------------------|--------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| Equity shares of ₹10 each | | | | |
| Kangchenjunga Limited | 2,93,03,172 | 42.41% | 2,93,03,172 | 45.56% |
| Padmaja Gangireddy | 1,03,00,953 | 14.91% | 1,03,00,953 | 16.02% |
| Valiant Mauritius Partners FDI Limited | 38,48,823 | 5.57% | 38,48,823 | 5.98% |

(d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:

(i) As at March 31, 2022

(₹ in millions unless otherwise stated)

| Promoter name | No. of Shares | % of total shares | % Change during the year |
|---------------------------------|---------------|-------------------|--------------------------|
| Padmaja Gangireddy | 1,03,00,953 | 14.91% | -1.11% |
| Vijaya Sivarami Reddy Vendidand | 4,99,960 | 0.72% | -0.08% |
| Kangchenjunga Limited | 2,93,03,172 | 42.41% | -3.15% |
| Kedaara Capital Fund III LLP | 31,60,556 | 4.57% | 4.57% |

(ii) As at March 31, 2021

(₹ in millions unless otherwise stated)

| Promoter name | No. of Shares | % of total shares | % Change during the year |
|---------------------------------|---------------|-------------------|--------------------------|
| Padmaja Gangireddy | 1,03,00,953 | 16.02% | 0.08% |
| Vijaya Sivarami Reddy Vendidand | 5,14,974 | 0.80% | -0.93% |
| Kangchenjunga Limited | 2,93,03,172 | 45.56% | 0.00% |

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 43.

(f) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date:

(₹ in millions unless otherwise stated)

| Nature of instrument / convertible security | Number of convertible securities | Number of equity shares issued upon conversion |
|--|----------------------------------|--|
| Class B 0.001% Compulsory Convertible Preference Shares (CCPS) of ₹10 each | 79,10,07,721 | 89,48,425 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

20: OTHER EQUITY

| | (₹ in millions unless otherwise stated) | |
|---|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Securities premium | 21,339.29 | 19,199.91 |
| General reserve | 73.24 | 23.28 |
| Capital redemption reserve | 1,526.92 | 1,526.92 |
| Share options outstanding account | 200.88 | 151.55 |
| Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934] | 3,590.79 | 3,497.51 |
| Money received against share warrants | 750.00 | - |
| Retained earnings | 2,336.49 | 1,974.14 |
| Fair valuation on loans through other comprehensive income | (193.23) | 142.59 |
| Total other equity | 29,624.37 | 26,515.90 |

*For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2022.

Nature and purpose of other equity

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve

Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.

Capital redemption reserve

In accordance with section 55 of the Companies Act, 2013, the Company had transferred an amount equivalent of the nominal value of OCCRPS redeemed during previous years, to the Capital Redemption Reserve. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account

The share option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45-IC of Reserve Bank of India Act 1934.

Money received against share warrants

During the year, the Company has allotted 18,52,739 fully convertible warrants of ₹10 each at issue price of ₹458.78 per warrant including premium of ₹448.78 per warrant on preferential basis to Kedaara Capital Fund III LLP, against receipt of upfront money amounting to ₹750 million, in compliance with the SEBI Regulations and the Companies Act, 2013, to the extent applicable. Subsequently on May 21, 2022, these warrants have been exercised and are converted into 18,52,739 equity shares of ₹10 each at issue price of ₹458.78 per share including premium of ₹ 448.78 per share.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve, general reserve or any other such other appropriations to specific reserves.

Fair valuation on loans through other comprehensive income

The Company has elected to recognize changes in the fair value of loans in other comprehensive income. These changes are accumulated as reserve within equity. The Company transfers amount from this reserve to retained earnings when the relevant loans are derecognized.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

21: INTEREST INCOME

| | (₹ in millions unless otherwise stated) | |
|--|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Measured at fair value through OCI | | |
| Interest on loans | 12,220.50 | 12,783.34 |
| Measured at amortised cost | | |
| Interest on inter corporate advances | 141.96 | 301.60 |
| Interest on deposits with banks and financial institutions | 146.99 | 173.84 |
| | 12,509.45 | 13,258.78 |

22: NET GAIN ON FAIR VALUE CHANGES

| | (₹ in millions unless otherwise stated) | |
|---|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| <i>(A) Net gain / (loss) on fair value instruments at fair value through profit or loss</i> | | |
| (i) On trading portfolio | | |
| – Investments | 479.06 | 85.84 |
| (ii) On market linked debentures | 43.01 | - |
| <i>(B) Others</i> | | |
| (i) Gain on derecognition of loans designated at FVTOCI | 259.26 | 665.30 |
| | 781.33 | 751.14 |

23: OTHERS

| | (₹ in millions unless otherwise stated) | |
|------------------------------------|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Recovery against loans written-off | 407.92 | 330.01 |
| | 407.92 | 330.01 |

24: OTHER INCOME

| | (₹ in millions unless otherwise stated) | |
|---|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Advertisement income | 146.47 | 205.62 |
| Gain on business transfer | - | 9.26 |
| Profit on sale of property, plant and equipment | 1.96 | - |
| Miscellaneous income | 4.19 | 3.53 |
| | 152.62 | 218.41 |

25: FINANCE COST

| | (₹ in millions unless otherwise stated) | |
|--|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| <i>On financial liabilities measured at amortised cost</i> | | |
| Interest on debt securities | 2,382.55 | 1,125.28 |
| Interest on borrowings (other than debt securities) | 2,612.22 | 2,823.32 |
| Interest on subordinated liabilities | 29.99 | 15.22 |
| Interest on lease liabilities | 17.81 | 14.88 |
| Interest on income tax | 69.59 | 157.59 |
| Other finance cost | 28.72 | 35.33 |
| | 5,140.88 | 4,171.62 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

26: NET LOSS ON FAIR VALUE CHANGES

| | (₹ in millions unless otherwise stated) | |
|--|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Financial assets designated at fair value through Profit and loss | - | 54.85 |
| Financial liabilities designated at fair value through Profit and loss | - | (27.41) |
| | - | 27.44 |

27: IMPAIRMENT ON FINANCIAL INSTRUMENTS AND OTHER PROVISIONS

| | (₹ in millions unless otherwise stated) | |
|---|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Measured at fair value through OCI | | |
| Impairment and other provisions | 2,751.12 | 2,814.88 |
| Loans written-off | 1,907.19 | 3,583.87 |
| | 4,658.31 | 6,398.75 |

28: EMPLOYEE BENEFITS EXPENSE

| | (₹ in millions unless otherwise stated) | |
|--|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Salaries, wages and bonus | 1,901.27 | 1,447.39 |
| Contribution to provident fund and other funds | 107.60 | 94.33 |
| Expenses on Employee Stock Option Plan | 112.18 | 88.05 |
| Staff welfare expenses | 47.75 | 33.80 |
| | 2,168.80 | 1,663.57 |

29: OTHER EXPENSES

| | (₹ in millions unless otherwise stated) | |
|-----------------------------------|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Rent | 97.54 | 68.25 |
| Rates and taxes | 2.53 | 2.96 |
| Bank charges | 11.97 | 20.94 |
| Office maintenance | 46.28 | 41.52 |
| Computers and network maintenance | 32.52 | 7.11 |
| Electricity charges | 18.93 | 16.59 |
| Field allowance | 295.72 | 179.82 |
| Communication expenses | 11.21 | 6.96 |
| Credit Bureau Expenses | 8.12 | 7.91 |
| Printing and stationery | 15.56 | 10.32 |
| Legal and professional charges | 139.69 | 13.99 |
| Directors sitting fees | 10.45 | 10.90 |
| Auditors remuneration | 11.82 | 8.78 |
| Recruitment and training | 2.92 | 14.33 |
| Subscription fees | 7.64 | 8.84 |
| Settlement expenses | 376.05 | - |
| Other provisions and write off | 43.15 | 26.19 |
| Security charges | 1.59 | 1.34 |
| CSR Expenses | 83.00 | 88.14 |
| | 1,216.69 | 534.89 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| | For year ended March 31, 2022 | For year ended March 31, 2021 |
|---|----------------------------------|----------------------------------|
| Details of payments to auditors: | | |
| As auditor: | | |
| Audit fee | 11.39 | 8.50 |
| Certification fee | - | 0.06 |
| Out of pocket expenses | 0.43 | 0.93 |
| | 11.82 | 9.49 |

30: TAX EXPENSE

(₹ in millions unless otherwise stated)

| | For year ended March 31, 2022 | For year ended March 31, 2021 |
|--|----------------------------------|----------------------------------|
| Current tax | 812.71 | 1,362.16 |
| Adjustment in respect of current income tax of prior years | 17.05 | - |
| Deferred tax credit | (650.28) | (875.64) |
| Total tax charge | 179.48 | 486.52 |

Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate

(₹ in millions unless otherwise stated)

| | For year ended March 31, 2022 | For year ended March 31, 2021 |
|--|----------------------------------|----------------------------------|
| Accounting profit before tax | 645.86 | 1,776.34 |
| Expected tax expense at the Indian tax rate 25.168% (March 31, 2021: 25.168%) | 162.55 | 447.07 |
| <i>Tax effect of amounts which are not deductible/taxable in calculating taxable income:</i> | | |
| Effect of expenses not deductible under the IT Act, 1961 | 38.40 | 61.84 |
| Effect of additional allowance deductible under the IT Act, 1961 | (40.67) | (23.32) |
| Adjustment in respect of prior year tax expense | 17.05 | - |
| Others | 2.15 | 0.93 |
| Income tax expense reported in the statement of profit and loss | 179.48 | 486.52 |

31: EARNING PER EQUITY SHARE

(₹ in millions unless otherwise stated)

| | For year ended March 31, 2022 | For year ended March 31, 2021 |
|---|----------------------------------|----------------------------------|
| Net profit after tax as per statement of profit and loss | 466.38 | 1,289.82 |
| Net profit as above for calculation of basic EPS and diluted EPS | 466.38 | 1,289.82 |
| Weighted average number of equity shares in calculating basic EPS | 6,46,24,714 | 6,43,15,483 |
| Stock options granted under ESOP | 1,60,706 | 2,50,850 |
| Weighted average number of equity shares for diluted EPS | 6,47,85,420 | 6,45,66,333 |
| Basic earnings per share (In ₹) | 7.22 | 20.05 |
| Diluted earnings per share (In ₹) | 7.20 | 19.98 |

32: SEGMENT REPORTING

The Company operates in a single business segment i.e. financing, as the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment as per Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic, and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer aggregates to 10% or more of the Company's total revenue during the year ended March 31, 2022 or March 31, 2021.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

33: RELATED PARTY DISCLOSURES

I. Subsidiary Company

- a) Caspian Financial Services Limited
- b) Criss Financial Limited (formerly Criss Financial Holdings Limited)

II. Entities in which Key Management Personnel and their relatives have significant influence

- a) Spandana Rural and Urban Development Organization (up to November 02, 2021)
- b) Abhiram Marketing Services Limited (up to November 02, 2021)
- c) Spandana Employee Welfare Trust

III. Key Management Personnel

- a) Mrs. Padmaja Gangireddy - Managing Director upto November 2, 2021 and Non-Executive Director w.e.f November 3, 2021
- b) Mr. Sudhesh Chandrasekar – Chief Financial Officer (upto June 5, 2020)
- c) Mr. Rakesh Jhinharia – Company Secretary (upto June 5, 2020)
- d) Mr. Abdul Feroz Khan – Chief Strategy Officer (upto November 02, 2021)
- e) Mr. Bharat Shah (Independent Director)
- f) Mr. Deepak Vaidya (Independent Director)
- g) Mr. Jagdish Capoor (Independent Director)
- h) Ms. Abanti Mitra (Independent Director)
- i) Mr. Sunish Sharma (Nominee Director)
- j) Mr. Kartikeya Dhruv Kaji (Nominee Director)
- k) Mr. Darius Dinshaw Pandole (Nominee Director) (upto September 21, 2020)
- l) Mr. Amit Sobti (Nominee Director)
- m) Mr. Ramachandra Kasargod Kamath (Nominee Director)
- n) Mr. Satish Kottakota - Chief Financial Officer (upto October 01, 2021)
- o) Mr. Ramesh Periasamy - Company Secretary and Compliance Officer (w.e.f August 29, 2020)
- p) Mr. Ashish Kumar Damani - President and Chief Finance Officer (w.e.f. March 19, 2022)
- q) Mr. Shalabh Saxena - Managing Director & CEO (w.e.f. March 19, 2022)

IV. Relatives of Key Management Personnel

- a) Mr. Revan Saahith (upto November 02, 2021)
- b) Mr. Vijaya Sivarami Reddy Vendidandi (upto November 02, 2021)

V. Related parties in accordance with RBI Master directions

- a) Spandana Mutual Benefit Trust (upto November 02, 2021)
- b) Spandana Sphoorty Chit Funds Private Limited (upto November 02, 2021)

Notes to the Standalone Financial Statements

For year ended March 31, 2022

Related party transactions during the year:

(₹ in millions unless otherwise stated)

| S. NO | Related Party | Nature of transaction | Transactions during year ended March 31, 2022 | Transactions during year ended March 31, 2021 | (Payable) / receivable | |
|-------|---|----------------------------------|---|---|------------------------|----------------|
| | | | | | March 31, 2022 | March 31, 2021 |
| 1 | Spandana Rural and Urban Development Organization | Rent expenses | 28.47 | 11.99 | (1.21) | - |
| | | Lease liability payable | - | - | - | (102.05) |
| | | Rent deposit paid / adjusted | 8.96 | 3.83 | - | 6.92 |
| | | Expense reimbursement | 0.04 | 0.06 | 0.01 | - |
| | | Sale of Fixed Assets | 3.66 | - | - | - |
| 2 | Criss Financial Limited | Expense reimbursement (net) | 89.62 | 5.84 | (0.06) | (0.72) |
| | | Inter-corporate advances (net) | 390.88 | (305.00) | 1,118.88 | 728.00 |
| | | Interest income | 128.37 | 148.94 | 11.32 | 12.49 |
| | | Transfer of loan portfolio | - | 902.77 | - | 80.57 |
| | | Subscription to equity shares | - | 500.00 | - | - |
| 3 | Abhiram Marketing Services Limited | Incentive Income | 64.68 | 89.12 | 69.85 | 87.78 |
| | | Expenses reimbursement | 0.30 | 11.63 | - | 0.12 |
| | | Inter-corporate advances (net) | (115.24) | (970.16) | 64.60 | 179.84 |
| | | Loan collections & sales | 278.03 | 2,265.01 | (25.17) | (8.79) |
| | | Purchase of loan Portfolio | - | 388.43 | - | - |
| | | Interest income | 12.94 | 152.65 | - | 7.47 |
| | | Purchase of fixed assets & goods | 9.74 | 6.39 | - | - |
| 4 | Spandana Mutual Benefit Trust | Sale of Fixed Assets | 0.20 | - | - | - |
| 5 | Mr. Sudhesh Chandrasekar | Remuneration# | - | 1.82 | - | - |
| 6 | Mr. Rakesh Jhinharia | Remuneration# | - | 0.40 | - | - |
| 7 | Mr. Bharat Shah | Sitting fee | 2.18 | 2.00 | - | (0.46) |
| 8 | Mr. Deepak Vaidya | Sitting fee | 2.18 | 2.00 | - | (0.46) |
| 9 | Mr. Jagdish Capoor | Sitting fee | 2.18 | 2.00 | - | (0.46) |
| 10 | Mr. K. R. Kamath | Sitting fee | 2.18 | 2.00 | - | (0.46) |
| 11 | Ms. Abanti Mitra | Sitting fee | 2.18 | 2.00 | - | (0.46) |
| 12 | Mr. Abdul Feroz Khan | Remuneration# | 7.34 | 7.45 | - | (2.60) |
| 13 | Mrs. Padmaja Gangireddy | Remuneration# | 28.20 | 53.75 | - | (25.00) |
| | | Settlement fees | 345.00 | - | (407.10) | - |
| 14 | Mr. Revan Saahith | Remuneration# | 1.92 | 3.10 | - | (0.72) |
| 15 | Mr. Vijaya Sivarami Reddy Vendidandi | Rent expenses | 12.95 | 1.48 | (0.77) | - |
| | | Lease liability payable | - | - | - | (50.61) |
| | | Sale of fixed assets | 1.35 | - | - | - |
| | | Rent deposit paid / adjusted | 5.39 | 3.83 | - | 3.83 |
| 16 | Mr. Ramesh Periasamy | Remuneration# | 7.85 | 4.28 | (3.49) | (1.54) |
| 17 | Mr. Satish Kottakota | Remuneration# | 4.36 | 12.39 | (5.48) | (3.82) |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

| (₹ in millions unless otherwise stated) | | | | | |
|---|-------------------------|-----------------------|---|---|------------------------------------|
| S. NO | Related Party | Nature of transaction | Transactions during year ended March 31, 2022 | Transactions during year ended March 31, 2021 | (Payable) / receivable |
| | | | | | March 31, 2022 March 31, 2021 |
| 18 | Mr. Shalabh Saxena | Remuneration# | 1.57 | - | (1.57) - |
| 19 | Mr. Ashish Kumar Damani | Remuneration# | 1.22 | - | (1.22) - |

As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

Notes:

- Refer note 34(b) for guarantee given for the borrowings availed by Criss Financial Limited.
- All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.
- Transactions during the year are shown net of GST and inclusive of TDS.

34: CONTINGENT LIABILITIES

a. Claims against the Company not acknowledged as debt:

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Service tax open assessments | 48.66 | 48.66 |
| Income tax open assessments | 711.52 | 645.51 |
| Total | 760.18 | 694.17 |

- The Commissioner, Service Tax Commissionerate, Hyderabad ("CST"), through two orders dated August 7, 2012 and October 9, 2013, levied service tax, interest and penalty on pre-closure interest charged by the Company on loans pre-closed during FY 2006-07 to FY 2011-12. The CST also issued an order dated March 27, 2015, levying service tax, interest and penalty on a part of profit on portfolio sale during FY 2007-08 to FY 2010-11, deeming it to be consideration for collection and remittance of loan instalments. The Company filed an appeal against these orders before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT) which is pending for hearing on March 31, 2022. The service tax and interest thereon in respect of these matters have been provided for in earlier years based on Company's assessment. However, given the facts of these cases, legal precedents, and general opinion, the penalty indicated in these orders aggregating ₹48.66 million is considered as a contingent liability as at March 31, 2022.
- The Company received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of ₹702.56 million (including accrued interest till March 31, 2022) under section 69A read with section 115BBE of the Income Tax Act, 1961 ("IT Act"). The Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the Company confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2022. The Company has deposited ₹69.22 million against such demand.
- The Company received an income tax assessment-cum-demand order for FY 2017-18, disallowing deduction of ₹13.45 million claimed under section 80JJAA. While, the addition has not resulted in any additional tax demand (since during FY 2017-18), the Company had paid income tax under section 115JB of the IT Act. However, the assessing officer has levied a penalty of ₹8.96 million under section 270A of the IT Act. SSFL has filed an appeal before the CIT(A) against the levy of penalty.

Based on the internal assessment and / or legal opinion, the Management is confident that, for the aforesaid mentioned contingent liabilities under paragraph (i) to (iii) above, no further provision is required to be made as at March 31, 2022.

b. Guarantees excluding financial guarantees

| (₹ in millions unless otherwise stated) | | |
|---|-----------------|-----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Corporate Guarantee for the term loans availed by Criss Financial Limited | 1,165.76 | 1,830.00 |
| Total | 1,165.76 | 1,830.00 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

35: FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques. This note describes the fair value measurement.

Valuation framework

The Company will assess the fair values for assets qualifying for fair valuation. The Company's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

1. Fair values of investments held under FVTPL have been determined under level 1 using quoted Net Asset Value of the underlying instruments;
2. Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and selling the loans are measured at FVOCI. The fair value of these loans has been determined under level 2.

36: Fair Value Hierarchy of assets and liabilities

Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

Level 3 - If one or more of the significant inputs is not based on observable market data (unobservable), the instrument is included in level 3.

I. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

(₹ in millions unless otherwise stated)

| | Fair value measurement using | | |
|---|------------------------------|------------------|-------------|
| | Level -1 | Level -2 | Level -3 |
| Assets measured at fair value as at March 31, 2022 | | | |
| Loans (measured at FVOCI) | - | 51,442.58 | - |
| Derivative financial instruments (measured at FVTPL) | - | 0.46 | - |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 |
| | - | 51,443.04 | 1.00 |
| Assets measured at fair value as at March 31, 2021 | | | |
| Loans (measured at FVOCI) | - | 65,235.34 | - |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

| (₹ in millions unless otherwise stated) | | | |
|--|------------------------------|-----------|----------|
| | Fair value measurement using | | |
| | Level -1 | Level -2 | Level -3 |
| Derivative financial instruments (measured at FVTPL) | - | 0.45 | - |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 |
| | - | 65,235.79 | 1.00 |

II. The following table shows an analysis of financial assets that are not carried at fair value

| (₹ in millions unless otherwise stated) | | | | |
|--|----------------|------------------------------|----------|----------|
| | Amortized cost | Fair value measurement using | | |
| | | Level -1 | Level -2 | Level -3 |
| Assets measured at fair value as at March 31, 2022 | | | | |
| Loans | 1,194.81 | - | 1,194.81 | - |
| Investments in equity shares | 1,145.24 | - | - | 1,356.74 |
| | 2,340.05 | - | 1,194.81 | 1,356.74 |
| Assets measured at fair value as at March 31, 2021 | | | | |
| Loans | 927.80 | - | 927.80 | - |
| Investments in equity shares | 1,145.24 | - | - | 1,365.74 |
| | 2,073.04 | - | 927.80 | 1,365.74 |

III. The following table shows an analysis of financial liabilities that are not carried at fair value

| (₹ in millions unless otherwise stated) | | | | |
|---|------------------|------------------------------|------------------|----------|
| | Amortized cost | Fair value measurement using | | |
| | | Level -1 | Level -2 | Level -3 |
| Assets measured at fair value as at March 31, 2022 | | | | |
| Debt securities | 17,584.36 | - | 17,850.47 | - |
| Borrowings (other than debt securities) | 18,528.31 | - | 18,726.07 | - |
| Subordinated liabilities | 201.87 | - | 224.88 | - |
| | 36,314.54 | - | 36,801.42 | - |
| Assets measured at fair value as at March 31, 2021 | | | | |
| Debt securities | 20,347.14 | - | 20,564.41 | - |
| Borrowings (other than debt securities) | 31,425.34 | - | 31,515.68 | - |
| Subordinated liabilities | 201.83 | - | 230.88 | - |
| Lease liabilities | 152.66 | - | 152.66 | - |
| | 52,126.97 | - | 52,463.63 | - |

Note:

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets / liabilities and trade and other payables approximate the fair value because of their short-term nature.

Valuation technique used

For Loans

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fairvalue of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

For Derivative financial instruments

For derivative financial instruments, the Company has assessed the fair value under Monte Carlo Simulation model which involves input parameters like discount rate, volatility, expected tenure, risk-free rates, coupon payment date, time steps and iterations.

For investment in equity instruments

For investments, the Company has assessed the fair value on the basis of using a market comparable book value multiple.

Financial liabilities measured at amortised cost

For Borrowings

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2022 and March 31, 2021.

37: CAPITAL MANAGEMENT

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on its Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

Regulatory Capital

| Particulars | (₹ in millions unless otherwise stated) | |
|----------------------|---|------------------|
| | March 31, 2022 | March 31, 2021 |
| Tier I Capital | 27,809.45 | 24,887.33 |
| Tier II Capital | 105.23 | (335.45) |
| Total Capital | 27,914.68 | 24,551.88 |
| Risk weighted assets | 55,009.87 | 62,624.58 |
| Tier I CRAR | 50.55% | 39.74% |
| Tier II CRAR | 0.19% | -0.54% |
| Total CRAR | 50.74% | 39.20% |

38: Employee Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of ₹2 million per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

Movement in defined benefit obligations

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Defined benefit obligation as at the beginning of the year | 40.74 | 50.07 |
| Current service cost | 8.08 | 6.99 |
| Interest on defined benefit obligation | 2.36 | 2.83 |
| Remeasurements- Actuarial (gain) / loss | 15.46 | (14.21) |
| Benefits paid | (24.79) | (4.94) |
| Defined benefit obligation as at the end of the year | 41.85 | 40.74 |

Movement in plan assets

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Fair value of plan assets as at the beginning of the year | 24.66 | 22.48 |
| Actual return on plan assets | 2.51 | 7.12 |
| Actuarial gains | - | - |
| Employer contributions | - | - |
| Benefits paid | (24.79) | (4.94) |
| Fair value of plan assets as at the end of the year | 2.38 | 24.66 |

The Company expects to contribute Nil (March 31, 2021 ₹ Nil) to gratuity in the next financial year.

Reconciliation of net liability/ asset

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Net defined benefit liability as at the beginning of the year | 16.08 | 27.58 |
| Expense charged to statement of profit & loss | 9.01 | 8.56 |
| Amount recognised in other comprehensive income | 14.37 | (20.06) |
| Employer contributions | - | - |
| Net defined benefit liability as at the end of the year | 39.46 | 16.08 |

Expenses charged to the statement of profit and loss

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Current service cost | 8.08 | 6.99 |
| Interest cost | 0.93 | 1.56 |
| Total | 9.01 | 8.54 |

Remeasurement gains/(losses) in the other comprehensive income

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Actuarial Gain / (Loss) on Liabilities | | |
| - due to change in financial assumptions | 0.44 | 5.64 |
| - due to experience variance | (15.89) | 8.57 |
| Total -A | (15.45) | 14.21 |
| Actuarial Gain / (Loss) on assets | | |
| - Expected Interest Income | 1.43 | 1.27 |
| - Actual Income on Plan Asset | 2.51 | 7.12 |
| Total -B | 1.08 | 5.85 |
| Amount recognised under OCI (A+B) | (14.37) | 20.06 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Category of Assets | (₹ in millions unless otherwise stated) | |
|-------------------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Fund managed by Insurer | 100% | 100% |
| Total | 100% | 100% |

Summary of Actuarial Assumptions

| Particulars | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Discount rate | 6.19% | 5.79% |
| Expected return on plan assets | 5.79% | 5.66% |
| Rate of Increase in compensation levels | 5.00% | 5.00% |
| Retirement age (years) | 58 | 58 |

Discount rate: The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

| Particulars | (₹ in millions unless otherwise stated) | |
|------------------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Discount rate (+0.5%) | -0.53 | -0.50 |
| Discount rate (-0.5%) | 0.54 | 0.52 |
| Salary Inflation (+1%) | 1.11 | 1.01 |
| Salary Inflation (-1%) | -1.06 | -0.97 |
| Withdrawal Rate (+5%) | -1.80 | -1.59 |
| Withdrawal Rate (-5%) | 1.95 | 1.74 |

Projected plan cash flow

| Particulars | (₹ in millions unless otherwise stated) | |
|--------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Year 1 | 9.23 | 9.66 |
| Year 2 | 8.40 | 7.98 |
| Year 3 | 7.59 | 7.06 |
| Year 4 | 6.31 | 6.15 |
| Year 5 | 5.31 | 5.23 |
| After year 5 | 13.18 | 11.82 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

39: LEASES

Company as a lessee

The Company's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch offices). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreements carries non-cancellable lease periods. The head office premises have been obtained on a lease term of nine to eleven years with an escalation clause of fifteen percent at a three years interval, except for a short-term lease arrangement entered during the year. There are no sub-leases. Lease rentals of ₹ 97.54 million (March 31, 2021: ₹ 68.25 million) pertaining to short-term leases and low value assets has been directly debited to statement of profit and loss.

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Operating lease payments recognized in the Statement of Profit & Loss | 97.54 | 68.25 |

Minimum lease obligations

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Not later than one year | 41.59 | 32.06 |
| Later than one year and not later than five years | 0.84 | 1.17 |
| Later than five years | - | - |

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

| (₹ in millions unless otherwise stated) | |
|---|---------------|
| Particulars | ROU assets |
| As at April 1, 2020 | 87.58 |
| Addition | 101.84 |
| Deletion | (36.90) |
| Depreciation | (23.26) |
| As at March 31, 2021 | 129.26 |
| Addition | - |
| Deletion | (94.96) |
| Depreciation | (34.30) |
| As at March 31, 2022 | - |

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

| (₹ in millions unless otherwise stated) | |
|---|---------------|
| Particulars | Amount |
| As at April 1, 2020 | 113.22 |
| Addition | 101.84 |
| Accretion of interest | 14.88 |
| Deletion | (59.70) |
| Payments | (17.58) |
| As at March 31, 2021 | 152.66 |
| Addition | - |
| Accretion of interest | 17.81 |
| Deletion | (147.41) |
| Payments | (23.06) |
| As at March 31, 2022 | - |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

The following are the amounts recognised in statement of profit or loss:

| Particulars | (₹ in millions unless otherwise stated) | |
|--|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Depreciation expense of right-of-use assets | 34.30 | 23.26 |
| Interest expense on lease liabilities | 17.81 | 14.88 |
| Expense relating to short-term leases * | 97.54 | 68.25 |
| Expense relating to leases of low-value assets | - | - |
| Variable lease payments | - | - |
| Total amount recognised in profit or loss | 149.65 | 106.40 |

* net of gain of ₹43.72 million (March 31, 2021: Nil), recognized on cancellation of lease agreements pursuant to the execution of Settlement Agreement.

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

| Particulars | (₹ in millions unless otherwise stated) | |
|----------------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Less than one year | - | 23.06 |
| One to five years | - | 103.11 |
| More than five years | - | 139.85 |
| Total | - | 266.02 |

40: AMOUNT PAYABLE TO MICRO SMALL AND MEDIUM ENTERPRISES

As per information available with the Company, there are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

As at March 31, 2022 & March 31, 2021, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

41: RISK MANAGEMENT AND FINANCIAL OBJECTIVES

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

41.1 CREDIT RISK

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Company is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing micro-loans in Rural Areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories

Notes to the Standalone Financial Statements

For year ended March 31, 2022

and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Company creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The criteria of default, significant increase in credit risk and stage assessment is mentioned in note 3(e) of the significant accounting policies. The below discussion describes the Company's approach for assessing impairment.

A) Probability of default (PD)

The Company determines PD on a collective basis by stratifying the entire portfolio into meaningful categories. The Company uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the Company bifurcates the entire portfolio into different states. Further the Company performs analysis of its defaults in various states over different observation period. In determining the PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Company determines PD for each stage depending upon the underlying classification of asset (i.e., Stage I or Stage II). The PD rates for Stage I and II have been further bifurcated based on the days-past-due (DPD) status of the loans (i.e., current, 1-30 DPD, 31-60 DPD and 61-90 DPD) to incorporate adequate granularity. PD rate for stage 3 is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days.

B) Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

C) Loss given default

The Company determines its expectation of lifetime loss by estimating recoveries towards its loan through analysis of historical information. The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. LGD is the difference between the exposure at default and its recovery rate. Similar to PDs, the LGD rates have also been reassessed for COVID-19 affected portfolio by comparing past recovery experience from less frequent / non-recurring default events. Appropriate adjustments have also been made for recoveries observed during the post-pandemic period which are considered as an appropriate representation of expected post-default recoveries. The Company has estimated 50% as LGD across states.

Analysis of concentration risk:

The Company's loan book consists of a large number of customers spread over diverse geographical area. The following tables show the geographical concentrations of loans:

| States | (₹ in millions unless otherwise stated) | |
|----------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Madhya Pradesh | 18.58% | 19.32% |
| Orissa | 16.96% | 17.68% |
| Maharashtra | 10.43% | 11.56% |
| Karnataka | 12.01% | 13.52% |
| Chhattisgarh | 6.93% | 7.66% |
| Kerala | 1.86% | 3.37% |
| Rajasthan | 4.66% | 3.59% |
| Bihar | 6.39% | 4.87% |
| Jharkhand | 5.05% | 4.69% |
| Others | 4.61% | 2.93% |
| Andhra Pradesh | 8.53% | 7.67% |
| Gujarat | 3.99% | 3.13% |
| Total | 100.00% | 100.00% |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

Collateral and other credit enhancement

The Company's secured portfolio consists of loans against property (including land and building). Although collateral is an important mitigant credit risk, the Company's practice is to lend on the basis of its assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of the product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral.

41.1.a Inter-corporate advance given by the Company to related parties are repayable on demand and governed by Company's policy on demand loans approved by the board of directors. Such policy requires credit appraisal of the financial and operational performance of the counter parties, to be performed by the Company before renewing/rolling over of the advance.

41.2 LIQUIDITY RISK

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Company has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

Maturity pattern of financial liabilities:

(₹ in millions unless otherwise stated)

| Particulars | Borrowings * | | Other financial liabilities | |
|--------------------|------------------|------------------|-----------------------------|-----------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Upto 1 month | 4,837.73 | 3,616.25 | 406.98 | 2,409.74 |
| 1 to 2 months | 2,038.91 | 2,729.09 | - | 0.41 |
| 2 to 3 months | 1,804.57 | 3,000.21 | 423.85 | 0.41 |
| 3 to 6 months | 5,734.49 | 8,429.67 | - | 1.26 |
| 6 months to 1 year | 9,286.00 | 17,004.26 | 454.81 | 2.76 |
| 1 to 3 years | 17,340.64 | 22,092.98 | - | 15.59 |
| 3 to 5 years | 405.41 | 851.52 | - | 25.56 |
| Over 5 years | 391.54 | - | - | 106.26 |
| Total | 41,839.29 | 57,723.98 | 1,285.64 | 2,561.99 |

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered and settled.

| | March 31, 2022 | | | March 31, 2021 | | |
|--|------------------|-----------------|----------|------------------|-----------------|-----------|
| | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| ASSETS | | | | | | |
| Financial Assets | | | | | | |
| Cash and Cash Equivalents | 7,239.95 | - | 7,239.95 | 11,307.83 | - | 11,307.83 |
| Bank balances other than cash and cash equivalents | 3,340.89 | 1,409.83 | 4,750.72 | 1,022.68 | 1,430.59 | 2,453.27 |
| Trade receivables | 200.86 | - | 200.86 | 121.06 | - | 121.06 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

| | March 31, 2022 | | | March 31, 2021 | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| Loans | 35,406.36 | 17,231.03 | 52,637.39 | 39,945.39 | 26,217.75 | 66,163.14 |
| Derivative financial instrument | 0.46 | - | 0.46 | 0.45 | - | 0.45 |
| Investments | - | 1,146.24 | 1,146.24 | - | 1,146.24 | 1,146.24 |
| Other Financial Assets | 297.42 | 25.56 | 322.98 | 714.31 | 28.36 | 742.67 |
| Subtotal- Total Financial Assets | 46,485.94 | 19,812.66 | 66,298.60 | 53,111.72 | 28,822.94 | 81,934.66 |
| Non Financial Assets | | | | | | |
| current tax asset(net) | 149.38 | - | 149.38 | 149.38 | - | 149.38 |
| Deferred tax asset (net) | - | 1,812.28 | 1,812.28 | - | 1,045.42 | 1,045.42 |
| Property, Plant and equipment | - | 64.24 | 64.24 | - | 196.92 | 196.92 |
| Intangible assets | - | 70.96 | 70.96 | - | 7.74 | 7.74 |
| Other Non financial assets | 241.46 | - | 241.46 | 126.51 | - | 126.51 |
| Subtotal-Total Non Financial Assets | 390.84 | 1,947.48 | 2,338.32 | 275.89 | 1,250.08 | 1,525.97 |
| Total Assets | 46,876.78 | 21,760.14 | 68,636.92 | 53,387.61 | 30,073.02 | 83,460.63 |
| LIABILITIES AND EQUITY | | | | | | |
| LIABILITIES | | | | | | |
| Financial Liabilities | | | | | | |
| Debt securities | 6,381.17 | 11,203.19 | 17,584.36 | 10,018.69 | 10,328.44 | 20,347.13 |
| Borrowings (other than debt securities) | 14,778.26 | 3,750.05 | 18,528.31 | 21,213.89 | 10,211.45 | 31,425.34 |
| Subordinated liabilities | 2.38 | 199.49 | 201.87 | 2.31 | 199.52 | 201.83 |
| other financial liabilities | 1,285.64 | - | 1,285.64 | 2,432.39 | 129.60 | 2,561.99 |
| Subtotal-Total financial Liabilities | 22,447.45 | 15,152.73 | 37,600.18 | 33,667.28 | 20,869.01 | 54,536.30 |
| Non Financial liabilities | | | | | | |
| Current tax liabilities(net) | 177.53 | - | 177.53 | 1,338.85 | - | 1,338.85 |
| Provisions | 39.47 | - | 39.47 | 5.00 | 11.08 | 16.08 |
| Other non financial liabilities | 504.42 | - | 504.42 | 410.35 | - | 410.35 |
| Subtotal - Total non-financial liabilities | 721.42 | - | 721.42 | 1,754.20 | 11.08 | 1,765.28 |
| Total Liabilities | 23,168.87 | 15,152.73 | 38,321.60 | 35,421.48 | 20,880.09 | 56,301.58 |
| Net | 23,707.91 | 6,607.41 | 30,315.32 | 17,966.13 | 9,192.93 | 27,159.05 |

41.3 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to two types of market risks as follows:

41.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Finance Cost | March 31, 2022 | March 31, 2021 |
| 0.50 % Increase | (89.86) | (44.94) |
| 0.50 % Decrease | 89.86 | 44.94 |

41.3b Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

42: TRANSFER OF FINANCIAL ASSETS

a. Securitisation Transaction:

The Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loans, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Company has concluded that risk and rewards with respect to these assets are not substantially transferred. Following such transfer, the Company's involvement in these assets is as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties

The value of Financial assets and liabilities as on :-

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Carrying amount of assets | 684.76 | 6,229.48 |
| Carrying amount of associated liabilities | 741.16 | 7,102.28 |
| Fair value of assets | 686.23 | 6,256.36 |
| Fair value of associated liabilities | 744.04 | 7,144.55 |

The excess of fair value of associated liabilities over fair value of assets is ₹ 57.82 millions (PY: ₹ 888.19 millions)

b. Assignment Transaction:

The Company has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets to the buyer being met, the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets measured at fair value and the gain/ (loss) on derecognition :-

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Carrying amount of derecognised financial assets as the reporting date | 4,898.50 | 8774.47 |
| Gain/(loss) from derecognition during the year | 259.26 | 665.30 |

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

43: EMPLOYEE STOCK OPTION PLAN (ESOP)

The company has provided various equity settled share based payment schemes to its employees. The details are ESOP scheme are as follows.

| (₹ in millions unless otherwise stated) | | | | |
|---|------------------------------|---------------------------|---------------------------|---|
| Particulars | Grant | Number of Options granted | Vesting period (in years) | Vesting Conditions |
| ESOP Scheme 2018 | Grant I | 3,38,854 | 5 | 20% vests every year subject to continuance of services |
| | Grant II | 8,17,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant III | 13,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant IV | 90,500 | 5 | 20% vests every year subject to continuance of services |
| | Grant V | 3,36,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant VI | 36,500 | 5 | 20% vests every year subject to continuance of services |
| | Grant VII | 1,25,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant VIII | 40,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant IX | 28,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant X | 1,35,000 | 5 | 20% vests every year subject to continuance of services |
| ESOP Scheme 2021 | Grant XI | 20,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant XII Plan 2021 Series A | 12,28,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant I Plan 2021 Series A | 1,23,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant II Plan 2021 Series A | 16,60,000 | 4 | 25% vests every year subject to continuance of services |

Exercise period for all the above schemes is 9 years from the date of grant of the options.

The expense recognised for employee services received during the year is ₹112.18 million. (March 31, 2021: ₹ 87.38 millions)

a. The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2022

| (₹ in millions unless otherwise stated) | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI | Grant VII |
| Date of Grant | 13-Aug-18 | 13-Aug-18 | 07-Feb-19 | 28-Jan-20 | 28-Jan-20 | 03-Mar-20 | 03-Jun-20 |
| Date of Board / Compensation/ Committee Approval | 13-Aug-18 | 13-Aug-18 | 07-Feb-19 | 28-Jan-20 | 28-Jan-20 | 03-Mar-20 | 03-Jun-20 |
| Number of Options Granted | 3,38,854 | 8,17,500 | 13,500 | 90,500 | 3,36,500 | 36,500 | 1,25,000 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity | Equity |
| Graded Vesting Period | | | | | | | |
| Day following the expiry of 12 months from grant | 20% | 30% | 30% | 20% | 30% | 20% | 20% |
| Day following the expiry of 24 months from grant | 20% | 30% | 30% | 20% | 30% | 20% | 20% |
| Day following the expiry of 36 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 48 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 60 months from grant | 20% | NA | NA | 20% | NA | 20% | 20% |
| Weighted average of remaining contractual Life in Years | 5.37 | 5.37 | 5.85 | 6.83 | 6.83 | 6.92 | 7.18 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| Particulars | Grant VIII | Grant IX | Grant X | Grant XI | Grant XII Plan 2021 Series A | Grant I Plan 2021 Series A | Grant II Plan 2021 Series A |
|---|------------|-----------|-----------|-----------|------------------------------|----------------------------|-----------------------------|
| Date of Grant | 16-Jun-20 | 31-Aug-20 | 12-Nov-20 | 21-May-21 | 14-Aug-21 | 02-Nov-21 | 30-Mar-22 |
| Date of Board / Compensation/ Committee Approval | 16-Jun-20 | 31-Aug-20 | 12-Nov-20 | 21-May-21 | 14-Aug-21 | 02-Nov-21 | 30-Mar-22 |
| Number of Options Granted | 40,000 | 28,000 | 1,35,000 | 20,000 | 12,28,000 | 1,23,000 | 16,60,000 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity | Equity |
| Graded Vesting Period | | | | | | | |
| Day following the expiry of 12 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 25% |
| Day following the expiry of 24 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 25% |
| Day following the expiry of 36 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 25% |
| Day following the expiry of 48 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 25% |
| Day following the expiry of 60 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | - |
| Weighted average of remaining contractual Life in Years | 7.21 | 7.42 | 7.62 | 8.14 | 8.37 | 8.59 | 9.00 |

b. The details of activity under ESOP Scheme 2018 Plan with an exercise price for the year ended March 31, 2022 have been summarised as below:

(₹ in millions unless otherwise stated)

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI | Grant VII |
|--|---------|----------|-----------|----------|----------|----------|-----------|
| Exercise Price per Share | 263.35 | 263.35 | 263.35 | 1,077.37 | 1,077.37 | 1,091.58 | 860.85 |
| Number of options outstanding at the beginning of the year | 45,600 | 3,63,550 | 3,000 | 55,500 | 2,71,000 | 36,500 | - |
| Number of options Granted during the year | - | - | - | - | - | - | - |
| Number of Options Exercised during the year | 6,320 | 84,585 | 1,800 | - | - | - | - |
| Number of Options Lapsed during the year | 21,280 | 1,07,910 | 1,200 | 23,500 | 90,500 | 36,500 | - |
| Outstanding at the end of the year * | 18,000 | 1,71,055 | - | 32,000 | 1,80,500 | - | - |

(₹ in millions unless otherwise stated)

| Particulars | Grant VIII | Grant IX | Grant X | Grant XI | Grant XII Plan 2021 Series A | Grant I Plan 2021 Series A | Grant II Plan 2021 Series A |
|--|------------|----------|----------|----------|------------------------------|----------------------------|-----------------------------|
| Exercise Price per Share | 809.85 | 608.74 | 565.72 | 584.56 | 636.46 | 532.35 | 371.07 |
| Number of options Outstanding at the beginning of the year | - | 28,000 | 1,25,000 | - | - | - | - |
| Number of options Granted during the year | - | - | - | 20,000 | 12,28,000 | 1,23,000 | 16,60,000 |
| Number of Options Exercised during the year | - | - | - | - | - | - | - |
| Number of Options Lapsed during the year | - | - | 70,000 | - | 2,03,500 | 12,000 | - |
| Outstanding at the end of the year * | - | 28,000 | 55,000 | 20,000 | 10,24,500 | 1,11,000 | 16,60,000 |

c. Details of Stock Options granted during the year

The weighted fair value of stock option granted during the year was ₹ 330.87 for Grant XI, ₹384.82 for Grant XII Plan 2021 Series A, ₹289.62 for Grant I Plan 2021 Series A, ₹191.52 for Grant II Plan 2021 Series A. The Black -Scholes Model has been used for computing the weighted average fair value considering the following:

(₹ in millions unless otherwise stated)

| Grant -XI | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 569.55 | 569.55 | 569.55 | 569.55 | 569.55 |
| Exercise Price | 584.56 | 584.56 | 584.56 | 584.56 | 584.56 |
| Expected Volatility(%) | 55.27% | 55.27% | 55.27% | 55.27% | 55.27% |
| Life of the options granted in year | 5.01 | 5.51 | 6.01 | 6.51 | 7.01 |
| Risk Free Interest Rate(%) | 5.65% | 5.79% | 5.91% | 6.02% | 6.12% |
| Expected dividend rate(%) | 0% | 0% | 0% | 0% | 0% |
| Fair Value of the option | 303.16 | 317.96 | 331.75 | 344.68 | 356.80 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| Grant XII Plan 2021 Series A | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 648.10 | 648.10 | 648.10 | 648.10 | 648.10 |
| Exercise Price | 636.46 | 636.46 | 636.46 | 636.46 | 636.46 |
| Expected Volatility(%) | 55.24% | 55.24% | 55.24% | 55.24% | 55.24% |
| Life of the options granted in year | 5.01 | 5.51 | 6.01 | 6.51 | 7.01 |
| Risk Free Interest Rate(%) | 5.80% | 5.95% | 6.09% | 6.21% | 6.32% |
| Expected dividend rate(%) | 0% | 0% | 0% | 0% | 0% |
| Fair Value of the option | 353.64 | 370.27 | 385.85 | 400.37 | 413.99 |

(₹ in millions unless otherwise stated)

| Grant I Plan 2021 Series A | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 512.15 | 512.15 | 512.15 | 512.15 | 512.15 |
| Exercise Price | 532.35 | 532.35 | 532.35 | 532.35 | 532.35 |
| Expected Volatility(%) | 53.05% | 53.05% | 53.05% | 53.05% | 53.05% |
| Life of the options granted in year | 5.01 | 5.51 | 6.01 | 6.51 | 7.01 |
| Risk Free Interest Rate(%) | 5.76% | 5.91% | 6.04% | 6.17% | 6.28% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 264.34 | 277.79 | 290.36 | 302.26 | 313.37 |

(₹ in millions unless otherwise stated)

| Grant II Plan 2021 Series A | Tranche I | Tranche II | Tranche III | Tranche IV |
|-------------------------------------|-----------|------------|-------------|------------|
| Share price on the date of Grant | 338.90 | 338.90 | 338.90 | 338.90 |
| Exercise Price | 371.07 | 371.07 | 371.07 | 371.07 |
| Expected Volatility(%) | 55.83% | 55.83% | 55.83% | 55.83% |
| Life of the options granted in year | 5.01 | 5.51 | 6.01 | 6.51 |
| Risk Free Interest Rate(%) | 6.20% | 6.34% | 6.47% | 6.58% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 178.30 | 187.51 | 196.12 | 204.15 |

44: UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

- (a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (b) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

45. REVENUE FROM CONTRACTS WITH CUSTOMERS

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Type of services | | |
| Service fees for management of assigned portfolio of loans | 0.19 | 0.71 |
| Service and administration charges | - | - |
| Commission and other income | 211.15 | 294.73 |
| Total | 211.34 | 295.44 |

Geographical markets

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| India | 211.34 | 295.44 |
| Outside india | - | - |
| Total | 211.34 | 295.44 |

Timing of revenue recognition

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Services transferred at a point in time | 211.34 | 295.44 |
| Services transferred over time | - | - |
| Total | 211.34 | 295.44 |

Receivables

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Commission and other income | 200.81 | 120.47 |

Impairment allowance recognised on receivables is Nil (March 31, 2021: Nil)

46. DETAILS OF CSR EXPENDITURE:

| (₹ in millions unless otherwise stated) | | |
|---|---------------------------------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Gross amount required to be spent during the year | 83.00 | 86.43 |
| Amount spent during the year | | |
| (i) Construction/ acquisition of asset | - | - |
| (ii) On purposes other than (i) above | 38.21 | 14.18 |
| Shortfall at the end of the year | 44.79 | 72.25 |
| Total of previous years shortfall | 73.48 | 1.23 |
| Reason for shortfall | Note: 2 | |
| Nature of CSR activities | Skill development & disaster response | |
| Details of related party transactions | Refer Note: 33 | |
| Provision made during the year (Refer Note: 1) | 44.79 | 72.25 |

Note: 1

In accordance with the provisions of Section 135(6) of the Act, the Company has transferred the unspent amount aggregating to ₹118.27 million to a separate bank account.

Note: 2

Since the implementation of CSR programs are directly handled by the Company, COVID-19 pandemic prevented the employees to reach out to the beneficiaries directly on the CSR approved projects.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

47 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended:

| | | | | (₹ in millions unless otherwise stated) | |
|--|--------------------|----------------|--------------------|---|--|
| Particulars | March 31, 2022 | | March 31, 2021 | | |
| | Amount Outstanding | Amount Overdue | Amount Outstanding | Amount Overdue | |
| 1) Liabilities side: | | | | | |
| Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: | | | | | |
| (a) Debentures : Secured | 16,843.20 | - | 13,244.86 | - | |
| : Unsecured | - | - | - | - | |
| (other than falling within the meaning of public deposits) | | | | | |
| (b) Deferred Credits | - | - | - | - | |
| (c) Term Loans | 18,730.18 | - | 31,627.17 | - | |
| (d) Inter-Corporate loans and borrowing | - | - | - | - | |
| (e) Commercial Paper | - | - | - | - | |
| (f) Other Loans | 741.16 | - | 7,102.28 | - | |

| | | (₹ in millions unless otherwise stated) | |
|-------------|--|---|--------------------|
| Particulars | | March 31, 2022 | March 31, 2021 |
| | | Amount outstanding | Amount outstanding |
| 2) | Assets side: | | |
| | Break-up of Loans and Advances including bills receivables (other than those included in (4) below): | | |
| | (a) Secured | 79.58 | 117.42 |
| | (b) Unsecured | 52,557.81 | 66,045.72 |
| 3) | Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities | | |
| | (i) Lease assets including lease rentals under sundry debtors: | | |
| | (a) Financial lease | - | - |
| | (b) Operating lease | - | - |
| | (ii) Stock on hire including hire charges under sudry debtors: | | |
| | (a) Assets on hire | - | - |
| | (b) Repossessed Assets | - | - |
| | (iii) Other loans counting towards AFC activities | | |
| | (a) Loans where assets have been repossessed | - | - |
| | (b) Loans other than (a) above | - | - |
| 4) | Break-up of Investments: | | |
| | Current Investments: | | |
| | 1. Quoted: | | |
| | (i) Shares: (a) Equity | - | - |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | - | - |
| | (iii) Units of mutual funds | - | - |
| | (iv) Government Securities | - | - |
| | (v) Others (please specify) | - | - |
| | 2. Unquoted: | | |
| | (i) Shares: (a) Equity | - | - |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | - | - |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|--------------------|--------------------|
| | Amount outstanding | Amount outstanding |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (Certificate of Deposits and Commercial Paper) | - | - |
| Long Term Investments: | | |
| 1. Quoted: | | |
| (i) Shares: (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |
| 2. Unquoted: | | |
| (i) Shares: (a) Equity | 1,146.24 | 1,146.24 |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |

5) Borrower group-wise classification of assets financed as in (2) and (3) above:

(₹ in millions unless otherwise stated)

| Category | March 31, 2022 | | | March 31, 2021 | | |
|---------------------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|
| | Amount net of provisions | | | Amount net of provisions | | |
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| 1. Related Parties | | | | | | |
| (a) Subsidiaries | - | 1,130.21 | 1,130.21 | - | 740.49 | 740.49 |
| (b) Companies in the same group | - | - | - | - | - | - |
| (c) Other related parties | - | - | - | - | 187.31 | 187.31 |
| 2. Other than related parties | 79.58 | 51,427.60 | 51,507.18 | 117.42 | 65,117.92 | 65,235.34 |
| Total | 79.58 | 52,557.81 | 52,637.39 | 117.42 | 66,045.72 | 66,163.14 |

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in millions unless otherwise stated)

| Category | March 31, 2022 | | March 31, 2021 | |
|---------------------------------|--|--------------------------------|--|--------------------------------|
| | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
| 1. Related Parties | | | | |
| (a) Subsidiaries | 1,356.74 | 1,145.24 | 1,365.74 | 1,145.24 |
| (b) Companies in the same group | - | - | - | - |
| (c) Other related parties | - | - | - | - |
| 2. Other than related parties | 1.00 | 1.00 | 1.00 | 1.00 |
| Total | 1,357.74 | 1,146.24 | 1,366.74 | 1,146.24 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

7) Other Information

| Particulars | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| (i) Gross Non-Performing Assets | | |
| (a) Related parties | - | - |
| (b) Other than related parties | 11,139.04 | 4,049.89 |
| (ii) Net Non-Performing Assets | | |
| (a) Related parties | - | - |
| (b) Other than related parties | 6,210.84 | 2,156.60 |
| (iii) Assets acquired in satisfaction of debt | - | - |

47: Additional information required by Master Direction- Non-Banking Financial Company-Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time ('the Master Directions') issued by the RBI

A. Capital to risk assets ratio ('CRAR')

| Particulars | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| CRAR (%) | 50.74% | 39.20% |
| CRAR-Tier I Capital (%) | 50.55% | 39.74% |
| CRAR-Tier II Capital (%) | 0.19% | -0.54% |
| Amount of subordinated debt raised as Tier-II capital | - | - |
| Amount raised by issue of Perpetual Debt Instruments | - | - |

CRAR as at March 31, 2022 and March 31, 2021 has been determined in accordance with the RBI Master Directions read with RBI notification RBI/2019-20/170, DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards.

B. Exposure to real estate sector*

| Category | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| A. Direct exposure | | |
| I. Residential Mortgages | | |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented | 81.03 | 90.10 |
| II. Commercial Real Estate | | |
| Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits. | - | - |
| III. Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | | |
| Residential | - | - |
| Commercial Real Estate | - | - |
| B. Indirect exposure | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | - | - |
| Total | 81.03 | 90.10 |

C. Outstanding of loans against security of gold as a percentage to total assets is Nil (March 31, 2021: 0.04%)

D. The Company has no exposure to capital market.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

E. Asset liability management

(₹ in millions unless otherwise stated)

| Maturity pattern | March 31, 2022 | | | March 31, 2021 | | |
|-----------------------------|------------------|-----------------|------------------|------------------|-----------------|------------------|
| | Assets | | Liabilities | Assets | | Liabilities |
| | Advances | Investments | Borrowings | Advances | Investments | Borrowings |
| 0-7 Days | 3,453.30 | - | 525.70 | - | - | 1,217.77 |
| 8-14 Days | 1,609.70 | - | 389.80 | - | - | 392.29 |
| 15-30/31 Days | 51.80 | - | 3,344.50 | 3,800.40 | - | 1,779.19 |
| Over 1 month to 2 months | 3,063.05 | - | 1,832.54 | 3,166.22 | - | 2,382.04 |
| Over 2 months upto 3 months | 3,075.86 | - | 1,613.10 | 3,237.88 | - | 2,690.10 |
| Over 3 months to 6 months | 8,980.58 | - | 5,114.61 | 9,840.89 | - | 7,378.55 |
| Over 6 months to 1 year | 15,172.03 | - | 8,341.59 | 19,900.00 | - | 15,394.98 |
| Over 1 year to 3 years | 13,424.05 | - | 14,540.58 | 25,115.67 | - | 20,046.68 |
| Over 3 years to 5 years | 12.65 | - | 262.16 | 23.58 | - | 692.84 |
| Over 5 years | 3,794.38 | 1,146.24 | 349.99 | 1,078.51 | 1,146.24 | - |
| Total | 52,637.40 | 1,146.24 | 36,314.56 | 66,163.14 | 1,146.24 | 51,974.45 |

F. Information on instances of fraud

Instances of fraud reported during the year ended March 31, 2022:

(₹ in millions unless otherwise stated)

| Nature of fraud | No. of cases | Amount of fraud | Recovery* | Amount provided |
|---|--------------|-----------------|-----------|-----------------|
| Cash Embezzlement - For the year ended March 31, 2022 | 1,385 | 52.72 | 24.10 | 28.62 |
| Cash Embezzlement - For the year ended March 31, 2021 | 137 | 9.50 | 0.70 | 8.80 |

*Includes recoveries in respect of frauds reported in earlier years

G. Ratings assigned by credit rating agencies and migration of ratings during the year:

(₹ in millions unless otherwise stated)

| Sr. No. | Instrument | Rating agency | As per final rating letter | Rating assigned | Valid up to | Borrowing limit |
|---------|----------------------------|---------------|----------------------------|---|-------------|-----------------|
| 1 | Long term Bank facilities | CRISIL | 15-Nov-21 | Crisil A/Watch developing (Placed on rating watch with developing implications) | Note 1 | 35,000.00 |
| 2 | Non Convertible Debentures | India Rating | 10-Mar-22 | IND A/RWN | Note 1 | 3,400.00 |
| 3 | Market Linked Debentures | India Rating | 10-Mar-22 | IND PP -MLD Aemr/RWN | Note 1 | 13,750.00 |
| 4 | Long term Bank facilities | India Rating | 15-Dec-22 | IND A/RWN | Note 1 | 5,000.00 |
| 5 | Long term Bank facilities | ICRA | 10-Mar-22 | ICRA A-, rating under watch with developing implications | Note 1 | 35,000.00 |
| 6 | Non Convertible Debentures | ICRA | 10-Mar-22 | ICRA A-, rating under watch with developing implications | Note 1 | 7,176.20 |
| 7 | Market Linked Debentures | ICRA | 03-Mar-22 | PP-MLD ICRA A-, rating under watch with developing implications | Note 1 | 4,000.00 |
| 8 | Securitisation | ICRA | 27-May-21 | ICRA A+(SO); provisional rating confirmed as final | 10-Nov-22 | 1,999.80 |
| 9 | Securitisation | ICRA | 27-May-21 | ICRA A+(SO); provisional rating confirmed as final | 20-Nov-22 | 474.20 |
| 10 | Securitisation | ICRA | 29-Nov-21 | ICRA AA+(SO); upgraded from ICRA A+(SO) | 17-Jul-22 | 499.30 |
| 11 | Securitisation | ICRA | 28-Jan-22 | ICRA A+(SO); upgraded from ICRA A(SO) | 17-Aug-22 | 719.20 |
| 12 | Securitisation | ICRA | 28-Jan-22 | ICRA A+(SO); upgraded from ICRA A(SO) | 17-Oct-22 | 548.00 |
| 13 | Securitisation | ICRA | 28-Jan-22 | ICRA A+(SO); reaffirmed | 17-Oct-22 | 499.50 |

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

Ratings assigned by credit rating agencies and migration of ratings during Previous year:

(₹ in millions unless otherwise stated)

| Sr. No. | Instrument | Rating agency | As per final rating letter | Rating assigned | Valid up to | Borrowing limit |
|---------|----------------------------|---------------|----------------------------|--------------------------|-------------------|-----------------|
| 1 | Long term bank facilities | ICRA | 22-Jun-20 | [ICRA]A-(Stable) | Jun-2020–Jun-2024 | 35,000.00 |
| 2 | Long term bank facilities | India Ratings | 31-Dec-20 | [INDIA]A(Stable) | Note 1 | 5,000.00 |
| 3 | Non convertible debentures | ICRA | 02-Mar-21 | [ICRA]A-(Stable) | Note 1 | 8,594.60 |
| 4 | Non convertible debentures | India Ratings | 08-Mar-21 | [INDIA]A(Stable) | Note 1 | 2,500.00 |
| 5 | Market Linked Debentures | ICRA | 20-Nov-20 | PP-MLD[ICRA]A-(Stable) | Note 1 | 4,000.00 |
| 6 | Market Linked Debentures | India Ratings | 08-Mar-21 | IND PP-MLD Aemr/Stable | Note 1 | 3,750.00 |
| 7 | Securitisation | ICRA | 08-Jul-20 | [ICRA]A(SO) | Oct-21 | 1,249.70 |
| 8 | Securitisation | ICRA | 16-Jul-20 | [ICRA]A+(SO) | Apr-21 | 120.80 |
| 9 | Securitisation | ICRA | 16-Jul-20 | [ICRA]A-(SO) | Apr-21 | 72.10 |
| | | | | [ICRA]A(SO) | | 8.80 |
| 10 | Securitisation | ICRA | 06-Aug-20 | [ICRA]AA-(SO) | May-21 | 218.90 |
| 11 | Securitisation | ICRA | 06-Aug-20 | [ICRA]AA-(SO) | Apr-21 | 222.00 |
| 12 | Securitisation | ICRA | 06-Aug-20 | [ICRA]A(SO) | Dec-21 | 1,470.50 |
| 13 | Securitisation | ICRA | 20-Aug-20 | [ICRA]A(SO) | May-21 | 312.00 |
| 14 | Securitisation | ICRA | 20-Aug-20 | [ICRA]A(SO) | Jul-21 | 975.60 |
| 15 | Securitisation | ICRA | 20-Aug-20 | [ICRA]A(SO) | Jul-21 | 457.40 |
| 16 | Securitisation | ICRA | 05-Oct-20 | Provisional [ICRA]A+(SO) | Jul-22 | 499.30 |
| 17 | Securitisation | ICRA | 09-Oct-20 | [ICRA]A(SO) | Jan-22 | 703.50 |
| 18 | Securitisation | ICRA | 09-Oct-20 | [ICRA]A(SO) | Feb-22 | 956.90 |
| 19 | Securitisation | ICRA | 03-Nov-20 | [ICRA]A+(SO) | Jul-22 | 499.30 |
| 20 | Securitisation | ICRA | 30-Nov-20 | Provisional [ICRA]A(SO) | Aug-22 | 719.20 |
| 21 | Securitisation | ICRA | 22-Dec-20 | Provisional [ICRA]A+(SO) | Oct-22 | 499.50 |
| 22 | Securitisation | ICRA | 22-Dec-20 | Provisional [ICRA]A(SO) | Oct-22 | 548.00 |
| 23 | Securitisation | ICRA | 12-Jan-21 | [ICRA]A(SO) | Aug-22 | 719.20 |
| 24 | Securitisation | ICRA | 28-Jan-21 | [ICRA]A+(SO) | Oct-22 | 499.50 |
| 25 | Securitisation | ICRA | 28-Jan-21 | [ICRA]A(SO) | Oct-22 | 548.00 |
| 26 | Securitisation | ICRA | 12-Mar-21 | Provisional [ICRA]A+(SO) | Nov-22 | 474.20 |
| 27 | Securitisation | ICRA | 22-Mar-21 | Provisional [ICRA]A+(SO) | Dec-22 | 1,999.80 |
| 28 | Securitisation | Care Ratings | 16-Feb-21 | Provisional Care A+(SO) | Nov-22 | 2,938.60 |

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities

H. The Company has no transactions / exposure in derivatives in the current and previous year.

I. Disclosure of complaints

(₹ in millions unless otherwise stated)

| Particulars | No. of complaints | |
|--|-------------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| No. of complaints pending at the beginning of the year | 41 | 42 |
| No. of complaints received during the year | 1905 | 1107 |
| No. of complaints redressed during the year | 1640 | 1108 |
| No. of complaints pending at the end of the year | 306 | 41 |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

J. Concentration of Advances, Exposures and NPAs

| Particulars | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Concentration of Advances* | | |
| Total advances to twenty largest borrowers | 20.94 | 21.70 |
| (%) of advances to twenty largest borrowers to total advances | 0.04% | 0.03% |
| Concentration of Exposures* | | |
| Total exposure to twenty largest borrowers | 20.94 | 21.70 |
| (%) of exposure to twenty largest borrowers to total exposure | 0.04% | 0.03% |
| Concentration of NPAs** | | |
| Total exposure to top four NPA accounts | 4.59 | 1.80 |

* Represents amount outstanding as per contract with customers

** Represents stage III loans including interest

K. Sector wise NPAs*

| Sector | (₹ in millions unless otherwise stated) | |
|-----------------------------------|---|----------------------|
| | Percentage of NPAs to total advances in that sector | |
| | As at March 31, 2022 | As at March 31, 2021 |
| Agriculture and allied activities | 8.66% | 5.64% |
| MSME | 4.25% | 6.53% |
| Corporate borrowers | 0.00% | 0.00% |
| Services | 2.23% | 6.12% |
| Unsecured personal loans | 0.00% | 0.00% |
| Auto Loans | 0.16% | 4.64% |
| Other personal loans | 0.38% | 2.41% |

* Represents stage III loans.

** The above sector wise classification is based on the Company's determination of the purpose/activity for which the loan was granted.

L. Movement of NPAs*

| Particulars | (₹ in millions unless otherwise stated) | |
|--|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Net NPAs to net advances (%) | 11.80% | 3.26% |
| Movement of NPAs (gross) | | |
| 1. Opening balance | 4,049.90 | 179.30 |
| 2. Additions during the year | 9,151.97 | 7,492.40 |
| 3. Reductions/ write off during the year | -2,062.82 | -3,621.80 |
| 4. Closing balance | 11,139.05 | 4,049.90 |
| Movement of Net NPAs | | |
| 1. Opening balance | 2,156.57 | 34.10 |
| 2. Additions during the year | 4,121.89 | 2,160.47 |
| 3. Reductions/ write off during the year | -67.61 | -38.00 |
| 4. Closing balance | 6,210.85 | 2,156.57 |
| Movement of provision for NPAs | | |
| 1. Opening balance | 1,893.33 | 145.20 |
| 2. Additions during the year | 5,030.08 | 5,331.93 |
| 3. Reductions/ write off during the year | -1,995.21 | -3,583.80 |
| 4. Closing balance | 4,928.20 | 1,893.33 |

* NPA loans and related provision considered in the above table represent loans classified as stage III in accordance with Ind AS 109 and the related ECL provision. Also refer note 7.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

M: Comparison between provisions required under Income Recognition and Asset Classification and Provision norms as per RBI master directions and impairment allowances made under Ind AS 109 for the year ended March 31, 2022

(₹ in millions unless otherwise stated)

| Asset Classification as per RBI Norms | Asset Classification as per Ind AS 109 | Gross carrying Amount as per Ind AS | Loss Allowances (Provisions) as required as per Ind AS 109 | Net Carrying Amount | Provisions as per IRACP norms | Difference between Ind AS 109 Provisions and IRACP norms |
|---|--|-------------------------------------|--|---------------------|-------------------------------|--|
| 1 | 2 | 3 | 4 | 5=3-4 | 6 | 7=4-6 |
| Performing Assets | | | | | | |
| Loans | Stage 1 | 41,150.84 | 334.13 | 40,816.71 | 172.12 | 162.01 |
| | Stage 2 | 5,471.85 | 1,056.82 | 4,415.03 | 18.72 | 1,038.10 |
| Subtotal | | 46,622.69 | 1,390.95 | 45,231.74 | 190.84 | 1,200.11 |
| Non Performing Assets (NPA) | | | | | | |
| | Stage 3 | 10,899.12 | 4,808.56 | 6,090.56 | 2,263.73 | 2,544.83 |
| Doubtful - up to 1 year | Stage 3 | 224.41 | 111.85 | 112.56 | 187.87 | -76.02 |
| 1 to 3 years | Stage 3 | 15.51 | 7.79 | 7.72 | 13.29 | -5.50 |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal for Doubtful | | 239.92 | 119.64 | 120.28 | 201.16 | -81.52 |
| Loss | Stage 3 | - | - | - | - | - |
| Subtotal for NPA | | 11,139.04 | 4,928.20 | 6,210.84 | 2,464.89 | 2,463.31 |
| Other provisions | | - | - | - | - | - |
| Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| Subtotal | | - | - | - | - | - |
| Total | Stage 1 | 41,150.84 | 334.13 | 40,816.71 | 172.12 | 162.01 |
| | Stage 2 | 5,471.85 | 1,056.82 | 4,415.03 | 18.72 | 1,038.10 |
| | Stage 3 | 11,139.04 | 4,928.20 | 6,210.84 | 2,464.89 | 2,463.31 |
| Total | Total | 57,761.73 | 6,319.15 | 51,442.58 | 2,655.73 | 3,663.42 |

- Interest on NPA loans is required to be de-recognised under IRACP norms. However, interest on Stage III loans is required to be recognised on the credit impaired (net of ECL) loan balance. Such income de-recognition is not considered as a provision for the purpose of above comparison.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

N: Liquidity Coverage Ratio

| LCR disclosure (₹ in million) | (₹ in millions unless otherwise stated) | | | |
|--|---|--------------------------------|------------------------|--------------------------------|
| | Q1 FY 2021-22 | | Q2 FY 2021-22 | |
| | Total unweighted value | Total weighted value (average) | Total unweighted value | Total weighted value (average) |
| High Quality Liquid Assets | | | | |
| 1 **Total High Quality Liquid Assets (HQLA) | 6,150.63 | 6,150.63 | 5,788.91 | 5,788.91 |
| Cash outflows | - | - | - | - |
| 2 Deposits (for deposit taking companies) | - | - | - | - |
| 3 Unsecured wholesale funding | - | - | - | - |
| 4 Secured wholesale funding | - | - | - | - |
| 5 Additional requirements, of which | - | - | - | - |
| i Outflows related to derivative exposures and other collateral requirements | - | - | - | - |
| ii Outflows related to loss of funding on debt products | - | - | - | - |
| iii Credit and liquidity facilities | 3,506.24 | 4,032.17 | 3,406.87 | 3,917.90 |
| 6 Other contractual funding obligations | 49.03 | 56.39 | 110.48 | 127.05 |
| 7 Other Contingent Funding Obligations | - | - | - | - |
| 8 Total cash outflows | 3,555.27 | 4,088.56 | 3,517.35 | 4,044.95 |
| Cash inflows | | | | |
| 9 Secured lending | - | - | - | - |
| 10 Inflows from fully performing exposures | 4,142.44 | 3,106.83 | 4,975.53 | 3,731.65 |
| 11 Other cash inflows | 408.24 | 306.18 | 376.59 | 282.44 |
| 12 Total cash inflows | 4,550.67 | 3,413.00 | 5,352.12 | 4,014.09 |
| 13 Total HQLA | 6,150.63 | 6,150.63 | 5,788.91 | 5,788.91 |
| 14 Total net cash outflow | 888.82 | 1,022.14 | 879.34 | 1,011.24 |
| 15 Liquidity coverage ratio (%) | 692.00% | 601.74% | 658.33% | 572.46% |

| High Quality Liquid Assets (HQLA) | (₹ in million unless otherwise stated) | | | |
|--|--|--------------------------------|------------------------|--------------------------------|
| | Q1 FY 2021-22 | | Q2 FY 2021-22 | |
| | Total Unweighted Value | Total Weighted Value (average) | Total Unweighted Value | Total Weighted Value (average) |
| 1 Assets to be included as HQLA without any haircut | 6,150.63 | 6,150.63 | 5,788.91 | 5,788.91 |
| 2 Assets to be considered for HQLA with a minimum haircut of 15% | - | - | 1.00 | 0.85 |

| | (₹ in million unless otherwise stated) | | | |
|--|--|--------------------------------|------------------------|--------------------------------|
| | Q3 FY 2021-22 | | Q4 FY 2021-22 | |
| | Total unweighted value | Total weighted value (average) | Total unweighted value | Total weighted value (average) |
| | 10,103.82 | 10,103.82 | 7,828.88 | 7,828.88 |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | 3,782.47 | 4,349.84 | 3,261.54 | 3,750.78 |
| | 185.27 | 213.06 | 283.84 | 326.42 |
| | - | - | - | - |
| | 3,967.73 | 4,562.89 | 3,545.39 | 4,077.19 |
| | - | - | - | - |
| | 4,459.23 | 3,344.42 | 4,801.87 | 3,601.40 |
| | 455.47 | 341.60 | 507.49 | 380.62 |
| | 4,914.69 | 3,686.02 | 5,309.36 | 3,982.02 |
| | 10,103.82 | 10,103.82 | 7,828.88 | 7,828.88 |
| | 991.93 | 1,140.72 | 886.35 | 1,019.30 |
| | 1018.60% | 885.74% | 883.28% | 768.07% |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

| High Quality Liquid Assets (HQLA) | | ₹ in million unless otherwise stated) | | | |
|-----------------------------------|--|---------------------------------------|--------------------------------|------------------------|--------------------------------|
| | | Q1 FY 2021-22 | | Q2 FY 2021-22 | |
| | | Total Unweighted Value | Total Weighted Value (average) | Total Unweighted Value | Total Weighted Value (average) |
| 3 | Assets to be considered for HQLA with a minimum haircut of 50% | - | - | - | - |
| 4 | Approved securities held as per the provisions of section 45 IB of RBI Act | - | - | - | - |
| Total cash inflows | | 6,150.63 | 6,150.63 | 5,789.91 | 5,789.76 |
| | | | | 10,103.82 | 10,103.82 |
| | | | | | 7,828.88 |

The Liquidity Coverage Ratio (LCR) is one of the key parameters monitored by RBI for strengthening the asset-liability management in the financial sector. The objective of LCR is to promote an environment wherein balance sheet carries strong liquidity for short term cash flow requirements which is being done by ensuring that NBFCs have an adequate stock of unencumbered high quality liquid assets (HQLA) which can be easily converted into cash to meet liquidity needs, for at least 30 calendar days, calculated under a stressed scenario. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, whatever the source, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is performed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the balance sheet date has been derived by arriving at the stressed expected cash inflow and outflow for the next 30-day period. To determine the stressed cash outflow, all expected and contracted cash outflows have been considered by applying a stress factor of 15%. Similarly, inflows for the Company have been arrived at by considering all expected and contracted inflows at a haircut of 25%.

In determining the outflows, the Company has taken into account all the contractual debt repayments and other expected or contracted cash outflows. Since the Company does not provide any committed credit facilities to its customers, no outflows have been considered in this regard. Inflows mainly comprise of expected receipts from all performing loans and liquid assets (such as short-term deposits maturing over next 30-days) which are unencumbered and not been considered as part of HQLA.

HQLA for the Company comprises of cash and bank balances.

The LCR is calculated by dividing the monthly average stock of HQLA by the monthly average of total net cash outflows over a 30-day stress period. The guidelines for LCR were effective from December 1, 2020 with a minimum requirement at 30% which would rise in annual steps to reach 100% by December 1, 2024. This graduated approach is designed to ensure that the LCR could be introduced without material disruption to the orderly strengthening of NBFCs. The present requirement, as on March 31, 2022 for NBFCs with assets size of ₹5,000 crore and above but less than ₹10,000 crore is 50%.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

O. There has been no drawdown from reserves during the current year and previous year.

P. Investments:

| Particulars | (₹ in millions unless otherwise stated) | |
|--|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| 1. Value of investments | | |
| (i) Gross value of investments | | |
| (a) In India | 1,146.24 | 1,146.20 |
| (b) Outside India | - | - |
| (ii) Provision for depreciation | | |
| (a) In India | - | - |
| (b) Outside India | - | - |
| (iii) Net value of investments | | |
| (a) In India | 1,146.24 | 1,146.20 |
| (b) Outside India | - | - |
| 2. Movement of provisions held towards deprecation | | |
| Opening balance | - | - |
| Add: Provision made during the year | - | - |
| Less: Write off/ write back | - | - |
| Closing balance | - | - |

Q. Details relating to securitisation:

Information on securitisation activities is as under:

| Particulars | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| 1. No. of SPVs sponsored by the NBFC for securitisation transactions during the year | - | 70 |
| 2. Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date | 1,564.20 | 7,668.43 |
| 3. Total amount of exposures retained to comply with minimum retention requirement ('MRR') | | |
| a) Off balance sheet exposures | | |
| - First loss | - | - |
| - Others | - | - |
| b) On balance sheet exposures | | |
| - First loss (cash collateral and over collateral) | 837.90 | 1,444.29 |
| - Others | - | - |
| 4. Amount of exposures to securitization transactions other than MRR: | | |
| a) Off-balance sheet exposures | | |
| i) Exposure to own securitisations | | |
| - First loss | - | - |
| - Others | - | - |
| ii) Exposure to third party securitisations | | |
| - First loss | - | - |
| - Others | - | - |
| b) On-balance sheet exposures | | |
| i) Exposure to own securitisations | | |
| - First loss | 449.74 | 657.11 |
| - Others | - | - |
| ii) Exposure to third party securitisations | | |
| - First loss | - | - |
| - Others | - | - |

Note: The above transactions do not fulfill the test of de-recognition under Ind AS-109 and are recorded back on the balance sheet.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

R. Details of assignment transactions undertaken

| Particulars | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| No. of accounts | 12,626 | 98,168 |
| Aggregate value of accounts sold | 603.24 | 343.87 |
| Aggregate consideration | 603.24 | 343.87 |
| Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| Aggregate gain / (loss) over net book value | - | - |

S. The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

T. The Company has not purchased / sold non-performing financial assets in the current and previous year.

U. The Company does not have any parent company, hence disclosure relating to product financed by parent company is not applicable.

V. Unsecured Advances – Refer note 7

W. Registration obtained from other financial sector regulators:

The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance)

X. No penalties imposed by RBI and other regulators during current and previous year.

Y. Provisions and contingencies (shown under expenditure in statement of profit and loss)

| Particulars | (₹ in millions unless otherwise stated) | |
|--|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Provision for income tax (net) | 179.48 | 486.52 |
| Provision for non-performing assets* | 3,034.87 | 1,814.74 |
| Provision for standard assets** | (283.75) | 693.35 |
| Provision for management overlay for COVID-19 and others | - | 373.41 |
| Provision for unfructified service tax liability | 8.53 | 8.53 |
| Provision for theft & fraud | 28.62 | 10.46 |
| Provision for gratuity | 18.82 | 8.56 |
| Provision for leave benefits | 32.95 | 10.32 |
| Provision for insurance claims | 6.04 | 3.79 |
| Provision for bonus | 157.06 | 146.51 |
| Provision for other assets | - | - |

* Represents impairment allowance on stage III loans

** Represents impairment allowance on stage I and stage II loans excluding Covid-19 overlay

Z. The Company has no unhedged foreign currency exposure.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

AA. Information on Net Interest Margin

| Particulars | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Average interest charged (A) | 18.42% | 20.65% |
| Average effective cost of borrowing (B) | 11.19% | 10.88% |
| Net Interest margin (A-B) | 7.23% | 9.77% |

- Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/2012-13 dated April 4, 2013 to Micro-finance Institutions Network (the "MFIN format") read with the FAQs issued by RBI on October 14, 2016 and RBI circulated dated March 13, 2020 on implementation of Indian Accounting Standards.
- Average loan outstanding determined for the purpose of calculating NIM is based on carrying value of loans under Ind AS, excluding effect of following:
 - Fair value changes recognised through other comprehensive income;
 - Securitised loans qualifying for de-recognition as per RBI's "true sale" criteria and related interest income have not been considered for computation of "average interest charged" in accordance with the MFIN format. Accordingly, the purchase consideration received towards such securitisations and related finance costs have also not been considered for computation of "average effective cost of borrowings".
 - Impairment allowance adjusted from the carrying value of loans in accordance with Ind AS 109
- Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 54 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS financial statements.

AB. Public Disclosure on liquidity risk

- Funding concentration based on significant counterparty *(both deposits and borrowings) - The Company does not accept any deposits

As at March 31, 2022

| Number of significant counterparties | (₹ in millions unless otherwise stated) | |
|--------------------------------------|---|------------------------|
| | Amount | % of Total Liabilities |
| 22 (Twenty Two) | 33,608.11 | 87.70% |

As at March 31, 2021

| Number of significant counterparties | (₹ in millions unless otherwise stated) | |
|--------------------------------------|---|------------------------|
| | Amount | % of Total Liabilities |
| 26 (Twenty six) | 47,458.00 | 84.29% |

2. Top 20 Large Deposits : Not Applicable

3. Top 10 borrowings

| Particulars | (₹ in millions unless otherwise stated) | |
|------------------------------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Amount of top 10 borrowings Amount | 22,906.06 | 32,380.00 |
| % of Total Borrowings | 63.08% | 62.30% |

Notes to the Standalone Financial Statements

For year ended March 31, 2022

4. Funding concentration based on significant instrument/product*

As at March 31, 2022

| (₹ in millions unless otherwise stated) | | |
|---|------------------|------------------------|
| Name of Instrument/product | Amount | % of Total Liabilities |
| Term Loans | 18,528.31 | 48.35% |
| Borrowings under securitization arrangement | 741.16 | 1.93% |
| Non convertible Debentures | 16,843.20 | 43.95% |
| Total Liabilities* | 38,321.60 | |

As at March 31, 2021

| (₹ in millions unless otherwise stated) | | |
|---|------------------|------------------------|
| Name of Instrument/product | Amount | % of Total Liabilities |
| Term Loans | 31,425.34 | 55.82% |
| Borrowings under securitization arrangement | 7,102.28 | 12.61% |
| Non convertible Debentures | 13,244.86 | 23.52% |
| Total Liabilities* | 56,301.58 | |

5. Stock Ratios

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Commercial Papers to Total Public Funds* | Nil | Nil |
| Commercial Papers to Total Liabilities | Nil | Nil |
| Commercial Papers to Total Assets | Nil | Nil |
| NCDs (Original Maturity <1 yrs.) to Total Public Funds | Nil | Nil |
| NCDs (Original Maturity <1 yrs.) to Total Liabilities | Nil | Nil |
| NCDs (Original Maturity <1 yrs.) to Total Assets | Nil | Nil |
| Other Short Term Liabilities to Total Public Funds | 63.80% | 68.15% |
| Other Short Term Liabilities to Total Liabilities | 60.46% | 62.91% |
| Other Short Term Liabilities to Total Assets | 33.76% | 42.44% |

6. Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Committee (RC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

*Notes:

1. Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
2. Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
3. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
4. Short term liabilities includes all financial and non-financial liabilities expected to be paid within one year.
5. Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

AC: As per the policy on moratorium approved by the Board of Directors pursuant to RBI circular no. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, the Company has not granted moratorium to customers with overdues as at March 1, 2020. Accordingly, no disclosure as per para 10 of RBI circular no. DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 is required.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

48: The Company in respect of the observation made by the RBI in its inspection report for the years ended March 31, 2018 and March 31, 2019 and subsequent correspondence with Reserve Bank of India ("RBI") with respect to the compliance with the pricing of credit guidelines prescribed under paragraph 56 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016, as amended had adequately recognised the impact of excess interest collected on loans disbursed during the period from Oct 2017 to Feb 2020, in the financial statements for the year ended March 31, 2021. During the current year, the Company has adjusted ₹877.10 million by way of credit to 2,561,538 active customers loan accounts and is in the process of issuing revised loan cards to such customers. Further, the Company has initiated the process of identifying the bank accounts of the closed loan accounts of customers for refunding the balance amount. Below is the summary of the excess interest:

| (₹ in millions unless otherwise stated) | |
|--|----------|
| Summary | Amount |
| Provision in the books | 1,336.53 |
| Less: Amount adjusted to credit of borrowers * | 877.10 |
| Amount to be refunded to borrowers | 454.81 |

* Refund of ₹877.10 million is processed based on the available data prior to receiving access to the old IT Application. Upon receiving the access to the old system, the management is in the process of revalidating the accuracy of the amount refunded and any instances of short / excess payments will be adjusted.

49: During the year, to relieve COVID-19 pandemic related stress, the Company had invoked and implemented resolution plans for eligible borrowers based on the parameters laid down in accordance with the one-time restructuring policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI vide its circular dated May 5, 2021 (Resolution Framework – 2.0).

| (₹ in millions unless otherwise stated) | | | | | |
|---|--|---|--|--|---|
| Type of borrower | A | B | C | D | E |
| | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e. September 30, 2021 (A) | Of (A), aggregate debt that slipped into NPA during the half-year @ | Of (A) amount written off during the half-year | Of (A) amount paid by the borrowers during the half-year | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e. March 31, 2022. |
| Personal Loans | | | | | |
| Corporate persons | | | | | |
| Of which, MSMEs | | | | | |
| Others * | 13,000.75 | 5,122.85 | 296.78 | 2,759.28 | 4,821.84 |

* Includes joint liability group loan (JLG) and individual Loan (IL)

@ Represents aggregate debt that slipped into NPA during the half-year excluding written-off portion of debt.

Note 1: Loans transferred by way of direct assignment, which have been de-recognised as per Ind AS 109, have not been considered in the above disclosure.

Note 2: The Company has not restructured any loan accounts under RBI's Resolution Framework 1.0 dated August 6, 2020.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

50: RBI vide its notification dated November 12, 2021, has issued circular on "Prudential norms on Income Recognition, Asset Classification and Provisioning ('IRAC') pertaining to Advances-Clarifications", with a view to ensure uniformity in the implementation of IRACP norms across all lending institutions. On February 15, 2022, RBI has allowed deferment till September, 30 2022 of Para 10 of this circular pertaining to upgrade of non-performing accounts and the Company has opted for this deferment.

51: Pursuant to the Reserve Bank of India's ("RBI") Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 (the "RBI Guidelines") and in line with the specific instructions received from the RBI, the predecessor auditor's had resigned on January 28, 2022, after completion of limited review on the financial results of the Company for the quarter and half year ended September 30, 2021. Such resignation and subsequent appointment of new statutory auditors, being contrary to the provisions of para 6(A) of SEBI guidelines on "Resignation of statutory auditors from listed entities and their material subsidiaries" issued vide circular no. CIR/CFD/CMD1/114/2019 dated October 18, 2019, the Company has submitted application dated February 3, 2022 with SEBI, seeking settlement in this matter. Further, the Company vide letter dated June 3, 2022, voluntarily proposed to offer ₹ 2.5 million towards settlement terms and expects to receive the regulatory forbearance from SEBI in due course

52: The Company has undergone recent leadership changes whereby Mrs. Padmaja Gangireddy, Founder and erstwhile Managing Director (MD), resigned on November 2, 2021. The Board immediately re-constituted a Management Committee constituting of the longest serving Directors of the Company to provide strategic direction to the Company.

Prior to the resignation of the erstwhile MD, the Company had transferred certain IT systems to a new IT vendor (IQ Technologies) along with outsourcing of its maintenance. This caused certain disruptions in the IT operations of the Company and eventual loss of access to the historical data and books of accounts.

As a result, for the purpose of reconstructing the books of accounts as at September 30, 2021, the Company created a parallel IT environment and implemented the new IT application system along with the loan origination system with a fully automated workflow. The balances as of September 30, 2021, backed with relevant internal data back-up and necessary reconciliations, have been updated in the new IT application along with all the transactions for the period commencing from October 1, 2021. Further, during the period of loss of data to implementing new IT system, the management ensured complete track of disbursements and collections from the customers through the controls implemented at the branches.

The Company has onboarded a new Managing Director and Chief Executive Officer, President and Chief Financial Officer and Chief Technology Officer, and under their guidance the management has performed a comprehensive evaluation of the new IT application implemented, along with the IT review performed by the internal auditors of the Company. Further, the business teams have validated the outputs from the IT systems with actual physical loan-card balances of the borrowers. The process has been documented and independently reviewed by an independent third-party appointed by the Board of Directors. The management is in the process of further strengthening the robustness of the overall IT systems, including the loan management system and with respect to specific controls around security management and infrastructure maintenance, based on the inputs received from the comprehensive review and believes that the final validations, will not result in any material discrepancies, requiring any adjustment to these financial statements

Subsequently in June 2022, the Company has settled differences amicably in terms of a settlement agreement and other related agreements subject to terms and conditions stated therein with its erstwhile MD, IQ Technologies and other entities as under:

- (a) The Company has collected / paid all the pending dues receivable from / payable to Abhiram Marketing Services Limited (entity in which erstwhile MD has significant interest).
- (b) Without prejudice to the respective contentions of the parties, the Services Agreement dated August 16, 2021 entered with the IQ Technologies (IQ) stands terminated / cancelled and the Company has received access to the old IT system and hardware from IQ in accordance with the IQ Termination Agreement and is in control of the same. As part of the settlement agreement, the Company has paid ₹15.75 million to IQ, which has been provided for in the accompanying financial statements under 'Other expenses'.
- (c) The lease agreements entered with the entities in which erstwhile MD has significant control has been terminated and the lock-in-period has been waived-off, as the Company agreed to forfeit the security deposit paid under the said lease agreements. Consequently, the Company has written off 'Right of use' assets and security deposit and written back lease liabilities resulting in a net gain of ₹ 43.72 million.

Notes to the Standalone Financial Statements

For year ended March 31, 2022

- (d) The erstwhile MD, IQ and other entities have executed requisite applications before the appropriate forum to withdraw all suits, applications, claims filed against the Company and its subsidiaries, including shareholders, employees and directors and similarly, the Company and its subsidiary has also filed necessary applications to withdraw all suits, applications, claims filed against the opposite party.
- (e) In consideration of settlement terms, the Company has made a total payment of ₹407.10 million (inclusive of applicable taxes) to erstwhile MD, which has been provided for in the accompanying financial statements under 'Other expenses'.

The Company has performed sufficient procedures to ensure completeness, accuracy and authenticity of the data received from IQ and has significantly reconciled the historical balances and the balances as on September 30, 2021 as per the old IT system with the opening balances as of October 1, 2021 considered in the new IT System with the information available as explained above. The management does not believe that ongoing reconciliation process will have any significant impact on the accompanying financial statements.

53: Additional Regulatory Information

- (a) There is no such immovable property whose title deeds are not held in the name of the Company
- (b) There are no investment property as on March 31, 2022
- (c) The Company has not revalued its Property, Plant and Equipment (including Right-of Use Assets) and intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.
- (d) No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder
- (e) The Company has not taken borrowings from banks or financial institutions on the basis of security of current assets.
- (f) The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.
- (g) No transactions were carried out during the year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (h) No charges or satisfaction yet to be registered with ROC beyond the statutory period.
- (i) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017
- (j) There are no such transaction or undisclosed income that need to be disclosed in accordance with this provision of Companies Act, 2013.
- (k) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

54: Previous year figures have been regrouped/ reclassified wherever applicable.

As per our report of even date
For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: July 11, 2022

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Abanti Mitra
Chairperson
DIN: 02305893
Place: Mumbai
Date: July 11, 2022

Shalabh Saxena
Managing Director &
Chief Executive Officer
DIN: 08908237
Place: Hyderabad
Date: July 11, 2022

Ashish Kumar Damani
President and Chief
Finance Officer

Place: Hyderabad
Date: July 11, 2022

Ramesh Periasamy
Company Secretary and
Compliance Officer
Membership No.: A26247
Place: Hyderabad
Date: July 11, 2022

Independent Auditor's Report

To the Members of
Spandana Sphoorty Financial Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying consolidated financial statements of Spandana Sphoorty Financial Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to

in paragraph 16 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Recoveries from gold loan portfolio

4. We draw attention to Note 50 to the accompanying consolidated financial statements, pertaining to matter on which following emphasis of matter has been included in the audit report dated 7 July 2022 on the financial statements of Criss Financial Limited, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, which is relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:

"During the month of October 2021, w.r.t. all gold loan branches of the Company, there were certain differences between the company and Spandana Mutual Benefit Trust ("SMBT").

On 22.06.2022, company has entered into a gold loan agreement (part of settlement agreement). As per which it is understood that disputes between the Board of directors of the company and erstwhile director are settled and the board ratified the appointment of SMBT as collecting agent.

Based on the information and explanations given to us, SMBT has recovered substantial amount of gold loans during the months of November and December 2021. It has remitted an amount of ₹39.72 Crores to the company from November 2021 to March 2022 and balance amount of ₹41.42 Crores is shown as receivable under other financial assets as on 31.03.2022. During May and June 2022, company has realized balance amount of ₹41.42 Crores. The company has recognized an amount of 2.19 Crores as interest on gold loans for the aforesaid period, which has been received as part of settlement agreement".

Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter**(a) Impairment losses on loan portfolio**

Refer note 3(e) for significant accounting policies, note 7 for impairment disclosures and note 41.1 for credit risk disclosures.

The Holding Company has gross loan assets of ₹58,956.54 million outstanding as at 31 March 2022, against which an impairment of ₹6,319.15 million has been recorded as at reporting date, which is measured in accordance with Ind AS 109, Financial Instruments, using 'Expected Credit Loss' (ECL) method.

The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets in accordance with the accounting policy adopted by the Company.

Significant management judgement in measuring ECL is required with respect to:

- determining the criteria for significant increase in credit risk and default risk i.e. staging of loans
- factoring in forward-looking information (including macroeconomic factors on a portfolio level)
- techniques used to determine probability of default, loss given default and exposure at default.

These parameters are derived from the Holding Company's internally developed statistical models, historical data, macro-economic factors and after considering the Reserve Bank of India ("RBI") circulars on "COVID 19 Regulatory Package-Asset Classification and Provisioning" dated 17 April 2020; "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021; and Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated 5 May 2021 (collectively referred to as 'COVID-19 – Regulatory Package'). Any change in such models or assumptions could have a material impact on the accompanying financial statements.

Considering the significance of the above matter to the financial statements, degree of estimation uncertainty and significant management judgment involved, this area required significant auditor attention to test such complex accounting estimates, and accordingly, this matter has been identified as a key audit matter for the current year audit.

How our audit addressed the key audit matter

Our audit procedures were focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis that included, but were not limited to, the following:

- Examined the Board Policy approving methodology for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Holding Company in accordance with the requirements of Ind AS 109. Also, obtained the policy on moratorium and restructuring of loans approved by the Board of Directors pursuant to the RBI circulars/guidelines and ensured such policy is in compliant with the requirements of the RBI circulars / guidelines.
- Obtained an understanding of the modelling techniques adopted by the Holding Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios.
- Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals.
- Evaluated the appropriateness of the Holding Company's determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Holding Company's categorization across various stages by evaluating management's assessment of parameters such as probability of default (PD) or loss given default (LGD), including the adjustments made to such estimates on account of COVID-19 impact.
- Ensured that the Holding Company's approved policy in relation to restructuring is in accordance with the directions given by Reserve Bank of India ('RBI') and tested, on sample basis, the compliance with respect to asset classification and provisioning norms as per the COVID-19 – Regulatory Package.
- Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying consolidated financial statements in accordance with the applicable accounting standards.

(b) Information Technology system for the financial reporting process, including implementation of new IT system

The Holding Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Among other things, management also uses the information produced by the IT systems for accounting, preparation and presentation of the financial statements.

Our key audit procedures on the old and new IT Systems, with the involvement of our IT specialists included, but were not limited to the following:

- Obtained an understanding of the Holding Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit.
- Tested the design and operating effectiveness of the Holding Company's IT controls over the IT applications as identified above.

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>The Holding Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans, amongst others. The controls implemented by the Holding Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.</p> <p>Further, as detailed in Note 50 of the consolidated financial statements, the Holding Company has migrated to a new IT application (including new loan management system) w.e.f. from 1 October 2021. Data migration activity involves significant impact on the processes and controls related to the financial reporting. We have focused on the data migration controls designed and implemented during the migration activity due to the risk of error and the impact of such an error it could have on financial accounting and reporting process.</p> <p>Since our audit strategy included focus on key IT systems and controls due to pervasive impact on the financial statements, we have determined the same as a key audit matter for current year audit.</p> | <ul style="list-style-type: none"> • On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: <ul style="list-style-type: none"> a) Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments; b) User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties; and c) Other areas that were assessed under the IT control environment included user interfaces, configuration and other application controls • Additionally, with respect to implementation of new IT Application and data migration: <ul style="list-style-type: none"> a) Obtained understanding and tested the controls over data migration including proper authorization, completeness and accuracy; and b) Tested the migrated balances, for completeness and accuracy as of 1 October 2021, including review of reconciliations prepared by the management. • For the identified gaps in the internal control system with respect to certain specific controls around security management and implementation of the Company's new IT system, we altered our audit approach and performed additional procedures, as follows: <ul style="list-style-type: none"> a) Identified compensating manual controls implemented by the management and tested that they operated effectively including the management's adoption of comprehensive process for manual review and reconciliation to ensure completeness and accuracy of data; and b) Performed additional substantive procedures for account balances such as loans, interest income (covering samples to test the origination, income accrual and collection) in order to mitigate the risk of identified material weakness. |
| c) Data loss and subsequent settlement with erstwhile Managing Director (MD) | |
| <p>As detailed in note 50 to the consolidated financial statements, prior to the resignation of the erstwhile Managing Director (MD) during the year, the Holding Company had transferred certain IT systems to a new IT vendor (IQ Technologies), which had led to loss of access to the historical data and books of accounts.</p> <p>Owing to this, the Holding Company had created a parallel IT environment and implemented a new IT application along with the loan origination system with a fully automated workflow. The balances as of 30 September 2021, backed with relevant internal data back-up and necessary reconciliations, have been updated in the new IT application along with all the transactions for the period commencing from 1 October 2021.</p> | <p>Our key audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluated the management process to reconcile the balances as of and for the six months period ended 30 September 2021 with relevant internal data back-up available with the Holding Company; • Held discussions with the members of the Board of Directors and Management and understood the Holding Company's response and conclusions to the events identified post resignation of erstwhile MD, which had led to loss of access to the historical data and books of accounts. Corroborated the responses to the discussions documented in the meeting minutes of the Board of Directors, Audit Committee and periodical updates shared with the Reserve Bank of India; |

Key audit matter

Subsequently in June 2022, the Holding Company has settled differences with erstwhile MD, IQ Technologies and other entities by entering into Settlement agreement and other related agreements (collectively referred as "Agreements"), resulting in (a) receiving access to the old IT system and hardware from IQ Technologies; (b) accounting for all the related matters arising from the terms of the Agreements in accordance with Ind AS 10 "Events after the Reporting Period". Additionally, the Holding Company has performed sufficient procedures to ensure completeness, accuracy and authenticity of the data received from IQ Technologies and has significantly reconciled the balances as on 30 September 2021 as per the old IT system with the opening balances as of 1 October 2021 considered in the new IT System.

Considering the significance of the above matter in preparation and presentation of the consolidated financial statements, and significant auditor attention required, we have identified this as a key audit matter for current year audit.

Further, we have determined the above matters to be fundamental to the understanding of the users of the accompanying consolidated financial statements.

How our audit addressed the key audit matter

- Reviewed the reconciliation performed by the management to reconcile the balances as on 30 September 2021 as per the old IT system with the opening balances as of 1 October 2021 considered in the new IT System. Assessed the effect of unreconciled balances and its impact on the accompanying consolidated financial statements;
- Performed substantive procedures to reconcile and test the completeness and accuracy of balances as of and for the six months period ended 30 September 2021 migrated into new IT Application.
- Performed substantive procedures to ensure completeness and accuracy of the transactions posted / accounted in the new IT Application for the period from 1 October 2021 till 31 March 2022;
- For the opening balances as on 1 April 2021, amongst other procedures, we tested the accuracy of the balances from the old IT system to the audited financial statements for the year ended 31 March 2021; tested the reconciliations provided by the management and traced the account balances to underlying supporting documents on a samples basis;
- For a sample of historical transactions (mainly for loans, operating expenses and related party transactions), by involving our specialist team, we have also tested the appropriateness of the transactions with the underlying documents. Where controls were not found to be operating effectively for such historical transactions, we altered our audit approach and performed alternate substantive procedures and increased the extent of planned audit procedures to mitigate the risk of identified deficiencies and assessed its impact on the consolidated financial statements for the year ended 31 March 2022, including impact on the internal financial controls with reference to the financial statements; and
- Read the executed Agreements to gain an understanding of the significant terms and assessed whether the adjusting events after the reporting period and related disclosures in the accompanying consolidated financial statements reflect the requirements of Ind AS 10.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

- The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

12. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Other Matters**
16. We did not audit the financial statements of two subsidiaries, whose financial statements reflects total assets of ₹4,228.86 million and net assets of ₹1,555.49 million as at 31 March 2022, total revenues of ₹1,012.71 million and net cash outflows amounting to ₹12.37 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.
- Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.
17. The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by the predecessor auditor, S. R. Batliboi & Co. LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 22 May 2021. Our opinion on the consolidated financial statements is not modified in respect of this matter.
- Report on Other Legal and Regulatory Requirements**
18. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company has paid remuneration to their directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that 2 subsidiary companies incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.
 19. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 16 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
 20. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors,

- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company, its subsidiary companies and taken on record by the Board of Directors of the Holding Company and its subsidiary companies, respectively, and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed a modified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 34 to the consolidated financial statements;
 - ii. The Holding Company, its subsidiary companies, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies covered under the Act, during the year ended 31 March 2022;
- iv.
 - a. The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in note 44(a) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 44(b) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide

- any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Holding Company, its subsidiary companies have not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No:105117

UDIN: 22105117AMOYGG1401

Place: Mumbai

Date: 11 July 2022

Annexure 1

List of subsidiaries included in the Consolidated Financial Statements

1. Criss Financial Limited (formerly known as "Criss Financial Holdings Limited")
2. Caspian Financial Services Limited

Annexure A

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Spandana Sphoorty Financial Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, which are companies covered under the Act, as at that date.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management

override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified as- at 31 March 2022:

The Holding Company did not have an appropriate internal control system with respect to certain specific controls around security management and implementation of the Holding Company's Information Technology (IT) system, which could potentially result in unauthorised changes being made to the information technology system or programs. As detailed in note 50 to the consolidated financial statements consequent to the events that occurred during the year, the management is in the process of further strengthening the robustness of the overall IT system.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the Group's annual or interim financial statements will not be prevented or detected on a timely basis.
10. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Group has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by

the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group as at and for the year ended 31 March 2022, and the material weakness do not affect our opinion on the consolidated financial statements of the Group.

Other Matter

12. We did not audit the financial statements of two subsidiaries, which are companies covered under the Act, whose financial statements reflects total assets of ₹4,228.86 million and net assets of ₹1,555.49 million as at 31 March 2022, total revenues of ₹1,012.71 million and net cash outflows amounting to ₹12.37 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors, whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Manish Gujral
Partner

Place: Mumbai
Date: 11 July 2022

Membership No:105117
UDIN: 22105117AMOYGG1401

Consolidated Balance Sheet

As at MARCH 31, 2022

(₹ in million unless otherwise stated)

| Particulars | Notes | As at March 31, 2022 | As at March 31, 2021 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash and cash equivalents | 4 | 7,271.70 | 11,351.95 |
| Bank balances other than cash and cash equivalents | 5 | 4,750.72 | 2,458.27 |
| Derivative financial instrument | | 0.46 | 0.45 |
| Trade receivables | 6 | 200.92 | 120.61 |
| Loans | 7 | 55,183.83 | 69,330.42 |
| Investments | 8 | 24.44 | 23.25 |
| Other financial assets | 9 | 745.15 | 756.72 |
| | | 68,177.22 | 84,041.67 |
| Non-financial assets | | | |
| Current tax assets (net) | 10 | 188.13 | 153.13 |
| Deferred tax assets (net) | 11 | 1,842.05 | 1,047.49 |
| Property, plant and equipment | 12 | 67.87 | 198.96 |
| Other Intangible assets | 12A | 70.96 | 7.77 |
| Goodwill | | 173.89 | 173.74 |
| Other non-financial assets | 13 | 243.25 | 146.53 |
| | | 2,586.15 | 1,727.62 |
| Total assets | | 70,763.37 | 85,769.29 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Financial liabilities | | | |
| Debt securities | 14 | 17,782.40 | 20,347.14 |
| Borrowings (other than debt securities) | 14 | 19,736.80 | 33,183.69 |
| Subordinated liabilities | 14 | 201.87 | 201.83 |
| Other financial liabilities | 15 | 1,312.32 | 2,696.75 |
| Subtotal - Financial Liabilities | | 39,033.39 | 56,429.41 |
| Non-financial liabilities | | | |
| Current tax liabilities (net) | 16 | 281.62 | 1,398.16 |
| Provisions | 17 | 40.15 | 16.50 |
| Other non-financial liabilities | 18 | 508.76 | 414.25 |
| Subtotal - Non-financial liabilities | | 830.53 | 1,828.91 |
| EQUITY | | | |
| Equity share capital | 19 | 690.95 | 643.15 |
| Other equity | 20 | 30,184.73 | 26,847.64 |
| Equity attributable to shareholders of the company | | 30,875.68 | 27,490.79 |
| Non controlling interest | 20 | 23.77 | 20.18 |
| Subtotal Equity | | 30,899.45 | 27,510.97 |
| Total liabilities and equity | | 70,763.37 | 85,769.29 |

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

Manish Gujral

Partner

Membership No.: 105117

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited
Abanti Mitra

Chairperson

DIN: 02305893

Place: Mumbai

Date: July 11, 2022

Shalabh Saxena

Managing Director &

Chief Executive Officer

DIN: 08908237

Place: Hyderabad

Date: July 11, 2022

Ashish Kumar Damani

President and Chief

Finance Officer

Place: Hyderabad

Date: July 11, 2022

Ramesh Periasamy

Company Secretary and

Compliance Officer

Membership No.: A26247

Place: Hyderabad

Date: July 11, 2022

Place: Mumbai
Date: July 11, 2022

Consolidated Statement of Profit And Loss

For the year ended March 31, 2022

| (₹ in million unless otherwise stated) | | | |
|---|-------|----------------------------------|----------------------------------|
| Particulars | Notes | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Revenue from operations | | | |
| Interest income | 21 | 13,365.36 | 13,627.10 |
| Commission and Incentive Income | | 64.68 | 97.00 |
| Net gain on fair value changes | 22 | 782.09 | 760.51 |
| Others | 23 | 415.79 | 341.65 |
| Total revenue from operations | | 14,627.92 | 14,826.26 |
| Other income | 24 | 172.43 | 229.88 |
| Total income | | 14,800.35 | 15,056.14 |
| Expenses | | | |
| Finance cost | 25 | 5,401.00 | 4,231.70 |
| Net loss on fair value changes | 26 | 0.86 | 27.44 |
| Impairment on financial instruments and other provisions | 27 | 4,805.70 | 6,451.40 |
| Employee benefit expense | 28 | 2,283.97 | 1,715.36 |
| Depreciation and amortization expense | 12 | 91.77 | 76.23 |
| Other expenses | 29 | 1,248.33 | 549.56 |
| | | 13,831.63 | 13,051.69 |
| Profit before tax | | 968.72 | 2,004.45 |
| Tax expense: | 30 | | |
| Current Tax | | 930.65 | 1,425.98 |
| Taxes for prior period | | 17.05 | - |
| Deferred tax | | (677.25) | (876.13) |
| Income tax expense | | 270.45 | 549.85 |
| Profit/loss for the year | | 698.27 | 1,454.60 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement gains/(losses) on defined benefit plans | | (14.23) | 20.31 |
| Income tax effect | | 3.59 | (5.11) |
| Items that will be reclassified subsequently to profit or loss | | | |
| Fair Value gain on loan portfolio | | (448.77) | (420.38) |
| Income tax effect | | 112.95 | 105.80 |
| Total comprehensive income for the year | | 351.81 | 1,155.22 |
| Profit/loss for the year attributable to: | | | |
| Owners of the company | | 694.68 | 1,450.43 |
| Non-controlling interests | | 3.59 | 4.17 |
| | | 698.27 | 1,454.60 |
| Total comprehensive income for the year attributable to : | | | |
| Owners of the company | | 348.22 | 1,151.05 |
| Non-controlling interests | | 3.59 | 4.17 |
| | | 351.81 | 1,155.22 |
| Earnings per equity share | 31 | | |
| Basic (₹) | | 10.75 | 22.55 |
| Diluted (₹) | | 10.72 | 22.47 |
| Nominal value per equity share (₹) | | 10.00 | 10.00 |

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

Manish Gujral

Partner

Membership No.: 105117

Place: Mumbai

Date: July 11, 2022

For and on behalf of the Board of Directors of
Spandana Spahoorty Financial Limited

Abanti Mitra

Chairperson

DIN: 02305893

Place: Mumbai

Date: July 11, 2022

Shalabh Saxena

Managing Director &

Chief Executive Officer

DIN: 08908237

Place: Hyderabad

Date: July 11, 2022

Ashish Kumar Damani

President and Chief

Finance Officer

Place: Hyderabad

Date: July 11, 2022

Ramesh Periasamy

Company Secretary and

Compliance Officer

Membership No.: A26247

Place: Hyderabad

Date: July 11, 2022

Consolidated Cash Flow Statement

For the year ended March 31, 2022

| (₹ in million unless otherwise stated) | | |
|---|----------------------------------|----------------------------------|
| Particulars | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Cash flow from operating activities | | |
| Profit before tax | 968.72 | 2,004.43 |
| Adjustments for: | | |
| Interest on income tax | 71.85 | 165.80 |
| Depreciation and amortization | 91.77 | 76.23 |
| Share based payment to employees | 112.18 | 87.85 |
| Provision for gratuity | 18.82 | 8.56 |
| Finance cost on lease liability | 17.81 | 14.88 |
| Impairment on financial instruments and other provisions | 4,805.70 | 6,451.40 |
| Net gain on fair value changes | (479.82) | (86.46) |
| Net gain on adjustments on account of termination of leases | (52.44) | - |
| Net (gain)/loss on financial assets and liabilities designated at fair value through profit or loss | (42.15) | 27.44 |
| Other provisions and write offs | 14.67 | 26.19 |
| Operating profit before working capital changes | 5,527.11 | 8,776.32 |
| Movements in working capital : | | |
| Changes in other financial liabilities | (1,231.77) | 385.41 |
| Changes in other non financial liabilities | 94.51 | 112.80 |
| Changes in provisions | (9.40) | 0.25 |
| Changes in bank balances other than cash and cash equivalents | (2,292.46) | (483.22) |
| Changes in trade receivables | (80.31) | 103.07 |
| Changes in other financial assets | (3.11) | 878.94 |
| Changes in loans | 8,889.20 | (26,439.33) |
| Changes in other non financial assets | (96.87) | (34.10) |
| Cash generated from / (used in) operations | 10,796.90 | (16,699.86) |
| Income taxes paid | (2,171.09) | (840.69) |
| Net cash generated from / (used in) operating activities (A) | 8,625.81 | (17,540.55) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (69.63) | (154.56) |
| Purchase of intangible assets | (70.80) | (0.10) |
| Proceeds from derecognition of property, plant and equipment | 22.79 | 38.24 |
| Purchase of investments | (1,08,622.06) | (42,843.36) |
| Proceeds from sale of investments | 1,09,101.88 | 47,779.53 |
| Net cash generated from investing activities (B) | 362.18 | 4,819.75 |
| Cash flows from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | 2,924.27 | - |
| Debt securities issued/(repaid)(net) | (2,522.60) | 12,542.98 |
| Principal payment of lease liability | (5.25) | 9.69 |
| Interest payment of lease liability | (17.81) | 14.88 |
| Borrowings (other than debt securities) (net) | (13,446.89) | 10,910.35 |

Consolidated Cash Flow Statement

For the year ended March 31, 2022

(₹ in million unless otherwise stated)

| Particulars | For year ended March 31, 2022 | For year ended March 31, 2021 |
|---|----------------------------------|----------------------------------|
| Subordinated liabilities (net) | 0.04 | (1.45) |
| Net cash generated from / (used in) financing activities (C) | (13,068.24) | 23,476.43 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | (4,080.25) | 10,755.64 |
| Add: Cash and cash equivalents at the beginning of the year | 11,351.95 | 596.31 |
| Cash and cash equivalents at the end of the year (refer note 4) | 7,271.70 | 11,351.95 |

(₹ in millions unless otherwise stated)

| Cash flow from operating activities | For year ended March 31, 2022 | For year ended March 31, 2021 |
|-------------------------------------|----------------------------------|----------------------------------|
| Interest received | 13,147.13 | 12,935.82 |
| Interest paid | (4,443.61) | (3,636.95) |

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

Manish Gujral

Partner

Membership No.: 105117

Place: Mumbai

Date: July 11, 2022

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Abanti Mitra

Chairperson

DIN: 02305893

Place: Mumbai

Date: July 11, 2022

Ashish Kumar Damani

President and Chief
Finance Officer

Place: Hyderabad

Date: July 11, 2022

Shalabh Saxena

Managing Director &
Chief Executive Officer

DIN: 08908237

Place: Hyderabad

Date: July 11, 2022

Ramesh Periasamy

Company Secretary and
Compliance Officer

Membership No.: A26247

Place: Hyderabad

Date: July 11, 2022

Consolidated Statement of Changes in Equity

For the year ended March 31, 2022

A. EQUITY SHARES

Equity Share of ₹ 10 each issued, subscribed and fully paid

| Particulars | No. of Shares | Amount |
|--|--------------------|---------------|
| As at April 1, 2020 | 6,43,15,483 | 643.15 |
| Issue of equity share capital during the year ended March 31, 2021 (refer note 19) | - | - |
| As at March 31, 2021 | 6,43,15,483 | 643.15 |
| Issue of equity share capital during the year ended March 31, 2022 (refer note 19) | 47,79,047 | 47.79 |
| As at March 31, 2022 | 6,90,94,530 | 690.95 |

B. OTHER EQUITY

| Particulars | (₹ in millions unless otherwise stated) | | | | | | | | | | |
|--|---|-------------------|-----------------|-------------------|----------------------------|-----------------------------------|---|---|--------------|---------------------------|-------------|
| | Reserves & Surplus | | | | | | Other items of comprehensive income (fair valuation on loans) | Money received against Share Warrants A/c | Other Equity | Non-Controlling Interests | Grand Total |
| | Securities premium | Retained earnings | General reserve | Statutory reserve | Capital redemption reserve | Share options outstanding reserve | | | | | |
| Balance as at April 01, 2020 | 19,199.86 | 1,105.43 | 23.28 | 3,239.55 | 1,526.93 | 64.17 | 457.17 | - | 25,616.39 | 12.92 | 25,629.31 |
| Profit for the year ended March 31, 2021 | - | 1,450.43 | - | - | - | - | - | - | 1,450.43 | 4.17 | 1,454.60 |
| Impairment allowance on other provisions reclassified to profit and loss | - | - | - | - | - | - | 6,451.40 | - | 6,451.40 | - | 6,451.40 |
| Fair value change during the year | - | - | - | - | - | - | (6,765.98) | - | (6,765.98) | - | (6,765.98) |
| Remeasurement gain or loss on actuarial valuation | - | 15.20 | - | - | - | - | - | - | 15.20 | - | 15.20 |
| Transfer to Statutory Reserve | - | (291.88) | - | 291.88 | - | - | - | - | - | - | - |
| Share issue expenses | 0.05 | - | - | - | - | - | - | - | 0.05 | - | 0.05 |
| Share based payment to employees | - | - | - | - | - | 87.38 | - | - | 87.38 | - | 87.38 |
| Adjustment to carryig amount of NCI due to change in interest | - | (3.09) | - | - | - | - | - | - | (3.09) | 3.09 | - |
| Other adjustment | - | (4.14) | - | - | - | - | - | - | (4.14) | - | (4.14) |
| Balance as at March 31, 2021 | 19,199.91 | 2,271.95 | 23.28 | 3,531.43 | 1,526.93 | 151.55 | 142.59 | - | 26,847.64 | 20.18 | 26,867.82 |
| Profit for the year ended March 31, 2022 | - | 694.68 | - | - | - | - | - | - | 694.68 | 3.59 | 698.27 |
| Impairment allowance on other provisions reclassified to profit and loss | - | - | - | - | - | - | 4,658.31 | - | 4,658.31 | - | 4,658.31 |
| Fair value change during the year | - | - | - | - | - | - | (4,994.13) | - | (4,994.13) | - | (4,994.13) |

Consolidated Statement of Changes in Equity

For the year ended March 31, 2022

(₹ in millions unless otherwise stated)

| Particulars | Reserves & Surplus | | | | | Other items of comprehensive income (fair valuation on loans) | Money received against Share Warrants A/c | Other Equity | Non-Controlling Interests | Grand Total |
|--|--------------------|-------------------|-----------------|-------------------|----------------------------|---|---|------------------|---------------------------|------------------|
| | Securities premium | Retained earnings | General reserve | Statutory reserve | Capital redemption reserve | Share options outstanding reserve | | | | |
| Remeasurement gain or loss on actuarial valuation | - | (10.42) | - | - | - | - | - | (10.42) | - | (10.42) |
| Transfer to Statutory Reserve | - | (139.56) | - | 139.56 | - | - | - | - | - | - |
| Premium on issue of equity shares, net of issue expenses | 2,139.38 | - | - | - | - | - | - | 2,139.38 | - | 2,139.38 |
| Issue of Share Warrants | - | - | - | - | - | - | 750.00 | 750.00 | - | 750.00 |
| Share based payment to employees | - | - | - | - | - | 112.18 | - | 112.18 | - | 112.18 |
| Less: Transfer on allotment / cancellation pursuant to ESOP scheme | - | - | 49.94 | - | - | (62.85) | - | (12.91) | - | (12.91) |
| Balance as at March 31, 2022 | 21,339.29 | 2,816.65 | 73.22 | 3,670.99 | 1,526.93 | 200.88 | 750.00 | 30,184.73 | 23.77 | 30,208.50 |

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date
For **Walker Chandok & Co LLP**
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Abanti Mitra
Chairperson
DIN: 02305893
Place: Mumbai
Date: July 11, 2022

Shalabh Saxena
Managing Director &
Chief Executive Officer
DIN: 08908237
Place: Hyderabad
Date: July 11, 2022

Ashish Kumar Damani
President and Chief
Finance Officer
Place: Hyderabad
Date: July 11, 2022

Ramesh Periasamy
Company Secretary and
Compliance Officer
Membership No.: A26247
Place: Hyderabad
Date: July 11, 2022

Place: Mumbai
Date: July 11, 2022

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

1. CORPORATE INFORMATION

Spandana Sphoorty Financial Limited ('the Company' or 'Holding Company' or 'Parent Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on March 10, 2003. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and got classified as Non-Banking Financial Company – Micro Finance Institution (NBFC – MFI) effective April 13, 2015. The Holding Company's shares are listed on BSE Limited ('BSE') and National Stock Exchange of India Ltd ('NSE'). The registered office of the Holding Company is located at plot no 31 & 32, Ramky Selenium Towers, Ground floor, Nanakramguda, Gachibowli, Telangana, India.

The Holding Company together with its subsidiaries listed below hereinafter collectively referred to as the 'the Group'.

The Company is primarily engaged in the business of lending, providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

Caspian Financial Services Limited ('CFSL') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. CFSL is yet to commence commercial operations.

Criss Financial Limited (formerly Criss Financial Holdings Limited) ('CFL') is a public company limited by shares domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI'). The Company is engaged in the business of finance by providing Individual Loans, Small Business Loans, Mortgage Loans and Gold Loans.

CFSL and CFL have been collectively referred to as "the Subsidiaries".

2. BASIS OF PREPARATION

a) Statement of compliance in preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared on a going concern basis.

These consolidated financial statements have been prepared on historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instrument and other

financial assets held for trading all of which have been measured at fair value.

The functional currency of the Group is the Indian rupee. These Consolidated financial statements are presented in Indian rupees ("Rs." or "INR") and all values / amounts are rounded off to nearest millions, unless otherwise stated.

b) Presentation of Financial Statements

The Group presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- a. The normal course of business
- b. The event of default
- c. The event of insolvency or bankruptcy of the Group and/or its counterparties

c) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

The Consolidated financial statements include results of the subsidiaries of Spandana Sphoorty Financial Limited. (Holding Company), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

| Name of the Company | Country of Incorporation | Proportion of ownership as at | | Consolidated as |
|------------------------------------|--------------------------|-------------------------------|----------------|-----------------|
| | | March 31, 2022 | March 31, 2021 | |
| Criss Financial Limited | India | 98.45% | 98.45% | Subsidiary |
| Caspian Financial Services Limited | India | 100.00% | 100.00% | Subsidiary |

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Company (profits or losses resulting from intracompany transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intracompany losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intracompany transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Company's accounting policies. All intracompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

d) Assessment of impact of Covid-19

During the Financial Year 2020-2021, Covid-19 pandemic resulted in a nation-wide lockdown in April 2020 - May 2020 which substantially impacted economic activity. Regulatory measures like moratorium on payment of dues and stand still in asset classification were implemented to mitigate the economic consequences on borrowers. During the financial year 2021-2022, the second wave of Covid-19 pandemic during April 2021 - May 2021 led to the re-imposition of localised / regional lock-down

measures in various parts of the country. The Group had offered resolution plan to its customers pursuant to Reserve Bank of India's guidelines on 'Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses' dated May 5, 2021, as the lockdowns eased gradually from June 2021, resulting in improvement in economic activity.

While there has been significant progress in vaccination programme and the impact of the third wave of Covid-19 in India has been mild, the impact, including with respect to credit quality and provisions, of the Covid-19 pandemic on the Holding Company's result will depend on the trajectory of the pandemic, effectiveness of the vaccinations, the effectiveness of current and future steps taken by the government and central bank to mitigate the economic impact.

The Group has recognized provisions as on 31 March 2022 towards its loan assets, based on the information available at this point of time, in accordance with the expected credit loss method. The Group believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of these audited financial results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Group will continue to monitor any material changes to future economic condition.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

on the amounts recognized in the financial statements is included in the following notes:

i) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

ii) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Impairment of loan portfolio

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Group makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

iv) Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations such as employee entitlements and litigation provisions. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

v) Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

b) Recognition of income and expense

The Group earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Interest income and expense

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Dividend income

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iii) Other income and expense

All Other income and expense are recognized in the period they occur.

The Group recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

c) Property, plant and equipment(PPE) and intangible asset

PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible asset

Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.

d) Depreciation and amortization

Depreciation

- i. Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.
- ii. Property, plant and equipment costing up to ₹ 5,000 individually are fully depreciated in the year of purchase.

The Group has used the following useful lives to provide depreciation on its Property, plant and equipment:

| Asset Category | Useful Life (in years) |
|------------------------|------------------------|
| Furniture & Fixtures | 10 |
| Computers & Printers | 3 |
| Office Equipment | 5 |
| Leasehold Improvements | 3 |
| Vehicles | 8 |
| Land & Buildings | 60 |

Amortization

Intangible assets are amortized at a rate of 40% per annum on a "Written Down Value" method, from the date that they are available for use.

e) Impairment

i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.

In accordance with Ind AS 109, the Group is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Group is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Group is required to recognize credit losses over next 12 month period. The Group has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Group has a process to assess credit risk of all exposures at each year end as follows:

Stage I

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Group has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30day overdues fall under this category. In accordance with Ind AS 109, the Group measures ECL on such assets over next 12 months.

Stage II

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Group classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Group measures lifetime ECL on stage II loans.

Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Group measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

Methodology for calculating ECL

The Group determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

Group does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) - It represents an estimate of the exposure of the Group at a future date after considering repayments by the counter party before the default event occurs.

Loss given default (LGD) - It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

ii) Non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money

and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Business combination and Goodwill:

Goodwill is initially recognized at cost and is subsequently measured at cost plus any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that unit's value may be impaired. If the recoverable amount of the cash generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to carrying value of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent period. On disposal of the subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

g) Revenue from contracts with customers

The Group recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

- Commission and incentive income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognized on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.
- Revenue from advertisement activity is recognised upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

h) Leases

Measurement of lease liability

At the time of initial recognition, the Group measures lease liability as present value of all lease payment discounted using the Group's incremental cost of borrowing rate. Subsequently, the lease liability is (a) increased by interest on lease liability; and (b) reduce by lease payment made.

Measurement of Right-of-Use asset

At the time of initial recognition, the Group measures 'Right-of-Use assets' as present value of all lease payment discounted using the Group's incremental cost of borrowing rate w.r.t said lease contract. Subsequently, 'Right-of-Use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-Use assets' is provided on straight line basis over the lease period

Short-term leases:

Short term leases not covered under Ind AS 116 are classified as operating lease. Lease payments during the year are charged to statement of profit and loss.

i) Foreign currency transactions

Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (INR), which are the functional currency of the Group and the currency of the primary economic environment in which the Group operates.

Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

j) Retirement and Employee benefits

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under

a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Group operates following employee benefit plans:

i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

iii) Leaves

The service rules of the Group do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

iv) Employee Stock Option Plan

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

k) Income taxes

Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Group also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Group's intention to settle on a net basis.

l) Earnings per equity share (EPS)

The Group reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the diluted earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

m) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

n) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not have any contingent assets in the financial statements.

o) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.

Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, where the Group's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Group's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Group revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL.

Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

p) Derivative financial instrument

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

q) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Group's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

The Group is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- **Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- **Level 3 financial instruments** - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

r) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

s) Cash flow statements

The consolidated cash flow statement is prepared in accordance with the Indirect method. Consolidated cash flow statement presents the cash flows by operating,

financing and investing activities of the Group. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

t) Proposed dividend

As per Ind AS -10, 'Events after the Reporting period', the Group disclose the dividend proposed by board of directors after the balance sheet date in the notes to these standalone financial statements. The liability to pay dividend is recognised when the declaration of dividend is approved by the shareholders.

u) Standards and recent pronouncements issued but not yet effective

MCA vide its notification dated 23 March 2022 has notified Companies (Indian Accounting Standards) Amendment Rules, 2022 to further amend the Companies (Indian Accounting Standards) Rules, 2015, as below, which are effective from 1 April 2022.

Ind AS 16 – Property Plant and equipment - The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

Ind AS 109 – Financial Instruments - The amendment clarifies the nature of fees an entity should include when it applies the '10% test' in assessing whether to derecognize a financial liability. An entity shall include only fees paid or received between the entity and the lender, including the fees paid or received by either the entity or the lender on other's behalf.

The Group does not expect any of these amendments to have any material effect on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

4: CASH AND CASH EQUIVALENTS

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Cash on hand | 1.61 | 22.93 |
| Balances with banks | | |
| On current accounts | 7,069.56 | 8,808.03 |
| Deposit with original maturity of less than three months | 200.53 | 2,520.99 |
| | 7,271.70 | 11,351.95 |

5: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Deposit with banks not considered as cash and cash equivalents | 1,609.00 | 133.83 |
| Restricted bank balance | 234.95 | - |
| Deposits held as margin money or security against the borrowings | 2,906.77 | 2,324.45 |
| | 4,750.72 | 2,458.27 |

6: TRADE RECEIVABLES

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Unsecured | | |
| - Considered good | 200.92 | 120.61 |
| - Significant increase in credit risk | - | - |
| | 200.92 | 120.61 |
| Less: Allowance for receivables with significant increase in credit risk | - | - |
| | 200.92 | 120.61 |

Trade receivables ageing schedule:

| | (₹ in millions unless otherwise stated) | | | | | |
|-----------------------------|--|-------------------|-----------|-----------|----------------------|--------|
| Particulars | Outstanding for following periods from due date of payment | | | | | |
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | TOTAL |
| As at March 31, 2022 | | | | | | |
| Undisputed | | | | | | |
| Considered good | 200.92 | - | - | - | - | 200.92 |
| Credit impaired | - | - | - | - | - | - |
| | | | | | | |
| As at March 31, 2021 | | | | | | |
| Undisputed | | | | | | |
| Considered good | 120.61 | - | - | - | - | 120.61 |
| Credit impaired | - | - | - | - | - | - |

There are no disputed receivables as at March 31, 2022 and March 31, 2021.

7: LOANS

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| (a) Term loans (measured at fair value through OCI) | 57,761.73 | 69,352.43 |
| (b) Term loans (measured at amortised cost) | 3,836.82 | 3,932.39 |
| (c) Inter-corporate advances to related parties [repayable on demand] (measured at amortised cost) | 64.60 | 187.32 |
| Total - Gross | 61,663.15 | 73,472.14 |
| Less: Impairment allowance | (6,479.32) | (3,344.59) |
| Less: Provision towards refund of excess interest collected (Refer note 48) | - | (797.13) |
| Total - Net | 55,183.83 | 69,330.42 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

| | (₹ in millions unless otherwise stated) | |
|---|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Break-up of loans | | |
| (a) Secured by tangible assets [Property including land and building (March 31, 2021: includes Gold)] | 1,032.53 | 1,138.66 |
| (b) Unsecured | 60,630.62 | 72,333.48 |
| Total - Gross | 61,663.15 | 73,472.14 |
| Less: Impairment and other provisions | (6,479.32) | (4,141.72) |
| Total - Net | 55,183.83 | 69,330.42 |
| (a) Public sector | - | - |
| (b) Others | 61,663.15 | 73,472.14 |
| Total - Gross | 61,663.15 | 73,472.14 |
| Less: Impairment and other provisions | (6,479.32) | (4,141.72) |
| Total - Net | 55,183.83 | 69,330.42 |
| (a) Within India | 61,663.15 | 73,472.14 |
| (b) Outside India | - | - |
| Total - Gross | 61,663.15 | 73,472.14 |
| Less: Impairment and other provisions | (6,479.32) | (4,141.72) |
| Total - Net | 55,183.83 | 69,330.42 |

Note 1: The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Act), either severally or jointly that are (a) repayable on demand or (b) without specifying any terms or period of repayment, except for the loans extended to related parties, which are repayable on demand as under:

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Outstanding balance | 64.60 | 187.32 |
| Percentage to the total gross loan portfolio | 0.10% | 0.25% |

Note 2: The table below discloses the credit quality of Group exposures on loan portfolio (excluding inter-corporate advances) as at the reporting date:

Gross loan portfolio movement for the year ended March 31, 2022

| | (₹ in millions unless otherwise stated) | | | |
|--|---|-----------------|------------------|------------------|
| Particulars | Stage I | Stage II | Stage III | Total |
| Gross carrying amount as at April 1, 2021 | 62,658.70 | 6,530.75 | 4,095.37 | 73,284.82 |
| New assets originated or purchased | 33,732.86 | - | - | 33,732.86 |
| Asset derecognised or repaid (excluding write offs)# | (39,066.80) | (4,138.60) | (41.69) | (43,247.09) |
| Assets written off during the year | - | - | (2,003.79) | (2,003.79) |
| Inter-stage movements | | | | |
| Stage I | 327.75 | (314.00) | (13.75) | - |
| Stage II | (4,529.40) | 4,536.32 | (6.92) | - |
| Stage III | (8,582.69) | (877.44) | 9,460.13 | - |
| Fair value adjustment | (148.50) | (19.75) | - | (168.25) |
| Gross carrying amount as at March 31, 2022 | 44,391.92 | 5,717.28 | 11,489.35 | 61,598.55 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

Gross loan portfolio movement for the year ended March 31, 2021

| (₹ in millions unless otherwise stated) | | | | |
|--|------------------|-----------------|-----------------|------------------|
| Particulars | Stage I | Stage II | Stage III | Total |
| Gross carrying amount as at April 1, 2020 | 49,891.93 | 111.14 | 179.84 | 50,182.91 |
| New assets originated or purchased | 63,395.00 | - | - | 63,395.00 |
| Asset derecognised or repaid (excluding write offs)# | (45,373.11) | 3,440.57 | 4,977.52 | (36,955.02) |
| Assets written off during the year | 0.28 | 0.03 | (3,618.91) | (3,618.60) |
| Inter-stage movements | | | | |
| Stage I | 18.44 | (16.18) | (2.26) | - |
| Stage II | (2,985.41) | 2,986.58 | (1.17) | - |
| Stage III | (2,541.23) | (19.12) | 2,560.35 | - |
| Fair value adjustment | 252.80 | 27.73 | - | 280.53 |
| Gross carrying amount as at March 31, 2021 | 62,658.70 | 6,530.75 | 4,095.37 | 73,284.82 |

Represents balancing figure

Movement of impairment allowance during the year ended March 31, 2022

| (₹ in millions unless otherwise stated) | | | | |
|--|---------------|-----------------|-----------------|-----------------|
| Particulars | Stage I | Stage II | Stage III | Total |
| Opening Balance | 469.29 | 973.73 | 1,901.57 | 3,344.59 |
| Provision made/ (reversed) during the year | 421.53 | 296.19 | 4,420.80 | 5,138.52 |
| Inter-stage movements | | | | |
| Stage I | 148.27 | (106.04) | (42.23) | - |
| Stage II | (185.68) | 191.50 | (5.82) | - |
| Stage III | (509.82) | (266.27) | 776.09 | - |
| Write off | - | - | (2,003.79) | (2,003.79) |
| Closing Balance | 343.59 | 1,089.11 | 5,046.62 | 6,479.32 |

Movement of impairment allowance during the year ended March 31, 2021

| (₹ in millions unless otherwise stated) | | | | |
|--|---------------|---------------|-----------------|-----------------|
| Particulars | Stage I | Stage II | Stage III | Total |
| Opening Balance | 747.84 | 64.27 | 145.24 | 957.35 |
| Provision made/ (reversed) during the year | 1,304.75 | 420.21 | 4,280.88 | 6,005.84 |
| Inter-stage movements | | | | |
| Stage I | (33.44) | 11.72 | 21.72 | - |
| Stage II | (442.72) | 441.96 | 0.76 | - |
| Stage III | (1,107.43) | 35.54 | 1,071.89 | - |
| Write off | 0.28 | 0.03 | (3,618.91) | (3,618.60) |
| Closing Balance | 469.28 | 973.73 | 1,901.58 | 3,344.59 |

Note 3: During the current and previous year, the Holding Company has pre-closed loan accounts and provided fresh (top-up) loans to certain borrowers for restarting their businesses after a temporary suspension of economic activities due to COVID-19 pandemic. In determining whether this resulted in a significant increase in credit risk or impairment of these loans and potential future loss estimate, the Holding Company takes into consideration the borrowers' vintage, past repayment behaviour and viability of their businesses, as a separate cohort.

Based on such assessment and in accordance with Ind AS 109 principles, including those relating to modified loans, and in terms of the ECL policy approved by the Board of Directors ("ECL Policy"), the Holding Company has classified loans amounting to ₹800.31 million as stage 3 (March 31, 2021: ₹3,680 million as Stage 2 and ₹1,079 million as Stage 3), although these loans overdue was not more than 90 days as per the latest repayment schedule as at March 31, 2022. While the staging movement has been carried out taking cognizance of the overdues in previous loan, the Holding Company has applied relatively lower probability of default (PD) and loss given default (LGD) factors as per its ECL Policy considering the borrowers' repayment behaviour in earlier loan cycles. Accordingly, the Holding Company has recognised a total impairment allowance of ₹79.86 million (March 31, 2021: ₹848 million) on such loans.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

Further, as the loans are provided to borrowers having running businesses with steady cash flows and not as a concession to overcome financial difficulties faced by borrowers other than the temporary suspension due to lockdown, these cases are not considered as restructured accounts in terms of extant RBI Master Directions.

Note 4: The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, various state governments and local statutory authorities imposed restrictions on economic activities in different parts of the country which continued to impact Group's operations including lending and collection activities. Further, pursuant to the RBI's COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group had offered a moratorium to its borrowers until May 31, 2020 which was further extended up to August 31, 2020 based on borrowers' requests.

In assessing the impairment allowance for loan portfolio, the Group has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave, and has noted that the existing provisioning levels are adequate to cover any further delinquencies. Given the unique nature and scale of this pandemic, its full extent of impact on the Group's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Group's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated.

Note 5: No impairment allowance has been recognized on the outstanding inter-corporate advances to related parties as at March 31, 2022 and March 31, 2021.

8: INVESTMENTS

| (₹ in millions unless otherwise stated) | | |
|--|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| <i>Measured at fair value through profit & loss</i> | | |
| Investments in liquid / debt mutual funds | 23.44 | 22.25 |
| 100,000 (March 31, 2021: 100,000) equity shares of ₹10 each fully paid up in Alpha Micro Finance Consultants Private Limited | 1.00 | 1.00 |
| | 24.44 | 23.25 |
| Less: Impairment loss allowance | - | - |
| | 24.44 | 23.25 |

Note: All investments are held within India.

9: OTHER FINANCIAL ASSETS

| (₹ in millions unless otherwise stated) | | |
|--|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Security deposits | 24.49 | 30.19 |
| Amount receivable from banks and non banking financial companies | 0.08 | 0.07 |
| Term deposits placed with non banking financial companies # | 5.29 | 18.02 |
| Retained interest on asset assigned | 301.00 | 620.66 |
| Other assets | 414.29 | 87.78 |
| | 745.15 | 756.72 |

Represent margin money deposits placed to avail term loans from non banking financial companies.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

10: CURRENT TAX ASSETS (NET)

| | (₹ in millions unless otherwise stated) | |
|---------------------------------------|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Advance income tax (net of provision) | 188.13 | 153.13 |
| | 188.13 | 153.13 |

11: DEFERRED TAX ASSETS (NET)

| | (₹ in millions unless otherwise stated) | |
|--|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Effects of deferred tax assets/ (liabilities): | | |
| Impairment of financial instruments and other provisions | 1,687.34 | 1,100.46 |
| Provisions allowable on payment basis | 53.05 | 51.15 |
| Property, plant and equipment | 37.21 | 39.01 |
| Ind-AS 116 impact | - | 5.89 |
| Fair value gain on Loans | 42.34 | (70.60) |
| Income from direct assignments | (75.62) | (156.88) |
| Others | 97.73 | 78.46 |
| | 1,842.05 | 1,047.49 |

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

11.1: DEFERRED TAX ASSETS (NET)

Movement in deferred tax balances for the year ended March 31, 2022

| | (₹ in millions unless otherwise stated) | | | |
|--|---|---------------------------------------|----------------------|-------------------------------|
| Particulars | Net Balance April 1, 2021 | (Charge) / Credit in Profit & Loss | Recognised in OCI | Net Balance March 31, 2022 |
| Deferred tax assets/ (liabilities) | | | | |
| Property, plant and equipment | 39.01 | (1.80) | - | 37.21 |
| Provisions allowable on payment basis | 51.15 | (1.69) | 3.59 | 53.05 |
| Impairment of financial instruments and other provisions | 1,100.46 | 586.88 | - | 1,687.34 |
| Income from direct assignments | (156.88) | 81.26 | - | (75.62) |
| Other items | 13.75 | 13.37 | 112.95 | 140.07 |
| Net Deferred tax assets / (liabilities) | 1,047.49 | 678.02 | 116.54 | 1,842.05 |

Movement in deferred tax balances for the year ended March 31, 2021

| | (₹ in millions unless otherwise stated) | | | |
|--|---|---------------------------------------|----------------------|-------------------------------|
| Particulars | Net Balance April 1, 2020 | (Charge) / Credit in Profit & Loss | Recognised in OCI | Net Balance March 31, 2021 |
| Deferred tax assets/ (liabilities) | | | | |
| Property, plant and equipment | 37.02 | 1.99 | - | 39.01 |
| Provisions allowable on payment basis | 56.49 | (0.23) | (5.11) | 51.15 |
| Impairment of financial instruments and other provisions | 451.62 | 648.84 | - | 1,100.46 |
| Income from direct assignments | (359.02) | 202.14 | - | (156.88) |
| Others | (115.79) | 23.74 | 105.80 | 13.75 |
| Net Deferred tax assets / (liabilities) | 70.33 | 876.48 | 100.69 | 1,047.49 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

12: PROPERTY, PLANT & EQUIPMENT

(₹ in millions unless otherwise stated)

| Particulars | Land & building # | Leasehold improvements | Furniture & Fixtures | Office Equipment | Vehicles | Computers | Right of use asset | Total |
|----------------------------|-------------------|------------------------|----------------------|------------------|----------|-----------|--------------------|----------|
| Gross block | | | | | | | | |
| At April 1, 2020 | 2.01 | 95.40 | 81.95 | 32.81 | 15.17 | 181.99 | 114.27 | 523.60 |
| Addition | - | - | 11.97 | 6.60 | 19.41 | 14.73 | 101.84 | 154.55 |
| Disposals | - | - | 0.59 | 0.24 | - | 0.51 | 36.90 | 38.24 |
| At March 31, 2021 | 2.01 | 95.40 | 93.33 | 39.17 | 34.58 | 196.21 | 179.21 | 639.91 |
| Addition | - | - | 18.39 | 30.89 | 9.07 | 10.15 | 2.37 | 70.87 |
| Disposals | - | - | (9.88) | (13.99) | - | (27.64) | (179.21) | (230.72) |
| At March 31, 2022 | 2.01 | 95.40 | 101.84 | 56.07 | 43.65 | 178.72 | 2.37 | 480.06 |
| Depreciation | | | | | | | | |
| At April 1, 2020 | 0.24 | 93.77 | 66.73 | 23.50 | 6.20 | 154.23 | 26.69 | 371.36 |
| Charge for the year | 0.08 | 1.03 | 12.36 | 5.44 | 6.37 | 22.05 | 23.26 | 70.59 |
| Disposals | - | - | 0.47 | 0.14 | - | 0.39 | - | 1.00 |
| At March 31, 2021 | 0.32 | 94.80 | 78.62 | 28.80 | 12.57 | 175.89 | 49.95 | 440.95 |
| Charge for the year | 0.08 | 0.38 | 10.52 | 12.74 | 8.70 | 15.79 | 35.98 | 84.19 |
| Disposals | - | - | (2.14) | (0.90) | - | (25.66) | (84.25) | (112.95) |
| At March 31, 2022 | 0.40 | 95.18 | 87.00 | 40.64 | 21.27 | 166.02 | 1.68 | 412.19 |
| Net carrying amount | | | | | | | | |
| At March 31, 2021 | 1.69 | 0.60 | 14.71 | 10.37 | 22.01 | 20.32 | 129.26 | 198.96 |
| At March 31, 2022 | 1.61 | 0.22 | 14.84 | 15.43 | 22.38 | 12.70 | 0.69 | 67.87 |

Mortgaged as security against non-convertible debentures.

12A: Other Intangible assets

(₹ in millions unless otherwise stated)

| Particulars | Computer software | Total |
|----------------------------|-------------------|--------|
| Gross block | | |
| At April 1, 2020 | 105.33 | 105.33 |
| Addition | 0.10 | 0.10 |
| At March 31, 2021 | 105.43 | 105.43 |
| Addition | 70.77 | 70.77 |
| At March 31, 2022 | 176.20 | 176.20 |
| Amortization | | |
| At April 1, 2020 | 92.02 | 92.02 |
| Charge for the year | 5.64 | 5.64 |
| At March 31, 2021 | 97.66 | 97.66 |
| Charge for the year | 7.58 | 7.58 |
| At March 31, 2022 | 105.24 | 105.24 |
| Net carrying amount | | |
| At March 31, 2021 | 7.77 | 7.77 |
| At March 31, 2022 | 70.96 | 70.96 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

13: OTHER NON-FINANCIAL ASSETS

| (₹ in millions unless otherwise stated) | | |
|---|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Unsecured, considered good | | |
| Prepaid expenses | 21.27 | 12.39 |
| Capital advances | 13.61 | 3.85 |
| Advance against sum assured | 141.75 | 97.74 |
| Other advances | 66.62 | 32.55 |
| | 243.25 | 146.53 |
| Unsecured, considered doubtful | | |
| Amounts deposited with courts | 6.24 | 6.24 |
| Advance against sum assured | 22.72 | 16.84 |
| Others | 0.29 | - |
| Less: Provision for doubtful debts | (29.25) | (23.08) |
| | - | - |
| | 243.25 | 146.53 |

14: (A) DEBT SECURITIES (AT AMORTISED COST)

| (₹ in millions unless otherwise stated) | | | | | |
|--|-------------------------------|-------------------|-------------------------------|-------------------------|-------------------------|
| | No. of debentures outstanding | | Face Value (₹ in millions) | As at March 31, 2022 | As at March 31, 2021 |
| | March 31, 2022 | March 31, 2021 | | | |
| (i) Debentures (Secured) | | | | | |
| 13.12% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. December 7, 2018 | - | 410 | 1.00 | - | 426.58 |
| 13.25% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of thirteen months from the date of allotment i.e. September 24, 2020 | - | 400 | 1.00 | - | 423.42 |
| 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of fifteen months from the date of allotment i.e. October 20, 2020 | - | 800 | 0.10 | - | 85.23 |
| 11% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of fifteen months from the date of allotment i.e. November 17, 2020 | - | 7,500 | 0.10 | - | 766.45 |
| 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. October 20, 2020 | 800 | 800 | 0.10 | 94.52 | 84.70 |
| 10.00% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. October 29, 2020 | 1,000 | 1,000 | 1.00 | 1,041.87 | 1,040.89 |
| 10.80% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. November 19, 2020 | 350 | 1,400 | 1.00 | 352.57 | 1,383.22 |
| 11.49% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. December 24, 2020 (subject to exercise of put option by the lender at the end of eighteen months from the date of allotment). Redeemable on maturity if option not exercised by the investor. | 215 | 215 | 1.00 | 221.85 | 221.47 |
| 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of twenty one months from the date of allotment i.e. October 20, 2020. | 800 | 800 | 0.10 | 94.52 | 84.94 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| | No. of debentures outstanding | | Face Value (₹ in millions) | As at | As at |
|--|-------------------------------|-------------------|-------------------------------|----------------|----------------|
| | March 31, 2022 | March 31, 2021 | | March 31, 2022 | March 31, 2021 |
| 14.00% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of twenty four months from the date of allotment i.e. September 08, 2020 (subject to exercise of put option by the lender at the end of six months from the date of allotment). Redeemable on maturity if option not exercised by the investor. | 250 | 250 | 1.00 | 251.81 | 251.02 |
| 14.8% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of twenty three months from the date of allotment i.e. October 28, 2020. | 1,740 | 1,740 | 0.10 | 224.12 | 191.02 |
| 12.75% Secured, Redeemable, Non-convertible Debentures redeemable in twenty four equal monthly installments from the date of allotment i.e. September 29, 2020. | 250 | 250 | 1.00 | 62.17 | 184.74 |
| 12.20% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of twenty four months from the date of allotment i.e. December 19, 2020. | 500 | 500 | 1.00 | 502.54 | 498.78 |
| 11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of Twenty Four months from the date of allotment i.e. December 16, 2020. | 6,360 | 6,360 | 0.10 | 725.96 | 644.56 |
| 11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. December 29, 2020 (subject to exercise of put option by the lender at the end of twenty four months from the date of allotment). Redeemable on maturity if option not exercised from the investor | 8,275 | 8,275 | 0.10 | 929.43 | 818.94 |
| 11.50% Secured, Redeemable, Non-convertible Debentures redeemable at quarterly intervals. | 2,000 | 4,000 | 0.10 | 204.14 | 405.12 |
| 12.75% Secured, Redeemable, Non-convertible Debentures redeemable at half-yearly intervals. | 500 | 1,000 | 1.00 | 515.20 | 832.05 |
| 11.25% Secured, Senior, Redeemable, Transferable, Listed, Principal protected, Market Linked, Rated Non Convertible Debentures, redeemable at par at the end of twenty six months from the date of allotment i.e. March 16, 2021 (subject to exercise of put option by the lender at the end of eighteen months from the date of allotment). Redeemable on maturity if option not exercised from the investor | 5,000 | 5,000 | 0.10 | 544.13 | 483.28 |
| 13.15% Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1 million each redeemable at par at the end of seventy two months from the date of allotment i.e. October 31, 2017 (subject to exercise of put option by the lender or call option by the Group at the end of thirty six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | 325 | 325 | 1.00 | 339.92 | 339.93 |
| 11.34% (net of with-holding tax), Secured, Redeemable, Non-convertible Debentures, 50% of which is redeemable at par at the end of sixth month from September 18, 2017 i.e. the date of allotment and balance 50% to be redeemable on maturity i.e. June 30, 2023 (subject to exercise of put option by the lender at March 18, 2022 i.e. at the end of fifty four months from date of allotment). | 850 | 850 | 1.00 | 854.12 | 853.62 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| | No. of debentures outstanding | | Face Value (₹ in millions) | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------------|-------------------|-------------------------------|-------------------------|-------------------------|
| | March 31, 2022 | March 31, 2021 | | | |
| 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. November 24, 2020 (subject to exercise of put option by the lender at the end of twenty four months from the date of allotment). Redeemable on maturity if option not exercised by the investor | 10,000 | 10,000 | 0.10 | 1,014.50 | 1,008.92 |
| 12.5% Secured, Redeemable, Non-convertible Debentures redeemable at quarterly intervals | 800 | 1,200 | 1.00 | 795.94 | 1,190.45 |
| 12% Secured, Rated, Listed, Redeemable, Transferable, Non Convertible Debentures of face value of ₹1 million each | 350 | 350 | 1.00 | 351.12 | 351.75 |
| 14.80% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of forty four months from the date of allotment i.e. October 28, 2020 (subject to exercise of put option by the lender at the end of Thirty months from the date of allotment). Redeemable on maturity if option not exercised by the investor. | 2,000 | 2,000 | 0.10 | 244.99 | 225.80 |
| 12.5% Rated, unlisted, senior, secured, redeemable, taxable, non convertible Debentures of face value ₹ 0.1 million each | 4,500 | 4,500 | 0.10 | 448.50 | 447.98 |
| 11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of twenty four months from the date of allotment i.e. April 29, 2021. | 11,000 | - | 0.10 | 1,232.03 | - |
| 11% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of thirty months from the date of allotment i.e. June 16, 2021. | 33,750 | - | 0.10 | 3,592.43 | - |
| 10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures each redeemable at par at the end of twenty two months from the date of allotment i.e. July 14, 2021. | 3,000 | - | 0.10 | 330.09 | - |
| 10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirty months from the date of allotment i.e. July 22, 2021. | 12,500 | - | 0.10 | 1,374.04 | - |
| 10.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirteen months from the date of allotment i.e. August 03, 2021. | 150 | - | 1.00 | 149.99 | - |
| 10.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirteen months from the date of allotment i.e. March 24, 2022. | 350 | - | 1.00 | 350.70 | - |
| 12.65% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of nineteen months from the date of allotment i.e. June 15, 2021. | 600 | - | 0.10 | 66.07 | - |
| 12.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty Five months from the date of allotment i.e. June 15, 2021. | 1,200 | - | 0.10 | 131.98 | - |
| Sub - Total | | | | 17,041.24 | 13,244.86 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| | No. of debentures outstanding | | Face Value (₹ in millions) | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------------|-------------------|-------------------------------|-------------------------|-------------------------|
| | March 31, 2022 | March 31, 2021 | | | |
| (ii) Borrowing under securitisation arrangement (secured) | | | | | |
| From Banks | | | | 741.16 | 6,225.00 |
| From non-banking financial companies | | | | - | 877.28 |
| Sub - Total | | | | 741.16 | 7,102.28 |
| Total Debt Securities | | | | 17,782.40 | 20,347.14 |
| Nature of security | | | | | |
| The above debt securities are secured by the way of first and exclusive charge over eligible specified book debts and mortgage of land. | | | | | |
| Out of the above debt securities | | | | | |
| Debt securities in India | | | | 17,782.40 | 20,347.14 |
| Debt securities outside India | | | | - | - |
| Total | | | | 17,782.40 | 20,347.14 |
| (b) Borrowings (Other than Debt Securities) | | | | | |
| Secured, measured at amortised cost | | | | | |
| Indian rupee term loan from banks | | | | 16,458.16 | 27,593.01 |
| Indian rupee term loan from non-banking financial companies | | | | 3,278.64 | 5,590.68 |
| Total | | | | 19,736.80 | 33,183.69 |
| Out of the above | | | | | |
| Borrowings in India | | | | 19,736.80 | 33,183.69 |
| Borrowings outside India | | | | - | - |
| Total | | | | 19,736.80 | 33,183.69 |
| Nature of security | | | | | |
| Borrowings (other than debt securities) are secured by the way of hypothecation of book debts and margin money deposits. | | | | | |
| <i>Refer Note 14A for terms of principal repayment and the applicable interest rate on the borrowings (other than debt securities).</i> | | | | | |
| (c) Subordinated Liabilities (at amortised cost) | | | | | |
| Unsecured term loan | | | | | |
| Indian rupee loan from Bank | | | | 201.87 | 201.83 |
| Total Subordinated Liabilities | | | | 201.87 | 201.83 |
| Out of the above | | | | | |
| Borrowings in India | | | | 201.87 | 201.83 |
| Borrowings outside India | | | | - | - |
| Total | | | | 201.87 | 201.83 |

Subordinate debt is unsecured and carries interest rate @ 15% per annum. The Subordinate debt is due for maturity on June 08, 2024.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

14A. Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than debt securities)

(i) As at March 31, 2022

(₹ in millions unless otherwise stated)

| Original maturity of loan | Frequency of repayment | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Total |
|---|------------------------|---------------|---------------------|----------|--------------------------|----------|--------------------------|--------|-----------|
| | | | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | |
| Borrowings (Other than Debt Securities) | | | | | | | | | |
| 1-3 years | Monthly | 8.50%-10.50% | 167 | 5,095.79 | 63 | 2,008.55 | 15 | 458.33 | 7,562.67 |
| | | 10.51%-12.00% | 178 | 5,208.79 | 53 | 1,733.07 | - | - | 6,941.86 |
| | | 12.01%-14.00% | 251 | 1,759.80 | 39 | 142.71 | - | - | 1,902.51 |
| | Quarterly | 10.51%-12.00% | 11 | 354.17 | 4 | 116.67 | - | - | 470.84 |
| | | 12%-12.99% | 4 | 50.00 | - | - | - | - | 50.00 |
| | | 7.00%-10.00% | 1 | 500.00 | - | - | - | - | 500.00 |
| | Half Yearly | 10.01%-11.00% | 2 | 600.00 | - | - | - | - | 600.00 |
| | | 12%-12.99% | 4 | 83.33 | 2 | 234.42 | - | - | 317.75 |
| | | Annually | 7.00%-8.00% | 1 | 300.00 | - | - | - | - |
| | Bullet payment | 8.50%-10.50% | 3 | 985.00 | - | - | - | - | 985.00 |
| Total | | | 14,936.88 | | 4,235.42 | | 458.33 | | 19,630.63 |
| Impact of EIR | | | | | | | | | 4.70 |
| Interest accrued on borrowings (other than debt securities) | | | | | | | | | 101.47 |
| Grand Total | | | | | | | | | 19,736.80 |

(ii) As at March 31, 2021

(₹ in millions unless otherwise stated)

| Original maturity of loan | Frequency of repayment | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Total | |
|---|------------------------|----------------|---------------------|-------------|--------------------------|----------|--------------------------|--------|-----------|----------|
| | | | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | | |
| | | | | | | | | | | |
| Borrowings (Other than Debt Securities) | | | | | | | | | | |
| 1-3 years | Monthly | 8.50%-9.50% | 29 | 1,150.41 | 24 | 1,090.91 | 12 | 545.45 | 2,786.77 | |
| | | 9.51%-10.00% | 112 | 3,280.71 | 32 | 912.08 | - | - | 4,192.79 | |
| | | 10.01%-10.50% | 60 | 1,708.33 | 51 | 1,520.83 | 9 | 250.00 | 3,479.16 | |
| | | 10.51%-11.00% | 80 | 2,792.70 | 51 | 2,187.54 | - | - | 4,980.24 | |
| | | 11.01%-11.50% | 48 | 1,403.21 | 6 | 214.29 | - | - | 1,617.50 | |
| | | 11.51%-12.00% | 71 | 1,672.78 | 31 | 521.47 | 6 | 38.50 | 2,232.75 | |
| | | 12.01%-12.50% | 62 | 964.51 | 34 | 583.75 | 1 | 12.50 | 1,560.76 | |
| | | 12.51%-13.00% | 70 | 835.50 | 23 | 263.47 | - | - | 1,098.97 | |
| | | 13.01%-13.50% | 29 | 281.24 | 12 | 100.01 | 8 | 66.65 | 447.90 | |
| | Quarterly | 13.51%-14.00% | 108 | 957.39 | 95 | 765.90 | 2 | 6.53 | 1,729.82 | |
| | | 9.51%-10.00% | 17 | 1,437.07 | - | - | - | - | 1,437.07 | |
| | | 10.51%-11.00% | 7 | 857.14 | - | - | - | - | 857.14 | |
| | | 11.01%-12.00% | 14 | 820.24 | 11 | 354.17 | 4 | 116.67 | 1,291.08 | |
| | | 12.01%-13.00% | 4 | 50.00 | 4 | 50.00 | - | - | 100.00 | |
| | | Half yearly | 7.00%-10.00% | 2 | 1,000.00 | 1 | 500.00 | - | - | 1,500.00 |
| | | | 10.01%-11.00% | 2 | 1,200.00 | 2 | 600.00 | - | - | 1,800.00 |
| | | | Annually | 7.00%-8.00% | 1 | 700.00 | 1 | 300.00 | - | - |
| | | Bullet payment | 9.51%-10.00% | 3 | 875.00 | - | - | - | - | 875.00 |
| | 10.51%-11.00% | | 1 | 125.00 | - | - | - | - | 125.00 | |
| Total | | | 22,111.23 | | 9,964.42 | | 1,036.30 | | 33,111.95 | |
| Impact of EIR | | | | | | | | | (102.15) | |
| Interest accrued on borrowings (other than debt securities) | | | | | | | | | 173.89 | |
| Grand Total | | | | | | | | | 33,183.69 | |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

14B. Compliance with the loan covenants

The resignation of the erstwhile Managing Director of the Holding Company on November 2, 2021 with immediate effect, resulted in a change in the management of the Group. Such change in management and other factors such as increase in portfolio at risk (PAR) and NPA ratios due to higher delinquencies caused by COVID-19 pandemic have resulted in a breach of some of the covenants relating to borrowings such as portfolio at risk (PAR) ratios, NPA ratios, etc. The Holding Company has been regularly servicing all its borrowings and has sought forbearance / waiver from the lenders with respect to non-compliance with the covenants, wherever applicable.

Based on the discussions with the lenders, the Holding Company has no reasons to believe that any adverse action, such as levy of higher interest or a recall of the facility, will be invoked by the lenders on account of the above breaches; and as of the date of these consolidated financial statements, none of the lenders have intimated about any remedial action. Accordingly, no adjustment is required in these consolidated financial statements.

14C. Changes in liabilities arising from financing activities

| (₹ in millions unless otherwise stated) | | | | |
|---|-------------------------|-------------------|---------------|-------------------------|
| Particulars | As at March 31, 2021 | Cash flows | Others | As at March 31, 2022 |
| Debt securities | 20,347.14 | -3,318.81 | 754.07 | 17,782.40 |
| Borrowings (other than debt securities) | 33,183.69 | -13,481.32 | 34.43 | 19,736.80 |
| Subordinated liabilities | 201.83 | - | 0.04 | 201.87 |
| | 53,732.66 | -16,800.13 | 788.54 | 37,721.07 |

| (₹ in millions unless otherwise stated) | | | | |
|---|-------------------------|------------------|---------------|-------------------------|
| Particulars | As at March 31, 2020 | Cash flows | Others | As at March 31, 2021 |
| Debt securities | 7,776.28 | 12,219.58 | 351.28 | 20,347.14 |
| Borrowings (other than debt securities) | 22,273.34 | 10,984.53 | -74.18 | 33,183.69 |
| Subordinated liabilities | 203.28 | - | -1.45 | 201.83 |
| | 30,252.90 | 23,204.11 | 275.65 | 53,732.66 |

15: OTHER FINANCIAL LIABILITIES

| (₹ in millions unless otherwise stated) | | |
|---|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Expenses payable | 470.37 | 37.73 |
| Lease liability | 1.48 | 152.66 |
| Employee benefits payable | 154.95 | 212.17 |
| Creditors for capital goods | 3.29 | - |
| Assignment and other payables | 227.42 | 1,754.79 |
| Provision towards refund of excess interest collected (refer note 48) | 454.81 | 539.40 |
| | 1,312.32 | 2,696.75 |

16: CURRENT TAX LIABILITIES (NET)

| (₹ in millions unless otherwise stated) | | |
|---|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Provision for tax (net of advance tax) | 281.62 | 1,398.16 |
| | 281.62 | 1,398.16 |

17: PROVISIONS

| (₹ in millions unless otherwise stated) | | |
|---|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Provision for employee benefits | | |
| Gratuity (net of contribution) | 40.15 | 16.50 |
| | 40.15 | 16.50 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

18: OTHER NON-FINANCIAL LIABILITIES

| | (₹ in millions unless otherwise stated) | |
|---|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Other payables | 255.18 | 190.49 |
| Unfructified service tax liability [net of amount paid under protest ₹9.93 million] | 166.94 | 158.42 |
| Statutory dues payable | 86.64 | 65.34 |
| | 508.76 | 414.25 |

19: SHARE CAPITAL

| | (₹ in millions unless otherwise stated) | |
|---|---|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Authorized | | |
| 900,000,000 (March 31, 2021: 900,000,000) equity shares of ₹10 each | 9,000.00 | 9,000.00 |
| 1,250,000,000 (March 31, 2021: 1,250,000,000) preference shares of ₹10 each | 12,500.00 | 12,500.00 |
| | 21,500.00 | 21,500.00 |
| Issued, subscribed and paid-up | | |
| 69,094,530 (March 31, 2021: 64,315,483) equity shares of ₹10 each fully paid up | 690.95 | 643.15 |
| | 690.95 | 643.15 |

(a) Terms / rights attached to equity shares

The Group has only one class of equity shares of par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Group declares and pays dividends in Indian rupees. During the current financial year no dividend has been proposed by the Holding Company. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

| | (₹ in millions unless otherwise stated) | |
|---|---|---------------|
| | As at March 31, 2022 | |
| Particulars | No. of shares | Amount |
| Outstanding at the beginning of the year | 6,43,15,483 | 643.15 |
| Issued during the year - Preferential Allotment | 46,86,342 | 46.87 |
| Issued during the year - ESOP | 92,705 | 0.93 |
| Outstanding at the end of the year | 6,90,94,530 | 690.95 |

Note:

- During the year, the Holding Company has allotted 4,686,342 equity shares of ₹10 each at issue price of ₹458.78 per share including premium of ₹ 448.78 per share on preferential basis in terms of Regulation 169(4) of Chapter V of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI Regulations") and the Companies Act, 2013, to the extent applicable.
- During the year, the Holding Company has allotted 92,705 equity shares to eligible employees under Employee stock Option Plan at a price of ₹263.35 per equity share including premium of ₹253.35 per equity share.

(c) Details of shareholders holding more than 5%:

As per the records maintained, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

| | (₹ in millions unless otherwise stated) | |
|--|---|--------------|
| | As at March 31, 2022 | |
| Name of the shareholder | Number of shares | % of holding |
| Equity shares of ₹10 each | | |
| Kangchenjunga Limited | 2,93,03,172 | 42.41% |
| Padmaja Gangireddy | 1,03,00,953 | 14.91% |
| Valiant Mauritius Partners FDI Limited | 38,48,823 | 5.57% |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

(d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:

(i) As at March 31, 2022

| (₹ in millions unless otherwise stated) | | | |
|---|---------------|-------------------|--------------------------|
| Promoter name | No. of Shares | % of total shares | % Change during the year |
| Padmaja Gangireddy | 1,03,00,953 | 14.91% | -1.11% |
| Vijaya Sivarami Reddy Vendidand | 4,99,960 | 0.72% | -0.08% |
| Kangchenjunga Limited | 2,93,03,172 | 42.41% | -3.15% |
| Kedaara Capital Fund III LLP | 31,60,556 | 4.57% | 4.57% |

(ii) As at March 31, 2021

| (₹ in millions unless otherwise stated) | | | |
|---|---------------|-------------------|--------------------------|
| Promoter name | No. of Shares | % of total shares | % Change during the year |
| Padmaja Gangireddy | 1,03,00,953 | 16.02% | 0.08% |
| Vijaya Sivarami Reddy Vendidand | 5,14,974 | 0.80% | -0.93% |
| Kangchenjunga Limited | 2,93,03,172 | 45.56% | 0.00% |

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Group refer Note 43.

(f) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date:

| (₹ in millions unless otherwise stated) | | |
|--|----------------------------------|--|
| Nature of instrument / convertible security | Number of convertible securities | Number of equity shares issued upon conversion |
| Class B 0.001% Compulsory Convertible Preference Shares (CCPS) of ₹10 each | 79,10,07,721 | 89,48,425 |

20: OTHER EQUITY

| (₹ in millions unless otherwise stated) | | |
|---|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Securities premium | 21,339.29 | 19,199.91 |
| General reserve | 73.22 | 23.28 |
| Share options outstanding reserve | 200.88 | 151.55 |
| Capital redemption reserve | 1,526.93 | 1,526.93 |
| Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934] | 3,670.99 | 3,531.43 |
| Money received against Share Warrants A/c | 750.00 | - |
| Retained earnings | 2,816.65 | 2,271.95 |
| Fair valuation on loans through other comprehensive income | (193.23) | 142.59 |
| Total other equity | 30,184.73 | 26,847.64 |

For detailed movement of reserves, refer consolidated statement of changes in equity for the year ended March 31, 2022

Nature and purpose of other equity

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve

Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.

Capital redemption reserve

In accordance with section 55 of the Companies Act, 2013, the Holding Company has transferred an amount equivalent of the nominal value of OCCRPS redeemed during previous years, to the Capital Redemption Reserve. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

Share options outstanding account

The share option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45-IC of Reserve Bank of India Act 1934.

Money received against share warrants

During the year, the Holding Company has allotted 18,52,739 fully convertible warrants of ₹10 each at issue price of ₹458.78 per warrant including premium of ₹448.78 per warrant on preferential basis to Kedaara Capital Fund III LLP, against receipt of upfront money amounting to ₹750 million, in compliance with the SEBI Regulations and the Companies Act, 2013, to the extent applicable. Subsequently on May 21, 2022, these warrants have been exercised and are converted into 18,52,739 equity shares of ₹10 each at issue price of ₹458.78 per share including premium of ₹ 448.78 per share.

Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve, general reserve or any other such other appropriations to specific reserves.

Fair valuation on loans through other comprehensive income

The Holding Company has elected to recognize changes in the fair value of loans in other comprehensive income. These changes are accumulated as reserve within equity. The Holding Company transfers amount from this reserve to retained earnings when the relevant loans are derecognized.

21: INTEREST INCOME

| (₹ in millions unless otherwise stated) | | |
|--|----------------------------------|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Measured at fair value through OCI | | |
| Interest on loans | 12,220.50 | 12,783.34 |
| Measured at amortised cost | | |
| Interest on loans | 983.95 | 513.62 |
| Interest on inter corporate advances | 12.94 | 155.12 |
| Interest on deposits with banks and financial institutions | 147.97 | 175.02 |
| | 13,365.36 | 13,627.10 |

22: NET GAIN ON FAIR VALUE CHANGES

| (₹ in millions unless otherwise stated) | | |
|---|----------------------------------|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| (A) Net gain / (loss) on fair value instruments at fair value through profit or loss | | |
| (i) On trading portfolio | | |
| - Investments | 479.82 | 86.46 |
| (ii) On market linked debentures | 43.01 | - |
| (B) Others | | |
| (i) Gain on derecognition of loans designated at FVTOCI | 259.26 | 674.05 |
| | 782.09 | 760.51 |

23: OTHERS

| (₹ in millions unless otherwise stated) | | |
|---|----------------------------------|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Recovery against loans written off | 415.79 | 341.65 |
| | 415.79 | 341.65 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

24: OTHER INCOME

| | (₹ in millions unless otherwise stated) | |
|---|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Advertisement income | 162.29 | 219.63 |
| Profit on sale of property, plant and equipment | 1.96 | - |
| Miscellaneous income | 8.18 | 10.25 |
| | 172.43 | 229.88 |

25: FINANCE COST

| | (₹ in millions unless otherwise stated) | |
|--|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| <i>On financial liabilities measured at amortised cost</i> | | |
| Interest on Debt Securities | 2,400.34 | 1,125.28 |
| Interest on Borrowings (Other than Debt Securities) | 2,851.97 | 2,875.02 |
| Interest on subordinated liabilities | 29.99 | 15.22 |
| Interest on lease liabilities | 17.81 | 14.88 |
| Interest on income tax | 71.85 | 165.80 |
| Other finance cost | 29.04 | 35.50 |
| | 5,401.00 | 4,231.70 |

26: NET LOSS ON FAIR VALUE CHANGES

| | (₹ in millions unless otherwise stated) | |
|--|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Financial assets designated at fair value through Profit and loss | 0.86 | 54.85 |
| Financial liabilities designated at fair value through Profit and loss | - | (27.41) |
| | 0.86 | 27.44 |

27: IMPAIRMENT ON FINANCIAL INSTRUMENTS AND OTHER PROVISIONS

| | (₹ in millions unless otherwise stated) | |
|---|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Measured at fair value through OCI | | |
| Impairment and other provisions | 2,751.12 | 2,814.88 |
| Loans written off | 1,907.19 | 3,583.87 |
| Measured at amortised cost | | |
| Impairment on loans | 138.81 | 17.92 |
| Loan Portfolio written off | 8.58 | 34.73 |
| | 4,805.70 | 6,451.40 |

28: EMPLOYEE BENEFITS EXPENSE

| | (₹ in millions unless otherwise stated) | |
|--|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Salaries, wages and bonus | 2,010.01 | 1,495.55 |
| Contribution to provident fund and other funds | 113.02 | 97.16 |
| Expenses on Employee Stock Option Plan | 112.18 | 87.85 |
| Staff welfare expenses | 48.76 | 34.80 |
| | 2,283.97 | 1,715.36 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

29: OTHER EXPENSES

| | (₹ in millions unless otherwise stated) | |
|----------------------------------|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Rent | 106.78 | 73.19 |
| Rates and taxes | 2.58 | 2.97 |
| Bank charges | 14.40 | 23.25 |
| Office maintenance | 49.17 | 42.73 |
| Computer and network maintenance | 32.55 | 7.12 |
| Electricity charges | 19.81 | 17.08 |
| Field allowance | 296.26 | 179.91 |
| Communication expenses | 11.35 | 7.01 |
| Credit Bureau expenses | 8.23 | 7.93 |
| Printing and stationery | 16.41 | 10.76 |
| Legal and professional charges | 141.48 | 14.75 |
| Directors sitting fees | 10.45 | 10.90 |
| Auditors remuneration | 12.67 | 9.28 |
| Recruitment and training | 2.92 | 14.33 |
| Subscription fees | 7.64 | 8.84 |
| Settlement expenses | 376.05 | - |
| Other provisions and write off | 43.29 | 26.19 |
| Insurance expenses | 0.13 | - |
| Security charges | 1.59 | 1.34 |
| CSR expenses | 87.20 | 91.52 |
| Miscellaneous expenses | 7.37 | 0.46 |
| | 1,248.33 | 549.55 |

30. TAX EXPENSE

| | (₹ in millions unless otherwise stated) | |
|--|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Current tax | 930.65 | 1,425.98 |
| Adjustment in respect of current income tax of prior years | 17.05 | - |
| Deferred tax credit | (677.25) | (876.13) |
| Total tax Charge | 270.45 | 549.85 |

30.1 Reconciliation of the total tax charge

| | (₹ in millions unless otherwise stated) | |
|--|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Accounting profit before Tax | 968.72 | 2,004.45 |
| Expected tax expense at the Indian tax rate 25.168% (March 31, 2021: 25.168%) | 243.81 | 504.48 |
| <i>Tax effect of amounts which are not deductible/taxable in calculating taxable income:</i> | | |
| Effect of expenses not deductible under the IT Act, 1961 | 43.30 | 64.76 |
| Effect of additional allowance deductible under the IT Act, 1961 | (40.67) | (23.94) |
| Adjustment in respect of prior year tax expense | 17.05 | - |
| Others | 6.96 | 4.55 |
| Income tax expense reported in the consolidated statement of profit and loss | 270.45 | 549.85 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

31: EARNING PER SHARE

| | (₹ in millions unless otherwise stated) | |
|---|---|----------------------------------|
| | For year ended March 31, 2022 | For year ended March 31, 2021 |
| Net profit after tax as per Statement of Profit and Loss | 694.68 | 1,450.43 |
| Net profit as above for calculation of basic EPS and diluted EPS | 694.68 | 1,450.43 |
| Weighted average number of equity shares in calculating basic EPS | 6,46,24,714 | 6,43,15,483 |
| Stock options granted under ESOP | 1,60,706 | 2,50,850 |
| Weighted average number of equity shares for diluted EPS | 6,47,85,420 | 6,45,66,333 |
| Basic earnings per share (In ₹) | 10.75 | 22.55 |
| Diluted earnings per share (In ₹) | 10.72 | 22.47 |

32: SEGMENT REPORTING

The Group operates in a single business segment i.e. financing, as the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment as per Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic, and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer aggregates to 10% or more of the Company's total revenue during the year ended March 31, 2022 or March 31, 2021.

33: RELATED PARTY DISCLOSURES

I. Entities in which Key Management Personnel and their relatives have significant influence

- Spandana Rural and Urban Development Organization (up to November 02, 2021)
- Abhiram Marketing Services Limited (up to November 02, 2021)
- Spandana Employee Welfare Trust

II. Key Management Personnel

- Mrs. Padmaja Gangireddy - Managing Director upto November 2, 2021 and Director w.e.f November 3, 2021
- Mr. Sudhesh Chandrasekar – Chief Financial Officer (upto June 5, 2020)
- Mr. Rakesh Jhinharia – Company Secretary (upto June 5, 2020)
- Mr. Abdul Feroz Khan – Chief Strategy Officer (upto November 02, 2021)
- Mr. Bharat Shah (Independent Director)
- Mr. Deepak Vaidya (Independent Director)
- Mr. Jagdish Capoor (Independent Director)
- Ms. Abanti Mitra (Independent Director)
- Mr. Sunish Sharma (Nominee Director)
- Mr. Kartikeya Dhruv Kaji (Nominee Director)
- Mr. Darius Dinshaw Pandole (Nominee Director) (upto September 21, 2020)
- Mr. Amit Sobti (Nominee Director)
- Mr. Ramachandra Kasargod Kamath (Nominee Director)
- Mr. Satish Kottakota - Chief Financial Officer (upto October 01, 2021)
- Mr. Ramesh Periasamy - Company Secretary (w.e.f August 29, 2020)
- Mr. Ashish Kumar Damani - President and Chief Financial Officer (w.e.f. March 19, 2022)
- Mr. Shalabh Saxena - Managing Director & CEO (w.e.f. March 19, 2022)

III. Relatives of Key Management Personnel

- Mr. Revan Saahith (upto November 02, 2021)
- Mr. Vijaya Sivarami Reddy Vendidandi (upto November 02, 2021)

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

IV. Related parties in accordance with RBI Master directions

- Spandana Mutual Benefit Trust (upto November 02, 2021)
- Spandana Sphoorty Chit Funds Private Limited (upto November 02, 2021)

Related party transactions during the year:

(₹ in millions unless otherwise stated)

| S. NO | Related Party | Nature of transaction | Transactions during year ended March 31, 2022 | Transactions during year ended March 31, 2021 | (Payable) / receivable | |
|-------|---|--|---|---|------------------------|----------------|
| | | | | | March 31, 2022 | March 31, 2021 |
| 1 | Spandana Rural and Urban Development Organization | Rent Expenses | 28.47 | 11.99 | (1.21) | - |
| | | Lease liability payable | - | - | - | (102.05) |
| | | Rent deposit paid / adjusted | 8.96 | 3.83 | - | 6.92 |
| | | Expense reimbursement | 0.04 | 0.06 | 0.01 | - |
| | | Interest expense | - | 1.61 | - | - |
| 2 | Abhiram Marketing Services Limited | Sale of fixed assets | 3.66 | - | - | - |
| | | Incentive Income | 64.68 | 97.00 | 69.85 | 95.54 |
| | | Expenses reimbursement | 0.30 | 11.63 | - | 0.12 |
| | | Inter-corporate advances (net) | (115.24) | (890.16) | 64.60 | 179.84 |
| | | Loan collections & sales | 278.03 | 2,373.30 | (25.17) | (10.10) |
| | | Purchase of loan portfolio | - | 388.43 | - | - |
| | | Interest income | 12.94 | 155.12 | - | 7.47 |
| 3 | Spandana Mutual Benefit Trust | Purchase of fixed assets & goods | 9.74 | 6.64 | - | - |
| | | Sale of fixed assets | 0.20 | - | - | - |
| | | Gold Loan Portfolio amount to be received | 930.56 | - | 414.22 | - |
| | | Transfer of fixed assets pertaining to Gold loan branches | 22.64 | - | - | - |
| 4 | Mr. Sudhesh Chandrasekar | Transfer of rental deposits pertaining to gold loan branches | 3.36 | - | 0.15 | - |
| | | Remuneration# | - | 1.82 | - | - |
| 5 | Mr. Rakesh Jhinjhar | Remuneration# | - | 0.40 | - | - |
| 6 | Mr. Bharat Shah | Sitting fee | 2.18 | 2.00 | - | (0.46) |
| 7 | Mr. Deepak Vaidya | Sitting fee | 2.18 | 2.00 | - | (0.46) |
| 8 | Mr. Jagdish Capoor | Sitting fee | 2.18 | 2.00 | - | (0.46) |
| 9 | Mr. K. R. Kamath | Sitting fee | 2.18 | 2.00 | - | (0.46) |
| 10 | Ms. Abanti Mitra | Sitting fee | 2.18 | 2.00 | - | (0.46) |
| 11 | Mr. Abdul Feroz Khan | Remuneration# | 7.34 | 7.45 | - | (2.60) |
| 12 | Mrs. Padmaja Gangireddy | Remuneration# | 28.20 | 53.75 | - | (25.00) |
| | | Rent paid | - | 0.56 | - | - |
| | | Settlement fees | 345.00 | - | (407.10) | - |
| 13 | Mr. Revan Saahith | Remuneration# | 1.92 | 3.10 | - | (0.72) |
| 14 | Mr. Vijaya Sivarami Reddy Vendidandi | Rent Expenses | 12.95 | 1.48 | (0.77) | - |
| | | Lease liability payable | - | - | - | (50.61) |
| | | Sale of fixed assets | 1.35 | - | - | - |
| | | Rent paid | 0.84 | 0.21 | (0.06) | (0.06) |
| 15 | Mr. Ramesh Periasamy | Rent deposit paid / adjusted | 5.39 | 3.83 | - | 3.83 |
| | | Remuneration# | 7.85 | 4.28 | (3.49) | (1.54) |
| 16 | Mr. Satish Kottakota | Remuneration# | 4.36 | 12.39 | (5.48) | (3.82) |
| 17 | Mr. Shalabh Saxena | Remuneration# | 1.57 | - | (1.57) | - |
| 18 | Mr. Ashish Kumar Damani | Remuneration# | 1.22 | - | (1.22) | - |

As the provision for gratuity is made for the Group as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

Notes:

- All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.
- Transactions during the year are shown net of GST and inclusive of TDS.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

34: CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debt:

| Particulars | (₹ in millions unless otherwise stated) | |
|------------------------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Service tax open assessments | 48.66 | 48.66 |
| Income tax open assessments | 730.26 | 664.25 |
| Total | 778.92 | 712.91 |

- i) The Commissioner, Service Tax Commissionerate, Hyderabad ("CST"), through two orders dated August 7, 2012 and October 9, 2013, levied service tax, interest and penalty on pre-closure interest charged by the Holding Company on loans pre-closed during FY 2006-07 to FY 2011-12. The CST also issued an order dated March 27, 2015, levying service tax, interest and penalty on a part of profit on portfolio sale during FY 2007-08 to FY 2010-11, deeming it to be consideration for collection and remittance of loan instalments. The Holding Company filed an appeal against these orders before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT) which is pending for hearing on March 31, 2022. The service tax and interest thereon in respect of these matters have been provided for in earlier years based on Holding Company's assessment. However, given the facts of these cases, legal precedents, and general opinion, the penalty indicated in these orders aggregating ₹48.66 million is considered as a contingent liability as at March 31, 2022.
- ii) The Holding Company received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of ₹702.56 million (including accrued interest till March 31, 2022) under section 69A read with section 115BBE of the Income Tax Act, 1961 ("IT Act"). The Holding Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the Holding Company confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2022. The Holding Company has deposited ₹69.22 million against such demand.
- iii) The Holding Company received an income tax assessment-cum-demand order for FY 2017-18, disallowing deduction of ₹13.45 million claimed under section 80JJAA. While, the addition has not resulted in any additional tax demand (since during FY 2017-18), the Holding Company had paid income tax under section 115JB of the IT Act. However, the assessing officer has levied a penalty of ₹8.96 million under section 270A of the IT Act. SSFL has filed an appeal before the CIT(A) against the levy of penalty.
- iv) Criss Financial Limited ("CFL") received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of ₹18.74 million (including interest) under section 69A read with section 115BBE of the Income Tax Act, 1961. CFL had filed an appeal against the order before the Commissioner of Income Tax (Appeals) that will be heard in due course.

Based on the internal assessment and / or legal opinion, the Management is confident that, for the aforesaid mentioned contingent liabilities under paragraph (i) to (iv) above, no further provision is required to be made as at March 31, 2022.

35: FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques. This note describes the fair value measurement.

Valuation framework

The Group will assess the fair values for assets qualifying for fair valuation. The Group's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

1. Fair values of investments held under FVTPL have been determined under level 1 using quoted Net Asset Value of the underlying instruments;
2. Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and selling the loans are measured at FVOCI. The fair value of these loans has been determined under level 2.

36: FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES

Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

Level 3 - If one or more of the significant inputs is not based on observable market data (unobservable), the instrument is included in level 3.

I. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

(₹ in millions unless otherwise stated)

| | Fair value measurement using | | |
|---|------------------------------|------------------|-------------|
| | Level -1 | Level -2 | Level -3 |
| Assets measured at fair value as at March 31, 2022 | | | |
| Loans (measured at FVOCI) | - | 51,442.58 | - |
| Derivative financial instruments (measured at FVTPL) | - | 0.46 | - |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 |
| Investments in liquid/debt mutual funds (measured at FVTPL) | 23.44 | - | - |
| | 23.44 | 51,443.04 | 1.00 |
| Assets measured at fair value as at March 31, 2021 | | | |
| Loans (measured at FVOCI) | - | 65,235.34 | - |
| Derivative financial instruments (measured at FVTPL) | - | 0.45 | - |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 |
| Investments in liquid/debt mutual funds (measured at FVTPL) | 22.25 | - | - |
| | 22.25 | 65,235.79 | 1.00 |

II. The following table shows an analysis of financial assets that are not carried at fair value

(₹ in millions unless otherwise stated)

| | Amortized cost | Fair value measurement using | | |
|---|-----------------|------------------------------|-----------------|----------|
| | | Level -1 | Level -2 | Level -3 |
| Assets measured at fair value as at March 31, 2022 | | | | |
| Loans | 3,741.25 | - | 3,741.25 | - |
| | 3,741.25 | - | 3,741.25 | - |
| Assets measured at fair value as at March 31, 2021 | | | | |
| Loans | 4,095.08 | - | 4,095.08 | - |
| | 4,095.08 | - | 4,095.08 | - |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

III. The following table shows an analysis of financial liabilities that are not carried at fair value

(₹ in millions unless otherwise stated)

| | Amortized cost | Fair value measurement using | | |
|---|------------------|------------------------------|------------------|----------|
| | | Level -1 | Level -2 | Level -3 |
| Assets measured at fair value as at March 31, 2022 | | | | |
| Debt securities | 17,782.40 | - | 17,850.47 | - |
| Borrowings (other than debt securities) | 19,736.80 | - | 19,959.22 | - |
| Subordinated liabilities | 201.87 | - | 224.88 | - |
| | 37,721.07 | - | 38,034.57 | - |
| Assets measured at fair value as at March 31, 2021 | | | | |
| Debt securities | 20,347.14 | - | 20,564.41 | - |
| Borrowings (other than debt securities) | 31,425.34 | - | 31,515.68 | - |
| Subordinated liabilities | 201.83 | - | 230.88 | - |
| | 51,974.31 | - | 52,310.97 | - |

Note:

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets / liabilities and trade and other payables approximate the fair value because of their short-term nature.

Valuation technique used

For Loans

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fair value of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

For Derivative financial instruments

For derivative financial instruments, the Group has assessed the fair value under Monte Carlo Simulation model which involves input parameters like discount rate, volatility, expected tenure, risk-free rates, coupon payment date, time steps and iterations.

Financial liabilities measured at amortised cost

For Borrowings

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2022 and March 31, 2021.

37: CAPITAL MANAGEMENT

The Group's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Holding Company ensures to maintain a healthy CRAR at all the times.

The Group has a board approved policy on resource planning which states that the resource planning of the Group shall be based on its Asset Liability Management (ALM) requirement. The policy of the Group on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

Regulatory Capital

Spandana Sphoorty Financial Limited. (Parent Company)

| (₹ in millions unless otherwise stated) | | |
|---|------------------|------------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Teir I Capital | 27,809.45 | 24,887.33 |
| Teir II Capital | 105.23 | -335.45 |
| Total Capital | 27,914.68 | 24,551.88 |
| Risk weighted assets | 55,009.87 | 62,624.58 |
| Teir I CRAR | 50.55% | 39.74% |
| Teir II CRAR | 0.19% | -0.54% |
| Total CRAR | 50.74% | 39.20% |

Criss Financial Holdings Limited. (Subsidiary Company)

| (₹ in millions unless otherwise stated) | | |
|---|-----------------|-----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Teir I Capital | 1,503.35 | 1,299.57 |
| Teir II Capital | 9.09 | 4.93 |
| Total Capital | 1,512.44 | 1,304.50 |
| Risk weighted assets | 4,124.18 | 3,958.37 |
| Teir I CRAR | 36.45% | 32.83% |
| Teir II CRAR | 0.22% | 0.12% |
| Total CRAR | 36.67% | 32.96% |

38: EMPLOYEE BENEFIT PLANS

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of ₹2 million per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Movement in defined benefit obligations

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Defined benefit obligation as at the beginning of the year | 41.16 | 50.48 |
| Current service cost | 8.45 | 7.22 |
| Interest on defined benefit obligation | 2.39 | 2.86 |
| Remeasurements- Actuarial (gain) / loss | 15.32 | (14.21) |
| Benefits paid | (24.79) | (5.19) |
| Defined benefit obligation as at the end of the year | 42.53 | 41.16 |

Movement in plan assets

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Fair value of plan assets as at the beginning of the year | 24.66 | 22.48 |
| Actual return on plan assets | 2.51 | 7.12 |
| Actuarial gains | - | - |
| Employer contributions | - | - |
| Benefits paid | (24.79) | (4.94) |
| Fair value of plan assets as at the end of the year | 2.38 | 24.66 |

The Group expects to contribute Nil (March 31, 2021 ₹ Nil) to gratuity in the next financial year.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

Reconciliation of net liability/ asset

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Net defined benefit liability as at the beginning of the year | 16.50 | 28.00 |
| Expense charged to statement of profit & loss | 9.41 | 8.81 |
| Amount recognised in other comprehensive income | 14.23 | (20.31) |
| Employer contributions | - | - |
| Net defined benefit liability as at the end of the year | 40.14 | 16.50 |

Expenses charged to the statement of profit and loss

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Current service cost | 8.45 | 7.22 |
| Interest cost | 0.96 | 1.59 |
| Total | 9.41 | 8.81 |

Remeasurement gains/(losses) in the other comprehensive income

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Actuarial Gain / (Loss) on Liabilities | | |
| - due to change in financial assumptions | 0.58 | 5.66 |
| - due to experience variance | (15.89) | 8.80 |
| Total -A | (15.31) | 14.46 |
| Actuarial Gain / (Loss) on assets | | |
| - Expected Interest Income | 1.43 | 1.27 |
| - Actual Income on Plan Asset | 2.51 | 7.12 |
| Total -B | 1.08 | 5.85 |
| Amount recognised under OCI (A+B) | (14.23) | 20.31 |

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Category of Assets | March 31, 2022 | March 31, 2021 |
| Fund managed by Insurer | 100% | 100% |
| Total | 100% | 100% |

Summary of Actuarial Assumptions

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Discount rate | 6.19%-6.81% | 5.79%-6.23% |
| Expected return on plan assets | 5.79% | 5.66% |
| Rate of Increase in compensation levels | 5.00% | 5.00% |
| Retirement age (years) | 58 | 58 |

Discount rate: The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

| Particulars | (₹ in millions unless otherwise stated) | |
|------------------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Discount rate (+0.5%) | (0.55) | (0.52) |
| Discount rate (-0.5%) | 0.56 | 0.54 |
| Salary Inflation (+1%) | 1.15 | 1.05 |
| Salary Inflation (-1%) | (1.10) | (1.01) |
| Withdrawal Rate (+5%) | (1.88) | (1.63) |
| Withdrawal Rate (-5%) | 2.03 | 1.77 |

Projected plan cash flow

| Particulars | (₹ in millions unless otherwise stated) | |
|--------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Year 1 | 9.26 | 9.66 |
| Year 2 | 8.44 | 7.99 |
| Year 3 | 7.65 | 7.08 |
| Year 4 | 6.39 | 6.19 |
| Year 5 | 5.44 | 5.28 |
| After year 5 | 13.92 | 12.60 |

39: LEASES

Group as a lessee

The Group's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch offices). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreements carries non-cancellable lease periods. The head office premises have been obtained on a lease term of nine to eleven years with an escalation clause of fifteen percent at a three years interval, except for a short-term lease arrangement entered during the year. There are no sub-leases. Lease rentals of ₹ 106.78 million (March 31, 2021: ₹ 73.19 million) pertaining to short-term leases and low value assets has been directly debited to statement of profit and loss.

| Particulars | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Operating lease payments recognized in the Statement of Profit & Loss | 106.78 | 73.19 |

Minimum lease obligations

| Particulars | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Not later than one year | 42.43 | 32.06 |
| Later than one year and not later than five years | 1.48 | 1.17 |
| Later than five years | - | - |

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

| Particulars | (₹ in millions unless otherwise stated) | |
|-----------------------------|---|---------------|
| | March 31, 2022 | ROU assets |
| As at April 1, 2020 | | 87.58 |
| Addition | | 101.84 |
| Deletion | | (36.90) |
| Depreciation | | (23.26) |
| As at March 31, 2021 | | 129.26 |
| Addition | | 2.37 |
| Deletion | | (94.96) |
| Depreciation | | (35.98) |
| As at March 31, 2022 | | 0.69 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

| (₹ in millions unless otherwise stated) | |
|---|---------------|
| Particulars | Amount |
| As at April 1, 2020 | 113.22 |
| Addition | 101.84 |
| Accretion of interest | 14.88 |
| Deletion | (59.70) |
| Payments | (17.58) |
| As at March 31, 2021 | 152.66 |
| Addition | 2.37 |
| Accretion of interest | 18.14 |
| Deletion | (147.41) |
| Payments | (24.28) |
| As at March 31, 2022 | 1.48 |

The following are the amounts recognised in statement of profit or loss:

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Depreciation expense of right-of-use assets | 35.98 | 23.26 |
| Interest expense on lease liabilities | 18.14 | 14.88 |
| Expense relating to short-term leases * | 106.78 | 73.19 |
| Expense relating to leases of low-value assets | - | - |
| Variable lease payments | - | - |
| Total amount recognised in profit or loss | 160.90 | 111.33 |

* net of gain of ₹43.72 million (March 31, 2021: Nil), recognized on cancellation of lease agreements pursuant to the execution of Settlement Agreement.

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Less than one year | 0.98 | 23.06 |
| One to five years | 0.67 | 103.11 |
| More than five years | - | 139.85 |
| Total | 1.65 | 266.02 |

40: AMOUNT PAYABLE TO MICRO SMALL AND MEDIUM ENTERPRISES

As per information available with the Group, there are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

As at March 31, 2022 & March 31, 2021, no supplier has intimated the Group about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

41: RISK MANAGEMENT AND FINANCIAL OBJECTIVES

Risk is an integral part of the Group business and sound risk management is critical to the success. As a financial intermediary, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Group has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Group has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

41.1 CREDIT RISK

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Group is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing micro-loans in Rural Areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Group creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The criteria of default, significant increase in credit risk and stage assessment is mentioned in note 3(e) of the significant accounting policies. The below discussion describes the Group approach for assessing impairment.

A) Probability of default (PD)

The Group determines PD on a collective basis by stratifying the entire portfolio into meaningful categories. The Group uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the Group bifurcates the entire portfolio into different states. Further the Group performs analysis of its defaults in various states over different observation period. In determining the PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Group determines PD for each stage depending upon the underlying classification of asset (i.e., Stage I or Stage II). The PD rates for Stage I and II have been further bifurcated based on the days-past-due (DPD) status of the loans (i.e., current, 1-30 DPD, 31-60 DPD and 61-90 DPD) to incorporate adequate granularity. PD rate for stage 3 is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days.

B) Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

C) Loss given default

The Group determines its expectation of lifetime loss by estimating recoveries towards its loan through analysis of historical information. The Group determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. LGD is the difference between the exposure at default and its recovery rate. Similar to PDs, the LGD rates have also been reassessed for COVID-19 affected portfolio by comparing past recovery experience from less frequent / non-recurring default events. Appropriate adjustments have also been made for recoveries observed during the post-pandemic period which are considered as an appropriate representation of expected post-default recoveries. The Group has estimated 50% as LGD across states.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

Analysis of concentration risk:

The Group loan book consists of a large number of customers spread over diverse geographical area. The following tables show the geographical concentrations of loans:

| States | | | (₹ in millions unless otherwise stated) | |
|----------------|-----------------|----------------|---|----------------|
| | Holding Company | | Subsidiary Company (Criss Financial Limited) | |
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Madhya Pradesh | 18.58% | 19.32% | - | - |
| Orissa | 16.96% | 17.68% | - | - |
| Maharashtra | 10.43% | 11.56% | - | - |
| Karnataka | 12.01% | 13.52% | - | - |
| Chhattisgarh | 6.93% | 7.66% | - | - |
| Kerala | 1.86% | 3.37% | - | - |
| Rajasthan | 4.66% | 3.59% | - | - |
| Bihar | 6.39% | 4.87% | - | - |
| Jharkhand | 5.05% | 4.69% | - | - |
| Telangana | 1.01% | 0.56% | 13.65% | 12.09% |
| Andhra Pradesh | 8.53% | 7.67% | 86.35% | 87.91% |
| Gujarat | 3.99% | 3.13% | - | - |
| Others | 3.60% | 2.37% | - | - |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |

Collateral and other credit enhancement

The Group secured portfolio consists of loans against property (including land and building). Although collateral is an important mitigant credit risk, the Group practice is to lend on the basis of its assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of the product and the Group assessment of the customer's credit risk, a loan may be offered with suitable collateral.

41.1.a Inter-corporate advance given by the Group to related parties are repayable on demand and governed by Group's policy on demand loans approved by the board of directors. Such policy requires credit appraisal of the financial and operational performance of the counter parties, to be performed by the Group before renewing/rolling over of the advance.

41.2 LIQUIDITY RISK

Liquidity risk refers to the risk that the Group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Group has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Group has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

Maturity pattern of financial liabilities:

(₹ in millions unless otherwise stated)

| Particulars | Borrowings * | | Other financial liabilities | |
|--------------------|------------------|------------------|-----------------------------|-----------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Upto 1 month | 5,003.76 | 3,700.27 | 419.13 | 2,460.17 |
| 1 to 2 months | 2,250.24 | 2,812.12 | - | 0.41 |
| 2 to 3 months | 2,252.16 | 3,096.91 | 424.50 | 1.77 |
| 3 to 6 months | 6,323.94 | 8,727.93 | 1.43 | 2.72 |
| 6 months to 1 year | 10,096.93 | 17,592.85 | 467.23 | 3.91 |
| 1 to 3 years | 17,781.30 | 22,926.56 | - | 15.59 |
| 3 to 5 years | 405.41 | 851.53 | - | 25.56 |
| Over 5 years | 391.54 | - | - | 106.26 |
| Total | 44,505.27 | 59,708.17 | 1,312.29 | 2,616.39 |

* Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered and settled.

(₹ in millions unless otherwise stated)

| | March 31, 2022 | | | March 31, 2021 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| ASSETS | | | | | | |
| Financial assets | | | | | | |
| Cash and Cash Equivalents | 7,271.70 | - | 7,271.70 | 11,351.95 | - | 11,351.95 |
| Bank balances other than cash and cash equivalents | 3,340.89 | 1,409.83 | 4,750.72 | 1,027.68 | 1,430.59 | 2,458.27 |
| Derivative financial instrument | 0.46 | - | 0.46 | 0.45 | - | 0.45 |
| Trade receivables | 200.92 | - | 200.92 | 120.61 | - | 120.61 |
| Loans | 37,716.72 | 17,467.11 | 55,183.83 | 41,136.68 | 28,193.74 | 69,330.42 |
| Investments | - | 24.44 | 24.44 | - | 23.25 | 23.25 |
| Other Financial Assets | 717.48 | 27.67 | 745.15 | 721.07 | 35.65 | 756.72 |
| Subtotal- Total Financial Assets | 49,248.16 | 18,929.06 | 68,177.22 | 54,358.43 | 29,683.23 | 84,041.67 |
| Non Financial Assets | | | | | | |
| current tax asset(net) | 149.38 | 38.75 | 188.13 | 149.38 | 3.75 | 153.13 |
| Deferred tax asset (net) | - | 1,842.05 | 1,842.05 | - | 1,047.49 | 1,047.49 |
| Property, Plant and equipment | - | 67.87 | 67.87 | - | 198.96 | 198.96 |
| Intangible assets | - | 70.96 | 70.96 | - | 7.77 | 7.77 |
| Goodwill | - | 173.89 | 173.89 | - | 173.74 | 173.74 |
| Other Non financial assets | 243.11 | 0.14 | 243.25 | 146.52 | 0.01 | 146.53 |
| Subtotal-Total Non Financial Assets | 392.49 | 2,193.66 | 2,586.15 | 295.90 | 1,431.71 | 1,727.62 |
| Total Assets | 49,640.65 | 21,122.72 | 70,763.37 | 54,654.33 | 31,114.96 | 85,769.29 |
| LIABILITIES | | | | | | |
| Financial Liabilities | | | | | | |
| Debt securities | 6,381.17 | 11,401.23 | 17,782.40 | 10,018.69 | 10,328.45 | 20,347.14 |
| Borrowings (other than debt securities) | 15,765.44 | 3,971.37 | 19,736.80 | 22,187.21 | 10,996.48 | 33,183.69 |
| Subordinated liabilities | 2.38 | 199.49 | 201.87 | 2.31 | 199.52 | 201.83 |
| Other financial liabilities | 1,312.32 | - | 1,312.32 | 2,567.16 | 129.59 | 2,696.75 |
| Subtotal-Total financial Liabilities | 23,461.30 | 15,572.09 | 39,033.39 | 34,775.37 | 21,654.04 | 56,429.41 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| | March 31, 2022 | | | March 31, 2021 | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| Non Financial liabilities | | | | | | |
| Current tax liabilities(net) | 281.62 | - | 281.62 | 1,398.16 | - | 1,398.16 |
| Provisions | 39.47 | 0.68 | 40.15 | 5.15 | 11.35 | 16.50 |
| Other non financial liabilities | 508.76 | - | 508.76 | 414.25 | - | 414.25 |
| Subtotal - Total non-financial liabilities | 829.87 | 0.68 | 830.53 | 1,817.56 | 11.35 | 1,828.91 |
| Total Liabilities | 24,291.17 | 15,572.77 | 39,863.92 | 36,592.93 | 21,665.39 | 58,258.32 |
| Net | 25,349.48 | 5,549.95 | 30,899.45 | 18,061.40 | 9,449.57 | 27,510.97 |

41.3 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Group is exposed to two types of market risks as follows:

41.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Group has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

| Finance Cost | (₹ in millions unless otherwise stated) | |
|-----------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| 0.50 % Increase | (91.96) | (49.27) |
| 0.50 % Decrease | 91.96 | 49.27 |

41.3b Price Risk

The Group's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Group has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

42: TRANSFER OF FINANCIAL ASSETS

a. Securitisation Transaction:

The Holding Company has entered into securitisation arrangement with various parties. Under such arrangement, the Holding Company has transferred a pool of loans, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Holding Company has concluded that risk and rewards with respect to these assets are not substantially transferred. Following such transfer, the Holding Company's involvement in these assets is as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

The value of Financial assets and liabilities as on :-

| Particulars | (₹ in millions unless otherwise stated) | |
|---|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Carrying amount of assets | 684.76 | 6,229.48 |
| Carrying amount of associated liabilities | 741.16 | 7,102.28 |
| Fair value of assets | 686.23 | 6,256.36 |
| Fair value of associated liabilities | 744.04 | 7,144.55 |

The excess of fair value of associated liabilities over fair value of assets is ₹ 57.82 million (March 31, 2021: ₹888.19 million)

b. Assignment Transaction:

The Group has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets to the buyer being met, the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets measured at fair value and the gain/(loss) on derecognition :-

| Particulars | (₹ in millions unless otherwise stated) | |
|--|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Carrying amount of derecognised financial assets as the reporting date | 4,925.30 | 8,900.55 |
| Gain/(loss) from derecognition during the year | 258.82 | 674.05 |

Since the Group transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

43: EMPLOYEE STOCK OPTION PLAN (ESOP)

The Holding Company has provided various equity settled share based payment schemes to its employees. The details are ESOP scheme are as follows.

| (₹ in millions unless otherwise stated) | | | | |
|---|------------|---------------------------|---------------------------|---|
| Particulars | Grant | Number of Options granted | Vesting period (in years) | Vesting Conditions |
| ESOP Scheme 2018 | Grant I | 3,38,854 | 5 | 20% vests every year subject to continuance of services |
| | Grant II | 8,17,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant III | 13,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant IV | 90,500 | 5 | 20% vests every year subject to continuance of services |
| | Grant V | 3,36,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant VI | 36,500 | 5 | 20% vests every year subject to continuance of services |
| | Grant VII | 1,25,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant VIII | 40,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant IX | 28,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant X | 1,35,000 | 5 | 20% vests every year subject to continuance of services |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| Particulars | Grant | Number of Options granted | Vesting period (in years) | Vesting Conditions |
|------------------|------------------------------|---------------------------|---------------------------|---|
| ESOP Scheme 2021 | Grant XI | 20,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant XII Plan 2021 Series A | 12,28,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant I Plan 2021 Series A | 1,23,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant II Plan 2021 Series A | 16,60,000 | 4 | 25% vests every year subject to continuance of services |

Exercise period for all the above schemes is 9 years from the date of grant of the options.

The expense recognised for employee services received during the year is ₹ 112.18 million (March 31, 2021: ₹ 87.38 million)

a. The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2022

(₹ in millions unless otherwise stated)

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI | Grant VII |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Date of Grant | 13-Aug-18 | 13-Aug-18 | 07-Feb-19 | 28-Jan-20 | 28-Jan-20 | 03-Mar-20 | 03-Jun-20 |
| Date of Board / Compensation/ Committee Approval | 13-Aug-18 | 13-Aug-18 | 07-Feb-19 | 28-Jan-20 | 28-Jan-20 | 03-Mar-20 | 03-Jun-20 |
| Number of Options Granted | 3,38,854 | 8,17,500 | 13,500 | 90,500 | 3,36,500 | 36,500 | 1,25,000 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity | Equity |
| Graded Vesting Period | | | | | | | |
| Day following the expiry of 12 months from grant | 20% | 30% | 30% | 20% | 30% | 20% | 20% |
| Day following the expiry of 24 months from grant | 20% | 30% | 30% | 20% | 30% | 20% | 20% |
| Day following the expiry of 36 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 48 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 60 months from grant | 20% | NA | NA | 20% | NA | 20% | 20% |
| Weighted average of remaining contractual Life in Years | 5.37 | 5.37 | 5.85 | 6.83 | 6.83 | 6.92 | 7.18 |

(₹ in millions unless otherwise stated)

| Particulars | Grant VIII | Grant IX | Grant X | Grant XI | Grant XII Plan 2021 Series A | Grant I Plan 2021 Series A | Grant II Plan 2021 Series A |
|---|------------|-----------|-----------|-----------|------------------------------|----------------------------|-----------------------------|
| Date of Grant | 16-Jun-20 | 31-Aug-20 | 12-Nov-20 | 21-May-21 | 14-Aug-21 | 02-Nov-21 | 30-Mar-22 |
| Date of Board / Compensation/ Committee Approval | 16-Jun-20 | 31-Aug-20 | 12-Nov-20 | 21-May-21 | 14-Aug-21 | 02-Nov-21 | 30-Mar-22 |
| Number of Options Granted | 40,000 | 28,000 | 1,35,000 | 20,000 | 12,28,000 | 1,23,000 | 16,60,000 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity | Equity |
| Graded Vesting Period | | | | | | | |
| Day following the expiry of 12 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 25% |
| Day following the expiry of 24 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 25% |
| Day following the expiry of 36 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 25% |
| Day following the expiry of 48 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 25% |
| Day following the expiry of 60 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | - |
| Weighted average of remaining contractual Life in Years | 7.21 | 7.42 | 7.62 | 8.14 | 8.37 | 8.59 | 9.00 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

b. The details of activity under ESOP Scheme 2018 Plan with an exercise price for the year ended March 31, 2022 have been summarised as below:

(₹ in millions unless otherwise stated)

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI | Grant VII |
|--|---------------|-----------------|-----------|---------------|-----------------|----------|-----------|
| Exercise Price per Share | 263.35 | 263.35 | 263.35 | 1,077.37 | 1,077.37 | 1,091.58 | 860.85 |
| Number of options outstanding at the beginning of the year | 45,600 | 3,63,550 | 3,000 | 55,500 | 2,71,000 | 36,500 | - |
| Number of options Granted during the year | - | - | - | - | - | - | - |
| Number of Options Exercised during the year | 6,320 | 84,585 | 1,800 | - | - | - | - |
| Number of Options Lapsed during the year | 21,280 | 1,07,910 | 1,200 | 23,500 | 90,500 | 36,500 | - |
| Outstanding at the end of the year * | 18,000 | 1,71,055 | - | 32,000 | 1,80,500 | - | - |

(₹ in millions unless otherwise stated)

| Particulars | Grant VIII | Grant IX | Grant X | Grant XI | Grant XII Plan 2021 Series A | Grant I Plan 2021 Series A | Grant II Plan 2021 Series A |
|--|------------|---------------|---------------|---------------|------------------------------|----------------------------|-----------------------------|
| Exercise Price per Share | 809.85 | 608.74 | 565.72 | 584.56 | 636.46 | 532.35 | 371.07 |
| Number of options Outstanding at the beginning of the year | - | 28,000 | 1,25,000 | - | - | - | - |
| Number of options Granted during the year | - | - | - | 20,000 | 12,28,000 | 1,23,000 | 16,60,000 |
| Number of Options Exercised during the year | - | - | - | - | - | - | - |
| Number of Options Lapsed during the year | - | - | 70,000 | - | 2,03,500 | 12,000 | - |
| Outstanding at the end of the year * | - | 28,000 | 55,000 | 20,000 | 10,24,500 | 1,11,000 | 16,60,000 |

c Details of Stock Options granted during the year

The weighted fair value of stock option granted during the year was ₹330.87 for Grant XI, ₹384.82 for Grant XII Plan 2021 Series A, ₹289.62 for Grant I Plan 2021 Series A, ₹191.52 for Grant II Plan 2021 Series A. The Black -Scholes Model has been used for computing the weighted average fair value considering the following:

(₹ in millions unless otherwise stated)

| Grant -XI | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Share price on the date of Grant | 569.55 | 569.55 | 569.55 | 569.55 | 569.55 |
| Exercise Price | 584.56 | 584.56 | 584.56 | 584.56 | 584.56 |
| Expected Volatility(%) | 55.27% | 55.27% | 55.27% | 55.27% | 55.27% |
| Life of the options granted in year | 5.01 | 5.51 | 6.01 | 6.51 | 7.01 |
| Risk Free Interest Rate(%) | 5.65% | 5.79% | 5.91% | 6.02% | 6.12% |
| Expected dividend rate(%) | 0% | 0% | 0% | 0% | 0% |
| Fair Value of the option | 303.16 | 317.96 | 331.75 | 344.68 | 356.80 |

(₹ in millions unless otherwise stated)

| Grant XII Plan 2021 Series A | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Share price on the date of Grant | 648.10 | 648.10 | 648.10 | 648.10 | 648.10 |
| Exercise Price | 636.46 | 636.46 | 636.46 | 636.46 | 636.46 |
| Expected Volatility(%) | 55.24% | 55.24% | 55.24% | 55.24% | 55.24% |
| Life of the options granted in year | 5.01 | 5.51 | 6.01 | 6.51 | 7.01 |
| Risk Free Interest Rate(%) | 5.80% | 5.95% | 6.09% | 6.21% | 6.32% |
| Expected dividend rate(%) | 0% | 0% | 0% | 0% | 0% |
| Fair Value of the option | 353.64 | 370.27 | 385.85 | 400.37 | 413.99 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

(₹ in millions unless otherwise stated)

| Grant I Plan 2021 Series A | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 512.15 | 512.15 | 512.15 | 512.15 | 512.15 |
| Exercise Price | 532.35 | 532.35 | 532.35 | 532.35 | 532.35 |
| Expected Volatility(%) | 53.05% | 53.05% | 53.05% | 53.05% | 53.05% |
| Life of the options granted in year | 5.01 | 5.51 | 6.01 | 6.51 | 7.01 |
| Risk Free Interest Rate(%) | 5.76% | 5.91% | 6.04% | 6.17% | 6.28% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 264.34 | 277.79 | 290.36 | 302.26 | 313.37 |

(₹ in millions unless otherwise stated)

| Grant II Plan 2021 Series A | Tranche I | Tranche II | Tranche III | Tranche IV |
|-------------------------------------|-----------|------------|-------------|------------|
| Share price on the date of Grant | 338.90 | 338.90 | 338.90 | 338.90 |
| Exercise Price | 371.07 | 371.07 | 371.07 | 371.07 |
| Expected Volatility(%) | 55.83% | 55.83% | 55.83% | 55.83% |
| Life of the options granted in year | 5.01 | 5.51 | 6.01 | 6.51 |
| Risk Free Interest Rate(%) | 6.20% | 6.34% | 6.47% | 6.58% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 178.30 | 187.51 | 196.12 | 204.15 |

44: UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

- (a) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (b) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

45: BUSINESS COMBINATIONS

On December 27, 2018, the Group acquired 95.97% of the voting shares (2,837,135 shares) of Criss Financial Limited (formerly Criss Financial Holdings Limited), an NBFC based in India for a purchase consideration of ₹375.24 million. Further, the Group has invested ₹250.00 million and 500.00 million on December 28, 2018 and March 31 2021 in lieu for fresh issue of 1,890,217 and 2,824,858 equity shares by Criss Financial Holdings Limited. Thereafter, Group holds 98.45% (March 31, 2020: 97.54%) of the voting shares of Criss Financial Limited. Goodwill has been recorded since the Group considers equity interest in Criss Financial Limited as long term strategic business with no intention to liquidate in the near future. Non-controlling interest has been calculated based on the proportionate share in fair value of net assets acquired.

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. Based upon the assessment performed with respect to Holding Company's investment in Subsidiary, no adjustment on account of impairment is required to be effected to the carrying value of goodwill.

(₹ in millions unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Net carrying value as at beginning of the year | 173.74 | 173.74 |
| Addition relating to acquisition of subsidiary | 0.15 | - |
| Net carrying value as at end of the year | 173.89 | 173.74 |
| Impairment as at beginning of the year | - | - |
| Charges for the year | - | - |
| Impairment as at end of the year | - | - |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

The Group has considered the entire subsidiary as a cash generating unit for the purpose of testing impairment of goodwill. The recoverable amounts which exceed the carrying value has been determined based on value in use calculations taking into consideration the operating results, business plans and future cashflows of the subsidiary. Based upon the assessment performed with respect to the parent company's investment in subsidiary, no adjustment on account of impairment is required to be made to the carrying value of goodwill. Goodwill is not deductible for tax purposes.

46. REVENUE FROM CONTRACTS WITH CUSTOMERS

| (₹ in millions unless otherwise stated) | | |
|--|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Type of services | | |
| Service fees for management of assigned portfolio of loans | 0.19 | 0.71 |
| Commission and other income | 226.97 | 316.63 |
| Total | 227.16 | 317.34 |

Geographical markets

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| India | 227.16 | 317.34 |
| Outside india | - | - |
| Total | 227.16 | 317.34 |

Timing of revenue recognition

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Services transferred at a point in time | 227.16 | 317.34 |
| Services transferred over time | - | - |
| Total | 227.16 | 317.34 |

Receivables

| (₹ in millions unless otherwise stated) | | |
|---|----------------|----------------|
| Particulars | March 31, 2022 | March 31, 2021 |
| Receivables outstanding as at the end of the reporting period | 200.92 | 120.61 |
| Impairment allowance recognised on receivables | - | - |

47: ADDITIONAL DISCLOSURE AS REQUIRED UNDER PARAGRAPH 2 OF 'GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS' OF THE SCHEDULE III TO THE ACT

(i) As at and for the year ended March 31, 2022:

| (₹ in millions unless otherwise stated) | | | | | | | | |
|---|-----------------------------------|-----------|---------------------------------------|--------|-----------------------------------|----------|---------------------------------------|--------|
| Name of the entity | Net assets | | Share in profit or loss | | Share of OCI | | Share of total comprehensive income | |
| | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount |
| Parent Company | | | | | | | | |
| Spandana Sphoorty Financial Limited | 98.11% | 30,315.32 | 67.14% | 466.38 | 100.03% | (346.57) | 34.41% | 119.81 |
| Subsidiaries | | | | | | | | |
| Criss Financial Limited | 4.96% | 1,532.55 | 33.30% | 231.30 | -0.03% | 0.11 | 66.45% | 231.41 |
| Caspian Financial Services Limited | 0.07% | 22.94 | 0.09% | 0.60 | 0.00% | - | 0.17% | 0.60 |
| Non-controlling interest | 0.08% | 23.77 | -0.52% | (3.59) | 0.00% | - | -1.03% | (3.59) |
| Total | 103.22% | 31,894.58 | 100.00% | 694.68 | 100.00% | (346.46) | 100.00% | 348.22 |
| Consolidation adjustments | -3.22% | (995.13) | 0.00% | - | 0.00% | - | 0.00% | - |
| Net amount | 100.00% | 30,899.45 | 100.00% | 694.68 | 100.00% | (346.46) | 100.00% | 348.22 |

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

(ii) As at and for the year ended March 31, 2021:

(₹ in millions unless otherwise stated)

| Name of the entity | Net assets | | Share in profit or loss | | Share of OCI | | Share of total comprehensive income | |
|-------------------------------------|-----------------------------------|------------------|---------------------------------------|-----------------|-----------------------------------|-----------------|---------------------------------------|-----------------|
| | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount |
| Parent Company | | | | | | | | |
| Spandana Sphoorty Financial Limited | 98.72% | 27,159.05 | 88.93% | 1,289.82 | 100.06% | (299.57) | 86.03% | 990.25 |
| Subsidiaries | | | | | | | | |
| Criss Financial Limited | 4.73% | 1,301.66 | 11.68% | 169.40 | -0.06% | 0.19 | 14.73% | 169.59 |
| Caspian Financial Services Limited | 0.08% | 22.36 | 0.04% | 0.60 | 0.00% | - | 0.05% | 0.60 |
| Non-controlling interest | 0.07% | 20.18 | -0.29% | (4.17) | 0.00% | - | -0.36% | (4.17) |
| Total | 103.61% | 28,503.25 | 100.36% | 1,455.65 | 100.00% | (299.38) | 100.45% | 1,156.27 |
| Consolidation adjustments | -3.61% | (992.28) | -0.36% | (5.22) | 0.00% | - | -0.45% | (5.22) |
| Net amount | 100.00% | 27,510.97 | 100.00% | 1,450.43 | 100.00% | (299.38) | 100.00% | 1,151.05 |

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impacts on elimination of inter-company transactions/profits or (losses)/consolidation adjustments have been disclosed separately. Based on the Group structure, the management is of the view that the above disclosure is appropriate under the requirements of the Act.

48: The Holding Company in respect of the observation made by the RBI in its inspection report for the years ended March 31, 2018 and March 31, 2019 and subsequent correspondence with Reserve Bank of India ("RBI") with respect to the compliance with the pricing of credit guidelines prescribed under paragraph 56 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016, as amended had adequately recognised the impact of excess interest collected on loans disbursed during the period from Oct 2017 to Feb 2020, in the financial statements for the year ended March 31, 2021. During the current year, the Holding Company has adjusted ₹877.10 million by way of credit to 2,561,538 active customers loan accounts and is in the process of issuing revised loan cards to such customers. Further, the Holding Company has initiated the process of identifying the bank accounts of the closed loan accounts of customers for refunding the balance amount. Below is the summary of the excess interest:

(₹ in millions unless otherwise stated)

| Summary | Amount |
|--|----------|
| Provision in the books | 1,336.53 |
| Less: Amount adjusted to credit of borrowers * | 877.10 |
| Amount to be refunded to borrowers | 454.81 |

* Refund of ₹877.10 million is processed based on the available data prior to receiving access to the old IT Application. Upon receiving the access to the old system, the management is in the process of revalidating the accuracy of the amount refunded and any instances of short / excess payments will be adjusted.

49: Pursuant to the Reserve Bank of India's ("RBI") Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 (the "RBI Guidelines") and in line with the specific instructions received from the RBI, the Holding Company's predecessor auditor's had resigned on January 28, 2022, after completion of limited review on the financial results of the Group for the quarter and half year ended September 30, 2021. Such resignation and subsequent appointment of new statutory auditors, being contrary to the provisions of para 6(A) of SEBI guidelines on "Resignation of statutory auditors from listed entities and their material subsidiaries" issued vide circular no. CIR/CFD/CMD1/114/2019 dated October 18, 2019, the Holding Company has submitted application dated February 3, 2022 with SEBI, seeking settlement in this matter. Further, the Holding Company vide letter dated June 3, 2022, voluntarily proposed to offer ₹ 2.5 million towards settlement terms and expects to receive the regulatory forbearance from SEBI in due course.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

50: The Holding Company has undergone recent leadership changes whereby Mrs. Padmaja Gangireddy, Founder and erstwhile Managing Director (MD), resigned on November 2, 2021. The Holding Company's Board of Directors immediately re-constituted a Management Committee constituting of the longest serving Directors of the Holding Company to provide strategic direction to the Group.

Prior to the resignation of the erstwhile MD, the Holding Company and its subsidiary (CFL) had transferred certain IT systems to a new IT vendor (IQ Technologies) along with outsourcing of its maintenance. This caused certain disruptions in the IT operations of the Group and eventual loss of access to the historical data and books of accounts.

As a result, for the purpose of reconstructing the books of accounts as at September 30, 2021, the Group created a parallel IT environment and implemented the new IT application system along with the loan origination system with a fully automated workflow. The management carried out extensive exercise for arriving at the accuracy of the balances as of September 30, 2021 basis the relevant internal data back-up, information submitted by the Group as part of regulatory compliances, confirmation from bankers, recalculation of the repayment schedules for the principal loan amount outstanding etc. and performed necessary reconciliations. Such information has been updated in the new IT application along with all the transactions for the period commencing from October 1, 2021. Further, during the period of loss of data to implementing new IT system, the management ensured complete track of disbursements and collections from the customers through the controls implemented at the branches.

The Holding Company has onboarded a new Managing Director and Chief Executive Officer, President and Chief Financial Officer and Chief Technology Officer, and under their guidance the management has performed a comprehensive evaluation of the new IT application implemented, along with the IT review performed by the internal auditors of the Company. Further, the business teams have validated the outputs from the IT systems with actual physical loan-card balances of the borrowers. The process has been documented and independently reviewed by an independent third-party appointed by the Board of Directors. The management is in the process of further strengthening the robustness of the overall IT systems, including the loan management system and with respect to specific controls around security management and infrastructure maintenance, based on the inputs received from the comprehensive review and believes that the final validations, will not result in any material discrepancies, requiring any adjustment to these financial statements.

Additionally, in respect of the gold loan business of CFL, certain issues had arisen between CFL and Spandana Mutual Benefit Trust ("SMBT") an entity controlled by erstwhile MD. The total receivables (excluding interest) pertaining to gold loan business receivable from SMBT amounted to ₹ 811.39 million as of November 01, 2021. Of these, SMBT has remitted various amounts aggregating ₹397.20 million as of March 31, 2022. As covered in below paragraph, CFL has realized the balance receivables from SMBT in June 2022.

Subsequently in June 2022, the Group has settled differences amicably in terms of a settlement agreement and other related agreements subject to terms and conditions stated therein with its erstwhile MD, IQ Technologies and other entities as under:

- (a) The Holding Company has collected / paid all the pending dues receivable from / payable to Abhiram Marketing Services Limited (entity in which erstwhile MD has significant interest).
- (b) Without prejudice to the respective contentions of the parties, the Services Agreement dated August 16, 2021 entered with the IQ Technologies (IQ) stands terminated / cancelled and the Group has received access to the old IT system and hardware from IQ in accordance with the IQ Termination Agreement and is in control of the same. As part of the settlement agreement, the Holding Company has paid ₹15.75 million to IQ, which has been provided for in the accompanying financial statements under 'Other expenses'.
- (c) The lease agreements entered with the entities in which erstwhile MD has significant control has been terminated and the lock-in-period has been waived-off, as the Holding Company agreed to forfeit the security deposit paid under the said lease agreements. Consequently, the Group has written off 'Right of use' assets and security deposit and written back lease liabilities resulting in a net gain of ₹ 43.72 million.
- (d) The Board of Criss Financial Limited ("CFL") has ratified the appointment of SMBT as collecting agent of gold loan portfolio and without prejudice to the respective contentions of the parties, the issues has been settled now. Further, CFL has realized the balance receivables of ₹436.10 million towards gold loan portfolio including interest thereon.

Notes to the Consolidated Financial Statements

For year ended March 31, 2022

- (e) The erstwhile MD, IQ and other entities have executed requisite applications before the appropriate forum to withdraw all suits, applications, claims filed against the Group and its subsidiaries, including shareholders, employees and directors and similarly, the Group and its subsidiary has also filed necessary applications to withdraw all suits, applications, claims filed against the opposite party.
- (f) In consideration of settlement terms, the Holding Company has made a total payment of ₹407.10 million (inclusive of applicable taxes) to erstwhile MD, which has been provided for in the accompanying financial statements under 'Other expenses'.

The Group has performed sufficient procedures to ensure completeness, accuracy and authenticity of the data received from IQ and has significantly reconciled the historical balances and the balances as on September 30, 2021 as per the old IT system with the opening balances as of October 1, 2021 considered in the new IT System with the information available as explained above. The management does not believe that ongoing reconciliation process will have any significant impact on the accompanying financial statements.

51: Additional Regulatory Information

- (a) The Group has not revalued its Property, Plant and Equipment (including Right-of Use Assets) and intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.
- (b) There are no investment property as on March 31, 2022
- (c) No proceeding has been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder
- (d) The Group has not taken borrowings from banks or financial institutions on the basis of security of current assets
- (e) The Group has not been declared wilful defaulter by any bank or financial Institution or other lender
- (f) No transactions were carried out during the year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (g) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017
- (h) There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets.
- (i) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

52: Previous year figures have been regrouped/ reclassified wherever applicable.

As per our report of even date
For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: July 11, 2022

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Abanti Mitra
Chairperson
DIN: 02305893
Place: Mumbai
Date: July 11, 2022

Shalabh Saxena
Managing Director &
Chief Executive Officer
DIN: 08908237
Place: Hyderabad
Date: July 11, 2022

Ashish Kumar Damani
President and Chief
Finance Officer

Place: Hyderabad
Date: July 11, 2022

Ramesh Periasamy
Company Secretary and
Compliance Officer
Membership No.: A26247
Place: Hyderabad
Date: July 11, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Spandana Sphoorty Financial Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Spandana Sphoorty Financial Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of matter

We draw attention to Note 7.4 to the standalone financial statements, which describes the economic and social disruption, continued to be caused by COVID-19 pandemic, of the Company's business and financial metrics including the Company's estimates of impairment of loans to customers, and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| (a) Impairment of financial assets at balance sheet date (expected credit losses) <i>(as described in notes 7 and 41.1 of the standalone financial statements)</i> | |
| <p>Ind AS 109 requires the Company to provide for impairment of its financial assets (designated at amortised cost and fair value through other comprehensive income) as at the reporting date using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets (loan portfolio).</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p> <ul style="list-style-type: none"> • Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; • Determining effect of less frequent past events on future probability of default; • Estimation of management overlay, if any, for macro-economic factors which could impact the credit quality of the loans. <p>Further, in view of the business disruption continued to be caused by COVID-19 pandemic, the Company has reassessed its ECL estimates post expiry of the loan moratoriums (offered pursuant to Reserve Bank of India's ("RBI") COVID-19 Regulatory Package) to factor among other things the elevated risk of higher delinquencies and deterioration in macro-economic factors. As part of such assessment, the management has also evaluated the staging and ECL estimates for fresh (top-up) loans given to customers against pre-closure of their existing loans in various delinquency buckets.</p> <p>Given the unique nature of the pandemic, the economic impact whereof depends on future developments, including governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated.</p> <p>In view of such high degree of management's judgement involved in ECL estimation, accentuated by COVID-19 pandemic, it is considered as a key audit matter.</p> | <p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Tested the design and operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages as per Ind AS 109. Tested the staging and ECL considerations applied in respect of top-up loans given against pre-closure of existing loans. • Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default (PD) and loss given default (LGD) rates. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Tested the assumptions used by the Company in estimation of PD and LGD rates considered for the loan portfolio impacted by COVID-19. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Performed inquiries with the management as regards applicability of RBI guidelines on restructuring in respect of top-up loans given against existing loan pre-closures. • Assessed disclosures included in the standalone financial statements in respect of ECL, including disclosures made with regards to uncertainties arising from COVID-19 and its impact on ECL estimation. |

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| (b) IT systems and controls | |
| <p>The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>In view of the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p> | <p>We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors:</p> <ul style="list-style-type: none"> • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs - to understand the design and test the operating effectiveness of such controls; • Assessed the changes that were made to the key systems during the year including changes that have impact on financial reporting; • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. |

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report including the Annexures thereto (but does not include the standalone financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Management Discussion and Analysis Report, which is expected to be made available to us after that date.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Management Discussion and Analysis Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements.



Responsibilities of Management and Those Charged with Governance for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate,

to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 50 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 26 to the standalone financial statements; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Viren H. Mehta

Partner

Membership Number: 048749

UDIN: 21048749AAAAIY3513


Mumbai

May 22, 2021

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**Re: Spandana Sphoorty Financial Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) The Company has granted loans to two companies covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) The Company has granted loans that are re-payable on demand, to companies covered in the register maintained under section 189 of the Act. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:
- 

| Name of the Statute | Nature of dues | Amount under dispute (Rs.)* | Amount paid (Rs.)** | Period to which it relates | Forum where dispute is pending |
|------------------------------------|----------------|-----------------------------|---------------------|--|--|
| Chapter V of the Finance Act, 1994 | Service Tax | 56,852,171 | 9,926,956 | Financial year from 2006-07 to 2014-15 | Customs, Excise & Service Tax Appellate Tribunal |
| Income tax Act, 1961 | Income Tax | 475,376,736 | 69,223,626 | Financial year 2016-17 | CIT (A) |

* Excluding interest and penalty, as applicable; ** Paid under protest

- (viii) According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings from financial institutions or banks during the year to the extent of Rs.1,771.65 million (the delay in such repayments being for less than 31 days in each individual case). The lender wise details are tabulated as under:

| Bank / Financial Institution ("Lenders") | Repayment delayed (Rs. in mn)* | Period of delay# | Remarks |
|--|--------------------------------|------------------|--|
| AU Small Finance Bank Limited | 41.66 | 23 - 30 days | According to the information and explanations provided to us by the management, these repayments were not made by the Company on the respective due dates in view of the discussions with the Lenders for availing repayment moratorium pursuant to COVID-19 Regulatory Package announced by Reserve Bank of India on March 27, 2020, regarding moratorium on borrowings from March 1, 2020. Of these, moratorium requests were approved by the Lenders subsequent to the due date in respect of repayments aggregating Rs.346.46 million. Such delays have been made good by the Company through repayment during the year. |
| Bandhan Bank Limited | 214.29 | 27 days | |
| Bank of Baroda | 457.87 | 1 - 7 days | |
| Clix Capital Services Private Limited | 33.33 | 11 days | |
| Equitas Small Finance Bank Limited | 20.83 | 16 days | |
| Hero Fincorp Limited | 18.37 | 20 - 26 days | |
| IDFC Bank Limited | 209.35 | 1 - 29 days | |
| InCred Financial Services Limited | 11.92 | 18 days | |
| IndusInd Bank Limited | 173.92 | 23 days | |
| JM Financial Products Limited | 86.02 | 27 days | |
| Kotak Mahindra Bank Limited | 62.50 | 3 - 8 days | |
| Maanaveeya Development and Finance Private Limited | 13.62 | 4 - 12 days | |
| MAS Financial Services Limited | 111.11 | 8 - 18 days | |
| Reliance Commercial Finance Limited | 21.02 | 27 days | |
| Shriram City Union Finance Limited | 36.11 | 13 - 23 days | |
| Standard Chartered Bank | 125.00 | 7 days | |
| Ujjivan Small Finance Bank | 11.90 | 15 days | |
| Woori Bank | 23.33 | 25 days | |
| Yes Bank Limited | 99.50 | 7 - 24 days | |
| Total | 1,771.65 | | |

* Repayments aggregating Rs.514.80 million, where the loan moratorium requests were approved by the Lenders prior to the due date, are not considered as delayed and accordingly not reported above. Such amounts have also been repaid by the Company during the year. The amounts reported above do not include delayed interest payments.

Represents the range of delay across multiple facilities availed from the bank/ financial institution.

The Company has not defaulted in repayment of dues to debenture holders. The Company did not have any dues of loans or borrowing to government during the year.

- (ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money way of initial public offer / further public offer / debt instruments.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

L

- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



per **Viren H. Mehta**
Partner
Membership Number: 048749

UDIN: 21048749AAAAIY3513

Mumbai
May 22, 2021

Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

Report on Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to standalone financial statements of Spandana Sphoorty Financial Limited (the "Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that

receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on issued by the ICAI.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Viren H. Mehta**

Partner

Membership Number: 048749

UDIN: 21048749AAAAIY3513

Mumbai

May 22, 2021

Spandana Sphoorty Financial Limited
Standalone Balance Sheet as at March 31, 2021

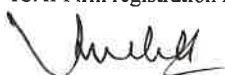
(Rupees in millions unless otherwise stated)

| | Notes | As at March 31, 2021 | As at March 31, 2020 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash and cash equivalents | 4 | 11,307.83 | 536.19 |
| Bank balances other than cash and cash equivalents | 5 | 2,453.27 | 1,970.99 |
| Trade receivables | 6 | 121.06 | 223.68 |
| Loans | 7 | 66,163.14 | 49,051.40 |
| Derivative financial instruments | | 0.45 | - |
| Other financial assets | 8 | 742.67 | 1,652.89 |
| Investments | 9 | 1,146.24 | 5,498.55 |
| Subtotal - Financial assets | | 81,934.66 | 58,933.70 |
| Non-financial assets | | | |
| Current tax assets (net) | 10 | 149.38 | 149.38 |
| Deferred tax assets (net) | 11 | 1,045.42 | 69.03 |
| Property, plant and equipment | 12 | 196.92 | 151.43 |
| Intangible assets | 12 | 7.74 | 12.84 |
| Other non-financial assets | 13 | 126.51 | 101.46 |
| Subtotal - Non-financial assets | | 1,525.97 | 484.14 |
| Total assets | | 83,460.63 | 59,417.84 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Financial liabilities | | | |
| Debt securities | 14 | 20,347.14 | 7,776.28 |
| Borrowings (other than debt securities) | 14 | 31,425.34 | 22,184.11 |
| Subordinated liabilities | 14 | 201.83 | 201.67 |
| Other financial liabilities | 15 | 2,561.99 | 2,255.73 |
| Subtotal - Financial liabilities | | 54,536.30 | 32,417.79 |
| Non-financial liabilities | | | |
| Current tax liabilities (net) | 16 | 1,338.85 | 596.69 |
| Provisions | 17 | 16.08 | 27.58 |
| Other non-financial liabilities | 18 | 410.35 | 294.40 |
| Subtotal - Non-financial liabilities | | 1,765.28 | 918.67 |
| EQUITY | | | |
| Equity share capital | 19 | 643.15 | 643.15 |
| Other equity | 20 | 26,515.90 | 25,438.23 |
| Subtotal - Equity | | 27,159.05 | 26,081.38 |
| Total liabilities and equity | | 83,460.63 | 59,417.84 |

Summary of significant accounting policies 3

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number : 301003E/E300005



per **Viren H. Mehta**
Partner
Membership No.048749



For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited


Deepak Calian Vaidya
Chairman
DIN: 00337276

Place: Mumbai
Date: May 22, 2021


Satish Kottakota
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2021


Padmaja Gangireddy
Managing Director
DIN: 00004842

Place: Hyderabad
Date: May 22, 2021


Ramesh Periasamy
Company Secretary
Mem. No: A26247

Place: Erode
Date: May 22, 2021

Place: Mumbai
Date: May 22, 2021

Spandana Sphoorty Financial Limited
Standalone statement of Profit and Loss for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | Notes | For year ended March 31, 2021 | For year ended March 31, 2020 |
|---|-------|----------------------------------|----------------------------------|
| Revenue from operations | | | |
| Interest income | 21 | 13,258.78 | 11,454.46 |
| Commission and incentive income | | 89.12 | 351.12 |
| Net gain on fair value changes | 22 | 751.14 | 2,184.03 |
| Others | 23 | 330.01 | 105.25 |
| Total revenue from operations | | 14,429.05 | 14,094.86 |
| Other income | 24 | 218.41 | 319.28 |
| Total income | | 14,647.46 | 14,414.14 |
| Expenses | | | |
| Finance cost | 25 | 4,171.62 | 3,541.11 |
| Net loss on fair value changes | 26 | 27.44 | - |
| Impairment on financial instruments and other provisions | 27 | 6,398.75 | 2,728.96 |
| Employee benefits expense | 28 | 1,663.57 | 1,669.70 |
| Depreciation and amortization expense | 12 | 74.86 | 87.42 |
| Other expenses | 29 | 534.89 | 405.55 |
| Total expenses | | 12,871.12 | 8,432.74 |
| Profit before tax | | 1,776.34 | 5,981.40 |
| Tax expense: | 30 | | |
| Current tax | | 1,362.16 | 653.54 |
| Deferred tax | | (875.64) | 1,960.92 |
| Income tax expense | | 486.52 | 2,614.46 |
| Profit for the year | | 1,289.82 | 3,366.94 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement gains/(losses) on defined benefit plans | | 20.06 | (17.38) |
| Income tax effect | | (5.05) | 4.37 |
| Items that will be reclassified subsequently to profit or loss | | | |
| Fair value gain/(loss) on loans | | (420.38) | 12.11 |
| Income tax effect | | 105.80 | (3.05) |
| Total comprehensive income for the year | | 990.25 | 3,362.99 |
| Earnings per share (equity share, par value of Rs.10 each) | | | |
| Computed on the basis of total profit for the year | | | |
| Basic | 31 | 20.05 | 53.85 |
| Diluted | 31 | 19.98 | 53.40 |
| Nominal value | | 10.00 | 10.00 |

Summary of significant accounting policies

3

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number : 301003E/E300005



per **Viren H. Menta**
Partner
Membership No.048749

Place: Mumbai
Date: May 22, 2021

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Deepak Calian Vaidya
Chairman
DIN: 00337276

Place: Mumbai
Date: May 22, 2021


Satish Kottakota
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2021


Padmaja Gangireddy
Managing Director
DIN: 00004842

Place: Hyderabad
Date: May 22, 2021


Ramesh Perumal
Company Secretary
Mem. No: A26247

Place: Erode
Date: May 22, 2021


Spandana Sphoorty Financial Limited
Standalone Cash Flow Statement for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| Particulars | For year ended March 31, 2021 | For year ended March 31, 2020 |
|--|----------------------------------|----------------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 1,776.35 | 5,981.40 |
| Adjustments for: | | |
| Interest on income tax | 157.59 | - |
| Depreciation and amortization | 74.85 | 87.42 |
| Share based payment to employees | 88.05 | 41.07 |
| Provision for gratuity | 8.56 | 10.20 |
| Finance cost on lease liability | 14.88 | 14.37 |
| Gain on business transfer | (9.26) | - |
| Impairment on financial instruments and other provisions | 6,398.75 | 2,728.96 |
| Net gain on fair value changes | (85.84) | (44.76) |
| Net loss on financial assets and liabilities designated at fair value through profit or loss | 27.44 | - |
| Other provisions and write offs | 26.19 | 29.13 |
| Operating profit before working capital changes | 8,477.56 | 8,847.79 |
| Movements in working capital : | | |
| Increase / (decrease) in other financial liabilities | 266.82 | 1,707.33 |
| Increase / (decrease) in provisions | - | (3.42) |
| Increase / (decrease) in other non financial liabilities | 115.96 | 70.97 |
| (Increase) / decrease in bank balances other than cash and cash equivalents | (482.28) | 57.11 |
| (Increase) / decrease in trade receivables | 102.62 | (188.19) |
| (Increase) / decrease in loans | (24,823.17) | (7,907.82) |
| (Increase) / decrease in other financial assets | 963.35 | (3,027.22) |
| (Increase) / decrease in other non financial assets | (25.05) | 25.55 |
| Cash used in operations | (15,404.17) | (417.90) |
| Income taxes paid | (777.59) | (118.77) |
| Net cash used in operating activities (A) | (16,181.77) | (536.67) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (152.44) | (45.00) |
| Purchase of intangible assets | (0.10) | (0.02) |
| Proceeds from derecognition of property, plant and equipment | 38.24 | - |
| Business transfer | 822.21 | - |
| Investment in Subsidiary | (500.00) | - |
| Purchase of investments | (42,843.00) | (72,390.11) |
| Sale of investments | 47,779.53 | 67,583.24 |
| Net cash generated/(used) in investing activities (B) | 5,144.44 | (4,851.89) |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | - | 3,925.59 |
| Debt securities (net) | 12,542.98 | (5,943.36) |
| Principal payment of lease liability | 9.69 | (29.80) |
| Interest payment of lease liability | 14.88 | 14.37 |
| Borrowings (other than debt securities) (net) | 9,241.28 | 6,654.22 |
| Subordinated liabilities (net) | 0.16 | 0.11 |
| Share issue expenses | - | (150.46) |
| Net generated from financing activities (C) | 21,808.97 | 4,470.68 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | 10,771.64 | (917.88) |
| Cash and cash equivalents at the beginning of the year | 536.19 | 1,454.07 |
| Cash and cash equivalents at the end of the year (refer note 4) | 11,307.83 | 536.19 |
| Components of cash and cash equivalents as at the end of year | | |
| Cash on hand | 20.92 | 2.82 |
| Balance with banks - on current account | 8,765.92 | 533.37 |
| Deposits with original maturity of less than or equal to 3 months | 2,520.99 | - |
| Total cash and cash equivalents | 11,307.83 | 536.19 |

For disclosure of investing and financing activities that do not require the use of cash and cash equivalents, refer note 44.

| Cash flow from operating activities | For year ended March 31, 2021 | For year ended March 31, 2020 |
|-------------------------------------|----------------------------------|----------------------------------|
| Interest received | 12,786.00 | 12,372.65 |
| Interest paid | 3,592.28 | 3,325.34 |

Summary of significant accounting policies

Note No. 3

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number : 301003E/E300005

per **Viren H. Mehta**

Partner

Membership No.048749



For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Deepak Calian Vaidya

Chairman

DIN: 00337276

Place: Mumbai

Date: May 22, 2021

Satish Kottakota
Chief Financial Officer

Place: Hyderabad

Date: May 22, 2021

Padmaja Gangireddy

Managing Director

DIN: 00004842

Place: Hyderabad

Date: May 22, 2021

Ramesh Periasamy
Company Secretary

Mem. No: A26247

Place: Erode

Date: May 22, 2021

Place: Mumbai

Date: May 22, 2021

Spandana Sphoorty Financial Limited
Statement of Changes in Equity for the year ended March 31, 2021

A. Equity shares

Equity Share of Rs. 10 each issued, subscribed and fully paid

| Particulars | No. of Shares | Amount |
|--|---------------|--------|
| As at April 1, 2019 | 59,633,683 | 596.34 |
| Issue of equity share capital during the year ended March 31, 2020 (refer note 19) | 4,681,800 | 46.82 |
| As at March 31, 2020 | 64,315,483 | 643.15 |
| Issue of equity share capital during the year ended March 31, 2021 (refer note 19) | - | - |
| As at March 31, 2021 | 64,315,483 | 643.15 |

B. Other equity

| Particulars | Notes | Reserves and Surplus | | | | | Share options outstanding reserve | Total | Other items of comprehensive income (fair valuation on loans) | Grand total |
|--|-------|----------------------|-------------------|-----------------|---|----------------------------|-----------------------------------|-----------|---|-------------|
| | | Securities Premium | Retained Earnings | General Reserve | Statutory Reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934) | Capital Redemption Reserve | | | | |
| Balance as at April 01, 2019 | 20 | 15,414.96 | (1,753.29) | 23.28 | 2,566.17 | 1,526.92 | 41.25 | 17,819.29 | 448.11 | 18,267.40 |
| Profit for the year ended March 31, 2020 | | - | 3,366.94 | - | - | - | - | 3,366.94 | - | 3,366.94 |
| Impairment allowance on other provisions reclassified to profit and loss | | - | - | - | - | - | - | - | (2,584.47) | (2,584.47) |
| Fair value change during the year | | - | - | - | - | - | - | - | 2,593.53 | 2,593.53 |
| Remeasurement gain or loss on actuarial valuation | | - | (13.01) | - | - | - | - | (13.01) | - | (13.01) |
| Total comprehensive income | | - | 3,353.94 | - | - | - | - | 3,353.94 | 9.06 | 3,363.00 |
| Transfer to Statutory Reserve | 20 | - | (673.38) | - | 673.38 | - | - | - | - | - |
| Fair value of stock option - charge for the year | 20 | - | - | - | - | - | 43.80 | 43.80 | - | 43.80 |
| Issue of share capital during year ended March 31, 2020 | 20 | 3,897.49 | - | - | - | - | - | 3,897.49 | - | 3,897.49 |
| Share Issue Expenses | 20 | (150.46) | - | - | - | - | - | (150.46) | - | (150.46) |
| Add: Share based payment to employees | 20 | 37.87 | - | - | - | - | (18.72) | 37.87 | - | 37.87 |
| Less: Transfer on allotment of shares to employees pursuant to ESOP scheme | 20 | - | - | - | - | - | - | (18.72) | - | (18.72) |
| Less: Transfer on cancellation of stock options | 20 | - | - | - | - | - | (2.16) | (2.16) | - | (2.16) |
| Balance as at March 31, 2020 | 20 | 19,199.86 | 927.27 | 23.28 | 3,239.55 | 1,526.92 | 64.17 | 24,981.05 | 457.17 | 25,438.23 |
| Profit for the year ended March 31, 2021 | | - | 1,289.82 | - | - | - | - | 1,289.82 | - | 1,289.82 |
| Impairment allowance on other provisions reclassified to profit and loss | | - | - | - | - | - | - | - | (6,713.33) | (6,713.33) |
| Fair value change during the year | | - | - | - | - | - | - | - | 6,398.75 | 6,398.75 |
| Remeasurement gain or loss on actuarial valuation | | - | 15.01 | - | - | - | - | 15.01 | - | 15.01 |
| Total comprehensive income | | - | 1,304.83 | - | - | - | - | 1,304.83 | (314.58) | 990.26 |
| Transfer to Statutory Reserve | 20 | - | (257.96) | - | 257.96 | - | - | - | - | - |
| Share Issue Expenses | 20 | - | - | - | - | - | - | - | - | - |
| Add: Share based payment to employees | 20 | 0.05 | - | - | - | - | 87.38 | 87.38 | 0.05 | 87.38 |
| Balance as at March 31, 2021 | 20 | 19,199.91 | 1,974.14 | 23.28 | 3,497.51 | 1,526.92 | 151.54 | 26,373.30 | 142.59 | 26,515.91 |

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003/E/ES00005

per Viren H. Mehta
Partner
Membership No 048749



For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Deepak Calian Vaidya
Chairman
DIN: 0037276
Place: Mumbai
Date: May 22, 2021

Deepak Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: May 22, 2021

Ramesh Perumal
Company Secretary
Mem. No. A26247
Place: Erode
Date: May 22, 2021



SPANDANA SPHOORTY FINANCIAL LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

1. Corporate information

Spandana Sphoorty Financial Limited ('SSFL' or the 'Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on March 10, 2003. The Company was registered as a non-deposit accepting non-banking financial company ('NBFC-ND') with the Reserve Bank of India ('RBI') and got classified as non-banking financial company – micro finance institution (NBFC – MFI) effective April 13, 2015.

The shares of the Company were listed on the stock exchanges in India in August 2019 pursuant to the Initial Public Offer of equity shares. The registered office of the Company is located at Plot no 31 & 32, Ramky Selenium Towers, Ground floor, Nanakramguda, Gachibowli, Telangana, India

The Company is primarily engaged in the business of micro finance providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

2. Basis of preparation

a) Statement of compliance in preparation of standalone financial statements

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, and other financial assets held for trading all of which have been measured at fair value. Further, the carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

The functional currency of the Company is the Indian rupee. These standalone financial statements are presented in Indian rupees (rounded off to millions).

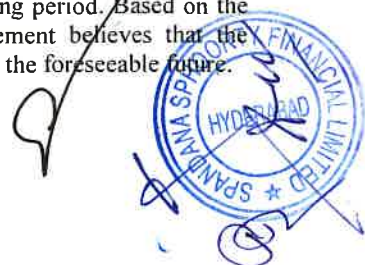
b) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- a. The normal course of business
- b. The event of default
- c. The event of insolvency or bankruptcy of the Group and/or its counterparties

c) Going concern assessment

The Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to fulfil its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. The loan collections for the second half year have reached the pre-COVID levels. Further, the Company has considered its current liquidity position, expected inflows from various sources of borrowings and stimulus packages announced by the Government of India, which will directly or indirectly benefit NBFC-MFIs and various other financial support from other banks and financial institutions in determining the Company's liquidity position over the next 12 months from the end of reporting period. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to fulfill its obligations as and when these become due in the foreseeable future.



3. Significant accounting policies**a) Use of estimates, judgments and assumptions**

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

ii) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Impairment of loan portfolio

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

iv) Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

v) Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

b) Recognition of income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Interest income and expense

SPANDANA SPOORTY FINANCIAL LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iii) Other income and expense

All Other income and expense are recognized in the period they occur.

c) **Property, plant and equipment(PPE) and intangible asset**

PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible Asset

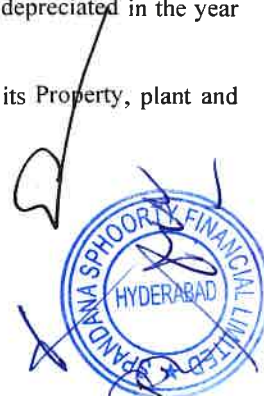
Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.

d) **Depreciation and amortization**

Depreciation

- i. Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.
- ii. Property, plant and equipment costing up to Rs.5,000 individually are fully depreciated in the year of purchase.

The Company has used the following useful lives to provide depreciation on its Property, plant and equipment:



SPANDANA SPOORTY FINANCIAL LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| Asset Category | Useful Life (in years) |
|------------------------|------------------------|
| Furniture & Fixtures | 10 |
| Computers & Printers | 3 |
| Office Equipment | 5 |
| Leasehold Improvements | 3 |
| Vehicles | 8 |
| Land & Buildings | 60 |

Amortization

Intangible assets are amortized at a rate of 40% per annum on a "Written Down Value" method, from the date that they are available for use.

e) Impairment**i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.**

In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognize credit losses over next 12 month period. The Company has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Company has a process to assess credit risk of all exposures at each year end as follows:

Stage I

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over next 12 months.

Stage II

Financial instruments that have had a significant increase in credit risk ("SICR") since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

In addition to the abovementioned classification, if any indicators of increased credit risk are identified by the Company based on a qualitative assessment of borrowers' profile or any modifications in contractual terms, such loans are classified in higher stages (SICR or default category), irrespective of the overdue status as at reporting date.

Methodology for calculating ECL

The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Key factors applied to determine ECL are outlined as follows:



SPANDANA SPOORTY FINANCIAL LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) - It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) - It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

ii) Non financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Revenue from Contracts with Customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue From Contracts with Customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(a) Commission and is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

(b) The company recognizes revenue from advertisement activities upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers

g) Leases

- i. Short term leases not covered under Ind AS 116 are classified as operating lease. Lease payments during the year are charged to statement of profit and loss. Further minimum rentals payable under non - cancellable operating leases.



SPANDANA SPOORTY FINANCIAL LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

- ii. Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
- iii. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
- iv. The Company has adopted Ind AS 116 - Leases with effect from April 1, 2019 and applied to all lease contracts existing on April 1, 2019 using the Modified Retrospective Approach. In accordance with the transitional provisions, the Company has not restated the comparative figures. The adoption of new standard resulted in recognition of right-of-use asset and a corresponding lease liability of Rs.114.27 million on April 1, 2019. The effect of this adoption is not material to the profit for the period and earnings per share.

a) Foreign currency transactions**• Functional and presentation currency**

The Standalone financial statements are presented in Indian Rupees (INR), which are the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

• Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

b) Retirement and Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company operates following employee benefit plans:

i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.



SPANDANA SPOORTY FINANCIAL LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

iii) Leaves

The service rules of the Company do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

iv) Employee Stock Option Plan

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

c) Income taxes

Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:



SPANDANA SPOORTY FINANCIAL LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Company also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

d) Earnings per share (EPS)

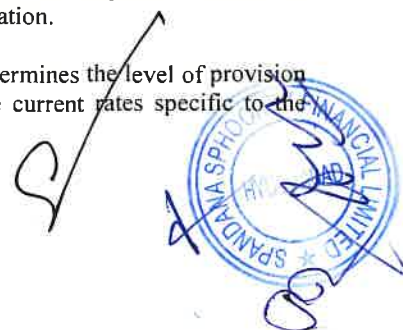
The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

e) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the



SPANDANA SPOORTY FINANCIAL LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

f) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not have any contingent assets in the financial statements.

g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.

Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

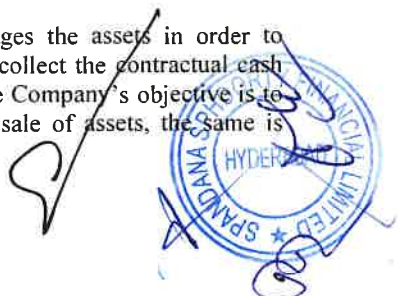
- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is



SPANDANA SPHOORTY FINANCIAL LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL.

Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

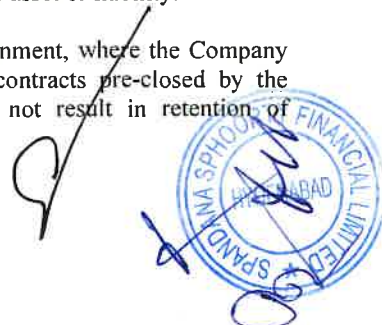
Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

In respect of financial assets (loans) de-recognised by way of direct assignment, where the Company continues to act as a servicing agent on behalf of the assignee, any contracts pre-closed by the Company at borrowers' request against issuance of fresh loans does not result in retention of



SPANDANA SPOORTY FINANCIAL LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

incremental risk on the loans assigned. Accordingly, such pre-closures are not considered to impact the de-recognition of other off-balance sheet transactions as at reporting date.

A financial liability is derecognized from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

h) Derivate financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

i) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- *Level 1 financial instruments* - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- *Level 2 financial instruments* - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- *Level 3 financial instruments* - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

k) Share issue expenses

Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity.



Handwritten signature.



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| 4: Cash and cash equivalents | | |
| Cash on hand | 20.92 | 2.82 |
| Balances with banks | | |
| On current accounts | 8,765.92 | 533.37 |
| Deposit with original maturity of less than three months | 2,520.99 | - |
| | 11,307.83 | 536.19 |

Balances with banks earns interest with floating rates based on daily bank deposit rates. Short term Deposits are made for varying periods of between 1 day and 3 months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

5: Bank balances other than cash and cash equivalents

| | | |
|--|-----------------|-----------------|
| Deposit with remaining maturity of less than 12 months | - | 24.99 |
| Deposit with remaining maturity of more than 12 months | 133.82 | - |
| Margin money deposits (refer note below) | 2,319.45 | 1,946.00 |
| | 2,453.27 | 1,970.99 |

Note: Represent margin money deposits placed to avail term loans from banks and placed as cash collateral in connection with securitization transactions. Fixed Deposits with banks earns interest with fixed/floating rates based on daily bank deposit rates.

6: Trade receivables

Outstanding for a period less than six months from the date they are due for payment

| | | |
|----------------------------|---------------|---------------|
| Unsecured, considered good | 121.06 | 223.68 |
| | 121.06 | 223.68 |

Provision for impairment :

| | | |
|----------------------------|---------------|---------------|
| Unsecured, considered good | - | - |
| | 121.06 | 223.68 |

Trade receivables include Rs 88.36 Million (Previous year Rs. 108.62 Million) receivable from entities in which Directors or key Managerial Persons are interested.

Trade receivables are generally non interest bearing and are on terms of 30 to 60 days.



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| 7 :Loans | | |
| (a) Loans (at fair value through OCI) | 69,352.44 | 48,497.07 |
| (b) Inter Corporate Advances to related parties (Unsecured, non-Public Sector in India) (repayable on demand) (at amortised cost) * | 927.80 | 2,206.54 |
| *Please refer note 33 for further details | | |
| Total - Gross | 70,280.24 | 50,703.61 |
| Less: Impairment and other provisions | (4,117.10) | (1,652.21) |
| Total - Net | 66,163.14 | 49,051.40 |
| (a) Secured by tangible assets (Gold, Property including land and building) | 119.57 | 846.00 |
| (b) Unsecured | 70,160.67 | 49,857.60 |
| Total - Gross | 70,280.24 | 50,703.61 |
| Less: Impairment and other provisions | (4,117.10) | (1,652.21) |
| Total - Net | 66,163.14 | 49,051.40 |
| (a) Public sector | - | - |
| (b) Others | 70,280.24 | 50,703.61 |
| Total - Gross | 70,280.24 | 50,703.61 |
| Less: Impairment and other provisions | (4,117.10) | (1,652.21) |
| Total - Net | 66,163.14 | 49,051.40 |
| (a) Within India | 70,280.24 | 50,703.61 |
| (b) Outside India | - | - |
| Total - Gross | 70,280.24 | 50,703.61 |
| Less: Impairment and other provisions | (4,117.10) | (1,652.21) |
| Total - Net | 66,163.14 | 49,051.40 |

7.1 Overview of the loans of the Company

The Company is primarily in the business of providing micro loans towards income generating activities with its operations spread out in different parts of India.

On October 15, 2010, the then Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" which was subsequently enacted as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011" ('AP MFI Act'). The AP MFI Act, inter alia, imposed several restrictions on the operations of the MFIs operating in the then state of Andhra Pradesh, including a change in repayment frequency for loan repayments from a 'weekly' to a 'monthly' basis.

As a result recoveries from the loans in the states of Andhra Pradesh and Telangana were adversely affected resulting in significant defaults. Such loans is hereinafter referred as the 'old AP portfolio'. Accordingly, all such loans have been categorized under Stage III on March 31, 2020 considering significant uncertainty with respect to their recoveries. However, the same loans as been entirely written off during the previous year ended 31 March 2020. All other exposures have been referred as 'new portfolio'.

7.2 The table below discloses credit quality of the Company's exposures as at reporting date:

7.2.1 Portfolio classification

As at March 31, 2021

| Particulars | Stage I | Stage II | Stage III | Total |
|-----------------------|------------------|-----------------|-----------------|------------------|
| Gross carrying amount | 58,874.85 | 6,427.70 | 4,049.90 | 69,352.44 |
| Total | 58,874.85 | 6,427.70 | 4,049.90 | 69,352.44 |

As at March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|-----------------------|------------------|---------------|---------------|------------------|
| Gross carrying amount | 48,211.14 | 106.57 | 179.36 | 48,497.07 |
| Total | 48,211.14 | 106.57 | 179.36 | 48,497.07 |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

7.2.2 Gross Portfolio Movement
For the year ended March 31, 2021

| Particulars | Stage I | Stage II | Stage III | Total |
|--|------------|----------|------------|------------|
| Gross carrying amount as at April 1, 2020 | 48,211.14 | 106.57 | 179.36 | 48,497.07 |
| Total (A) | 48,211.14 | 106.57 | 179.36 | 48,497.07 |
| Inter-stage movements | | | | |
| Stage I | 8.16 | (6.49) | (1.68) | - |
| Stage II | (2,912.47) | 2,913.28 | (0.81) | - |
| Stage III | (2,512.06) | (15.04) | 2,527.11 | - |
| Total (B) | (5,416.37) | 2,891.75 | 2,524.62 | - |
| Write offs** | (0.01) | (0.08) | (3,583.78) | (3,583.87) |
| Total (C) | (0.01) | (0.08) | (3,583.78) | (3,583.87) |
| New assets originated, repaid and derecognised during the year | 15,799.57 | 3,429.45 | 4,929.70 | 24,158.71 |
| Total (D) | 15,799.57 | 3,429.45 | 4,929.70 | 24,158.71 |
| Fair value on loans | 280.53 | - | - | 280.53 |
| Total (E) | 280.53 | - | - | 280.53 |
| Gross carrying amount as at March 31, 2021 | 58,874.85 | 6,427.70 | 4,049.90 | 69,352.44 |
| Total (A+B+C+D) | 58,874.85 | 6,427.70 | 4,049.90 | 69,352.44 |

** The contractual amount of loans written-off during the period are not subject to enforcement activity / legal proceedings.

For the year ended March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|--|-----------|----------|------------|------------|
| Gross carrying amount as at April 1, 2019 | | | | |
| - New Portfolio | 41,751.88 | 150.17 | 43.11 | 41,945.16 |
| - Old AP Portfolio | - | - | 3,584.70 | 3,584.70 |
| Total (A) | 41,751.88 | 150.17 | 3,627.81 | 45,529.86 |
| Inter-stage movements | | | | |
| - New Portfolio | | | | |
| Stage I | 0.99 | (0.97) | (0.02) | (0.00) |
| Stage II | (213.87) | 213.91 | (0.04) | 0.00 |
| Stage III | (615.60) | (0.21) | 615.82 | - |
| - Old AP Portfolio | - | - | - | - |
| Total (B) | (828.48) | 212.73 | 615.76 | 0.00 |
| Write offs** | | | | |
| - New Portfolio | (106.14) | (74.48) | (1,070.76) | (1,251.38) |
| - Old AP Portfolio | - | - | (3,576.05) | (3,576.05) |
| Total (C) | (106.14) | (74.48) | (4,646.80) | (4,827.43) |
| New assets originated, repaid and derecognised during the year | | | | |
| - New Portfolio | 6,692.98 | (181.85) | 591.25 | 7,102.38 |
| - Old AP Portfolio | - | - | (8.65) | (8.65) |
| Total (D) | 6,692.98 | (181.85) | 582.60 | 7,093.73 |
| Fair Value on loans (E) | 700.91 | - | - | 700.91 |
| Gross carrying amount as at March 31, 2020 | | | | |
| - New Portfolio | 48,211.14 | 106.57 | 179.36 | 48,497.07 |
| - Old AP Portfolio | - | - | - | - |
| Total (A+B+C+D+E) | 48,211.14 | 106.57 | 179.36 | 48,497.07 |

** The contractual amount of loans written-off during the period are not subject to enforcement activity / legal proceedings.



7.2.3 Movement of impairment allowance(ECL) and other provisions

For the year ended March 31, 2021

| Particulars | Stage I | Stage II | Stage III | Total |
|--|---------------|---------------|-----------------|-----------------|
| Opening Balance | 741.12 | 64.26 | 145.21 | 950.59 |
| Provision made/ (reversed) during the year | 1,378.63 | 408.77 | 4,237.93 | 6,025.34 |
| Inter-stage movements | | | | |
| Stage I | (33.74) | 12.04 | 21.70 | - |
| Stage II | (431.48) | 430.72 | 0.76 | 0.00 |
| Stage III | (1,118.08) | 46.57 | 1,071.51 | - |
| Write off | (0.01) | (0.08) | (3,583.78) | (3,583.87) |
| Other Provisions | | | | 725.04 |
| Closing Balance | 536.45 | 962.28 | 1,893.33 | 4,117.10 |

For the year ended March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|--|---------------|--------------|---------------|-----------------|
| Opening Balance | 168.68 | 84.92 | 3,622.37 | 3,875.97 |
| Provision made/ (reversed) during the year | 678.59 | 53.81 | 1,169.65 | 1,902.05 |
| Inter-stage movements | | | | |
| Stage I | (72.42) | 69.06 | 3.36 | - |
| Stage II | (29.67) | 29.50 | 0.17 | - |
| Stage III | (112.27) | 11.58 | 100.69 | - |
| Write off | (106.14) | (74.48) | (4,646.80) | (4,827.43) |
| Other Provisions | | | | 701.62 |
| Closing Balance | 741.12 | 64.26 | 145.21 | 1,652.10 |

7.3 During the year, the Company has pre-closed loan accounts and provided fresh (top-up) loans to certain borrowers for restarting their businesses after a temporary suspension of economic activities due to COVID-19 pandemic. In determining whether this resulted in a significant increase in credit risk or impairment of these loans and potential future loss estimate, the Company takes into consideration the borrowers' vintage, past repayment behaviour and viability of their businesses, as a separate cohort.

Based on such assessment at March 31, 2021 in accordance with Ind AS 109 principles, including those relating to modified loans, and in terms of the ECL policy approved by the Board of Directors ("ECL Policy"), the Company has classified loans amounting to Rs.3,680 million as Stage 2 and Rs.1,079 million as Stage 3, although there were nil overdues as per the latest repayment schedule for these loans at March 31, 2021. While the staging movement has been carried out taking cognizance of the overdues in previous loan, the Company has applied relatively lower probability of default (PD) and loss given default (LGD) factors as per its ECL Policy considering the borrowers' repayment behaviour in earlier loan cycles. Accordingly, the Company has recognised a total impairment allowance of Rs.848 million on such loans.

Further, as the loans are provided to borrowers having running businesses with steady cash flows and not as a concession to overcome financial difficulties faced by borrowers other than the temporary suspension due to lockdown, these cases are not considered as restructured accounts in terms of extant RBI Master Directions.

7.4 The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, various state governments and local statutory authorities imposed restrictions on economic activities in different parts of the country which continued to impact Company's operations including lending and collection activities. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company had offered a moratorium to its borrowers until May 31, 2020 which was further extended up to August 31, 2020 based on borrowers' requests.

In assessing the impairment allowance for loan portfolio, the Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave, and has noted that the existing provisioning levels are adequate to cover any further delinquencies. Given the unique nature and scale of this pandemic, its full extent of impact on the Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Company's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated.



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| 8: Other financial assets (at amortised cost) | | |
| A. Security deposits | | |
| Unsecured, Considered good | 28.30 | 53.07 |
| (A) | 28.30 | 53.07 |
| B. Other assets | | |
| Amount receivable from banks and non banking financial companies | 0.07 | 0.04 |
| Term deposits placed with non banking financial companies # | 13.02 | 51.07 |
| Retained interest on asset assigned | 620.66 | 1,426.47 |
| Other assets | 80.62 | 122.24 |
| (B) | 714.37 | 1,599.82 |
| Total (A+B) | 742.67 | 1,652.89 |
| # Represent margin money deposits placed to avail term loans from non banking financial companies. | | |
| 9: Investments | | |
| At Fair value through Profit and Loss | | |
| Investments in Liquid / Debt Mutual Funds | - | 4,852 |
| At Cost | | |
| Investment in subsidiary | | |
| 2,000,000 (March 31, 2020: 2,000,000) equity shares of Rs.10 each fully paid up in Caspian Financial Services Limited | 20.00 | 20.00 |
| 75,52,210 (March 31, 2020: 47,27,352) equity shares of Rs.10 each fully paid up in Criss Financial Holdings Limited | 1,125.24 | 625.93 |
| At Fair value through Profit and Loss | | |
| Others | | |
| 100,000 (March 31, 2020: 100,000) equity shares of Rs.10 each fully paid up in Alpha Micro Finance Consultants Private Limited | 1.00 | 1.00 |
| | 1,146.24 | 5,498.55 |
| Less: Impairment loss allowance | - | - |
| Total | 1,146.24 | 5,498.55 |
| Above amount includes | | |
| Investment in India | 1,146.24 | 5,498.55 |
| Investment outside India | - | - |
| Total | 1,146.24 | 5,498.55 |
| 10: Current Tax Assets (net) | | |
| Advance income tax (net of provision) | 149.38 | 149.38 |
| | 149.38 | 149.38 |
| 11: Deferred Tax Assets (net) | | |
| Effects of deferred tax assets/ liabilities : | | |
| Deferred Tax Assets | | |
| Impairment of financials instruments and other provisions | 1,099.26 | 449.91 |
| Provisions allowable on payment basis | 50.78 | 76.59 |
| Differences of written down value of Property, plant and equipment | 38.37 | 36.48 |
| Expenditure incurred for Initial Public Offering | 24.61 | 30.29 |
| Lease liability | 38.42 | 28.49 |
| Others | 53.99 | 5.13 |
| | 1,305.43 | 626.89 |
| Deferred Tax Liabilities | | |
| Fair value gain on loans | 70.60 | 176.40 |
| Income from direct assignments (taxable in future) | 156.88 | 359.01 |
| Right of Use Asset | 32.53 | 22.04 |
| Others | - | 0.41 |
| | 260.01 | 557.86 |
| Net deferred tax assets/(liabilities) | 1,045.42 | 69.03 |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority



11.1: Deferred Tax Assets (net)

Movement in deferred tax balances for the year ended March 31, 2021

| Particulars | Net Balance April 1, 2020 | (Charge)/Credit in Profit and Loss | Recognised in OCI | Recognised in Other Equity | Net Balance March 31, 2021 | Deferred Tax Assets/(Deferred Tax Liabilities) |
|---|------------------------------|---------------------------------------|----------------------|-------------------------------|-------------------------------|--|
| Deferred tax assets/ (liabilities) | | | | | | |
| Impact of difference between accounting and tax base of property, plant and equipment and intangible assets | 36.48 | 1.89 | - | - | 38.37 | 38.37 |
| Remeasurement gain / (loss) on defined benefit plan | 5.15 | (0.10) | (5.05) | - | - | - |
| Impairment allowance for loans | 449.91 | 649.35 | - | - | 1,099.26 | 1,099.26 |
| Expenses incurred on Initial Public Offering | 30.29 | (5.68) | - | - | 24.61 | 24.61 |
| Income from direct assignments (taxable in future) | (359.01) | 202.14 | - | - | (156.88) | (156.88) |
| Other items | 265.23 | (330.97) | 105.80 | - | 40.06 | 40.06 |
| Net Deferred tax assets / (liabilities) | 428.05 | 516.63 | 100.75 | - | 1,045.43 | 1,045.43 |

Movement in deferred tax balances for the year ended March 31, 2020

| Particulars | Net Balance April 1, 2019 | (Charge)/Credit in Profit and Loss | Recognised in OCI | Recognised in Other Equity | Net Balance March 31, 2020 | Deferred Tax Assets/(Deferred Tax Liabilities) |
|---|------------------------------|---------------------------------------|----------------------|-------------------------------|-------------------------------|--|
| Deferred tax assets/ (liabilities) | | | | | | |
| Impact of difference between accounting and tax base of property, plant and equipment and intangible assets | 46.02 | (9.54) | - | - | 36.48 | 36.48 |
| Remeasurement gain / (loss) on defined benefit plan | 1.07 | (0.30) | 4.37 | - | 5.14 | 5.15 |
| Impairment allowance for loans | 1,401.69 | (951.77) | - | - | 449.92 | 449.91 |
| Expenses incurred on Initial Public Offering | - | - | - | 30.29 | 30.29 | 30.29 |
| MAT Credit Entitlement | 774.35 | (774.35) | - | - | - | - |
| Income from direct assignments (taxable in future) | (73.25) | (285.76) | - | - | (359.01) | (359.01) |
| Other items | (151.53) | 60.80 | (3.05) | - | (93.78) | (93.79) |
| Net Deferred tax assets / (liabilities) | 1,998.36 | (1,960.92) | 1.32 | 30.29 | 69.03 | 69.03 |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

12: Property, plant and equipment

| Particulars | Land & Building* | Leasehold improvements | Furniture & Fixtures | Office Equipment | Vehicles | Computers | Right of use asset | Total |
|------------------------------|------------------|------------------------|----------------------|------------------|--------------|---------------|--------------------|---------------|
| Gross block (at cost) | | | | | | | | |
| At April 01, 2019 | 2.01 | 95.40 | 69.09 | 28.73 | 5.59 | 158.96 | - | 359.77 |
| Addition | - | - | 10.63 | 3.60 | 9.59 | 21.18 | 114.27 | 159.26 |
| Disposals | - | - | - | - | - | 0.43 | - | 0.43 |
| At March 31, 2020 | 2.01 | 95.40 | 79.73 | 32.33 | 15.17 | 179.71 | 114.27 | 518.62 |
| Addition | - | - | 11.44 | 6.37 | 19.41 | 13.38 | 101.84 | 152.44 |
| Disposals | - | - | 0.59 | 0.24 | - | 0.51 | 36.90 | 38.24 |
| At March 31 2021 | 2.01 | 95.40 | 90.58 | 38.46 | 34.58 | 192.58 | 179.21 | 632.82 |
| Depreciation | | | | | | | | |
| At April 01, 2019 | 0.15 | 90.97 | 52.89 | 16.34 | 3.24 | 125.33 | - | 288.92 |
| Charge for the year | 0.09 | 2.81 | 11.86 | 6.74 | 2.96 | 27.55 | 26.69 | 78.70 |
| Disposals | - | - | - | - | - | 0.42 | - | 0.42 |
| At March 31, 2020 | 0.24 | 93.77 | 64.75 | 23.09 | 6.20 | 152.46 | 26.69 | 367.20 |
| Charge for the year | 0.08 | 1.03 | 12.05 | 5.35 | 6.37 | 21.53 | 23.26 | 69.67 |
| Disposals | - | - | 0.45 | 0.14 | - | 0.38 | - | 0.97 |
| At March 31 2021 | 0.32 | 94.80 | 76.35 | 28.30 | 12.57 | 173.61 | 49.95 | 435.90 |
| Net carrying amount | | | | | | | | |
| At April 01, 2019 | 1.86 | 4.43 | 16.20 | 12.38 | 2.36 | 33.63 | - | 70.86 |
| At March 31, 2020 | 1.77 | 1.62 | 14.97 | 9.24 | 8.99 | 27.25 | 87.58 | 151.43 |
| At March 31 2021 | 1.69 | 0.60 | 14.23 | 10.17 | 22.01 | 18.97 | 129.25 | 196.92 |

* Mortgaged as security against non-convertible debentures.

Intangible assets

| Particulars | Computer Software | Total |
|------------------------------|-------------------|---------------|
| Gross block (at cost) | | |
| At April 1, 2019 | 103.86 | 103.86 |
| Addition | 0.02 | 0.02 |
| At March 31, 2020 | 103.88 | 103.88 |
| Addition | 0.10 | 0.10 |
| At March 31 2021 | 103.98 | 103.98 |
| Amortization | | |
| At April 1, 2019 | 82.33 | 82.33 |
| Charge for the year | 8.71 | 8.71 |
| At March 31, 2020 | 91.04 | 91.04 |
| Charge for the year | 5.19 | 5.19 |
| At March 31 2021 | 96.23 | 96.23 |
| Net carrying amount | | |
| At April 1, 2019 | 21.53 | 21.53 |
| At March 31, 2020 | 12.84 | 12.84 |
| At March 31 2021 | 7.75 | 7.75 |

13: Other non-financial assets

Unsecured, considered good

| | | |
|-----------------------------|-------|-------|
| Prepaid expenses | 12.38 | 5.51 |
| Capital advances | 3.85 | 1.65 |
| Advance against sum assured | 89.47 | 68.73 |
| Other advances | 20.81 | 25.57 |

Unsecured, considered doubtful

| | | |
|------------------------------------|---------------|---------------|
| Others | - | 1.70 |
| Amounts deposited with courts | 6.24 | 6.24 |
| Advance against sum assured | 16.68 | 12.89 |
| Less: Provision for doubtful debts | (22.92) | (20.83) |
| | 126.51 | 101.46 |



Spandana Spahoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | No of Debenture issued | Face value | As at March 31, 2021 | As at March 31, 2020 |
|---|------------------------------|------------|-------------------------|-------------------------|
| 14: (a) Debt Securities (at amortised cost) | | | | |
| (i) Debentures | | | | |
| Secured | | | | |
| Nil (March 31, 2020: 825), 12.90% Partly-paid Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty six months from the date of allotment i.e. September 28, 2017 (subject to exercise of put option by the lender at the end of Twelve or Twenty four months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | Nil | 10,00,000 | - | 178.26 |
| 410 (March 31, 2020: 820), 13.12% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. December 7, 2018. | 410 | 10,00,000 | 426.58 | 853.16 |
| 400 (March 31, 2020: Nil), 13.25% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirteen months from the date of allotment i.e. September 24, 2020. | 400 | 10,00,000 | 423.42 | - |
| 800 (March 31, 2020: Nil), 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Fifteen months from the date of allotment i.e. October 20, 2020. | 800 | 1,00,000 | 85.23 | - |
| 7,500 (March 31, 2020: Nil), 11% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Fifteen months from the date of allotment i.e. November 17, 2020. | 7,500 | 1,00,000 | 766.45 | - |
| 800 (March 31, 2020: Nil), 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Eighteen months from the date of allotment i.e. October 20, 2020. | 800 | 1,00,000 | 84.70 | - |
| 1,000 (March 31, 2020: Nil), 10.00% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Eighteen months from the date of allotment i.e. October 29, 2020. | 1,000 | 10,00,000 | 1,040.89 | - |
| 1,400 (March 31, 2020: Nil), 10.80% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Eighteen months from the date of allotment i.e. November 19, 2020. | 1,400 | 10,00,000 | 1,383.22 | - |
| 215 (March 31, 2020: Nil), 11.49% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. December 24, 2020 (subject to exercise of put option by the lender at the end of Eighteen months from the date of allotment). Redeemable on maturity if option not exercised by the investor. | 215 | 10,00,000 | 221.47 | - |
| 800 (March 31, 2020: Nil), 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Twenty One months from the date of allotment i.e. October 20, 2020. | 800 | 1,00,000 | 84.94 | - |
| 250 (March 31, 2020: Nil), 14.00% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Twenty Four months from the date of allotment i.e. September 08, 2020 (subject to exercise of put option by the lender at the end of Six months from the date of allotment). Redeemable on maturity if option not exercised by the investor | 250 | 10,00,000 | 251.02 | - |
| 1,740 (March 31, 2020: Nil), 14.8% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Twenty Three months from the date of allotment i.e. October 28, 2020. | 1,740 | 1,00,000 | 191.02 | - |
| 250 (March 31, 2020: Nil), 12.75% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable in twenty four equal monthly instalments from the date of allotment i.e. September 29, 2020. | 250 | 10,00,000 | 184.74 | - |
| 500 (March 31, 2020: Nil), 12.20% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Twenty Four months from the date of allotment i.e. December 19, 2020. | 500 | 10,00,000 | 498.78 | - |
| 6,360 (March 31, 2020: Nil), 11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Twenty Four months from the date of allotment i.e. December 16, 2020. | 6,360 | 1,00,000 | 644.56 | - |
| 8,275 (March 31, 2020: Nil), 11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. December 29, 2020. (subject to exercise of put option by the lender at the end of Twenty Four months from the date of allotment). Redeemable on maturity if option not exercised from the investor | 8,275 | 1,00,000 | 818.94 | - |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | No of Debenture issued | Face value | As at March 31, 2021 | As at March 31, 2020 |
|--|------------------------------|------------|-------------------------|-------------------------|
| 4,000 (March 31, 2020: Nil), 11.50% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at quarterly intervals | 4,000 | 1,00,000 | 405.12 | - |
| 1,000 (March 31, 2020: Nil), 12.75% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at half yearly intervals | 1,000 | 10,00,000 | 832.05 | - |
| 5,000 (March 31, 2020: Nil) 11.25% Secured, Senior, Redeemable, Transferable, Listed, Principal protected, Market Linked, Rated Non Convertible Debentures Denominated in INR having a face value of Rs 0.1 million each redeemable at par at the end of Twenty Six months from the date of allotment i.e. March 16, 2021 (subject to exercise of put option by the lender at the end of Eighteen months from the date of allotment). Redeemable on maturity if option not exercised from the investor | 5,000 | 1,00,000 | 483.28 | - |
| 325 (March 31, 2020: 325), 13.15% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Seventy Two months from the date of allotment i.e. October 31, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of Thirty Six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | 325 | 10,00,000 | 339.93 | 342.53 |
| 850 (March 31, 2020: 1,000), (11.34% net of With-holding tax (March 31, 2020 - 14%)), Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each, 50% of which is redeemable at par at the end of 60th month (September 18, 2022) from September 18, 2017 i.e. the date of allotment and balance 50% to be redeemable on maturity i.e. June 30, 2023 (subject to exercise of put option by the lender at March 18, 2022 i.e. at the end of Fifty Four months from date of allotment). | 850 | 10,00,000 | 853.62 | 1,004.16 |
| 10,000 (March 31, 2020: Nil), 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. November 24, 2020. (subject to exercise of put option by the lender at the end of Twenty Four months from the date of allotment). Redeemable on maturity if option not exercised by the investor | 10,000 | 1,00,000 | 1,008.92 | - |
| 1,200 (March 31, 2020: Nil), 12.5% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at quarterly intervals | 1,200 | 10,00,000 | 1,190.45 | - |
| 350 (March 31, 2020: Nil) 12% Secured, Rated, Listed, Redeemable, Transferable, Non Convertible Debentures of face value of Rs. 1 million each | 350 | 10,00,000 | 351.75 | - |
| 2,000 (March 31, 2020: Nil), 14.80% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs.0.1 million each redeemable at par at the end of Forty Four months from the date of allotment i.e. October 28, 2020. (subject to exercise of put option by the lender at the end of Thirty months from the date of allotment). Redeemable on maturity if option not exercised by the investor. | 2,000 | 1,00,000 | 225.80 | - |
| 4,500 (March 31, 2020: Nil) 12.5% Rated, unlisted, senior, secured, redeemable, taxable, non convertible Debentures of face value Rs 0.1 million each | 4,500 | 1,00,000 | 447.98 | - |
| Sub - Total | | | 13,244.86 | 2,378.11 |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (ii) Borrowing under securitisation arrangement | | |
| Secured | | |
| From Banks | 6,225.00 | 5,398.17 |
| From non-banking financial companies | 877.28 | - |
| Total Debt Securities | 20,347.14 | 7,776.28 |
| Secured borrowings* | 20,347.14 | 7,776.28 |
| Unsecured borrowings # | - | - |
| Net amount | 20,347.14 | 7,776.28 |
| Borrowings in India | 20,347.14 | 7,776.28 |
| Borrowings outside India | - | - |
| Total | 20,347.14 | 7,776.28 |
| (b) Borrowings (Other than Debt Securities) | | |
| Secured | | |
| Indian rupee loan from banks | 27,273.13 | 18,921.46 |
| Indian rupee loan from non-banking financial companies | 4,152.21 | 3,212.44 |
| Cash credit from bank | - | 50.21 |
| Total Borrowings (Other than Debt Securities) | 31,425.34 | 22,184.11 |
| Secured borrowings* | 31,425.34 | 22,184.11 |
| Unsecured borrowings | - | - |
| Net amount | 31,425.34 | 22,184.11 |
| Borrowings in India | 31,425.34 | 22,184.11 |
| Borrowings outside India | - | - |
| Total | 31,425.34 | 22,184.11 |
| (c) Subordinated Liabilities (at amortised cost) | | |
| Unsecured Term Loan | | |
| Indian rupee loan from Bank | 201.83 | 201.67 |
| Total Subordinated Liabilities | 201.83 | 201.67 |
| Secured borrowings* | - | - |
| Unsecured borrowings # | 201.83 | 201.67 |
| Net amount | 201.83 | 201.67 |
| Borrowings in India | 201.83 | 201.67 |
| Borrowings outside India | - | - |
| Total | 201.83 | 201.67 |

* The secured borrowings are secured by hypothecation of book debts and margin money deposits.

The unsecured borrowings are in the nature of subordinated debt. Subordinate debt has interest rate @15% and maturity date is June 08, 2024.



14A. Terms of principal repayment of borrowings as at March 31, 2020 **

| Original maturity of loan | Interest rate | Due within 1 year | | Due between 1 to 2 years | | Due between 2 to 3 years | | Due beyond 3 years | | Total | |
|---|---------------|--------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|--------------------|----------------------|-----------|----------|
| | | No. of instalments | Amount (in Millions) | No. of instalments | Amount (in Millions) | No. of instalments | Amount (in Millions) | No. of instalments | Amount (in Millions) | | |
| Debt Securities | | | | | | | | | | | |
| Monthly | | | | | | | | | | | |
| 1-3 years | 8.50%-9.00% | 24 | 2,337.50 | 3 | 97.68 | - | - | - | - | 2,335.18 | |
| | 9.01%-9.50% | 18 | 896.47 | - | - | - | - | - | - | 896.47 | |
| | 9.51%-10.00% | 25 | 1,873.01 | - | - | - | - | - | - | 1,873.01 | |
| | 10.01%-10.50% | 10 | 284.62 | - | - | - | - | - | - | 284.62 | |
| Quarterly | | | | | | | | | | | |
| 1-3 years | 13.50%-14.00% | 8 | 178.75 | - | - | - | - | - | - | 178.75 | |
| Half Yearly | | | | | | | | | | | |
| 1-3 years | 13.00%-13.50% | 2 | 410.00 | 2 | 410.00 | - | - | - | - | 820.00 | |
| Bullet | | | | | | | | | | | |
| 1-3 years | 13.00%-13.50% | 1 | 325.00 | - | - | - | - | - | - | 325.00 | |
| | 13.51%-14.00% | 1 | 1,000.00 | - | - | - | - | - | - | 1,000.00 | |
| Borrowings (Other than Debt Securities) | | | | | | | | | | | |
| Monthly | | | | | | | | | | | |
| 1-3 years | 9.50%-10.00% | 76 | 2,349.57 | 79 | 2,410.71 | 5 | 177.08 | - | - | 4,937.37 | |
| | 10.01%-10.50% | 21 | 351.19 | 5 | 59.52 | - | - | - | - | 410.71 | |
| | 10.51%-11.00% | 70 | 1,503.76 | 10 | 118.73 | - | - | - | - | 1,622.49 | |
| | 11.01%-11.50% | 135 | 3,381.40 | 23 | 546.04 | - | - | - | - | 3,927.41 | |
| | 11.51%-12.00% | 61 | 2,211.74 | 12 | 562.96 | - | - | - | - | 3,284.70 | |
| | 12.01%-12.50% | 44 | 480.05 | 4 | 55.94 | - | - | - | - | 535.99 | |
| | 12.51%-13.00% | 21 | 283.33 | 12 | 83.24 | 5 | 34.71 | - | - | 401.29 | |
| | 13.01%-13.50% | 30 | 464.97 | 17 | 181.23 | - | - | - | - | 646.20 | |
| | | 13.51%-14.00% | 19 | 445.33 | 4 | 55.99 | - | - | - | 501.32 | |
| | Quarterly | | | | | | | | | | |
| | 1-3 years | 9.51%-10.00% | 23 | 1,147.59 | 13 | 639.38 | - | - | - | - | 1,786.88 |
| | | 10.51%-11.00% | 12 | 955.36 | 7 | 857.14 | - | - | - | - | 1,812.50 |
| 11.01%-11.50% | | 4 | 125.00 | - | - | - | - | - | - | 125.00 | |
| 11.51%-12% | | 4 | 857.14 | 2 | 428.57 | - | - | - | - | 1,285.71 | |
| 12.51%-13% | | 2 | 125.00 | - | - | - | - | - | - | 125.00 | |
| Above 3 years | 13.01%-13.50% | 1 | 27.27 | - | - | - | - | - | - | 27.27 | |
| | 12.50%-13.00% | 4 | 83.33 | - | - | - | - | - | - | 83.33 | |
| Bullet | | | | | | | | | | | |
| 1-3 years | 9.51%-10.00% | 4 | 500.00 | - | - | - | - | - | - | 500.00 | |
| | 10.50%-11.00% | 1 | 125.00 | - | - | - | - | - | - | 125.00 | |
| Subordinated Liabilities | | | | | | | | | | | |
| Bullet | | | | | | | | | | | |
| Above 3 years | 14.50%-15.00% | 0 | - | - | - | - | - | 1 | 300 | 300.00 | |
| Grand Total | | 621 | 23,032.29 | 193 | 6,507.24 | 10 | 211.79 | 1 | 300.00 | 29,951.32 | |
| Impact of EIR | | | | | | | | | | 160.52 | |
| Grand Total | | | | | | | | | | 30,111.85 | |

**The above schedule does not include Cash Credit of Rs 50.2 millions

14B. The higher delinquencies caused due to COVID-19 pandemic have resulted in breach of some of the covenants related to borrowings such as portfolio at risk (PAR) ratios, NPA ratios, etc. The Company has been servicing all its borrowings albeit with certain delays (on account of discussions with lenders seeking loan moratoriums pursuant to the RBI's COVID-19 Regulatory Package) and has sought forbearance/waiver from the lenders with respect to non-compliance of these covenants, wherever applicable.

In most of the cases, the consequence of covenant breach is either an increase in interest rate or a right to recall of the facility. While a formal approval of the waiver is awaited, based on our discussions with the lenders, sanction of fresh facilities received in most cases and considering the long track record with lenders, the Company is confident of securing the forbearance and has no reason to believe that any adverse action will be invoked by the lenders.

Further, the Company believes that its contingency, refinancing or funding plan and current capital adequacy status would enable it to tide over any impact of covenant breaches. Accordingly, no adjustments are required in the



14A. Terms of principal repayment of borrowings as at March 31, 2021

| (Rupees in millions unless otherwise stated) | | | | | | | | | | | |
|--|---------------|---------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|---------------------|--------------------|-----------|----------|
| Original maturity of loan | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Due beyond 3 years | | Total | |
| | | No. of installments | Amount (in Rupees) | No. of installments | Amount (in Rupees) | No. of installments | Amount (in Rupees) | No. of installments | Amount (in Rupees) | | |
| Debt Securities | | | | | | | | | | | |
| Monthly | | | | | | | | | | | |
| 1-3 years | 8.5%-9.00% | 19 | 1,860.92 | 5 | 467.39 | | | | | 2,328.31 | |
| | 9.01%-9.50% | 36 | 3,104.14 | 7 | 484.57 | | | | | 3,588.71 | |
| | 9.51%-10.00% | 33 | 1,166.73 | | | | | | | 1,166.73 | |
| | 12.50%-13.00% | 12 | 125.00 | 6 | 62.50 | | | | | 187.50 | |
| Quarterly | | | | | | | | | | | |
| 1-3 years | 10.50%-13.00% | 12 | 1,730.00 | 11 | 1,110.00 | 4 | 400.00 | | | 3,240.00 | |
| Half Yearly | | | | | | | | | | | |
| 1-3 years | 12.50%-13.50% | 4 | 743.33 | 2 | 333.33 | 1 | 166.67 | | | 1,243.33 | |
| Yearly | | | | | | | | | | | |
| Bullet | 12.50%-13.00% | | - | 1 | 83.33 | 1 | 83.33 | 2 | 203.33 | 450.00 | |
| Above 3 years | 10.00%-12.00% | | - | 8 | 4,103.50 | 4 | 1,350.00 | | | 5,453.50 | |
| | 12.01%-12.50% | | - | 1 | 500.00 | 1 | 1,000.00 | | | 1,500.00 | |
| | 13.00%-13.50% | 1 | 400.00 | | - | | - | | | 400.00 | |
| | 14.00%-15.00% | | - | 2 | 424.00 | | - | 1 | 200.00 | 624.00 | |
| Borrowings (Other than Debt Securities) | | | | | | | | | | | |
| Monthly | | | | | | | | | | | |
| 1-3 years | 8.50%-9.50% | 29 | 1,150.41 | 24 | 1,090.91 | 12 | 545.45 | | | 2,786.77 | |
| | 9.51%-10.00% | 112 | 3,280.71 | 32 | 912.08 | | - | | | 4,192.79 | |
| | 10.01%-10.50% | 60 | 1,708.33 | 51 | 1,520.83 | 9 | 250.00 | | | 3,479.16 | |
| | 10.51%-11.00% | 80 | 2,792.70 | 51 | 2,187.54 | | - | | | 4,980.24 | |
| | 11.01%-11.50% | 48 | 1,403.21 | 6 | 214.29 | | - | | | 1,617.50 | |
| | 11.51%-12.00% | 71 | 1,672.78 | 31 | 521.47 | 6 | 38.50 | | | 2,232.75 | |
| | 12.01%-12.50% | 62 | 964.51 | 34 | 583.75 | 1 | 12.50 | | | 1,560.76 | |
| | 12.51%-13.00% | 47 | 556.21 | 15 | 162.37 | | - | | | 718.58 | |
| | 13.01%-13.50% | 39 | 284.24 | 12 | 100.01 | 8 | 66.65 | | | 447.90 | |
| | 13.51%-14.00% | 16 | 305.02 | 6 | 139.59 | | - | | | 444.61 | |
| | Quarterly | | | | | | | | | | |
| | 1-3 years | 9.51%-10.00% | 17 | 1,437.07 | | - | | - | | | 1,437.07 |
| 10.51%-11.00% | | 7 | 857.14 | | - | | - | | | 857.14 | |
| 11.01%-12.00% | | 14 | 820.24 | 4 | 354.17 | | 116.67 | | | 1,291.08 | |
| Half Yearly | | | | | | | | | | | |
| 1-3 years | 7.00%-10.00% | 2 | 1,000.00 | 1 | 500.00 | | - | | | 1,500.00 | |
| Annually | | | | | | | | | | | |
| 1-3 years | 10.01%-11.00% | 2 | 1,200.00 | 2 | 600.00 | | - | | | 1,800.00 | |
| Bullet | | | | | | | | | | | |
| 1-3 years | 7.00%-8.00% | 1 | 700.00 | 1 | 300.00 | | - | | | 1,000.00 | |
| Subordinated Liabilities | | | | | | | | | | | |
| Bullet | | | | | | | | | | | |
| 1-3 years | 9.50%-10.00% | 3 | 875.00 | | - | | - | | | 875.00 | |
| Yearly | | | | | | | | | | | |
| 1-3 years | 10.01%-10.50% | 1 | 125.00 | | - | | - | | | 125.00 | |
| Subordinated Liabilities | | | | | | | | | | | |
| Bullet | | | | | | | | | | | |
| Above 3 years | 14.50%-15.00% | | - | | - | | - | 1 | 200.00 | 200.00 | |
| Grand Total | | 718 | 30,259.69 | 320 | 16,755.63 | 51 | 4,029.77 | 4 | 683.33 | 51,728.42 | |
| Impact of EIR | | | | | | | | | | 245.70 | |
| Grand Total | | | | | | | | | | 51,974.12 | |



Spandana Sphoorty Financial Limited**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|-------------------------|
| 15: Other Financial liabilities | | |
| Expenses payable | 34.17 | 25.29 |
| Lease liability | 152.66 | 113.22 |
| Employee benefits payable | 204.68 | 303.45 |
| Assignment and other payables | 2,170.48 | 1,813.77 |
| | 2,561.99 | 2,255.73 |
| 16: Current Tax Liabilities (net) | | |
| Provision for tax (net of advance tax) | 1,338.85 | 596.69 |
| | 1,338.85 | 596.69 |
| 17: Provisions | | |
| Provision for employee benefits | | |
| Gratuity (net of contribution) | 16.08 | 27.58 |
| | 16.08 | 27.58 |
| 18: Other Non-Financial liabilities | | |
| Other payables | 190.48 | 71.28 |
| Unfructified service tax liability [net of amount paid under protest Rs.9.93 millions (March 31, 2020: Rs. 9.93 millions,)] | 158.41 | 149.89 |
| Statutory dues payable | 61.46 | 73.23 |
| | 410.35 | 294.40 |

(This space has been left blank intentionally)



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| 19: Share capital | | |
| Authorized | | |
| 900,000,000 (March 31, 2020: 900,000,000) equity shares of Rs.10 each | 9,000.00 | 9,000.00 |
| Authorized | | |
| 1,250,000,000 (March 31, 2020: 1,250,000,000) preference shares of Rs.10 each | 12,500.00 | 12,500.00 |
| | 21,500.00 | 21,500.00 |
| Issued, subscribed and paid-up | | |
| 64,315,483 (March 31, 2020: 64,315,483) equity shares of Rs.10 each fully paid up | 643.15 | 643.15 |
| Total | 643.15 | 643.15 |

(a) Terms / rights attached to equity shares

The Company has only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees. During the current financial year no dividend has been proposed by the company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

| Particulars | As at March 31, 2021 | | March 31, 2020 | |
|---|----------------------|---------------|-------------------|---------------|
| | Number of shares | Amount | Number of shares | Amount |
| Outstanding at the beginning of the year | 6,43,15,483 | 643.15 | 5,96,33,683 | 596.33 |
| Issued during the year - IPO* | - | - | 45,43,385 | 45.43 |
| Issued during the year - ESOP* | - | - | 91,752 | 0.92 |
| Issued during the year - ESOP* | - | - | 46,663 | 0.47 |
| Outstanding at the end of the year | 64,315,483 | 643.15 | 64,315,483 | 643.15 |

*The Company during the previous year issued and allotted 4,543,385 equity shares having face value Rs. 10/- each in its Public Issue (IPO). Further, the Company issued and allotted Nil (31 March 2020: 138,415) equity shares having face value of Rs. 10/- each to the eligible employees of the Company towards exercise of ESOPs.

During the previous year, the Company has completed the Initial Public Offer (IPO) of its equity shares, comprising a fresh issue of 4,543,385 equity shares having a face value of Rs.10 each at an offer price of Rs.856 per share aggregating Rs.3,889 million by the Company and an offer for sale of 9,356,725 equity shares by existing shareholders aggregating Rs.8,009 million. Pursuant to the IPO, the equity shares of the Company got listed on BSE Limited and NSE Limited on August 19, 2019. The Company has fully utilised the IPO proceeds, in line with the objectives mentioned in the prospectus.



Spandana Sphoorty Financial Limited**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(Rupees in millions unless otherwise stated)

(c) Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

| Name of the shareholder | As at March 31, 2021 | | March 31, 2020 | |
|--|----------------------|--------------|------------------|--------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| Equity shares | | | | |
| Kangchenjunga Limited | 29,303,172 | 45.56% | 29,303,172 | 45.56% |
| Padmaja Gangireddy | 10,300,953 | 16.02% | 10,250,953 | 15.94% |
| Valiant Mauritius Partners FDI Limited | 3,848,823 | 5.98% | 3,848,823 | 5.98% |

(d) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 43.

(e) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date:

| Nature of instrument/ convertible security | Number of convertible securities | Number of equity shares issued upon conversion |
|--|----------------------------------|--|
| Class B 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 79,10,07,721 | 89,48,425 |

(f) Other instances of conversion of convertible securities into equity shares during the period of five years immediately preceding the reporting date:

| Nature of instrument/ convertible security | Number of convertible securities | Number of equity shares issued upon conversion |
|--|----------------------------------|--|
| Class A 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 23,49,99,997 | 99,79,615 |
| Class A1 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 11,92,12,760 | 50,62,542 |
| Series C 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 11,35,085 | 11,35,085 |
| FY18 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 2,83,771 | 2,83,771 |
| FY18 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 2,83,771 | 2,83,771 |
| FY19 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 2,83,771 | 2,83,771 |
| FY19 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 2,83,771 | 2,83,771 |
| Share warrants | 14,88,544 | 14,88,544 |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|-------------------------|
| Securities premium account | | |
| Balance as per the last financial statements | 19,199.86 | 15,414.96 |
| Add: Premium on issue of equity shares | - | 3,897.49 |
| Less: Share Issue Expenses | 0.05 | (150.46) |
| Add: Tax on Share Issue Expense | - | 37.87 |
| Closing balance | 19,199.91 | 19,199.86 |
| General reserve* | 23.28 | 23.28 |
| Share options outstanding reserve | | |
| Balance as per the last financial statements | 64.17 | 41.25 |
| Add: Share based payment to employees | 87.38 | 43.80 |
| Less: Transfer on allotment of shares to employees pursuant to ESOP scheme | - | (18.72) |
| Less: Transfer on cancellation of stock options | - | (2.16) |
| Closing balance | 151.55 | 64.17 |
| Capital redemption reserve* | 1,526.93 | 1,526.92 |
| Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934] | | |
| Balance as per the last financial statements | 3,239.55 | 2,566.17 |
| Add: Amount transferred from surplus of profit and loss | 257.96 | 673.38 |
| Closing balance | 3,497.51 | 3,239.55 |
| Retained earnings | | |
| Balance as per the last financial statements | 927.27 | (1,753.29) |
| Add: Profit for the year | 1,289.82 | 3,366.94 |
| Add: Other comprehensive income (Re-measurement gains/(losses) on defined benefit plans) | 15.01 | (13.01) |
| Less: Transfer to Statutory Reserve [@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934] | (257.96) | (673.38) |
| Net surplus in the statement of profit and loss | 1,974.13 | 927.27 |
| Other items of other comprehensive income (Fair valuation of loans- to be subsequently classified to profit or loss) | | |
| Opening balance | 457.17 | 448.11 |
| Add/(Less): Fair value change during the year | (6,713.33) | (2,584.47) |
| Add: Impairment allowance/ other provisions reclassified to profit and loss | 6,398.75 | 2,593.53 |
| Closing balance | 142.59 | 457.17 |
| Total other equity | 26,515.90 | 25,438.23 |

*For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2021.



Spandana Sphoorty Financial Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2021

Nature and purpose of other equity

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General Reserve

Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.

Share options outstanding reserve

The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

Capital redemption reserve

In accordance with Section 55 of the Companies Act, 2013, the Company has transferred an amount equivalent of the nominal value of OCCRPS redeemed during previous years, to the Capital Redemption Reserve. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

Retained earnings

Retained earnings represents the surplus in profit and loss account and appropriations.

Other Comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses and return on plan assets (excluding interest income) and net fair valuation gain/(loss) on financial assets measured at fair value through other comprehensive income.



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | For year ended March 31, 2021 | For year ended March 31, 2020 |
|--|----------------------------------|----------------------------------|
| 21: Interest Income | | |
| Measured at fair value through OCI | | |
| Interest on loans* | 12,783.34 | 11,101.05 |
| Measured at amortised cost | | |
| Interest on portfolio loans | | |
| Interest on fixed deposits | 62.95 | 37.79 |
| Interest on inter corporate advances | 301.60 | 176.81 |
| Interest on margin money deposits** | 110.89 | 138.81 |
| | 13,258.78 | 11,454.46 |
| *Refer note 54. | | |
| **Represent margin money deposits placed to avail term loans from banks, non banking financial companies and placed as cash collateral in connection with securitisation transactions. | | |
| 22: Net gain on fair value changes | | |
| (A) Net gain on fair value instruments at fair value through profit or loss | | |
| (i) On trading portfolio | | |
| Investments (P&L) | 85.84 | 44.76 |
| (B) Others | | |
| (i) Gain on derecognition of loans designated at FVTOCI | 665.30 | 2,139.27 |
| Total net gain on fair value changes | 751.14 | 2,184.03 |
| Fair value changes | | |
| Realised | 751.14 | 2,182.41 |
| Unrealised | - | 1.62 |
| Total Net gain on fair value changes | 751.14 | 2,184.03 |
| 23: Others | | |
| Recovery against loans written off | 330.01 | 105.25 |
| | 330.01 | 105.25 |
| 24: Other income | | |
| Advertisement income | 205.61 | 316.52 |
| Gain on business transfer (refer note 49) | 9.26 | - |
| Miscellaneous income | 3.54 | 2.76 |
| | 218.41 | 319.28 |
| 25: Finance cost | | |
| Interest | | |
| Measured at amortised cost | | |
| On Debt Securities | 1,125.28 | 1,152.54 |
| On Borrowings (Other than Debt Securities) | 2,823.32 | 2,335.89 |
| On Subordinated liabilities | 15.22 | 30.18 |
| On lease liabilities | 14.88 | 14.37 |
| Measured at fair value through profit or loss | | |
| On income tax | 157.59 | - |
| Other finance cost | 35.33 | 8.13 |
| | 4,171.62 | 3,541.11 |
| 26. Net loss on fair value changes | | |
| Derivative assets designated at fair value through Profit and loss | 54.85 | - |
| Derivative liabilities designated at fair value through Profit and loss | (27.41) | - |
| | 27.44 | - |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

| | (Rupees in millions unless otherwise stated) | |
|--|--|----------------------------------|
| | For year ended March 31, 2021 | For year ended March 31, 2020 |
| 27: Impairment on financial instruments and other provisions | | |
| Measured at fair value through OCI | | |
| Impairment and other provision including management overlay for COVID-19 | 2,814.88 | (2,098.47) |
| Loans written off | 3,583.87 | 4,827.43 |
| | 6,398.75 | 2,728.96 |
| 28: Employee benefits expense | | |
| Salaries, wages and bonus | 1,447.39 | 1,528.29 |
| Contribution to provident fund and other funds | 94.33 | 74.51 |
| Expenses on Employee Stock Option Plan | 88.05 | 41.07 |
| Staff welfare expenses | 33.80 | 25.83 |
| | 1,663.57 | 1,669.69 |
| 29: Other expenses | | |
| Rent | 68.25 | 18.11 |
| Rates and taxes | 2.96 | 1.78 |
| Bank charges | 20.94 | 33.39 |
| Office maintenance | 41.52 | 37.86 |
| Computers and network maintenance | 7.11 | 3.93 |
| Electricity charges | 16.59 | 14.48 |
| Field allowance | 179.82 | 141.51 |
| Communication expenses | 6.96 | 8.21 |
| Credit Bureau Expenses | 7.91 | 12.79 |
| Printing and stationery | 10.32 | 12.32 |
| Legal and professional charges | 13.99 | 11.06 |
| Directors sitting fees | 10.90 | 9.81 |
| Auditors remuneration (refer details below) | 8.78 | 8.34 |
| Recruitment and training | 14.33 | 4.87 |
| Subscription fees | 8.84 | 7.23 |
| Other provisions and write off | 26.19 | 29.13 |
| Security charges | 1.34 | 1.22 |
| CSR Expenses | 88.14 | 49.51 |
| | 534.89 | 405.54 |
| Payment to auditors | | |
| As auditor: | | |
| Audit fee | 8.50 | 7.19 |
| Certification fee | 0.22 | 0.22 |
| Out of pocket expenses | 0.06 | 0.93 |
| | 8.78 | 8.34 |



| | (Rupees in millions unless otherwise stated) | |
|---|--|-------------------------------|
| | For year ended March 31, 2021 | For year ended March 31, 2020 |
| 30: Tax expense | | |
| Current tax | 1,362.16 | 653.54 |
| Deferred tax relating to origination and reversal of temporary differences total tax charge | (976.39) | 1,959.59 |
| Total Tax Charge | 385.76 | 2,613.13 |
| Current tax | 1,362.16 | 653.54 |
| Deferred tax | (976.39) | 1,959.59 |

30.1 Reconciliation of the total tax expense

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the Accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2021 and 2020 is, as follows :

| | | |
|--|---------------|-----------------|
| Accounting profit before Tax | 1,376.02 | 5,976.12 |
| At India's statutory income tax rate (2021: 25.168%) | 346.32 | 1,504.07 |
| Non-deductible expenses | | |
| Interest on income tax | 39.66 | - |
| CSR expenses | 22.18 | 12.46 |
| Additional tax allowances | | |
| Deduction under Chapter VIA-80JJAA-Additional manpower cost exemption | (23.32) | (20.15) |
| Difference on account of change in tax rate | | |
| Others | - | 1,116.77 |
| | 0.92 | (0.01) |
| Income tax expense reported in the statement of profit and loss | 385.76 | 2,613.13 |

The effective income tax rate for 31 March 2021 is 25.168% (31 March 2020 is 25.168%).

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, promulgated on September 20, 2019, the Company has opted to exercise the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.17%) from the previous financial year. As a result, the change on account of remeasurement of deferred tax assets and reversal of MAT credit entitlement during the previous year ended March 31, 2020 aggregates to Rs. 1,116.77 million.

31: Earning per Share

| | | |
|---|-----------------|-----------------|
| Net profit after tax as per Statement of Profit and Loss | 1,289.82 | 3,366.94 |
| Net profit for calculation of basic earnings per share | 1,289.82 | 3,366.94 |
| Net profit as above | 1,289.82 | 3,366.94 |
| Net profit for calculation of diluted earnings per share | 1,289.82 | 3,366.94 |

Calculation of weighted average number of equity shares for basic EPS

| | | |
|---|--------------|--------------|
| Equity shares | | |
| Opening No. of shares (in millions) | 64.32 | 59.63 |
| Add: Issued during the year (in millions) | - | 2.89 |
| | 64.32 | 62.52 |

Effect of dilution

| | | |
|---|-------------|-------------|
| Employee stock option (in millions) | 0.25 | 0.54 |
| Weighted average number of equity shares for diluted EPS | 0.25 | 0.54 |

| | | |
|---|--------------|--------------|
| Basic earnings per share (In rupees) | 20.05 | 53.85 |
| Diluted earnings per share (In rupees) | 19.98 | 53.40 |
| Nominal value per share (in rupees) | 10.00 | 10.00 |



32: Segment Reporting

The Company operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

33: Disclosure of Related parties in accordance with Ind AS 24.

I. Holding Company

Kangchenjunga Limited (upto August 14, 2019)

II. Subsidiary Company

- a) Caspian Financial Services Limited (w.e.f October 13, 2017)
- b) Criss Financial Holdings Limited (w.e.f December 27, 2018)

III. Entities in which Key Management Personnel and their relatives have significant influence

- a) Spandana Rural and Urban Development Organization
- b) Abhiram Marketing Services Limited
- c) Spandana Employee Welfare Trust

IV. Key Management Personnel

- a) Mrs. Padmaja Gangireddy - Managing Director
- b) Mr. Sudhesh Chandrasekar - Chief Financial Officer (w.e.f. May 17, 2019 upto June 5, 2020)
- c) Mr. Rakesh Jhinjharla - Company Secretary (upto June 5, 2020)
- d) Mr. Abdul Feroz Khan - Chief Strategy Officer
- e) Mr. Bharat Shah (Independent Director)
- f) Mr. Deepak Vaidya (Independent Director)
- g) Mr. Jagdish Capoor (Independent Director)
- h) Ms. Abanti Mitra (Independent Director)
- i) Mr. Sunish Sharma (Nominee Director)
- j) Mr. Kartikeya Dhruv Kaji (Nominee Director)
- k) Mr. Darius Dinshaw Pandole (Nominee Director) (upto September 21, 2020)
- l) Mr. Amit Sobti (Nominee Director)
- m) Mr. Ramachandra Kasargod Kamath (Nominee Director)
- n) Mr. Satish Kottakota - Chief Financial Officer (w.e.f June 1, 2020)
- o) Mr. Ramesh Periasamy - Company Secretary (w.e.f August 29, 2020)
- p) Mrs. Sharmila Kunguma - Chief Risk Officer (w.e.f December 28, 2020)

V. Relative of Key Management Personnel

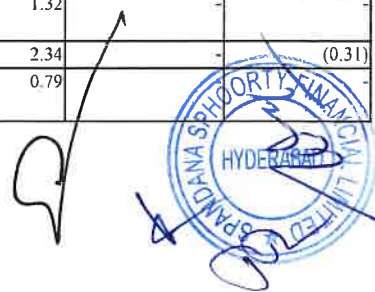
- a) Mr. Revan Saahith
- b) Mr. Vijaya Sivarami Reddy Vendidandi

VI. Related parties in accordance with RBI Master directions

- a) Spandana Mutual Benefit Trust
- b) Spandana Sphoorty Chit Funds Private Limited

Related party transactions during the year:

| S. No | Related Party | Nature of Transactions | Transactions during year ended March 31, 2021 | Transactions during year ended March 31, 2020 | (Payable)/Receivable | |
|-------|---|--|---|---|----------------------|----------------|
| | | | | | March 31, 2021 | March 31, 2020 |
| 1 | Spandana Rural and Urban Development Organization | Interest expense on lease | 7.56 | 6.60 | - | - |
| | | Lease liability payable | 50.93 | 51.86 | (102.05) | (51.86) |
| | | Repayment of lease liability | 0.74 | 0.00 | - | - |
| | | Rent deposit | 3.83 | - | 6.92 | 3.09 |
| | | Expense reimbursement | 0.06 | 0.13 | - | 0.01 |
| 2 | Criss Financial Holdings Limited | Expense reimbursement (net) | 5.84 | 0.67 | (0.72) | 0.50 |
| | | Inter-corporate advances (net) * | (305) | 760.07 | 728 | 1,033.00 |
| | | Interest income | 148.94 | 67.10 | 12.49 | 11.34 |
| | | Business transfer ** | 902.77 | - | 80.57 | - |
| | | Subscription to equity shares | 500.00 | - | - | - |
| 3 | Abhiram Marketing Services Limited | Commission income | - | 268.62 | - | 97.91 |
| | | Incentive income | 89.12 | 82.50 | 87.78 | 80.85 |
| | | Expenses reimbursement | 11.63 | 40.73 | 0.12 | 10.21 |
| | | Inter-corporate advances (net) * | (970.16) | 755.00 | 179.84 | 1,150.00 |
| | | Other advances | - | 122.19 | - | 122.19 |
| | | Interest income | 152.65 | 109.70 | 7.47 | 12.19 |
| | | Purchase of fixed assets & goods | 6.39 | 53.19 | - | (0.03) |
| 4 | Mr. Deepak Goswami | Remuneration# | - | 0.32 | - | - |
| 5 | Mr. Sudhesh Chandrasekar | Remuneration# | 1.82 | 8.24 | - | (3.45) |
| | | Equity shares issued pursuant to stock option scheme | - | 1.32 | - | - |
| 6 | Mr. Rakesh Jhinjharla | Remuneration# | 0.40 | 2.34 | - | (0.31) |
| | | Equity shares issued pursuant to stock option scheme | - | 0.79 | - | - |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| S. No | Related Party | Nature of Transactions | Transactions during year ended March 31, 2021 | Transactions during year ended March 31, 2020 | (Payable)/Receivable | |
|-------|--------------------------------------|--|---|---|----------------------|----------------|
| | | | | | March 31, 2021 | March 31, 2020 |
| 7 | Mr. Nitin Prakash Agrawal | Remuneration# | - | 0.09 | - | - |
| 8 | Mr. Bharat Shah | Sitting fee | 2.00 | 2.00 | (0.46) | (0.50) |
| 9 | Mr. Deepak Vaidya | Sitting fee | 2.00 | 2.00 | (0.46) | (0.50) |
| 10 | Mr. Jagdish Capoor | Sitting fee | 2.00 | 2.00 | (0.46) | (0.50) |
| 11 | Mr. K. R. Kamath | Sitting fee | 2.00 | 2.00 | (0.46) | (0.50) |
| 12 | Ms. Abanti Mitra | Sitting fee | 2.00 | 1.00 | (0.46) | (0.25) |
| 13 | Mr. Abdul Feroz Khan | Remuneration# | 7.45 | 6.81 | (2.60) | (1.27) |
| | | Equity shares issued pursuant to stock option scheme | - | 4.74 | - | - |
| 14 | Mrs. Padmaja Gangireddy | Remuneration# | 53.75 | 53.75 | (25.00) | (27.68) |
| 15 | Mr. Revan Saahith | Remuneration# | 3.10 | 2.38 | (0.72) | (0.65) |
| 16 | Mr. Vijaya Sivarami Reddy Vendidandi | Interest expense on lease | 0.97 | - | - | - |
| | | Lease liability payable | 50.93 | - | (50.61) | - |
| | | Repayment of lease liability | 0.31 | - | - | - |
| | | Rent deposit | 3.83 | - | 3.83 | - |
| 17 | Mr. Ramesh Periasamy | Remuneration# | 4.28 | - | (1.54) | - |
| 18 | Mr. Satish Kottakota | Remuneration# | 12.39 | - | (3.82) | - |
| 19 | Mrs. Sharmila Kunguma | Remuneration# | 0.98 | - | (0.40) | - |

* Of the Inter-corporate advances (ICA) given aggregating Rs. 1,080 million, the Company received repayment of Rs. 1,385 million including previous year outstanding from Criss Financial Holdings Limited (During year ended March 31 2020, ICA aggregating Rs.1,209 million were given out of which the Company received Rs.448.93 million). Of the ICA given aggregating Rs. 210 million, the Company has received repayment of Rs. 1,180.16 million including previous year outstanding (March 31, 2021: ICA given aggregating Rs.789.65 million the Company has received repayment of Rs. 34.65 million) from Abhiram Marketing Services Limited.

** Refer note 49 to the financial statements.

*** Refer note 34(b) for guarantee given.

All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.

#As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

Transactions during the year are shown net of GST and inclusive of TDS.



34: Contingent liabilities

a. Claims against the Company not acknowledged as debt:

| Particulars | March 31, 2021 | March 31, 2020 |
|------------------------------|----------------|----------------|
| Service tax open assessments | 48.66 | 48.66 |
| Income tax open assessments | 645.51 | 539.42 |
| Total | 694.17 | 588.08 |

i) The Company is of the opinion that the above demands are not tenable and expects to succeed in its appeals / defence.

ii) The Commissioner, Service Tax Commissionerate, Hyderabad ("CST"), through two orders dated August 7, 2012 and October 9, 2013, levied service tax, interest and penalty on pre-closure interest charged by the Company on loans pre-closed during FY 2006-07 to FY 2011-12. The CST also issued an order dated March 27, 2015, levying service tax, interest and penalty on a part of profit on portfolio sale during FY 2007-08 to FY 2010-11, deeming it to be consideration for collection and remittance of loan instalments. The Company filed an appeal against these orders before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT) which is pending for hearing on March 31, 2021. The service tax and interest thereon in respect of these matters have been provided for in earlier years based on Company's assessment. However, given the facts of these cases, legal precedents, and general opinion, the penalty indicated in these orders aggregating Rs 48.66 million is considered as a contingent liability as at March 31, 2021.

iii) The Company received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of Rs 539.42 million (including interest) under section 69A read with section 115BBE of the Income Tax Act, 1961. The Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the Company confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2021. The Company has deposited Rs 69.22 million against such demand in the process of filling the aforesaid appeal.

iv) It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

b. Guarantees given by the Company

| Particulars | March 31, 2021 | March 31, 2020 |
|---|-----------------|----------------|
| Bank Guarantee towards Initial Public Offer (Deposit with the National Stock Exchange of India Limited) | - | 90.09 |
| Corporate Guarantee for the term loans availed by Criss Financial Holdings Limited, a subsidiary of the Company | 1,830.00 | 50.00 |
| Total | 1,830.00 | 140.09 |

35: Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement.

Valuation framework

The Company will assess the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

1. Fair values of investments held under FVTPL have been determined under level 1 using quoted Net Asset Value of the underlying instruments;
2. Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and selling the loans are measured at FVOCI. The fair value of these loans has been determined under level 2.

Refer Note 36 for further details.

36: Fair Value Hierarchy of assets and liabilities

Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

Level 3 - If one or more of the significant inputs is not based on observable market data (unobservable), the instrument is included in level 3.



The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure is required):-

I. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31, 2021:

Assets measured at fair value on a recurring basis

| Financial Assets (Assets measured at fair value) | Fair value | | | |
|--|------------|------------------|-------------|------------------|
| | Level -1 | Level - 2 | Level-3 | Total |
| Loans (measured at FVOCI) | - | 65,235.34 | - | 65,235.34 |
| Derivative financial instruments (measured at FVTPL) | - | - | 0.45 | 0.45 |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 | 1.00 |
| Total | - | 65,235.34 | 1.45 | 65,236.79 |

Assets not measured at fair value

| Fair value of financial assets measured at cost | At cost | Fair value | | | |
|---|-----------------|------------|-----------|-----------------|-----------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Investments in equity shares | 1,145.24 | - | - | 1,356.74 | 1,356.74 |
| Total | 1,145.24 | - | - | 1,356.74 | 1,356.74 |

II. The following table shows an analysis of financial instruments that are not carried at fair value by level of the fair value hierarchy as at March 31, 2021:

| Fair value of financial liabilities measured at amortised cost | Amortized cost | Fair value | | | |
|--|------------------|------------|------------------|---------|------------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Debt securities | 20,347.14 | - | 20,564.41 | - | 20,564.41 |
| Borrowings (other than debt securities) | 31,425.34 | - | 31,515.68 | - | 31,515.68 |
| Subordinated liabilities | 201.83 | - | 230.88 | - | 230.88 |
| Total | 51,974.29 | - | 52,310.97 | - | 52,310.97 |

III. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31, 2020:

Assets measured at fair value on a recurring basis

| Financial Assets (Assets measured at fair value) | Fair value | | | |
|---|-----------------|------------------|-------------|------------------|
| | Level -1 | Level - 2 | Level-3 | Total |
| Loans (measured at FVOCI) | - | 46,844.86 | - | 46,844.86 |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 | 1.00 |
| Investments in liquid / debt mutual funds (measured at FVTPL) | 4,851.62 | - | - | 4,851.62 |
| Total | 4,851.62 | 46,844.86 | 1.00 | 51,697.48 |

IV. The following table shows an analysis of financial instruments that are not carried at fair value by level of the fair value hierarchy as at March 31, 2020:

| Fair value of financial liabilities measured at amortised cost | Amortized Cost | Fair value | | | |
|--|------------------|------------|------------------|---------|------------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Financial Liabilities | | | | | |
| Debt securities | 7,776.28 | - | 7,822.56 | - | 7,822.56 |
| Borrowings (other than debt securities) | 22,184.11 | - | 22,270.61 | - | 22,270.61 |
| Subordinated liabilities | 201.67 | - | 238.10 | - | 238.10 |
| Total | 30,162.07 | - | 30,331.27 | - | 30,331.27 |

The financial asset above does not include inter-corporate deposits, which are measured at amortised cost and approximates fair value. Further, it does not include securitization portfolio which is not de-recognised in accordance with Ind AS 109.

The management assessed that carrying value of financial assets (except loan and investments) and financial liabilities (except debt securities, borrowings (other than debt securities) and subordinated liabilities) approximate their fair value largely due to short term maturities of these instruments.

Assets categorized under Level 3 as on March 31, 2021 are Rs. 1 million (As on March 31, 2020 Rs. 1 Million)

Valuation technique used

Assets measured at fair value on a recurring basis

For Loans

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further, the overdue cash flows are discounted assuming they will be received in the third month. Fair value of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

For Derivative financial instruments

For derivative financial instruments, the Company has assessed the fair value under Monte Carlo Simulation model which involves input parameters like, discount rate, volatility, expected tenure, risk-free rates, coupon payment date, time steps and iterations.

For Investment in equity instruments

For Investment in equity instruments, the Company has assessed the fair value on the basis of recent investment made in the Criss Financial Holdings Limited. For investment in equity instruments of Caspian Financial Services Limited, the carrying amount approximates fair value.

Financial liabilities measured at amortised cost

For Borrowing

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2021 and March 31, 2020.



37: Capital Management

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on its Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

Regulatory Capital Particulars

| | As at March 31, 2021 | As at March 31, 2020 |
|----------------------|-------------------------|-------------------------|
| Tier I Capital | 24,887.33 | 24,265.62 |
| Tier II Capital | (335.45) | 90.44 |
| Total Capital | 24,551.88 | 24,356.06 |
| Risk weighted assets | 62,624.58 | 51,338.58 |
| Tier I CRAR | 39.74% | 47.27% |
| Tier II CRAR | (0.54)% | 0.18% |
| Total CRAR | 39.20% | 47.44% |

CRAR is computed in line with RBI notification dated 13 March 2020 w.r.t implementation of Indian Accounting Standards.

38: Employee Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs 2,000,000 as per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Movement in defined benefit obligations

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Defined benefit obligation as at the beginning of the year | 50.07 | 27.62 |
| Current service cost | 6.99 | 9.96 |
| Interest on defined benefit obligation | 2.83 | 1.95 |
| Remeasurements- Actuarial (gain)/ Loss on total liabilities | (14.21) | 13.94 |
| Benefits paid | (4.94) | (3.41) |
| Defined benefit obligation as at the end of the year | 40.74 | 50.06 |

Movement in plan assets

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Fair value of plan assets as at the beginning of the year | 22.48 | 24.21 |
| Actual return on plan assets | 7.12 | (1.73) |
| Actuarial gains | - | - |
| Employer contributions | - | 3.42 |
| Benefits paid | (4.94) | (3.41) |
| Fair value of plan assets as at the end of the year | 24.66 | 22.48 |

The Company expects to contribute Nil (March 31, 2020 Rs. Nil) to gratuity in the next financial year.

Reconciliation of net liability/ asset

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Net defined benefit liability/ (asset) as at the beginning of the year | 27.58 | 3.42 |
| Expense charged to statement of profit & loss | 8.56 | 10.20 |
| Amount recognised in other comprehensive income | (20.06) | 17.38 |
| Employer contributions | 0.0 | (3.42) |
| Net defined benefit liability/ (asset) as at the end of the year | 16.08 | 27.58 |

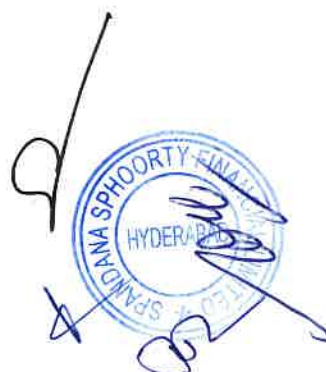
Balance Sheet

Amount recognised in balance sheet

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Present value of obligations | 40.74 | 50.06 |
| Fair value on plan assets | 24.66 | 22.48 |
| Net defined benefit liability recognised in balance sheet | 16.08 | 27.58 |

Expenses charged to the statement of profit and loss

| Particulars | March 31, 2021 | March 31, 2020 |
|----------------------|----------------|----------------|
| Current service cost | 6.99 | 9.96 |
| Interest Cost | 1.56 | 0.24 |
| Total | 8.55 | 10.20 |



Remeasurement gains/(losses) in the other comprehensive income

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Actuarial Gain / (Loss) on Liabilities | | |
| -due to change in financial assumptions | 5.64 | (1.93) |
| -due to change in demographic assumptions | - | - |
| -due to experience variance | 8.57 | (12.01) |
| Total -A | 14.21 | (13.94) |
| Actuarial Gain / (Loss) on assets | | |
| -Expected Interest Income | 1.27 | 1.71 |
| -Actual Income on Plan Asset | 7.12 | (1.73) |
| Total -B | 5.85 | (3.44) |
| Amount recognised under Other Comprehensive Income (A+B) | 20.06 | (17.38) |

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Category of Assets | March 31, 2021 | March 31, 2020 |
|-------------------------|----------------|----------------|
| Fund managed by Insurer | 100% | 100% |
| Total | 100% | 100% |

Summary of Actuarial Assumptions

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Discount rate | 5.79% | 5.66% |
| Expected return on plan assets | 5.66% | 7.05% |
| Rate of Increase in compensation levels | 5.00% | 10.00% |
| Retirement age (years) | 58 | 58 |
| Weighted average duration of defined benefit obligation | 5 Years | 5 Years |

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

| Particulars | March 31, 2021 | March 31, 2020 |
|------------------------|----------------|----------------|
| Discount rate (+0.5%) | (0.50) | (0.72) |
| Discount rate (-0.5%) | 0.52 | 0.74 |
| Salary Inflation (+1%) | 1.01 | 1.39 |
| Salary Inflation (-1%) | (0.97) | (1.32) |
| Withdrawal Rate (+5%) | (1.59) | (3.20) |
| Withdrawal Rate (-5%) | 1.74 | 4.04 |

Projected plan cash flow

| Particulars | March 31, 2021 | March 31, 2020 |
|--------------|----------------|----------------|
| Year 1 | 9.66 | 10.73 |
| Year 2 | 7.98 | 8.91 |
| Year 3 | 7.06 | 7.81 |
| Year 4 | 6.15 | 7.28 |
| Year 5 | 5.23 | 6.52 |
| After year 5 | 11.82 | 18.99 |

Discount rate: The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.



(Rupees in millions unless otherwise stated)

39: Leases

Company as a lessee

The Company's significant leasing arrangements are in respect of leases of office premises (Head office and branch offices). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreements carries non-cancellable lease periods. The head office premises have been obtained on a lease term of nine to eleven years with an escalation clause of fifteen percent at a three years interval. There are no sub-leases. Lease rentals of Rs. 68.25 million (31 March 2020: Rs. 18.11 Million) pertaining to short-term leases and low value assets has been directly debited to statement of profit and loss.

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Operating lease payments recognized in the Statement of Profit and Loss | 68.25 | 18.11 |

Minimum lease obligations

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Not later than one year | 32.06 | 3.85 |
| Later than one year and not later than five years | 1.17 | - |
| Later than five years | - | - |

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

| Particulars | ROU assets |
|----------------------|------------|
| As at April 1, 2019 | - |
| Addition | 114.27 |
| Depreciation | (26.69) |
| As at March 31, 2020 | 87.58 |
| Addition | 101.84 |
| Deletion | (36.90) |
| Depreciation | (23.26) |
| As at March 31, 2021 | 129.26 |

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

| Particulars | Amount |
|-----------------------|---------|
| As at April 1, 2019 | - |
| Addition | 114.27 |
| Accretion of interest | 14.37 |
| Payments | (15.42) |
| As at March 31, 2020 | 113.22 |
| Addition | 101.84 |
| Accretion of interest | 14.88 |
| Deletion | (59.70) |
| Payments | (17.57) |
| As at March 31, 2021 | 152.67 |

The Maturity analysis of lease liabilities:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|--------|
| Lease Liabilities - 31 March 2021 | 0.40 | 0.41 | 0.41 | 1.26 | 2.76 | 15.59 | 25.56 | 106.26 | 152.65 |
| Lease Liabilities - 31 March 2020 | 0.09 | 0.09 | 0.09 | 0.51 | 1.73 | 8.48 | 15.46 | 86.75 | 113.22 |

The following amounts are recognised in the statement of profit or loss:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Depreciation expense of right-of-use assets | 23.26 | 26.69 |
| Interest expense on lease liabilities | 14.88 | 14.37 |
| Expense relating to short-term leases | 68.25 | 18.11 |
| Expense relating to leases of low-value assets | - | - |
| Variable lease payments | - | - |
| Total amount recognised in profit or loss | 106.39 | 59.17 |

The Company had total cash outflows for leases of Rs. 17.58 million in FY 2021 (March 31, 2020: Rs. 15.41 Million). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 101.85 million in FY 2021 (March 31, 2020: Rs. 114.27 Million).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|--------|
| Lease Liabilities - 31 March 2021 | 1.91 | 1.91 | 1.91 | 5.73 | 11.59 | 48.95 | 54.16 | 139.85 | 266.01 |
| Lease Liabilities - 31 March 2020 | 1.29 | 1.29 | 1.29 | 4.08 | 8.79 | 35.47 | 39.62 | 122.85 | 214.66 |

40: Amount payable to micro small and medium enterprises

As per information available with the Company, there are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the "MSMED") pertaining to micro or small enterprises.

As at March 31, 2021 and March 31, 2020, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.



(Rupees in millions unless otherwise stated)

41: Risk Management and financial objectives

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to lending and the environment within which it operates and primarily include credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

41.1 Credit Risk

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Company is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in rural areas. Further, as we focus on providing micro-loans in rural areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Company creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The criteria of default, significant increase in credit risk and stage assessment is mentioned in note 3(e) of the significant accounting policies. The below discussion describes the Company's approach for assessing impairment.

A) Probability of default (PD)

The Company determines PD on a collective basis by stratifying the entire portfolio into meaningful categories as discussed below.

The Company uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the Company bifurcates the entire portfolio into different states. Further the Company performs analysis of its defaults in various states over different observation periods. Such observation time frame varies depending upon the type of underlying assets analysed by the Company i.e. for Stage II, the timeframe used is more than 1 year.

In determining the above PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Company determines PD for each state depending upon the underlying classification of asset (i.e. Stage I or Stage II).

Re-calibration of PDs for FY 2020-21 on account COVID-19 pandemic:

During the year, the Company has reassessed its estimates of PD for the loan portfolio impacted by COVID-19 disruption, considering it as a separate cohort. In respect of this cohort, the Company has considered more recent flow rates (i.e. slippages into default category) subsequent to expiry of loan moratorium granted to borrowers pursuant to the RBI's COVID-19 Regulatory Package. Such flow rates are considered to represent the expected defaults more appropriately than the pre-COVID loss experience. The PD rates for Stage I and II have been further bifurcated based on the days-past-due (DPD) status of the loans (i.e. current, 1-30 DPD, 31-60 DPD and 61-90 DPD) to incorporate adequate granularity.

Summary of the range of PD rates determined by the Company for its portfolio (including the cohort impacted by COVID-19) are as follows:

| Key states | March 31, 2021 | | |
|----------------|--|-------------------------|-------------------------|
| | Stage-I (Range for current and 1-30 DPD) | Stage-II (31-60 DPD) | Stage-II (61-90 DPD) |
| Madhya Pradesh | 1.33% - 5%* | 36.47%* - 87.27% | 61.03%* - 87.27% |
| Orissa | 0.73% - 5%* | 32.47%* - 91.50% | 52.71%* - 91.50% |
| Karnataka | 1.11% - 5%* | 27.9%* - 75.88% | 53.31%* - 75.88% |
| Maharashtra | 0.79% - 5%* | 44.76%* - 85.00% | 64.87%* - 85.00% |
| Chhattisgarh | 0.93% - 5%* | 39.54%* - 82.76% | 59.44%* - 82.76% |
| Jharkhand | 1.13% - 5%* | 33.24%* - 93.11% | 55.69%* - 93.11% |
| Kerala | 2.35% - 5%* | 41.7%* - 42.20% | 63.05%* - 42.20% |
| Andhra Pradesh | 0.13% - 5%* | 9.27%* - 56.34% | 18.10%* - 56.34% |
| Gujarat | 1.53% - 5%* | 30.58%* - 88.00% | 61.48%* - 88.00% |
| Bihar | 0.16% - 5%* | 22.37%* - 82.76% | 47.34%* - 82.76% |
| Rajasthan | 0.1% - 5%* | 37.99%* - 88.00% | 66.39%* - 88.00% |

*Represents PD rates for cohort impacted by COVID-19.

For stage-III portfolio the PD rate is considered as 100%

B) Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued loans as at reporting date. Such outstanding balances as at the reporting date is considered as EAD by the Company. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

C) Loss given default

The Company determines its expectation of lifetime loss by estimating recoveries towards its entire loan at state level through analysis of historical information. The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Company has assessed that significant recoveries happen in the year in which default has occurred. Accordingly, it believes no significant difference arise from discounting such recoveries for determining ultimate loss rates. In estimating LGD, the Company reviews macro-economic developments taking place in the economy.

Re-calibration of LGDs for FY 2020-21 on account COVID-19 pandemic:

Similar to PDs, the LGD rates have also been reassessed for COVID-19 affected portfolio by comparing past recovery experience from less frequent/ non-recurring default events. Appropriate adjustments have also been made for recoveries observed during the post-pandemic period which are considered as an appropriate representation of expected post-default recoveries.



(Rupees in millions unless otherwise stated)

Summary of the range of LGD rates determined by the Company for its portfolio (including the cohort impacted by COVID-19) are given below:

| Key states | March 31, 2021 |
|----------------|----------------|
| Madhya Pradesh | 50% - 88.89% |
| Orissa | 50% - 89.24% |
| Karnataka | 50% - 82.89% |
| Maharashtra | 50% - 84.1% |
| Chhattisgarh | 50% - 94.63% |
| Jharkhand | 50% - 83.49% |
| Kerala | 50% - 80.63% |
| Andhra Pradesh | 50% - 90.31% |
| Gujarat | 50% - 84.85% |
| Bihar | 50% - 44.52% |
| Rajasthan | 50% - 44.52% |

Analysis of concentration risk is as follows:-

| States | March 31, 2021 | March 31, 2020 |
|----------------|----------------|----------------|
| Madhya Pradesh | 19.32% | 17.48% |
| Orissa | 17.68% | 17.69% |
| Karnataka | 13.52% | 12.93% |
| Maharashtra | 11.56% | 13.26% |
| Chhattisgarh | 7.66% | 8.28% |
| Jharkhand | 4.69% | 4.72% |
| Kerala | 3.37% | 4.64% |
| Andhra Pradesh | 7.67% | 6.95% |
| Gujarat | 3.13% | 2.96% |
| Bihar | 4.87% | 4.76% |
| Rajasthan | 3.59% | 3.71% |
| Others | 2.93% | 2.60% |
| Total | 100.00% | 100.00% |

Collateral and other credit enhancement

The Company's secured portfolio includes loans against security of Gold and property (including land and building). Although collateral is an important mitigant credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of the product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral.

41.1.a Inter-corporate advance given by the Company to related parties are repayable on demand and governed by Company's policy on demand loans approved by the board of directors. Such policy requires credit appraisal of the financial and operational performance of the counter parties, to be performed by the Company before renewing/rolling over of the advance.

41.1.b Credit Risk due to Covid-19 Pandemic

Refer note 7.4.

41.2 Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Company has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has an asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The tables below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of financial assets and liabilities as on March 31, 2021:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|-----------|
| Borrowings*# | 3,616.25 | 2,729.09 | 3,000.21 | 8,429.67 | 17,004.26 | 22,092.98 | 851.52 | - | 57,723.98 |
| Other Financial Liabilities | 2,409.74 | 0.41 | 0.41 | 1.26 | 2.76 | 15.59 | 25.56 | 106.26 | 2,561.99 |
| Loans | 4,114.05 | 4,512.09 | 4,483.19 | 13,161.67 | 24,763.43 | 28,766.63 | 332.35 | 2,843.13 | 82,976.54 |
| Other Financial Assets | 179.48 | 62.30 | 58.30 | 140.07 | 91.32 | 211.20 | - | - | 742.67 |

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

#Also refer note 14B.



(Rupees in millions unless otherwise stated)

Maturity pattern of financial assets and liabilities as on March 31, 2020:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|-----------|
| Borrowings* | 2,633.38 | 1,534.79 | 2,175.86 | 7,796.42 | 10,749.51 | 7,353.53 | 238.22 | - | 32,481.71 |
| Other Financial Liabilities | 2,007.17 | 0.09 | 0.09 | 0.51 | 137.16 | 8.48 | 15.46 | 86.75 | 2,255.71 |
| Loans** | - | - | 4,535.08 | 11,042.30 | 18,040.40 | 23,694.92 | 268.27 | 171.08 | 57,752.05 |
| Other Financial Assets | 4,713.64 | 1,582.06 | 307.44 | 501.56 | 3,330.01 | 765.88 | 242.33 | 645.93 | 12,088.85 |

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

** As per the Covid-19 regulatory package announced by RBI to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic vide Circular No RBI/2019-20/186 & DOR No BP/BC 47/21-04/048/2019-20, the Company has extended moratorium to its borrowers whose loans were standard as on March 01, 2020, for the period April 01, 2020 to May 31, 2020 and further extended till August 31, 2020. Hence, the repayment schedule for such loans as also the residual tenor, is shifted across the board by two months for the year ended 31 March 2020. Further, the same moratorium has been availed by the Company towards payments under securitization arrangement.

Maturity Analysis of assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered and settled.

| | March 31, 2021 | | | March 31, 2020 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| ASSETS | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 11,307.83 | - | 11,307.83 | 536.19 | - | 536.19 |
| Bank balances other than cash and cash equivalents | 1,022.68 | 1,430.59 | 2,453.27 | 1,078.60 | 892.39 | 1,970.99 |
| Trade receivables | 121.06 | - | 121.06 | 223.68 | - | 223.68 |
| Loans | 39,945.39 | 26,217.75 | 66,163.14 | 26,128.09 | 20,716.77 | 46,844.86 |
| Derivative financial instrument | 0.45 | - | 0.45 | - | - | - |
| Investments | - | 1,146.24 | 1,146.24 | 4,851.62 | 646.93 | 5,498.55 |
| Other financial assets | 714.31 | 28.36 | 742.67 | 3,744.21 | 115.21 | 3,859.41 |
| Subtotal - Total financial assets | 53,111.72 | 28,822.94 | 81,934.66 | 36,562.39 | 22,371.30 | 58,933.69 |
| Non-financial assets | | | | | | |
| Current tax assets (net) | 149.38 | - | 149.38 | 149.38 | - | 149.38 |
| Deferred tax assets (net) | - | 1,045.42 | 1,045.42 | - | 69.03 | 69.03 |
| Property, plant and equipment | - | 196.92 | 196.92 | - | 151.43 | 151.43 |
| Intangible assets | - | 7.74 | 7.74 | - | 12.84 | 12.84 |
| Other non-financial assets | 126.51 | - | 126.51 | 101.46 | - | 101.46 |
| Subtotal - Total non-financial assets | 275.89 | 1,250.08 | 1,525.97 | 250.84 | 233.30 | 484.14 |
| Total assets | 53,387.61 | 30,073.02 | 83,460.64 | 36,813.23 | 22,604.61 | 59,417.83 |
| LIABILITIES | | | | | | |
| Financial liabilities | | | | | | |
| Debt securities | 10,018.69 | 10,328.44 | 20,347.14 | 7,268.62 | 507.66 | 7,776.28 |
| Borrowings (other than debt securities) | 21,213.89 | 10,211.45 | 31,425.35 | 15,975.75 | 6,208.36 | 22,184.12 |
| Subordinated liabilities | 2.31 | 199.52 | 201.83 | 2.31 | 199.36 | 201.67 |
| Other financial liabilities | 2,432.39 | 129.60 | 2,561.99 | 2,145.03 | 110.70 | 2,255.73 |
| Subtotal - Total financial liabilities | 33,667.28 | 20,869.01 | 54,536.30 | 25,391.71 | 7,026.08 | 32,417.79 |
| Non-financial liabilities | | | | | | |
| Current tax liabilities (net) | 1,338.85 | - | 1,338.85 | 596.69 | - | 596.69 |
| Provisions | 5.00 | 11.08 | 16.08 | 7.51 | 20.07 | 27.58 |
| Other non-financial liabilities | 410.35 | - | 410.35 | 294.40 | - | 294.40 |
| Subtotal - Total non-financial liabilities | 1,754.20 | 11.08 | 1,765.28 | 898.60 | 20.07 | 918.67 |
| Total Liabilities | 35,421.48 | 20,880.09 | 56,301.58 | 26,290.31 | 7,046.15 | 33,336.46 |
| Net | 17,966.13 | 9,192.93 | 27,159.05 | 10,522.92 | 15,558.46 | 26,081.37 |

41.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to two types of market risks as follows:

41.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

| Finance Cost | March 31, 2021 | March 31, 2020 |
|-----------------|----------------|----------------|
| 0.50 % Increase | (44.94) | (22.44) |
| 0.50 % Decrease | 44.94 | 22.44 |

Also refer note no 47 (G).

41.3b Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

41.3c Prepayment Risk

Prepayment risk is the risk that the Company will incur a financial loss because customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate loans when interest rates fall. The Company monitors the impact of varying levels of prepayment on its net interest income and manages its portfolio and borrowings mix accordingly.



(Rupees in millions unless otherwise stated)

42: Transfer of Financial assets

a. Securitisation Transaction:

During the year, the Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loans, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Company has concluded that risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the Company's involvement in these assets is as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties

The value of Financial assets and liabilities as on :-

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Carrying amount of assets | 6,229.48 | 4,915.87 |
| Carrying amount of associated liabilities | 7,102.28 | 5,398.17 |
| Fair value of assets | 6,256.36 | 4,987.94 |
| Fair value of associated liabilities | 7,144.55 | 5,415.69 |

The excess of fair value of associated liabilities over fair value of assets is Rs. 888.19 millions (March 31, 2020: Rs. 427.75 millions)

b. Assignment Transaction:

During the year ended March 31, 2021, the Company has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. Further, in respect of such de-recognised financial assets, where the Company continues to act as a servicing agent on behalf of the assignee, any contracts pre-closed by the Company at borrowers' request against issuance of fresh loans does not result in retention of incremental risk on the loans assigned. Accordingly, such pre-closures are not considered to impact the de-recognition of other assignment transactions as at reporting date.

The management has performed an assessment of the impact of the assignment transactions done during the year for its business model. Based on such assessment, the Company's business model for the portfolio loans continues with an objective to hold such assets for collecting underlying contractual cash flows and realising cash by selling the portfolio loans wherever appropriate.

The table below summarises the carrying amount of the derecognised financial assets measured at fair value and the gain/(loss) on derecognition :

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|-----------------------------------|-----------------------------------|
| Carrying amount of derecognised financial assets | 8,774.47 | 19,155.84 |
| Gain/(loss) from derecognition | 665.30 | 2,139.27 |

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

43: Employee Stock Option Plan (ESOP)

The Company has provided various equity settled share based payment schemes to its employees. The details are ESOP scheme are as follows:

| Particulars | Grant | Number of Options granted | Vesting Period(In years) | Vesting Conditions |
|------------------|------------|---------------------------|---------------------------|---|
| ESOP Scheme 2018 | Grant I | 3,38,854 | 5 | 20% vests every year subject to continuance of services |
| | Grant II | 8,17,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant III | 13,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant IV | 90,500 | 5 | 20% vests every year subject to continuance of services |
| | Grant V | 3,36,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant VI | 36,500 | 5 | 20% vests every year subject to continuance of services |
| | Grant VII | 1,25,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant VIII | 40,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant IX | 28,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant X | 1,35,000 | 5 | 20% vests every year subject to continuance of services |

Exercise period for all the above schemes is 9 years from the date of grant of the options.
The expense recognised for employee services received during the year is Rs 88.05 million.

a. The following table lists the input to the Black Scholes models used for the options granted during the year ended March 31, 2021

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI |
|---|--|-----------|-----------|-----------|-----------|-----------|
| Date of Grant | 13-Aug-18 | 13-Aug-18 | 07-Feb-19 | 28-Jan-20 | 28-Jan-20 | 03-Mar-20 |
| Date of Board / Compensation/ Committee Approval | 13-Aug-18 | 13-Aug-18 | 07-Feb-19 | 28-Jan-20 | 28-Jan-20 | 03-Mar-20 |
| Number of Options Granted | 3,38,854 | 8,17,500 | 13,500 | 90,500 | 3,36,500 | 36,500 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity |
| Graded Vesting Period | | | | | | |
| Day following the expiry of 12 months from grant | 20% | 30% | 30% | 20% | 30% | 20% |
| Day following the expiry of 24 months from grant | 20% | 30% | 30% | 20% | 30% | 20% |
| Day following the expiry of 36 months from grant | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 48 months from grant | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 60 months from grant | 20% | NA | NA | 20% | NA | 20% |
| Exercise Period | 9 Years from the date of grant | | | | | |
| Vesting conditions | Employee must be in service at the time of vesting | | | | | |
| Weighted average of remaining contractual Life in Years | 6.37 | 6.37 | 6.86 | 7.84 | 7.84 | 7.93 |

| Particulars | Grant VII | Grant VIII | Grant IX | Grant X |
|---|--|------------|-----------|-----------|
| Date of Grant | 03-Jun-20 | 16-Jun-20 | 31-Aug-20 | 12-Nov-20 |
| Date of Board / Compensation/ Committee Approval | 03-Jun-20 | 16-Jun-20 | 31-Aug-20 | 12-Nov-20 |
| Number of Options Granted | 1,25,000 | 40,000 | 28,000 | 1,35,000 |
| Method of settlement | Equity | Equity | Equity | Equity |
| Graded Vesting Period | | | | |
| Day following the expiry of 12 months from grant | 20% | 20% | 20% | 20% |
| Day following the expiry of 24 months from grant | 20% | 20% | 20% | 20% |
| Day following the expiry of 36 months from grant | 20% | 20% | 20% | 20% |
| Day following the expiry of 48 months from grant | 20% | 20% | 20% | 20% |
| Day following the expiry of 60 months from grant | 20% | 20% | 20% | 20% |
| Exercise Period | 9 Years from the date of grant | | | |
| Vesting conditions | Employee must be in service at the time of vesting | | | |
| Weighted average of remaining contractual Life in Years | 8.18 | 8.22 | 8.42 | 8.62 |



(Rupees in millions unless otherwise stated)

b. The details of activity under ESOP Scheme 2018 Plan for the year ended March 31, 2021 have been summarised as below:

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI | Grant VII |
|--|---------|----------|-----------|----------|----------|----------|-----------|
| Exercise Price per Share | 263.35 | 263.35 | 263.35 | 1,077.37 | 1,077.37 | 1,091.58 | 860.85 |
| Number of options Outstanding at the beginning of the year | 91,200 | 4,21,350 | 6,000 | 90,500 | 3,21,500 | 36,500 | - |
| Number of options Granted during the year | - | - | - | - | - | - | 1,25,000 |
| Number of Options Exercised during the year | - | - | - | - | - | - | - |
| Number of Options Lapsed during the year | 45,600 | 57,800 | 6,000 | 35,000 | 50,500 | - | 1,25,000 |
| Outstanding at the end of the year * | 45,600 | 3,63,550 | - | 55,500 | 2,71,000 | 36,500 | - |

| Particulars | Grant VIII | Grant IX | Grant X |
|--|------------|----------|----------|
| Exercise Price per Share | 809.85 | 608.74 | 565.72 |
| Number of options Outstanding at the beginning of the year | - | - | - |
| Number of options Granted during the year | 40,000 | 28,000 | 1,35,000 |
| Number of Options Exercised during the year | - | - | - |
| Number of Options Lapsed during the year | 40,000 | - | 10,000 |
| Outstanding at the end of the year * | - | 28,000 | 1,25,000 |

c. Details of Stock Options granted during the year

The weighted fair value of stock option granted during the year was Rs. 280.82 for Grant IV, Rs. 429.05 for Grant V and Rs. 477.69 for Grant VI. The Black -Scholes Model has been used for computing the weighted average fair value considering the following:

| Grant -VII | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 512.15 | 512.15 | 512.15 | 512.15 | 512.15 |
| Exercise Price | 860.85 | 860.85 | 860.85 | 860.85 | 860.85 |
| Expected Volatility(%) | 64.04% | 64.04% | 64.04% | 64.04% | 64.04% |
| Life of the options granted in year | 5.0 | 5.5 | 6.0 | 6.5 | 7.0 |
| Risk Free Interest Rate(%) | 5.56% | 5.69% | 5.80% | 5.89% | 5.98% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 240.21 | 256.45 | 271.56 | 285.61 | 298.80 |

| Grant -VIII | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 541.75 | 541.75 | 541.75 | 541.75 | 541.75 |
| Exercise Price | 809.85 | 809.85 | 809.85 | 809.85 | 809.85 |
| Expected Volatility(%) | 63.20% | 63.20% | 63.20% | 63.20% | 63.20% |
| Life of the options granted in year | 5.0 | 5.5 | 6.0 | 6.5 | 7.0 |
| Risk Free Interest Rate(%) | 5.52% | 5.65% | 5.77% | 5.87% | 5.96% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 265.68 | 282.19 | 297.59 | 311.90 | 325.26 |

| Grant -IX | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 638.9 | 638.9 | 638.9 | 638.9 | 638.9 |
| Exercise Price | 608.74 | 608.74 | 608.74 | 608.74 | 608.74 |
| Expected Volatility(%) | 59.93% | 59.93% | 59.93% | 59.93% | 59.93% |
| Life of the options granted in year | 5.0 | 5.5 | 6.0 | 6.5 | 7.0 |
| Risk Free Interest Rate(%) | 5.69% | 5.83% | 5.95% | 6.06% | 6.15% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 370.54 | 386.63 | 401.54 | 415.45 | 428.33 |

| Grant -X | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 612.4 | 612.4 | 612.4 | 612.4 | 612.4 |
| Exercise Price | 565.72 | 565.72 | 565.72 | 565.72 | 565.72 |
| Expected Volatility(%) | 57.35% | 57.35% | 57.35% | 57.35% | 57.35% |
| Life of the options granted in year | 5.0 | 5.5 | 6.0 | 6.5 | 7.0 |
| Risk Free Interest Rate(%) | 5.32% | 5.46% | 5.59% | 5.71% | 5.82% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 347.75 | 362.77 | 376.81 | 389.96 | 402.27 |

44: Disclosure of investing and financing transactions that do not require the use of cash and cash equivalents

For the year ended March 31, 2021

| Name of instrument | Opening Balance | Converted into equity share capital | Premium added on issue of ESOP's | Cash Flows | Closing Balance |
|------------------------|------------------|-------------------------------------|----------------------------------|------------------|------------------|
| Equity Share capital** | 15,752.95 | - | - | - | 15,752.95 |
| Total Borrowings | 30,162.07 | - | - | 21,812.23 | 51,974.29 |
| Total | 45,915.02 | - | - | 21,812.23 | 67,727.24 |

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital and premium amount added on issue of ESOP's

For the year ended March 31, 2020

| Name of instrument | Opening Balance | Converted into equity share capital | Premium added on issue of ESOP's | Cash Flows | Closing Balance |
|------------------------|------------------|-------------------------------------|----------------------------------|-----------------|------------------|
| Equity Share capital** | 11,808.64 | - | 18.72 | 3,925.59 | 15,752.95 |
| Total Borrowings | 29,451.09 | - | - | 710.98 | 30,162.07 |
| Total | 41,259.73 | - | 18.72 | 4,636.57 | 45,915.01 |

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital



(Rupees in millions unless otherwise stated)

45. Revenue from contracts with customers

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Type of services | | |
| Service fees for management of assigned portfolio of loans | 0.71 | 5.12 |
| Commission and other income | 294.73 | 667.64 |
| Total | 295.44 | 672.76 |

Geographical markets

| Particulars | March 31, 2021 | March 31, 2020 |
|---------------|----------------|----------------|
| India | 295.44 | 672.76 |
| Outside India | - | - |
| Total | 295.44 | 672.76 |

Timing of revenue recognition

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Services transferred at a point in time | 295.44 | 672.76 |
| Services transferred over time | - | - |
| Total | 295.44 | 672.76 |

Receivables

| Particulars | March 31, 2021 | March 31, 2020 |
|-----------------------------|----------------|----------------|
| Commission and other income | 120.47 | 212.91 |

Impairment allowance recognised on receivables is Nil (Previous year: Nil)

46. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.



47: Additional information/ disclosures as required by guidelines issued by Reserve Bank of India

A.Capital to risk assets ratio ("CRAR")

(Rupees in crores unless otherwise stated)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| CRAR (%) | 39.20% | 47.44% |
| CRAR-Tier I Capital (%) | 39.74% | 47.27% |
| CRAR-Tier II Capital (%) | (0.54)% | 0.18% |
| Amount of subordinated debt raised as Tier-II capital | 12.11 | 16.13 |
| Amount raised by issue of Perpetual Debt Instruments | - | - |
| CRAR as at March 31, 2021 and March 31, 2020 has been determined in accordance with the RBI Master Directions read with RBI notification RBI/2019-20/170, DOR(NBFC) CC PD No.109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards. | | |

B. Exposure to real estate sector*

(Rupees in crores unless otherwise stated)

| Category | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| A.Direct exposure | | |
| I. Residential Mortgages | | |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; | 9.01 | 62.00 |
| II.Commercial Real Estate | | |
| Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits. | - | - |
| III.Investments in Mortgage Backed Securities (MBS) and other securitised exposures | | |
| - | | |
| Residential | - | - |
| Commercial Real Estate | - | - |
| B.Indirect exposure | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | - | - |
| Total | 9.01 | 62.00 |

* Refer note 49.

C. Outstanding of loans against security of gold as a percentage to total assets is 0.04% (March 31, 2020: 0.38%)

D. The Company has no exposure to capital market.

E. Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2021:

(Rupees in crores unless otherwise stated)

| Particulars | 0-7 Days | 8-14 Days | 15-30/31 Days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------|----------|-----------|---------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|----------|
| Borrowings* | 121.78 | 39.23 | 177.92 | 238.20 | 269.01 | 737.85 | 1,539.50 | 2,004.67 | 69.28 | - | 5,197.44 |
| Advances (net of provision) | - | - | 380.04 | 316.62 | 323.79 | 984.09 | 1,990.00 | 2,511.57 | 2.36 | 107.85 | 6,616.31 |
| Investments | - | - | - | - | - | - | - | - | - | 114.62 | 114.62 |

Maturity pattern of assets and liabilities as on March 31, 2020:

(Rupees in crores unless otherwise stated)

| Particulars | 0-7 Days | 8-14 Days | 15-30/31 Days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-------------------------------|----------|-----------|---------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|----------|
| Borrowings* | 0.19 | 13.07 | 226.79 | 140.02 | 196.78 | 717.48 | 1,005.00 | 696.88 | 19.99 | - | 3,016.20 |
| Advances (net of provision)** | - | - | - | - | 351.28 | 836.68 | 1,645.50 | 2,048.87 | 19.36 | 3.44 | 4,905.13 |
| Investments | 68.83 | 20.66 | 254.67 | 141.00 | - | - | - | - | - | 64.49 | 549.65 |

*Also refer note 14B.

** Note for Maturity Pattern of advances as at March 31, 2020: As per the Covid-19 regulatory package announced by RBI to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic vide Circular No RBI/2019-20/186 & DOR.No.BP.BC.47/21.04.048/2019-20, the Company had extended moratorium to its borrowers whose loans were standard as on March 01, 2020, for the period April 01, 2020 to May 31, 2020. Hence, the repayment schedule for such loans as also the residual tenor, is shifted across the board. Further, the same moratorium had been availed by the Company towards payments under securitization arrangement.

F. Information on instances of fraud

Instances of fraud reported during the year ended March 31, 2021:

(Rupees in crores unless otherwise stated)

| Nature of fraud | No. of cases | Amount of fraud | Recovery* | Amount provided |
|-------------------|--------------|-----------------|-----------|-----------------|
| Cash Embezzlement | 137 | 0.95 | 0.07 | 0.88 |
| Fake Loans | - | - | - | - |

*Includes recoveries in respect of frauds reported in earlier years

Instances of fraud reported during the year ended March 31, 2020:

(Rupees in crores unless otherwise stated)

| Nature of fraud | No. of cases | Amount of fraud | Recovery* | Amount provided |
|-------------------|--------------|-----------------|-----------|-----------------|
| Cash Embezzlement | 126 | 0.78 | 0.18 | 0.60 |
| Fake Loans | 26 | 0.99 | 0.24 | 0.75 |

*Includes recoveries in respect of frauds reported in earlier years

G. Information on transactions / exposure in interest rate derivatives

(Rupees in crores unless otherwise stated)

| Particulars | March 31, 2021 |
|---|----------------|
| Derivatives (notional principal amount) | - |
| Market to Market position - Liability | - |
| Market to Market position - Asset | - |
| Credit exposure | - |
| Unhedged exposure | 0.04 |

*The Company has no exposure in derivatives during the previous year.



H. Ratings assigned by credit rating agencies and migration of ratings during the year:

(Rupees in crores unless otherwise stated)

| Sr. No. | Instrument | Rating agency | As per final rating letter | Rating assigned | Valid up to | Borrowing limit |
|---------|----------------------------|---------------|----------------------------|--------------------------|--------------------|-----------------|
| 1 | Long term bank facilities | ICRA | 22-Jun-20 | [ICRA]A-(Stable) | Jun-2020- Jun-2024 | 3,500.00 |
| 2 | Long term bank facilities | India Ratings | 31-Dec-20 | [INDIA]A(Stable) | Note 1 | 500.00 |
| 3 | Non convertible debentures | ICRA | 02-Mar-21 | [ICRA]A-(Stable) | Note 1 | 859.46 |
| 4 | Non convertible debentures | India Ratings | 08-Mar-21 | [INDIA]A(Stable) | Note 1 | 250.00 |
| 5 | Market Linked Debentures | ICRA | 20-Nov-20 | PP-MLD[ICRA]A-(Stable) | Note 1 | 400.00 |
| 6 | Market Linked Debentures | India Ratings | 08-Mar-21 | IND PP-MLD Aemr/Stable | Note 1 | 375.00 |
| 7 | Securitisation | ICRA | 08-Jul-20 | [ICRA]A(SO) | Oct-21 | 124.97 |
| 8 | Securitisation | ICRA | 16-Jul-20 | [ICRA]A+(SO) | Apr-21 | 12.08 |
| 9 | Securitisation | ICRA | 16-Jul-20 | [ICRA]A-(SO) | Apr-21 | 7.21 |
| | | | | [ICRA]A(SO) | | 0.88 |
| 10 | Securitisation | ICRA | 06-Aug-20 | [ICRA]AA-(SO) | May-21 | 21.89 |
| 11 | Securitisation | ICRA | 06-Aug-20 | [ICRA]AA-(SO) | Apr-21 | 22.20 |
| 12 | Securitisation | ICRA | 06-Aug-20 | [ICRA]A(SO) | Dec-21 | 147.05 |
| 13 | Securitisation | ICRA | 20-Aug-20 | [ICRA]A(SO) | May-21 | 31.20 |
| 14 | Securitisation | ICRA | 20-Aug-20 | [ICRA]A(SO) | Jul-21 | 97.56 |
| 15 | Securitisation | ICRA | 20-Aug-20 | [ICRA]A(SO) | Jul-21 | 45.74 |
| 16 | Securitisation | ICRA | 05-Oct-20 | Provisional [ICRA]A+(SO) | Jul-22 | 49.93 |
| 17 | Securitisation | ICRA | 09-Oct-20 | [ICRA]A(SO) | Jan-22 | 70.35 |
| 18 | Securitisation | ICRA | 09-Oct-20 | [ICRA]A(SO) | Feb-22 | 95.69 |
| 19 | Securitisation | ICRA | 03-Nov-20 | [ICRA]A+(SO) | Jul-22 | 49.93 |
| 20 | Securitisation | ICRA | 30-Nov-20 | Provisional [ICRA]A(SO) | Aug-22 | 71.92 |
| 21 | Securitisation | ICRA | 22-Dec-20 | Provisional [ICRA]A+(SO) | Oct-22 | 49.95 |
| 22 | Securitisation | ICRA | 22-Dec-20 | Provisional [ICRA]A(SO) | Oct-22 | 54.80 |
| 23 | Securitisation | ICRA | 12-Jan-21 | [ICRA]A(SO) | Aug-22 | 71.92 |
| 24 | Securitisation | ICRA | 28-Jan-21 | [ICRA]A+(SO) | Oct-22 | 49.95 |
| 25 | Securitisation | ICRA | 28-Jan-21 | [ICRA]A(SO) | Oct-22 | 54.80 |
| 26 | Securitisation | ICRA | 12-Mar-21 | Provisional [ICRA]A+(SO) | Nov-22 | 47.42 |
| 27 | Securitisation | ICRA | 22-Mar-21 | Provisional [ICRA]A+(SO) | Dec-22 | 199.98 |
| 28 | Securitisation | Care Ratings | 16-Feb-21 | Provisional Care A+(SO) | Nov-22 | 293.86 |

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities

Ratings assigned by credit rating agencies and migration of ratings during the previous year:

(Rupees in crores unless otherwise stated)

| Sr. No. | Instrument | Rating agency | As per final rating letter | Rating assigned | Valid up to | Borrowing limit |
|---------|----------------------------|---------------|----------------------------|-------------------|-------------|-----------------|
| 1 | Long term bank facilities | ICRA | 07-Jan-20 | [ICRA]A- (Stable) | See Note-1 | 2500.00 |
| 2 | Non convertible debentures | ICRA | 07-Jan-20 | [ICRA]A- (Stable) | See Note-1 | 621.00 |
| 3 | Securitization | ICRA | 17-Mar-20 | [ICRA]AA-(SO) | 28-Feb-21 | 120.05 |
| 4 | Securitization | ICRA | 17-Mar-20 | [ICRA] AA- (SO) | 30-Apr-21 | 120.29 |
| 5 | Securitization | ICRA | 02-Mar-20 | [ICRA] A (SO) | 31-Dec-21 | 147.05 |
| 6 | Securitization | ICRA | 15-Jan-20 | [ICRA]A(SO) | 31-Jul-21 | 203.14 |
| 7 | Securitization | ICRA | 14-Jan-20 | [ICRA] A(SO) | 31-Jul-21 | 119.96 |
| 8 | Securitization | ICRA | 02-Jan-20 | [ICRA] A (SO) | 31-Oct-21 | 124.97 |
| 9 | Securitization | ICRA | 10-Oct-19 | [ICRA]A(SO) | 31-May-21 | 99.99 |
| 10 | Securitization | ICRA | 07-Jun-19 | [ICRA]AAA(SO) | 31-Oct-19 | 3.19 |
| 11 | Securitization | ICRA | 07-Jun-19 | [ICRA] AA- (SO) | 31-Oct-19 | 11.50 |
| 12 | Securitization | ICRA | 07-Jun-19 | [ICRA]AA(SO) | 31-Dec-19 | 19.37 |
| 13 | Securitization | ICRA | 07-Jun-19 | [ICRA]AA(SO) | 31-Jan-20 | 14.08 |
| 14 | Securitization | ICRA | 07-Jun-19 | [ICRA]AA(SO) | 31-Mar-20 | 50.27 |
| 15 | Securitization | ICRA | 07-Jun-19 | [ICRA] AA-(SO) | 31-Mar-20 | 24.20 |
| 16 | Securitization | ICRA | 07-Jun-19 | [ICRA] A+ (SO) | 31-Mar-20 | 0.98 |
| 17 | Securitization | ICRA | 07-Jun-19 | [ICRA]AA(SO) | 31-Oct-19 | 25.91 |
| 18 | Securitization | ICRA | 07-Jun-19 | [ICRA] AA- (SO) | 30-Sep-20 | 82.21 |
| 19 | Securitization | ICRA | 07-Jun-19 | [ICRA]A(SO) | 31-Aug-20 | 31.61 |
| 20 | Securitization | ICRA | 07-Jun-19 | [ICRA] BBB+ (SO) | 31-Aug-20 | 1.10 |
| 21 | Securitization | ICRA | 07-Jun-19 | [ICRA]A+(SO) | 30-Nov-20 | 161.41 |
| 22 | Securitization | ICRA | 07-Jun-19 | [ICRA]A+(SO) | 31-Jan-21 | 99.30 |
| 23 | Securitization | ICRA | 07-Jun-19 | [ICRA]A(SO) | 31-Jan-21 | 74.34 |
| 24 | Securitization | ICRA | 07-Jun-19 | [ICRA]A-(SO) | 31-Jan-21 | 0.88 |

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities



I. Disclosure of complaints

| Particulars | No. of complaints | |
|--|-------------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| No. of complaints pending at the beginning of the year | 42 | 18 |
| No. of complaints received during the year | 1,107 | 989 |
| No. of complaints redressed during the year | 1,108 | 965 |
| No. of complaints pending at the end of the year | 41 | 42 |

J. Concentration of Advances, Exposures and NPAs

(Rupees in crores unless otherwise stated)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Concentration of Advances* | | |
| Total advances to twenty largest borrowers | 2.17 | 4.04 |
| (%) of advances to twenty largest borrowers to total advances | 0.03% | 0.08% |
| Concentration of Exposures* | | |
| Total exposure to twenty largest borrowers | 2.17 | 4.04 |
| (%) of exposure to twenty largest borrowers to total exposure | 0.03% | 0.08% |
| Concentration of NPAs** | | |
| Total exposure to top four NPA accounts | 0.18 | 0.27 |

* Represents amount outstanding as per contract with customers

** Represents stage III loans including interest

K. Sector wise NPAs*

| Sector | Percentage of NPAs to total advances in that sector | |
|-----------------------------------|---|----------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Agriculture and allied activities | 5.64% | 0.35% |
| MSME | 6.53% | 0.40% |
| Corporate borrowers | 0.00% | 0.00% |
| Services | 6.12% | 0.30% |
| Unsecured personal loans | 0.00% | 0.00% |
| Auto loans | 4.64% | 0.86% |
| Other personal loans | 2.41% | 0.71% |

* Represents stage III loans

** The above sector wise classification is based on the Company's determination of the purpose/activity for which the loan was granted.

L: Comparison between provisions required under Income Recognition and Asset Classification and Provision norms as per RBI master directions and impairment allowances made under Ind AS 109 as at March 31, 2021

(Rupees in crores unless otherwise stated)

| Asset classification as per RBI Norms | Asset Classification as per Ind AS 109 | Gross carrying Amount as per Ind AS | Loss Allowances (Provisions) as required as per Ind AS 109 | Net Carrying Amount | Provisions as per IRACP norms | Difference between Ind AS 109 Provisions and IRACP norms |
|---|--|-------------------------------------|--|---------------------|-------------------------------|--|
| 1 | 2 | 3 | 4 | 5=3-4 | 6 | 7=4-6 |
| Performing Assets | | | | | | |
| Loans | Stage 1 | 5,887.48 | 53.64 | 5,833.84 | 58.23 | - 4.59 |
| | Stage 2 | 642.77 | 96.23 | 546.54 | 6.36 | 89.86 |
| Subtotal | | 6,530.25 | 149.87 | 6,380.38 | 64.60 | 85.28 |
| Non Performing Assets (NPA) | | | | | | |
| Loans | Stage 3 | 356.15 | 167.17 | 188.98 | 3.49 | 163.68 |
| Doubtful - up to 1 year | Stage 3 | 48.83 | 22.15 | 26.68 | 0.45 | 21.70 |
| 1 to 3 years | Stage 3 | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal for Doubtful | | 404.99 | 189.33 | 215.65 | 3.95 | 185.38 |
| Loss | Stage 3 | - | - | - | - | - |
| Subtotal for NPA | | - | - | - | - | - |
| Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| Subtotal | | - | - | - | - | - |
| Total | Stage 1 | 5,887.48 | 53.64 | 5,833.84 | 58.23 | - 4.59 |
| | Stage 2 | 642.77 | 96.23 | 546.54 | 6.36 | 89.86 |
| | Stage 3 | 404.99 | 189.33 | 215.66 | 3.95 | 185.38 |
| | Total | 6,935.24 | 339.20 | 6,596.04 | 68.55 | 270.67 |

1. Interest on NPA loans is required to be de-recognised under IRACP norms. However, interest on Stage III loans is required to be recognised on the credit impaired (net of ECU) loan balance. Such income de-recognition is not considered as a provision for the purpose of above comparison.



M: Liquidity coverage ratio

(Rupees in crores unless otherwise stated)

| LCR disclosure | | Q1 FY21 | | Q2 FY21 | | Q3 FY21 | | Q4 FY21 | |
|-----------------------------------|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) |
| High Quality Liquid Assets | | | | | | | | | |
| 1 | **Total High Quality Liquid Assets (HQLA) | 291.40 | 291.40 | 240.14 | 240.14 | 386.27 | 386.27 | 378.45 | 378.45 |
| Cash outflows | | | | | | | | | |
| 2 | Deposits (for deposit taking companies) | - | - | - | - | - | - | - | - |
| 3 | Unsecured wholesale funding | - | - | - | - | - | - | - | - |
| 4 | Secured wholesale funding | - | - | - | - | - | - | - | - |
| 5 | Additional requirements, of which | - | - | - | - | - | - | - | - |
| i | Outflows related to derivative exposures and other collateral requirements | - | - | - | - | - | - | - | - |
| ii | Outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| iii | Credit and liquidity facilities | 271.14 | 311.81 | 453.57 | 521.60 | 461.26 | 530.45 | 442.04 | 508.35 |
| 6 | Other contractual funding obligations | 22.11 | 25.43 | 32.74 | 37.65 | 38.80 | 44.62 | 40.09 | 46.11 |
| 7 | Other Contingent Funding Obligations | - | - | - | - | - | - | - | - |
| 8 | Total cash outflows | 293.25 | 337.24 | 486.31 | 559.25 | 500.06 | 575.07 | 482.13 | 554.46 |
| Cash inflows | | | | | | | | | |
| 9 | Secured lending | - | - | - | - | - | - | - | - |
| 10 | Inflows from fully performing exposures | 286.43 | 214.82 | 575.52 | 431.64 | 710.14 | 532.61 | 626.98 | 470.23 |
| 11 | Other cash inflows | 249.23 | 186.92 | 336.73 | 252.55 | 80.02 | 60.02 | 320.60 | 240.45 |
| 12 | Total cash inflows | 535.66 | 401.74 | 912.25 | 684.19 | 790.17 | 592.63 | 947.57 | 710.68 |
| 13 | Total HQLA | 291.40 | 291.40 | 240.14 | 240.14 | 386.27 | 386.27 | 378.45 | 378.45 |
| 14 | Total net cash outflow | 73.31 | 84.31 | 121.58 | 139.81 | 125.02 | 143.77 | 120.53 | 138.61 |
| 15 | Liquidity coverage ratio (%) | 397.46% | 345.62% | 197.52% | 171.75% | 308.98% | 268.67% | 313.98% | 273.03% |

(Rupees in crores unless otherwise stated)

| | | Q1 FY21 | | Q2 FY21 | | Q3 FY21 | | Q4 FY21 | |
|--|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) |
| High Quality Liquid Assets (HQLA) | | | | | | | | | |
| 1 | Assets to be included as HQLA without any haircut | 291.40 | 291.40 | 240.14 | 240.14 | 386.27 | 386.27 | 378.45 | 378.45 |
| 2 | Assets to be considered for HQLA with a minimum haircut of 15% | - | - | - | - | - | - | - | - |
| 3 | Assets to be considered for HQLA with a minimum haircut of 50% | - | - | - | - | - | - | - | - |
| 4 | Approved securities held as per the provisions of section 45 IB of RBI Act | - | - | - | - | - | - | - | - |
| | Total cash inflows | 291.40 | 291.40 | 240.14 | 240.14 | 386.27 | 386.27 | 378.45 | 378.45 |

The Liquidity Coverage Ratio (LCR) is one of the key parameters monitored by RBI for strengthening the asset-liability management in the financial sector. The objective of LCR is to promote an environment wherein balance sheet carries strong liquidity for short term cash flow requirements which is being done by ensuring that NBFCs have an adequate stock of unencumbered high quality liquid assets (HQLA) which can be easily converted into cash to meet liquidity needs, for at least 30 calendar days, calculated under a stressed scenario. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, whatever the source, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is performed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the balance sheet date has been derived by arriving at the stressed expected cash inflow and outflow for the next 30-day period. To determine the stressed cash outflow, all expected and contracted cash outflows have been considered by applying a stress factor of 15%. Similarly, inflows for the Company have been arrived at by considering all expected and contracted inflows at a haircut of 25%.

In determining the outflows, the Company has taken into account all the contractual debt repayments and other expected or contracted cash outflows. Since the Company does not provide any committed credit facilities to its customers, no outflows have been considered in this regard. Inflows mainly comprise of expected receipts from all performing loans and liquid assets (such as short-term deposits maturing over next 30-days) which are unencumbered and not been considered as part of HQLA.

HQLA for the Company comprises of cash and bank balances.

The LCR is calculated by dividing the monthly average stock of HQLA by the monthly average of total net cash outflows over a 30-day stress period. The guidelines for LCR were effective from December 1, 2020 with a minimum requirement at 30% which would rise in annual steps to reach 100% by December 1, 2024. This graduated approach is designed to ensure that the LCR could be introduced without material disruption to the orderly strengthening of NBFCs. The present requirement, as on March 31, 2021 for NBFCs with assets size of Rs 5,000 crore and above but less than Rs 10,000 crore is 30%.



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

N. Movement of NPAs*

(Rupees in crores unless otherwise stated)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Net NPAs to net advances (%) | 3.27% | 0.07% |
| Movement of NPAs (gross) | | |
| 1. Opening balance | 17.93 | 362.89 |
| 2. Additions during the year | 749.24 | 120.59 |
| 3. Reductions/ write off during the year | 362.18 | 465.55 |
| 4. Closing balance | 404.99 | 17.93 |
| Movement of Net NPAs | | |
| 1. Opening balance | 3.42 | 0.74 |
| 2. Additions during the year | 564.00 | 3.55 |
| 3. Reductions/ write off during the year | 351.75 | 0.87 |
| 4. Closing balance | 215.67 | 3.42 |
| Movement of provision for NPAs | | |
| 1. Opening balance | 14.52 | 362.16 |
| 2. Provisions made during the year | 533.19 | 117.04 |
| 3. Write off/ write back of excess provisions | 358.38 | 464.68 |
| 4. Closing balance | 189.33 | 14.52 |

* NPA loans and related provision considered in the above table represent loans classified as stage III in accordance with Ind AS 109 and the related ECL provision. Also refer note 7.

(i). Opening balance of NPAs for the year ended 31 March 2020 includes Rs. 358.47 crore representing portfolio in the state of Andhra Pradesh and Telangana originated prior to January 1, 2012 which has been completely written off during the previous year.

O. There has been no drawdown from reserves during the current year and previous year.

P. Investments:

(Rupees in crores unless otherwise stated)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| 1. Value of investments | | |
| (i) Gross value of investments | | |
| (a) In India | 114.62 | 549.85 |
| (b) Outside India | - | - |
| (ii) Provision for depreciation | | |
| (a) In India | - | - |
| (b) Outside India | - | - |
| (iii) Net value of investments | | |
| (a) In India | 114.62 | 549.85 |
| (b) Outside India | - | - |
| 2. Movement of provisions held towards depreciation | | |
| Opening balance | - | - |
| Add: Provision made during the year | - | - |
| Less: Write off/ write back | - | - |
| Closing balance | - | - |

(This note has been kept blank intentionally)



Spandana Spahoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

Q. Details relating to securitisation:

During the year, the Company has sold loans through securitisation. The information on securitisation activities is as under:

(Rupees in crores unless otherwise stated)

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| 1. No. of SPVs sponsored by the NBFC for securitisation transactions during the year | 7.00 | 9.00 |
| 2. Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date of balance sheet | 766.84 | 621.39 |
| 3. Total amount of exposures retained to comply with minimum retention requirement ('MRR') as on the date of balance sheet | - | - |
| a) Off balance sheet exposures | | |
| - First loss | - | - |
| - Others | - | - |
| b) On balance sheet exposures | | |
| - First loss (cash collateral and over collateral) | 210.14 | 141.44 |
| - Others | - | - |
| 4. Amount of exposures to securitization transactions other than MRR: | | |
| a) Off-balance sheet exposures | - | - |
| i) Exposure to own securitisations | | |
| - First loss | - | - |
| - Others | - | - |
| ii) Exposure to third party securitisations | | |
| - First loss | - | - |
| - Others | - | - |
| b) On-balance sheet exposures | | |
| i) Exposure to own securitisations | | |
| - First loss | - | - |
| - Others | - | - |
| ii) Exposure to third party securitisations | | |
| - First loss | - | - |
| - Others | - | - |

Note: The above transactions do not fulfil the test of de-recognition under Ind AS-109 and are recorded back on the balance sheet.

R. Details of assignment transactions undertaken

(Rupees in crores unless otherwise stated)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| No. of accounts | 98,168 | 14,03,373 |
| Aggregate value of accounts sold | 343.87 | 2,840.21 |
| Aggregate consideration | 343.87 | 2,840.21 |
| Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| Aggregate gain / (loss) over net book value | - | - |

S. The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

T. The Company has not purchased / sold non-performing financial assets in the current and previous year.

U. The Company does not have any parent company, hence disclosure relating to product financed by parent company is not applicable.

V. Unsecured advances – Refer note 7

W. Registration obtained from other financial sector regulators:

The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance)

X. No penalties imposed by RBI and other regulators during current and previous year.

Y. Provisions and contingencies (shown under expenditure in statement of profit and loss)

(Rupees in crores unless otherwise stated)

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Provision for income tax (net) | 48.65 | 261.45 |
| Provision for non-performing assets* | 181.47 | (346.45) |
| Provision for standard assets** | 69.33 | 18.61 |
| Provision for management overlay for COVID-19 and others | 37.34 | 117.99 |
| Provision for unfructified service tax liability | 0.85 | 0.85 |
| Provision for theft & fraud | 1.05 | 1.79 |
| Provision for gratuity | 0.86 | 2.76 |
| Provision for leave benefits | 1.03 | 2.39 |
| Provision for insurance claims | 0.38 | 0.24 |
| Provision for bonus | 14.65 | 16.53 |
| Provision for other assets | - | 0.04 |

* Represents impairment allowance on stage III loans

** Represents impairment allowance on stage I and stage II loans excluding Covid-19 overlay



Z. The Company has unhedged foreign currency exposure in respect of:

(Amounts in Rupees)

| Particulars | As at March 31, 2021 | |
|------------------|----------------------|-----|
| | USD | INR |
| Professional fee | - | - |

| Particulars | As at March 31, 2020 | |
|------------------|----------------------|-----------|
| | USD | INR |
| Professional fee | 342.38 | 26,126.29 |

AA. Information on Net Interest Margin

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| | (%) | (%) |
| Average interest charged (A) | 20.65% | 21.07% |
| Average effective cost of borrowing (B) | 10.88% | 12.24% |
| Net Interest margin (A-B) | 9.77% | 8.83% |

1. Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/ 2012-13 dated April 4, 2013 to Micro-finance Institutions Network (the "MFIN format") read with the FAQs issued by RBI on October 14, 2016 and RBI circulated dated March 13, 2020 on implementation of Indian Accounting Standards.

2. Average loan outstanding determined for the purpose of calculating NIM is based on carrying value of loans under Ind AS, excluding effect of following:

- Fair value changes recognised through other comprehensive income;
- Securitised loans qualifying for de-recognition as per RBI's "true sale" criteria and related interest income have not been considered for computation of "average interest charged" in accordance with the MFIN format. Accordingly, the purchase consideration received towards such securitisations and related finance costs have also not been considered for computation of "average effective cost of borrowings".
- Impairment allowance adjusted from the carrying value of loans in accordance with Ind AS 109;

3. Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 54 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS financial statements.

4. The average interest charged and net interest margin excluding the loans originated in the states of Andhra Pradesh/ Telangana prior to January 1, 2012 are Nil (PY: 21.58%) and Nil (PY: 9.34%) respectively.

AB. Public Disclosure on liquidity risk

1. Funding concentration based on significant counterparty *(both deposits and borrowings) - The Company does not accept any public deposits.

As at March 31, 2021

| Number of significant counterparties | Amount (Rs. In Crores) | % of Total Liabilities |
|--------------------------------------|------------------------|------------------------|
| 26 (Twenty six) | 4,745.80 | 84.29% |

As at March 31, 2020

| Number of significant counterparties | Amount (Rs. In Crores) | % of Total Liabilities |
|--------------------------------------|------------------------|------------------------|
| 15 (Fifteen) | 2,762.81 | 82.88% |

2. Top 20 Large Deposits : Not Applicable

3. Top 10 borrowings

| | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Amount of top 10 borrowings Amount (Rs. In Crores) | 3,238.00 | 2,616.11 |
| % of Total Borrowings | 62.30% | 86.74% |

4. Funding concentration based on significant instrument/product*

As at March 31, 2021

| Name of Instrument/product | Amount (Rs. In Crores) | % of Total Liabilities |
|---|------------------------|------------------------|
| Term Loans | 3,142.53 | 55.82% |
| Non convertible Debentures | 1,324.49 | 25.48% |
| Borrowings under securitization arrangement | 622.50 | 11.06% |
| Total Liabilities* | 5,630.16 | |

As at March 31, 2020

| Name of Instrument/product | Amount (Rs. In Crores) | % of Total Liabilities |
|---|------------------------|------------------------|
| Term Loans | 2,213.39 | 66.40% |
| Borrowings under securitization arrangement | 539.82 | 16.19% |
| Non convertible Debentures | 237.81 | 7.13% |
| Total Liabilities* | 3,333.65 | |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

5. Stock Ratios

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Commercial Papers to Total Public Funds* | Nil | Nil |
| Commercial Papers to Total Liabilities | Nil | Nil |
| Commercial Papers to Total Assets | Nil | Nil |
| NCDs (Original Maturity <1 yrs.) to Total Public Funds | Nil | Nil |
| NCDs (Original Maturity <1 yrs.) to Total Liabilities | Nil | Nil |
| NCDs (Original Maturity <1 yrs.) to Total Assets | Nil | Nil |
| Other Short Term Liabilities to Total Public Funds | 68.15% | 76.53% |
| Other Short Term Liabilities to Total Liabilities | 62.91% | 69.24% |
| Other Short Term Liabilities to Total Assets | 42.44% | 38.85% |

6. Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Committee (RC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

***Notes:**

1. Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
2. Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
3. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
4. Short term liabilities includes all financial and non-financial liabilities expected to be paid within one year.
5. Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

AC: As per the policy on moratorium approved by the Board of Directors pursuant to RBI circular no. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, the Company has not granted moratorium to customers with overdues as at March 1, 2020. Accordingly, no disclosure as per para 10 of RBI circular no. DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 is required.

48: CSR Expenses

| (Rupees in Millions) | | |
|--|----------------|----------------|
| Particulars | March 31, 2021 | March 31, 2020 |
| a) Gross amount required to be spent by the Company for the year | 86.43 | 48.57 |
| b) Amount approved by the Board to be spent for the year | 86.43 | 48.57 |
| c) Amount spent during the year on purposes other than construction/acquisition of any asset | 14.18 | 49.51 |
| d) Details of related party transaction e.g. contribution to a trust/society/Section 8 company controlled by the Company | - | - |
| Paid | 14.18 | 49.39 |
| Yet to be paid | - | 0.12 |
| Total | 14.18 | 49.51 |

Details of unspent amount

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Opening balance | 1.23 | 2.17 |
| Amount to be spent during the year (including opening unspent amount) | 87.66 | 50.74 |
| Amount deposited in specified fund of schedule VII of the Companies Act, 2013 within 6 months* | - | - |
| Amount spent during the year | 14.18 | 49.51 |
| Closing balance | 73.48 | 1.23 |

* Rs. 53.96 million was deposited in a designated bank account on April 30, 2021.

49: During the year ended March 31, 2021, the Company has transferred its Loan against Property (LAP) business of 14 branches to its subsidiary, Criss Financial Holdings Limited for a consideration of Rs. 902.15 Million. The net assets of the Loan against property business amounts to Rs. 892.88 million.

50: The Company has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liability where applicable in the financial statements. Refer note 34(a) for details on tax litigations.

51: The Company is in correspondence with Reserve Bank of India ("RBI") with respect to the pricing of credit guidelines prescribed under paragraph 56 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016, as amended. In respect of the observation made by the RBI in its inspection report for the years ended March 31, 2018 and March 31, 2019, the Company has adequately recognised its impact in these financial statements. Further, as per RBI's directives, the Company has initiated the process to quantify the interest amount in respect of closed loan accounts in order to process the refund and has offered to reduce the interest rate on active loans in respect of which RBI's confirmation is awaited.

52: On March 31, 2021, the Company has invested an amount of Rs. 500 Million in Criss Financial Holdings Limited, a subsidiary of the Company, by subscribing 162,824,858 equity shares of face value of Rs. 10 per share for cash at Rs.177 per share (including premium of Rs.167 per share), offered on preferential basis.



Spandana Sphoorty Financial Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2021

53: Disclosure pursuant to RBI Notification – RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 ("Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances") or RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 ("Resolution Framework for COVID-19 Related Stress") both dated August 6, 2020, is not applicable as the Company has not restructured any loan accounts during the year. Also refer note 7.3 relating to loan pre-closures.

54: In accordance with the instructions in the RBI circular dated April 7, 2021, all lending institutions shall refund/adjust 'interest on interest' to all borrowers including those who had availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly, the Company has estimated the said amount and made provision for refund/adjustment to the tune of Rs. 100.85 million in these financial statements.

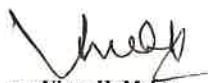
55: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

As per our report of even date

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number : 301003E/E300005



per **Viren H. Mehta**

Partner

Membership No.048749



Place: Mumbai

Date: May 22, 2021

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited



Deepak Chitlan Vaidya

Chairman

DIN: 00337276

Padmaja Gangireddy

Managing Director

DIN: 00004842

Place: Mumbai

Date: May 22, 2021

Place: Hyderabad

Date: May 22, 2021



Satish Kottakota

Chief Financial Officer



Ramesh Periasamy

Company Secretary

Mem. No: A26247

Place: Hyderabad

Date: May 22, 2021

Place: Erode

Date: May 22, 2021



INDEPENDENT AUDITOR'S REPORT

To the Members of Spandana Sphoorty Financial Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Spandana Sphoorty Financial Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of matter

We draw attention to Note 7.4 to the consolidated financial statements, which describes the economic and social disruption, continued to be caused by COVID-19 pandemic, of the Group's business and financial metrics including the Group's estimates of impairment of loans to customers, and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

L

| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| <p>(a) Impairment of financial assets at balance sheet date (expected credit losses) <i>(as described in notes 7 and 41.1 of the consolidated financial statements)</i></p> <p>Ind AS 109 requires impairment of financial assets (designated at amortised cost and fair value through other comprehensive income) as at the reporting date to be provided using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the financial assets (loan portfolio).</p> <p>In the process, a significant degree of judgement has been applied by the Holding Company's management for:</p> <ul style="list-style-type: none"> Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; Determining the effect of less frequent past events on future probability of default; Estimation of management overlay, if any, for macro-economic factors which could impact the credit quality of the loans. <p>Further, in view of the business disruption continued to be caused by COVID-19 pandemic, the Group has reassessed its ECL estimates post expiry of the loan moratoriums (offered pursuant to Reserve Bank of India's COVID-19 Regulatory Package) to factor among other things the elevated risk of higher delinquencies and deterioration in macro-economic factors. As part of such assessment, the Holding Company's management has also assessed the staging and ECL estimates for fresh (top-up) loan given against pre-closure of an existing loan account to customers in various delinquency buckets.</p> <p>Given the unique nature of the pandemic, the economic impact whereof depends on future developments, including governmental and regulatory measures and the Group's responses thereto, the actual credit loss can be different than that being estimated.</p> <p>In view of such high degree of management's judgement involved in ECL estimation, accentuated by COVID-19 pandemic, it is considered as a key audit matter.</p> | <p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> Read and assessed the Group's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. Tested the design and operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages as per Ind AS 109. Tested the staging and ECL considerations applied in respect of top-up loans given against pre-closure of existing loans. Tested the assumptions used by the Holding Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default (PD) and loss given default (LGD) rates. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. Tested the assumptions used by the Holding Company in estimation of PD and LGD rates considered for the loan portfolio impacted by COVID-19. Tested the arithmetical accuracy of computation of ECL provision performed by the Holding Company in spreadsheets. Performed inquiries with the Holding Company's management as regards applicability of RBI guidelines on restructuring in respect of top-up loans given against existing loan pre-closures. Assessed disclosures included in the consolidated financial statements in respect of ECL, including disclosures made with regards to uncertainties arising from COVID-19 and its impact on ECL estimation. |

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| <p>(b) IT systems and controls</p> <p>The financial accounting and reporting systems of the Holding Company are fundamentally reliant on IT systems and controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p> | <p>In respect of the Holding Company, we performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors:</p> <ul style="list-style-type: none"> ▪ The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs - to understand the design and test the operating effectiveness of such controls; ▪ Assessed the changes that were made to the key systems during the year including changes that have impact on financial reporting; ▪ Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. ▪ Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system. ▪ Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. |

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report including the Annexures thereto (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Management Discussion and Analysis Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Management Discussion and Analysis Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified

1

under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of two subsidiaries whose Ind AS financial statements include total assets of Rs.4,021.82 million as at March 31, 2021, and total revenues of Rs.562.41 million and net cash inflows of Rs.16.01 million for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to the consolidated financial statements of the Holding Company and its subsidiary companies, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company and its subsidiaries to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements - Refer Note 49 to the consolidated financial statements;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 26 to the consolidated financial statements in respect of such items as it relates to the Group; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiaries incorporated in India during the year ended March 31, 2021.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Viren H. Mehta

Partner

Membership Number: 048749

UDIN: 21048749AAAAIZ4185

Mumbai

May 22, 2021

Annexure 1 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Spandana Sphoorty Financial Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to the consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to the consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable

assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to the consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls with reference to the consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



per Viren H. Mehta

Partner

Membership Number: 048749

UDIN: 21048749AAAAIZ4185

Mumbai

May 22, 2021

Spandana Sphoorty Financial Limited
Consolidated Balance Sheet as at March 31, 2021

(Rupees in millions unless otherwise stated)

| | Notes | As at March 31, 2021 | As at March 31, 2020 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash and cash equivalents | 4 | 11,351.95 | 596.31 |
| Bank balances other than cash and cash equivalents | 5 | 2,458.27 | 1,975.05 |
| Trade receivables | 6 | 120.61 | 223.68 |
| Loans | 7 | 69,330.42 | 49,767.05 |
| Derivative financial instrument | | 0.45 | - |
| Other financial assets | 8 | 756.72 | 1,661.86 |
| Investments | 9 | 23.25 | 4,874.62 |
| Subtotal - Financial assets | | 84,041.67 | 59,098.57 |
| Non-financial assets | | | |
| Current tax assets (net) | 10 | 153.13 | 153.13 |
| Deferred tax assets (net) | 11 | 1,047.49 | 70.32 |
| Property, plant and equipment | 12 | 198.96 | 152.28 |
| Intangible assets | 12 | 7.77 | 13.31 |
| Goodwill | | 173.74 | 173.74 |
| Other non-financial assets | 13 | 146.53 | 112.43 |
| Subtotal - Non-financial assets | | 1,727.62 | 675.21 |
| Total assets | | 85,769.29 | 59,773.78 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Financial liabilities | | | |
| Debt securities | 14 | 20,347.14 | 7,776.28 |
| Borrowings (other than debt securities) | 14 | 33,183.69 | 22,273.34 |
| Subordinated liabilities | 14 | 201.83 | 203.28 |
| Other financial liabilities | 15 | 2,696.75 | 2,271.90 |
| Subtotal - Financial liabilities | | 56,429.41 | 32,524.80 |
| Non-financial liabilities | | | |
| Current tax liabilities (net) | 16 | 1,398.16 | 647.07 |
| Provisions | 17 | 16.50 | 28.00 |
| Other non-financial liabilities | 18 | 414.25 | 301.45 |
| Subtotal - Non-financial liabilities | | 1,828.91 | 976.52 |
| EQUITY | | | |
| Equity share capital | 19 | 643.15 | 643.15 |
| Other equity | 20 | 26,847.64 | 25,616.39 |
| Equity attributable to shareholders of the company | | 27,490.79 | 26,259.54 |
| Non controlling interest | 20 | 20.18 | 12.92 |
| Subtotal Equity | | 27,510.97 | 26,272.46 |
| Total liabilities and equity | | 85,769.29 | 59,773.78 |

Summary of significant accounting policies

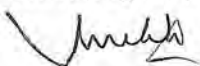
3

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
for **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number : 301003E/E300005



per **Viren H. Mehta**
Partner
Membership No.048749



For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

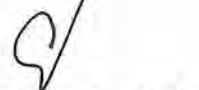


Deepak Calian Vaidya
Chairman
DIN: 00337276

Place: Mumbai
Date: May 22, 2021


Satish Kottakota
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2021



Padmaja Gangireddy
Managing Director
DIN: 00004842

Place: Hyderabad
Date: May 22, 2021



Ramesh Periasamy
Company Secretary
Mem. No: A26247

Place: Erode
Date: May 22, 2021

Place: Mumbai
Date: May 22, 2021

Spandana Sphoorty Financial Limited
Consolidated statement of Profit and Loss for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | Notes | For year ended March 31, 2021 | For year ended March 31, 2020 |
|---|-------|----------------------------------|----------------------------------|
| Revenue from operations | | | |
| Interest income | 21 | 13,627.10 | 11,691.94 |
| Commission and Incentive Income | | 97.00 | 370.56 |
| Net gain on fair value changes | 22 | 760.51 | 2,185.23 |
| Others | 23 | 341.65 | 105.25 |
| Total revenue from operations | | 14,826.26 | 14,352.98 |
| Other income | 24 | 229.88 | 342.08 |
| Total income | | 15,056.14 | 14,695.06 |
| Expenses | | | |
| Finance cost | 25 | 4,231.70 | 3,563.35 |
| Net loss on fair value changes | 26 | 27.44 | - |
| Impairment on financial instruments and other provisions | 27 | 6,451.40 | 2,735.72 |
| Employee benefit expense | 28 | 1,715.36 | 1,707.47 |
| Depreciation and amortization expense | 12 | 76.23 | 88.33 |
| Other expenses | 29 | 549.56 | 415.65 |
| Total expenses | | 13,051.69 | 8,510.52 |
| Profit before tax | | 2,004.45 | 6,184.54 |
| Tax expense: | 30 | | |
| Current tax | | 1,425.98 | 705.16 |
| Deferred tax | | (876.13) | 1,961.09 |
| Income tax expense | | 549.85 | 2,666.25 |
| Profit for the year | | 1,454.60 | 3,518.29 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement gains/(losses) on defined benefit plans | | 20.31 | (17.52) |
| Income tax effect | | (5.11) | 4.41 |
| Items that will be reclassified subsequently to profit or loss | | | |
| Fair Value gain/(loss) on loan portfolio | | (420.38) | 12.11 |
| Income tax effect | | 105.80 | (3.05) |
| Total comprehensive income for the year | | 1,155.21 | 3,514.24 |
| Profit for the year attributable to: | | | |
| Owners of the company | | 1,450.43 | 3,514.59 |
| Non-controlling interests | | 4.17 | 3.70 |
| Total comprehensive income for the year attributable to: | | 1,454.60 | 3,518.29 |
| Owners of the company | | 1,151.05 | 3,510.54 |
| Non-controlling interests | | 4.17 | 3.70 |
| Earnings per share (equity share, par value of Rs.10 each) | | | |
| Computed on the basis of total profit for the year | | | |
| Basic | 31 | 22.55 | 56.21 |
| Diluted | 31 | 22.47 | 55.74 |
| Nominal Value (in Rs.) | | 10.00 | 10.00 |

Summary of significant accounting policies

3

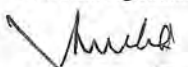
The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

for **S. R. Battiboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number : 301003E/E300005



per **Viren H. Mehta**

Partner

Membership No.048749



For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited



Deepak Calian Vaidya

Chairman

DIN: 00337276

Place: Mumbai

Date: May 22, 2021



Satish Kottakota

Chief Financial Officer

Place: Hyderabad

Date: May 22, 2021

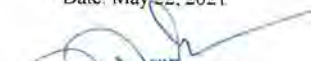
Padmaja Gangireddy

Managing Director

DIN: 00004842

Place: Hyderabad

Date: May 22, 2021



Ramesh Periasamy

Company Secretary

Mem. No. A26247

Place: Erode

Date: May 22, 2021



Place: Mumbai

Date: May 22, 2021

(Rupees in millions unless otherwise stated)

| Particulars | For year ended March 31, 2021 | For year ended March 31, 2020 |
|--|----------------------------------|----------------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 2,004.45 | 6,184.54 |
| Adjustments for: | | |
| Interest on income tax | 165.80 | 0.88 |
| Depreciation and amortization | 76.23 | 88.33 |
| Share based payment to employees | 87.85 | 41.64 |
| Provision for gratuity | 8.56 | 10.41 |
| Finance cost on lease liability | 14.88 | 14.37 |
| Impairment on financial instruments and other provisions | 6,451.40 | 2,735.72 |
| Net gain on fair value changes | (86.46) | (45.96) |
| Net loss on financial assets and liabilities designated at fair value through profit or loss | 27.44 | - |
| Other provisions and write offs | 26.19 | 29.24 |
| Operating profit before working capital changes | 8,776.34 | 9,059.17 |
| Movements in working capital : | | |
| Increase / (decrease) in other financial liabilities | 385.41 | 1,713.86 |
| Increase / (decrease) in other non financial liabilities | 112.80 | 76.60 |
| Increase / (decrease) in provisions | 0.25 | (3.53) |
| (Increase) / decrease in bank balances other than cash and cash equivalents | (483.22) | 56.81 |
| (Increase) / decrease in trade receivables | 103.07 | (188.19) |
| (Increase) / decrease in other financial assets | 878.94 | (1,481.63) |
| (Increase) / decrease in loans | (26,439.33) | (9,418.09) |
| (Increase) / decrease in other non financial assets | (34.10) | 17.28 |
| Cash used in operations | (16,699.86) | (167.73) |
| Income taxes paid | (840.69) | (184.00) |
| Net cash used in operating activities (A) | (17,540.55) | (351.73) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (154.56) | (45.63) |
| Purchase of intangible assets | (0.10) | (0.02) |
| Proceeds from derecognition of property, plant and equipment | 38.24 | - |
| Purchase of investments | (42,843.36) | (72,432.21) |
| Proceeds from sale of investments | 47,779.53 | 67,604.54 |
| Net cash generated/ (used) in investing activities (B) | 4,819.75 | (4,873.31) |
| Cash flows from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | - | 3,925.59 |
| Debt securities (net) | 12,542.98 | (5,943.36) |
| Principal payment of lease liability | 9.69 | (29.80) |
| Interest payment of lease liability | 14.88 | 14.37 |
| Borrowings (other than debt securities) (net) | 10,910.35 | 6,518.52 |
| Subordinated liabilities (net) | (1.45) | 0.34 |
| Share issue expenses | - | (150.46) |
| Net cash generated from financing activities (C) | 23,476.43 | 4,335.22 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | 10,755.64 | (889.82) |
| Add: Cash and cash equivalents at the beginning of the year | 596.31 | 1,486.12 |
| Cash and cash equivalents at the end of the year (refer note 4) | 11,351.95 | 596.31 |
| Components of cash and cash equivalents as at the end of year | | |
| Cash on hand | 22.93 | 2.82 |
| Balance with banks - on current account | 8,808.03 | 593.49 |
| Deposits with original maturity of less than or equal to 3 months | 2,520.99 | - |
| Total cash and cash equivalents | 11,351.95 | 596.31 |

For disclosure of investing and financing transactions that do not require the use of cash and cash equivalents, refer note 44.

| Cash flow from operating activities | For year ended March 31, 2021 | For year ended March 31, 2020 |
|-------------------------------------|----------------------------------|----------------------------------|
| Interest received | 12,935.82 | 12,594.14 |
| Interest paid | 3,636.95 | 3,343.47 |

Summary of significant accounting policies

The accompanying notes are an integral part of the consolidated financial statements.

Note No. 3

As per our report of even date
for S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

per Viren H. Mehta
Partner
Membership No.048749



Place: Mumbai
Date: May 22, 2021

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Deepak Gajani Vaidya
Chairman
DIN: 00337276

Padmaja Gangireddy
Managing Director
DIN: 00004842

Place: Mumbai
Date: May 22, 2021

Place: Hyderabad
Date: May 22, 2021

Satish Kottakota
Chief Financial Officer

Ramesh Periasamy
Company Secretary
Mem. No: A26247

Place: Hyderabad
Date: May 22, 2021

Place: Erode
Date: May 22, 2021



Spandana Sphoorty Financial Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2021

A. Equity Shares
Equity Share of Rs. 10 each issued, subscribed and fully paid

| Particulars | No. of Shares | Amount |
|--|---------------|--------|
| As at April 1, 2019 | 59,633,683 | 596.34 |
| Issue of equity share capital during the year ended March 31, 2020 (refer note 19) | 4,681,800 | 46.82 |
| As at March 31, 2020 | 64,315,483 | 643.15 |
| Issue of equity share capital during the year ended March 31, 2021 | - | - |
| As at March 31, 2021 | 64,315,483 | 643.15 |

B. Other Equity

| Particulars | Notes | Securities Premium | Retained Earnings | General Reserve | Statutory Reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934) | Capital Redemption Reserve | Share options outstanding reserve | Total | Total Equity | Other items of comprehensive income (fair valuation on loans) | Other Equity | Non - Controlling interests | Grand Total |
|--|-------|--------------------|-------------------|-----------------|---|----------------------------|-----------------------------------|-----------|--------------|---|--------------|-----------------------------|-------------|
| Balance as at April 01, 2019 | 20 | 15,414.96 | (1,722.67) | 23.28 | 2,566.17 | 1,526.93 | 41.25 | 17,849.92 | 17,849.92 | 448.11 | 18,298.03 | 9.22 | 18,307.25 |
| Profit for the year ended March 31, 2020 | | - | 3,514.59 | - | - | - | - | 3,514.59 | 3,514.59 | - | 3,514.59 | 3.70 | 3,518.29 |
| Impairment allowance on other provisions reclassified to profit and loss | | - | - | - | - | - | - | - | - | (2,584.47) | (2,584.47) | - | (2,584.47) |
| Fair value change during the year | | - | - | - | - | - | - | - | - | 2,593.53 | 2,593.53 | - | 2,593.53 |
| Re-measurement gain or loss on actuarial valuation | | - | (13.11) | - | - | - | - | (13.11) | (13.11) | - | (13.11) | - | (13.11) |
| Total comprehensive income for the year | | - | 3,501.48 | - | - | - | - | 3,501.48 | 3,501.48 | 9.06 | 3,510.54 | 3.70 | 3,514.24 |
| Transfer to Statutory Reserve | 20 | - | (673.38) | - | 673.38 | - | - | - | - | - | - | - | - |
| Premium on issue of equity shares | 20 | 3,897.49 | - | - | - | - | - | 3,897.49 | 3,897.49 | - | 3,897.49 | - | 3,897.49 |
| Share Issue Expenses | 20 | (150.46) | - | - | - | - | - | (150.46) | (150.46) | - | (150.46) | - | (150.46) |
| Tax on Share Issue Expense | 20 | 37.87 | - | - | - | - | - | 37.87 | 37.87 | - | 37.87 | - | 37.87 |
| Add: Share based payment to employees | 20 | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Transfer on allotment of shares to employees pursuant to ESOP scheme | 20 | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2020 | 20 | 19,199.86 | 1,105.43 | 23.28 | 3,239.55 | 1,526.93 | 64.17 | 25,159.22 | 25,159.22 | 457.17 | 25,616.39 | 12.92 | 25,629.31 |
| Profit for the year ended March 31, 2021 | | - | 1,450.43 | - | - | - | - | 1,450.43 | 1,450.43 | - | 1,450.43 | 4.17 | 1,454.60 |
| Impairment allowance on other provisions reclassified to profit and loss | | - | - | - | - | - | - | - | - | 6,451.40 | 6,451.40 | - | 6,451.40 |
| Fair value change during the year | | - | - | - | - | - | - | - | - | (6,765.98) | (6,765.98) | - | (6,765.98) |
| Re-measurement gain or loss on actuarial valuation | | - | 15.20 | - | - | - | - | 15.20 | 15.20 | - | 15.20 | - | 15.20 |
| Total comprehensive income for the year | | - | 1,465.63 | - | - | - | - | 1,465.63 | 1,465.63 | (314.58) | 1,151.05 | 4.17 | 1,155.22 |
| Transfer to Statutory Reserve | 20 | - | (257.96) | - | 257.96 | - | - | - | - | - | - | - | - |
| Share Issue Expenses | 20 | 0.05 | - | - | - | - | - | 0.05 | 0.05 | - | 0.05 | - | 0.05 |
| Add: Share based payment to employees | 20 | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustment to carrying amount of NCI due to change in interest | 20 | - | (3.09) | - | - | - | - | (3.09) | (3.09) | - | (3.09) | 3.09 | - |
| Other adjustment | 20 | - | (4.14) | - | - | - | - | (4.14) | (4.14) | - | (4.14) | - | (4.14) |
| Balance as at March 31, 2021 | 20 | 19,199.91 | 2,305.87 | 23.28 | 3,497.51 | 1,526.93 | 151.55 | 26,705.05 | 26,705.05 | 142.59 | 26,847.64 | 20.18 | 26,867.82 |

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date
for S. R. Batlibor & Co. LLP
Chartered Accountants
ICAI Firm registration number 301003E/ET00005

per Viren H. Mehra
Partner
Membership No 048749

Place: Mumbai
Date: May 22, 2021

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Deepak Colim Vaidya
Chairman
DIN: 00337276
Place: Mumbai
Date: May 22, 2021

Satish Kotakota
Chief Financial Officer

Rajesh Periasamy
Company Secretary
Mem. No. A26247
Place: Erode
Date: May 22, 2021



1. Corporate information

Spandana Sphoorty Financial Limited ('SSFL' or the Company' or 'Holding Company' or 'Parent Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on March 10, 2003. The Company was registered as a non-deposit accepting non-banking financial company ('NBFC-ND') with the Reserve Bank of India ('RBI') and got classified as non-banking financial company – micro finance institution (NBFC – MFI) effective April 13, 2015.

The shares of the Holding Company were listed on the stock exchanges in India in August 2019 pursuant to the Initial Public Offer of equity shares. The registered office of the Holding Company is located at , Plot no 31 & 32, Ramky Selenium Towers, Ground floor, Nanakramguda, Gachibowli, Telangana, India.

The Holding Company together with its subsidiaries listed below hereinafter collectively referred to as the 'the Group'.

The Company is primarily engaged in the business of lending, providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

Caspian Financial Services Limited or ('CFSL') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on October 13, 2017. The main objective of CFSL is yet to commence commercial operations.

Criss Financial Holdings Limited (formerly Keertana Financial Limited) ('CFL') is a public company limited by shares domiciled in India and incorporated under the provision of the Companies Act, 1956 ('the Act') on August 20, 1992. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI'). The Company is engaged in the business of finance by providing Individual Loans, Small Business Loans, Mortgage Loans and Group Loans. On December 27, 2018, the Company acquired 95.97% of the equity shares (2,837,135 shares) of CFL, further on December 28, 2018 and March 31, 2021, the Company subscribed to issue of fresh equity shares of 1,890,217 and 2,824,858 respectively there by holding 98.45% of the total share holding.

CFSL and CFL have been collectively referred to as "the Subsidiaries".

2. Basis of preparation**a) Statement of compliance in preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013. The consolidated financial statements have been prepared on a going concern basis.

These consolidated financial statements have been prepared on historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, and other financial assets held for trading all of which have been measured at fair value. Further, the carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The consolidated financial statements are presented in Indian Rupees (INR). The statement of cash flow have been prepared under indirect method.

The functional currency of the Company is the Indian rupee. These consolidated financial statements are presented in Indian rupees (rounded off to millions).



b) Presentation of Financial Statements

The Group presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- a. The normal course of business
- b. The event of default
- c. The event of insolvency or bankruptcy of the Group and/or its counterparties

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements are prepared using the uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, to the extent possible unless otherwise stated.

The standalone financial statements of the Company and the Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

Principles of Consolidation

i) The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

The Parent Company holds 100% shareholding in Caspian Financial Services Limited and 98.45% of the Shareholding in Criss Financial Holdings Limited and there are no contractual arrangements which rebut the control of the Parent Company over its subsidiaries.

The financial statements of subsidiaries acquired during the year are included in the consolidated statement of profit and loss from the effective date of acquisition. Intragroup balances and transactions and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

ii) The Consolidated financial statements include results of the subsidiaries of Spandana Sphoorty Financial Limited. (Holding Company), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

| Name of the Company | Country of Incorporation | Proportion of ownership as at | | Consolidated as |
|------------------------------------|--------------------------|-------------------------------|----------------|-----------------|
| | | March 31, 2021 | March 31, 2020 | |
| Criss Financial Holdings Limited* | India | 98.45% | 97.54% | Subsidiary |
| Caspian Financial Services Limited | India | 100.00% | 100.00% | Subsidiary |

SPANDANA SPHOORTY FINANCIAL LIMITED

Notes to Consolidated Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

* On December 27, 2018 the Company acquired 95.97% of the equity shares (2,837,135 shares) of CFL, further on December 28, 2018 and March 31, 2021, the Company subscribed to issue of fresh equity shares of 1,890,217 and 2,824,858 respectively there by holding 98.45% of the total share holding

For the preparation of Consolidated Financial Statements for FY 2020-21 the group has consolidated financials of the holding company and its subsidiaries - Caspian Financial Services Limited and Criss Financial Holdings Limited (from December 27, 2018, the date of acquisition).

Figures for preparation of consolidated financial statements have been derived from the audited financial statements of the respective companies in the Group.

Disclosure in terms of Schedule III of the Companies Act, 2013

| Name of the entities in the Group | Net Assets (i.e. Total Assets minus Total Liabilities) | | Share in Profit or (Loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|--|------------------|-------------------------------------|-----------------|---|---------------|---|-----------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| <u>Holding Company</u> Spandana Sphoorty Financial Limited | 97.36% | 18,863.75 | 98.99% | 3,087.48 | 99.98% | 446.11 | 99.11% | 3,533.59 |
| <u>Subsidiaries</u> | | | | | | | | |
| Criss Financial Holdings Limited | 2.53% | 490.64 | 0.98% | 30.45 | 0.02% | 0.10 | 0.86% | 30.54 |
| Caspian Financial Services Limited | 0.11% | 20.84 | 0.03% | 1.07 | 0.00% | 0.00 | 0.03% | 1.07 |
| Total | 100.00% | 19,375.23 | 100% | 3,119.00 | 100.00% | 446.21 | 100.00% | 3,565.20 |
| a) Adjustments arising out of consolidation | | (471.65) | | 0.00 | | 0.00 | | 0.00 |
| b) Non-controlling interests in Criss Financial Holdings Limited | | (9.22) | | (0.76) | | 0.00 | | (0.76) |
| Total | | (480.87) | | (0.76) | | 0.00 | | (0.76) |
| Total | | 18,894.36 | | 3,118.24 | | 446.21 | | 3,564.44 |



Handwritten signatures and initials in blue ink, including a large signature and the word 'APPROVED'.

d) Assessment of going concern assumption

The Group has assessed the impact of the COVID-19 pandemic on its liquidity and ability to fulfill its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. The loan collections for the second half year have reached the pre-COVID levels. Further, the Group has considered its current liquidity position, expected inflows from various sources of borrowings and stimulus packages announced by the Government of India, which will directly or indirectly benefit NBFC-MFIs and various other financial support from other banks and financial institutions in determining the Group's liquidity position over the next 12 months from the end of reporting period. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Group will be able to fulfill its obligations as and when these become due in the foreseeable future.

3. Significant accounting policies**a) Use of estimates, judgments and assumptions**

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

ii) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Impairment of loan portfolio

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Group makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

iv) Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The



measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

v) Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

b) Recognition of income and expense

The Group earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Interest income and expense

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Dividend income

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iii) Other income and expense

All Other income and expense are recognized in the period they occur.

c) Property, plant and equipment(PPE) and intangible asset

PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible Asset

Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.



Handwritten signatures and initials in blue ink, including a large 'Q' and a signature that appears to be 'Pul'.

d) Depreciation and amortization**Depreciation**

- i. Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.
- ii. Property, plant and equipment costing up to Rs.5,000 individually are fully depreciated in the year of purchase.

The Group has used the following useful lives to provide depreciation on its Property, plant and equipment:

| Asset Category | Useful Life (in years) |
|------------------------|------------------------|
| Furniture & Fixtures | 10 |
| Computers & Printers | 3 |
| Office Equipment | 5 |
| Leasehold Improvements | 3 |
| Vehicles | 8 |
| Land & Buildings | 60 |

Amortization

Intangible assets are amortized at a rate of 40% per annum on a "Written Down Value" method, from the date that they are available for use.

e) Business combination and Goodwill:

Goodwill is initially recognized at cost and is subsequently measured at cost plus any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that unit's value may be impaired. If the recoverable amount of the cash generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to carrying value of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent period. On disposal of the subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

f) Impairment**i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.**

In accordance with Ind AS 109, the Group is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Group is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Group is required to recognize credit losses over next 12 month period. The Group has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio.

The Group has a process to assess credit risk of all exposures at each year end as follows:

Stage I



These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Group has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Group measures ECL on such assets over next 12 months.

Stage II

Financial instruments that have had a significant increase in credit risk ("SICR") since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Group classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Group measures lifetime ECL on stage II loans.

Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Group measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

In addition to the abovementioned classification, if any indicators of increased credit risk are identified by the Group based on a qualitative assessment of borrowers' profile or any modifications in contractual terms, such loans are classified in higher stages (SICR or default category), irrespective of the overdue status as at reporting date.

Methodology for calculating ECL

The Group determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Group does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) - It represents an estimate of the exposure of the Group at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) - It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

ii) Non financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying



Handwritten signatures and initials in blue ink, including a large 'A' and 'S'.

amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Revenue from contracts with customers

The Group recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(a) Commission and incentive income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognized on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

(b) Revenue from advertisement activity is recognised upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers.

h) Net Gain/loss on fair value changes

The Group designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Group recognizes gains on fair value changes of financial assets measured at FVTPL, and realized gains on derecognition of financial assets measured at FVTPL and FVOCI on net basis. Further, the Group also recognizes the fair value on investment in mutual funds in the statement of profit and loss in accordance with Ind AS 109

i) Leases

- i. Short term leases not covered under Ind AS 116 are classified as operating lease. Lease payments during the year are charged to statement of profit and loss. Further minimum rentals payable under non - cancellable operating leases.
- ii. Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
- iii. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
- iv. The Group has adopted Ind AS 116 - Leases with effect from April 1, 2019 and applied to all lease contracts existing on April 1, 2019 using the Modified Retrospective Approach. In accordance with the transitional provisions, the Group has not restated the comparative figures. The adoption of new standard resulted in recognition of right-of-use asset and a corresponding lease liability of Rs.114.27 million on April 1, 2019. The effect of this adoption is not material to the profit for the period and earnings per share.



[Handwritten signature and initials]

j) Foreign currency transactions**• Functional and presentation currency**

The consolidated financial statements are presented in Indian Rupees (INR), which are the functional currency of the Group and the currency of the primary economic environment in which the Group operates.

• Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

k) Retirement and Employee benefits

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Group operates following employee benefit plans:

i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.



iii) Leaves

The service rules of the Group do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

iv) Employee Stock Option Plan

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

l) Income taxes*Current Taxes*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Group also recognizes the tax consequences of



payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Group's intention to settle on a net basis.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

m) Earnings per share (EPS)

The Group reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the diluted earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

n) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

o) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not have any contingent assets in the financial statements.

p) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.



Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, where the Group's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Group's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.



Handwritten signatures and initials in blue ink, including a large 'D' and several other marks.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Group revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL.

Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

In respect of financial assets (loans) de-recognised by way of direct assignment, where the Group continues to act as a servicing agent on behalf of the assignee, any contracts pre-closed by the Group at borrowers' request against issuance of fresh loans does not result in retention of incremental risk on the loans assigned. Accordingly, such pre-closures are not considered to impact the de-recognition of other off-balance sheet transactions as at reporting date.

A financial liability is derecognized from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

q) Derivative financial instrument

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

r) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.



The Group's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Group is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- *Level 1 financial instruments* - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- *Level 2 financial instruments* - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- *Level 3 financial instruments* - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

s) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

t) Share issue expenses

Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity.



(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| 4: Cash and cash equivalents | | |
| Cash on hand | 22.93 | 2.82 |
| Balances with banks | | |
| On current accounts | 8,808.03 | 593.49 |
| Deposit with original maturity of less than three months | 2,520.99 | - |
| | 11,351.95 | 596.31 |

Balances with banks earns interest with floating rates based on daily bank deposit rates. Short term Deposits are made for varying periods of between 1 day and 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

5: Bank balances other than cash and cash equivalents

| | | |
|--|-----------------|-----------------|
| Deposit with remaining maturity of less than 12 months | - | 24.99 |
| Deposit with remaining maturity of more than 12 months | 133.82 | - |
| Margin money deposits (refer note below) | 2,324.45 | 1,950.06 |
| | 2,458.27 | 1,975.05 |

Note: Represent margin money deposits placed to avail term loans from banks and placed as cash collateral in connection with securitization transactions. Fixed Deposits with banks earns interest with fixed/floating rates based on daily bank deposit rates.

6: Trade receivables

Outstanding for a period less than six months from the date they are due for payment

| | | |
|----------------------------|---------------|---------------|
| Unsecured, considered good | 120.61 | 223.68 |
| | 120.61 | 223.68 |

Provision for impairment :

| | | |
|----------------------------|---------------|---------------|
| Unsecured, considered good | - | - |
| | 120.61 | 223.68 |

Trade receivables include Rs. 87.91 Million (Previous year Rs. 108.62 Million) receivable from entities in which Directors or Key Managerial Persons are interested.

Trade receivables are generally non interest bearing and are on terms of 30 to 60 days.



| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| 7 : Loans | | |
| Loans (at fair value through OCI) | 69,352.43 | 48,497.07 |
| Loans (at amortised cost) | 3,932.39 | 1,685.85 |
| Inter Corporate Advances to related parties (Unsecured, non-Public Sector in India) repayable on demand (at amortised cost)* | 187.32 | 1,243.10 |
| *Please refer note 33 for further details | | |
| Total - Gross | 73,472.14 | 51,426.02 |
| Less: Impairment and other provisions | (4,141.72) | (1,658.97) |
| Total - Net | 69,330.42 | 49,767.05 |
| (a) Secured by tangible assets (Gold, Property including land and building) | 1,138.66 | 923.09 |
| (b) Unsecured | 72,333.48 | 50,502.93 |
| Total - Gross | 73,472.14 | 51,426.02 |
| Less: Impairment and other provisions | (4,141.72) | (1,658.97) |
| Total - Net | 69,330.42 | 49,767.05 |
| (a) Public sector | - | - |
| (b) Others | 73,472.14 | 51,426.02 |
| Total - Gross | 73,472.14 | 51,426.02 |
| Less: Impairment and other provisions | (4,141.72) | (1,658.97) |
| Total - Net | 69,330.42 | 49,767.05 |
| (a) Within India | 73,472.14 | 51,426.02 |
| (b) Outside India | - | - |
| Total - Gross | 73,472.14 | 51,426.02 |
| Less: Impairment and other provisions | (4,141.72) | (1,658.97) |
| Total - Net | 69,330.42 | 49,767.05 |

7.1 Overview of the Loans of the group

The Group is primarily in the business of providing micro loans with its operations spread out in different parts of India.

On October 15, 2010, the then Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" which was subsequently enacted as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011" ('AP MFI Act'). The AP MFI Act, inter alia, imposed several restrictions on the operations of the MFIs operating in the then state of Andhra Pradesh, including a change in repayment frequency for loan repayments from a 'weekly' to a 'monthly' basis.

As a result recoveries from the loans in the states of Andhra Pradesh and Telangana were adversely affected resulting in significant defaults. Such loans are hereinafter referred as the 'old AP portfolio'. Accordingly, all such loans have been categorized under Stage III on March 31, 2020 considering significant uncertainty with respect to their recoveries. All other exposures have been referred as 'new portfolio'. However the same loans as been entirely written-off during previous year. All other exposures have been referred as 'new portfolio'.

7.2 The table below discloses credit quality of the Group's exposures as at reporting date:

7.2.1 Portfolio classification

As at March 31, 2021

| Particulars | Stage I | Stage II | Stage III | Total |
|-----------------------|------------------|-----------------|-----------------|------------------|
| Gross carrying amount | 62,686.44 | 6,503.01 | 4,095.37 | 73,284.82 |
| Total | 62,686.44 | 6,503.01 | 4,095.37 | 73,284.82 |

As at March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|-----------------------|------------------|---------------|---------------|------------------|
| Gross carrying amount | 49,891.93 | 111.14 | 179.84 | 50,182.91 |
| Total | 49,891.93 | 111.14 | 179.84 | 50,182.91 |



7.2.2 Gross Portfolio Movement
For the year ended March 31, 2021

| Particulars | Stage I | Stage II | Stage III | Total |
|---|------------|----------|------------|------------|
| Gross carrying amount as at April 1, 2020 | | | | |
| - New Portfolio | 49,891.93 | 111.14 | 179.84 | 50,182.91 |
| Total (A) | 49,891.93 | 111.14 | 179.84 | 50,182.91 |
| Inter-stage movements | | | | |
| Stage I | 18.44 | (16.18) | (2.26) | - |
| Stage II | (2,985.41) | 2,986.58 | (1.17) | 0.00 |
| Stage III | (2,541.23) | (19.12) | 2,560.35 | - |
| Total (B) | (5,508.20) | 2,951.28 | 2,556.92 | 0.00 |
| Write offs** | | | | |
| - New Portfolio | 0.29 | 0.03 | (3,561.10) | (3,560.78) |
| Total (C) | 0.29 | 0.03 | (3,561.10) | (3,560.78) |
| New assets originated, repaid and derecognised during | | | | |
| - New Portfolio | 18,021.89 | 3,440.57 | 4,919.71 | 26,382.17 |
| Total (D) | 18,021.89 | 3,440.57 | 4,919.71 | 26,382.17 |
| Fair Value on loans | 280.53 | - | - | 280.53 |
| Total (E) | 280.53 | - | - | 280.53 |
| Gross carrying amount as at March 31, 2021 | | | | |
| - New Portfolio | 62,686.44 | 6,503.01 | 4,095.37 | 73,284.82 |
| Total (A+B+C+D+E) | 62,686.44 | 6,503.01 | 4,095.37 | 73,284.82 |

** The contractual amount of loans written-off during the year are not subject to enforcement activity / legal proceedings.

* New assets originated, repaid and derecognised includes portfolio of Subsidiary (Criss Financial Holdings Limited).

For the year ended March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|---|-----------|----------|------------|------------|
| Gross carrying amount as at April 1, 2019 | | | | |
| - New Portfolio | 42,775.64 | 150.21 | 43.11 | 42,968.96 |
| - Old AP Portfolio | - | - | 3,584.70 | 3,584.70 |
| Total (A) | 42,775.64 | 150.21 | 3,627.81 | 46,553.66 |
| Inter-stage movements | | | | |
| - New Portfolio | | | | |
| Stage I | 0.99 | (0.97) | (0.02) | (0.00) |
| Stage II | (218.44) | 218.48 | (0.04) | 0.00 |
| Stage III | (616.07) | (0.21) | 616.28 | - |
| - Old AP Portfolio | - | - | - | - |
| Total (B) | (833.52) | 217.30 | 616.22 | 0.00 |
| Write offs** | | | | |
| - New Portfolio | (106.14) | (74.48) | (1,070.87) | (1,251.49) |
| - Old AP Portfolio | - | - | (3,576.05) | (3,576.05) |
| Total (C) | (106.14) | (74.48) | (4,646.91) | (4,827.54) |
| New assets originated, repaid and derecognised during | | | | |
| - New Portfolio | 7,355.04 | (181.88) | 591.38 | 7,764.54 |
| - Old AP Portfolio | - | - | (8.65) | (8.65) |
| Total (D) | 7,355.04 | (181.88) | 582.72 | 7,755.89 |
| Fair Value on loan portfolio (E) | 700.91 | - | - | 700.91 |
| Gross carrying amount as at March 31, 2019 | | | | |
| - New Portfolio | 49,891.93 | 111.15 | 179.84 | 50,182.92 |
| - Old AP Portfolio | - | - | - | - |
| Total (A+B+C+D+E) | 49,891.93 | 111.15 | 179.84 | 50,182.92 |

** The contractual amount of loans written-off during the year are not subject to enforcement activity / legal proceedings.

* New assets originated, repaid and derecognised includes portfolio of Subsidiary (Criss Financial Holdings Limited) on the day of acquisition of control by the Parent Company.



7.2.3 Movement of impairment allowance (ECL) and other provisions

For the year ended March 31, 2021

| Particulars | Stage I | Stage II | Stage III | Total |
|--|------------|----------|------------|------------|
| Opening Balance | 747.84 | 64.27 | 145.24 | 957.35 |
| Provision made/ (reversed) during the year | 1,376.84 | 420.21 | 4,246.16 | 6,043.21 |
| Inter-stage movements | - | - | - | - |
| Stage I | (33.44) | 11.72 | 21.72 | - |
| Stage II | (442.72) | 441.96 | 0.76 | 0.00 |
| Stage III | (1,127.88) | 46.55 | 1,081.33 | - |
| Write off | 20.73 | (10.98) | (3,593.63) | (3,583.88) |
| Other provisions | - | - | - | 725.04 |
| Closing Balance | 541.37 | 973.73 | 1,901.58 | 4,141.72 |

For the year ended March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|--|----------|----------|------------|------------|
| Opening Balance | 168.77 | 84.94 | 3,622.37 | 3,876.08 |
| Provision made/ (reversed) during the year | 685.20 | 53.83 | 1,169.78 | 1,908.81 |
| Inter-stage movements | - | - | - | - |
| Stage I | (72.40) | 69.04 | 3.36 | - |
| Stage II | (29.67) | 29.50 | 0.17 | - |
| Stage III | (112.27) | 11.58 | 100.69 | - |
| Write off | (106.14) | (74.48) | (4,646.91) | (4,827.54) |
| Other provisions | - | - | - | 701.62 |
| Closing Balance | 747.82 | 64.29 | 145.24 | 1,658.97 |

7.3 During the year, the Group has pre-closed loan accounts and provided fresh (top-up) loans to certain borrowers for restarting their businesses after a temporary suspension of economic activities due to COVID-19 pandemic. In determining whether this resulted in a significant increase in credit risk or impairment of these loans and potential future loss estimate, the Group takes into consideration the borrowers' vintage, past repayment behaviour and viability of their businesses, as a separate cohort.

Based on such assessment at March 31, 2021 in accordance with Ind AS 109 principles, including those relating to modified loans, and in terms of the ECL policy approved by the Board of Directors ("ECL Policy"), the Group has classified loans amounting to Rs.3,680 million as Stage 2 and Rs.1,079 million as Stage 3, although there were nil overdue as per the latest repayment schedule for these loans at March 31, 2021. While the staging movement has been carried out taking cognizance of the overdue in previous loan, the Group has applied relatively lower probability of default (PD) and loss given default (LGD) factors as per its ECL Policy considering the borrowers' repayment behaviour in earlier loan cycles. Accordingly, the Group has recognised a total impairment allowance of Rs.848 million on such loans.

Further, as the loans are provided to borrowers having running businesses with steady cash flows and not as a concession to overcome financial difficulties faced by borrowers other than the temporary suspension due to lockdown, these cases are not considered as restructured accounts in terms of extant RBI Master Directions.

7.4 The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, various state governments and local statutory authorities imposed restrictions on economic activities in different parts of the country which continued to impact Group's operations including lending and collection activities. Further, pursuant to the Reserve Bank of India ("RBI") COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group had offered a moratorium to its borrowers until May 31, 2020 which was further extended up to August 31, 2020 based on borrowers' requests.

In assessing the impairment allowance for loan portfolio, the Group has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave, and has noted that the existing provisioning levels are adequate to cover any further delinquencies. Given the unique nature and scale of this pandemic, its full extent of impact on the Group's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Group's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated.



[Handwritten signature and initials]

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| 8: Other financial assets (at amortised cost) | | |
| A. Security deposits | | |
| Unsecured, considered good | 30.19 | 53.84 |
| (A) | 30.19 | 53.84 |
| B. Other assets | | |
| Amount receivable from banks and non banking financial companies | 0.07 | 0.04 |
| Term deposits placed with non banking financial companies# | 18.02 | 59.27 |
| Retained interest on asset assigned | 620.66 | 1,426.47 |
| Other assets (unsecured, considered good) | 87.78 | 122.24 |
| (B) | 726.53 | 1,608.01 |
| Total (A+B) | 756.72 | 1,661.86 |
| # Represent margin money deposits placed to avail term loans from non banking financial companies. | | |
| 9: Investments | | |
| At Fair value through Profit and Loss | | |
| Investments in Liquid / Debt Mutual Funds | 22.25 | 4,873.62 |
| Others (At Fair value through Profit and Loss) | | |
| 100,000 (March 31, 2020: 100,000) equity shares of Rs.10 each fully paid up in Alpha Micro Finance Consultants Private Limited | 1.00 | 1.00 |
| | 23.25 | 4,874.62 |
| Less: Impairment allowance | - | - |
| Total | 23.25 | 4,874.62 |
| Above amount includes | | |
| Investment in India | 23.25 | 4,874.62 |
| Investment Outside India | - | - |
| Total | 23.25 | 4,874.62 |
| 10: Current Tax Assets (net) | | |
| Advance income tax (net of provision) | 153.13 | 153.13 |
| | 153.13 | 153.13 |
| 11: Deferred Tax Assets (net) | | |
| Effects of deferred tax assets/ liabilities : | | |
| Deferred Tax Assets | | |
| Impairment of financial instruments and other provisions | 1,100.46 | 451.62 |
| Provisions allowable on payment basis | 51.15 | 76.59 |
| Differences of written down value of Property, plant and equipment | 39.01 | 37.02 |
| Expenditure incurred for IPO | 24.61 | 30.29 |
| Lease liability | 38.42 | 28.49 |
| Others | 54.01 | 5.18 |
| | 1,307.66 | 629.19 |
| Deferred Tax Liabilities | | |
| Fair value gain on Loans | 70.60 | 176.40 |
| Income from direct assignments (taxable in future) | 156.88 | 359.02 |
| Right of use asset | 32.53 | 22.05 |
| Others | 0.16 | 1.40 |
| | 260.17 | 558.87 |
| Net deferred tax assets/(liabilities) | 1,047.49 | 70.32 |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



Handwritten signature and initials, including a large checkmark, and a blue circular stamp.

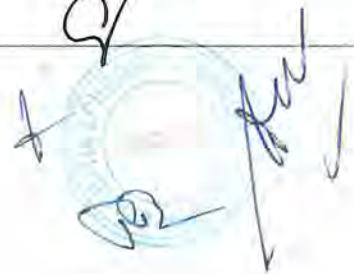
11.1: Deferred Tax Assets (net)

Movement in deferred tax balances for the year ended March 31, 2021

| Particulars | Net Balance April 1, 2020 | (Charge)/Credit in Profit and Loss | Recognised in OCI | Recognised in Other Equity | Net Balance March 31, 2021 | Deferred Tax Assets/(Deferred Tax Liabilities) |
|---|------------------------------|---------------------------------------|----------------------|-------------------------------|-------------------------------|--|
| Deferred tax assets/ (liabilities) | | | | | | |
| Impact of difference between accounting and tax base of property, plant and equipment and intangible assets | 37.02 | 1.99 | - | - | 39.01 | 39.01 |
| Remeasurement gain / (loss) on defined benefit plan | 5.18 | (0.23) | (5.11) | - | (0.16) | (0.16) |
| Impairment allowance for loans | 451.62 | 648.84 | - | - | 1,100.46 | 1,100.46 |
| Expenses incurred on Initial Public Offering | 30.29 | (5.68) | - | - | 24.61 | 24.61 |
| Income from direct assignments (taxable in future) | (359.02) | 202.14 | - | - | (156.88) | (156.88) |
| Other items | (94.77) | 241.02 | (105.80) | - | 40.45 | 40.45 |
| Net Deferred tax assets / (liabilities) | 70.32 | 1,088.08 | (110.91) | - | 1,047.49 | 1,047.49 |

Movement in deferred tax balances for the year ended March 31, 2020

| Particulars | Net Balance April 1, 2019 | (Charge)/Credit in Profit and Loss | Recognised in OCI | Recognised in Other Equity | Net Balance March 31, 2020 | Deferred Tax Assets/(Deferred Tax Liabilities) |
|---|------------------------------|---------------------------------------|----------------------|-------------------------------|-------------------------------|--|
| Deferred tax assets/ (liabilities) | | | | | | |
| Impact of difference between accounting and tax base of property, plant and equipment and intangible assets | 46.63 | (9.61) | - | - | 37.02 | 37.02 |
| Remeasurement gain / (loss) on defined benefit plan | 1.07 | (0.30) | 4.41 | - | 5.18 | 5.18 |
| Impairment allowance for loans | 1,401.72 | (950.10) | - | - | 451.62 | 451.62 |
| Expenses incurred on Initial Public Offering | - | - | - | 30.29 | 30.29 | 30.29 |
| MAT Credit Entitlement | 774.35 | (774.35) | - | - | - | - |
| Income from direct assignments (taxable in future) | (73.25) | (285.76) | - | - | (359.01) | (359.02) |
| Other items | (150.73) | 59.04 | (3.05) | - | (94.77) | (94.77) |
| Net Deferred tax assets / (liabilities) | 1,999.79 | (1,961.09) | 1.36 | 30.29 | 70.32 | 70.32 |



12: Property, plant & equipment

| Particulars | Land & Building# | Leasehold improvements | Furniture & Fixtures | Office Equipment | Vehicles | Computers | Right of use asset | Total |
|----------------------------|------------------|------------------------|----------------------|------------------|----------|-----------|--------------------|--------|
| Gross block | | | | | | | | |
| At April 1, 2019 | 2.01 | 95.40 | 71.07 | 29.17 | 5.59 | 160.90 | - | 364.15 |
| Addition* | - | - | 10.88 | 3.64 | 9.59 | 21.52 | 114.27 | 159.91 |
| Disposals | - | - | - | - | - | 0.43 | - | 0.43 |
| At March 31, 2020 | 2.01 | 95.40 | 81.95 | 32.81 | 15.17 | 181.99 | 114.27 | 523.64 |
| Addition | - | - | 11.97 | 6.60 | 19.41 | 14.73 | 101.84 | 154.55 |
| Disposals | - | - | 0.59 | 0.24 | - | 0.51 | 36.90 | 38.24 |
| At March 31 2021 | 2.01 | 95.40 | 93.33 | 39.17 | 34.58 | 196.21 | 179.21 | 639.95 |
| Depreciation | | | | | | | | |
| At April 1, 2019 | 0.15 | 90.97 | 54.63 | 16.67 | 3.24 | 126.73 | - | 292.39 |
| Charge for the year** | 0.09 | 2.81 | 12.09 | 6.83 | 2.96 | 27.92 | 26.69 | 79.39 |
| Disposals | - | - | - | - | - | 0.42 | - | 0.42 |
| At March 31, 2020 | 0.24 | 93.77 | 66.73 | 23.50 | 6.20 | 154.23 | 26.69 | 371.36 |
| Charge for the year** | 0.08 | 1.03 | 12.36 | 5.44 | 6.37 | 22.05 | 23.26 | 70.59 |
| Disposals | - | - | 0.47 | 0.14 | - | 0.38 | - | 0.99 |
| At March 31 2021 | 0.32 | 94.80 | 78.62 | 28.80 | 12.57 | 175.90 | 49.95 | 440.96 |
| Net carrying amount | | | | | | | | |
| At April 1, 2019 | 1.86 | 4.43 | 16.45 | 12.49 | 2.35 | 34.17 | - | 71.74 |
| At March 31, 2020 | 1.77 | 1.62 | 15.23 | 9.31 | 8.99 | 27.76 | 87.58 | 152.28 |
| At March 31 2021 | 1.69 | 0.60 | 14.71 | 10.37 | 22.01 | 20.31 | 129.26 | 198.96 |

Mortgaged as security against non-convertible debentures.

Intangible assets

| Particulars | Computer Software | Total |
|----------------------------|-------------------|--------|
| Gross block | | |
| At April 1, 2019 | 105.31 | 105.31 |
| Addition | 0.02 | 0.02 |
| Disposals | - | - |
| At March 31, 2020 | 105.33 | 105.33 |
| Addition | 0.10 | 0.10 |
| At March 31 2021 | 105.43 | 105.43 |
| Amortization | | |
| At April 1, 2019 | 83.10 | 83.10 |
| Charge for the year | 8.92 | 8.92 |
| Disposals | - | - |
| At March 31, 2020 | 92.02 | 92.02 |
| Charge for the year | 5.64 | 5.64 |
| At March 31 2021 | 97.65 | 97.65 |
| Net carrying amount | | |
| At April 1, 2019 | 22.21 | 22.21 |
| At March 31, 2020 | 13.31 | 13.31 |
| At March 31 2021 | 7.77 | 7.77 |

* Addition includes gross block of Subsidiary (Criss Financial Holdings Limited) on the day of acquisition of control by the Parent Company.

** charge for the year includes depreciation charge on gross block of Subsidiary (Criss Financial Holdings Limited).

13: Other non-financial assets**Unsecured, considered good**

Prepaid expenses
Capital advances
Advance against sum assured
Other advances

Unsecured, considered doubtful

Others
Amounts deposited with courts
Advance against sum assured
Less: Provision for doubtful debts

| As at March 31, | As at March 31, |
|--------------------|--------------------|
| 12.39 | 5.51 |
| 3.85 | 1.65 |
| 97.74 | 71.23 |
| 32.71 | 34.15 |
| - | 1.70 |
| 6.24 | 6.24 |
| 16.68 | 12.90 |
| (23.08) | (20.95) |
| 146.53 | 112.43 |



Handwritten signature and initials in blue ink.

| Original maturity of loan | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Due beyond 3 Years | | Total |
|---|---------------|---------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|---------------------|-----------------------|-----------|
| | | No. of installments | Amount (in Rupees) | No. of installments | Amount (in Rupees) | No. of installments | Amount (in Rupees) | No. of installments | Amount (in Rupees) | |
| | | | | | | | | | | |
| Debt Securities | | | | | | | | | | |
| Monthly | | | | | | | | | | |
| 1-3 years | 8.50%-9.00% | 24 | 2,237.50 | 3 | 97.68 | - | - | - | - | 2,335.18 |
| | 9.01%-9.50% | 18 | 896.47 | - | - | - | - | - | - | 896.47 |
| | 9.51%-10.00% | 25 | 1,873.01 | - | - | - | - | - | - | 1,873.01 |
| | 10.01%-10.50% | 10 | 284.62 | - | - | - | - | - | - | 284.62 |
| Quarterly | | | | | | | | | | |
| 1-3 years | 13.5%-14.00% | 8 | 178.75 | - | - | - | - | - | - | 178.75 |
| Half Yearly | | | | | | | | | | |
| 1-3 years | 13.01%-13.50% | 2 | 410.00 | 2 | 410.00 | - | - | - | - | 820.00 |
| Bullet | | | | | | | | | | |
| 1-3 years | 13.01%-13.50% | 1 | 325.00 | - | - | - | - | - | - | 325.00 |
| 1-3 years | 13.51%-14.00% | 1 | 1,000.00 | - | - | - | - | - | - | 1,000.00 |
| Borrowings (Other than Debt Securities) | | | | | | | | | | |
| Monthly | | | | | | | | | | |
| 1-3 years | 9.50%-10.00% | 76 | 2,349.57 | 79 | 2,410.71 | 5 | 177.08 | - | - | 4,937.37 |
| | 10.01%-10.50% | 21 | 351.19 | 5 | 59.52 | - | - | - | - | 410.71 |
| | 10.51%-11.00% | 70 | 1,503.76 | 10 | 118.73 | - | - | - | - | 1,622.49 |
| | 11.01%-11.50% | 135 | 3,281.40 | 23 | 546.04 | - | - | - | - | 3,827.44 |
| | 11.51%-12.00% | 73 | 2,771.74 | 12 | 562.96 | - | - | - | - | 3,334.70 |
| | 12.01%-12.50% | 44 | 480.05 | 4 | 55.94 | - | - | - | - | 535.99 |
| | 12.51%-13.00% | 32 | 322.45 | 12 | 83.34 | 5 | 34.71 | - | - | 440.50 |
| | 13.01%-13.50% | 30 | 464.97 | 17 | 181.23 | - | - | - | - | 646.20 |
| | 13.51%-14.00% | 19 | 445.33 | 4 | 55.99 | - | - | - | - | 501.32 |
| | | | | | | | | | | |
| Quarterly | | | | | | | | | | |
| 1-3 years | 9.51%-10.00% | 23 | 1,147.50 | 13 | 639.38 | - | - | - | - | 1,786.88 |
| | 10.01%-10.50% | 12 | 955.36 | 7 | 857.14 | - | - | - | - | 1,812.50 |
| | 10.51%-11.50% | 4 | 125.00 | - | - | - | - | - | - | 125.00 |
| | 11.01%-11.50% | 4 | 857.14 | 2 | 428.57 | - | - | - | - | 1,285.71 |
| Above 3 years | 12.01%-12.50% | 2 | 125.00 | - | - | - | - | - | - | 125.00 |
| | 12.51%-13.00% | 1 | 27.27 | - | - | - | - | - | - | 27.27 |
| | 13.01%-13.50% | 4 | 83.33 | - | - | - | - | - | - | 83.33 |
| Bullet | | | | | | | | | | |
| 1-3 years | 9.51%-10.00% | 4 | 500.00 | - | - | - | - | - | - | 500.00 |
| 1-3 years | 10.51%-11.00% | 1 | 125.00 | - | - | - | - | - | - | 125.00 |
| Subordinated Liabilities | | | | | | | | | | |
| Bullet | | | | | | | | | | |
| Above 3 years | 14.51%-15.00% | - | - | - | - | - | - | - | - | - |
| Grand Total | | 644 | 23,121.41 | 193 | 6,507.23 | 10 | 211.79 | 1 | 200.00 | 30,040.44 |
| Impact of EIR | | - | - | - | - | - | - | - | - | - |
| Grand Total | | - | - | - | - | - | - | - | - | - |

**The above schedule does not include Cash Credit of Rs 50.2 millions



30.202.69

| Original maturity of loan | Interest rate | Due within 1 year | | Due between 1 to 2 years | | Due between 2 to 3 years | | Due beyond 3 years | | Total |
|---|---------------|---------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|---------------------|--------------------|-----------|
| | | No. of installments | Amount (in Rupees) | No. of installments | Amount (in Rupees) | No. of installments | Amount (in Rupees) | No. of installments | Amount (in Rupees) | |
| Debt Securities | | | | | | | | | | |
| Monthly | | | | | | | | | | |
| 1-3 years | 8.5%-9.00% | 19 | 1,860.92 | 5 | 467.39 | | | | | 2,328.31 |
| | 9.01%-9.50% | 36 | 3,044.14 | 7 | 484.57 | | | | | 3,528.71 |
| | 9.51%-10.00% | 33 | 1,166.73 | | | | | | | 1,166.73 |
| | 12.50%-13.00% | 12 | 128.00 | 6 | 62.50 | | | | | 187.50 |
| Quarterly | 10.50%-13.00% | 12 | 1,730.00 | 11 | 1,110.00 | 4 | 400.00 | | | 3,240.00 |
| Half Yearly | 12.50%-13.50% | 4 | 743.33 | 2 | 333.33 | 1 | 166.67 | | | 1,243.33 |
| Yearly | 12.50%-13.00% | | - | 1 | 83.33 | 1 | 83.33 | 2 | 283.33 | 450.00 |
| Bullet | 10.00%-12.00% | | - | 8 | 4,103.50 | 4 | 1,350.00 | | | 5,453.50 |
| Above 3 years | 12.01%-12.50% | | - | 1 | 500.00 | 1 | 1,000.00 | | | 1,500.00 |
| | 13.00%-13.50% | 1 | 400.00 | | - | | - | | | 400.00 |
| | 14.00%-15.00% | | - | 2 | 424.00 | | - | 1 | 200.00 | 624.00 |
| Borrowings (Other than Debt Securities) | | | | | | | | | | |
| Monthly | | | | | | | | | | |
| 1-3 years | 8.50%-9.50% | 29 | 1,150.41 | 24 | 1,090.91 | 12 | 545.45 | | | 2,786.78 |
| | 9.51%-10.00% | 112 | 3,280.71 | 32 | 912.08 | | - | | | 4,192.80 |
| | 10.01%-10.50% | 60 | 1,708.33 | 51 | 1,520.83 | 9 | 250.00 | | | 3,479.17 |
| | 10.51%-11.00% | 80 | 2,792.70 | 51 | 2,187.54 | | - | | | 4,980.24 |
| | 11.01%-11.50% | 48 | 1,405.21 | 6 | 214.29 | | - | | | 1,617.49 |
| | 11.51%-12.00% | 71 | 1,672.78 | 31 | 521.47 | 6 | 38.50 | | | 2,232.75 |
| | 12.01%-12.50% | 62 | 964.51 | 34 | 583.75 | 1 | 12.50 | | | 1,560.77 |
| | 12.51%-13.00% | 70 | 835.50 | 23 | 263.47 | | - | | | 1,098.98 |
| | 13.01%-13.50% | 29 | 281.24 | 12 | 100.01 | 8 | 66.65 | | | 447.89 |
| | 13.51%-14.00% | 108 | 957.39 | 95 | 765.90 | 2 | 6.53 | | | 1,729.81 |
| Quarterly | 9.51%-10.00% | 17 | 1,437.07 | | - | | - | | | 1,437.07 |
| 1-3 years | 10.51%-11.00% | 7 | 857.14 | | - | | - | | | 857.14 |
| | 11.01%-12.00% | 14 | 820.24 | 11 | 354.17 | 4 | 116.67 | | | 1,291.07 |
| | 12.01%-13.00% | 4 | 50.00 | 4 | 50.00 | | - | | | 100.00 |
| Half Yearly | 7.00%-10.00% | 2 | 1,000.00 | 1 | 500.00 | | - | | | 1,500.00 |
| 1-3 years | 10.01%-11.00% | 2 | 1,200.00 | 2 | 600.00 | | - | | | 1,800.00 |
| Annually | 7.00%-8.00% | 1 | 700.00 | 1 | 300.00 | | - | | | 1,000.00 |
| Bullet | 9.50%-10.00% | 3 | 875.00 | | - | | - | | | 875.00 |
| 1-3 years | 10.01%-10.50% | 1 | 125.00 | | - | | - | | | 125.00 |
| Subordinated Liabilities | | | | | | | | | | |
| Bullet | 14.50%-15.00% | | - | | - | | - | | | - |
| Above 3 years | | 718 | 31,241.35 | 421 | 17,533.05 | 53 | 4,036.29 | 1 | 200.00 | 53,494.03 |
| Grand Total | | | | | | | | 4 | 683.33 | 238.63 |
| Impact of EIR | | | | | | | | | | 53,732.66 |
| Grand Total | | | | | | | | | | 53,732.66 |

14B. The higher delinquencies caused due to COVID-19 pandemic have resulted in breach of some of the covenants related to borrowings such as portfolio at risk (PAR) ratios, NPA ratios, etc. The Group has been servicing all its borrowings, albeit with certain delays (on account of discussions with lenders seeking loan moratoriums pursuant to the RBI's COVID-19 Regulatory Package) and has sought forbearance/ waiver from the lenders with respect to non-compliance of these covenants, wherever applicable.

In most of the cases, the consequence of covenant breach is either an increase in interest rate or a right to recall of the facility. While a formal approval of the waiver is awaited, based on our discussions with the lenders, sanction of fresh facilities received in most cases and considering the long track record with lenders, the Group is confident of securing the forbearance and has no reason to believe that any adverse action will be invoked by the lenders.

Further, the Group believes that its contingency, refinancing or funding plan and current capital adequacy status would enable it to tide over any impact of covenant breaches. Accordingly, no adjustments are required in the maturity profile of the borrowings.



(Rupees in millions unless otherwise stated)

14: (a) Debt Securities (at amortised cost)

| | No of Debenture issued | Face value | As at March 31, 2021 | As at March 31, 2020 |
|---|------------------------------|------------|-------------------------|-------------------------|
| (i) Debentures | | | | |
| Secured | | | | |
| Nil (March 31, 2020: 825), 12.90% Partly-paid Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty six months from the date of allotment i.e. September 28, 2017 (subject to exercise of put option by the lender at the end of Twelve or Twenty four months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | Nil | 10,00,000 | - | 178.26 |
| 410 (March 31, 2020: 820), 13.12% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. December 7, 2018 . | 410 | 10,00,000 | 426.58 | 853.16 |
| 400 (March 31, 2020: Nil), 13.25% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirteen months from the date of allotment i.e. September 24, 2020 | 400 | 10,00,000 | 423.42 | - |
| 800 (March 31, 2020: Nil), 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Fifteen months from the date of allotment i.e. October 20, 2020. | 800 | 1,00,000 | 85.23 | - |
| 7,500 (March 31, 2020: Nil), 11% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Fifteen months from the date of allotment i.e. November 17, 2020. | 7,500 | 1,00,000 | 766.45 | - |
| 800 (March 31, 2020: Nil), 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Eighteen months from the date of allotment i.e. October 20, 2020. | 800 | 1,00,000 | 84.70 | - |
| 1,000 (March 31, 2020: Nil), 10.00% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Eighteen months from the date of allotment i.e. October 29, 2020. | 1,000 | 10,00,000 | 1,040.89 | - |
| 1,400 (March 31, 2020: Nil), 10.80% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Eighteen months from the date of allotment i.e. November 19, 2020. | 1,400 | 10,00,000 | 1,383.22 | - |
| 215 (March 31, 2020: Nil), 11.49% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. December 24, 2020 (subject to exercise of put option by the lender at the end of Eighteen months from the date of allotment). Redeemable on maturity if option not exercised by the investor. | 215 | 10,00,000 | 221.47 | - |
| 800 (March 31, 2020: Nil), 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Twenty One months from the date of allotment i.e. October 20, 2020. | 800 | 1,00,000 | 84.94 | - |
| 250 (March 31, 2020: Nil), 14.00% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Twenty Four months from the date of allotment i.e. September 08, 2020 (subject to exercise of put option by the lender at the end of Six months from the date of allotment). Redeemable on maturity if option not exercised by the investor | 250 | 10,00,000 | 251.02 | - |
| 1,740 (March 31, 2020: Nil), 14.8% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Twenty Three months from the date of allotment i.e. October 28, 2020. | 1,740 | 1,00,000 | 191.02 | - |
| 250 (March 31, 2020: Nil), 12.75% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable in twenty four equal monthly instalments from the date of allotment i.e. September 29, 2020. | 250 | 10,00,000 | 184.74 | - |
| 500 (March 31, 2020: Nil), 12.20% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Twenty Four months from the date of allotment i.e. December 19, 2020. | 500 | 10,00,000 | 498.78 | - |
| 6,360 (March 31, 2020: Nil), 11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Twenty Four months from the date of allotment i.e. December 16, 2020. | 6,360 | 1,00,000 | 644.56 | - |



Spandana Spahoorty Financial Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | No of Debenture issued | Face value | As at March 31, 2021 | As at March 31, 2020 |
|--|------------------------------|------------|-------------------------|-------------------------|
| 8,275 (March 31, 2020: Nil), 11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. December 29, 2020. (subject to exercise of put option by the lender at the end of Twenty Four months from the date of allotment). Redeemable on maturity if option not exercised from the investor | 8,275 | 1,00,000 | 818.94 | - |
| 4,000 (March 31, 2020: Nil), 11.50% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at quarterly intervals | 4,000 | 1,00,000 | 405.12 | - |
| 1,000 (March 31, 2020: Nil), 12.75% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at half yearly intervals | 1,000 | 10,00,000 | 832.05 | - |
| 5,000 (March 31, 2020: Nil) 11.25% Secured, Senior, Redeemable, Transferable, Listed, Principal protected, Market Linked, Rated Non Convertible Debentures Denominated in INR having a face value of Rs 0.1 million each redeemable at par at the end of Twenty Six months from the date of allotment i.e. March 16, 2021 (subject to exercise of put option by the lender at the end of Eighteen months from the date of allotment). Redeemable on maturity if option not exercised from the investor | 5,000 | 1,00,000 | 483.28 | - |
| 325 (March 31, 2020: 325), 13.15% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Seventy Two months from the date of allotment i.e. October 31, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of Thirty Six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | 325 | 10,00,000 | 339.93 | 342.53 |
| 850 (March 31, 2020: 1,000), (11.34% net of With-holding tax (March 31, 2020 - 14%)), Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each, 50% of which is redeemable at par at the end of 60th month (September 18, 2022) from September 18, 2017 i.e. the date of allotment and balance 50% to be redeemable on maturity i.e. June 30, 2023 (subject to exercise of put option by the lender at March 18, 2022 i.e. at the end of Fifty Four months from date of allotment). | 850 | 10,00,000 | 853.62 | 1,004.16 |
| 10,000 (March 31, 2020: Nil), 12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs. 0.1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. November 24, 2020. (subject to exercise of put option by the lender at the end of Twenty Four months from the date of allotment). Redeemable on maturity if option not exercised by the investor | 10,000 | 1,00,000 | 1,008.92 | - |
| 1,200 (March 31, 2020: Nil), 12.5% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at quarterly intervals | 1,200 | 10,00,000 | 1,190.45 | - |
| 350 (March 31, 2020: Nil) 12% Secured, Rated, Listed, Redeemable, Transferable, Non Convertible Debentures of face value of Rs. 1 million each | 350 | 10,00,000 | 351.75 | - |
| 2,000 (March 31, 2020: Nil), 14.80% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of Rs.0.1 million each redeemable at par at the end of Forty Four months from the date of allotment i.e. October 28, 2020. (subject to exercise of put option by the lender at the end of Thirty months from the date of allotment). Redeemable on maturity if option not exercised by the investor. | 2,000 | 1,00,000 | 225.80 | - |
| 4,500 (March 31, 2020: Nil) 12.5% Rated, unlisted, senior, secured, redeemable, taxable, non convertible Debentures of face value Rs 0.1 million each | 4,500 | 1,00,000 | 447.98 | - |
| Sub-Total | | | 13,244.86 | 2,378.11 |



Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (ii) Borrowing under securitisation arrangement | | |
| From Banks | 6,225.00 | 5,398.17 |
| From non-banking financial companies | 877.28 | - |
| Total Debt Securities | 7,102.28 | 7,776.28 |
| Secured borrowings* | 20,347.14 | 7,776.28 |
| Unsecured borrowings # | - | - |
| Net amount | 20,347.14 | 7,776.28 |
| Borrowings in India | 20,347.14 | 7,776.28 |
| Borrowings outside India | - | - |
| Total | 20,347.14 | 7,776.28 |
| (b) Borrowings (Other than Debt Securities) | | |
| Secured | | |
| Indian rupee loan from banks | 27,593.01 | 18,971.53 |
| Indian rupee loan from non-banking financial companies | 5,590.68 | 3,251.60 |
| Cash credit from bank (secured) | - | 50.21 |
| Total Borrowings (Other than Debt Securities) | 33,183.69 | 22,273.34 |
| Secured borrowings* | 33,183.69 | 22,273.34 |
| Unsecured borrowings | - | - |
| Net amount | 33,183.69 | 22,273.34 |
| Borrowings in India | 33,183.69 | 22,273.34 |
| Borrowings outside India | - | - |
| Total | 33,183.69 | 22,273.34 |
| (c) Subordinated Liabilities (at amortised cost) | | |
| Unsecured Term Loan | | |
| Indian rupee loan from Bank | 201.83 | 201.67 |
| Loans and advances from related party (unsecured) | - | 1.61 |
| (Loans from related party carries interest rate @ 15.00% pa with monthly interest repayment) | - | - |
| Total Subordinated Liabilities | 201.83 | 203.28 |
| Secured borrowings* | 201.83 | 203.28 |
| Unsecured borrowings # | - | - |
| Net amount | 201.83 | 203.28 |
| Borrowings in India | 201.83 | 203.28 |
| Borrowings outside India | - | - |
| Total | 201.83 | 203.28 |

* The secured borrowings are secured by hypothecation of book debts and margin money deposits.

The unsecured borrowings are in the nature of subordinated debt. Subordinate debt has interest rate @15% and maturity date is June 08, 2024.



Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| 15: Other Financial liabilities | | |
| Expenses payable | 37.73 | 27.59 |
| Lease liability | 152.66 | 113.22 |
| Employee benefits payable | 212.17 | 310.64 |
| Assignment and other payables | 2,294.19 | 1,820.45 |
| | 2,696.75 | 2,271.90 |
| 16: Current Tax Liabilities (net) | | |
| Provision for tax (net of advance tax) | 1,398.16 | 647.07 |
| | 1,398.16 | 647.07 |
| 17: Provisions | | |
| Provision for employee benefits | | |
| Gratuity (net of contribution) | 16.50 | 28.00 |
| | 16.50 | 28.00 |
| 18: Other Non-Financial liabilities | | |
| Other payables | 190.49 | 71.27 |
| Unfructified service tax liability [net of amount paid under protest Rs.9.93 millions (March 31, 2020: Rs. 9.93 millions)] | 158.42 | 149.89 |
| Statutory dues payable | 65.34 | 80.29 |
| | 414.25 | 301.45 |

(This space has been left blank intentionally)



Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| 19: Share capital | | |
| Authorized | | |
| 900,000,000 (March 31, 2020: 900,000,000) equity shares of Rs.10 each | 9,000.00 | 9,000.00 |
| Authorized | | |
| 1,250,000,000 (March 31, 2020: 1,250,000,000) preference shares of Rs.10 each | 12,500.00 | 12,500.00 |
| | 21,500.00 | 21,500.00 |
| Issued, subscribed and paid-up | | |
| 64,315,483 (March 31, 2020: 64,315,483) equity shares of Rs.10 each fully paid up | 643.15 | 643.15 |
| Total | 643.15 | 643.15 |

(a) Terms / rights attached to equity shares

The parent company has only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The parent company declares and pays dividends in Indian rupees. During the current financial year no dividend has been proposed by the parent Company.

In the event of liquidation of the group, the holders of equity shares will be entitled to receive remaining assets of the group, after distribution

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

| Particulars | March 31, 2021 | | March 31, 2020 | |
|---|-------------------|---------------|-------------------|---------------|
| | Number of shares | Amount | Number of shares | Amount |
| Outstanding at the beginning of the year | 6,43,15,483 | 643.14 | 5,96,33,683 | 596.33 |
| Issued during the year - IPO* | - | - | 45,43,385 | 45.43 |
| Issued during the year - ESOP* | - | - | 91,752 | 0.92 |
| Issued during the year - ESOP* | - | - | 46,663 | 0.47 |
| Outstanding at the end of the year | 64,315,483 | 643.15 | 64,315,483 | 643.14 |

*The Holding Company during the previous year ended 31 March 2020, issued and allotted 4,543,385 equity shares having face value Rs. 10/- each in its Public Issue (IPO). Further, the Parent Company issued and allotted Nil (March 31, 2020: 138,415) equity shares having face value of Rs. 10/- each to the eligible employees of the Group towards exercise of ESOPs.

During the previous year ended 31 March 2020, the Holding Company has completed the Initial Public Offer (IPO) of its equity shares, comprising a fresh issue of 4,543,385 equity shares having a face value of Rs.10 each at an offer price of Rs.856 per share aggregating Rs.3,889 million by the Holding Company and an offer for sale of 9,356,725 equity shares by existing shareholders aggregating Rs.8,009 million. Pursuant to the IPO, the equity shares of the Holding Company got listed on BSE Limited and NSE Limited on August 19, 2019. The Holding company has fully utilised the IPO proceeds, in line with the objectives mentioned in the prospectus.

(c) Details of shareholders holding more than 5% in the group:

As per the records of the group, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

| Name of the shareholder | March 31, 2021 | | March 31, 2020 | |
|--|------------------|--------------|------------------|--------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| Equity shares | | | | |
| Kangchenjunga Limited | 29,303,172 | 45.56% | 29,303,172 | 45.56% |
| Padmaja Gangireddy | 10,300,953 | 16.02% | 10,250,953 | 15.94% |
| Valiant Mauritius Partners FDI Limited | 3,848,823 | 5.98% | 3,848,823 | 5.98% |

(d) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 42.



Spandana Sphoorty Financial Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(e) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date:

| Nature of instrument/ convertible security | Number of convertible securities | Number of equity shares issued upon conversion |
|--|----------------------------------|--|
| Class B 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 79,10,07,721 | 89,48,425 |

(f) Other instances of conversion of convertible securities into equity shares during the period of five years immediately preceding the reporting date:

| Nature of instrument/ convertible security | Number of convertible securities | Number of equity shares issued upon conversion |
|--|----------------------------------|--|
| Class A 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 23,49,99,997 | 99,79,615 |
| Class A1 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 11,92,12,760 | 50,62,542 |
| Series C 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 11,35,085 | 11,35,085 |
| FY18 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 2,83,771 | 2,83,771 |
| FY18 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 2,83,771 | 2,83,771 |
| FY19 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 2,83,771 | 2,83,771 |
| FY19 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 2,83,771 | 2,83,771 |
| Share warrants | 14,88,544 | 14,88,544 |



Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| 20: Other Equity | | |
| Securities premium account | | |
| Balance as per the last financial statements | 19,199.86 | 15,414.96 |
| Add: Premium on issue of equity shares | - | 3,897.49 |
| Less: Share Issue Expenses | 0.05 | (150.46) |
| Add: Tax on Share Issue Expenses | - | 37.87 |
| Closing balance | 19,199.91 | 19,199.86 |
| General reserve* | 23.28 | 23.28 |
| Share options outstanding reserve | | |
| Balance as per the last financial statements | 64.17 | 41.25 |
| Add: Share based payment to employees | 87.38 | 43.80 |
| | - | (18.72) |
| Less: Transfer on allotment of shares to employees pursuant to ESOP scheme | - | (2.16) |
| Closing balance | 151.55 | 64.17 |
| Capital redemption reserve* | 1,526.93 | 1,526.92 |
| Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934] | | |
| Balance as per the last financial statements | 3,239.55 | 2,566.17 |
| Add: Amount transferred from surplus of profit and loss | 257.96 | 673.38 |
| Closing balance | 3,497.51 | 3,239.55 |
| Retained earnings | | |
| Balance as per the audited financial statements | 1,105.43 | (1,722.67) |
| Add: Profit for the year | 1,450.43 | 3,514.59 |
| Add: Other Comprehensive Income (Re-measurement gains/(losses) on defined benefit plans) | 15.20 | (13.11) |
| Less: Transfer to Statutory Reserve [@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934] | (257.96) | (673.38) |
| Less: Adjusting to carrying amount of NCI due to change in interest | (3.09) | - |
| Less: Other adjustment | (4.14) | - |
| Net surplus in the statement of profit and loss | 2,305.87 | 1,105.43 |
| Other items of other comprehensive income (Fair valuation of loans- to be subsequently classified to profit or loss) | | |
| Opening balance | 457.17 | 448.11 |
| Add/(Less): Fair value change during the year | (6,765.98) | (2,584.47) |
| Add: Impairment allowance/ other provisions reclassified to profit and loss | 6,451.40 | 2,593.53 |
| Closing balance | 142.59 | 457.17 |
| Total other equity | 26,847.64 | 25,616.39 |
| Non Controlling Interest | 20.18 | 12.92 |

*For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2021.



Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2021
Nature and purpose of other equity

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General Reserve

Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.

Share options outstanding reserve

The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

Capital redemption reserve

In accordance with section 55 of the Companies Act, 2013, the Parent company has transferred an amount equivalent of the nominal value of OCCRRPS redeemed during previous years, to the Capital Redemption Reserve. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45IC of Reserve Bank of India Act 1934.

Retained earnings

Retained earnings represents the surplus in profit and loss account and appropriations.

Other Comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses and return on plan assets (excluding interest income) and net fair valuation gain/(loss) on financial assets measured at fair value through other comprehensive income.



(Rupees in millions unless otherwise stated)

| | For year ended March 31, 2021 | For year ended March 31, 2020 |
|--|----------------------------------|----------------------------------|
| 21: Interest Income | | |
| Measured at fair value through OCI | | |
| Interest on loans* | 12,783.34 | 11,101.05 |
| Measured at amortised cost | | |
| Interest on portfolio loans | 513.62 | 300.55 |
| Interest on fixed deposits | 62.95 | 37.79 |
| Interest on inter corporate advances | 155.94 | 112.62 |
| Interest on margin money deposits** | 111.25 | 139.93 |
| | 13,627.10 | 11,691.94 |
| *Refer note 52. | | |
| **Represent margin money deposits placed to avail term loans from banks, non banking financial companies and placed as cash collateral in connection with securitization transactions. | | |
| 22: Net gain on fair value changes | | |
| (A) Net gain on fair value instruments at fair value through profit or loss | | |
| (i) On trading portfolio | | |
| - Investments | 86.46 | 45.96 |
| (B) Others | | |
| (i) Gain on derecognition of loans designated at FVTOCI | 674.05 | 2,139.27 |
| Total Net gain on fair value changes (C) | 760.51 | 2,185.23 |
| Fair value Changes | | |
| Realised | 759.72 | 756.00 |
| Unrealised | 0.79 | 1,429.23 |
| Total Net gain on fair value changes | 760.51 | 2,185.23 |
| 23: Others | | |
| Recovery against loans written off | 341.65 | 105.25 |
| | 341.65 | 105.25 |
| 24: Other income | | |
| Advertisement income | 219.63 | 339.02 |
| Miscellaneous income | 10.25 | 3.06 |
| | 229.88 | 342.08 |
| 25: Finance cost | | |
| Interest - Measured at amortised cost | | |
| On Debt Securities | 1,125.28 | 1,152.54 |
| On Borrowings (Other than Debt Securities) | 2,875.02 | 2,354.64 |
| On Subordinated Liabilities | 15.22 | 32.58 |
| On Lease liabilities | 14.88 | 14.37 |
| Measured at fair value through profit or loss | | |
| On income tax | 165.80 | 0.88 |
| Other finance cost | 35.50 | 8.34 |
| | 4,231.70 | 3,563.35 |
| 26. Net loss on fair value changes | | |
| Derivative assets designated at fair value through Profit and loss | 54.85 | - |
| Derivative liabilities designated at fair value through Profit and loss | (27.41) | - |
| | 27.44 | - |
| 27: Impairment on financial instruments and other provisions | | |
| Measured at fair value through OCI | | |
| Impairment and other provisions | 2,814.88 | (2,098.47) |
| Loans written off | 3,583.87 | 4,827.43 |
| Measured at amortised cost | | |
| Impairment on loans | 17.92 | 6.65 |
| Loan Portfolio written off | 34.73 | 0.11 |
| | 6,451.40 | 2,735.72 |
| 28: Employee benefits expense | | |
| Salaries, wages and bonus | 1,495.55 | 1,563.87 |
| Contribution to provident fund and other funds | 97.16 | 76.06 |
| Expenses on Employee Stock Option Plan | 87.85 | 41.64 |
| Staff welfare expenses | 34.80 | 25.90 |
| | 1,715.36 | 1,707.47 |



Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Rupees in millions unless otherwise stated)

| | For year ended March 31, 2021 | For year ended March 31, 2020 |
|---|----------------------------------|----------------------------------|
| 29: Other expenses | | |
| Rent | 73.19 | 19.49 |
| Rates and taxes | 2.97 | 1.80 |
| Bank charges | 23.25 | 37.08 |
| Office maintenance | 42.73 | 38.54 |
| Computers and network maintenance | 7.12 | 3.96 |
| Electricity charges | 17.08 | 14.93 |
| Field allowance | 179.91 | 141.58 |
| Communication expenses | 7.01 | 8.21 |
| Credit Bureau Expenses | 7.93 | 12.83 |
| Printing and stationery | 10.76 | 12.70 |
| Legal and professional charges | 14.75 | 11.36 |
| Directors sitting fees | 10.90 | 9.81 |
| Auditors remuneration (refer details below) | 9.28 | 8.86 |
| Recruitment and training | 14.33 | 4.87 |
| Subscription fees | 8.84 | 7.23 |
| Other provisions and write off | 26.19 | 29.24 |
| Security charges | 1.34 | 1.22 |
| CSR expenses | 91.52 | 51.83 |
| Miscellaneous expenses | 0.46 | 0.11 |
| | 549.56 | 415.65 |
| Payment to auditors | | |
| As auditor: | | |
| Audit fee | 8.78 | 7.67 |
| Certification fee | 0.22 | 0.22 |
| Out of pocket expenses | 0.28 | 0.97 |
| | 9.28 | 8.86 |

30. Tax expense

| | | |
|---|---------------|-----------------|
| Current tax | 1,425.98 | 705.16 |
| Deferred tax relating to origination and reversal of temporary differences Total tax charge | (876.13) | 1,959.73 |
| Total tax Charge | 549.85 | 2,664.89 |
| Current tax | 1,425.98 | 705.16 |
| Deferred tax | (876.13) | 1,959.73 |

30.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the Accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2021 and 2020 is, as follows :

| | | |
|--|---------------|-----------------|
| Accounting profit before Tax | 1,604.38 | 6,179.13 |
| At India's statutory income tax rate (2021: 25.168%) | 403.79 | 1,555.16 |
| Non-deductible expenses | | |
| Interest on income tax | 41.73 | - |
| CSR Expenses | 23.03 | 13.27 |
| Additional tax allowances | | |
| Deduction under Chapter VIA-80JJAA-Additional Manpower Cost Exemption | (23.94) | (20.42) |
| Difference on account of change in tax rate | - | 1,116.97 |
| Others | 4.55 | 0.09 |
| Income tax expense reported in the consolidated statement of profit and loss | 449.16 | 2,664.89 |

The effective income tax rate for 31 March 2021 is 25.168% (31 March 2020: 25.168%).

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, promulgated on September 20, 2019, the group has decided to exercise the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.17%) from the previous financial year. As a result, the change on account of remeasurement of deferred tax assets and reversal of MAT credit entitlement during the year ended March 31, 2020 aggregates to Rs. 1,116.97 million.



Handwritten signature and blue circular stamp.

(Rupees in millions unless otherwise stated)

| | For year ended March 31, 2021 | For year ended March 31, 2020 |
|--|----------------------------------|----------------------------------|
| 31: Earning per Share | | |
| Net profit after tax as per Statement of Profit and Loss | 1,450.43 | 3,514.59 |
| Net profit for calculation of basic earnings per share | 1,450.43 | 3,514.59 |
| Net profit as above | 1,450.43 | 3,514.59 |
| Net profit for calculation of diluted earnings per share | 1,450.43 | 3,514.59 |
| Calculation of weighted average number of equity shares for basic EPS | | |
| Equity shares | | |
| Opening No. of shares (in Millions) | 64.32 | 59.63 |
| Add: Issued during the year (in Millions) | - | 2.89 |
| | 64.32 | 62.52 |
| Effect of dilution | | |
| Employee stock option plan | 0.25 | 0.54 |
| Weighted average number of equity shares for diluted EPS | 0.25 | 0.54 |
| Basic earnings per share (In rupees) | 22.55 | 56.21 |
| Diluted earnings per share (In rupees) | 22.47 | 55.74 |
| Nominal value per share (In Rupees) | 10.00 | 10.00 |



32: Segment Reporting

The Group operates in a single business segment i.e. lending to customers who have similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Group operates in a single geographical segment i.e. domestic.

33: Disclosure of Related parties in accordance with Ind AS 24.

I. Holding Company

Kangchenjunga Limited (upto August 14, 2019)

II. Entities in which Key Management Personnel and their relatives have significant influence.

- Spandana Rural and Urban Development Organization
- Abhiram Marketing Services Limited
- Spandana Employee Welfare Trust

III. Key Management Personnel

- Mrs. Padmaja Gangireddy - Managing Director
- Mr. Sudhesh Chandrasekar - Chief Financial Officer (w.e.f. May 17, 2019)
- Mr. Rakesh Jhinjharla - Company Secretary (upto June 5, 2020)
- Mr. Abdul Feroz Khan - Chief Strategy Officer
- Mr. Bharat Shah (Independent Director)
- Mr. Deepak Vaidya (Independent Director)
- Mr. Jagdish Capoor (Independent Director)
- Ms. Abanti Mitra (Independent Director)
- Mr. Sunish Sharma (Nominee Director)
- Mr. Kartikeya Dhruv Kaji (Nominee Director)
- Mr. Darius Dinshaw Pandole (Nominee Director) (upto 21 September 2020)
- Mr. Amit Sobti (Nominee Director)
- Mr. Ramachandra Kasargod Kamath (Nominee Director)
- Mr. Satish Kottakota - Chief Financial Officer (w.e.f. June 1, 2020)
- Mr. Ramesh Periasamy - Company Secretary (w.e.f. August 29, 2020)
- Mrs. Sharmila Kunguma - Chief Risk Officer (w.e.f. December 28, 2020)

IV. Relative of Key Management Personnel

- Mr. Revan Saahith
- Mr. Vijaya Sivarami Reddy Vendidandi

V. Related parties in accordance with RBI Master directions

- Spandana Mutual Benefit Trust
- Spandana Sphoorty Chit Funds Private Limited

Related party transactions during the year:

| S. No | Related Party | Nature of Transactions | Transactions during year ended March 31, 2021 | Transactions during year ended March 31, 2020 | (Payable)/Receivable | |
|-------|---|--|---|---|----------------------|----------------|
| | | | | | March 31, 2021 | March 31, 2020 |
| 1 | Spandana Rural and Urban Development Organization | Rent deposit | 3.83 | - | 6.92 | 3.09 |
| | | Interest expense on lease | 7.56 | 6.60 | - | - |
| | | Lease liability payable | 50.93 | 51.86 | (102.05) | (51.86) |
| | | Repayment of lease liability | 0.74 | - | - | - |
| | | Expense reimbursement | 0.06 | 0.13 | - | 0.01 |
| | | Interest Expense | 1.61 | 1.79 | - | (1.61) |
| 2 | Abhiram Marketing Services Limited | Commission income | - | 288.06 | - | 106.37 |
| | | Incentive income | 97.00 | 82.50 | 95.54 | 80.85 |
| | | Expense reimbursement (net) | 11.63 | 40.73 | 0.12 | 10.21 |
| | | Inter-corporate advances (net)* | (890.16) | 755.00 | 179.84 | 1,150.00 |
| | | Other advances | - | 122.19 | - | 122.19 |
| | | Interest income | 155.12 | 112.62 | 7.47 | 13.10 |
| | | Unsecured Loan taken | - | 80.00 | - | 80.00 |
| | | Purchase of fixed assets & goods | 6.64 | 53.46 | - | (0.03) |
| | | Others | 108.30 | 91.37 | (1.31) | (1.49) |
| 3 | Mr. Deepak Goswami | Remuneration# | - | 0.32 | - | - |
| 4 | Mr. Sudhesh Chandrasekar | Remuneration# | 1.82 | 8.24 | - | (3.45) |
| | | Equity shares issued pursuant to stock option scheme | - | 1.32 | - | - |
| 5 | Mr. Rakesh Jhinjharla | Remuneration# | 0.40 | 2.34 | - | (0.31) |
| | | Equity shares issued pursuant to stock option scheme | - | 0.79 | - | - |

(Rupees in millions unless otherwise stated)

| S. No | Related Party | Nature of Transactions | Transactions during year ended March 31, 2021 | Transactions during year ended March 31, 2020 | (Payable)/Receivable | |
|-------|--------------------------------------|--|---|---|----------------------|----------------|
| | | | | | March 31, 2021 | March 31, 2020 |
| 6 | Mr. Nitin Prakash Agrawal | Remuneration# | - | 0.09 | - | - |
| 7 | Mr. Bharat Shah | Sitting fee | 2.00 | 2.00 | (0.46) | (0.50) |
| 8 | Mr. Deepak Vaidya | Sitting fee | 2.00 | 2.00 | (0.46) | (0.50) |
| 9 | Mr. Jagdish Capoor | Sitting fee | 2.00 | 2.00 | (0.46) | (0.50) |
| 10 | Mr. K. R. Kamath | Sitting fee | 2.00 | 2.00 | (0.46) | (0.50) |
| 11 | Ms. Abanti Mitra | Sitting fee | 2.00 | 1.00 | (0.46) | (0.25) |
| 12 | Mr. Abdul Feroz Khan | Equity shares issued pursuant to stock option scheme | - | 4.74 | - | - |
| | | Remuneration# | 7.45 | 6.81 | (2.60) | (1.27) |
| 13 | Mrs. Padmaja Gangireddy | Remuneration# | 53.75 | 53.75 | (25.00) | (27.68) |
| | | Rent paid | 0.56 | 0.73 | - | - |
| 14 | Mr. Revan Saahith | Remuneration# | 3.10 | 2.38 | (0.72) | (0.65) |
| 15 | Mr. Vijaya Sivarami Reddy Vendidandi | Interest expense on lease | 0.97 | - | - | - |
| | | Lease liability payable | 50.93 | - | (50.61) | - |
| | | Rent paid | 0.21 | - | (0.06) | - |
| | | Repayment of lease liability | 0.31 | - | - | - |
| | | Rent deposit | 3.83 | - | 3.83 | - |
| 16 | Mr. Ramesh Periasamy | Remuneration# | 4.28 | - | (1.54) | - |
| 17 | Mr. Satish Kottakota | Remuneration# | 12.39 | - | (3.82) | - |
| 18 | Mrs. Sharmila Kunguma | Remuneration# | 0.98 | - | (0.40) | - |
| 19 | Spandana Employee Welfare Trust | Interest expense | - | 0.03 | - | - |
| | | Unsecured Loan taken | - | 2.30 | - | - |
| 20 | Spandana Mutual Benefit Trust | Unsecured Loan taken | - | 45.50 | - | - |
| | | Interest expense | - | 0.58 | - | - |

Transactions with Criss Financial Holdings Limited and Caspian Financial Services Limited are not considered as they are subsidiaries.

*Of the Inter-corporate advances (ICA) given aggregating Rs. 210 million, the Company has received repayment of Rs. 1,180 million including previous year outstanding (March 31, 2021: ICA given aggregating Rs. 789.65 million the Company has received repayment of Rs. 34.65 million) from Abhiram Marketing Services Limited.

*Unsecured loan taken aggregating Rs. 2.3 million from Spandana Employee Welfare Trust and Rs. 45.5 Million from Spandana Mutual Benefit Trust has been repaid during the previous year.

All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.

#As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

Transactions during the year are shown net of service tax/GST and inclusive of TDS.



34: Contingent Liabilities

Claims against the Company not acknowledged as debt:

| Particulars | March 31, 2021 | March 31, 2020 |
|------------------------------|----------------|----------------|
| Service tax open assessments | 48.66 | 48.66 |
| Income tax open assessments | 664.25 | 558.16 |
| Total | 712.91 | 606.82 |

i) The Group is of the opinion that the above demands are not tenable and expects to succeed in its appeals / defence.

ii) The Commissioner, Service Tax Commissionerate, Hyderabad ("CST"), through two orders dated August 7, 2012 and October 9, 2013, levied service tax, interest and penalty on pre-closure interest charged by the Holding Company on loans pre-closed during FY 2006-07 to FY 2011-12. The CST also issued an order dated March 27, 2015, levying service tax, interest and penalty on a part of profit on portfolio sale during FY 2007-08 to FY 2010-11, deeming it to be consideration for collection and remittance of loan instalments. The Holding Company filed an appeal against these orders before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT) which is pending for hearing on March 31, 2020. The service tax and interest thereon in respect of these matters have been provided for in earlier years based on Holding Company's assessment. However, given the facts of these cases, legal precedents, and general opinion, the penalty indicated in these orders aggregating Rs.48.66 million is considered as a contingent liability as at March 31, 2021.

iii) The Group received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of Rs.558.16 million (including interest) under section 69A read with section 115BBE of the Income Tax Act, 1961. The Group has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the group is confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2021. The Group has deposited Rs.72.97 million against such demand in the process of filing the aforesaid appeal.

iv) It is not practicable for the Group to estimate the times of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

b. Guarantees given by the Company

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Bank Guarantee towards Initial Public Offer (Deposit with the National Stock Exchange of India Limited) | - | 90.09 |

35: Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement.

Valuation framework

The Group will assess the fair values for assets qualifying for fair valuation.

The Group's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

1. Fair values of investments held under FVTPL have been determined under level 1 using quoted Net Asset Value of the underlying instruments;
2. Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and selling the loans are measured at FVOCI. The fair value of these loans has been determined under level 2.

Refer Note 36 for further details

36: Fair Value Hierarchy of assets and liabilities

Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

Level 3 - If one or more of the significant inputs is not based on observable market data (unobservable), the instrument is included in level 3.



The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure is required):-

I. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31, 2021:

Assets measured at fair value on a recurring basis

| Financial Assets (Assets measured at fair value) | Fair value | | | |
|---|--------------|------------------|-------------|------------------|
| | Level -1 | Level - 2 | Level-3 | Total |
| Loans (measured at FVOCI) | - | 69,330.42 | - | 69,330.42 |
| Derivative financial instruments (measured at FVTPL) | - | - | 0.45 | 0.45 |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 | 1.00 |
| Investments in liquid / debt mutual funds (measured at FVTPL) | 22.25 | - | - | 22.25 |
| Total | 22.25 | 69,330.42 | 1.45 | 69,354.12 |

II. The following table shows an analysis of financial instruments that are not carried at fair value by level of the fair value hierarchy as at March 31, 2021:

| Fair value of financial assets measured at amortised cost | Amortized cost | Fair value | | | |
|---|-----------------|------------|-----------------|----------|-----------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Loans | 3,872.87 | - | 3,872.41 | - | 3,872.41 |
| Total | 3,872.87 | - | 3,872.41 | - | 3,872.41 |

| Fair value of financial liabilities measured at amortised cost | Amortized cost | Fair value | | | |
|--|------------------|------------|------------------|----------|------------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Debt securities | 20,347.14 | - | 20,564.41 | - | 20,564.41 |
| Borrowings (other than debt securities) | 33,183.69 | - | 33,282.59 | - | 33,282.59 |
| Subordinated liabilities | 201.83 | - | 230.88 | - | 230.88 |
| Total | 53,732.66 | - | 54,077.88 | - | 54,077.88 |

III. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31, 2020:

Assets measured at fair value on a recurring basis

| Financial Assets (Assets measured at fair value) | Fair value | | | |
|---|-----------------|------------------|-------------|------------------|
| | Level -1 | Level - 2 | Level-3 | Total |
| Loans (measured at FVOCI) | - | 46,844.86 | - | 46,844.86 |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 | 1.00 |
| Investments in liquid/debt mutual funds (Measured at FVTPL) | 4,873.62 | - | - | 4,873.62 |
| Total | 4,873.62 | 46,844.86 | 1.00 | 51,719.48 |

IV. The following table shows an analysis of financial instruments that are not carried at fair value by level of the fair value hierarchy as at March 31, 2020:

| Fair value of financial assets measured at amortised cost | Amortized cost | Fair value | | | |
|---|-----------------|------------|-----------------|----------|-----------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Loans | 1,679.09 | - | 1,686.84 | - | 1,686.84 |
| Total | 1,679.09 | - | 1,686.84 | - | 1,686.84 |

| Fair-value-of-financial-liabilities-measured-at-amortised-cost | Amortized cost | Fair value | | | |
|--|------------------|------------|------------------|----------|------------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Debt securities | 7,776.28 | - | 7,822.56 | - | 7,822.56 |
| Borrowings (other than debt securities) | 22,273.34 | - | 22,360.81 | - | 22,360.81 |
| Subordinated liabilities | 203.28 | - | 239.71 | - | 239.71 |
| Total | 30,252.90 | - | 30,423.08 | - | 30,423.08 |

The financial asset above does not include inter-corporate deposits, which are measured at amortised cost and approximates fair value. Further, it does not include securitization portfolio which is not de-recognised in accordance with Ind AS 109.

The management assessed that carrying value of financial assets (except loan and investments) and financial liabilities (except debt securities, borrowings (other than debt securities) and subordinated liabilities) approximate their fair value largely due to short term maturities of these instruments.

Assets categorized under Level 3 as on March 31, 2021 are Rs. 1.45 million (As on March 31, 2020 Rs. 1 Million)

Valuation technique used

Assets measured at fair value on a recurring basis

For Loans

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fair value of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

For Derivative financial instruments

For derivative financial instruments, the Company has assessed the fair value under Monte Carlo Simulation model which involves input parameters like, discount rate, volatility, expected tenure, risk-free rates, coupon payment date, time steps and iterations.

For Investment in Equity Instruments

For Investments in equity instruments and liquid/debt mutual funds, the company has assessed the carrying value as an approximation of the fair value.

Financial liabilities measured at amortised cost

For Borrowing

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2021 and March 31, 2020

37: Capital Management

The Group's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Group has a board approved policy on resource planning which states that the resource planning of the Group shall be based on its Asset Liability Matching (ALM) requirement. The policy of the Group on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

Regulatory Capital

Spandana Sphoorty Financial Limited. (Parent Company)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|----------------------|-------------------------|-------------------------|
| Tier I Capital | 24,887.33 | 24,265.62 |
| Tier II Capital | (335.45) | 90.44 |
| Total Capital | 24,551.88 | 24,356.06 |
| Risk weighted assets | 62,624.58 | 51,338.58 |
| Tier I CRAR | 39.74% | 47.27% |
| Tier II CRAR | (0.54)% | 0.18% |
| Total CRAR | 39.20% | 47.44% |

Criss Financial Holdings Limited. (Subsidiary Company)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|----------------------|-------------------------|-------------------------|
| Tier I CRAR | 1,299.57 | 6,226.02 |
| Tier II CRAR | 4.93 | 67.16 |
| Total Capital | 1,304.50 | 6,293.18 |
| Risk weighted assets | 3,958.37 | 17,970.44 |
| Tier I CRAR | 32.83% | 34.65% |
| Tier II CRAR | 0.12% | 0.37% |
| Total CRAR | 32.96% | 35.02% |

38: Employee Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs.2,000,000 as per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance-policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Movement in defined benefit obligations

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Defined benefit obligation as at the beginning of the year | 50.48 | 27.80 |
| Current service cost | 7.22 | 10.15 |
| Interest on defined benefit obligation | 2.86 | 1.96 |
| Remeasurements- Actuarial (gain)/ Loss on total liabilities | (14.21) | 14.07 |
| Benefits paid | (5.19) | (3.51) |
| Defined benefit obligation as at the end of the year | 41.16 | 50.47 |

Movement in plan assets

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Fair value of plan assets as at the beginning of the year | 22.48 | 24.21 |
| Actual return on plan assets | 7.12 | (1.73) |
| Actuarial gains | - | - |
| Employer contributions | - | 3.52 |
| Benefits paid | (4.94) | (3.51) |
| Fair value of plan assets as at the end of the year | 24.66 | 22.49 |

The Holding Company expects to contribute Nil (March 31, 2020 Rs. Nil) to gratuity in the next financial year.

Reconciliation of net liability/ asset

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Net defined benefit liability/ (asset) as at the beginning of the year | 28.00 | 3.59 |
| Expense charged to statement of profit & loss | 8.81 | 10.41 |
| Amount recognised in other comprehensive income | (20.31) | 17.52 |
| Employer contributions | - | (3.52) |
| Net defined benefit liability/ (asset) as at the end of the year | 16.50 | 28.00 |

Balance Sheet

Amount recognised in balance sheet

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Present value of obligations | 41.16 | 50.48 |
| Fair value on plan assets | 24.66 | 22.48 |
| Net defined benefit liability recognised in balance sheet | 16.50 | 28.00 |

Expenses charged to the statement of profit and loss

| Particulars | March 31, 2021 | March 31, 2020 |
|----------------------|----------------|----------------|
| Current service cost | 7.22 | 10.15 |
| Interest Cost | 1.59 | 0.25 |
| Total | 8.81 | 10.40 |

Remeasurement gains/(losses) in the other comprehensive income

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Actuarial Gain / (Loss) on Liabilities | | |
| -due to change in financial assumptions | 5.66 | (1.97) |
| -due to change in demographic assumptions | - | - |
| -due to experience variance | 8.80 | (12.10) |
| Total -A | 14.46 | (14.07) |
| Actuarial Gain / (Loss) on assets | | |
| -Expected Interest Income | 1.27 | 1.71 |
| -Actual Income on Plan Asset | 7.12 | (1.73) |
| Total -B | 5.85 | (3.44) |
| Amount recognised under Other Comprehensive Income (A+B) | 20.31 | (17.51) |

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Category of Assets | March 31, 2021 | March 31, 2020 |
|-------------------------|----------------|----------------|
| Fund managed by Insurer | 100% | 100% |
| Total | 100% | 100% |

Summary of Actuarial Assumptions

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Discount rate | 5.79%-6.23% | 5.66%-6.23% |
| Expected return on plan assets | 5.66% | 7.05% |
| Rate of Increase in compensation levels | 5.00% | 5%-10% |
| Retirement age (years) | 58 | 58 |
| Weighted average duration of defined benefit obligation | 5-11 years | 5-10 years |

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

| Particulars | March 31, 2021 | March 31, 2020 |
|------------------------|----------------|----------------|
| Discount rate (+0.5%) | (0.52) | (0.73) |
| Discount rate (-0.5%) | 0.54 | 0.76 |
| Salary Inflation (+1%) | 1.05 | 1.43 |
| Salary Inflation (-1%) | (1.01) | (1.36) |
| Withdrawal Rate (+5%) | (1.63) | (3.23) |
| Withdrawal Rate (-5%) | 1.77 | 4.06 |

Projected plan cash flow

| Particulars | March 31, 2021 | March 31, 2020 |
|--------------|----------------|----------------|
| Year 1 | 9.66 | 10.75 |
| Year 2 | 7.99 | 8.93 |
| Year 3 | 7.08 | 7.84 |
| Year 4 | 6.19 | 7.32 |
| Year 5 | 5.28 | 6.56 |
| After year 5 | 12.60 | 19.69 |

Discount rate: The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.



39: Leases

Holding Company as a lessee

The Holding Company's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch offices). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreements carries non-cancellable lease periods. The head office premises have been obtained on a lease term of nine to eleven years with an escalation clause of fifteen percent at a three years interval. There are no sub-leases. Lease rentals of Rs. 73.19 million pertaining to short-term leases and low value assets has been directly debited to statement of profit and loss.

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Operating lease payments recognized in the Statement of Profit and Loss | 73.19 | 18.11 |

Minimum lease obligations

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Not later than one year | 32.06 | 3.85 |
| Later than one year and not later than five years | 1.17 | - |
| Later than five years | - | - |

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

| Particulars | ROU assets |
|----------------------|------------|
| As at April 1, 2019 | - |
| Addition | 114.27 |
| Depreciation | (26.69) |
| As at March 31, 2020 | 87.58 |
| Addition | 101.84 |
| Deletion | (36.90) |
| Depreciation | (23.26) |
| As at March 31, 2021 | 129.26 |

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

| Particulars | Amount |
|-----------------------|---------|
| As at April 1, 2019 | - |
| Addition | 114.27 |
| Accretion of interest | 14.37 |
| Payments | (15.42) |
| As at March 31, 2020 | 113.22 |
| Addition | 101.84 |
| Accretion of interest | 14.88 |
| Deletion | (59.70) |
| Payments | (17.58) |
| As at March 31, 2021 | 152.66 |

The Maturity analysis of lease liabilities:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|--------|
| Lease Liabilities - 31 March 2021 | 0.40 | 0.41 | 0.41 | 1.26 | 2.76 | 15.59 | 25.56 | 106.27 | 152.66 |
| Lease Liabilities - 31 March 2020 | 0.09 | 0.09 | 0.09 | 0.51 | 1.73 | 8.48 | 15.46 | 86.75 | 113.22 |

The following are the amounts recognised in statement of profit or loss:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Depreciation expense of right-of-use assets | 23.26 | 26.69 |
| Interest expense on lease liabilities | 14.88 | 14.37 |
| Expense relating to short-term leases | 73.19 | 18.11 |
| Expense relating to leases of low-value assets | - | - |
| Variable lease payments | - | - |
| Total amount recognised in profit or loss | 111.33 | 59.17 |

The Holding Company had total cash outflows for leases of Rs.17.58 million in FY 2021 (March 31, 2020: Rs. 15.41 Million). The Holding Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 101.85 million in FY 2021 (March 31, 2020: Rs. 114.27 Million).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|--------|
| Lease Liabilities - 31 March 2021 | 1.91 | 1.91 | 1.91 | 5.73 | 11.59 | 48.95 | 54.16 | 139.86 | 266.02 |
| Lease Liabilities - 31 March 2020 | 1.29 | 1.29 | 1.29 | 4.08 | 8.79 | 35.47 | 39.62 | 122.85 | 214.67 |

40: Amount payable to micro small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

As at March 31, 2021 and March 31, 2020, no supplier has intimated the Group about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.



41: Risk Management and financial objectives

Risk is an integral part of the Group's business and sound risk management is critical to the success. As a financial intermediary, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Group has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Group has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

41.1 Credit Risk

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area, income and market potential, socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Group is a rural focused NBFC with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in rural areas. Further, as we focus on providing micro-loans in rural areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Group creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date. The criteria of default, significant increase in credit risk and stage assessment is mentioned in note 3(e) of the significant accounting policies. The below discussion describes the Company's approach for assessing impairment.

A) Probability of default (PD)

The Group determines PD on a collective basis by stratifying the entire portfolio into meaningful categories as discussed below.

The Group uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the Group bifurcates the entire portfolio into different states. Further the Group performs analysis of its defaults in various states over different observation periods. Such observation time frame varies depending upon the type of underlying assets analysed by the Group i.e., for Stage II, timeframe used is more than 1 year.

In determining the above PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Group determines PD for each state depending upon the underlying classification of asset (i.e. Stage I or Stage II).

Re-calibration of PDs for FY 2020-21 on account COVID-19 pandemic:

During the year, the Group has reassessed its estimates of PD for the loan portfolio impacted by COVID-19 disruption, considering it as a separate cohort. In respect of this cohort, the Group has considered more recent flow rates (i.e. slippages into default category) subsequent to expiry of loan moratorium granted to borrowers pursuant to the RBI's COVID-19 Regulatory Package. Such flow rates are considered to represent the expected defaults more appropriately than the pre-COVID loss experience. The PD rates for Stage I and II have been further bifurcated based on the days-past-due (DPD) status of the loans (i.e. current, 1-30 DPD, 31-60 DPD and 61-90 DPD) to incorporate adequate granularity.

A. Summary of the range of PD rates determined by the Group for its portfolio (including the cohort impacted by COVID-19) are as follows:

| States | Parent Company | | | Subsidiary Company (Criss Financial Holdings Limited) | |
|----------------|---|-------------------------|-------------------------|---|-------------------------|
| | Stage-I (Range for current and 1-30 DPD) | Stage-II (31-60 DPD) | Stage-II (61-90 DPD) | Stage-I (Range for current and 1-30 DPD) | Stage-II (31-90 DPD) |
| Madhya Pradesh | 1.33% - 5%* | 36.47%* - 87.27% | 61.03%* - 87.27% | - | - |
| Orissa | 0.73% - 5%* | 32.47%* - 91.50% | 52.71%* - 91.50% | - | - |
| Karnataka | 1.11% - 5%* | 27.9%* - 75.88% | 53.31%* - 75.88% | - | - |
| Maharashtra | 0.79% - 5%* | 44.76%* - 85.00% | 64.87%* - 85.00% | - | - |
| Chhattisgarh | 0.93% - 5%* | 39.54%* - 82.76% | 59.44%* - 82.76% | - | - |
| Jharkhand | 1.13% - 5%* | 33.24%* - 93.11% | 55.69%* - 93.11% | - | - |
| Kerala | 2.35% - 5%* | 41.7%* - 42.20% | 63.05%* - 42.20% | - | - |
| Andhra Pradesh | 0.13% - 5%* | 9.27%* - 56.34% | 18.10%* - 56.34% | 0.03% - 2%* | 61.61% |
| Gujarat | 1.53% - 5%* | 30.58%* - 88.00% | 61.48%* - 88.00% | - | - |
| Bihar | 0.16% - 5%* | 22.37%* - 82.76% | 47.34%* - 82.76% | - | - |
| Rajasthan | 0.1% - 5%* | 37.99%* - 88.00% | 66.39%* - 88.00% | - | - |
| Others | 0% - 5%* | 0% - 100%* | 0% - 100%* | 0.03% - 2%* | 35.94% |

*Represents PD rates for cohort impacted by COVID-19

For stage-III portfolio the PD rate is considered as 100%

B) Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued loans as at reporting date. Such outstanding balances as at the reporting date is considered as EAD by the Group. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

C) Loss given default

The Group determines its expectation of lifetime loss by estimating recoveries towards its entire loan portfolio at state level through analysis of historical information. The Group determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Group has assessed that significant recoveries happen in the year in which default has occurred. Accordingly, it believes no significant difference arise from discounting such recoveries for determining ultimate loss rates. In estimating LGD, the group reviews macro-economic developments taking place in the economy.

Re-calibration of LGDs for FY 2020-21 on account COVID-19 pandemic:

Similar to PDs, the LGD rates have also been reassessed for COVID-19 affected portfolio by comparing past recovery experience from less frequent/ non-recurring default events. Appropriate adjustments have also been made for recoveries observed during the post-pandemic period which are considered as an appropriate representation of expected post-default recoveries.



Handwritten signature and initials in blue ink.

Summary of the range of LGD rates determined by the Group for its portfolio (including the cohort impacted by COVID-19) are given below:

| States | Parent Company | Subsidiary Company (Criss Financial Holdings Limited) |
|----------------|----------------|---|
| | March 31, 2021 | March 31, 2021 |
| Madhya Pradesh | 50% - 88.89% | - |
| Orissa | 50% - 89.24% | - |
| Karnataka | 50% - 82.89% | - |
| Maharashtra | 50% - 84.1% | - |
| Chhattisgarh | 50% - 94.63% | - |
| Jharkhand | 50% - 83.49% | - |
| Kerala | 50% - 80.63% | - |
| Andhra Pradesh | 50% - 90.31% | 0%-60%* |
| Gujarat | 50% - 84.85% | - |
| Bihar | 50% - 44.52% | - |
| Rajasthan | 50% - 44.52% | - |
| Others | 50% - 94.63% | 5.86%-60%* |

Analysis of concentration risk of Group is as follows:-

| States | Parent Company | | Subsidiary Company (Criss Financial Holdings Limited) | |
|----------------|----------------|----------------|---|----------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| Madhya Pradesh | 19.32% | 17.48% | - | - |
| Orissa | 17.68% | 17.69% | - | - |
| Karnataka | 13.52% | 12.93% | - | - |
| Maharashtra | 11.56% | 13.26% | - | - |
| Chhattisgarh | 7.66% | 8.28% | - | - |
| Jharkhand | 4.69% | 4.72% | - | - |
| Kerala | 3.37% | 4.64% | - | - |
| Andhra Pradesh | 7.67% | 6.95% | 87.91% | 99.90% |
| Gujarat | 3.13% | 2.96% | - | - |
| Bihar | 4.87% | 4.76% | - | - |
| Rajasthan | 3.59% | 3.71% | - | - |
| Telangana | 0.56% | 0.56% | 12.09% | 0.10% |
| Others | 2.37% | 2.04% | - | - |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |

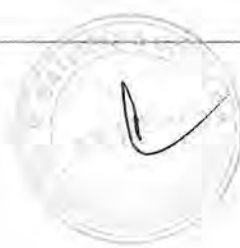
Collateral and other credit enhancement

The Group's secured portfolio includes loans against security of Gold and property (including land and building). Although collateral is an important mitigant credit risk, the Group's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of the product and the Group's assessment of the customer's credit risk, a loan may be offered with suitable collateral.

41.1.a Inter-corporate advance given by the Company to related parties are repayable on demand and governed by Company's policy on demand loans approved by the board of directors. Such policy requires credit appraisal of the financial and operational performance of the counter parties, to be performed by the Company before renewing/rolling over of the advance.

41.1.b Credit Risk due to Covid-19 Pandemic

Refer note 7.4



41.2 Liquidity Risk

Liquidity risk refers to the risk that the Group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Group has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Group has an asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The tables below provide details regarding the contractual maturities of significant financial assets and liabilities as on -

Maturity pattern of assets and liabilities as on March 31, 2021:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|-----------|
| Borrowings*# | 3,700.27 | 2,812.12 | 3,096.91 | 8,727.93 | 17,592.85 | 22,926.56 | 851.53 | - | 59,708.17 |
| Other Financial Liabilities | 2,460.17 | 0.41 | 1.77 | 2.72 | 3.91 | 15.59 | 25.56 | 106.26 | 2,616.39 |
| Loans | 4,436.81 | 4,777.36 | 4,713.07 | 13,773.63 | 25,199.38 | 30,798.34 | 645.09 | 2,957.90 | 87,301.58 |
| Other Financial Assets | 180.60 | 63.18 | 59.09 | 142.02 | 93.32 | 216.60 | 1.89 | - | 756.70 |

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

#Also refer note 14B.

Maturity pattern of assets and liabilities as on March 31, 2020:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|-----------|
| Borrowings* | 2,658.83 | 1,547.25 | 2,188.27 | 7,823.89 | 10,778.45 | 7,353.53 | 238.22 | - | 32,588.44 |
| Other Financial Liabilities | 2,023.34 | 0.09 | 0.09 | 0.51 | 137.16 | 8.48 | 15.46 | 86.75 | 2,271.90 |
| Loans | - | - | 4,733.86 | 11,503.84 | 18,663.13 | 24,390.61 | 291.28 | 171.60 | 59,754.32 |
| Other Financial Assets | 4,884.84 | 1,582.06 | 307.44 | 505.62 | 2,285.67 | 765.88 | 243.11 | - | 10,574.61 |

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

** As per the Covid-19 regulatory package announced by RBI to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic vide Circular No RBI/2019-20/186 & DOR.No BP BC 47/21 04 048/2019-20, the Group has extended moratorium to its borrowers whose loans were standard as on March 01, 2020, for the period April 01, 2020 to May 31, 2020 and further extended till August 31, 2020. Hence, the repayment schedule for such loans as also the residual tenor, is shifted across the board by two months for the year ended 31 March 2020. Further, the same moratorium has been availed by the Group towards payments under securitization arrangement.

Maturity Analysis of assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered and settled

| | March 31, 2021 | | | March 31, 2020 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| ASSETS | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 11,351.95 | - | 11,351.95 | 596.31 | - | 596.31 |
| Bank balances other than cash and cash equivalents | 1,027.69 | 1,430.58 | 2,458.27 | 1,082.66 | 892.39 | 1,975.05 |
| Trade receivables | 120.61 | - | 120.61 | 223.68 | - | 223.68 |
| Loans | 41,136.67 | 28,193.75 | 69,330.42 | 27,179.21 | 21,344.74 | 48,523.95 |
| Derivative financial instrument | 0.45 | - | 0.45 | - | - | - |
| Investments | - | 23.25 | 23.25 | 4,873.62 | 1.00 | 4,874.62 |
| Other financial assets | 721.07 | 35.65 | 756.72 | 2,788.98 | 115.99 | 2,904.97 |
| Subtotal - Total financial assets | 54,358.44 | 29,683.23 | 84,041.67 | 36,744.46 | 22,354.12 | 59,098.58 |
| Non-financial assets | | | | | | |
| Current tax assets (net) | 149.38 | 3.75 | 153.13 | 153.13 | - | 153.13 |
| Deferred tax assets (net) | - | 1,047.49 | 1,047.49 | - | 70.32 | 70.32 |
| Property, plant and equipment | - | 198.96 | 198.96 | - | 152.28 | 152.28 |
| Intangible assets | - | 7.77 | 7.77 | - | 13.31 | 13.31 |
| Goodwill | - | 173.74 | 173.74 | - | 173.74 | 173.74 |
| Other non-financial assets | 146.52 | 0.01 | 146.53 | 112.43 | - | 112.43 |
| Subtotal - Total non-financial assets | 295.90 | 1,431.72 | 1,727.62 | 265.56 | 409.65 | 675.21 |
| Total assets | 54,654.34 | 31,114.95 | 85,769.29 | 37,010.01 | 22,763.77 | 59,773.79 |
| LIABILITIES AND EQUITY | | | | | | |
| LIABILITIES | | | | | | |
| Financial liabilities | | | | | | |
| Debt securities | 10,018.69 | 10,328.45 | 20,347.14 | 7,268.62 | 507.66 | 7,776.28 |
| Borrowings (other than debt securities) | 22,187.21 | 10,996.48 | 33,183.69 | 16,064.98 | 6,208.36 | 22,273.34 |
| Subordinated liabilities | 2.31 | 199.52 | 201.83 | 3.92 | 199.36 | 203.28 |
| Other financial liabilities | 2,567.16 | 129.59 | 2,696.75 | 2,161.20 | 110.70 | 2,271.90 |
| Subtotal - Total financial liabilities | 34,775.37 | 21,654.04 | 56,429.41 | 25,498.72 | 7,026.08 | 32,524.80 |
| Non-financial liabilities | | | | | | |
| Current tax liabilities (net) | 1,398.16 | - | 1,398.16 | 647.07 | - | 647.07 |
| Provisions | 5.15 | 11.35 | 16.50 | 28.00 | - | 28.00 |
| Other non-financial liabilities | 414.25 | - | 414.25 | 301.45 | - | 301.45 |
| Subtotal - Total non-financial liabilities | 1,817.56 | 11.35 | 1,828.91 | 976.52 | - | 976.52 |
| Total Liabilities | 36,592.93 | 21,665.39 | 58,258.32 | 26,475.24 | 7,026.08 | 33,501.32 |
| Net | 18,061.41 | 9,449.56 | 27,510.97 | 10,534.78 | 15,737.68 | 26,272.46 |

41.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Group is exposed to two types of market risks as follows:

41.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Group has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

| | March 31, 2021 | March 31, 2020 |
|---------------------|----------------|----------------|
| Finance Cost | | |
| 0.50 % Increase | (49.27) | (22.44) |
| 0.50 % Decrease | 49.27 | 22.44 |

41.3b Price Risk

The Parent Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The Parent Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

41.3c Prepayment Risk

Prepayment risk is the risk that the Group will incur a financial loss because customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate loans when interest rates fall. The Group monitors the impact of varying levels of prepayment on its net interest income and manages its portfolio and borrowings mix accordingly.

42: Transfer of Financial assets

a. Securitization Transaction:

During the current and previous year, the Parent Company has entered into securitisation arrangement with various parties. Under such arrangement, the Parent Company has transferred a pool of loan portfolio, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Parent Company has concluded that risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the Parent Company's involvement in these assets is as follows:

- As a servicer of the transferred assets.
- To the extent of credit enhancements provided to such parties.

The value of financial assets and liabilities as on :-

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Carrying amount of assets | 6,229.48 | 4,915.87 |
| Carrying amount of associated liabilities | 7,102.28 | 5,398.17 |
| Fair value of assets | 6,256.36 | 4,987.94 |
| Fair value of associated liabilities | 7,144.55 | 5,415.69 |

The excess of fair value of associated liabilities over fair value of assets is Rs. 888.19 millions (March 31, 2020: Rs. 427.75 millions).

b. Assignment Transaction:

During the year ended March 31, 2021, the Group has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. Further, in respect of such de-recognised financial assets, where the Group continues to act as a servicing agent on behalf of the assignee, any contracts pre-closed by the Group at borrowers' request against issuance of fresh loans does not result in retention of incremental risk on the loans assigned. Accordingly, such pre-closures are not considered to impact the de-recognition of other assignment transactions as at reporting date.

The management has performed an assessment of the impact of the assignment transactions done during the year for its business model. Based on such assessment, the Group's business model for the portfolio loans continues with an objective to hold such assets for collecting underlying contractual cash flows and realising cash by selling the portfolio loans wherever appropriate.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Carrying amount of derecognised financial assets | 8,900.55 | 19,155.84 |
| Gain/(loss) from derecognition | 674.05 | 2,139.27 |

Since the Parent Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.



43: Employee Stock Option Plan (ESOP)

The company has provided various equity settled share based payment schemes to its employees. The details are ESOP scheme are as follows.

| Particulars | Grant | Number of Options granted | Vesting Period (In years) | Vesting Conditions |
|------------------|------------|---------------------------|---------------------------|---|
| ESOP Scheme 2018 | Grant I | 3,38,854 | 5 | 20% vests every year subject to continuance of services |
| | Grant II | 8,17,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant III | 13,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant IV | 90,500 | 5 | 20% vests every year subject to continuance of services |
| | Grant V | 3,36,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant VI | 36,500 | 5 | 20% vests every year subject to continuance of services |
| | Grant VII | 1,25,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant VIII | 40,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant IX | 28,000 | 5 | 20% vests every year subject to continuance of services |
| | Grant X | 1,35,000 | 5 | 20% vests every year subject to continuance of services |

Exercise period for all the above schemes is 9 years from the date of grant of the options.
The expense recognised for employee services received during the year is Rs 87.85 million.

a. The following table lists the input to the Black Scholes models used for the options granted during the year ended March 31, 2021

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI | Grant VII |
|---|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Date of Grant | 13-Aug-18 | 13-Aug-18 | 07-Feb-19 | 28-Jan-20 | 28-Jan-20 | 03-Mar-20 | 03-Jun-20 |
| Date of Board / Compensation/ Committee Approval | 13-Aug-18 | 13-Aug-18 | 07-Feb-19 | 28-Jan-20 | 28-Jan-20 | 03-Mar-20 | 03-Jun-20 |
| Number of Options Granted | 3,38,854 | 8,17,500 | 13,500 | 90,500 | 3,36,500 | 36,500 | 1,25,000 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity | Equity |
| Graded Vesting Period | | | | | | | |
| Day following the expiry of 12 months from grant | 20% | 30% | 30% | 20% | 30% | 20% | 20% |
| Day following the expiry of 24 months from grant | 20% | 30% | 30% | 20% | 30% | 20% | 20% |
| Day following the expiry of 36 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 48 months from grant | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 60 months from grant | 20% | NA | NA | 20% | NA | 20% | 20% |
| Exercise Period | 9 Years from the date of grant | | | | | | |
| Vesting conditions | Employee must be in service at the time of vesting. | | | | | | |
| Weighted average of remaining contractual Life in Years | 6.37 | 6.37 | 6.86 | 7.84 | 7.84 | 7.93 | 8.18 |

| Particulars | Grant VIII | Grant IX | Grant X |
|---|---|-----------|-----------|
| Date of Grant | 16-Jun-20 | 31-Aug-20 | 12-Nov-20 |
| Date of Board / Compensation/ Committee Approval | 16-Jun-20 | 31-Aug-20 | 12-Nov-20 |
| Number of Options Granted | 40,000 | 28,000 | 1,35,000 |
| Method of settlement | Equity | Equity | Equity |
| Graded Vesting Period | | | |
| Day following the expiry of 12 months from grant | 20% | 20% | 20% |
| Day following the expiry of 24 months from grant | 20% | 20% | 20% |
| Day following the expiry of 36 months from grant | 20% | 20% | 20% |
| Day following the expiry of 48 months from grant | 20% | 20% | 20% |
| Day following the expiry of 60 months from grant | 20% | 20% | 20% |
| Exercise Period | 9 Years from the date of grant | | |
| Vesting conditions | Employee must be in service at the time of vesting. | | |
| Weighted average of remaining contractual Life in Years | 8.22 | 8.42 | 8.62 |

b. The details of activity under ESOP Scheme 2018 Plan with an exercise price for the year ended March 31, 2021 have been summarised as below:

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI | Grant VII |
|--|---------|----------|-----------|----------|----------|----------|-----------|
| Exercise Price per Share | 263.35 | 263.35 | 263.35 | 1,077.37 | 1,077.37 | 1,091.58 | 860.85 |
| Number of options Outstanding at the beginning of the year | 91,200 | 4,21,350 | 6,000 | 90,500 | 3,21,500 | 36,500 | - |
| Number of options Granted during the year | - | - | - | - | - | - | 1,25,000 |
| Number of Options Exercised during the year | - | - | - | - | - | - | - |
| Number of Options Lapsed during the year | 45,600 | 57,800 | 6,000 | 35,000 | 50,500 | - | 1,25,000 |
| Outstanding at the end of the year * | 45,600 | 3,63,550 | - | 55,500 | 2,71,000 | 36,500 | - |

| Particulars | Grant VIII | Grant IX | Grant X |
|--|------------|----------|----------|
| Exercise Price per Share | 809.85 | 608.74 | 565.72 |
| Number of options Outstanding at the beginning of the year | - | - | - |
| Number of options Granted during the year | 40,000 | 28,000 | 1,35,000 |
| Number of Options Exercised during the year | - | - | - |
| Number of Options Lapsed during the year | 40,000 | - | 10,000 |
| Outstanding at the end of the year * | - | 28,000 | 1,25,000 |



Handwritten signature and initials in blue ink.

c. Details of Stock Options granted during the year

The weighted fair value of stock option granted during the year was Rs 280.82 for Grant IV, Rs 429.05 for Grant V, Rs 477.69 for Grant VI. The Black-Scholes Model has been used for computing the weighted average fair

| Grant -VII | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 512.15 | 512.15 | 512.15 | 512.15 | 512.15 |
| Exercise Price | 860.85 | 860.85 | 860.85 | 860.85 | 860.85 |
| Expected Volatility(%) | 64.04% | 64.04% | 64.04% | 64.04% | 64.04% |
| Life of the options granted in year | 5.0 | 5.5 | 6.0 | 6.5 | 7.0 |
| Risk Free Interest Rate(%) | 5.56% | 5.69% | 5.80% | 5.89% | 5.98% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 240.21 | 256.45 | 271.56 | 285.61 | 298.80 |

| Grant -VIII | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 541.75 | 541.75 | 541.75 | 541.75 | 541.75 |
| Exercise Price | 809.85 | 809.85 | 809.85 | 809.85 | 809.85 |
| Expected Volatility(%) | 63.20% | 63.20% | 63.20% | 63.20% | 63.20% |
| Life of the options granted in year | 5.0 | 5.5 | 6.0 | 6.5 | 7.0 |
| Risk Free Interest Rate(%) | 5.52% | 5.65% | 5.77% | 5.87% | 5.96% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 265.68 | 282.19 | 297.59 | 311.90 | 325.26 |

| Grant -IX | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 638.9 | 638.9 | 638.9 | 638.9 | 638.9 |
| Exercise Price | 608.74 | 608.74 | 608.74 | 608.74 | 608.74 |
| Expected Volatility(%) | 59.93% | 59.93% | 59.93% | 59.93% | 59.93% |
| Life of the options granted in year | 5.0 | 5.5 | 6.0 | 6.5 | 7.0 |
| Risk Free Interest Rate(%) | 5.69% | 5.83% | 5.95% | 6.06% | 6.15% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 370.54 | 386.63 | 401.54 | 415.45 | 428.33 |

| Grant -X | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 612.4 | 612.4 | 612.4 | 612.4 | 612.4 |
| Exercise Price | 565.72 | 565.72 | 565.72 | 565.72 | 565.72 |
| Expected Volatility(%) | 57.35% | 57.35% | 57.35% | 57.35% | 57.35% |
| Life of the options granted in year | 5.0 | 5.5 | 6.0 | 6.5 | 7.0 |
| Risk Free Interest Rate(%) | 5.32% | 5.46% | 5.59% | 5.71% | 5.82% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 347.75 | 362.77 | 376.81 | 389.96 | 402.27 |



Handwritten signature and initials in blue ink.

44: Disclosure of investing and financing transactions that do not require the use of cash and cash equivalents

For the year ended March 31, 2021

| Name of instrument | Opening Balance | Converted into equity share capital* | Premium added on issue of ESOP's | Cash Flows | Closing Balance |
|------------------------|------------------|--------------------------------------|----------------------------------|------------------|------------------|
| Equity Share capital** | 15,752.95 | - | - | - | 15,752.95 |
| Total Borrowings | 30,252.91 | - | - | 23,479.75 | 53,732.66 |
| Total | 46,005.87 | - | - | 23,479.75 | 69,485.62 |

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital and premium amount added on issue of ESOP's

For the year ended March 31, 2020

| Name of instrument | Opening Balance | Converted into equity share capital* | Premium added on issue of ESOP's | Cash Flows | Closing Balance |
|------------------------|------------------|--------------------------------------|----------------------------------|-----------------|------------------|
| Equity Share capital** | 11,808.64 | - | 18.72 | 3,925.59 | 15,752.95 |
| Total Borrowings | 29,677.37 | - | - | 575.54 | 30,252.91 |
| Total | 41,486.03 | - | 18.72 | 4,501.14 | 46,005.86 |

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital

45: Business Combinations

On December 27, 2018, the Group acquired 95.97% of the voting shares (2,837,135 shares) of Criss Financial Holdings Limited, a non-listed NBFC based in India for a purchase consideration of Rs 375.24 million. Further, the Group has invested Rs 250.00 million and Rs 500.00 million on December 28, 2018 and March 31, 2021 in lieu for fresh issue of 1,890,217 and 2,824,858 equity shares by Criss Financial Holdings Limited. Thereafter, Group holds 98.45% (March 31, 2020: 97.54%) of the voting shares of Criss Financial Holdings Limited. Goodwill has been recorded since the Group considers equity interest in Criss Financial Holdings Limited as long term strategic business with no intention to liquidate in the near future.

Non Controlling Interest has been calculated based on the proportionate share in Fair value of Net Assets acquired.

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period. Based upon the assessment performed with respect to Parent Company's investment in Subsidiary, no adjustment on account of impairment is required to be effected to the carrying value of goodwill.

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Cost as at beginning of the year | 173.74 | 173.74 |
| Addition relating to acquisition of subsidiary | - | - |
| Cost as at end of the year | 173.74 | 173.74 |
| Impairment as at beginning of the year | - | - |
| Charges for the year | - | - |
| Impairment as at end of the year | - | - |
| Net carrying value as at beginning of the year | 173.74 | 173.74 |
| Net carrying value as at end of the year | 173.74 | 173.74 |

The Group has considered the entire subsidiary as a cash generating unit for the purpose of testing impairment of goodwill. The recoverable amounts which exceed the carrying value has been determined based on value in use calculations taking into consideration the operating results, business plans and future cashflows of the subsidiary. Based upon the assessment performed with respect to the parent company's investment in subsidiary, no adjustment on account of impairment is required to be made to the carrying value of goodwill. Goodwill is not deductible for tax purposes.

46: Revenue from contracts with customers

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Type of services | | |
| Service fees for management of assigned portfolio of loans | 0.71 | 5.12 |
| Commission & other Income | 316.63 | 667.64 |
| Total | 317.34 | 672.76 |

Geographical markets

| Particulars | March 31, 2021 | March 31, 2020 |
|---------------|----------------|----------------|
| India | 317.34 | 672.76 |
| Outside India | - | - |
| Total | 317.34 | 672.76 |

Timing of revenue recognition

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Services transferred at a point in time | 317.34 | 672.76 |
| Services transferred over time | - | - |
| Total | 317.34 | 672.76 |

Receivables

| Particulars | March 31, 2021 | March 31, 2020 |
|---------------------------|----------------|----------------|
| Commission & other Income | 128.23 | 212.91 |

Impairment allowance recognised on receivables is Nil (Previous year: Nil)

47: Previous year figures have been regrouped / rearranged wherever necessary to conform with current year's classification

(This space has been left blank intentionally)



(Handwritten signature and initials)

48: CSR Expenses

| Particulars | (Rupees in Millions) | |
|---|----------------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| a) Gross amount required to be spent by the Group for the year | 89.82 | 50.89 |
| b) Amount approved by the Board to be spent for the year | 89.82 | 50.89 |
| c) Amount spent during the year on purposes other than construction/acquisition of any asset | 16.34 | 51.91 |
| d) Details of related party transaction e.g., contribution to a trust/society/Section 8 company controlled by the Company | - | - |
| Paid | 16.34 | 51.40 |
| Yet to be paid | - | 0.51 |
| Total | 16.34 | 51.91 |

Details of unspent amount

| Particulars | March 31, 2021 |
|--|----------------|
| Opening balance | 2.31 |
| Amount need to be spent during the year | 92.13 |
| Amount deposited in specified fund of schedule VII of the Companies Act, 2013, within 6 months | - |
| Amount spent during the year | 16.34 |
| Closing balance | 75.78 |

* Rs. 58.56 million was deposited in a separate bank account on April 30, 2021.

49: The Group has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Group has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liability where applicable in the financial statements. Refer note 34(a) for details on tax litigations.

50: The Holding Company is in correspondence with Reserve Bank of India ("RBI") with respect to the pricing of credit guidelines prescribed under paragraph 56 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016, as amended. In respect of the observation made by the RBI in its inspection report for the years ended March 31, 2018 and March 31, 2019, the Holding Company has adequately recognised its impact in these financial statements. Further, as per RBI's directives, the Holding Company has initiated the process to quantify the interest amount in respect of closed loan accounts in order to process the refund and has offered to reduce the interest rate on active loans in respect of which RBI's confirmation is awaited.

51: The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

52: In accordance with the instructions in the RBI circular dated April 7, 2021, all lending institutions shall refund/adjust 'interest on interest' to all borrowers including those who had availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly, the Group has estimated the said amount and made provision for refund/adjustment to the tune of Rs 100.85 million in these financial statements.

53: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

As per our report of even date
for S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Viren H. Mehta
Partner
Membership No 048749



For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Dheepak Kalian Vaidya
Chairman
DIN: 00337276
Place: Mumbai
Date: May 22, 2021

Satish Kottakota
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2021

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: May 22, 2021

Ramesh Periasamy
Company Secretary
Mem No: A26247
Place: Erode
Date: May 22, 2021

Place: Mumbai
Date: May 22, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Spandana Sphoorty Financial Limited

Report on the Audit of the standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Spandana Sphoorty Financial Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SA), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Emphasis of matter

We draw attention to Note 40.1.b to the standalone Ind AS financial statements, which describes the economic and social disruption as a result of the COVID-19 pandemic of the Company's business and financial metrics including the Company's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| (a) Impairment of financial assets at balance sheet date (expected credit losses) (as described in notes 7 and 40.1 of the standalone Ind AS financial statements) | |
| Ind AS 109 requires the Company to provide for impairment of its financial assets (designated at | • Read and assessed the Company's accounting policy for impairment of financial assets and its |



| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| <p>amortised cost and fair value through other comprehensive income) as at the reporting date using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets (loan portfolio).</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p> <ul style="list-style-type: none"> • Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; • Determining effect of less frequent past events on future probability of default; • Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans. <p>Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020, issued as part of the COVID-19 Regulatory Package ("RBI circular"), allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy.</p> <p>In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Company has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated.</p> <p>In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is considered as a key audit matter.</p> | <p>compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020.</p> <ul style="list-style-type: none"> • Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. • Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default (PD) and loss given default (LGD) rates. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Assessed disclosures included in the standalone Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation. |



| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| (b) IT systems and controls <p>The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p> | <p>We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors:</p> <ul style="list-style-type: none"> • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs - to understand the design and test the operating effectiveness of such controls; • Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting; • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. |

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report including the Annexures thereto (but does not include the standalone Ind AS financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Management Discussion and Analysis Report, which is expected to be made available to us after that date.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Management Discussion and Analysis Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements.



Responsibilities of Management and Those Charged with Governance for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 47 to the standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Viren H. Mehta**

Partner

Membership Number: 048749



UDIN: 20048749AAAAII5017

Mumbai

June 2, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**Re: Spandana Sphoorty Financial Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) The Company has granted loans to two companies covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) The Company has granted loans that are re-payable on demand, to companies covered in the register maintained under section 189 of the Act. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. However, there have been slight delays in payment of interest by such companies.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:



| Name of the Statute | Nature of dues | Amount under dispute (Rs.)* | Amount paid (Rs.)** | Period to which it relates | Forum where dispute is pending |
|------------------------------------|----------------|-----------------------------|---------------------|--|--|
| Chapter V of the Finance Act, 1994 | Service Tax | 56,852,171 | 9,926,956 | Financial year from 2006-07 to 2014-15 | Customs, Excise & Service Tax Appellate Tribunal |
| Income tax Act, 1961 | Income Tax | 475,376,736 | 69,223,626 | Financial year 2016-17 | CIT (A) |

* Excluding interest and penalty, as applicable

** Paid under protest

- (viii) According to the information and explanations given by the management, the Company delayed repayment of loans or borrowings from financial institutions and banks during March 2020 to the extent of Rs.392.3 million and such dues were in arrears as on the balance sheet date. The lender wise details are tabulated as under:

| Bank / Financial institution | Amount of delay as on Balance sheet date* (Rs. in million) | Period of delay since | Remarks |
|------------------------------|--|-----------------------|--|
| IndusInd Bank Limited | 65.2 | March 24, 2020 | According to the information and explanations provided to us by the management, these repayments were not made by the Company on the respective dates in view of the discussions with the banks and financial institutions for re-schedulement of repayment dates subsequent to the nation-wide lockdown announced by the Central Government on March 24, 2020 on account of the Novel Coronavirus (COVID-19) pandemic and also pursuant to COVID-19 Regulatory package announced by Reserve Bank of India on March 27, 2020, regarding moratorium on loans from March 1, 2020. However, all these amounts were subsequently paid in April 2020, irrespective of receipt of moratorium approval from these institutions. |
| Hinduja Leyland Finance | 6.9 | March 26, 2020 | |
| Bank of Baroda | 125.0 | March 28, 2020 | |
| Yes Bank Limited | 20.5 | March 28, 2020 | |
| Kotak Mahindra Bank Limited | 20.8 | March 29, 2020 | |
| Yes Bank Limited | 12.5 | March 29, 2020 | |
| Kotak Mahindra Bank Limited | 20.8 | March 30, 2020 | |
| Yes Bank Limited | 31.3 | March 30, 2020 | |
| Bank of Baroda | 41.7 | March 31, 2020 | |
| IDFC Bank Limited | 47.6 | March 31, 2020 | |

The Company has not defaulted in repayment of dues to debenture holders. The Company did not have any dues of loans or borrowing to government during the year.

- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilised the monies raised by way of initial public offer in the nature of equity shares for the purposes for which they were raised.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.



- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Viren H. Mehta

Partner

Membership Number: 048749

UDIN: 20048749AAAII5017

Mumbai

June 2, 2020



Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Spandana Sphoorty Financial Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Viren H. Mehta**

Partner

Membership Number: 048749

UDIN: 20048749AAAII5017

Mumbai

June 2, 2020



Spandana Sphoorty Financial Limited
Standalone Balance Sheet as at March 31, 2020

(Rupees in millions unless otherwise stated)

| | Notes | As at March 31, 2020 | As at March 31, 2019 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash and cash equivalents | 4 | 536.19 | 1,454.07 |
| Bank balances other than cash and cash equivalents | 5 | 1,970.99 | 2,028.09 |
| Trade receivables | 6 | 223.68 | 35.49 |
| Loans | 7 | 46,844.86 | 41,653.89 |
| Investments | 8 | 5,498.55 | 646.35 |
| Other financial assets | 9 | 3,859.43 | 861.35 |
| Subtotal - Financial assets | | 58,933.70 | 46,679.24 |
| Non-financial assets | | | |
| Current tax assets (net) | 10 | 149.38 | 83.37 |
| Deferred tax assets (net) | 11 | 69.03 | 1,998.36 |
| Property, plant and equipment | 12 | 151.43 | 70.86 |
| Intangible assets | 12 | 12.84 | 21.53 |
| Other non-financial assets | 13 | 101.46 | 127.01 |
| Subtotal - Non-financial assets | | 484.14 | 2,301.13 |
| Total assets | | 59,417.84 | 48,980.37 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Financial liabilities | | | |
| Debt securities | 14 | 7,776.28 | 13,719.64 |
| Borrowings (other than debt securities) | 14 | 22,184.11 | 15,529.89 |
| Subordinated liabilities | 14 | 201.67 | 201.56 |
| Other financial liabilities | 15 | 2,255.73 | 435.21 |
| Subtotal - Financial liabilities | | 32,417.79 | 29,886.30 |
| Non-financial liabilities | | | |
| Current tax liabilities (net) | 16 | 596.69 | 3.48 |
| Provisions | 17 | 27.58 | 3.42 |
| Other non-financial liabilities | 18 | 294.40 | 223.43 |
| Subtotal - Non-financial liabilities | | 918.67 | 230.33 |
| EQUITY | | | |
| Equity share capital | 19 | 643.15 | 596.34 |
| Other equity | 20 | 25,438.23 | 18,267.40 |
| Subtotal - Equity | | 26,081.38 | 18,863.74 |
| Total liabilities and equity | | 59,417.84 | 48,980.37 |

Summary of significant accounting policies 3

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

per Viren H. Mehta
Partner
Membership No.048749



Place: Mumbai
Date: June 02, 2020

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Deepak Calian Vaidya
Chairman
DIN: 00337276
Place: Mumbai
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhinjhar
Company Secretary
Membership No. F8325
Place: Hyderabad
Date: June 02, 2020



Spandana Sphoorty Financial Limited
Standalone Profit and Loss statement for the year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | Notes | For year ended March 31, 2020 | For year ended March 31, 2019 |
|---|-------|----------------------------------|----------------------------------|
| Revenue from operations | | | |
| Interest income | 21 | 11,454.46 | 9,914.42 |
| Commission and Incentive Income | | 351.12 | 147.59 |
| Net gain on fair value changes | 22 | 2,184.03 | 265.70 |
| Others | 23 | 105.25 | 35.10 |
| Total revenue from operations | | 14,094.86 | 10,362.81 |
| Other income | 24 | 319.28 | 54.27 |
| Total income | | 14,414.14 | 10,417.08 |
| Expenses | | | |
| Finance cost | 25 | 3,541.11 | 3,564.71 |
| Impairment on financial instruments and other provisions | 26 | 2,728.96 | 454.17 |
| Employee benefits expense | 27 | 1,669.70 | 1,299.89 |
| Depreciation and amortization expense | 12 | 87.42 | 69.19 |
| Other expenses | 28 | 405.55 | 335.31 |
| Total expenses | | 8,432.74 | 5,723.27 |
| Profit before tax | | 5,981.40 | 4,693.81 |
| Tax expense: | 29 | | |
| Current tax | | 653.54 | 3.48 |
| Deferred tax | | 1,960.92 | 1,602.85 |
| Income tax expense | | 2,614.46 | 1,606.33 |
| Profit for the year | | 3,366.94 | 3,087.48 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement gains/(losses) on defined benefit plans | | (17.38) | (3.07) |
| Income tax effect | | 4.37 | 1.07 |
| Items that will be reclassified subsequently to profit or loss | | | |
| Fair value gain on loans | | 12.11 | 688.80 |
| Income tax effect | | (3.05) | (240.69) |
| Total comprehensive income for the year | | 3,362.99 | 3,533.59 |
| Earnings per share (equity share, par value of Rs.10 each) | | | |
| Computed on the basis of total profit for the year | | | |
| Basic | 30 | 53.85 | 52.92 |
| Diluted | 30 | 53.40 | 52.81 |
| Nominal value | | 10.00 | 10.00 |

Summary of significant accounting policies

3

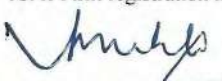
The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number : 301003E/E300005



per Viren H. Mehta

Partner

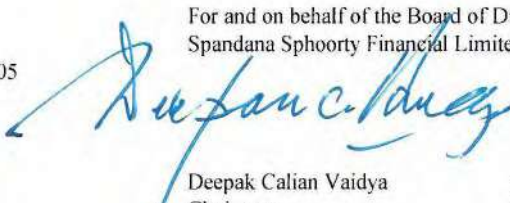
Membership No.048749



Place: Mumbai

Date: June 02, 2020

For and on behalf of the Board of Directors of
 Spandana Sphoorty Financial Limited


 Deepak Calian Vaidya
 Chairman

DIN: 00337276

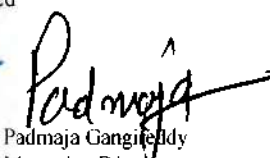
Place: Mumbai

Date: June 02, 2020


 Sudhesh Chandrasekar
 Chief Financial Officer

Place: Hyderabad


Date: June 02, 2020


 Padmaja Gangireddy
 Managing Director

DIN: 00004842

Place: Hyderabad

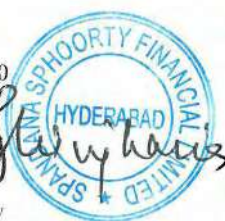
Date: June 02, 2020


 Rakesh Jhinjhar
 Company Secretary

Membership No. F8325

Place: Hyderabad

Date: June 02, 2020



Spandana Spahoorty Financial Limited
Standalone Cash Flow Statement for the year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| Particulars | For year ended March 31, 2020 | For year ended March 31, 2019 |
|--|----------------------------------|----------------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 5,981.40 | 4,693.81 |
| Adjustments for: | | |
| Interest on income tax | - | 1.15 |
| Depreciation and amortization | 87.42 | 69.49 |
| Share based payment to employees | 41.07 | 41.14 |
| Provision for gratuity | 10.20 | 3.95 |
| Finance cost on Lease Liability | 14.37 | - |
| Net gain on derecognition of property, plant and equipment | - | (0.03) |
| Impairment on financial instruments and other provisions | 2,728.96 | 454.17 |
| Net gain on fair value changes | (44.76) | (109.57) |
| Other provisions and write offs | 29.13 | 23.61 |
| Operating profit before working capital changes | 8,847.79 | 5,177.42 |
| Movements in working capital: | | |
| Increase / (decrease) in other financial liabilities | 1,707.33 | 290.10 |
| Increase / (decrease) in provisions | (3.42) | (7.50) |
| Increase / (decrease) in other non financial liabilities | 70.97 | 43.12 |
| (Increase) / decrease in bank balances other than cash and cash equivalents | 57.11 | (995.63) |
| (Increase) / decrease in trade receivables | (188.19) | (9.95) |
| (Increase) / decrease in loans | (7,907.82) | (10,522.94) |
| (Increase) / decrease in other financial assets | (3,027.22) | (225.23) |
| (Increase) / decrease in other non financial assets | 25.55 | (111.54) |
| Cash used in operations | (417.90) | (6,362.14) |
| Income taxes paid | (118.77) | (135.61) |
| Net cash generated/(used) in operating activities (A) | (536.67) | (6,497.75) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (45.00) | (69.07) |
| Purchase of intangible assets | (0.02) | (8.00) |
| Proceeds from derecognition of property, plant and equipment | - | 0.08 |
| Purchase of investments | (72,390.11) | (67,585.20) |
| Sale of investments | 67,583.24 | 67,694.76 |
| Investment in subsidiary | - | (625.35) |
| Net cash generated/(used) in investing activities (B) | (4,851.89) | (592.78) |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | 3,925.59 | 504.00 |
| Balance subscription of optionally convertible redeemable preference shares (all series) | - | 532.31 |
| Proceeds from issue of Share Warrants (including securities premium) | - | 349.03 |
| Dividend paid on compulsory convertible preference shares (all series) | - | (0.13) |
| Debt securities (net) | (5,943.36) | 3,572.51 |
| Payment of Lease liability | (15.42) | - |
| Borrowings (other than debt securities) (net) | 6,654.22 | 2,564.81 |
| Subordinated liabilities (net) | 0.11 | 0.01 |
| Share issue expenses | (150.46) | - |
| Net generated/(used) in financing activities (C) | 4,470.68 | 7,519.54 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | (917.88) | 429.00 |
| Cash and cash equivalents at the beginning of the year | 1,454.07 | 1,025.07 |
| Cash and cash equivalents at the end of the year (refer note 4) | 536.19 | 1,454.07 |
| Components of cash and cash equivalents as at the end of year | | |
| Cash on hand | 2.82 | 7.78 |
| Balance with banks - on current account | 533.37 | 1,375.20 |
| Deposits with original maturity of less than or equal to 3 months | - | 71.09 |
| Total cash and cash equivalents | 536.19 | 1,454.07 |

For disclosure of investing and financing activities that do not require the use of cash and cash equivalents, refer note 43

| Cash flow from operating activities | For year ended March 31, 2020 | For year ended March 31, 2019 |
|-------------------------------------|----------------------------------|----------------------------------|
| Interest Received | 12,372.65 | 9,643.40 |
| Interest Paid | 3,325.34 | 3,229.04 |

Summary of significant accounting policies

Note No. 3

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number 301003E/E300005

per Viren H. Mehta
Partner
Membership No 048749



Place: Mumbai
Date: June 02, 2020

For and on behalf of the Board of Directors of
Spandana Spahoorty Financial Limited

Deepak Calian Vaidya
Chairman
DIN: 00337276
Place: Mumbai
Date: June 02, 2020

Padmaja Gangreddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhingharia
Company Secretary
Membership No: F8325
Place: Hyderabad
Date: June 02, 2020



Spandana Sphoorty Financial Limited
Statement of Changes in Equity for year ended on March 31, 2020

A. Equity Shares

Equity Share of Rs. 10 each issued, subscribed and fully paid

(Rupees in millions unless otherwise stated)

| Particulars | No. of Shares | Amount |
|--|---------------|--------|
| As at April 1, 2018 | 29,756,818 | 297.57 |
| Issue of equity share capital during the year ended March 31, 2019 (refer note 19) | 29,876,865 | 298.77 |
| As at March 31, 2019 | 59,633,683 | 596.34 |
| Issue of equity share capital during the year ended March 31, 2020 (refer note 19) | 4,681,800 | 46.82 |
| As at March 31, 2020 | 64,315,483 | 643.15 |

B. Other Equity

(Rupees in millions unless otherwise stated)

| Particulars | Notes | Reserves & Surplus | | | | | | | Equity component of compound financial instrument | Money received against share warrants | Other items of comprehensive income (fair valuation on loans) | Grand total |
|--|-----------|--------------------|-------------------|-----------------|---|----------------------------|-----------------------------------|------------------|---|---------------------------------------|---|------------------|
| | | Securities Premium | Retained Earnings | General Reserve | Statutory Reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934) | Capital Redemption Reserve | Share options outstanding reserve | Total | | | | |
| Balance as at April 01, 2018 | 20 | 2,877.61 | 4,221.14 | 23.28 | 1,948.67 | 1,526.92 | - | 2,155.33 | 11,452.21 | 1.49 | - | 13,609.04 |
| Profit for the year ended March 31, 2019 | | - | 3,087.48 | - | - | - | - | 3,087.48 | - | - | - | 3,087.48 |
| Other comprehensive income | | - | (2.00) | - | - | - | - | (2.00) | - | - | 448.11 | 446.11 |
| Total comprehensive income | | - | 3,085.48 | - | - | - | - | 3,085.48 | - | - | 448.11 | 3,533.59 |
| Transfer to Statutory Reserve | | - | (617.50) | - | 617.50 | - | - | - | - | - | - | - |
| Fair value of stock option - charge for the year | | - | - | - | - | - | 41.25 | 41.25 | - | - | - | 41.25 |
| Issue of share capital during year ended March 31, 2019 | 20 | 479.72 | - | - | - | - | - | 479.72 | - | - | - | 479.72 |
| Conversion of compulsory convertible preference shares | 20 | 11,212.29 | - | - | - | - | - | 11,212.29 | (11,452.21) | - | - | (239.92) |
| Conversion of optionally convertible redeemable preference shares - series A, B & C | 20 | 509.70 | - | - | - | - | - | 509.70 | - | - | - | 509.70 |
| Conversion of share warrants | 20 | 335.64 | - | - | - | - | - | 335.64 | - | (1.49) | - | 334.15 |
| Dividend on CIPS (all classes) and OCIPS (all series) includes dividend distribution tax | 20 | - | (0.13) | - | - | - | - | (0.13) | - | - | - | (0.13) |
| Balance as at March 31, 2019 | 20 | 15,414.96 | (1,753.29) | 23.28 | 2,566.17 | 1,526.92 | 41.25 | 17,819.29 | - | - | 448.11 | 18,267.40 |
| Profit for the year ended March 31, 2020 | | - | 3,366.94 | - | - | - | - | 3,366.94 | - | - | - | 3,366.94 |
| Other comprehensive income | | - | (13.01) | - | - | - | - | (13.01) | - | - | 9.06 | (3.95) |
| Total comprehensive income | | - | 3,353.94 | - | - | - | - | 3,353.94 | - | - | 9.06 | 3,363.00 |
| Transfer to Statutory Reserve | | - | (673.38) | - | 673.38 | - | - | - | - | - | - | - |
| Premium on issue of equity shares | 20 | 3,897.49 | - | - | - | - | - | 3,897.49 | - | - | - | 3,897.49 |
| Share Issue Expenses | 20 | (150.46) | - | - | - | - | - | (150.46) | - | - | - | (150.46) |
| Add: Share based payment to employees | 20 | 37.87 | - | - | - | - | 43.80 | 81.66 | - | - | - | 81.66 |
| Less: Transfer on allotment of shares to employees pursuant to ESOP scheme | 20 | - | - | - | - | - | (18.72) | (18.72) | - | - | - | (18.72) |
| Less: Transfer on cancellation of stock options | 20 | - | - | - | - | - | (2.16) | (2.16) | - | - | - | (2.16) |
| Balance as at March 31, 2020 | 20 | 19,199.86 | 927.27 | 23.28 | 3,239.55 | 1,526.92 | 64.17 | 24,981.05 | - | - | 457.17 | 25,438.23 |

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 3010032/E300005

per Viren H. Mehta
Partner
Membership No. 048749



Place: Mumbai
Date: June 02, 2020

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Deepak Chohan Vaidya
Chairman
DIN: 00337276
Place: Mumbai
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Padmaja Gangreddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Rakesh Bhujharia
Company Secretary
Membership No. F8325
Place: Hyderabad
Date: June 02, 2020



1. Corporate information

Spandana Sphoorty Financial Limited ('SSFL' or the 'Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on March 10, 2003. The Company was registered as a non-deposit accepting non-banking financial company ('NBFC-ND') with the Reserve Bank of India ('RBI') and got classified as non-banking financial company – micro finance institution (NBFC – MFI) effective April 13, 2015.

The shares of the Company were listed on the stock exchanges in India in August 2019 pursuant to the Initial Public Offer of equity shares. The registered office of the Company is located at Spandana Sphoorty financial limited, plot no 31 & 32, Ramky Selenium Towers, Ground floor, Nanakramguda, Gachibowli, Telangana, India.

The Company is primarily engaged in the business of micro finance providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

2. Basis of preparation:**a) Statement of compliance in preparation of standalone financial statements**

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments and other financial assets held for trading all of which have been measured at fair value. Further, the carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

The functional currency of the Company is the Indian rupee. These standalone financial statements are presented in Indian rupees (rounded off to millions).

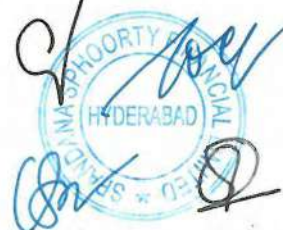
b) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- a. The normal course of business
- b. The event of default
- c. The event of insolvency or bankruptcy of the Group and/or its counterparties.

c) Assessment of Going Concern Assumption

The Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to fulfill its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. Pursuant to the order issued by the Ministry of Home Affairs on April 15, 2020 allowing microfinance companies to operate in specified areas, the Company resumed operations in those specified areas from April 20, 2020 by complying with the regulatory guidelines on businesses, social distancing, etc. With the gradual relaxation of lockdown rules thereafter, our employees were able to meet and collect from those borrowers willing to repay, due to minimal impact of the lockdown on them. As observed since the resumption of operations, the management is confident that collections will continue to improve, albeit likely to be at a lower level than earlier. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC-MFI, current status/outcomes of discussions with the Company's lenders to seek/extend moratorium and various other financial support from other banks and financial institutions in determining the Company's liquidity position over the next 12 months from the end of reporting period. Based



on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to fulfill its obligations as and when these become due in the foreseeable future.

3. Significant accounting policies

a) Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

ii) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Impairment of loans

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

iv) Provisions other than impairment on loans

Provisions are held in respect of a range of future obligations. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

v) Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

b) Recognition of income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:



A handwritten signature in blue ink over a blue circular stamp of Spandana Spoorty Financial Limited, Hyderabad. The stamp contains the text "SPANDANA SPOORTY FINANCIAL LIMITED" and "HYDERABAD". There is another smaller blue stamp below it with the letters "CS".

(i) Interest income and expense

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iii) Other income and expense

All Other income and expense are recognized in the period they occur.

c) Property, plant and equipment(PPE) and intangible asset**PPE**

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible Asset

Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.

d) Depreciation and amortization**Depreciation**

- i. Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.
- ii. Property, plant and equipment costing up to Rs.5,000 individually are fully depreciated in the year of purchase.

The image shows two official blue circular stamps of Spandana Spoorty Financial Limited, Hyderabad. The stamps contain the company name and 'HYDERABAD'. Overlaid on these stamps are several handwritten signatures in blue ink.

The Company has used the following useful lives to provide depreciation on its Property, plant and equipment:

| Asset Category | Useful Life (in years) |
|------------------------|------------------------|
| Furniture & Fixtures | 10 |
| Computers & Printers | 3 |
| Office Equipment | 5 |
| Leasehold Improvements | 3 |
| Vehicles | 8 |
| Land & Buildings | 60 |

Amortization

Intangible assets are amortized at a rate of 40% per annum on a "Written Down Value" method, from the date that they are available for use.

e) Impairment

i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.

In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognize credit losses over next 12 month period. The Company has an option to determine such losses on individual basis or collectively depending upon the nature of underlying loans.

The Company has a process to assess credit risk of all exposures at each year end as follows:

Stage I

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over next 12 months.

Stage II

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

Methodology for calculating ECL

The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).



Exposure at default (EAD) – It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

ii) Non financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Revenue From Contracts with Customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue From Contracts with Customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

- (a) Commission and incentive income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.
- (b) The company recognizes revenue from advertisement activities upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers.

g) Net Gain/Loss on fair value changes

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognizes gains on fair value changes of financial assets measured at FVTPL, and realized gains on derecognition of financial assets measured at FVTPL and FVOCI on net basis.

Further, the Company also recognizes the fair value on investment in mutual funds in the statement of profit and loss in accordance with Ind AS 109.



h) Leases

Short term leases not covered under Ind AS 116 are classified as operating lease. Lease payments during the year are charged to statement of profit and loss. Further minimum rentals payable under non - cancellable operating leases.

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company has adopted Ind AS 116 - Leases with effect from April 1, 2019 and applied to all lease contracts existing on April 1, 2019 using the Modified Retrospective Approach. In accordance with the transitional provisions, the Company has not restated the comparative figures. The adoption of new standard resulted in recognition of right-of-use asset and a corresponding lease liability of Rs.114.27 million on April 1, 2019. The effect of this adoption is not material to the profit for the period and earnings per share.

i) Foreign currency transactions**• Functional and presentation currency**

The Standalone financial statements are presented in Indian Rupees (INR), which are the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

• Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

j) Retirement and Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.



The Company operates following employee benefit plans:

i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

iii) Leaves

The service rules of the Company do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

iv) Employee Stock Option Plan

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

k) Income taxes

Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



Handwritten signature and blue circular stamp of SPANDANA SPOORTY FINANCIAL LIMITED, HYDERABAD.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Company also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

l) Earnings per share (EPS)

The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

m) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.



n) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not have any contingent assets in the financial statements.

o) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.

Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

Financial assets at amortized cost:

Financial assets are measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Financial assets at FVOCI:

Financial assets are measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.



SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL.

Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.



p) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- *Level 1 financial instruments* - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- *Level 2 financial instruments* - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- *Level 3 financial instruments* - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

r) Share issue expenses

Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity.

s) Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.



| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 4: Cash and cash equivalents | | |
| Cash on hand | 2.82 | 7.78 |
| Balances with banks | | |
| On current accounts | 533.37 | 1,375.20 |
| Deposit with original maturity of less than three months | - | 71.09 |
| | 536.19 | 1,454.07 |

Balances with banks earns interest with floating rates based on daily bank deposit rates. Short term Deposits are made for varying periods of between 1 day and 3 months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

5: Bank balances other than cash and cash equivalents

| | | |
|--|-----------------|-----------------|
| Deposit with remaining maturity of less than 12 months | 24.99 | 85.22 |
| Deposit with remaining maturity of more than 12 months | - | - |
| Margin money deposits (refer note below) | 1,946.00 | 1,942.87 |
| | 1,970.99 | 2,028.09 |

Note: Represent margin money deposits placed to avail term loans from banks and placed as cash collateral in connection with securitization transactions. Fixed Deposits with banks earns interest with fixed/floating rates based on daily bank deposit rates.

6: Trade receivables

Outstanding for a period less than six months from the date they are due for payment

| | | |
|----------------------------|---------------|--------------|
| Unsecured, considered good | 223.68 | 35.49 |
| | 223.68 | 35.49 |

Provision for impairment :

| | | |
|----------------------------|---------------|--------------|
| Unsecured, considered good | - | - |
| | 223.68 | 35.49 |

Trade receivables include Rs.108.62 Million (Previous year Rs. 28.61 Million) receivable from entities in which Directors or key Managerial Persons are interested.

Trade receivables are generally non interest bearing and are on terms of 30 to 60 days.

7 :Loans

At Fair value through OCI

| | | |
|---|------------------|------------------|
| Loans | 48,497.07 | 45,529.86 |
| Total - Gross | 48,497.07 | 45,529.86 |
| Less: Impairment and other provisions including Management overlay for COVID-19 | (1,652.21) | (3,875.96) |
| Total - Net | 46,844.86 | 41,653.90 |

(a) Secured by tangible assets (Gold, Property including land and building)

| | | |
|---------------|-----------|-----------|
| (b) Unsecured | 846.00 | 643.07 |
| | 47,651.07 | 44,886.79 |

| | | |
|----------------------|------------------|------------------|
| Total - Gross | 48,497.07 | 45,529.86 |
|----------------------|------------------|------------------|

| | | |
|---|------------|------------|
| Less: Impairment and other provisions including Management overlay for COVID-19 | (1,652.21) | (3,875.96) |
|---|------------|------------|

| | | |
|--------------------|------------------|------------------|
| Total - Net | 46,844.86 | 41,653.89 |
|--------------------|------------------|------------------|

(a) Public sector

| | | |
|------------|-----------|-----------|
| (b) Others | - | - |
| | 48,497.07 | 45,529.86 |

| | | |
|----------------------|------------------|------------------|
| Total - Gross | 48,497.07 | 45,529.86 |
|----------------------|------------------|------------------|

| | | |
|---|------------|------------|
| Less: Impairment and other provisions including Management overlay for COVID-19 | (1,652.21) | (3,875.96) |
|---|------------|------------|

| | | |
|--------------------|------------------|------------------|
| Total - Net | 46,844.86 | 41,653.89 |
|--------------------|------------------|------------------|

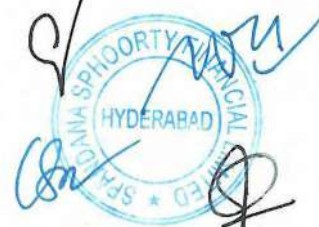
(a) Within India

| | | |
|-------------------|-----------|-----------|
| (b) Outside India | 48,497.07 | 45,529.86 |
|-------------------|-----------|-----------|

| | | |
|----------------------|------------------|------------------|
| Total - Gross | 48,497.07 | 45,529.86 |
|----------------------|------------------|------------------|

| | | |
|---|------------|------------|
| Less: Impairment and other provisions including Management overlay for COVID-19 | (1,652.21) | (3,875.96) |
|---|------------|------------|

| | | |
|--------------------|------------------|------------------|
| Total - Net | 46,844.86 | 41,653.89 |
|--------------------|------------------|------------------|



Overview of the loans of the Company

The Company is primarily in the business of providing micro loans towards income generating activities with its operations spread out in different parts of India.

On October 15, 2010, the then Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" which was subsequently enacted as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011" ('AP MFI Act'). The AP MFI Act, inter alia, imposed several restrictions on the operations of the MFIs operating in the then state of Andhra Pradesh, including a change in repayment frequency for loan repayments from a 'weekly' to a 'monthly' basis.

As a result recoveries from the loans in the states of Andhra Pradesh and Telangana were adversely affected resulting in significant defaults. Such loans are hereinafter referred as the 'old AP portfolio'. Accordingly, all such loans have been categorized under Stage III on March 31, 2019 considering significant uncertainty with respect to their recoveries. However the same loans as been entirely written off during current year. All other exposures have been referred as 'new portfolio'.

The table below discloses credit quality of the Company's exposures as at reporting date:

Portfolio classification as at March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|--|------------------|---------------|---------------|------------------|
| Gross carrying amount as at March 31, 2020 | | | | |
| - New Portfolio | 48,211.14 | 106.57 | 179.36 | 48,497.07 |
| - Old AP Portfolio | - | - | - | - |
| Total | 48,211.14 | 106.57 | 179.36 | 48,497.07 |

*Old AP portfolio is completely written off during the year, hence net exposure is Nil.

Portfolio classification as at March 31, 2019

| Particulars | Stage I | Stage II | Stage III | Total |
|--|------------------|---------------|-----------------|------------------|
| Gross carrying amount as at March 31, 2019 | | | | |
| - New Portfolio | 41,751.88 | 150.17 | 43.11 | 41,945.16 |
| - Old AP Portfolio | - | - | 3,584.70 | 3,584.70 |
| Total | 41,751.88 | 150.17 | 3,627.81 | 45,529.86 |

Gross Portfolio Movement for the year ended March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|--|------------------|-----------------|-------------------|-------------------|
| Gross carrying amount as at April 1, 2019 | | | | |
| - New Portfolio | 41,751.88 | 150.17 | 43.11 | 41,945.16 |
| - Old AP Portfolio | - | - | 3,584.70 | 3,584.70 |
| Total (A) | 41,751.88 | 150.17 | 3,627.81 | 45,529.86 |
| Inter-stage movements | | | | |
| - New Portfolio | | | | |
| Stage I | 0.99 | (0.97) | (0.02) | (0.00) |
| Stage II | (213.87) | 213.91 | (0.04) | 0.00 |
| Stage III | (615.60) | (0.21) | 615.82 | - |
| - Old AP Portfolio | - | - | - | - |
| Total (B) | (828.48) | 212.73 | 615.76 | 0.00 |
| Write offs** | | | | |
| - New Portfolio | (106.14) | (74.48) | (1,070.76) | (1,251.38) |
| - Old AP Portfolio | - | - | (3,576.05) | (3,576.05) |
| Total (C) | (106.14) | (74.48) | (4,646.80) | (4,827.43) |
| New assets originated, repaid and derecognised during the year | | | | |
| - New Portfolio | 7,393.89 | (181.85) | 591.25 | 7,803.29 |
| - Old AP Portfolio | - | - | (8.65) | (8.65) |
| Total (D) | 7,393.89 | (181.85) | 582.60 | 7,794.64 |
| Gross carrying amount as at March 31, 2020 | | | | |
| - New Portfolio | 48,211.14 | 106.57 | 179.36 | 48,497.07 |
| - Old AP Portfolio | - | - | - | - |
| Total (A+B+C+D) | 48,211.14 | 106.57 | 179.36 | 48,497.07 |

** The contractual amount of loans written-off during the period are not subject to enforcement activity / legal proceedings.



Gross Portfolio Movement for the year ended March 31, 2019

| Particulars | Stage I | Stage II | Stage III | Total |
|--|-----------|----------|------------|------------|
| Gross carrying amount as at April 1, 2018 | | | | |
| - New Portfolio | 30,940.84 | 6.59 | 720.43 | 31,667.86 |
| - Old AP Portfolio | - | - | 7,933.10 | 7,933.10 |
| Total (A) | 30,940.84 | 6.59 | 8,653.53 | 39,600.96 |
| Inter-stage movements | | | | |
| - New Portfolio | | | | |
| Stage I | 0.01 | (0.01) | - | - |
| Stage II | (150.17) | 150.17 | - | - |
| Stage III | (43.39) | (1.27) | 44.66 | - |
| - Old AP Portfolio | - | - | - | - |
| Total (B) | (193.55) | 148.89 | 44.66 | - |
| Write offs** | | | | |
| - New Portfolio | - | (60.77) | (836.40) | (897.17) |
| - Old AP Portfolio | - | - | (4,320.57) | (4,320.57) |
| Total (C) | - | (60.77) | (5,156.97) | (5,217.74) |
| New assets originated, repaid and derecognised during the year | | | | |
| - New Portfolio | 11,004.59 | 55.46 | 114.43 | 11,174.48 |
| - Old AP Portfolio | - | - | (27.83) | (27.83) |
| Total (D) | 11,004.59 | 55.46 | 86.59 | 11,146.64 |
| Gross carrying amount as at March 31, 2019 | | | | |
| - New Portfolio | 41,751.88 | 150.17 | 43.11 | 41,945.16 |
| - Old AP Portfolio | - | - | 3,584.70 | 3,584.70 |
| Total (A+B+C+D) | 41,751.88 | 150.17 | 3,627.81 | 45,529.86 |

** The contractual amount of loans written-off during the period are not subject to enforcement activity / legal proceedings.

Movement of impairment allowance(ECL) and other provisions during the year ended March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|--|----------|----------|------------|------------|
| Opening Balance | 168.68 | 84.92 | 3,622.37 | 3,875.97 |
| Provision made/ (reversed) during the year | 678.59 | 53.81 | 1,169.65 | 1,902.05 |
| Inter-stage movements | | | | |
| Stage I | (72.42) | 69.06 | 3.36 | - |
| Stage II | (29.67) | 29.50 | 0.17 | - |
| Stage III | (112.27) | 11.58 | 100.69 | - |
| Write off | (106.14) | (74.48) | (4,646.80) | (4,827.43) |
| Other Provisions | | | | 701.62 |
| Closing Balance | 741.12 | 64.26 | 145.21 | 1,652.21 |

Note :-

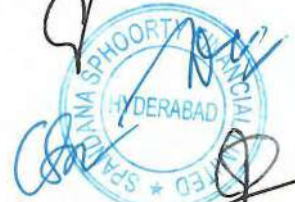
- ECL for Stage I has increased primarily on account of new assets originated during the year.
- ECL for stage II has decreased primarily on account writeoffs during the year.
- ECL for stage III has declined primarily on account of write off and recoveries/collections made by the Company during the year.

Movement of impairment allowance(ECL) and other provisions during the year ended March 31, 2019

| Particulars | Stage I | Stage II | Stage III | Total |
|--|---------|----------|------------|------------|
| Opening Balance | 105.09 | 3.98 | 8,595.63 | 8,704.70 |
| Provision made/ (reversed) during the year | 63.59 | 116.21 | (245.55) | (65.75) |
| Inter-stage movements | | | | |
| Stage I | (9.92) | (0.09) | 10.00 | - |
| Stage II | (36.00) | 36.00 | - | - |
| Stage III | (33.32) | 0.16 | 33.16 | - |
| Write off | - | (35.27) | (4,727.71) | (4,762.98) |
| Closing Balance | 168.68 | 84.92 | 3,622.37 | 3,875.97 |

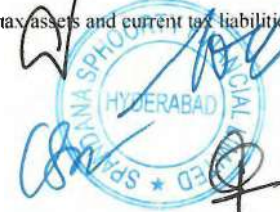
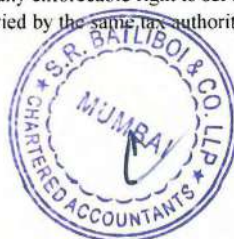
Note :-

- ECL for Stage I has increased primarily on account of new assets originated during the year.
- ECL for stage II has increased primarily on account of new assets originated during the year.
- ECL for stage III has declined primarily on account of write off and recoveries/collections made by the Company during the year.



| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 8: Investments | | |
| At Fair value through Profit & Loss | | |
| Investments in Liquid / Debt Mutual Funds | 4,851.62 | - |
| At Cost | | |
| Investment in subsidiary | | |
| 2,000,000 (March 31, 2019: 2,000,000) equity shares of Rs.10 each fully paid up in Caspian Financial Services Limited | 20.00 | 20.00 |
| 4,727,352 (March 31, 2019: 47,27,352) equity shares of Rs.10 each fully paid up in Criss Financial Holdings Limited | 625.93 | 625.35 |
| At Fair value through Profit & Loss | | |
| Others | | |
| 100,000 (March 31, 2019: 100,000) equity shares of Rs.10 each fully paid up in Alpha Micro Finance Consultants Private Limited | 1.00 | 1.00 |
| | 5,498.55 | 646.35 |
| Less: Impairment loss allowance | - | - |
| Total | 5,498.55 | 646.35 |
| Above amount includes | | |
| Investment in India | 5,498.55 | 646.35 |
| Investment Outside India | - | - |
| Total | 5,498.55 | 646.35 |
| 9: Other financial assets (at amortised cost) | | |
| A. Security deposits | | |
| Unsecured, considered good | 53.07 | 21.19 |
| (A) | 53.07 | 21.19 |
| B. Inter Corporate Advances to related parties (Unsecured, non-Public Sector in India) | | |
| Inter corporate advances (repayable on demand) * | 2,206.54 | 670.52 |
| Less: Impairment allowance | - | - |
| (B) | 2,206.54 | 670.52 |
| *Please refer Note 32 for further details | | |
| C. Other Assets | | |
| Amount receivable from banks and non banking financial companies | 0.04 | 0.38 |
| Term deposits placed with non banking financial companies# | 51.07 | 65.83 |
| Retained interest on asset assigned | 1,426.47 | 91.93 |
| Other assets | 122.24 | 11.50 |
| (C) | 1,599.82 | 169.64 |
| Total (A+B+C) | 3,859.43 | 861.35 |
| # Represent margin money deposits placed to avail term loans from non banking financial companies. | | |
| 10: Current Tax Assets (net) | | |
| Advance income tax (net of provision) | 149.38 | 83.37 |
| | 149.38 | 83.37 |
| 11: Deferred Tax Assets (net) | | |
| Effects of deferred tax assets/ liabilities : | | |
| Deferred Tax Assets | | |
| Impairment of financials instruments and other provisions | 449.91 | 1,401.69 |
| Provisions allowable on payment basis | 76.59 | 89.17 |
| Differences of written down value of Property, plant and equipment | 36.48 | 46.02 |
| MAT Credit entitlement | - | 774.35 |
| Expenditure incurred for IPO | 30.29 | - |
| Lease Liability | 28.49 | - |
| Others | 5.13 | 1.07 |
| | 626.89 | 2,312.31 |
| Deferred Tax Liabilities | | |
| Fair value gain on loans | 176.40 | 240.69 |
| Income from direct assignments (taxable in future) | 59.01 | 73.25 |
| Right of Use Asset | 22.04 | - |
| Others | 0.41 | - |
| | 557.86 | 313.95 |
| Net deferred tax assets/(liabilities) | 69.03 | 1,998.36 |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

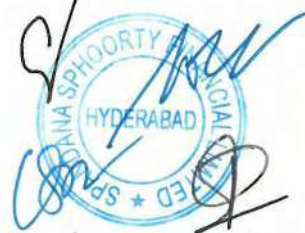


11.1: Deferred Tax Assets (net)**Movement in deferred tax balances for the year ended March 31, 2020**

| Particulars | Net Balance April 1, 2019 | (Charge)/Credit in Profit & Loss | Recognised in OCI | Recognised in Other Equity | Net Balance March 31, 2020 | Deferred Tax Assets/(Deferred Tax Liabilities) |
|--|------------------------------|-------------------------------------|----------------------|-------------------------------|-------------------------------|--|
| Deferred tax assets/ (liabilities) | | | | | | |
| Impact of difference between tax depreciation/ amortisation | 46.02 | (9.54) | - | - | 36.48 | 36.48 |
| Remeasurement gain / (loss) on defined benefit plan | 1.07 | (0.30) | 4.37 | - | 5.14 | 5.15 |
| Impairment allowance for loans | 1,401.69 | (951.77) | - | - | 449.92 | 449.91 |
| Expenses incurred on Initial Public Offering | - | - | - | 30.29 | 30.29 | 30.29 |
| MAT Credit Entitlement | 774.35 | (774.35) | - | - | - | - |
| Other items | (224.78) | (224.96) | (3.05) | - | 452.79 | (452.80) |
| Net Deferred tax assets / (liabilities) | 1,998.36 | (1,960.92) | 1.32 | 30.29 | 69.03 | 69.03 |

Movement in deferred tax balances for the year ended March 31, 2019

| Particulars | Net Balance April 1, 2018 | (Charge)/Credit in Profit & Loss | Recognised in OCI | Recognised in Other Equity | Net Balance March 31, 2019 | Deferred Tax Assets/(Deferred Tax Liabilities) |
|--|------------------------------|-------------------------------------|----------------------|-------------------------------|-------------------------------|--|
| Deferred tax assets/ (liabilities) | | | | | | |
| Impact of difference between tax depreciation/ amortisation | 38.21 | 7.81 | - | - | 46.02 | 46.02 |
| Remeasurement gain / (loss) on defined benefit plan | 1.36 | (1.36) | 1.07 | - | 1.07 | 1.07 |
| Impairment allowance for loans | 3,047.54 | (1,645.85) | - | - | 1,401.69 | 1,401.69 |
| MAT Credit Entitlement | 763.71 | 10.64 | - | - | 774.35 | 774.35 |
| Other items | (10.00) | 25.92 | (240.69) | - | (224.78) | (224.78) |
| Net Deferred tax assets / (liabilities) | 3,840.84 | (1,602.85) | (239.62) | - | 1,998.36 | 1,998.36 |



12: Property, plant and equipment

| Particulars | Land & Building* | Leasehold improvements | Furniture & Fixtures | Office Equipment | Vehicles | Computers | Right of use asset | Total |
|------------------------------|------------------|------------------------|----------------------|------------------|--------------|---------------|--------------------|---------------|
| Gross block (at cost) | | | | | | | | |
| At April 01, 2018 | 2.01 | 95.40 | 54.99 | 15.18 | 3.52 | 119.95 | - | 291.04 |
| Addition | - | - | 14.33 | 13.61 | 2.07 | 40.32 | - | 70.33 |
| Disposals | - | - | 0.23 | 0.06 | - | 1.31 | - | 1.60 |
| At March 31, 2019 | 2.01 | 95.40 | 69.09 | 28.73 | 5.59 | 158.96 | - | 359.78 |
| Addition | - | - | 10.63 | 3.60 | 9.59 | 21.18 | 114.27 | 159.27 |
| Disposals | - | - | - | - | - | 0.43 | - | 0.43 |
| At March 31, 2020 | 2.01 | 95.40 | 79.73 | 32.33 | 15.17 | 179.71 | 114.27 | 518.62 |
| Depreciation | | | | | | | | |
| At April 01, 2018 | 0.05 | 83.38 | 36.91 | 10.59 | 2.87 | 98.72 | - | 232.54 |
| Charge for the period | 0.10 | 7.59 | 16.18 | 5.79 | 0.36 | 26.61 | - | 56.63 |
| Disposals | - | - | 0.20 | 0.04 | - | - | - | 0.25 |
| At March 31, 2019 | 0.15 | 90.97 | 52.89 | 16.34 | 3.24 | 125.33 | - | 288.92 |
| Charge for the year | 0.09 | 2.81 | 11.86 | 6.74 | 2.96 | 27.55 | 26.69 | 78.70 |
| Disposals | - | - | - | - | - | 0.42 | - | 0.42 |
| At March 31, 2020 | 0.24 | 93.77 | 64.75 | 23.09 | 6.20 | 152.46 | 26.69 | 367.20 |
| Net Carrying Amount | | | | | | | | |
| At April 01, 2018 | 1.96 | 12.02 | 18.08 | 4.59 | 0.65 | 21.23 | - | 58.54 |
| At March 31, 2019 | 1.86 | 4.43 | 16.20 | 12.38 | 2.36 | 33.63 | - | 70.86 |
| At March 31, 2020 | 1.77 | 1.62 | 14.97 | 9.24 | 8.99 | 27.25 | 87.58 | 151.43 |

* Mortgaged as security against non-convertible debentures.

Intangible assets

| Particulars | Computer Software | Total |
|------------------------------|-------------------|---------------|
| Gross block (at cost) | | |
| At April 1, 2018 | 95.86 | 95.86 |
| Addition | 8.00 | 8.00 |
| At March 31, 2019 | 103.86 | 103.86 |
| Addition | 0.02 | 0.02 |
| At March 31, 2020 | 103.88 | 103.88 |
| Amortization | | |
| At April 1, 2018 | 69.83 | 69.83 |
| Charge for the year | 12.50 | 12.50 |
| At March 31, 2019 | 82.33 | 82.33 |
| Charge for the year | 8.71 | 8.71 |
| At March 31, 2020 | 91.04 | 91.04 |
| Net Carrying Amount | | |
| At April 1, 2018 | 26.03 | 26.03 |
| At March 31, 2019 | 21.53 | 21.53 |
| At March 31, 2020 | 12.84 | 12.84 |

13: Other non-financial assets

Unsecured, considered good

| | | |
|-----------------------------|-------|--------|
| Prepaid expenses | 5.51 | 1.78 |
| Capital advances | 1.65 | 0.69 |
| Advance against sum assured | 68.73 | 24.03 |
| Other advances | 25.57 | 100.51 |

Unsecured, considered doubtful

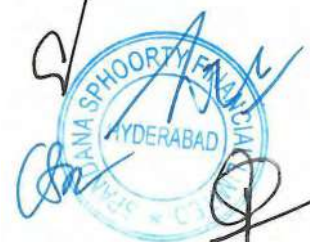
| | | |
|------------------------------------|---------------|---------------|
| Others | 1.70 | 1.70 |
| Amounts deposited with courts | 6.24 | 5.89 |
| Advance against sum assured | 12.89 | 10.50 |
| Other advances | - | - |
| Less: Provision for doubtful debts | (20.83) | (18.09) |
| | 101.46 | 127.01 |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 14: (a) Debt Securities (at amortised cost) | | |
| (i) Debentures | | |
| Secured | | |
| 325 (March 31, 2019: 325). 13.15% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Seventy Two months from the date of allotment i.e. October 31, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of Thirty Six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | 342.53 | 342.30 |
| Nil (March 31, 2019: 180,000,000) 12.30% Secured, Redeemable, Non-convertible Debentures of face value of Re.1 each, redeemable at the end of Thirty Six Months from the date of allotment i.e. October 26, 2017 | - | 178.41 |
| Nil (March 31, 2019: 120,000,000) 12.30% Secured, Redeemable, Non-convertible Debentures of face value of Re.1 each, redeemable at the end of Thirty Six months from the date of allotment i.e. August 21, 2017 | - | 119.13 |
| 825 (March 31, 2019: 4,000). 12.90% Partly-paid Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 28, 2017 (subject to exercise of put option by the lender at the end of Twelve or Twenty Four months from the date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | 178.26 | 2,157.01 |
| 1,000 (March 31, 2019: 1,000). 14% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Seventy Two months from the date of allotment i.e. September 18, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of Thirty Six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | 1,004.16 | 1,003.18 |
| Nil (March 31, 2019: 1500). 12.20% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. May 31, 2018 (subject to exercise of put option by the lender at the end of Twelve months or Eighteen months or Twenty Four months or Thirty months or call option by the Company at the end of Eighteen months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | - | 1,136.76 |
| 820 (March 31, 2019: 820). 13.12% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1,000,000 each redeemable at par at the end of Thirty Six months from the date of allotment i.e. December 7, 2018 . | 853.16 | 851.09 |
| Nature of security | | |
| The above debentures are secured by way of first and exclusive charge over eligible book debts of the Company. NCDs issued on September 18, 2017 are also secured by a first charge on land and building. | | |
| Unsecured | | |
| Nil (March 31, 2019: 200). 13.30% Fully paid up Senior Unsecured, Redeemable, Non-Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 26, 2017 (subject to exercise of put option by the lender at the end of 367 days or Twenty Four months). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | - | 212.10 |
| Sub - Total | 2,378.11 | 5,999.98 |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| (ii) Borrowing under securitisation arrangement | | |
| Secured | | |
| From Banks | 5,398.17 | 7,719.66 |
| From non-banking financial companies | - | - |
| Total Debt Securities | 7,776.28 | 13,719.64 |
| Secured borrowings* | 7,776.28 | 13,507.54 |
| Unsecured borrowings # | - | 212.10 |
| Net amount | 7,776.28 | 13,719.64 |
| Borrowings in India | 7,776.28 | 13,719.64 |
| Borrowings outside India | - | - |
| Total | 7,776.28 | 13,719.64 |
| (b) Borrowings (Other than Debt Securities) | | |
| Secured | | |
| Indian rupee loan from banks | 18,921.46 | 10,297.00 |
| Indian rupee loan from non-banking financial companies | 3,212.44 | 5,232.89 |
| Cash credit from bank | 50.21 | - |
| Total Borrowings (Other than Debt Securities) | 22,184.11 | 15,529.89 |
| Secured borrowings* | 22,184.11 | 15,529.89 |
| Unsecured borrowings | - | - |
| Net amount | 22,184.11 | 15,529.89 |
| Borrowings in India | 22,184.11 | 15,529.89 |
| Borrowings outside India | - | - |
| Total | 22,184.11 | 15,529.89 |
| Cash credit from bank carries interest rate @ 9.70% p.a with monthly interest repayment | | |
| (c) Subordinated Liabilities (at amortised cost) | | |
| Unsecured Term Loan | | |
| Indian rupee loan from Bank | 201.67 | 201.56 |
| Total Subordinated Liabilities | 201.67 | 201.56 |
| Secured borrowings* | - | - |
| Unsecured borrowings # | 201.67 | 201.56 |
| Net amount | 201.67 | 201.56 |
| Borrowings in India | 201.67 | 201.56 |
| Borrowings outside India | - | - |
| Total | 201.67 | 201.56 |

* The secured borrowings are secured by hypothecation of book debts and margin money deposits.

The unsecured borrowings are in the nature of subordinated debt and non-convertible debentures.



SPANDANA SPHOORTY FINANCIAL LIMITED

14A. Terms of principal repayment of borrowings as at March 31, 2020 **

(Rupees in millions unless otherwise stated)

| Original maturity of loan | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Due beyond 3 Years | | Total |
|---|---------------|---------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|---------------------|----------------------|-----------|
| | | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | |
| Debt Securities | | | | | | | | | | |
| Monthly | | | | | | | | | | |
| 1-3 years | 8.50%-9.00% | 24 | 2,237.50 | 3 | 97.68 | - | - | - | - | 2,335.18 |
| | 9.01%-9.50% | 18 | 896.47 | - | - | - | - | - | - | 896.47 |
| | 9.51%-10.00% | 25 | 1,873.01 | - | - | - | - | - | - | 1,873.01 |
| | 10.01%-10.50% | 10 | 284.62 | - | - | - | - | - | - | 284.62 |
| Quarterly | | | | | | | | | | |
| 1-3 years | 13.5%-14.00% | 8 | 178.75 | - | - | - | - | - | - | 178.75 |
| Half Yearly | | | | | | | | | | |
| 1-3 years | 13.01%-13.50% | 2 | 410.00 | 2 | 410.00 | - | - | - | - | 820.00 |
| Bullet | | | | | | | | | | |
| 1-3 years | 13.01%-13.50% | 1 | 325.00 | - | - | - | - | - | - | 325.00 |
| | 13.51%-14.00% | 1 | 1,000.00 | - | - | - | - | - | - | 1,000.00 |
| Borrowings (Other than Debt Securities) | | | | | | | | | | |
| Monthly | | | | | | | | | | |
| 1-3 years | 9.50%-10.00% | 76 | 2,349.57 | 79 | 2,410.71 | 5 | 177.08 | - | - | 4,937.37 |
| | 10.01%-10.50% | 21 | 351.19 | 5 | 59.52 | - | - | - | - | 410.71 |
| | 10.51%-11.00% | 70 | 1,503.76 | 10 | 118.73 | - | - | - | - | 1,622.49 |
| | 11.01%-11.50% | 135 | 3,281.40 | 23 | 546.04 | - | - | - | - | 3,827.44 |
| | 11.51%-12.00% | 61 | 2,731.74 | 12 | 562.96 | - | - | - | - | 3,284.70 |
| | 12.01%-12.50% | 44 | 480.05 | 4 | 55.94 | - | - | - | - | 535.99 |
| | 12.51%-13.00% | 21 | 283.34 | 12 | 83.34 | 5 | 34.71 | - | - | 401.39 |
| | 13.01%-13.50% | 30 | 464.97 | 17 | 181.23 | - | - | - | - | 646.20 |
| | 13.51%-14.00% | 19 | 445.33 | 4 | 55.99 | - | - | - | - | 501.32 |
| Quarterly | | | | | | | | | | |
| 1-3 years | 9.51%-10.00% | 23 | 1,147.50 | 13 | 639.38 | - | - | - | - | 1,786.88 |
| | 10.51%-11.00% | 12 | 955.36 | 7 | 357.14 | - | - | - | - | 1,312.50 |
| | 11.01%-11.50% | 4 | 125.00 | - | - | - | - | - | - | 125.00 |
| | 11.51% - 12% | 4 | 857.14 | 2 | 428.57 | - | - | - | - | 1,285.71 |
| | 12.51% - 13% | 2 | 125.00 | - | - | - | - | - | - | 125.00 |
| | 13.01%-13.50% | 1 | 27.27 | - | - | - | - | - | - | 27.27 |
| Above 3 years | 12.51%-13.00% | 4 | 83.33 | - | - | - | - | - | - | 83.33 |
| Bullet | | | | | | | | | | |
| 1 - 3 years | 9.51%-10.00% | 4 | 500.00 | - | - | - | - | - | - | 500.00 |
| | 10.51%-11.00% | 1 | 125.00 | - | - | - | - | - | - | 125.00 |
| Subordinated Liabilities | | | | | | | | | | |
| Bullet | | | | | | | | | | |
| Above 3 years | 14.51%-15.00% | 0 | - | - | - | - | - | 1 | 200 | 200.00 |
| Grand Total | | | | | | | | | | 29,951.32 |
| Impact of EIR | | | | | | | | | | 160.52 |
| Grand Total | | | | | | | | | | 30,111.85 |

** The Above schedule does not include Cash Credit of Rs 50.2 millions

Note: The Company applied to Banks and Financial Institutions for re-schedulement of repayment dates subsequent to the nation wide lockdown announced by central government on March 24, 2020 on account of the Novel Coronavirus (COVID-19) pandemic and also pursuant to COVID-19 Regulatory package announced by Reserve Bank of India circular dated March 27, 2020, where in moratorium was permitted from March 1, 2020. Repayment of Rs. 459.67 millions has not been paid as on March 31, 2020. However, all these amounts were subsequently paid in April 2020, irrespective of receipt of moratorium approval from these institutions. The lender wise details are tabulated as under:

| Bank / Financial institution | (Rs. in million) | |
|------------------------------|--|-----------------------|
| | Amount of delay as on the Balance sheet date | Period of delay since |
| Bank of Baroda | 186.45 | 28-Mar-20 |
| Hinduja Leyland Finance | 8.20 | 26-Mar-20 |
| IDFC Bank Limited | 53.83 | 31-Mar-20 |
| Indusind Bank Limited | 79.50 | 24-Mar-20 |
| Kotak Mahindra Bank Limited | 41.60 | 29-Mar-20 |
| Manappuram Finance limited | 1.35 | 31-Mar-20 |
| RBL Bank Limited | 11.55 | 31-Mar-20 |
| Standard Chartered Bank | 7.58 | 31-Mar-20 |
| Ujjivan Small Finance Bank | 1.83 | 31-Mar-20 |
| Woorl Bank | 3.48 | 31-Mar-20 |
| Yes Bank Limited | 64.30 | 28-Mar-20 |



14A. Terms of principal repayment of borrowings as at March 31, 2019

(Rupees in millions unless otherwise stated)

| (Original maturity of loan | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Due beyond 3 Years | | Total |
|---|---------------|---------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|---------------------|----------------------|-----------|
| | | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | |
| Debt Securities | | | | | | | | | | |
| Monthly | | | | | | | | | | |
| 1-3 years | 9.01%-9.50% | 52 | 2,930.21 | 10 | 332.84 | - | - | - | - | 3,263.05 |
| | 9.51%-10.00% | 45 | 3,509.65 | 1 | 5.88 | - | - | - | - | 3,515.53 |
| | 10.01%-10.50% | 1 | 2.30 | - | - | - | - | - | - | 2.30 |
| | 11.01%-11.50% | 9 | 950.36 | - | - | - | - | - | - | 950.36 |
| Quarterly | | | | | | | | | | |
| 1-3 years | 12.01%-12.50% | 1 | 1,125.00 | - | - | - | - | - | - | 1,125.00 |
| | 12.51%-13.00% | 2 | 2,161.25 | - | - | - | - | - | - | 2,161.25 |
| Half Yearly | | | | | | | | | | |
| 1-3 years | 13.01%-13.50% | 0 | - | 2 | 410.00 | 2 | 410 | - | - | 820.00 |
| Annually | | | | | | | | | | |
| 1-3 years | 12.51%-13.00% | 1 | 200.00 | - | - | - | - | - | - | 200.00 |
| Bullet | | | | | | | | | | |
| 1-3 years | 12.01%-12.50% | - | - | 2 | 300 | - | - | - | - | 300.00 |
| | 13.01%-13.50% | - | - | 1 | 325.00 | - | - | - | - | 325.00 |
| | 13.51%-14.00% | - | - | 1 | 1,000.00 | - | - | - | - | 1,000.00 |
| Borrowings (Other than Debt Securities) | | | | | | | | | | |
| Monthly | | | | | | | | | | |
| 1-3 years | 10.01%-10.50% | 24 | 500.00 | 9 | 187.50 | - | - | - | - | 687.50 |
| | 10.51%-11.00% | 78 | 1,337.35 | 46 | 827.83 | 8 | 66.95 | - | - | 2,232.12 |
| | 11.01%-11.50% | 108 | 1,029.98 | 59 | 1,616.89 | - | - | - | - | 4,946.87 |
| | 11.51%-12.00% | 99 | 1,245.23 | 62 | 1,386.22 | 19 | 347.90 | - | - | 2,979.34 |
| | 13.51%-14.00% | 18 | 415.97 | 3 | 83.33 | - | - | - | - | 499.30 |
| Quarterly | | | | | | | | | | |
| 1-3 years | 10.51%-11.00% | 19 | 2,142.86 | 4 | 312.50 | - | - | - | - | 2,455.36 |
| | 11.01%-11.50% | 4 | 125.00 | 4 | 125.00 | - | - | - | - | 250.00 |
| | 11.51%-12% | 4 | 500.00 | 0 | - | - | - | - | - | 500.00 |
| | 12.51%-13% | 10 | 547.62 | 6 | 208.33 | - | - | - | - | 755.95 |
| | 13.01%-13.50% | 4 | 109.09 | 1 | 27.27 | - | - | - | - | 136.36 |
| Bullet | | | | | | | | | | |
| 1-3 years | 10.51%-11.00% | 1 | 125.00 | - | - | - | - | - | - | 125.00 |
| Subordinated Liabilities | | | | | | | | | | |
| Bullet | | | | | | | | | | |
| Above 3 years | 14.51%-15.00% | - | - | - | - | - | - | 1 | 200.00 | 200.00 |
| Grand Total | | | | | | | | | | 29,430.27 |
| Impact of EIR | | | | | | | | | | 20.82 |
| Grand Total | | | | | | | | | | 29,451.09 |



Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 15: Other Financial liabilities | | |
| Expenses payable | 25.29 | 29.78 |
| Lease Liability | 113.22 | - |
| Employee benefits payable | 303.45 | 236.19 |
| Assignment and other payables | 1,813.77 | 169.24 |
| | 2,255.73 | 435.21 |
| 16: Current Tax Liabilities (net) | | |
| Provision for Tax (net of advance tax) | 596.69 | 3.48 |
| | 596.69 | 3.48 |
| 17: Provisions | | |
| Provision for employee benefits | | |
| Gratuity (net of contribution) | 27.58 | 3.42 |
| | 27.58 | 3.42 |
| 18: Other Non-Financial liabilities | | |
| Other payables | 71.28 | 38.09 |
| Unfructified service tax liability [net of amount paid under protest Rs.9.93 millions (March 31, 2019: Rs. 9.93 millions.)] | 149.89 | 141.36 |
| Statutory dues payable | 73.23 | 43.98 |
| | 294.40 | 223.43 |



(Rupees in millions unless otherwise stated)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 19: Share capital | | |
| Authorized | | |
| 900,000,000 (March 31, 2019: 900,000,000) equity shares of Rs.10 each | 9,000.00 | 9,000.00 |
| Authorized | | |
| 1,250,000,000 (March 31, 2019: 1,250,000,000) preference shares of Rs.10 each | 12,500.00 | 12,500.00 |
| | 21,500.00 | 21,500.00 |
| Issued, subscribed and paid-up | | |
| 64,315,483 (March 31, 2019: 59,633,683) equity shares of Rs.10 each fully paid up | 643.15 | 596.34 |
| Total | 643.15 | 596.34 |

(a) Terms / rights attached to equity shares

The Company has only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees. During the current financial year no dividend has been proposed by the company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--|-------------------|---------------|-------------------|---------------|
| | Number of shares | Amount | Number of shares | Amount |
| Outstanding at the beginning of the year | 59,633,683 | 596.33 | 29,756,818.00 | 297.56 |
| Issued upon conversion of preference shares and share warrants** | - | - | 27,749,295.00 | 277.49 |
| Issued during the year | - | - | 2,127,570.00 | 21.28 |
| Issued during the year - IPO* | 4,543,385 | 45.43 | 0.00 | - |
| Issued during the year - ESOP* | 91,752 | 0.92 | 0.00 | - |
| Issued during the year - ESOP* | 46,663 | 0.47 | 0.00 | - |
| Outstanding at the end of the year | 64,315,483 | 643.15 | 59,633,683 | 596.33 |

*The Company during the year issued and allotted 4,543,385 equity shares having face value Rs. 10/- each in its Public Issue (IPO). Further the Company issued and allotted 138,415 equity shares having face value of Rs. 10/- each to the eligible employees of the Company towards exercise of ESOPs.

During the year the Company has completed the Initial Public Offer (IPO) of its equity shares, comprising a fresh issue of 4,543,385 equity shares having a face value of Rs.10 each at an offer price of Rs.856 per share aggregating Rs.3,889 million by the Company and an offer for sale of 9,356,725 equity shares by existing shareholders aggregating Rs.8,009 million. Pursuant to the IPO, the equity shares of the Company got listed on BSE Limited and NSE Limited on August 19, 2019. The company has fully utilised the IPO proceeds, in line with the objectives mentioned in the prospectus.

** The Company converted its preference shares (all classes) and share warrants into equity shares as per the terms of issuance of each class of securities. Accordingly, the Company issued 27,749,295 number of equity shares of face value of Rs.10 each upon conversion of preference shares and share warrants.



(Rupees in millions unless otherwise stated)

(c) Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

| Name of the shareholder | March 31, 2020 | | March 31, 2019 | |
|--|------------------|--------------|------------------|--------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| Equity shares | | | | |
| Kangchenjunga Limited | 29,303,172 | 45.56% | 35,270,269 | 59.14% |
| Padmaja Gangireddy | 10,250,953 | 15.94% | 11,670,067 | 19.57% |
| Valiant Mauritius Partners FDI Limited | 3,848,823 | 5.98% | 4,632,570 | 7.77% |

(d) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 42.

(e) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date:

| Nature of instrument/ convertible security | Number of convertible securities | Number of equity shares issued upon conversion |
|--|----------------------------------|--|
| Class B 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 791,007,721 | 8,948,425 |

(f) Other instances of conversion of convertible securities into equity shares during the period of five years immediately preceding the reporting date:

| Nature of instrument/ convertible security | Number of convertible securities | Number of equity shares issued upon conversion |
|--|----------------------------------|--|
| Class A 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 234,999,997 | 9,979,615 |
| Class A1 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 119,212,760 | 5,062,542 |
| Series C 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 1,135,085 | 1,135,085 |
| FY18 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 283,771 | 283,771 |
| FY18 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 283,771 | 283,771 |
| FY19 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 283,771 | 283,771 |
| FY19 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 283,771 | 283,771 |
| Share warrants | 1,488,544 | 1,488,544 |



| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 20: Other Equity | | |
| Securities premium account | | |
| Balance as per the last financial statements | 15,414.96 | 2,877.61 |
| Add: Premium on conversion of Class B 0.001% Compulsory Convertible preference shares (CCPS) (refer note 19) | - | 7,820.59 |
| Add: Premium on conversion of Class A 0.001% Compulsory Convertible preference shares (CCPS) (refer note 19) | - | 2,250.20 |
| Add: Premium on conversion of Class A1 0.001% Compulsory Convertible preference shares (CCPS) (refer note 19) | - | 1,141.50 |
| Add: Premium on conversion of Optionally Convertible Redeemable preference shares (OCRPS) - Series A, B & C (refer note 19) | - | 509.70 |
| Add: Premium on conversion of share warrants (refer note 19) | - | 335.64 |
| Add: Premium on issue of equity shares | 3,897.49 | 479.72 |
| Less: Share Issue Expenses | (150.46) | - |
| Add: Tax on Share Issue Expense | 37.87 | - |
| Closing balance | 19,199.86 | 15,414.96 |
| General reserve* | 23.28 | 23.28 |
| Share options outstanding reserve | | |
| Balance as per the last financial statements | 41.25 | - |
| Add: Share based payment to employees | 43.80 | 41.25 |
| Less: Transfer on allotment of shares to employees pursuant to ESOP scheme | (18.72) | - |
| Less: Transfer on cancellation of stock options | (2.16) | - |
| Closing balance | 64.17 | 41.25 |
| Capital redemption reserve* | 1,526.92 | 1,526.92 |
| Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934] | | |
| Balance as per the last financial statements | 2,566.17 | 1,948.67 |
| Add: Amount transferred from surplus of profit and loss | 673.38 | 617.50 |
| Closing balance | 3,239.55 | 2,566.17 |
| Retained earnings | | |
| Balance as per the last financial statements | (1,753.29) | (4,221.14) |
| Add: Profit for the year | 3,366.94 | 3,087.48 |
| Add: Other comprehensive income (Re-measurement gains/(losses) on defined benefit plans) | (13.01) | (2.00) |
| Less: Transfer to Statutory Reserve [@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934] | (673.38) | (617.50) |
| Less: Dividend on CCPS all class (includes dividend distribution tax) | - | (0.13) |
| Net surplus in the statement of profit and loss | 927.27 | (1,753.29) |
| Other items of other comprehensive income (Fair valuation of loans- to be subsequently classified to profit or loss) | | |
| Opening balance | 448.11 | - |
| Add/(Less): Fair value change during the year | (2,584.47) | (6.06) |
| Add: Impairment allowance/ other provisions reclassified to profit and loss | 2,593.53 | 454.17 |
| Closing balance | 457.17 | 448.11 |
| Total other equity | 25,438.23 | 18,267.40 |

*For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2020.



Nature and purpose of other equity

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General Reserve

Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.

Share options outstanding reserve

The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

Capital redemption reserve

In accordance with section 55 of the Companies Act, 2013, the Company has transferred an amount equivalent of the nominal value of OCCRPS redeemed during previous years, to the Capital Redemption Reserve. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

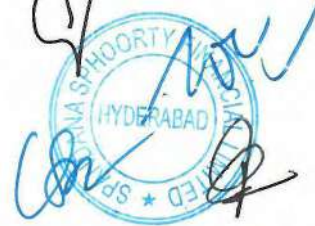
Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

Retained earnings

Retained earnings represents the surplus in profit and loss account and appropriations.

Other Comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses and return on plan assets (excluding interest income) and net fair valuation gain/(loss) on financial assets measured at fair value through other comprehensive income.



(Rupees in millions unless otherwise stated)

| | For year ended March 31, 2020 | For year ended March 31, 2019 |
|---|----------------------------------|----------------------------------|
| 21: Interest Income | | |
| Measured at fair value through OCI | | |
| Interest on loans | 11,101.05 | 9,661.56 |
| Measured at amortised cost | | |
| Interest on fixed deposits | 37.79 | 5.23 |
| Interest on inter corporate advances | 176.81 | 142.46 |
| Interest on margin money deposits* | 138.81 | 105.17 |
| | 11,454.46 | 9,914.42 |
| *Represent margin money deposits placed to avail term loans from banks, non banking financial companies and placed as cash collateral in connection with securitisation transactions. | | |
| 22: Net gain on fair value changes | | |
| (A) Net gain / (loss) on fair value instruments at fair value through profit or loss | | |
| (i) On trading portfolio | | |
| - Investments | 44.76 | 109.57 |
| (B) Others | | |
| (i) Gain on derecognition of loans designated at FVTOCI | 2,139.27 | 156.13 |
| Total Net gain / (loss) on fairvalue changes | 2,184.03 | 265.70 |
| Fair value changes | | |
| Realised | 755.94 | 174.40 |
| Unrealised | 1,428.09 | 91.30 |
| Total Net gain / (loss) on fair value changes | 2,184.03 | 265.70 |
| 23: Others | | |
| Recovery against loans written off | 105.25 | 35.10 |
| | 105.25 | 35.10 |
| 24: Other income | | |
| Net gain on derecognition of property, plant and equipment | - | 0.03 |
| Advertisement income | 316.52 | 51.15 |
| Miscellaneous income | 2.76 | 3.09 |
| | 319.28 | 54.27 |
| 25: Finance cost | | |
| Interest | | |
| Measured at amortised cost | | |
| On Debt Securities | 1,152.54 | 1,474.00 |
| On Borrowings (Other than Debt Securities) | 2,335.89 | 2,058.75 |
| On Subordinated Liabilities | 30.18 | 30.11 |
| On Lease Liabilities | 14.37 | - |
| Measured at fair value through profit or loss | | |
| On income tax | - | 1.15 |
| Other finance cost | 8.13 | 0.69 |
| | 3,541.11 | 3,564.71 |
| 26: Impairment on financial instruments and other provisions | | |
| Measured at fair value through OCI | | |
| Impairment and other provision including management overlay for COVID-19 (Refer note 48) | (2,098.47) | (4,769.68) |
| Loans written off (Refer note 48) | 4,827.43 | 5,223.85 |
| | 2,728.96 | 454.17 |
| 27: Employee benefits expense | | |
| Salaries, wages and bonus | 1,528.29 | 1,214.03 |
| Contribution to provident fund and other funds | 74.51 | 20.13 |
| Expenses on Employee Stock Option Plan | 41.07 | 41.14 |
| Staff welfare expenses | 25.83 | 24.59 |
| | 1,669.70 | 1,299.89 |



(Rupees in millions unless otherwise stated)

| | For year ended March 31, 2020 | For year ended March 31, 2019 |
|---|----------------------------------|----------------------------------|
| 28: Other expenses | | |
| Rent | 18.11 | 36.16 |
| Rates and taxes | 1.78 | 2.30 |
| Bank charges | 33.39 | 16.47 |
| Office maintenance | 37.86 | 36.37 |
| Computers and network maintenance | 3.93 | 8.59 |
| Electricity charges | 14.48 | 12.22 |
| Travelling expenses | 141.51 | 115.38 |
| Communication expenses | 8.21 | 6.72 |
| Credit Bureau Expenses | 12.79 | 6.21 |
| Printing and stationery | 12.32 | 10.82 |
| Legal and professional charges | 11.06 | 9.58 |
| Directors sitting fees | 9.81 | 9.08 |
| Auditors remuneration (refer details below) | 8.34 | 10.03 |
| Recruitment and training | 4.87 | 1.10 |
| Subscription fees | 7.23 | 7.50 |
| Other provisions and write off | 29.13 | 23.61 |
| Security charges | 1.22 | 0.40 |
| CSR Expenses | 49.51 | 19.93 |
| Miscellaneous expenses | - | 2.84 |
| | 405.55 | 335.31 |
| Payment to auditors | | |
| As auditor: | | |
| Audit fee | 7.41 | 9.36 |
| Out of pocket expenses | 0.93 | 0.67 |
| | 8.34 | 10.03 |
| 29. Tax expense | | |
| Current tax | 653.54 | 3.48 |
| Adjustment in respect of current income tax of prior years | - | - |
| Deferred tax relating to origination and reversal of temporary differences total tax charge | 1,959.59 | 1,842.47 |
| Total Tax Charge | 2,613.13 | 1,845.95 |
| Current tax | 653.54 | 3.48 |
| Deferred tax | 1,959.59 | 1,842.47 |
| 29.1 Reconciliation of the total tax expense | | |
| The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the Accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 2019 is, as follows : | | |
| Accounting profit before Tax | 5,976.12 | 5,379.54 |
| At India's statutory income tax rate (2020: 25.168%) | 1,504.07 | 1,879.84 |
| Adjustment in respect of current income tax of prior years Income not subject to tax | - | - |
| Long term capital gain on sale of shares | - | - |
| Others | - | - |
| Non-deductible expenses | | |
| Penalties | - | - |
| Others | 12.46 | 7.37 |
| Additional tax allowances | | |
| Deduction under Chapter VIA-80JJAA-Additional Manpower Cost Exemption | (20.15) | (25.91) |
| Difference on account of change in tax rate | 1,116.77 | (16.69) |
| Others | (0.01) | 1.34 |
| Income tax expense reported in the statement of profit and loss | 2,613.13 | 1,845.95 |

The effective income tax rate for 31 March 2020 is 25.168% (31 March 2019: 34.944%).

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, promulgated on September 20, 2019, the Company has decided to exercise the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e 25.17%) from the current financial year. As a result, the change on account of remeasurement of deferred tax assets and reversal of MAT credit entitlement during the year ended March 31, 2020 aggregates to Rs. 1,116.77 million.



[Handwritten signature]
S. R. BAYISOI & CO. LLP
HYDERABAD

(Rupees in millions unless otherwise stated)

| | For year ended March 31, 2020 | For year ended March 31, 2019 |
|--|----------------------------------|----------------------------------|
| 30: Earning per Share | | |
| Net profit after tax as per Statement of Profit and Loss | 3,366.94 | 3,087.48 |
| Net profit for calculation of basic earnings per share | 3,366.94 | 3,087.48 |
| Net profit as above | 3,366.94 | 3,087.48 |
| Net profit for calculation of diluted earnings per share | 3,366.94 | 3,087.48 |
| Calculation of weighted average number of equity shares for basic EPS | | |
| Equity shares | | |
| Opening No. of shares (in millions) | 59.63 | 29.76 |
| Add: Issued during the year (in millions) | 2.89 | 1.66 |
| | 62.52 | 31.41 |
| Instrument compulsorily convertible into equity | | |
| Share Warrants | - | 1.16 |
| OCRPS | - | 1.77 |
| CCPS Class B | - | 8.95 |
| CCPS Class A | - | 9.98 |
| CCPS Class A1 | - | 5.06 |
| Weighted average number of equity shares for basic EPS | 62.52 | 58.34 |
| Effect of dilution | | |
| Conversion of OCRPS | - | 0.00 |
| Conversion of share warrants | - | 0.00 |
| Employee stock option (in millions) | 0.54 | 0.12 |
| Weighted average number of equity shares for diluted EPS | 63.06 | 58.46 |
| Basic earnings per share (In rupees) | 53.85 | 52.92 |
| Diluted earnings per share (In rupees) | 53.40 | 52.81 |
| Nominal value per share (in rupees) | 10.00 | 10.00 |



(Rupees in millions unless otherwise stated)

31: Segment Reporting

The Company operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

32: Disclosure of Related parties in accordance with Ind AS 24.

I. Holding Company

Kangchenjunga Limited (upto August 14, 2019)

II. Subsidiary Company

- Caspian Financial Services Limited (w.e.f. October 13, 2017)
- Cnss Financial Holdings Limited (w.e.f. December 27, 2018)

III. Entities in which Key Management Personnel and their relatives have significant influence.

- Spandana Rural and Urban Development Organization
- Abhiram Marketing Services Limited
- Spandana Employee Welfare Trust

IV. Key Management Personnel

- Mrs. Padmaja Gangreddy - Managing Director
- Mr. Sudhesh Chandrasekar - Chief Financial Officer (w.e.f. May 17, 2019)
- Mr. Rakesh Jhunjharia - Company Secretary
- Mr. Abdul Feroz Khan - Chief Strategy Officer
- Mr. Bharat Shah (Independent Director)
- Mr. Deepak Vaidya (Independent Director)
- Mr. Jagdish Capoor (Independent Director)
- Ms. Abanti Mitra (Independent Director)
- Mr. Sunish Sharma (Nominee Director)
- Mr. Kartikeya Dhruv Kap (Nominee Director)
- Mr. Danus Dinshaw Pandole (Nominee Director)
- Mr. Amit Sobti (Nominee Director)
- Mr. Ramachandra Kasargod Kamath (Nominee Director)

V. Relative of Key Management Personnel

- Mr. Revan Saaliith
- Mr. Vijaya Sivarami Reddy Vendidandi
- Mrs. Hina Ansari

VI. Related parties in accordance with RBI Master directions

- Spandana Mutual Benefit Trust
- Spandana Sphoorty Chit Funds Private Limited

Related party transactions during the year:

| S. No | Related Party | Nature of Transactions | Transactions during year ended March 31, 2020 | Transactions during year ended March 31, 2019 | (Payable)/Receivable | |
|-------|---|--|---|---|----------------------|----------------|
| | | | | | March 31, 2020 | March 31, 2019 |
| 1 | Spandana Rural and Urban Development Organization | Rent expense | - | 9.69 | - | (0.29) |
| | | Interest expense on lease | 6.60 | - | - | - |
| | | Lease liability payable | 51.86 | - | (51.86) | - |
| | | Repayment of lease liability | 0.00 | - | - | - |
| | | Rent deposit | - | - | 3.09 | 3.09 |
| | | Expense reimbursement | 0.13 | 0.04 | 0.01 | 0.00 |
| 2 | Cnss Financial Holdings Limited | Expense reimbursement (net) | 0.67 | 0.19 | 0.50 | 0.02 |
| | | Inter-corporate advances (net) * | 760.07 | (58.07) | 1,033.00 | 272.93 |
| | | Interest income | 67.10 | 91.30 | 11.34 | 2.59 |
| | | Subscription to equity shares | - | 250.00 | - | - |
| 3 | Abhiram Marketing Services Limited | Commission income | 268.62 | 147.59 | 97.91 | 28.61 |
| | | Incentive income | 82.50 | - | 80.85 | - |
| | | Expenses reimbursement | 40.73 | 34.95 | 10.21 | 6.85 |
| | | Inter-corporate advances (net) * | 755.00 | 187.34 | 1,150.00 | 395.00 |
| | | Other advances | 122.19 | - | 122.19 | - |
| | | Interest income | 109.70 | 51.16 | 12.19 | - |
| | | Purchase of fixed assets & goods | 53.19 | 31.77 | (0.03) | (0.68) |
| 4 | Caspian Financial Services Limited | Pre-incorporation expenses | - | (0.51) | - | - |
| 5 | Kangchenjunga Limited | Dividend on CCPS (all class) | - | 0.11 | - | - |
| 6 | Mr. Deepak Goswami | Remuneration# | 0.32 | 7.65 | - | (2.08) |
| 7 | Mr. Sudhesh Chandrasekar | Remuneration# | 8.24 | 3.83 | (3.45) | (1.38) |
| | | Equity shares issued pursuant to stock option scheme | 1.32 | - | - | - |
| 8 | Mr. Rakesh Jhunjharia | Equity shares issued pursuant to stock option scheme | 0.79 | - | - | - |
| | | Remuneration# | 2.34 | 1.87 | (0.31) | (0.01) |



(Rupees in millions unless otherwise stated)

| S. No | Related Party | Nature of Transactions | Transactions during year ended March 31, 2020 | Transactions during year ended March 31, 2019 | (Payable)/Receivable | |
|-------|--------------------------------------|--|---|---|----------------------|----------------|
| | | | | | March 31, 2020 | March 31, 2019 |
| 9 | Mr. Nitin Prakash Agrawal | Remuneration# | 0.09 | 8.97 | - | (1.49) |
| 10 | Mr. Bharat Shah | Sitting fee | 2.00 | 2.00 | (0.50) | - |
| 11 | Mr. Deepak Vaidya | Sitting fee | 2.00 | 1.67 | (0.50) | - |
| 12 | Mr. Jagdish Capoor | Sitting fee | 2.00 | 1.67 | (0.50) | - |
| 13 | Mr. K. R. Kamath | Sitting fee | 2.00 | 2.00 | (0.50) | - |
| 14 | Ms. Abanti Mitra | Sitting fee | 1.00 | 1.00 | (0.25) | - |
| | | Subscription to equity shares | - | 1.00 | - | - |
| | | Equity shares issued pursuant to stock option scheme | 4.74 | - | - | - |
| 15 | Mr. Abdul Feroz Khan | Remuneration# | 6.81 | 6.39 | (1.27) | (1.87) |
| | | Subscription to equity shares | - | 17.05 | - | - |
| | | Balance subscription received on share warrants | - | 349.03 | - | - |
| | | Balance subscription received on OCRPS (all series) | - | 532.31 | - | - |
| | | Subscription to equity shares | - | 478.49 | - | - |
| | | Purchase of CFHL Shares | - | 270.49 | - | - |
| | | Dividend on OCRPS | - | 0.00 | - | - |
| | | Remuneration# | 53.75 | 53.75 | (27.68) | (4.58) |
| 17 | Mr. Revan Saalith | Remuneration# | 2.38 | 0.76 | (0.65) | (0.20) |
| | | Purchase of CFHL Shares | - | 61.82 | - | - |
| 18 | Mr. Vijaya Sivarani Reddy Vendidandi | Purchase of CFHL Shares | - | 26.10 | - | - |
| 19 | Mrs. Hina Ansari | Purchase of CFHL Shares | - | 13.33 | - | - |

* Of the ICA given aggregating Rs. 1,209 million, the Company received repayment of Rs. 448.93 million including previous year outstanding from Criss Financial Holdings Limited (During year ended March 31, 2019, ICA aggregating Rs.1,186.43 million were given out of which the Company received Rs 1,244.5 million).

Of the ICA given aggregating Rs. 789.65 million, the Company has received repayment of Rs. 34.65 million including previous year outstanding (March 31, 2019: ICA given aggregating Rs.288.62 million the Company has received repayment of Rs. 101.28 million) from Abhiram Marketing Services Limited.

All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.

#As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

Transactions during the year are shown net of service tax/GST and inclusive of TDS.



33: Contingent Liabilities

a. Claims against the Company not acknowledged as debt:

| Particulars | March 31, 2020 | March 31, 2019 |
|------------------------------|----------------|----------------|
| Service tax open assessments | 48.66 | 48.66 |
| Income tax open assessments | 539.42 | 0.00 |
| Total | 588.08 | 48.66 |

(i) The Company is of the opinion that the above demands are not renewable and expects to succeed in its appeals in defence.

ii) The Commissioner, Service Tax Commissionerate, Hyderabad ("CST"), through two orders dated August 7, 2012 and October 9, 2013, levied service tax, interest and penalty on pre-closure interest charged by the Company on loans pre-closed during FY 2006-07 to FY 2011-12. The CST also issued an order dated March 27, 2015, levying service tax, interest and penalty on a part of profit on portfolio sale during FY 2007-18 to FY 2010-11, deeming it to be consideration for collection and remittance of loan instalments. The Company filed an appeal against these orders before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT) which is pending for hearing on March 31, 2020. The service tax and interest thereon in respect of these matters have been provided for in earlier years based on Company's assessment. However, given the facts of these cases, legal precedents, and general opinion, the penalty indicated in these orders aggregating Rs 48.66 million is considered as a contingent liability as at March 31, 2020.

iii) The Company received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of Rs 539.42 million (including interest) under section 69A read with section 115BBE of the Income Tax Act, 1961. The Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the Company confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2020. The Company has deposited Rs 69.22 million against such demand in the process of filing the aforesaid appeal.

(iv) It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

b. Guarantees excluding financial guarantees

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Bank Guarantee towards Initial Public Offer (Deposit with the National Stock Exchange of India Limited) | 90.09 | 0.00 |
| Corporate Guarantee to AU Small Finance Bank for the term loan availed by Criss Financial Holdings Limited | 50.00 | 0.00 |
| Total | 140.09 | 0.00 |

34: Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement.

Valuation framework

The Company will assess the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources,
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

1. Fair values of investments held under FVTPL have been determined under level 1 using quoted Net Asset Value of the underlying instruments.
2. Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and selling the loans are measured at FVOCI. The fair value of these loans has been determined under level 2.

Refer Note 35 for further details.

35: Fair Value Hierarchy of assets and liabilities

Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

Level 3 - If one or more of the significant inputs is not based on observable market data (unobservable), the instrument is included in level 3.



The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure is required) -

I. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31, 2020:

Assets measured at fair value on a recurring basis

| Financial Assets (Assets measured at fair value) | Fair value | | | |
|---|-----------------|------------------|-------------|------------------|
| | Level -1 | Level - 2 | Level-3 | Total |
| Loans (measured at FVOCI) | - | 46,844.86 | - | 46,844.86 |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 | 1.00 |
| Investments in liquid / debt mutual funds (measured at FVTPL) | 4,851.62 | - | - | 4,851.62 |
| Total | 4,851.62 | 46,844.86 | 1.00 | 51,697.48 |

II. The following table shows an analysis of financial instruments that are not carried at fair value by level of the fair value hierarchy as at March 31, 2020:

| Fair value of financial liabilities measured at amortised cost | Amortized cost | Fair value | | | |
|--|------------------|------------|------------------|---------|------------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Debt securities | 7,776.28 | - | 7,822.56 | - | 7,822.56 |
| Borrowings (other than debt securities) | 22,184.11 | - | 22,270.61 | - | 22,270.61 |
| Subordinated liabilities | 201.67 | - | 238.10 | - | 238.10 |
| Total | 30,162.07 | - | 30,331.27 | - | 30,331.27 |

III. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31, 2019:

Assets measured at fair value on a recurring basis

| Financial Assets (Assets measured at fair value) | Fair value | | | |
|---|------------|------------------|-------------|------------------|
| | Level -1 | Level - 2 | Level-3 | Total |
| Loans (measured at FVOCI) | - | 41,653.89 | - | 41,653.89 |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 | 1.00 |
| Total | - | 41,653.89 | 1.00 | 41,654.89 |

IV. The following table shows an analysis of financial instruments that are not carried at fair value by level of the fair value hierarchy as at March 31, 2019:

| Fair value of financial liabilities measured at amortised cost | Amortized Cost | Fair value | | | |
|--|------------------|------------|------------------|---------|------------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Financial Liabilities | | | | | |
| Debt securities | 13,719.64 | - | 13,856.50 | - | 13,856.50 |
| Borrowings (other than debt securities) | 15,529.89 | - | 15,560.59 | - | 15,560.59 |
| Subordinated liabilities | 201.56 | - | 228.81 | - | 228.81 |
| Total | 29,451.09 | - | 29,645.90 | - | 29,645.90 |

The financial asset above does not include investment in subsidiary, which is measured at cost in accordance with Ind AS 27

The management assessed that carrying value of financial assets (except loan and investments) and financial liabilities (except debt securities, borrowings (other than debt securities) and subordinated liabilities) approximate their fair value largely due to short term maturities of these instruments

Assets categorized under Level 3 as on March 31, 2020 are Rs 1 million (As on March 31, 2019 Rs 1 Million)

Valuation technique used

Assets measured at fair value on a recurring basis

For Loans

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fair value of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss

For Investment in Equity Instruments

For Investments in equity instruments and liquid/debt mutual funds, the company has assessed the carrying value as an approximation of the fair value

Financial liabilities measured at amortised cost

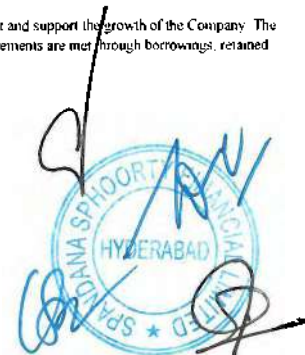
For Borrowing

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value

There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2020 and March 31, 2019

36: Capital Management

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated



As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on its Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

Regulatory Capital**Particulars**

| | March 31, 2020 | March 31, 2019 |
|----------------------|----------------|----------------|
| Tier I Capital | 24,265.62 | 16,842.07 |
| Tier II Capital | 90.44 | 455.02 |
| Total Capital | 24,356.06 | 17,297.09 |
| Risk weighted assets | 51,338.58 | 43,670.96 |
| Tier I CRAR | 47.27% | 38.57% |
| Tier II CRAR | 0.18% | 1.04% |
| Total CRAR | 47.44% | 39.61% |

CRAR is computed in line with RBI notification dated 13 March 2020 with implementation of Indian Accounting Standards and accordingly not comparable with CRAR as at 31st March 2019.

37: Employee Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs 2,000,000 as per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Movement in defined benefit obligations

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Defined benefit obligation as at the beginning of the year | 27.62 | 21.65 |
| Current service cost | 9.96 | 3.65 |
| Interest on defined benefit obligation | 1.95 | 1.61 |
| Remeasurements- Actuarial (gain) | 13.94 | 3.75 |
| Loss on total liabilities | | |
| Benefits paid | (3.41) | (3.04) |
| Defined benefit obligation as at the end of the year | 50.06 | 27.62 |

Movement in plan assets

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Fair value of plan assets as at the beginning of the year | 24.21 | 17.75 |
| Actual return on plan assets | (1.73) | 2.00 |
| Actuarial gains | - | - |
| Employer contributions | 3.42 | 7.50 |
| Benefits paid | (3.41) | (3.04) |
| Fair value of plan assets as at the end of the year | 22.49 | 24.21 |

The Company expects to contribute Nil (March 31, 2019: Rs. 3.40 millions) to gratuity in the next financial year.

Reconciliation of net liability/ asset

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Net defined benefit liability/ (asset) as at the beginning of the year | 3.42 | 3.90 |
| Expense charged to statement of profit & loss | 10.20 | 3.94 |
| Amount recognised in other comprehensive income | 17.38 | 3.07 |
| Employer contributions | (3.42) | (7.50) |
| Net defined benefit liability/ (asset) as at the end of the year | 27.58 | 3.41 |

Balance Sheet**Amount recognised in balance sheet**

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Present value of obligations | 50.06 | 27.62 |
| Fair value on plan assets | 22.48 | 24.21 |
| Net defined benefit liability recognised in balance sheet | 27.58 | 3.41 |

Expenses charged to the statement of profit and loss

| Particulars | March 31, 2020 | March 31, 2019 |
|----------------------|----------------|----------------|
| Current service cost | 9.96 | 3.65 |
| Interest Cost | 0.24 | 0.29 |
| Total | 10.20 | 3.94 |



Handwritten signature and blue circular stamp of S.P. Sphoorty Financial Limited, Hyderabad.

Remeasurement gains/(losses) in the other comprehensive income

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Actuarial Gain / (Loss) on Liabilities | | |
| -due to change in financial assumptions | (1.93) | (0.26) |
| -due to change in demographic assumptions | - | - |
| -due to experience variance | (12.01) | (3.50) |
| Total -A | (13.94) | (3.76) |
| Actuarial Gain / (Loss) on assets | | |
| -Expected Interest Income | 1.71 | 1.32 |
| -Actual Income on Plan Asset | (1.73) | 2.00 |
| Total -B | (3.44) | 0.68 |
| Amount recognised under Other Comprehensive Income (A+B) | (17.38) | (3.07) |

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Category of Assets | March 31, 2020 | March 31, 2019 |
|-------------------------|----------------|----------------|
| Fund managed by Insurer | 100% | 100% |
| Total | 100% | 100% |

Summary of Actuarial Assumptions

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Discount rate | 5.60% | 7.05% |
| Expected return on plan assets | 7.05% | 7.44% |
| Rate of Increase in compensation levels | 10.00% | 10.00% |
| Retirement age (years) | 58 | 58 |
| Weighted average duration of defined benefit obligation | 5 Years | 5 Years |

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

| Particulars | March 31, 2020 | March 31, 2019 |
|------------------------|----------------|----------------|
| Discount rate (+0.5%) | (0.72) | (0.33) |
| Discount rate (-0.5%) | 0.74 | 0.34 |
| Salary inflation (+1%) | 1.39 | 0.63 |
| Salary inflation (-1%) | (1.32) | (0.60) |
| Withdrawal Rate (-5%) | (3.20) | (0.88) |
| Withdrawal Rate (+5%) | 4.04 | 1.10 |

Projected plan cash flow

| Particulars | March 31, 2020 | March 31, 2019 |
|--------------|----------------|----------------|
| Year 1 | 10.73 | 7.29 |
| Year 2 | 8.91 | 5.81 |
| Year 3 | 7.81 | 4.62 |
| Year 4 | 7.28 | 3.78 |
| Year 5 | 6.52 | 3.13 |
| After year 5 | 18.99 | 9.00 |

Discount rate: The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors



(Rupees in millions unless otherwise stated)

38: Leases

Company as a lessee

The Company's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch offices). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreements carries non-cancellable lease periods. The head office premises have been obtained on a lease term of nine to eleven years with an escalation clause of fifteen percent at a three years interval. There are no sub-leases. Lease rentals of Rs. 18.11 million pertaining to short-term leases and low value assets has been directly debited to statement of profit and loss.

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Operating lease payments recognized in the Statement of Profit & Loss | 18.11 | 36.16 |

Minimum lease obligations

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Not later than one year | 3.85 | 6.61 |
| Later than one year and not later than five years | - | 3.85 |
| Later than five years | - | - |

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period

| Particulars | ROU assets | Total |
|----------------------|------------|--------|
| As at April 1, 2018 | - | - |
| Addition | - | - |
| Depreciation | - | - |
| As at March 31, 2019 | - | - |
| Addition | 114.27 | 114.27 |
| Depreciation | 26.69 | 26.69 |
| As at March 31, 2020 | 87.58 | 87.58 |

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period

| Particulars | Amount |
|-----------------------|--------|
| As at April 1, 2018 | - |
| Addition | - |
| Accretion of interest | - |
| Payments | - |
| As at March 31, 2019 | - |
| Addition | 114.27 |
| Accretion of interest | 14.37 |
| Payments | 15.42 |
| As at March 31, 2020 | 113.22 |

The Maturity analysis of lease liabilities as at March 31, 2020

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|--------|
| Lease Liabilities | 0.09 | 0.09 | 0.09 | 0.51 | 1.73 | 8.48 | 15.46 | 86.75 | 113.22 |

The following are the amounts recognised in statement of profit or loss.

| Particulars | As at March 31, 2020 |
|--|----------------------|
| Depreciation expense of right-of-use assets | 26.69 |
| Interest expense on lease liabilities | 14.37 |
| Expense relating to short-term leases | 18.11 |
| Expense relating to leases of low-value assets | - |
| Variable lease payments | - |
| Total amount recognised in profit or loss | 59.17 |

The Company had total cash outflows for leases of Rs 15.41 million in FY 2020. The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs 114.27 million in FY 2020.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

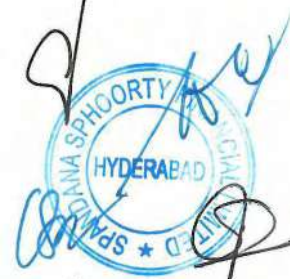
| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|--------|
| Lease Liabilities | 1.29 | 1.29 | 1.29 | 4.08 | 8.79 | 35.47 | 39.62 | 122.85 | 214.67 |

Effective April 01, 2019 the Company has adopted Ind AS 116 'Leases' and applied it to all lease contracts existing on April 01, 2019 using the 'Modified Retrospective Approach'. Based on the same and as permitted under the specific transitional provisions in the standard, the Company has not restated the comparative figures. On transition, the adoption of the new standard has resulted in recognition of right-to-use asset and a corresponding lease liability of Rs. 114.27 million. The effect of this adoption is not material to the profit for the year and earnings per share.

39: Amount payable to micro small and medium enterprises

As per information available with the Company, there are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

As at March 31, 2020 & March 31, 2019, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.



40: Risk Management and financial objectives

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the ability of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

40.1 Credit Risk

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area, income and market potential, and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Company is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing micro-loans in Rural Areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Company creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The criteria of default, significant increase in credit risk and stage assessment is mentioned in note 3(e) of the significant accounting policies. The below discussion describes the Company's approach for assessing impairment.

A) Probability of default (PD)

Old AP Portfolio

Considering that the old AP portfolio has already defaulted, there is no further requirement to estimate any probability of default. Accordingly, the Company is carrying a 100% loss reserve against the Old AP portfolio.

New portfolio

The Company determines PD on a collective basis by stratifying the entire portfolio into meaningful categories as discussed below.

The Company uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the Company bifurcates the entire portfolio into different states. Further the Company performs analysis of its defaults in various states over different observation periods. Such observation time frame varies depending upon the type of underlying assets analysed by the Company i.e. for Stage II, the timeframe used is more than 1 year.

In determining the above PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Company determines PD for each state depending upon the underlying classification of asset (i.e. Stage I or Stage II).

Summary of PD rates determined by the Company for its portfolio are as follows:

| State | March 31, 2020 | | March 31, 2019 | |
|----------------|----------------|-----------|----------------|-------------|
| | Stage-I | Stage-II | Stage-I | Stage-II |
| Madhya Pradesh | 1.33% | 87.27% | 0.43% | 70.88% |
| Orissa | 0.73% | 91.50% | 0.14% | 80.30% |
| Karnataka | 1.11% | 75.88% | 0.28% | 43.66% |
| Maharashtra | 0.79% | 85.00% | 0.48% | 78.70% |
| Chhattisgarh | 0.94% | 82.76% | 0.33% | 84.86% |
| Jharkhand | 1.13% | 93.11% | 0.37% | 79.13% |
| Kerala | 2.36% | 42.20% | 1.65% | 72.39% |
| Andhra Pradesh | 0.13% | 56.34% | 1.55% | 56.90% |
| Gujarat | 1.53% | 88.66% | 0.67% | 82.30% |
| Bihar | 0.16% | 91.50% | 0.02% | 0.00% |
| Rajasthan | 0.10% | 100.00% | 0.00% | 0.00% |
| Others | 0% - 4.88% | 0% - 100% | 0% - 7.73% | 0% - 78.04% |

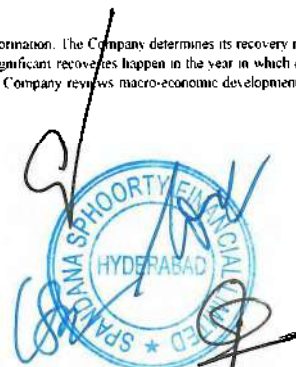
For stage-III portfolio the PD rate is 100%.

B) Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued loans as at reporting date. Such outstanding balances as at the reporting date is considered as EAD by the Company. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

C) Loss given default

The Company determines its expectation of lifetime loss by estimating recoveries towards its entire loan at state level through analysis of historical information. The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Company has assessed that significant recoveries happen in the year in which default has occurred. Accordingly, it believes no significant difference arise from discounting such recoveries for determining ultimate loss rates. In estimating LGD, the Company reviews macro-economic developments taking place in the economy.



(Rupees in millions unless otherwise stated)

Summary of LGD rates determined by the Company are given below:

| State | March 31, 2020 | March 31, 2019 |
|----------------|----------------|----------------|
| Madhya Pradesh | 88.90% | 92.20% |
| Orissa | 89.25% | 83.12% |
| Karnataka | 82.90% | 93.64% |
| Maharashtra | 84.10% | 95.79% |
| Chhattisgarh | 94.03% | 93.07% |
| Jharkhand | 83.49% | 77.90% |
| Kerala | 80.64% | 77.70% |
| Andhra Pradesh | 90.31% | 91.49% |
| Gujarat | 84.86% | 90.39% |
| Bihar | 44.53% | 0.00% |
| Rajasthan | 44.53% | 0.00% |
| Others | 0% - 93.91% | 0% - 92.66% |

Analysis of concentration risk is as follows:-

| States | March 31, 2020 | March 31, 2019 |
|----------------|----------------|----------------|
| Madhya Pradesh | 17.48% | 21.33% |
| Orissa | 17.69% | 20.05% |
| Karnataka | 12.93% | 13.36% |
| Maharashtra | 13.26% | 11.49% |
| Chhattisgarh | 8.28% | 9.08% |
| Jharkhand | 4.72% | 5.18% |
| Kerala | 4.64% | 4.57% |
| Andhra Pradesh | 6.95% | 4.45% |
| Gujarat | 2.96% | 2.99% |
| Bihar | 4.76% | 2.63% |
| Rajasthan | 3.71% | 2.24% |
| Others | 2.00% | 2.63% |
| Total | 100.00% | 100.00% |

Collateral and other credit enhancement

The company's secured portfolio includes loans against security of Gold and property (including land and building). Although collateral is an important mitigant credit risk, the company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of the product and the company's assessment of the customer's credit risk, a loan may be offered with suitable collateral.

40.1.a Inter-corporate advance given by the Company to related parties are repayable on demand and governed by Company's policy on demand loans approved by the board of directors. Such policy requires credit appraisal of the financial and operational performance of the counter parties, to be performed by the Company before renewing/rolling over of the advance.

40.1.b Credit Risk due to Covid-19 Pandemic

The Novel Coronavirus (COVID-19) pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility in global and Indian markets, and a significant decrease in economic activity. On March 24, 2020, the Government of India announced a nation-wide lockdown till April 14, 2020, which was extended till May 31, 2020 through subsequent announcements, to contain the spread of the virus. This has led to significant disruptions and dislocations for individuals and businesses, impacting Company's regular operations including lending and collection activities due to inability of employees to physically reach borrowers which has consequently impacted the carrying value of the financial assets, financial position and performance of the Company.

Further, pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of installments falling due between March 1, 2020 and August 31, 2020, the Company has extended/ will be extending moratorium to its borrowers in accordance with its Board approved policy.

In management's view, providing moratorium to borrowers at a mass scale based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. Accordingly, considering the unique and widespread impact of COVID-19 pandemic, the Company has estimated and recorded a management overlay allowance in its provision for expected credit loss, based on information available at this point in time to reflect, among other things, the deterioration in the macro-economic factors. Given the dynamic nature of the pandemic situation, these estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic and the actual impact of the pandemic, including governmental and regulatory measures, on the business and financial metrics of the Company (including credit losses) could be different from that estimated by the Company.

40.2 Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Company has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has an asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The tables below provide details regarding the contractual maturities of significant financial assets and liabilities as on -

Maturity pattern of financial assets and liabilities as on March 31, 2020:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|-----------|
| Borrowings* | 2,633.38 | 1,534.79 | 2,175.86 | 7,796.42 | 10,749.51 | 7,353.53 | 238.22 | - | 32,481.71 |
| Other Financial Liabilities | 2,007.17 | 0.09 | 0.09 | 0.51 | 137.16 | 8.48 | 15.46 | 86.75 | 2,255.71 |
| Loans** | - | - | 4,535.08 | 11,042.30 | 18,040.40 | 23,694.92 | 268.27 | 171.08 | 57,752.05 |
| Other Financial Assets | 4,713.64 | 1,582.06 | 307.44 | 501.56 | 3,330.01 | 765.88 | 242.33 | 645.93 | 12,088.85 |

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities

** As per the Covid-19 regulatory package announced by RBI to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic vide Circular No RBI/2019-20/186 & DOR No BP BC 47/21 04 048 2019-20, the Company has extended moratorium to its borrowers whose loans were standard as on March 01, 2020, for the period April 01, 2020 to May 31, 2020. Hence, the repayment schedule for such loans as also the residual tenor, is shifted across the board by two months. Further, the same moratorium has been availed by the Company towards payments under securitization arrangement.



Maturity pattern of financial assets and liabilities as on March 31, 2019:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|-----------|
| Borrowings* | 2,021.05 | 3,874.70 | 2,365.34 | 7,565.55 | 7,429.18 | 8,607.79 | 55.15 | 213.07 | 32,191.83 |
| Other Financial Liabilities | 435.21 | - | - | - | - | - | - | - | 435.21 |
| Loans | 4,911.50 | 4,544.09 | 3,553.41 | 10,815.35 | 14,485.10 | 9,133.83 | 182.90 | 5.79 | 47,621.97 |
| Other Financial Assets | 1,781.19 | 87.57 | 83.18 | 364.00 | 843.23 | 1,219.93 | - | 646.34 | 5,025.35 |

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

Maturity Analysis of assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered and settled

| | March 31, 2020 | | | March 31, 2019 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| ASSETS | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 536.19 | - | 536.19 | 1,454.07 | - | 1,454.07 |
| Bank balances other than cash and cash equivalents | 1,078.60 | 892.30 | 1,970.90 | 1,551.02 | 477.07 | 2,028.09 |
| Trade receivables | 223.68 | - | 223.68 | 35.49 | - | 35.49 |
| Loans | 26,128.09 | 20,716.77 | 46,844.86 | 33,067.63 | 8,586.27 | 41,653.89 |
| Investments | 4,851.62 | 646.93 | 5,498.55 | - | 646.35 | 646.35 |
| Other financial assets | 3,744.21 | 115.21 | 3,859.43 | 840.17 | 21.19 | 861.35 |
| Subtotal - Total financial assets | 36,562.39 | 22,371.30 | 58,933.70 | 36,948.38 | 9,730.88 | 46,679.24 |
| Non-financial assets | | | | | | |
| Current tax assets (net) | 149.38 | - | 149.38 | 83.37 | - | 83.37 |
| Deferred tax assets (net) | - | 69.03 | 69.03 | - | 1,998.36 | 1,998.36 |
| Property, plant and equipment | - | 151.43 | 151.43 | - | 70.86 | 70.86 |
| Intangible assets | - | 12.84 | 12.84 | - | 21.53 | 21.53 |
| Other non-financial assets | 101.46 | - | 101.46 | 127.01 | - | 127.01 |
| Subtotal - Total non-financial assets | 250.84 | 233.30 | 484.14 | 210.38 | 2,090.75 | 2,301.13 |
| Total assets | 36,813.23 | 22,604.60 | 59,417.84 | 37,158.76 | 11,821.63 | 48,980.37 |
| LIABILITIES AND EQUITY | | | | | | |
| LIABILITIES | | | | | | |
| Financial liabilities | | | | | | |
| Debt securities | 7,268.62 | 507.66 | 7,776.28 | 10,891.74 | 2,827.90 | 13,719.64 |
| Borrowings (other than debt securities) | 15,975.75 | 6,208.36 | 22,184.11 | 10,339.62 | 5,190.26 | 15,529.89 |
| Subordinated liabilities | 2.31 | 199.36 | 201.67 | 2.35 | 199.21 | 201.57 |
| Other financial liabilities | 2,145.03 | 110.70 | 2,255.73 | 435.21 | - | 435.21 |
| Subtotal - Total financial liabilities | 25,391.71 | 7,026.08 | 32,417.79 | 21,668.92 | 8,217.37 | 29,886.30 |
| Non-financial liabilities | | | | | | |
| Current tax liabilities (net) | 596.69 | - | 596.69 | 3.48 | - | 3.48 |
| Deferred tax liabilities (net) | - | - | - | - | - | - |
| Provisions | 27.58 | - | 27.58 | 3.42 | - | 3.42 |
| Other non-financial liabilities | 294.40 | - | 294.40 | 223.43 | - | 223.43 |
| Subtotal - Total non-financial liabilities | 918.67 | - | 918.67 | 230.33 | - | 230.33 |
| Total Liabilities | 26,310.38 | 7,026.08 | 33,336.46 | 21,899.25 | 8,217.37 | 30,116.63 |
| Net | 10,502.85 | 15,578.52 | 26,081.38 | 15,259.51 | 3,604.26 | 18,863.74 |

40.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to two types of market risks as follows

40.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows

| Finance Cost | March 31, 2020 | March 31, 2019 |
|-----------------|----------------|----------------|
| 0.50 % Increase | (22.44) | (16.64) |
| 0.50 % Decrease | 22.44 | 16.64 |

40.3b Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds' risk bearing instruments

41: Transfer of Financial assets

a. Securitisation Transaction:

During the year, the Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loans, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Company has concluded that risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the Company's involvement in these assets is as follows

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties



(Rupees in millions unless otherwise stated)

The value of Financial assets and liabilities as on :-

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Carrying amount of assets | 4,915.87 | 6,638.38 |
| Carrying amount of associated liabilities | 5,398.17 | 7,719.66 |
| Fair value of assets | 4,987.94 | 6,727.73 |
| Fair value of associated liabilities | 5,415.69 | 7,804.93 |

The excess of fair value of associated liabilities over fair value of assets is Rs. 427.75 millions (FY Rs. 1077.20 millions)

b. Assignment Transaction:

During the year ended 31st Mar 2020, the company has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at fair value and the gain/(loss) on derecognition, per type of asset :-

| Particulars | For the year ended 31st Mar 2020 | For the year ended 31st Mar 2019 |
|--|-------------------------------------|-------------------------------------|
| Carrying amount of derecognised financial assets | 19,155.84 | 1,403.81 |
| Gain/(loss) from derecognition | 2,139.27 | 156.13 |

Since the company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

42: Employee Stock Option Plan (ESOP)

The company has provided various equity settled share based payment schemes to its employees. The details are ESOP scheme are as follows:

| Particulars | Grant | Number of Options granted | Vesting Period (In years) | Vesting Conditions |
|------------------|-----------|------------------------------|---------------------------------|---|
| ESOP Scheme 2018 | Grant I | 338,854 | 5 | 20% vests every year subject to continuance of services |
| | Grant II | 817,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant III | 13,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant IV | 90,500 | 5 | 20% vests every year subject to continuance of services |
| | Grant V | 336,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant VI | 36,500 | 5 | 20% vests every year subject to continuance of services |

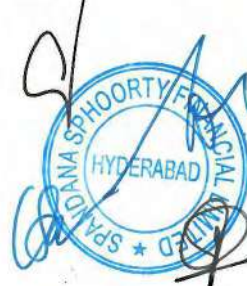
Exercise period for all the above schemes is 9 years from the date of grant of the options.
The expense recognised for employee services received during the year is Rs 41.07 million.

a. The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2020

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI |
|---|--|-----------|-----------|-----------|-----------|----------|
| Date of Grant | 13-Aug-18 | 13-Aug-18 | 7-Feb-19 | 28-Jan-20 | 28-Jan-20 | 3-Mar-20 |
| Date of Board / Compensation Committee Approval | 13-Aug-18 | 13-Aug-18 | 7-Feb-19 | 28-Jan-20 | 28-Jan-20 | 3-Mar-20 |
| Number of Options Granted | 338,854 | 817,500 | 13,500 | 90,500 | 336,500 | 36,500 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity |
| Graded Vesting Period | | | | | | |
| Day following the expiry of 12 months from grant | 20% | 30% | 30% | 20% | 30% | 20% |
| Day following the expiry of 24 months from grant | 20% | 30% | 30% | 20% | 30% | 20% |
| Day following the expiry of 36 months from grant | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 48 months from grant | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 60 months from grant | 20% | NA | NA | 20% | NA | 20% |
| Exercise Period | 9 Years from the date of grant | | | | | |
| Vesting conditions | Employee must be in service at the time of vesting | | | | | |
| Weighted average of remaining contractual Life in Years | | | | | | |
| Year I | 0.00 | 7.37 | 7.85 | 8.83 | 8.83 | 8.92 |
| Year II | 7.37 | 7.37 | 7.85 | 8.83 | 8.83 | 8.92 |
| Year III | 7.37 | 7.37 | 7.85 | 8.83 | 8.83 | 8.92 |
| Year IV | 7.37 | 7.37 | 7.85 | 8.83 | 8.83 | 8.92 |
| Year V | 7.37 | NA | NA | 8.83 | NA | 8.92 |

b. The details of activity under ESOP Scheme 2018 Plan with an exercise price for the year ended March 31, 2020 have been summarised as below:

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI |
|--|---------|----------|-----------|----------|----------|----------|
| Exercise Price per Share | 263.35 | 263.35 | 263.35 | 1,077.37 | 1,077.37 | 1,091.58 |
| Number of options Outstanding at the beginning of the year | 162,000 | 689,000 | 7,500 | - | - | - |
| Number of options Granted during the year | - | - | - | 90,500 | 336,500 | 36,500 |
| Number of Options Exercised during the year | 20,925 | 117,490 | - | - | - | - |
| Number of Options Lapsed during the year | 49,875 | 150,160 | 1,500 | - | 15,000 | - |
| Outstanding at the end of the year * | 91,200 | 421,350 | 6,000 | 90,500 | 321,500 | 36,500 |



(Rupees in millions unless otherwise stated)

c. Details of Stock Options granted during the year

The weighted fair value of stock option granted during the year was Rs. 445.09 for Grant IV, Rs. 429.05 for Grant V, Rs. 477.69 for Grant VI. The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

| Grant -IV | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 1045.5 | 1045.5 | 1045.5 | 1045.5 | 1045.5 |
| Exercise Price | 1077.37 | 1077.37 | 1077.37 | 1077.37 | 1077.37 |
| Expected Volatility(%) | 26.80% | 26.80% | 26.80% | 26.80% | 26.80% |
| Life of the options granted in year | 5.5 | 6.0 | 6.5 | 7.0 | 7.5 |
| Risk Free Interest Rate(%) | 6.58% | 6.58% | 6.83% | 6.83% | 6.83% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 398.00 | 420.29 | 448.50 | 469.31 | 489.35 |

| Grant -V | Tranche I | Tranche II | Tranche III | Tranche IV |
|-------------------------------------|-----------|------------|-------------|------------|
| Share price on the date of Grant | 1045.5 | 1045.5 | 1045.5 | 1045.5 |
| Exercise Price | 1077.37 | 1077.37 | 1077.37 | 1077.37 |
| Expected Volatility(%) | 26.80% | 26.80% | 26.80% | 26.80% |
| Life of the options granted in year | 5.5 | 6.0 | 6.5 | 7.0 |
| Risk Free Interest Rate(%) | 6.58% | 6.58% | 6.83% | 6.83% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 398.00 | 420.29 | 448.50 | 469.31 |

| Grant -VI | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 1082.35 | 1082.35 | 1082.35 | 1082.35 | 1082.35 |
| Exercise Price | 1091.58 | 1091.58 | 1091.58 | 1091.58 | 1091.58 |
| Expected Volatility(%) | 29.25% | 29.25% | 29.25% | 29.25% | 29.25% |
| Life of the options granted in year | 5.5 | 6.0 | 6.5 | 7.0 | 7.5 |
| Risk Free Interest Rate(%) | 6.21% | 6.21% | 6.47% | 6.47% | 6.53% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 430.06 | 452.50 | 480.76 | 501.72 | 523.42 |

43: Disclosure of investing and financing transactions that do not require the use of cash and cash equivalents

For the year ended March 31, 2020

| Name of instrument | Opening Balance | Converted into equity share capital | Premium added on issue of ESOP's | Cash Flows | Closing Balance |
|------------------------|------------------|-------------------------------------|----------------------------------|-----------------|------------------|
| Equity Share capital** | 11,808.64 | - | 18.72 | 3,925.59 | 15,752.95 |
| Total Borrowings | 29,451.09 | - | - | 710.98 | 30,162.07 |
| Total | 41,259.73 | - | 18.72 | 4,636.57 | 45,915.01 |

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital and premium amount added on issue of ESOP's

For the year ended March 31, 2019

| Name of instrument | Opening Balance | Converted into equity share capital | Premium added on conversion of preference shares into equity shares | Cash Flows | Closing Balance |
|------------------------|------------------|-------------------------------------|---|-----------------|------------------|
| CCPS Class A | 2,350.00 | (2,350.00) | - | - | - |
| CCPS Class B | 7,910.08 | (7,910.08) | - | - | - |
| CCPS Class A1 | 1,192.13 | (1,192.13) | - | - | - |
| Share warrants | 14.89 | (14.89) | - | - | - |
| QRPS (all series) | 0.10 | (22.70) | - | 22.60 | - |
| Equity Share capital** | 297.57 | 277.49 | 11,212.30 | 21.28 | 11,808.64 |
| Total Borrowings | 23,313.77 | - | - | 6,137.12 | 29,451.09 |
| Total | 35,078.54 | (11,212.31) | 11,212.30 | 6,181.20 | 41,259.73 |

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital

44: Revenue from contracts with customers

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Type of services | | |
| Service fees for management of assigned portfolio of loans | 5.12 | 5.85 |
| Service and administration charges | - | - |
| Commission & other Income | 667.64 | 198.74 |
| Total | 672.76 | 204.59 |

Geographical markets

| Particulars | March 31, 2020 | March 31, 2019 |
|---------------|----------------|----------------|
| India | 672.76 | 204.59 |
| Outside India | - | - |
| Total | 672.76 | 204.59 |

Timing of revenue recognition

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Services transferred at a point in time | 672.76 | 204.59 |
| Services transferred over time | - | - |
| Total | 672.76 | 204.59 |

Receivables

| Particulars | March 31, 2020 | March 31, 2019 |
|---------------------------|----------------|----------------|
| Commission & other Income | 212.91 | 28.61 |

Impairment allowance recognised on receivables is Nil (Previous year: Nil)



Handwritten signature and blue circular stamp of Spandana Spahoorty Financial Limited, Hyderabad.

45: Additional information required by Reserve Bank of India Master Direction DNBR, PD, 008/03, 10, 11/2016-17 (hereinafter referred to as the "RBI Master Directions") & DOR (NBFC), CC PD, No. 109/22, 10, 106/2019-20

A. Capital to risk assets ratio ('CRAR')

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| CRAR (%) | 47.44% | 39.61% |
| CRAR-Tier I Capital (%) | 47.27% | 38.57% |
| CRAR-Tier II Capital (%) | 0.18% | 1.04% |
| Amount of subordinated debt raised as Tier-II capital | 16.13 | 20.16 |
| Amount raised by issue of Perpetual Debt Instruments | - | - |
| CRAR as at March 31, 2020 has been determined in accordance with the RBI Master Directions read with RBI notification RBI/2019-20/170, DOR(NBFC) CC PD No 109/22 10 106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards Accordingly, CRAR for March 31, 2019 is not comparable | | |

B. Exposure to real estate sector

| Category | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| A. Direct exposure | | |
| I. Residential Mortgages | | |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. | 62.00 | 44.47 |
| II. Commercial Real Estate | | |
| Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits | - | - |
| III. Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | | |
| Residential | - | - |
| Commercial Real Estate | - | - |
| A. Indirect exposure | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | - | - |
| Total | 62.00 | 44.47 |

C. Outstanding of loans against security of gold as a percentage to total assets is 0.38% (Mar-19: 0.39%)

D. The Company has no exposure to capital market

E. Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2020

| Particulars | 0-7 Days | 8-14 Days | 15-30/31 Days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-------------|----------|-----------|---------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|----------|
| Borrowings | 0.19 | 13.07 | 226.79 | 140.02 | 196.78 | 717.48 | 1,005.00 | 696.88 | 19.99 | - | 3,016.20 |
| Advances ** | - | - | - | - | 351.28 | 836.68 | 1,645.50 | 2,048.87 | 10.36 | 3.44 | 4,905.13 |
| Investments | 68.83 | 20.66 | 254.67 | 141.00 | - | - | - | - | - | 64.69 | 549.86 |

** As per the Covid-19 regulatory package announced by RBI to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic vide Circular No RBI/2019-20/186 & DOR No BP BC 47/21 04.04/2019-20, the Company has extended moratorium to its borrowers whose loans were standard as on March 01, 2020, for the period April 01, 2020 to May 31, 2020. Hence, the repayment schedule for such loans as also the residual tenor, is shifted across the board by two months. Further, the same moratorium has been availed by the Company towards payments under securitization arrangement.

Maturity pattern of assets and liabilities as on March 31, 2019

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|----------|
| Borrowings | 70.16 | 256.36 | 107.32 | 470.09 | 482.49 | 763.47 | - | 20.00 | 2,169.91 |
| Advances | 267.80 | 271.85 | 235.50 | 703.55 | 1,119.98 | 491.64 | 373.89 | 0.48 | 3,464.69 |
| Investments | - | - | - | - | - | - | - | 64.63 | 64.63 |

F. Information on instances of fraud

Instances of fraud reported during the year ended March 31, 2020

| Nature of fraud | No. of cases | Amount of fraud | Recovery* | Amount provided |
|-------------------|--------------|-----------------|-----------|-----------------|
| Cash Embezzlement | 126 | 0.78 | 0.18 | 0.60 |
| Fake Loans | 26 | 0.90 | 0.24 | 0.75 |

*Includes recoveries in respect of frauds reported in earlier years

Instances of fraud reported during the year ended March 31, 2019

| Nature of fraud | No. of cases | Amount of fraud | Recovery* | Amount provided |
|-------------------|--------------|-----------------|-----------|-----------------|
| Cash Embezzlement | 30 | 0.22 | 0.06 | 0.16 |
| Fake Loans | 29 | 1.83 | 0.74 | 1.09 |

*Includes recoveries in respect of frauds reported in earlier years

G. The Company has no transactions / exposure in derivatives in the current and previous year



H. Ratings assigned by credit rating agencies and migration of ratings during the year:

| Sr. No. | Instrument | Rating agency | As per final rating letter | Rating assigned | Valid up to | Borrowing limit |
|---------|--------------------------------------|---------------|----------------------------|-------------------|-------------|-----------------|
| 1 | Long term bank facilities | ICRA | 7-Jan-20 | [ICRA]A- (Stable) | See Note-1 | 2500.00 |
| 2 | Non convertible debentures programme | ICRA | 7-Jan-20 | [ICRA]A- (Stable) | See Note-1 | 621.00 |
| 3 | Securitization | ICRA | 17-Mar-20 | [ICRA]AA-(SO) | 28-Feb-21 | 120.05 |
| 4 | Securitization | ICRA | 17-Mar-20 | [ICRA] AA-(SO) | 30-Apr-21 | 120.29 |
| 5 | Securitization | ICRA | 2-Mar-20 | [ICRA] A (SO) | 31-Dec-21 | 147.05 |
| 6 | Securitization | ICRA | 15-Jan-20 | [ICRA]A(SO) | 31-Jul-21 | 203.14 |
| 7 | Securitization | ICRA | 14-Jan-20 | [ICRA] A(SO) | 31-Jul-21 | 119.96 |
| 8 | Securitization | ICRA | 2-Jan-20 | [ICRA] A (SO) | 31-Oct-21 | 124.97 |
| 9 | Securitization | ICRA | 10-Oct-19 | [ICRA]A(SO) | 31-May-21 | 99.99 |
| 10 | Securitization | ICRA | 7-Jun-19 | [ICRA]AAA(SO) | 31-Oct-19 | 3.19 |
| 11 | Securitization | ICRA | 7-Jun-19 | [ICRA] AA-(SO) | 31-Oct-19 | 11.50 |
| 12 | Securitization | ICRA | 7-Jun-19 | [ICRA]AA(SO) | 31-Dec-19 | 19.37 |
| 13 | Securitization | ICRA | 7-Jun-19 | [ICRA]AA(SO) | 31-Jan-20 | 14.08 |
| 14 | Securitization | ICRA | 7-Jun-19 | [ICRA]AA(SO) | 31-Mar-20 | 50.27 |
| 15 | Securitization | ICRA | 7-Jun-19 | [ICRA] AA-(SO) | 31-Mar-20 | 24.20 |
| 16 | Securitization | ICRA | 7-Jun-19 | [ICRA] A+ (SO) | 31-Mar-20 | 0.98 |
| 17 | Securitization | ICRA | 7-Jun-19 | [ICRA]AA(SO) | 31-Oct-19 | 25.91 |
| 18 | Securitization | ICRA | 7-Jun-19 | [ICRA] AA-(SO) | 30-Sep-20 | 82.21 |
| 19 | Securitization | ICRA | 7-Jun-19 | [ICRA]A(SO) | 31-Aug-20 | 31.61 |
| 20 | Securitization | ICRA | 7-Jun-19 | [ICRA] BBB-(SO) | 31-Aug-20 | 1.10 |
| 21 | Securitization | ICRA | 7-Jun-19 | [ICRA]A-(SO) | 30-Nov-20 | 161.41 |
| 22 | Securitization | ICRA | 7-Jun-19 | [ICRA]A-(SO) | 31-Jan-21 | 99.30 |
| 23 | Securitization | ICRA | 7-Jun-19 | [ICRA]A(SO) | 31-Jan-21 | 74.34 |
| 24 | Securitization | ICRA | 7-Jun-19 | [ICRA]A-(SO) | 31-Jan-21 | 0.88 |

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities

Previous year

| Sr. No. | Instrument | Rating agency | As per final rating letter | Rating assigned | Valid up to | Borrowing limit |
|---------|--------------------------------------|---------------|----------------------------|-------------------|-------------|-----------------|
| 1 | Long term bank facilities | ICRA | 29-Mar-19 | [ICRA]A- (Stable) | See Note-1 | 2500.00 |
| 2 | Non convertible debentures programme | ICRA | 29-Mar-19 | [ICRA]A- (Stable) | See Note-1 | 821.00 |
| 3 | Securitization | CARE | 4-Mar-19 | CARE A+ (SO) | 30-Sep-19 | 24.15 |
| 4 | Securitization | ICRA | 28-Nov-18 | [ICRA]A-(SO) | 31-Oct-19 | 73.83 |
| 5 | Securitization | ICRA | 28-Nov-18 | [ICRA] BBB+ (SO) | 31-Oct-19 | 11.50 |
| 6 | Securitization | ICRA | 28-Nov-18 | [ICRA]A+(SO) | 31-Dec-19 | 62.61 |
| 7 | Securitization | ICRA | 28-Nov-18 | [ICRA]A-(SO) | 31-Jan-20 | 49.49 |
| 8 | Securitization | ICRA | 28-Nov-18 | [ICRA] AA-(SO) | 31-Mar-20 | 129.38 |
| 9 | Securitization | ICRA | 28-Nov-18 | [ICRA] A (SO) | 31-Mar-20 | 62.47 |
| 10 | Securitization | ICRA | 28-Nov-18 | [ICRA] A-(SO) | 31-Mar-20 | 0.98 |
| 11 | Securitization | ICRA | 28-Nov-18 | [ICRA]A-(SO) | 31-Oct-19 | 103.19 |
| 12 | Securitization | ICRA | 12-Feb-19 | [ICRA] AA-(SO) | 30-Sep-20 | 138.88 |
| 13 | Securitization | ICRA | 4-Feb-19 | [ICRA]A(SO) | 31-Aug-20 | 50.00 |
| 14 | Securitization | ICRA | 4-Feb-19 | [ICRA] BBB-(SO) | 31-Aug-20 | 1.10 |
| 15 | Securitization | ICRA | 18-Mar-19 | [ICRA]A-(SO) | 30-Nov-20 | 223.95 |
| 16 | Securitization | ICRA | 8-Feb-19 | [ICRA] A-(SO) | 31-Oct-20 | 74.45 |
| 17 | Securitization | ICRA | 26-Mar-19 | [ICRA]A(SO) | 31-Jan-21 | 80.91 |
| 18 | Securitization | ICRA | 26-Mar-19 | [ICRA]A-(SO) | 31-Jan-21 | 106.59 |
| 19 | Securitization | ICRA | 22-Mar-19 | [ICRA]A-(SO) | 31-Jan-21 | 106.59 |

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities

I. Disclosure of complaints

| Particulars | No. of complaints | |
|--|-------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| No. of complaints pending at the beginning of the year | 18 | 18 |
| No. of complaints received during the year | 989 | 138 |
| No. of complaints redressed during the year | 965 | 138 |
| No. of complaints pending at the end of the year | 42 | 18 |



J. Concentration of Advances, Exposures and NPAs

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Concentration of Advances* | | |
| Total advances to twenty largest borrowers | 4.04 | 3.59 |
| (%) of advances to twenty largest borrowers to total advances | 0.08% | 0.09% |
| Concentration of Exposures* | | |
| Total exposure to twenty largest borrowers | 4.04 | 3.60 |
| (%) of exposure to twenty largest borrowers to total exposure | 0.08% | 0.09% |
| Concentration of NPAs** | | |
| Total exposure to top four NPA accounts | 0.27 | 0.07 |

* Represents amount outstanding as per contract with customers

** Represents stage III loans including interest

K. Sector wise NPAs*

| Sector | Percentage of NPAs to total advances in that sector | |
|-----------------------------------|---|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Agriculture and allied activities | 0.35% | 9.94% |
| MSME | 0.40% | 8.31% |
| Corporate borrowers | 0.00% | 0.00% |
| Services | 0.30% | 8.82% |
| Unsecured personal loans | 0.00% | 0.00% |
| Auto loans | 0.86% | 9.95% |
| Other personal loans | 0.71% | 16.49% |

* Represents stage III loans

L. Comparison between provisions required under Income Recognition and Asset Classification and Provision norms as per RBI master directions and impairment allowances made under Ind AS 109 for the year ended March 31, 2020

| Asset Classification as per RBI Norms | Asset Classification as per Ind AS 109 | Gross carrying Amount as per Ind AS | Loss Allowances (Provisions) as required as per Ind AS 109 | Net Carrying Amount | Provisions as per IRACP norms | Difference between Ind AS 109 Provisions and IRACP norms |
|---|--|-------------------------------------|--|---------------------|-------------------------------|--|
| 1 | 2 | 3 | 4 | 5=3-4 | 6 | 7=4-6 |
| Performing Assets | | | | | | |
| Loans | Stage 1 | 4,821.11 | 74.10 | 4,747.01 | 40.48 | 33.62 |
| | Stage 2 | 10.66 | 6.42 | 4.23 | 0.06 | 6.36 |
| Subtotal | | 4,831.77 | 80.53 | 4,751.24 | 40.54 | 39.98 |
| Non Performing Assets (NPA) | | | | | | |
| Loans | Stage 3 | 17.92 | 14.50 | 3.41 | 1.59 | 12.91 |
| Doubtful - up to 1 year | Stage 3 | 0.02 | 0.02 | 0.00 | 0.02 | - |
| 1 to 3 years | Stage 3 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal for Doubtful | | 0.02 | 0.02 | 0.00 | 0.02 | 0.00 |
| Loss | Stage 3 | - | - | - | - | - |
| Subtotal for NPA | | 17.94 | 14.52 | 3.41 | 1.61 | 12.91 |
| Other provisions including Management overlay for COVID-19 | | - | - | - | - | - |
| Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| Subtotal | | - | - | - | - | - |
| Total | Stage 1 | 4,821.11 | 74.10 | 4,747.01 | 40.48 | 33.62 |
| | Stage 2 | 10.66 | 6.42 | 4.23 | 0.06 | 6.35 |
| | Stage 3 | 17.94 | 14.52 | 3.41 | 2.08 | 12.45 |
| Total | | 4,849.71 | 95.05 | 4,754.66 | 42.64 | 52.41 |

1. Figures under the column "Provision as per IRACP norms" represents provisions determined in accordance with the asset classification and provisioning norms as stipulated under the RBI Master Directions. Pursuant to RBI circular no. DOR No BP BC 47/21 04 048/2019-20 dated March 27, 2020, the Company has not granted any moratorium to customers with overdue as at February 29, 2020. Accordingly, no additional provision for standard but overdue accounts in accordance with para 5 of RBI circular no. DOR No BP BC 63/21 04 048/2020-21 dated April 17, 2020 is considered thereunder.

2. Interest on NPA loans is required to be de-recognised under IRACP norms. However, interest on Stage III loans is required to be recognised on the credit impaired (net of ECL) loan balance. Such income de-recognition is not considered as a provision for the purpose of above comparison.

3. As per the policy on moratorium approved by the Board of Directors pursuant to RBI circular no. DOR No BP BC 47/21 04 048/2019-20 dated March 27, 2020, the Company has not granted moratorium to customers with overdue as at March 1, 2020. Accordingly, no disclosure as per para 10 of RBI circular no. DOR No BP BC 63/21 04 048/2020-21 dated April 17, 2020 is required.



N. Movement of NPAs*

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Net NPAs to net advances (%) | 0.07% | 0.02% |
| Movement of NPAs (gross) | | |
| 1. Opening balance | 362.89 | 838.87 |
| 2. Additions during the year | 120.59 | 24.60 |
| 3. Reductions/ write off during the year | 465.55 | 520.58 |
| 4. Closing balance | 17.93 | 362.89 |
| Movement of Net NPAs | | |
| 1. Opening balance | 0.74 | 5.31 |
| 2. Additions during the year | 3.55 | 0.30 |
| 3. Reductions/ write off during the year | 0.87 | 4.88 |
| 4. Closing balance | 3.42 | 0.73 |
| Movement of provision for NPAs | | |
| 1. Opening balance | 362.16 | 853.56 |
| 2. Provisions made during the year | 117.04 | 24.30 |
| 3. Write off/ write back of excess provisions | 464.68 | 515.70 |
| 4. Closing balance | 14.52 | 362.16 |

* Represents stage III loans.

(i). Opening balance of NPAs include Rs. 358.47 crore representing portfolio in the state of Andhra Pradesh and Telangana originated prior to January 1, 2012 which has been completely written off during the current year.

O. There has been no drawdown from reserves during the current year and previous year.

P. Investments:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| 1. Value of investments | | |
| (i) Gross value of investments | | |
| (a) In India | 549.85 | 64.63 |
| (b) Outside India | - | - |
| (ii) Provision for depreciation | | |
| (a) In India | - | - |
| (b) Outside India | - | - |
| (iii) Net value of investments | | |
| (a) In India | 549.85 | 64.63 |
| (b) Outside India | - | - |
| 2. Movement of provisions held towards depreciation | | |
| Opening balance | - | - |
| Add: Provision made during the year | - | - |
| Less: Write off/ write back | - | - |
| Closing balance | - | - |



Handwritten signature and blue circular stamp of Spandana Sphoorty Financial Limited, Hyderabad.

Q. Details relating to securitisation:

During the year, the Company has sold loans through securitisation. The information on securitisation activities is as under:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| 1. No. of SPVs sponsored by the NBFC for securitisation transactions during the year | 9 | 14 |
| 2. Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date of balance sheet | 621.39 | 825.20 |
| 3. Total amount of exposures retained to comply with minimum retention requirement ("MRR") as on the date of balance sheet | - | - |
| a) Off balance sheet exposures | | |
| - First loss | - | - |
| - Others | - | - |
| b) On balance sheet exposures | | |
| - First loss (cash collateral and over collateral) | 141.44 | 260.39 |
| - Others | - | - |
| 4. Amount of exposures to securitization transactions other than MRR: | | |
| a) Off-balance sheet exposures | - | - |
| i) Exposure to own securitisations | | |
| - First loss | - | - |
| - Others | - | - |
| ii) Exposure to third party securitisations | | |
| - First loss | - | - |
| - Others | - | - |
| b) On-balance sheet exposures | | |
| i) Exposure to own securitisations | | |
| - First loss | - | - |
| - Others | - | - |
| ii) Exposure to third party securitisations | | |
| - First loss | - | - |
| - Others | - | - |

Note: The above transactions do not fulfill the test of de-recognition under Ind AS-109 and are recorded back on the balance sheet.

R. Details of assignment transactions undertaken

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| No. of accounts | 1,403,373 | 122,832 |
| Aggregate value of accounts sold | 2,840.21 | 197.38 |
| Aggregate consideration | 2,840.21 | 197.38 |
| Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| Aggregate gain / (loss) over net book value | - | - |

S. The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

T. The Company has not purchased / sold non-performing financial assets in the current and previous year.

U. The company has not financed any products of the parent company.

V. Unsecured Advances – Refer note 7**W. Registration obtained from other financial sector regulators:**

The Company is registered with the "Ministry of Corporate Affairs" (Financial regulators as described by Ministry of Finance)

X. No penalties imposed by RBI and other regulators during current and previous year.

Y. Provisions and contingencies (shown under expenditure in statement of profit and loss)

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Provision for income tax (net) | 261.45 | 160.63 |
| Provision for non-performing assets* | (346.45) | (491.43) |
| Provision for standard assets** | 18.61 | 14.46 |
| Provision for management overlay for COVID-19 and others | 117.99 | - |
| Provision for unfructified service tax liability | 0.85 | 0.85 |
| Provision for theft & fraud | 1.79 | 1.49 |
| Provision for gratuity | 2.76 | 0.40 |
| Provision for leave benefits | 2.39 | 1.66 |
| Provision for insurance claims | 0.24 | (0.08) |
| Provision for bonus | 16.53 | 3.60 |
| Provision for other assets | 0.04 | 0.10 |

* Represents impairment allowance on stage III loans

** Represents impairment allowance on stage I and stage II loans excluding Covid-19 overlay



Z. The Company has unhedged foreign currency exposure in respect of:

(Amounts in Rupees)

| Particulars | As at March 31, 2020 | |
|------------------|----------------------|-----------|
| | USD | INR |
| Professional Fee | 342.38 | 26,126.29 |

| Particulars | As at March 31, 2019 | |
|----------------------|----------------------|--------------|
| | USD | INR |
| Software Maintenance | 35,583.00 | 2,470,994.00 |

AA. Information on Net Interest Margin

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| | (%) | (%) |
| Average interest charged (A) | 21.07% | 19.17% |
| Average effective cost of borrowing (B) | 12.24% | 12.84% |
| Net Interest margin (A-B) | 8.83% | 6.33% |

1. Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/ 2012-13 dated April 4, 2013 to Micro-finance Institutions Network (the "MFIN format") read with the FAQs issued by RBI on October 14, 2016 and RBI circulated dated March 13, 2020 on implementation of Indian Accounting Standards.

2. Average loan outstanding determined for the purpose of calculating NIM is based on carrying value of loans under Ind AS, excluding effect of following:

- Fair value changes recognised through other comprehensive income.
- Securitised loans qualifying for de-recognition as per RBI's "true sale" criteria and related interest income have not been considered for computation of "average interest charged" in accordance with the MFIN format. Accordingly, the purchase consideration received towards such securitisations and related finance costs have also not been considered for computation of "average effective cost of borrowings".
- Impairment allowance adjusted from the carrying value of loans in accordance with Ind AS 109.

3. Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 54 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS financial statements.

4. The average interest charged and net interest margin excluding the loans originated in the states of Andhra Pradesh, Telangana prior to January 1, 2012 are 21.58% (PY: 22.82%) and 9.34% (PY: 9.98%) respectively.

AB. Public Disclosure on liquidity risk

1. Funding concentration based on significant counterparty *(both deposits and borrowings) - The company does not accept any deposits

| Number of significant counterparties | Amount (Rs. In Crores) | % of Total Liabilities |
|--------------------------------------|------------------------|------------------------|
| 2(Two) | 969.41 | 29.08% |

2. Top 20 Large Deposits : Not Applicable

3. Top 10 borrowings

| Amount (Rs. In Crores) | % of Total Borrowings |
|------------------------|-----------------------|
| 2,616.11 | 86.74% |

4. Funding concentration based on significant instrument/product*

| Name of Instrument/product | Amount (Rs. In Crores) | % of Total Liabilities |
|---|------------------------|------------------------|
| Term Loans | 2,213.39 | 66.40% |
| Borrowings under securitization arrangement | 539.82 | 16.19% |
| Total Liabilities* | 3,333.65 | |

5. Stock Ratios

| Particulars | March 31, 2020 |
|--|----------------|
| Commercial Papers to Total Public Funds* | Nil |
| Commercial Papers to Total Liabilities | Nil |
| Commercial Papers to Total Assets | Nil |
| NCDs (Original Maturity <1 yrs.) to Total Public Funds | Nil |
| NCDs (Original Maturity <1 yrs.) to Total Liabilities | Nil |
| NCDs (original Maturity <1 yrs.) to Total Assets | Nil |
| Other Short Term Liabilities to Total Public Funds | 76.53% |
| Other Short Term Liabilities to Total Liabilities | 69.24% |
| Other Short Term Liabilities to Total Assets | 38.85% |



Rakesh Jhinjaria
Company Secretary
Membership No. F8325
Place: Hyderabad
Date: June 02, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Spandana Sphoorty Financial Limited

Report on the Audit of the Consolidated Ind AS Financial Statements**Opinion**

We have audited the accompanying consolidated Ind AS financial statements of Spandana Sphoorty Financial Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

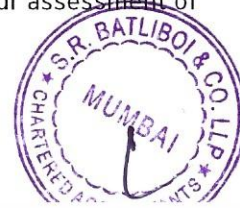
Emphasis of Matter

We draw attention to Note 39.1.b to the consolidated Ind AS financial statements, which describes the economic and social disruption as a result of the COVID-19 pandemic of the Group's business and financial metrics including the Group's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of



the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| (a) Impairment of financial assets at balance sheet date (expected credit losses) <i>(as described in notes 7 and 39.1 of the consolidated Ind AS financial statements)</i> | |
| <p>Ind AS 109 requires impairment of financial assets (designated at amortised cost and fair value through other comprehensive income) as at the reporting date to be provided using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the financial assets (loans portfolio).</p> <p>In the process, a significant degree of judgement has been applied by the Holding Company's management for:</p> <ul style="list-style-type: none"> • Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; • Determining effect of less frequent past events on future probability of default; • Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans. <p>Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020, issued as part of the COVID-19 Regulatory Package ("RBI circular"), allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group has extended moratorium to its borrowers in accordance with its Board approved policy.</p> <p>In Holding Company's management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Holding Company has recorded a management overlay as</p> | <ul style="list-style-type: none"> • Read and assessed the Holding Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Read and assessed the Holding Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. • Tested the assumptions used by the Holding Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default (PD) and loss given default (LGD) rates. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). • Tested the arithmetical accuracy of computation of ECL provision performed by the Holding Company in spreadsheets. • Assessed disclosures included in the consolidated Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation. |

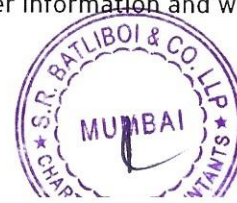


| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| <p>part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated.</p> <p>In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is considered as a key audit matter.</p> | |
| <p>(b) IT systems and controls</p> <p>The financial accounting and reporting systems of the Holding Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p> | <p>In respect of the Holding Company, we performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors:</p> <ul style="list-style-type: none"> • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs - to understand the design and test the operating effectiveness of such controls; • Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting; • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. |

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report including the Annexures thereto (but does not include the consolidated Ind AS financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Management Discussion and Analysis Report, which is expected to be made available to us after that date.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Management Discussion and Analysis Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Other Matter

We did not audit the financial statements and other financial information, in respect of two subsidiaries whose Ind AS financial statements include total assets of Rs.1,872.87 million as at March 31, 2020, and total revenues of Rs.348.01 million and net cash inflows of Rs.28.07 million for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors, whose report we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;



- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 47 to the consolidated Ind AS financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiaries incorporated in India during the year ended March 31, 2020.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



per **Viren H. Mehta**
Partner
Membership Number: 048749

UDIN: 20048749AAAAIJ2716



Mumbai
June 2, 2020

Annexure 1 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Spandana Sphoorty Financial Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Spandana Sphoorty Financial Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the



transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Viren H. Mehta**

Partner

Membership Number: 048749

UDIN: 20048749AAAAIJ2716

Mumbai

June 2, 2020



Spandana Sphoorty Financial Limited
Consolidated Balance Sheet as at March 31, 2020

(Rupees in millions unless otherwise stated)

| | Notes | As at March 31, 2020 | As at March 31, 2019 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash and cash equivalents | 4 | 596.31 | 1,486.12 |
| Bank balances other than cash and cash equivalents | 5 | 1,975.05 | 2,031.86 |
| Trade receivables | 6 | 223.68 | 35.49 |
| Loans | 7 | 48,523.95 | 42,677.59 |
| Investments | 8 | 4,874.62 | 1.00 |
| Other financial assets | 9 | 2,904.96 | 604.47 |
| Subtotal - Financial assets | | 59,098.57 | 46,836.53 |
| Non-financial assets | | | |
| Current tax assets (net) | 10 | 153.13 | 83.37 |
| Deferred tax assets (net) | 11 | 70.32 | 1,999.79 |
| Property, plant and equipment | 12 | 152.28 | 71.74 |
| Intangible assets | 12 | 13.31 | 22.21 |
| Goodwill | | 173.74 | 173.74 |
| Other non-financial assets | 13 | 112.43 | 129.69 |
| Subtotal - Non-financial assets | | 675.21 | 2,480.54 |
| Total assets | | 59,773.78 | 49,317.07 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Financial liabilities | | | |
| Debt securities | 14 | 7,776.28 | 13,719.64 |
| Borrowings (other than debt securities) | 14 | 22,273.34 | 15,754.79 |
| Subordinated liabilities | 14 | 203.28 | 202.94 |
| Other financial liabilities | 15 | 2,271.90 | 444.85 |
| Subtotal - Financial liabilities | | 32,524.80 | 30,122.22 |
| Non-financial liabilities | | | |
| Current tax liabilities (net) | 16 | 647.07 | 62.83 |
| Provisions | 17 | 28.00 | 3.59 |
| Other non-financial liabilities | 18 | 301.45 | 224.85 |
| Subtotal - Non-financial liabilities | | 976.52 | 291.27 |
| EQUITY | | | |
| Equity share capital | 19 | 643.15 | 596.34 |
| Other equity | 20 | 25,616.39 | 18,298.02 |
| Equity attributable to shareholders of the company | | 26,259.54 | 18,894.36 |
| Non controlling interest | 20 | 12.92 | 9.22 |
| Subtotal Equity | | 26,272.46 | 18,903.58 |
| Total liabilities and equity | | 59,773.78 | 49,317.07 |

Summary of significant accounting policies

3

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
for S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

Viren H. Mehta

per Viren H. Mehta
Partner
Membership No.048749



Place: Mumbai
Date: June 02, 2020

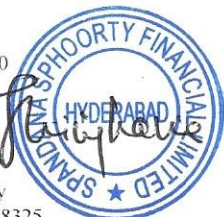
For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Deepak Calian Vaidya
Deepak Calian Vaidya
Chairman
DIN: 00337276
Place: Mumbai
Date: June 02, 2020

Sudhesh Chandrasekar
Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Padmaja Gangireddy
Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhinjaria
Rakesh Jhinjaria
Company Secretary
Membership No. F8325
Place: Hyderabad
Date: June 02, 2020



Spandana Sphoorty Financial Limited
Consolidated Profit and Loss statement for the year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | Notes | For year ended March 31, 2020 | For year ended March 31, 2019 |
|---|-------|----------------------------------|----------------------------------|
| Revenue from operations | | | |
| Interest income | 21 | 11,691.94 | 9,978.74 |
| Commission and Incentive Income | | 370.56 | 150.12 |
| Net gain on fair value changes | 22 | 2,185.23 | 266.76 |
| Others | 23 | 105.25 | 35.34 |
| Total revenue from operations | | 14,352.98 | 10,430.96 |
| Other income | 24 | 342.08 | 54.33 |
| Total income | | 14,695.06 | 10,485.29 |
| Expenses | | | |
| Finance cost | 25 | 3,563.35 | 3,578.65 |
| Impairment on financial instruments and other provisions | 26 | 2,735.72 | 453.00 |
| Employee benefit expense | 27 | 1,707.47 | 1,310.46 |
| Depreciation and amortization expense | 12 | 88.33 | 69.66 |
| Other expenses | 28 | 415.65 | 338.80 |
| Total expenses | | 8,510.52 | 5,750.57 |
| Profit before tax | | 6,184.54 | 4,734.72 |
| Tax expense: | 29 | | |
| Current tax | | 705.16 | 12.88 |
| Deferred tax | | 1,961.09 | 1,602.84 |
| Income tax expense | | 2,666.25 | 1,615.72 |
| Profit for the year | | 3,518.29 | 3,119.00 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement gains/(losses) on defined benefit plans | | (17.52) | (2.94) |
| Income tax effect | | 4.41 | 1.03 |
| Items that will be reclassified subsequently to profit or loss | | | |
| Fair Value gain on loan portfolio | | 12.11 | 688.80 |
| Income tax effect | | (3.05) | (240.69) |
| Total comprehensive income for the year | | 3,514.24 | 3,565.20 |
| Profit for the year attributable to: | | | |
| Shareholders of the company | | 3,514.59 | 3,118.24 |
| Non-controlling interests | | 3.70 | 0.76 |
| | | 3,518.29 | 3,119.00 |
| Total comprehensive income for the year attributable to: | | | |
| Shareholders of the company | | 3,510.55 | 3,564.44 |
| Non-controlling interests | | 3.70 | 0.76 |
| | | 3,514.25 | 3,565.20 |
| Earnings per share (equity share, par value of Rs.10 each) | | | |
| Computed on the basis of total profit for the year | | | |
| Basic | 30 | 56.21 | 53.46 |
| Diluted | 30 | 55.74 | 53.35 |
| Nominal Value (in Rs.) | | 10.00 | 10.00 |

Summary of significant accounting policies

3

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
for S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

Viren H. Mehta

per Viren H. Mehta
Partner
Membership No.048749



Place: Mumbai
Date: June 02, 2020

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Deepak Calian Vaidya *Padmaja Gangireddy*

Deepak Calian Vaidya
Chairman
DIN: 00337276
Place: Mumbai
Date: June 02, 2020

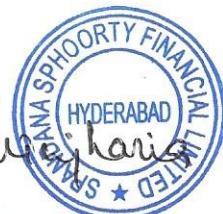
Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

C. Sudhakar

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhinjaria

Rakesh Jhinjaria
Company Secretary
Membership No. F8325
Place: Hyderabad
Date: June 02, 2020



Spandana Sphoorty Financial Limited
Consolidated Cash Flow Statment for the year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| Particulars | For year ended March 31, 2020 | For year ended March 31, 2019 |
|--|----------------------------------|----------------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 6,184.54 | 4,734.72 |
| Adjustments for: | | |
| Interest on income tax | 0.88 | 3.15 |
| Depreciation and amortization | 88.33 | 69.66 |
| Share based payment to employees | 41.64 | 41.25 |
| Provision for gratuity | 10.41 | 4.01 |
| Finance cost on Lease Liability | 14.37 | - |
| Net (gain)/ loss on derecognition of property, plant and equipment | - | 0.37 |
| Impairment on financial instruments and other provisions | 2,735.72 | 453.00 |
| Net gain on fair value changes | (45.96) | (110.63) |
| Other provisions and write offs | 29.24 | 23.51 |
| Operating profit before working capital changes | 9,059.17 | 5,219.04 |
| Movements in working capital : | | |
| Increase / (decrease) in other financial liabilities | 1,713.86 | 285.30 |
| Increase / (decrease) in other non financial liabilities | 76.60 | 42.73 |
| Increase / (decrease) in provisions | (3.53) | (7.68) |
| (Increase) / decrease in bank balances other than cash and cash equivalents | 56.81 | (977.74) |
| (Increase) / decrease in trade receivables | (188.19) | (10.46) |
| (Increase) / decrease in other financial assets | (2,329.73) | 31.63 |
| (Increase) / decrease in loans | (8,569.97) | (10,070.52) |
| (Increase) / decrease in other non financial assets | 17.28 | (109.85) |
| Cash used in operations | (167.70) | (5,597.55) |
| Income taxes paid | (184.00) | (135.88) |
| Net cash generated/ (used) in operating activities (A) | (351.70) | (5,733.43) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (45.63) | (69.56) |
| Purchase of intangible assets | (0.02) | (8.00) |
| Proceeds from derecognition of property, plant and equipment | - | 0.08 |
| Purchase of investments | (72,432.21) | (67,585.20) |
| Proceeds from sale of investments | 67,604.54 | 67,695.83 |
| Investment in subsidiary (net of cash acquired) | - | (360.95) |
| Net cash generated/ (used) in investing activities (B) | (4,873.32) | (327.80) |
| Cash flows from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | 3,925.59 | 501.00 |
| Balance subscription of optionally convertible redeemable preference shares (all series) | - | 532.31 |
| Proceeds from issue of share warrants (including securities premium) | - | 349.03 |
| Dividend paid on compulsory convertible preference shares (all series) | - | (0.13) |
| Debt securities (net) | (5,943.36) | 3,572.51 |
| Payment of Lease Liability | (15.42) | - |
| Borrowings (other than debt securities) (net) | 6,518.52 | 1,664.56 |
| Subordinated liabilities (net) | 0.34 | (117.29) |
| Share issue expenses | (150.46) | - |
| Net cash generated/ (used) in financing activities (C) | 4,335.21 | 6,501.99 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | (889.81) | 440.76 |
| Add: Cash and cash equivalents at the beginning of the year | 1,486.12 | 1,045.36 |
| Cash and cash equivalents at the end of the year (refer note 4) | 596.31 | 1,486.12 |

Components of cash and cash equivalents as at the end of year

| | | |
|---|---------------|-----------------|
| Cash on hand | 2.82 | 7.79 |
| Balance with banks - on current account | 593.49 | 1,407.24 |
| Deposits with original maturity of less than or equal to 3 months | - | 71.09 |
| Total cash and cash equivalents | 596.31 | 1,486.12 |

For disclosure of investing and financing transactions that do not require the use of cash and cash equivalents, refer note 43

| Cash flow from operating activities | For year ended March 31, 2020 | For year ended March 31, 2019 |
|-------------------------------------|----------------------------------|----------------------------------|
| Interest Received | 12,594.14 | 9,515.54 |
| Interest Paid | 3,343.47 | 3,339.58 |

Summary of significant accounting policies

The accompanying notes are an integral part of the consolidated financial statements.

Note No. 3

As per our report of even date
for S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

per Viren H. Mehta
Partner
Membership No. 048749

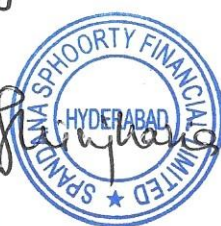


Place: Mumbai
Date: June 02, 2020

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Deepak Calian Vaidya Padmaja Gangireddy
Chairman Managing Director
DIN: 00337276 DIN: 00004842
Place: Mumbai Place: Hyderabad
Date: June 02, 2020 Date: June 02, 2020

Sudhesh Chandrasekar Rakesh Jhimharia
Chief Financial Officer Company Secretary
Place: Hyderabad Membership No. F8325
Date: June 02, 2020 Place: Hyderabad
Date: June 02, 2020



Spandan Sphoorty Financial Limited

Consolidated Statement of Changes in Equity for year ended on March 31, 2020

A. Equity Shares

Equity Share of Rs. 10 each issued, subscribed and fully paid

| Particulars | | (Rupees in millions unless otherwise stated) | |
|--|--|--|--------|
| | | No. of Shares | Amount |
| As at April 1, 2018 | | 29,756,818 | 297.57 |
| Issue of equity share capital during the year ended March 31, 2019 (refer note 19) | | 29,876,865 | 298.77 |
| As at March 31, 2019 | | 59,633,683 | 596.34 |
| Issue of equity share capital during the year ended March 31, 2020 | | 4,681,800 | 46.82 |
| As at March 31, 2020 | | 64,315,483 | 643.15 |

B. Other Equity

| (Rupees in millions unless otherwise stated) | | | | | | | | | | | | | | | | |
|---|-------|--------------------|-------------------|-----------------|---|----------------------------|-----------------------------------|-----------|-----------------------------------|---------------------------------------|--------------|---|--------------|---------------------------|-------------|-----------|
| Particulars | Notes | Reserves & Surplus | | | | | | | Equity | | | Other items of comprehensive income (fair valuation on loans) | Other Equity | Non-Controlling interests | Grand Total | |
| | | Securities Premium | Retained Earnings | General Reserve | Statutory Reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934) | Capital Redemption Reserve | Share options outstanding reserve | Total | component of financial instrument | Money received against share warrants | Total Equity | | | | | |
| Balance as at April 01, 2018 | 20 | 2,877.61 | (4,221.38) | 23.28 | 1,948.67 | 1,526.92 | - | 2,155.09 | 11,452.21 | 1.49 | 13,608.80 | - | 13,608.80 | - | - | 13,608.80 |
| Profit for the year ended March 31, 2019 | - | - | 3,118.24 | - | - | - | - | 3,118.24 | - | - | 3,118.24 | - | 3,118.24 | 0.76 | - | 3,119.00 |
| Other comprehensive income | - | - | (1.90) | - | - | - | - | (1.90) | - | - | (1.90) | - | (1.90) | 0.00 | - | (46.21) |
| Total comprehensive income for the year | - | - | 3,116.34 | - | - | - | - | 3,116.34 | - | - | 3,116.34 | - | 448.11 | 0.76 | - | 3,565.21 |
| Share of Non - Controlling interest arising on business combination | - | - | - | - | - | - | - | - | - | - | - | - | - | 8.46 | - | 8.46 |
| Transfer to Statutory Reserve | - | - | (617.50) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fair value of stock option - charge for the year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Issue of share capital during year ended March 31, 2019 | 20 | 479.72 | - | - | - | - | - | 479.72 | - | - | 479.72 | - | 479.72 | - | - | 479.72 |
| Conversion of compulsory convertible preference shares | 20 | 11,212.29 | - | - | - | - | - | 11,212.29 | (11,452.21) | - | (239.93) | - | (239.93) | - | - | (239.93) |
| Conversion of optionally convertible redeemable preference shares - Series A, B & C | 20 | 509.70 | - | - | - | - | - | 509.70 | - | - | 509.70 | - | 509.70 | - | - | 509.70 |
| Conversion of share warrants | 20 | 335.64 | - | - | - | - | - | 335.64 | - | (1.49) | 334.15 | - | 334.15 | - | - | 334.15 |
| Dividend on C/Ps (all classes) and OC/RPS (all series) (includes dividend distribution tax) | 20 | - | (0.13) | - | - | - | - | (0.13) | - | - | (0.13) | - | (0.13) | - | - | (0.13) |
| Balance as at March 31, 2019 | 20 | 15,414.96 | (1,722.67) | 23.28 | 2,566.17 | 1,526.92 | 41.25 | 17,849.91 | - | - | 17,849.91 | 448.11 | 18,298.02 | 9.22 | - | 18,307.24 |
| Profit for the year ended March 31, 2020 | - | - | 3,514.59 | - | - | - | - | 3,514.59 | - | - | 3,514.59 | - | 3,514.59 | - | - | 3,514.59 |
| Other comprehensive income | - | - | (13.11) | - | - | - | - | (13.11) | - | - | (13.11) | - | (13.11) | - | - | (4.05) |
| Total comprehensive income | - | - | 3,501.49 | - | - | - | - | 3,501.49 | - | - | 3,501.49 | 9.66 | 3,510.54 | - | 3.70 | 3,510.54 |
| Share of Non - Controlling interest arising on business combination | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to Statutory Reserve | - | - | (673.38) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Premium on issue of equity shares | - | 3,897.49 | - | - | - | - | - | 3,897.49 | - | - | 3,897.49 | - | 3,897.49 | - | - | 3,897.49 |
| Share Issue Expenses | 20 | (150.46) | - | - | - | - | - | (150.46) | - | - | (150.46) | - | (150.46) | - | - | (150.46) |
| Tax on Share Issue Expense | 20 | 37.87 | - | - | - | - | - | 37.87 | - | - | 37.87 | - | 37.87 | - | - | 37.87 |
| Add: Share based payment to employees | 20 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Transfer on allotment of shares to employees pursuant to ESOP scheme | 20 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Transfer on cancellation of stock options | 20 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2020 | 20 | 19,199.86 | 1,105.43 | 23.28 | 3,239.55 | 1,526.92 | (2.16) | 25,159.21 | - | - | 25,159.21 | 457.17 | 25,616.39 | 12.92 | - | 25,629.31 |

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date for S. R. Batliboi & Co. LLP Chartered Accountants ICAI Firm registration number : 301003/EE300045

per Viren H. Mehta Partner Membership No.048749



Place: Mumbai Date: June 02, 2020

For and on behalf of the Board of Directors of Spandan Sphoorty Financial Limited

 Deepak Chaitan Vaidya
 Chairman
 DIN: 00337276
 Place: Mumbai
 Date: June 02, 2020

Sudesh Chandrasekar
 Chief Financial Officer
 Place: Hyderabad
 Date: June 02, 2020

Rakesh Jadhav
 Company Secretary
 Membership No. F8525
 Place: Hyderabad
 Date: June 02, 2020



1. Corporate information

Spandana Sphoorty Financial Limited ('the Company' or 'Holding Company' or 'Parent Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on March 10, 2003. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and got classified as Non-Banking Financial Company – Micro Finance Institution (NBFC – MFI) effective April 13, 2015.

The shares of the Holding Company were listed on the stock exchanges in India in August 2019 pursuant to the Initial Public Offer of equity shares. The registered office of the Holding Company is located at Spandana Sphoorty financial limited, plot no 31 & 32, Ramky Selenium Towers, Ground floor, Nanakramguda, Gachibowli, Telangana, India.

The Holding Company together with its subsidiaries listed below hereinafter collectively referred to as the 'the Group'. The Group is primarily engaged in the business of lending, providing small value unsecured loans to low income customers in semi- urban and rural areas. The tenure of these loans is generally spread over one to two years.

Caspian Financial Services Limited or ('CFSL') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on October 13, 2017. The main objective of CFSL is to carry on the business of lending (other than micro finance).

Criss Financial Holdings Limited (formerly Keertana Financial Limited) ('CFL') is a public company limited by shares domiciled in India and incorporated under the provision of the Companies Act, 1956 ('the Act') on August 20, 1992. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI'). The Company is engaged in the business of finance by providing Individual Loans, Small Business Loans, Mortgage Loans and Group Loans. On December 27, 2018, the Company acquired 95.97% of the equity shares (2,837,135 shares) of CFL, further on December 28, 2018, the Company subscribed to issue of fresh equity shares of 1,890,217 there by holding 97.54% of the total share holding.

CFSL and CFL have been collectively referred to as "the Subsidiaries".

2. Basis of preparation**a) Statement of compliance in preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared on a going concern basis.

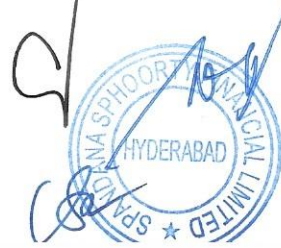
These consolidated financial statements have been prepared on historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments and other financial assets held for trading all of which have been measured at fair value. Further, the carrying values of recognised assets and liabilities that are hedged items in fair value hedges and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The statement of cash flows has been prepared under indirect method.

The functional currency of the Company is the Indian rupee. These consolidated financial statements are presented in Indian rupees (rounded off to millions).

b) Presentation of Financial Statements.

The Group presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties.



SPANDANA SPHOORTY FINANCIAL LIMITED**Notes to Consolidated Financial Statements for the year ended March 31, 2020***(Rupees in millions unless otherwise stated)*

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements are prepared using the uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, to the extent possible unless otherwise stated.

The standalone financial statements of the Company and the Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

Principles of Consolidation

- i) The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

The Parent Company holds 100% shareholding in Caspian Financial Services Limited and 97.54% of the Shareholding in Criss Financial Holdings Limited and there are no contractual arrangements which rebut the control of the Parent Company over its subsidiaries.

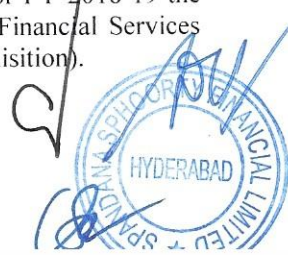
The financial statements of subsidiaries acquired during the year are included in the consolidated statement of profit and loss from the effective date of acquisition. Intragroup balances and transactions and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements

- ii) The Consolidated financial statements include results of the subsidiaries of Spandana Sphoorty Financial Limited. (Holding Company), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

| Name of the Company | Country of Incorporation | Proportion of ownership as at | | Consolidated as |
|------------------------------------|--------------------------|-------------------------------|---------------|-----------------|
| | | March,31 2020 | March,31 2019 | |
| Criss Financial Holdings Limited* | India | 97.54% | 97.54% | Subsidiary |
| Caspian Financial Services Limited | India | 100.00% | 100.00% | Subsidiary |

* On December 27, 2018 the Company acquired 95.97% of the equity shares (2,837,135 shares) of CFL, further on December 28, 2018 the Company subscribed to issue of fresh equity shares of 1,890,217 there by holding 97.54% of the total share holding.

For the preparation of Consolidated Financial Statements for FY 2019-20 the group has consolidated financials of the holding company and its subsidiaries - Caspian Financial Services Limited and Criss Financial Holdings Limited. For the preparation of Consolidated financial statements for FY 2018-19 the group has consolidated financials of the holding company and its subsidiary Caspian Financial Services Limited and Criss Financial Holdings Limited.(from December 27, 2018, the date of acquisition).



SPANDANA SPOORTY FINANCIAL LIMITED
Notes to Consolidated Financial Statements for the year ended March 31, 2020
(Rupees in millions unless otherwise stated)

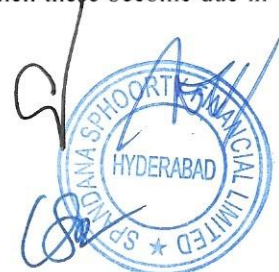
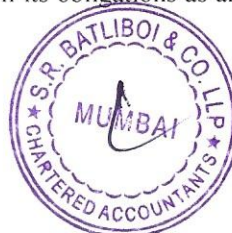
Figures for preparation of consolidated financial statements have been derived from the audited financial statements of the respective companies in the Group.

Disclosure in terms of Schedule III of the Companies Act, 2013

| Name of the entities in the Group | Net Assets (i.e. Total Assets minus Total Liabilities) | | Share in Profit or (Loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|--|------------------|-------------------------------------|-----------------|---|---------------|---|-----------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| Holding Company | | | | | | | | |
| Spandana Spoority Financial Limited | 97.52% | 26,081.38 | 95.70% | 3,366.94 | 97.53% | (3.95) | 95.69% | 3,362.99 |
| Subsidiaries | | | | | | | | |
| Criss Financial Holdings Limited | 2.40% | 641.55 | 4.27% | 150.41 | 2.47% | (0.10) | 4.28% | 150.31 |
| Caspian Financial Services Limited | 0.08% | 21.77 | 0.03% | 0.94 | 0.00% | 0.00 | 0.03% | 0.94 |
| Total | 100.00% | 26,744.70 | 100% | 3,518.29 | 100.00% | (4.05) | 100.00% | 3,514.24 |
| a) Adjustments arising out of consolidation | | (472.24) | | 0.00 | | 0.00 | | 0.00 |
| b) Non-controlling interests in Criss Financial Holdings Limited | | (12.92) | | (3.70) | | 0.00 | | (3.70) |
| Total | | (485.16) | | (3.70) | | 0.00 | | (3.70) |
| Total | | 26,259.54 | | 3,514.59 | | (4.05) | | 3,510.54 |

c) Assessment of Going Concern Assumption:

The Group has assessed the impact of the COVID-19 pandemic on its liquidity and ability to fulfill its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. Pursuant to the order issued by the Ministry of Home Affairs on April 15, 2020 allowing microfinance companies to operate in specified areas, the Group resumed operations in those specified areas from April 20, 2020 by complying with the regulatory guidelines on businesses, social distancing, etc. With the gradual relaxation of lockdown rules thereafter, our employees were able to meet and collect from those borrowers willing to repay, due to minimal impact of the lockdown on them. As observed since the resumption of operations, the management is confident that collections will continue to improve, albeit likely to be at a lower level than earlier. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC-MFI, current status/outcomes of discussions with the Group's lenders to seek/extend moratorium and various other financial support from other banks and financial institutions in determining the Group's liquidity position over the next 12 months from the end of reporting period. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Group will be able to fulfill its obligations as and when these become due in the foreseeable future.



3. Significant accounting policies

a) Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

ii) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Impairment of loan portfolio

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Group makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

iv) Provisions other than impairment on loan portfolio

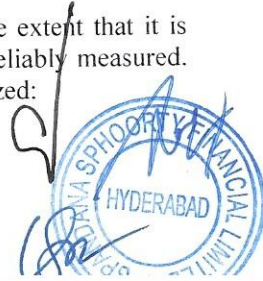
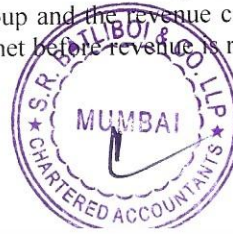
Provisions are held in respect of a range of future obligations such as employee entitlements and litigation provisions. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

v) Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

b) Recognition of income and expense

The Group earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:



(i) Interest income and expense

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Dividend income

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iii) Other income and expense

All Other income and expense are recognized in the period they occur.

c) Property, plant and equipment(PPE) and intangible asset**PPE**

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

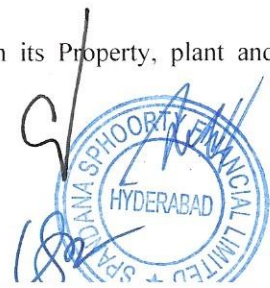
Intangible Asset

Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.

d) Depreciation and amortization**Depreciation**

- i. Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.
- ii. Property, plant and equipment costing up to Rs.5,000 individually are fully depreciated in the year of purchase.

The Group has used the following useful lives to provide depreciation on its Property, plant and equipment:



SPANDANA SPOORTY FINANCIAL LIMITED

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| Asset Category | Useful Life (in years) |
|------------------------|------------------------|
| Furniture & Fixtures | 10 |
| Computers & Printers | 3 |
| Office Equipment | 5 |
| Leasehold Improvements | 3 |
| Vehicles | 8 |
| Land & Buildings | 60 |

Amortization

Intangible assets are amortized at a rate of 40% per annum on a "Written Down Value" method, from the date that they are available for use.

e) Business Combination and Goodwill:

Goodwill is initially recognized at cost and is subsequently measured at cost plus any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that unit's value may be impaired. If the recoverable amount of the cash generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to carrying value of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent period. On disposal of the subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

f) Impairment**i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.**

In accordance with Ind AS 109, the Group is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Group is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Group is required to recognize credit losses over next 12 month period. The Group has an option to determine such losses on individual basis or collectively depending upon the nature of underlying loans.

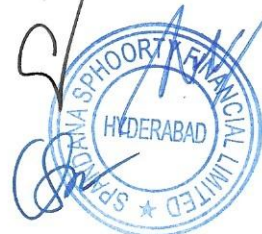
The Group has a process to assess credit risk of all exposures at each year end as follows:

Stage I

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Group has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdue fall under this category. In accordance with Ind AS 109, the Group measures ECL on such assets over next 12 months.

Stage II

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Group classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Group measures lifetime ECL on stage II loans.

Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Group measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

Methodology for calculating ECL

The Group determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Group does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) – It represents an estimate of the exposure of the Group at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

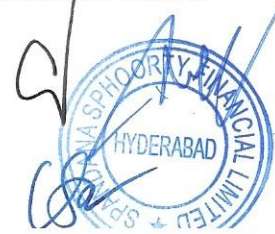
Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

ii) Non financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Revenue From Contracts with Customers

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue From Contracts with Customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.



- (a) Commission and incentive income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.
- (b) Revenue from advertisement activity is recognised upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers.

h) Net Gain/Loss on fair value changes

The Group designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Group recognizes gains on fair value changes of financial assets measured at FVTPL, and realized gains on derecognition of financial assets measured at FVTPL and FVOCI on net basis.

Further, the Group also recognizes the fair value on investment in mutual funds in the statement of profit and loss in accordance with Ind AS 109.

i) Leases

Short term leases not covered under Ind AS 116 are classified as operating lease. Lease payments during the year are charged to statement of profit and loss. Further minimum rentals payable under non - cancellable operating leases.

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

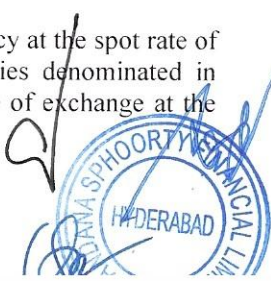
The Group has adopted Ind AS 116 - Leases with effect from April 1, 2019 and applied to all lease contracts existing on April 1, 2019 using the Modified Retrospective Approach. In accordance with the transitional provisions, the Group has not restated the comparative figures. The adoption of new standard resulted in recognition of right-of-use asset and a corresponding lease liability of Rs.114.27 million on April 1, 2019. The effect of this adoption is not material to the profit for the period and earnings per share.

j) Foreign currency transactions**• Functional and presentation currency**

The consolidated financial statements are presented in Indian Rupees (INR), which are the functional currency of the Group and the currency of the primary economic environment in which the Group operates.

• Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the



reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

k) Retirement and Employee benefits

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Group operates following employee benefit plans:

i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

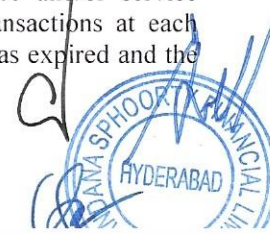
Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

iii) Leaves

The service rules of the Group do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

iv) Employee Stock Option Plan

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the



Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

I) Income taxes*Current Taxes*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

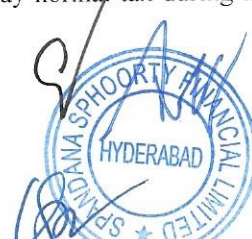
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Group also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Group's intention to settle on a net basis.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.



m) Earnings per share (EPS)

The Group reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

n) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

o) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not have any contingent assets in the financial statements.

p) Financial Instruments

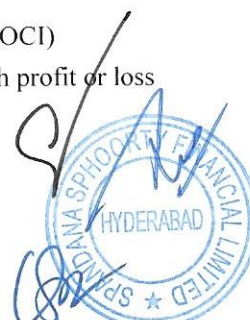
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.

Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost



Financial assets at amortized cost:

Financial assets are measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Financial assets at FVOCI:

Financial assets are measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, where the Group's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Group's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Group revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL.

Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.



Financial liabilities**Initial Measurement**

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

q) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

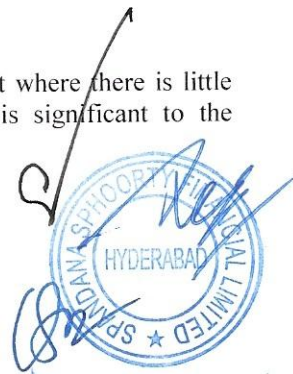
The Group's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Group is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- *Level 1 financial instruments* - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- *Level 2 financial instruments* - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- *Level 3 financial instruments* - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.



SPANDANA SPOORTY FINANCIAL LIMITED

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(Rupees in millions unless otherwise stated)

r) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

s) Share issue expenses

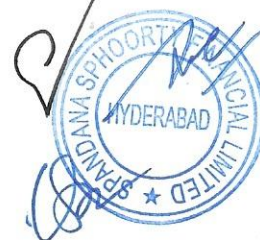
Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity.

t) Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.



| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 4: Cash and cash equivalents | | |
| Cash on hand | 2.82 | 7.79 |
| Balances with banks | | |
| On current accounts | 593.49 | 1,407.24 |
| Deposit with original maturity of less than three months | - | 71.09 |
| | 596.31 | 1,486.12 |

Balances with banks earns interest with floating rates based on daily bank deposit rates. Short term Deposits are made for varying periods of between 1 day and 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

| | | |
|--|-----------------|-----------------|
| 5: Bank balances other than cash and cash equivalents | | |
| Deposit with remaining maturity of less than 12 months | 24.99 | 85.22 |
| Deposit with remaining maturity of more than 12 months | - | - |
| Margin money deposits (refer note below) | 1,950.06 | 1,946.64 |
| | 1,975.05 | 2,031.86 |

Note: Represent margin money deposits placed to avail term loans from banks and placed as cash collateral in connection with securitization transactions.

Fixed Deposits with banks earns interest with fixed/floating rates based on daily bank deposit rates.

6: Trade receivables

Outstanding for a period less than six months from the date they are due for payment

| | | |
|----------------------------|---------------|--------------|
| Unsecured, considered good | 223.68 | 35.49 |
| | 223.68 | 35.49 |

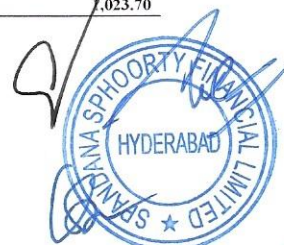
Provision for impairment :

| | | |
|----------------------------|---------------|--------------|
| Unsecured, considered good | - | - |
| | 223.68 | 35.49 |

Trade receivables include Rs 108.62 Million (Previous year Rs. 28.61 Million) receivable from entities in which Directors or key Managerial Persons are interested.

Trade receivables are generally non interest bearing and are on terms of 30 to 60 days.

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 7: Loans | | |
| (a) At Fair value through OCI | | |
| Loans | 48,497.07 | 45,529.86 |
| Total - Gross | 48,497.07 | 45,529.86 |
| Less: Impairment and other provisions including Management overlay for COVID-19 | (1,652.21) | (3,875.96) |
| Total - Net | 46,844.86 | 41,653.89 |
| (a) Secured by tangible assets (Gold, Property including land and building) | 846.00 | 643.07 |
| (b) Unsecured | 47,651.07 | 44,886.79 |
| Total - Gross | 48,497.07 | 45,529.86 |
| Less: Impairment and other provisions including Management overlay for COVID-19 | (1,652.21) | (3,875.96) |
| Total - Net | 46,844.86 | 41,653.89 |
| (a) Public sector | - | - |
| (b) Others | 48,497.07 | 45,529.86 |
| Total - Gross | 48,497.07 | 45,529.86 |
| Less: Impairment and other provisions including Management overlay for COVID-19 | (1,652.21) | (3,875.96) |
| Total - Net | 46,844.86 | 41,653.89 |
| (a) Within India | 48,497.07 | 45,529.86 |
| (b) Outside India | - | - |
| Total - Gross | 48,497.07 | 45,529.86 |
| Less: Impairment and other provisions including Management overlay for COVID-19 | (1,652.21) | (3,875.96) |
| Total - Net | 46,844.86 | 41,653.89 |
| (b) At amortized cost | | |
| Loans | 1,685.85 | 1,023.80 |
| Total - Gross | 1,685.85 | 1,023.80 |
| Less: Impairment allowance | (6.76) | (0.11) |
| Total - Net | 1,679.09 | 1,023.70 |
| (a) Secured by tangible assets (Gold, Property including land and building) | 77.09 | 63.76 |
| (b) Unsecured | 1,608.76 | 960.05 |
| Total - Gross | 1,685.85 | 1,023.80 |
| Less: Impairment allowance | (6.76) | (0.11) |
| Total - Net | 1,679.09 | 1,023.70 |
| (a) Public sector | - | - |
| (b) Others | 1,685.85 | 1,023.80 |
| Total - Gross | 1,685.85 | 1,023.80 |
| Less: Impairment allowance | (6.76) | (0.11) |
| Total - Net | 1,679.09 | 1,023.70 |
| (a) Within India | 1,685.85 | 1,023.80 |
| (b) Outside India | - | - |
| Total - Gross | 1,685.85 | 1,023.80 |
| Less: Impairment allowance | (6.76) | (0.11) |
| Total - Net | 1,679.09 | 1,023.70 |



Overview of the Loans of the group

The Group is primarily in the business of providing micro loans with its operations spread out in different parts of India.

On October 15, 2010, the then Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" which was subsequently enacted as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011" ('AP MFI Act'). The AP MFI Act, inter alia, imposed several restrictions on the operations of the MFIs operating in the then state of Andhra Pradesh, including a change in repayment frequency for loan repayments from a 'weekly' to a 'monthly' basis.

As a result recoveries from the loans in the states of Andhra Pradesh and Telangana were adversely affected resulting in significant defaults. Such loans are hereinafter referred as the 'old AP portfolio'. Accordingly, all such loans have been categorized under Stage III on March 31, 2019 considering significant uncertainty with respect to their recoveries. All other exposures have been referred as 'new portfolio'. However the same loans as been entirely written off during current year. All other exposures have been referred as 'new portfolio'.

The table below discloses credit quality of the Group's exposures as at reporting date:

Portfolio classification as at March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|--|------------------|---------------|---------------|------------------|
| Gross carrying amount as at March 31, 2020 | | | | |
| - New Portfolio | 49,891.93 | 111.14 | 179.84 | 50,182.92 |
| - Old AP Portfolio | - | - | - | - |
| Total | 49,891.93 | 111.14 | 179.84 | 50,182.92 |

*Old AP portfolio is completely written off during the year, hence net exposure is Nil.

Portfolio classification as at March 31, 2019

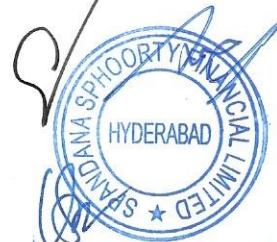
| Particulars | Stage I | Stage II | Stage III | Total |
|--|------------------|---------------|-----------------|------------------|
| Gross carrying amount as at March 31, 2019 | | | | |
| - New Portfolio | 42,775.64 | 150.21 | 43.11 | 42,968.96 |
| - Old AP Portfolio | - | - | 3,584.70 | 3,584.70 |
| Total | 42,775.64 | 150.21 | 3,627.81 | 46,553.66 |

Gross Portfolio Movement for the year ended March 31, 2020

| Particulars | Stage I | Stage II | Stage III | Total |
|---|------------------|-----------------|-------------------|-------------------|
| Gross carrying amount as at April 1, 2019 | | | | |
| - New Portfolio | 42,775.64 | 150.21 | 43.11 | 42,968.96 |
| - Old AP Portfolio | - | - | 3,584.70 | 3,584.70 |
| Total (A) | 42,775.64 | 150.21 | 3,627.81 | 46,553.66 |
| Inter-stage movements | | | | |
| - New Portfolio | | | | |
| Stage I | 0.99 | (0.97) | (0.02) | - |
| Stage II | (218.44) | 218.48 | (0.04) | - |
| Stage III | (616.07) | (0.21) | 616.28 | - |
| - Old AP Portfolio | - | - | - | - |
| Total (B) | (833.52) | 217.30 | 616.22 | - |
| Write offs** | | | | |
| - New Portfolio | (106.14) | (74.48) | (1,070.87) | (1,251.49) |
| - Old AP Portfolio | - | - | (3,576.05) | (3,576.05) |
| Total (C) | (106.14) | (74.48) | (4,646.91) | (4,827.54) |
| New assets originated, repaid and derecognised during the year* | | | | |
| - New Portfolio | 8,055.95 | (181.88) | 591.38 | 8,465.45 |
| - Old AP Portfolio | - | - | (8.65) | (8.65) |
| Total (D) | 8,055.95 | (181.88) | 582.73 | 8,456.80 |
| Fair Value on loans | - | - | - | - |
| Total (E) | - | - | - | - |
| Gross carrying amount as at March 31, 2020 | | | | |
| - New Portfolio | 49,891.93 | 111.14 | 179.84 | 50,182.93 |
| - Old AP Portfolio | - | - | - | - |
| Total (A+B+C+D+E) | 49,891.93 | 111.15 | 179.84 | 50,182.92 |

** The contractual amount of loans written-off during the year are not subject to enforcement activity / legal proceedings

* New assets originated, repaid and derecognised includes portfolio of Subsidiary (Criss Financial Holdings Limited)



Gross Portfolio Movement for the year ended March 31, 2019

| Particulars | Stage I | Stage II | Stage III | Total |
|---|-----------|----------|------------|------------|
| Gross carrying amount as at April 1, 2018 | | | | |
| - New Portfolio | 30,940.84 | 6.59 | 720.43 | 31,667.86 |
| - Old AP Portfolio | - | - | 7,933.10 | 7,933.10 |
| Total (A) | 30,940.84 | 6.59 | 8,653.53 | 39,600.96 |
| Inter-stage movements | | | | |
| - New Portfolio | | | | |
| Stage I | 0.01 | (0.01) | - | - |
| Stage II | (150.21) | 150.21 | - | - |
| Stage III | (43.39) | (1.27) | 44.66 | - |
| - Old AP Portfolio | - | - | - | - |
| Total (B) | (193.59) | 148.93 | 44.66 | - |
| Write offs** | | | | |
| - New Portfolio | - | (60.73) | (836.11) | (896.84) |
| - Old AP Portfolio | - | - | (4,320.57) | (4,320.57) |
| Total (C) | - | (60.73) | (5,156.68) | (5,217.41) |
| New assets originated, repaid and derecognised during the year* | | | | |
| - New Portfolio | 12,028.39 | 55.42 | 114.13 | 12,197.95 |
| - Old AP Portfolio | - | - | (27.83) | (27.83) |
| Total (D) | 12,028.39 | 55.42 | 86.30 | 12,170.12 |
| Gross carrying amount as at March 31, 2019 | | | | |
| - New Portfolio | 42,775.64 | 150.21 | 43.11 | 42,968.96 |
| - Old AP Portfolio | - | - | 3,584.70 | 3,584.70 |
| Total (A+B+C+D) | 42,775.64 | 150.21 | 3,627.81 | 46,553.66 |

* The contractual amount of loans written-off during the year are not subject to enforcement activity / legal proceedings

* New assets originated, repaid and derecognised includes portfolio of Subsidiary (Criss Financial Holdings Limited) on the day of acquisition of control by the Parent Company.

Movement of impairment allowance(ECL) and other provisions during the year ended March 31, 2020:-

| Particulars | Stage I | Stage II | Stage III | Total |
|--|----------|----------|------------|------------|
| Opening Balance | 168.77 | 84.94 | 3,622.37 | 3,876.08 |
| Provision made/ (reversed) during the year | 685.20 | 53.83 | 1,169.78 | 1,908.81 |
| Inter-stage movements | | | | |
| Stage I | (72.40) | 69.04 | 3.36 | - |
| Stage II | (29.67) | 29.50 | 0.17 | - |
| Stage III | (112.27) | 11.58 | 100.69 | - |
| Write off | (106.14) | (74.48) | (4,646.91) | (4,827.54) |
| Other provisions | | | | 701.62 |
| Closing Balance | 747.82 | 64.29 | 145.24 | 1,658.97 |

Note :-

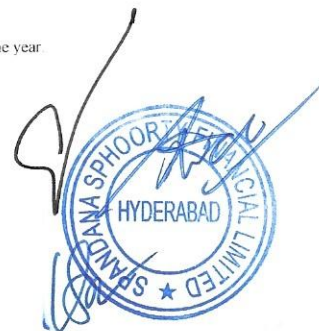
- ECL for Stage I has increased primarily on account of new assets originated during the year.
- ECL for stage II has decreased primarily on account writeoffs during the year.
- ECL for stage III has declined primarily on account of write off and recoveries/collections made by the Group during the year.

Movement of impairment allowance(ECL) and other provisions during the year ended March 31, 2019:-

| Particulars | Stage I | Stage II | Stage III | Total |
|--|---------|----------|------------|------------|
| Opening Balance | 105.09 | 3.98 | 8,595.63 | 8,704.70 |
| Provision made/ (reversed) during the year | 63.68 | 116.23 | (245.55) | (65.64) |
| Inter-stage movements | | | | |
| Stage I | (9.61) | (0.14) | 9.75 | - |
| Stage II | (36.00) | 36.00 | - | - |
| Stage III | (33.32) | 0.16 | 33.16 | - |
| Write off | - | (35.27) | (4,727.71) | (4,762.98) |
| Closing Balance | 168.77 | 84.94 | 3,622.37 | 3,876.08 |

Note :-

- ECL for Stage I has increased primarily on account of new assets originated during the year.
- ECL for stage II has increased primarily on account of new assets originated during the year.
- ECL for stage III has declined primarily on account of write off and recoveries/collections made by the Group during the year.



| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 8: Investments | | |
| At Fair value through Profit & Loss | | |
| Investments in Liquid / Debt Mutual Funds | 4,873.62 | - |
| Others (At Fair value through Profit & Loss) | | |
| 100,000 (March 31, 2018: 100,000, April 01, 2017: 100,000) equity shares of Rs 10 each fully paid up in Alpha Micro Finance Consultants Private Limited | 1.00 | 1.00 |
| Less: Impairment allowance | 4,874.62 | 1.00 |
| Total | 4,874.62 | 1.00 |
| Above amount includes | | |
| Investment in India | 4,874.62 | 1.00 |
| Investment Outside India | - | - |
| Total | 4,874.62 | 1.00 |
| 9: Other financial assets (at amortised cost) | | |
| A. Security deposits | | |
| Unsecured, considered good | 53.84 | 22.00 |
| (A) | 53.84 | 22.00 |
| B. Inter Corporate Advances to related parties (Unsecured, non-Public Sector in India) | | |
| Inter corporate advances (repayable on demand) * | 1,243.10 | 395.00 |
| Less: Impairment allowance | - | - |
| (B) | 1,243.10 | 395.00 |
| *Please refer Note 32 for further details | | |
| C. Other Assets | | |
| Amount receivable from banks and non banking financial companies | 0.04 | 0.38 |
| Term deposits placed with non banking financial companies# | 59.27 | 83.64 |
| Retained interest on asset assigned | 1,426.47 | 91.93 |
| Other assets | 122.24 | 11.52 |
| (C) | 1,608.01 | 187.47 |
| Total (A+B+C) | 2,904.96 | 604.47 |
| # Represent margin money deposits placed to avail term loans from non banking financial companies. | | |
| 10: Current Tax Assets (net) | | |
| Advance income tax (net of provision) | 153.13 | 83.37 |
| | 153.13 | 83.37 |
| 11: Deferred Tax Assets (net) | | |
| Effects of deferred tax assets/ liabilities : | | |
| Deferred Tax Assets | | |
| Impairment of financials instruments and other provisions | 451.62 | 1,401.72 |
| Provisions allowable on payment basis | 76.59 | 89.17 |
| Differences of written down value of Property, plant and equipment | 37.02 | 46.63 |
| MAT Credit entitlement | - | 774.35 |
| Expenditure incurred for IPO | 30.29 | - |
| Lease Liability | 28.49 | - |
| Others | 5.18 | 1.87 |
| | 629.19 | 2,313.74 |
| Deferred Tax Liabilities | | |
| Fair value gain on Loans | 176.40 | 240.69 |
| Income from direct assignments (taxable in future) | 359.02 | 73.26 |
| Right of Use Asset | 22.05 | - |
| Others | 1.40 | - |
| | 558.87 | 313.95 |
| Net deferred tax assets/(liabilities) | 70.32 | 1,999.79 |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



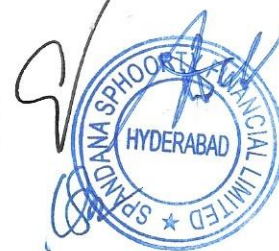
11.1: Deferred Tax Assets (net)

Movement in deferred tax balances for the year ended March 31, 2020

| Particulars | Net Balance April 1, 2019 | (Charge)/Credit in Profit & Loss | Recognised in OCI | Recognised in Other Equity | Net Balance March 31, 2020 | Deferred Tax Assets/(Deferred Tax Liabilities) |
|---|---------------------------|----------------------------------|-------------------|----------------------------|----------------------------|--|
| Deferred tax assets/ (liabilities) | | | | | | |
| Impact of difference between tax depreciation/ amortisation | 46.63 | (9.61) | - | - | 37.02 | 37.02 |
| Remeasurement gain / (loss) on defined benefit plan | 1.07 | (0.30) | 4.41 | - | 5.18 | 5.18 |
| Impairment allowance for loans | 1,401.72 | (950.10) | - | - | 451.62 | 451.62 |
| Expenses incurred on Initial Public Offering | - | - | - | 30.29 | 30.29 | 30.29 |
| MAT Credit Entitlement | 774.35 | (774.35) | - | - | - | - |
| Other items | (223.98) | (226.73) | (3.05) | - | (453.79) | (453.79) |
| Net Deferred tax assets / (liabilities) | 1,999.79 | (1,961.09) | 1.36 | 30.29 | 70.32 | 70.32 |

Movement in deferred tax balances for the year ended March 31, 2019

| Particulars | Net Balance April 1, 2018 | (Charge)/Credit in Profit & Loss | Recognised in OCI | Recognised in Other Equity | Net Balance March 31, 2019 | Deferred Tax Assets/(Deferred Tax Liabilities) |
|---|---------------------------|----------------------------------|-------------------|----------------------------|----------------------------|--|
| Deferred tax assets/ (liabilities) | | | | | | |
| Impact of difference between tax depreciation/ amortisation | 38.21 | 8.42 | - | - | 46.63 | 46.63 |
| Remeasurement gain / (loss) on defined benefit plan | 1.36 | (1.32) | 1.03 | - | 1.07 | 1.07 |
| Impairment allowance for loans | 3,047.54 | (1,645.82) | - | - | 1,401.72 | 1,401.72 |
| MAT Credit Entitlement | 763.71 | 10.64 | - | - | 774.35 | 774.35 |
| Other items | (9.98) | 25.24 | (240.69) | - | (223.98) | (223.98) |
| Net Deferred tax assets / (liabilities) | 3,840.84 | (1,602.84) | (239.66) | - | 1,999.79 | 1,999.79 |



12: Property, plant & equipment

| Particulars | Land & Building# | Leasehold improvements | Furniture & Fixtures | Office Equipment | Vehicles | Computers | Right of use asset | Total |
|----------------------------|------------------|------------------------|----------------------|------------------|--------------|---------------|--------------------|---------------|
| Gross block | | | | | | | | |
| At April 1, 2018 | 2.01 | 95.40 | 54.99 | 15.18 | 3.52 | 119.95 | - | 291.05 |
| Addition* | - | - | 16.32 | 14.22 | 2.07 | 42.48 | - | 75.09 |
| Disposals | - | - | 0.23 | 0.23 | - | 1.53 | - | 1.99 |
| At March 31, 2019 | 2.01 | 95.40 | 71.07 | 29.17 | 5.59 | 160.90 | - | 364.15 |
| Addition | - | - | 10.88 | 3.64 | 9.59 | 21.52 | 114.27 | 159.91 |
| Disposals | - | - | - | - | - | 0.43 | - | 0.43 |
| At March 31, 2020 | 2.01 | 95.40 | 81.95 | 32.81 | 15.17 | 181.99 | 114.27 | 523.64 |
| Depreciation | | | | | | | | |
| At April 1, 2018 | 0.05 | 83.38 | 36.91 | 10.59 | 2.87 | 98.72 | - | 232.54 |
| Charge for the year** | 0.10 | 7.59 | 17.98 | 6.20 | 0.36 | 28.34 | - | 60.57 |
| Disposals | - | - | 0.26 | 0.11 | - | 0.33 | - | 0.70 |
| At March 31, 2019 | 0.15 | 90.97 | 54.63 | 16.67 | 3.24 | 126.73 | - | 292.41 |
| Charge for the year** | 0.09 | 2.81 | 12.09 | 6.83 | 2.96 | 27.92 | 26.69 | 79.37 |
| Disposals | - | - | - | - | - | 0.42 | - | 0.42 |
| At March 31, 2020 | 0.24 | 93.77 | 66.73 | 23.50 | 6.20 | 154.23 | 26.69 | 371.36 |
| Net carrying amount | | | | | | | | |
| At April 1, 2018 | 1.96 | 12.02 | 18.08 | 4.59 | 0.65 | 21.23 | - | 58.54 |
| At March 31, 2019 | 1.86 | 4.43 | 16.45 | 12.49 | 2.35 | 34.17 | - | 71.74 |
| At March 31, 2020 | 1.77 | 1.62 | 15.23 | 9.31 | 8.99 | 27.76 | 87.58 | 152.28 |

Mortgaged as security against non-convertible debentures.

Intangible assets

| Particulars | Computer Software | Total |
|----------------------------|-------------------|---------------|
| Gross block | | |
| At April 1, 2018 | 95.86 | 95.86 |
| Addition | 9.48 | 9.48 |
| Disposals | 0.03 | 0.03 |
| At March 31, 2019 | 105.31 | 105.31 |
| Addition | 0.02 | 0.02 |
| At March 31, 2020 | 105.33 | 105.33 |
| Amortization | | |
| At April 1, 2018 | 69.83 | 69.83 |
| Charge for the year | 13.28 | 13.28 |
| Disposals | 0.01 | 0.01 |
| At March 31, 2019 | 83.10 | 83.10 |
| Addition | 8.92 | 8.92 |
| At March 31, 2020 | 92.02 | 92.02 |
| Net carrying amount | | |
| At April 1, 2018 | 26.03 | 26.03 |
| At March 31, 2019 | 22.21 | 22.21 |
| At March 31, 2020 | 13.31 | 13.31 |

* Addition includes gross block of Subsidiary (Criss Financial Holdings Limited) on the day of acquisition of control by the Parent Company.

** charge for the year includes depreciation charge on gross block of Subsidiary (Criss Financial Holdings Limited)

| As at March 31, 2020 | As at March 31, 2019 |
|----------------------|----------------------|
|----------------------|----------------------|

13: Other non-financial assets

Unsecured, considered good

| | | |
|-----------------------------|-------|--------|
| Prepaid expenses | 5.51 | 1.78 |
| Capital advances | 1.65 | 0.63 |
| Advance against sum assured | 71.23 | 24.03 |
| Other advances | 34.15 | 103.26 |

Unsecured, considered doubtful

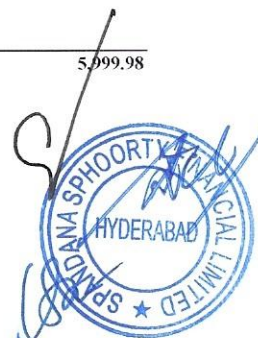
| | | |
|------------------------------------|---------------|---------------|
| Others | 1.70 | 1.70 |
| Amounts deposited with courts | 6.24 | 5.89 |
| Advance against sum assured | 12.90 | 10.50 |
| Other advances | - | - |
| Less: Provision for doubtful debts | (20.95) | (18.10) |
| | 112.43 | 129.69 |



Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 14: (a) Debt Securities (at amortised cost) | | |
| (i) Debentures | | |
| Secured | | |
| 325 (March 31, 2019: 325), 13.15% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Seventy Two months from the date of allotment i.e. October 31, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of Thirty Six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | 342.53 | 342.30 |
| Nil (March 31, 2019: 180,000,000) 12.30% Secured, Redeemable, Non-convertible Debentures of face value of Re.1 each, redeemable at the end of Thirty Six Months from the date of allotment i.e. October 26, 2017 | - | 178.41 |
| Nil (March 31, 2019: 120,000,000) 12.30% Secured, Redeemable, Non-convertible Debentures of face value of Re.1 each, redeemable at the end of Thirty Six months from the date of allotment i.e. August 21, 2017 | - | 119.13 |
| 825 (March 31, 2019: 4,000), 12.90% Partly-paid Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 28, 2017 (subject to exercise of put option by the lender at the end of Twelve or Twenty Four months from the date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | 178.26 | 2,157.01 |
| 1,000 (March 31, 2019: 1,000), 14% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Seventy Two months from the date of allotment i.e. September 18, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of Thirty Six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | 1,004.16 | 1,003.18 |
| Nil (March 31, 2019: 1500), 12.20% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. May 31, 2018 (subject to exercise of put option by the lender at the end of Twelve months or Eighteen months or Twenty Four months or Thirty months or call option by the Company at the end of Eighteen months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | - | 1,136.76 |
| 820 (March 31, 2019: 820), 13.12% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1,000,000 each redeemable at par at the end of Thirty Six months from the date of allotment i.e. December 7, 2018 . | 853.16 | 851.09 |
| Nature of security The above debentures are secured by way of first and exclusive charge over eligible book debts of the Company. NCDs issued on September 18, 2017 are also secured by a first charge on land and building. | | |
| Unsecured | | |
| Nil (March 31, 2019: 200), 13.30% Fully paid up Senior Unsecured, Redeemable, Non-Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 26, 2017 (subject to exercise of put option by the lender at the end of 367 days or Twenty Four months). Redeemable on maturity if option not exercised or communication for roll-over received from lender. | - | 212.10 |
| Sub-Total | 2,378.11 | 5,099.98 |



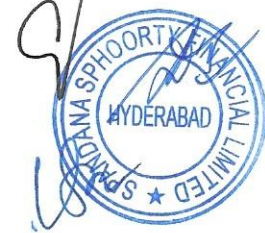
Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| (ii) Borrowing under securitisation arrangement | | |
| From Banks | 5,398.17 | 7,719.66 |
| From non-banking financial companies | - | - |
| Total Debt Securities | 7,776.28 | 13,719.64 |
| Secured borrowings* | 7,776.28 | 13,719.64 |
| Unsecured borrowings # | - | - |
| Net amount | 7,776.28 | 13,719.64 |
| Borrowings in India | 7,776.28 | 13,719.64 |
| Borrowings outside India | - | - |
| Total | 7,776.28 | 13,719.64 |
| (b) Borrowings (Other than Debt Securities) | | |
| Secured | | |
| Indian rupee loan from banks | 18971.53 | 10,297.00 |
| Indian rupee loan from non-banking financial companies | 3251.60 | 5,457.79 |
| Cash credit from bank (secured)* | 50.21 | - |
| Total Borrowings (Other than Debt Securities) | 22,273.34 | 15,754.79 |
| Secured borrowings* | 22,273.34 | 15,754.79 |
| Unsecured borrowings # | - | - |
| Net amount | 22,273.34 | 15,754.79 |
| Borrowings in India | 22,273.34 | 15,754.79 |
| Borrowings outside India | - | - |
| Total | 22,273.34 | 15,754.79 |
| Cash credit from bank carries interest rate @ 9.70% p.a with monthly interest repayment | | |
| (c) Subordinated Liabilities (at amortised cost) | | |
| Unsecured Term Loan | | |
| Indian rupee loan from Bank | 201.67 | 201.56 |
| Loans and advances from related party (unsecured) | - | - |
| (Loans from related party carries interest rate @ 15.00% pa with monthly interest repayment) | 1.61 | 1.38 |
| Total Subordinated Liabilities | 203.28 | 202.94 |
| Secured borrowings* | 203.28 | 202.94 |
| Unsecured borrowings # | - | - |
| Net amount | 203.28 | 202.94 |
| Borrowings in India | 203.28 | 202.94 |
| Borrowings outside India | - | - |
| Total | 203.28 | 202.94 |

* The secured borrowings are secured by hypothecation of book debts and margin money deposits.

The Unsecured borrowings are in the nature of subordinated debt and non-convertible debentures.



SPANDANA SPHOORTY FINANCIAL LIMITED

14A. Terms of principal repayment of borrowings as at March 31, 2020**

(Rupees in millions unless otherwise stated)

| Original maturity of loan | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Due beyond 3 Years | | Total |
|--|---------------|---------------------|-------------------------|--------------------------|-------------------------|--------------------------|-------------------------|---------------------|-------------------------|------------------|
| | | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | |
| Debt Securities | | | | | | | | | | |
| Monthly | 8.50%-9.00% | 24 | 2,237.50 | 3 | 97.68 | - | - | - | - | 2,335.18 |
| | 9.01%-9.50% | 18 | 896.47 | 0 | - | - | - | - | - | 896.47 |
| 1-3 years | 9.51%-10.00% | 25 | 1,873.01 | 0 | - | - | - | - | - | 1,873.01 |
| | 10.01%-10.50% | 10 | 284.62 | 0 | - | - | - | - | - | 284.62 |
| Quarterly | | | | | | | | | | |
| 1-3 years | 13.50%-14.00% | 8 | 178.75 | - | - | - | - | - | - | 178.75 |
| Half Yearly | | | | | | | | | | |
| 1-3 years | 13.01%-13.50% | 2 | 410.00 | 2 | 410.00 | - | - | - | - | 820.00 |
| Bullet | | | | | | | | | | |
| 1-3 years | 13.01%-13.50% | 1 | 325.00 | - | - | - | - | - | - | 325.00 |
| | 13.51%-14.00% | 1 | 1,000.00 | - | - | - | - | - | - | 1,000.00 |
| Borrowings (Other than Debt Securities) | | | | | | | | | | |
| Monthly | 9.50%-10.00% | 76 | 2,349.57 | 79 | 2,410.71 | 5 | 177.08 | - | - | 4,937.37 |
| | 10.01%-10.50% | 21 | 351.19 | 5 | 59.52 | - | - | - | - | 410.71 |
| | 10.51%-11.00% | 70 | 1,503.76 | 10 | 118.73 | - | - | - | - | 1,622.49 |
| | 11.01%-11.50% | 135 | 3,281.40 | 23 | 546.04 | - | - | - | - | 3,827.44 |
| 1-3 years | 11.51%-12.00% | 73 | 2,771.74 | 12 | 562.96 | - | - | - | - | 3,334.70 |
| | 12.01%-12.50% | 44 | 480.05 | 4 | 55.94 | - | - | - | - | 535.99 |
| | 12.51%-13.00% | 32 | 322.45 | 12 | 83.34 | 5 | 34.71 | - | - | 440.50 |
| | 13.01%-13.50% | 30 | 464.97 | 17 | 181.23 | - | - | - | - | 646.20 |
| | 13.51%-14.00% | 19 | 445.33 | 4 | 55.99 | - | - | - | - | 501.32 |
| Quarterly | | | | | | | | | | |
| | 9.51%-10.00% | 23 | 1,147.50 | 13 | 639.38 | - | - | - | - | 1,786.88 |
| | 10.51%-11.00% | 12 | 955.36 | 7 | 857.14 | - | - | - | - | 1,812.50 |
| | 11.01%-11.50% | 4 | 125.00 | - | - | - | - | - | - | 125.00 |
| 1-3 years | 11.51%-12% | 4 | 857.14 | 2 | 428.57 | - | - | - | - | 1,285.71 |
| | 12.51%-13% | 2 | 125.00 | - | - | - | - | - | - | 125.00 |
| | 13.01%-13.50% | 1 | 27.27 | - | - | - | - | - | - | 27.27 |
| Above 3 years | 12.51%-13.00% | 4 | 83.33 | - | - | - | - | - | - | 83.33 |
| Bullet | | | | | | | | | | |
| 1-3 years | 9.51%-10.00% | 4 | 500.00 | - | - | - | - | - | - | 500.00 |
| | 10.51%-11.00% | 1 | 125.00 | - | - | - | - | - | - | 125.00 |
| Subordinated Liabilities | | | | | | | | | | |
| Bullet | | | | | | | | | | |
| Above 3 years | 14.51%-15.00% | - | - | - | - | - | - | - | - | - |
| Grand Total | | 644 | 23,121.41 | 193 | 6,507.24 | 10 | 211.79 | 1 | 200.00 | 30,040.44 |
| Impact of EIR | | | | | | | | | | 162.25 |
| Grand Total | | | | | | | | | | 30,202.69 |

**The Above schedule does not include Cash Credit of Rs. 50.2 millions

Note: The Holding Company applied to Banks and Financial Institutions for re-scheduling of repayment dates subsequent to the nation wide lockdown announced by central government on March 24, 2020 on account of the Novel Coronavirus (COVID-19) pandemic and also pursuant to COVID-19 Regulatory packages announced by Reserve Bank of India circular dated March 27, 2020, where in moratorium was permitted from March 1, 2020. Repayment of Rs. 459.67 millions has not been paid as on March 31, 2020. However, all these amounts were subsequently paid in April 2020, irrespective of receipt of moratorium approval from these institutions. The lender wise details are tabulated as under.

| Bank / Financial Institution | Amount of delay as on the sheet date | Period of delay since | (Rs. in million) |
|------------------------------|--------------------------------------|-----------------------|------------------|
| Bank of Baroda | 186.45 | 28-Mar-20 | |
| Hinduja Leasing Finance | 8.20 | 26-Mar-20 | |
| IDFC Bank Limited | 53.83 | 31-Mar-20 | |
| Indusind Bank Limited | 79.50 | 24-Mar-20 | |
| Kotak Mahindra Bank Limited | 41.60 | 29-Mar-20 | |
| Manipal Finance limited | 1.35 | 31-Mar-20 | |
| RBL Bank Limited | 11.55 | 31-Mar-20 | |
| Standard Chartered Bank | 7.58 | 31-Mar-20 | |
| Ujjivan Small Finance Bank | 1.83 | 31-Mar-20 | |
| Woorl Bank | 3.48 | 31-Mar-20 | |
| Yes Bank Limited | 64.30 | 28-Mar-20 | |



SPANDANA SPHOORY FINANCIAL LIMITED

14A. Terms of principal repayment of borrowings as at March 31, 2019

(Figures in millions unless otherwise stated)

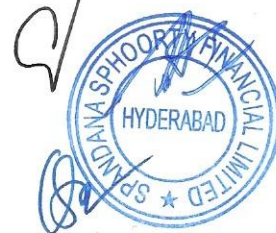
| Original maturity of loan | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Due beyond 3 Years | | Total |
|---|--|---------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|---------------------|----------------------|-----------|
| | | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | No. of installments | Amount (in Millions) | |
| Debt Securities | | | | | | | | | | |
| Monthly | 9.01% ^a -9.50% ^a | 52 | 2,930.21 | 10 | 332.84 | - | - | - | - | 3,263.05 |
| 1-3 years | 9.51% ^a -10.00% ^a | 45 | 3,509.65 | 1 | 5.88 | - | - | - | - | 3,515.53 |
| | 10.01% ^a -10.50% ^a | 1 | 2.30 | - | - | - | - | - | - | 2.30 |
| | 11.01% ^a -11.50% ^a | 9 | 950.36 | - | - | - | - | - | - | 950.36 |
| Quarterly | 12.01% ^a -12.50% ^a | 1 | 1,125.00 | - | - | - | - | - | - | 1,125.00 |
| 1-3 years | 12.51% ^a -13.00% ^a | 2 | 2,161.25 | - | - | - | - | - | - | 2,161.25 |
| Half Yearly | 13.01% ^a -13.50% ^a | - | - | 2 | 410.00 | 2 | 410.00 | - | - | 820.00 |
| Annually | 12.51% ^a -13.00% ^a | 1 | 200.00 | - | - | - | - | - | - | 200.00 |
| Bullet | 12.01% ^a -12.50% ^a | - | - | 2 | 300 | - | - | - | - | 300.00 |
| 1-3 years | 13.01% ^a -13.50% ^a | - | - | 1 | 325.00 | - | - | - | - | 325.00 |
| | 13.51% ^a -14.00% ^a | - | - | 1 | 1,000.00 | - | - | - | - | 1,000.00 |
| Borrowings (Other than Debt Securities) | | | | | | | | | | |
| Monthly | 10.01% ^a -10.50% ^a | 24 | 500.00 | 9 | 187.50 | - | - | - | - | 687.50 |
| | 10.51% ^a -11.00% ^a | 78 | 1,337.35 | 46 | 827.83 | 8 | 66.95 | - | - | 2,232.13 |
| | 11.01% ^a -11.50% ^a | 108 | 3,329.98 | 59 | 1,616.89 | - | - | - | - | 4,946.87 |
| 1-3 years | 11.51% ^a -12.00% ^a | 99 | 1,245.23 | 62 | 1,386.22 | 19 | 347.90 | - | - | 2,979.34 |
| | 12.51% ^a -13.00% ^a | 24 | 80.37 | 11 | 39.11 | - | - | - | - | 119.48 |
| | 13.51% ^a -14.00% ^a | 18 | 415.97 | 3 | 83.33 | - | - | - | - | 499.30 |
| | 14.01% ^a -14.50% ^a | 9 | 33.33 | - | - | - | - | - | - | 33.33 |
| | 14.51% ^a -15.00% ^a | 14 | 72.22 | - | - | - | - | - | - | 72.22 |
| Quarterly | 10.51% ^a -11.00% ^a | 19 | 2,142.86 | 4 | 312.50 | - | - | - | - | 2,455.36 |
| | 11.01% ^a -11.50% ^a | 4 | 125.00 | 4 | 125.00 | - | - | - | - | 250.00 |
| 1-3 years | 11.51% ^a -12% ^a | 4 | 500.00 | 0 | - | - | - | - | - | 500.00 |
| | 12.51% ^a -13% ^a | 10 | 547.62 | 6 | 208.33 | - | - | - | - | 755.95 |
| | 13.01% ^a -13.50% ^a | 4 | 109.09 | 1 | 27.27 | - | - | - | - | 136.36 |
| Bullet | 10.51% ^a -11.00% ^a | 1 | 125.00 | - | - | - | - | - | - | 125.00 |
| Subordinated Liabilities | | | | | | | | | | |
| Bullet | 14.51% ^a -15.00% ^a | 0 | - | - | - | - | - | 1 | 200.00 | 200.00 |
| Above 3 years | - | 420 | 14,050.27 | 211 | 6,849 | 29 | 824.84 | 1 | 200.00 | 20,677.37 |
| Impact of EIR | - | - | - | - | - | - | - | - | - | 22.06 |
| Grand Total | - | - | - | - | - | - | - | - | - | 29,677.37 |



Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 15: Other Financial liabilities | | |
| Expenses payable | 27.59 | 31.89 |
| Lease Liability | 113.22 | - |
| Employee benefits payable | 310.64 | 242.68 |
| Assignment and other payables | 1,820.45 | 170.28 |
| | 2,271.90 | 444.85 |
| 16: Current Tax Liabilities (net) | | |
| Provision for Tax (net of advance tax) | 647.07 | 62.83 |
| | 647.07 | 62.83 |
| 17: Provisions | | |
| Provision for employee benefits | | |
| Gratuity (net of contribution) | 28.00 | 3.59 |
| | 28.00 | 3.59 |
| 18: Other Non-Financial liabilities | | |
| Other payables | 71.27 | 38.09 |
| Unfructified service tax liability [net of amount paid under protest Rs.9.93 millions (March 31, 2019: Rs. 9.93 millions)] | 149.89 | 141.36 |
| Statutory dues payable | 80.29 | 45.40 |
| | 301.45 | 224.85 |



Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 19: Share capital | | |
| Authorized | | |
| 900,000,000 (March 31, 2019: 900,000,000) equity shares of Rs.10 each | 9,000.00 | 9,000.00 |
| Authorized | | |
| 1,250,000,000 (March 31, 2019: 1,250,000,000) preference shares of Rs.10 each | 12,500.00 | 12,500.00 |
| | 21,500.00 | 21,500.00 |
| Issued, subscribed and paid-up | | |
| 64,315,483 (March 31, 2019: 59,633,683) equity shares of Rs.10 each fully paid up | 643.15 | 596.34 |
| Total | 643.15 | 596.34 |

(a) Terms / rights attached to equity shares

The parent company has only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The parent company declares and pays dividends in Indian rupees. During the current financial year no dividend has been proposed by the parent Company.

In the event of liquidation of the group, the holders of equity shares will be entitled to receive remaining assets of the group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--|-------------------|---------------|-------------------|---------------|
| | Number of shares | Amount | Number of shares | Amount |
| Outstanding at the beginning of the year | 59,633,683 | 596.33 | 29,756,818 | 297.56 |
| Issued upon conversion of preference shares and share warrants** | - | - | 27,749,295 | 277.49 |
| Issued during the year | - | - | 2,127,570 | 21.28 |
| Issued during the year - IPO* | 4,543,385 | 45.43 | - | - |
| Issued during the year - ESOP* | 91,752 | 0.92 | - | - |
| Issued during the year - ESOP* | 46,663 | 0.47 | - | - |
| Outstanding at the end of the year | 64,315,483 | 643.15 | 59,633,683 | 596.33 |

*The Holding Company during the year issued and allotted 4,543,385 equity shares having face value Rs. 10/- each in its Public Issue (IPO). Further the Parent Company issued and allotted 138,415 equity shares having face value of Rs. 10/- each to the eligible employees of the Group towards exercise of ESOPs.

During the year the Holding Company has completed the Initial Public Offer (IPO) of its equity shares, comprising a fresh issue of 4,543,385 equity shares having a face value of Rs.10 each at an offer price of Rs.856 per share aggregating Rs.3,889 million by the Holding Company and an offer for sale of 9,356,725 equity shares by existing shareholders aggregating Rs.8,009 million. Pursuant to the IPO, the equity shares of the Holding Company got listed on BSE Limited and NSE Limited on August 19, 2019. The Holding company has fully utilised the IPO proceeds, in line with the objectives mentioned in the prospectus.

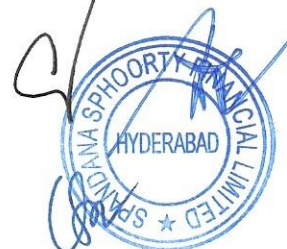
** The Holding Company converted its preference shares (all classes) and share warrants into equity shares as per the terms of issuance of each class of securities. Accordingly, the Holding Company issued 27,749,295 number of equity shares of face value of Rs.10 each upon conversion of preference shares and share warrants.

(c) Details of shareholders holding more than 5% in the group:

As per the records of the group, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

| Name of the shareholder | March 31, 2020 | | March 31, 2019 | |
|--|------------------|--------------|------------------|--------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| Equity shares | | | | |
| Kangchenjunga Limited | 29,303,172 | 45.56% | 35,270,269 | 59.14% |
| Padmaja Gangireddy | 10,250,953 | 15.94% | 11,670,067 | 19.57% |
| Valiant Mauritius Partners FDI Limited | 3,848,823 | 5.98% | 4,632,570 | 7.77% |

(d) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 42.

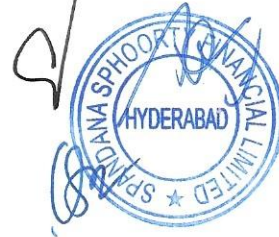


(e) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash during the period of

| Nature of instrument/ convertible security | Number of convertible securities | Number of equity shares issued upon conversion |
|--|----------------------------------|--|
| Class B 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 791,007,721 | 8,948,425 |

(f) Other instances of conversion of convertible securities into equity shares during the period of five years immediately preceding the reporting date:

| Nature of instrument/ convertible security | Number of convertible securities | Number of equity shares issued upon conversion |
|--|----------------------------------|--|
| Class A 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 234,999,997 | 9,979,615 |
| Class A1 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each | 119,212,760 | 5,062,542 |
| Series C 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 1,135,085 | 1,135,085 |
| FY18 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 283,771 | 283,771 |
| FY18 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 283,771 | 283,771 |
| FY19 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 283,771 | 283,771 |
| FY19 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each | 283,771 | 283,771 |
| Share warrants | 1,488,544 | 1,488,544 |

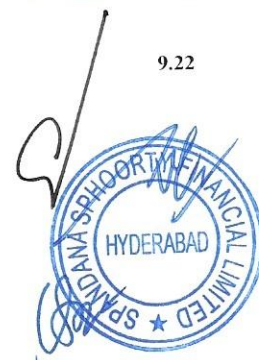


Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 20: Other Equity | | |
| Securities premium | | |
| Balance as per the last financial statements | 15,414.96 | 2,877.61 |
| Add: Premium on conversion of Class B 0.001% Compulsory Convertible preference shares (CCPS) (refer note 19) | - | 7,820.59 |
| Add: Premium on conversion of Class A 0.001% Compulsory Convertible preference shares (CCPS) (refer note 19) | - | 2,250.20 |
| Add: Premium on conversion of Class A1 0.001% Compulsory Convertible preference shares (CCPS) (refer note 19) | - | 1,141.50 |
| Add: Premium on conversion of Optionally Convertible Redeemable preference shares (OCRPS) - Series A, B & C (refer note 19) | - | 509.70 |
| Add: Premium on conversion of share warrants (refer note 19) | - | 335.64 |
| Add: Premium on issue of equity shares | 3,897.49 | 479.72 |
| Less: Share Issue Expenses | (150.46) | - |
| Add: Tax on Share Issue Expense | 37.87 | - |
| Closing balance | 19,199.86 | 15,414.96 |
| General reserve* | 23.28 | 23.28 |
| Share options outstanding reserve | | |
| Balance as per the last financial statements | 41.25 | - |
| Add: Share based payment to employees | 43.80 | 41.25 |
| Less: Transfer on allotment of shares to employees pursuant to ESOP scheme | (18.72) | - |
| Less: Transfer on cancellation of stock options | (2.16) | - |
| Closing balance | 64.17 | 41.25 |
| Capital redemption reserve* | 1,526.92 | 1,526.92 |
| Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934] | | |
| Balance as per the last financial statements | 2,566.17 | 1,948.67 |
| Add: Amount transferred from surplus of profit and loss | 673.38 | 617.50 |
| Closing balance | 3,239.55 | 2,566.17 |
| Retained earnings | | |
| Balance as per the audited financial statements | (1,722.67) | (4,221.38) |
| Add: Profit for the year | 3,514.59 | 3,118.24 |
| Add: Other Comprehensive Income (Re-measurement gains/(losses) on defined benefit plans) | (13.11) | (1.90) |
| Less: Transfer to Statutory Reserve [@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934] | (673.38) | (617.50) |
| Less: Dividend on CCPS all class (includes dividend distribution tax) | - | (0.13) |
| Net surplus in the statement of profit and loss | 1,105.43 | (1,722.67) |
| Other items of other comprehensive income (Fair valuation of loans- to be subsequently classified to profit or loss) | | |
| Opening balance | 448.11 | - |
| Add/(Less): Fair value change during the year | (2,584.47) | (6.06) |
| Add: Impairment allowance/ other provisions reclassified to profit and loss | 2,593.53 | 454.17 |
| Closing balance | 457.17 | 448.11 |
| Total other equity | 25,616.39 | 18,298.02 |
| Non Controlling Interest | 12.92 | 9.22 |

*For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2020



Spandana Sphoorty Financial Limited

Notes to the Consolidated Financial Statements for year ended March 31, 2020

Nature and purpose of other equity

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General Reserve

Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.

Share options outstanding reserve

The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

Capital redemption reserve

In accordance with section 55 of the Companies Act, 2013, the Parent company has transferred an amount equivalent of the nominal value of OCCRPS redeemed during previous years, to the Capital Redemption Reserve. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

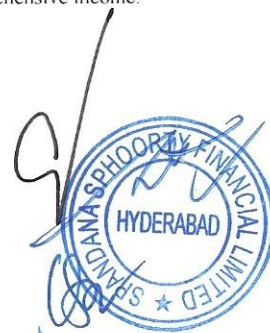
Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 451C of Reserve Bank of India Act 1934.

Retained earnings

Retained earnings represents the surplus in profit and loss account and appropriations.

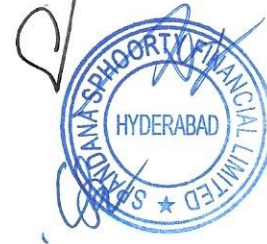
Other Comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses and return on plan assets (excluding interest income) and net fair valuation gain/(loss) on financial assets measured at fair value through other comprehensive income.



(Rupees in millions unless otherwise stated)

| | For year ended March 31, 2020 | For year ended March 31, 2019 |
|---|----------------------------------|----------------------------------|
| 21: Interest Income | | |
| Measured at fair value through OCI | | |
| Interest on loans | 11,101.05 | 9,661.56 |
| Measured at amortised cost | | |
| Interest on portfolio loans | 300.55 | 85.10 |
| Interest on fixed deposits | 37.79 | 5.64 |
| Interest on inter corporate advances | 112.62 | 120.85 |
| Interest on margin money deposits* | 139.93 | 105.59 |
| | 11,691.94 | 9,978.74 |
| *Represent margin money deposits placed to avail term loans from banks, non banking financial companies and placed as cash collateral in connection with securitization transactions. | | |
| 22: Net gain on fair value changes | | |
| (A) Net gain / (loss) on fair value instruments at fair value through profit or loss | | |
| (i) On trading portfolio | | |
| - Investments | 45.96 | 110.63 |
| (B) Others | | |
| (i) Gain on derecognition of loans designated at FVTOCI | 2,139.27 | 156.13 |
| Total Net gain / (loss) on fair value changes (C) | 2,185.23 | 266.76 |
| Fair value Changes | | |
| Realised | 756.00 | 175.46 |
| Unrealised | 1,429.23 | 91.30 |
| Total Net gain / (loss) on fair value changes | 2,185.23 | 266.76 |
| 23: Others | | |
| Recovery against loans written off | 105.25 | 35.34 |
| | 105.25 | 35.34 |
| 24: Other income | | |
| Net gain on derecognition of property, plant and equipment | - | - |
| Advertisement income | 339.02 | 51.15 |
| Miscellaneous income | 3.06 | 3.18 |
| | 342.08 | 54.33 |
| 25: Finance cost | | |
| Interest | | |
| On Debt Securities | 1,152.54 | 1,474.00 |
| On Borrowings (Other than Debt Securities) | 2,354.64 | 2,089.00 |
| On Subordinated Liabilities | 32.58 | 11.81 |
| On Lease liabilities | 14.37 | |
| Measured at fair value through profit or loss | | |
| On income tax | 0.88 | 3.15 |
| Other finance cost | 8.34 | 0.69 |
| | 3,563.35 | 3,578.65 |
| 26: Impairment on financial instruments and other provisions | | |
| Measured at fair value through OCI | | |
| Impairment and other provision including management overlay for COVID-19 (Refer note 48) | (2,098.47) | (4,769.68) |
| Loans written off (Refer note 48) | 4,827.43 | 5,223.85 |
| Measured at amortised cost | | |
| Impairment on loans | 6.65 | (1.50) |
| Loan Portfolio written off | 0.11 | 0.33 |
| | 2,735.72 | 453.00 |
| 27: Employee benefits expense | | |
| Salaries, wages and bonus | 1,563.87 | 1,223.97 |
| Contribution to provident fund and other funds | 76.06 | 20.27 |
| Expenses on Employee Stock Option Plan | 41.64 | 41.25 |
| Staff welfare expenses | 25.90 | 24.97 |
| | 1,707.47 | 1,310.46 |

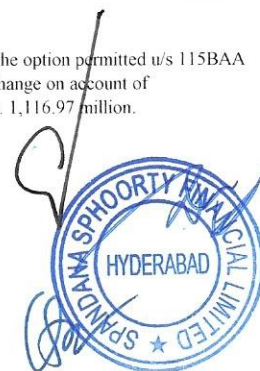


(Rupees in millions unless otherwise stated)

| | For year ended March 31, 2020 | For year ended March 31, 2019 |
|---|----------------------------------|----------------------------------|
| 28: Other expenses | | |
| Rent | 19.49 | 36.66 |
| Rates and taxes | 1.80 | 2.31 |
| Bank charges | 37.08 | 16.91 |
| Office maintenance | 38.54 | 36.70 |
| Computers and network maintenance | 3.96 | 8.60 |
| Electricity charges | 14.93 | 12.32 |
| Travelling expenses | 141.58 | 115.43 |
| Communication expenses | 8.21 | 6.73 |
| Credit Bureau Expenses | 12.83 | 6.25 |
| Printing and stationery | 12.70 | 10.95 |
| Legal and professional charges | 11.36 | 9.68 |
| Directors sitting fees | 9.81 | 9.08 |
| Auditors remuneration (refer details below) | 8.86 | 10.32 |
| Recruitment and training | 4.87 | 1.10 |
| Subscription fees | 7.23 | 7.50 |
| Other provisions and write off | 29.24 | 23.51 |
| Net loss on derecognition of property, plant and equipment | - | 0.37 |
| Security charges | 1.22 | 0.40 |
| CSR expenses | 51.83 | 21.08 |
| Miscellaneous expenses | 0.11 | 2.90 |
| | 415.65 | 338.80 |
| Payment to auditors | | |
| As auditor: | | |
| Audit fee | 7.89 | 9.65 |
| Out of pocket expenses | 0.97 | 0.67 |
| | 8.86 | 10.32 |
| 29. Tax expense | | |
| Current tax | 705.16 | 12.88 |
| Adjustment in respect of current income tax of prior years | - | - |
| Deferred tax relating to origination and reversal of temporary differences Total tax charge | 1,959.73 | 1,842.50 |
| Total tax Charge | 2,664.89 | 1,855.38 |
| Current tax | 705.16 | 12.88 |
| Deferred tax | 1,959.73 | 1,842.50 |
| 29.1 Reconciliation of the total tax charge | | |
| The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the Accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 2019 is, as follows : | | |
| Accounting profit before Tax | 6,179.13 | 5,420.58 |
| At India's statutory income tax rate (2020: 25.168%) | 1,555.16 | 1,891.73 |
| Adjustment in respect of current income tax of prior years Income not subject to tax | - | - |
| Long term capital gain on sale of shares | - | - |
| Others | - | - |
| Non-deductible expenses | | |
| Penalties | - | - |
| Others | 13.27 | 7.95 |
| Additional tax allowances | | |
| Deduction under Chapter VIA-80JJAA-Additional Manpower Cost Exemption | (20.42) | (26.72) |
| Difference on account of change in tax rate | 1,116.97 | (16.69) |
| Others | (0.09) | 0.89 |
| Income tax expense reported in the consolidated statement of profit and loss | 2,664.89 | 1,855.38 |

The effective income tax rate for 31 March 2020 is 25.168% (31 March 2019: 34.944%).

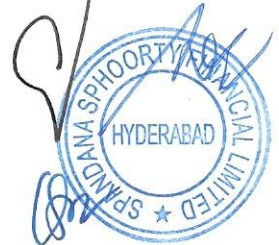
Pursuant to the Taxation Laws (Amendment) Ordinance 2019, promulgated on September 20, 2019, the group has decided to exercise the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e 25.17%) from the current financial year. As a result, the change on account of remeasurement of deferred tax assets and reversal of MAT credit entitlement during the year ended March 31, 2020 aggregates to Rs. 1,116.97 million.



Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

| | For year ended March 31, 2020 | For year ended March 31, 2019 |
|--|----------------------------------|----------------------------------|
| 30: Earning per Share | | |
| Net profit after tax as per Statement of Profit and Loss | 3,514.59 | 3,119.00 |
| Net profit for calculation of basic earnings per share | 3,514.59 | 3,119.00 |
| Net profit as above | 3,514.59 | 3,119.00 |
| Net profit for calculation of diluted earnings per share | 3,514.59 | 3,119.00 |
| Calculation of weighted average number of equity shares for basic EPS | | |
| Equity shares | | |
| Opening No. of shares (in Millions) | 59.63 | 29.76 |
| Add: Issued during the year (in Millions) | 2.89 | 1.66 |
| | 62.52 | 31.41 |
| Instrument compulsorily convertible into equity | | |
| Share Warrants | - | 1.16 |
| OCRPS | - | 1.77 |
| CCPS Class B | - | 8.95 |
| CCPS Class A | - | 9.98 |
| CCPS Class A1 | - | 5.06 |
| Weighted average number of equity shares for basic EPS | 62.52 | 58.34 |
| Effect of dilution | | |
| Conversion of OCRPS | - | 0.00 |
| Employee stock option plan | 0.54 | 0.12 |
| Weighted average number of equity shares for diluted EPS | 63.06 | 58.46 |
| Basic earnings per share (In rupees) | 56.21 | 53.46 |
| Diluted earnings per share (In rupees) | 55.74 | 53.35 |
| Nominal value per share (In Rupees) | 10.00 | 10.00 |



31: Segment Reporting

The Group operates in a single business segment i.e. lending to customers who have similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Group operates in a single geographical segment i.e. domestic.

32: Disclosure of Related parties in accordance with Ind AS 24.

I. Holding Company

Kangchenjunga Limited (upto August 14, 2019)

II. Entities in which Key Management Personnel and their relatives have significant influence.

- Spandana Rural and Urban Development Organization
- Abhiram Marketing Services Limited
- Spandana Employee Welfare Trust.

III. Key Management Personnel

- Mrs. Padmaja Gangireddy - Managing Director
- Mr. Sudhesh Chandrasekar - Chief Financial Officer (w.e.f. May 17, 2019)
- Mr. Rakesh Jhinjaria - Company Secretary
- Mr. Abdul Feroz Khan - Chief Strategy Officer
- Mr. Bharat Shah (Independent Director)
- Mr. Deepak Vaidya (Independent Director)
- Mr. Jagdish Capoor (Independent Director)
- Ms. Abanti Mitra (Independent Director)
- Mr. Sunish Sharma (Nominee Director)
- Mr. Kartikeya Dhruv Kaji (Nominee Director)
- Mr. Darius Dinshaw Pandole (Nominee Director)
- Mr. Amit Sobti (Nominee Director)
- Mr. Ramachandra Kasargod Kamath (Nominee Director)

IV. Relative of Key Management Personnel

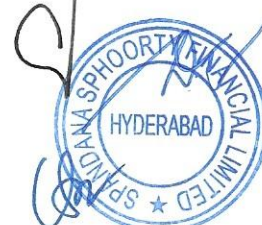
- Mr. Revan Saahith
- Mr. Vijaya Sivarami Reddy Vendidandi
- Mrs. Hina Ansari

V. Related parties in accordance with RBI Master directions

- Spandana Mutual Benefit Trust
- Spandana Sphoorty Chit Funds Private Limited

Related party transactions during the year:

| S. No | Related Party | Nature of Transactions | Transactions during year ended March 31, 2020 | Transactions during year ended March 31, 2019 | (Payable)/Receivable | |
|-------|---|--|---|---|----------------------|----------------|
| | | | | | March 31, 2020 | March 31, 2019 |
| 1 | Spandana Rural and Urban Development Organization | Rent expense | - | 9.69 | - | (0.29) |
| | | Rent deposit | - | - | 3.09 | 3.09 |
| | | Interest expense on lease | 6.60 | - | - | - |
| | | Lease liability payable | 51.86 | - | (51.86) | - |
| | | Repayment of lease liability | 0.00 | - | - | - |
| | | Expense reimbursement | 0.13 | 0.04 | 0.01 | 0.00 |
| | | Unsecured Loan * | - | - | - | - |
| 2 | Abhiram Marketing Services Limited | Interest Expense | 1.79 | 14.19 | (1.61) | (0.95) |
| | | Commission income | 288.06 | 159.52 | 106.37 | 29.52 |
| | | Incentive income | 82.50 | - | 80.85 | - |
| | | Expense reimbursement (net) | 40.73 | 34.95 | 10.21 | 6.85 |
| | | Inter-corporate advances (net)* | 755.00 | 187.34 | 1,150.00 | 395.00 |
| | | Other advances | 122.19 | - | 122.19 | - |
| | | Interest income | 112.62 | 51.16 | 13.10 | - |
| | | Unsecured Loan given | - | 75.00 | - | - |
| | | Unsecured Loan taken | 80.00 | - | 80.00 | - |
| | | Interest Expense | - | 0.40 | - | - |
| | | Purchase of fixed assets & goods | 53.46 | 32.14 | (0.03) | (0.68) |
| 3 | Kangchenjunga Limited | Others | 91.37 | 94.89 | (1.49) | (0.14) |
| | | Dividend on CCPS (all class) | - | 0.11 | - | - |
| 4 | Mr. Deepak Goswami | Remuneration# | 0.32 | 7.65 | - | (2.08) |
| 5 | Mr. Sudhesh Chandrasekar | Remuneration# | 8.24 | 3.83 | (3.45) | (1.38) |
| | | Equity shares issued pursuant to stock option scheme | 1.32 | - | - | - |
| 6 | Mr. Rakesh Jhinjaria | Remuneration# | 2.34 | 1.87 | (0.31) | (0.01) |
| | | Equity shares issued pursuant to stock option scheme | 0.79 | - | - | - |



(Rupees in millions unless otherwise stated)

| S. No | Related Party | Nature of Transactions | Transactions during year ended March 31, 2020 | Transactions during year ended March 31, 2019 | (Payable)/Receivable | |
|-------|--------------------------------------|--|---|---|----------------------|----------------|
| | | | | | March 31, 2020 | March 31, 2019 |
| 7 | Mr. Nitin Prakash Agrawal | Remuneration# | 0.09 | 8.97 | - | (1.49) |
| 8 | Mr. Bharat Shah | Sitting fee | 2.00 | 2.00 | (0.50) | - |
| 9 | Mr. Deepak Vaidya | Sitting fee | 2.00 | 1.67 | (0.50) | - |
| 10 | Mr. Jagdish Capoor | Sitting fee | 2.00 | 1.67 | (0.50) | - |
| 11 | Mr. K. R. Kamath | Sitting fee | 2.00 | 2.00 | (0.50) | - |
| | | Sitting fee | 1.00 | 1.00 | (0.25) | - |
| 12 | Ms. Abanti Mitra | Subscription to equity shares of Holding Company | - | 1.00 | - | - |
| | | Equity shares issued pursuant to stock option scheme | 4.74 | - | - | - |
| 13 | Mr. Abdul Feroz Khan | Remuneration# | 6.81 | 6.39 | (1.27) | (1.87) |
| | | Subscription to equity shares of Holding Company | - | 17.05 | - | - |
| | | Balance subscription received on share warrants of Holding Company | - | 349.03 | - | - |
| 14 | Mrs. Padmaja Gangireddy | Balance subscription received on OCRPS (all series) of Holding Company | - | 532.31 | - | - |
| | | Subscription to equity shares | - | 478.49 | - | - |
| | | Purchase of CFHL Shares | - | 270.49 | - | - |
| | | Dividend on OCRPS | - | 0.00 | - | - |
| | | Remuneration# | 53.75 | 53.75 | (27.68) | (4.58) |
| | | Rent paid | 0.73 | 0.67 | - | (0.08) |
| 15 | Mr. Revan Saahith | Remuneration# | 2.38 | 0.76 | (0.65) | (0.20) |
| | | Purchase of CFHL Shares | - | 61.82 | - | - |
| 16 | Mr. Vijaya Sivarami Reddy Vendidandi | Purchase of CFHL Shares | - | 26.10 | - | - |
| 17 | Mrs. Hina Ansari | Purchase of CFHL Shares | - | 13.33 | - | - |
| 18 | Spandana Employee Welfare Trust | Unsecured Loan * | - | - | - | - |
| | | Interest Expense | 0.03 | 4.43 | - | (0.27) |
| 19 | Spandana Mutual Benefit Trust | Unsecured Loan * | - | - | - | - |
| | | Interest Expense | 0.58 | 2.77 | - | (0.17) |

Transactions with Criss Financial Holdings Limited and Caspian Financial Services Limited are not considered as they are subsidiaries.

*Of the ICA given aggregating Rs. 789.65 million, the parent company has received repayment of Rs. 34.65 million including previous year outstanding (March 31, 2019: ICA given aggregating Rs.288.62 million, the parent company has received repayment of Rs. 101.28 Million) from Abhiram Marketing Services Limited.

*Of the Unsecured loan given aggregating Rs. 131.5 million, the parent company has received repayment of Rs. 131.5 million (March 31, 2019: ICA given aggregating Rs.218.40 million, the parent company has received repayment of Rs. 218.40 Million) from Spandana Rural and Urban Development Organization.

*Of the Unsecured loan given aggregating Rs. 2.3 million, the parent company has received repayment of Rs. 2.3 million (March 31, 2019: ICA given aggregating Rs.8.8 million, the parent company has received repayment of Rs. 8.8 Million) from Spandana Employee Welfare Trust.

*Of the Unsecured loan given aggregating Rs. 45.5 million, the parent company has received repayment of Rs. 45.5 million (March 31, 2019: ICA given aggregating Rs.51.9 million, the parent company has received repayment of Rs. 51.9 Million) from Spandana Mutual Benefit Trust.

All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.

#As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

Transactions during the year are shown net of service tax/GST and inclusive of TDS.



33: Contingent Liabilities

a. Claims against the Company not acknowledged as debt:

| Particulars | March 31, 2020 | March 31, 2019 |
|------------------------------|----------------|----------------|
| Service tax open assessments | 48.66 | 48.66 |
| Income tax open assessments | 558.16 | 0.00 |
| Total | 606.82 | 48.66 |

i) The Group is of the opinion that the above demands are not tenable and expects to succeed in its appeals / defence.

ii) The Commissioner, Service Tax Commissionerate, Hyderabad ("CST"), through two orders dated August 7, 2012 and October 9, 2013, levied service tax, interest and penalty on pre-closure interest charged by the Holding Company on loans pre-closed during FY 2006-07 to FY 2011-12. The CST also issued an order dated March 27, 2015, levying service tax, interest and penalty on a part of profit on portfolio sale during FY 2007-08 to FY 2010-11, deeming it to be consideration for collection and remittance of loan instalments. The Holding Company filed an appeal against these orders before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT) which is pending for hearing on March 31, 2020. The service tax and interest thereon in respect of these matters have been provided for in earlier years based on Holding Company's assessment. However, given the facts of these cases, legal precedents, and general opinion, the penalty indicated in these orders aggregating Rs 48.66 million is considered as a contingent liability as at March 31, 2020.

iii) The Group received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of Rs 606.82 million (including interest) under section 69A read with section 115BBF of the Income Tax Act, 1961. The Group has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the group is confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2020. The Group has deposited Rs 72.97 million against such demand in the process of filing the aforesaid appeal.

iv) It is not practicable for the Group to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

b. Guarantees excluding financial guarantees

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Bank Guarantee towards Initial Public Offer (Deposit with the National Stock Exchange of India Limited) | 90.09 | 0.00 |
| Total | 90.09 | 0.00 |

34: Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement.

Valuation framework

The Group will assess the fair values for assets qualifying for fair valuation.

The Group's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources.
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

1. Fair values of investments held under FVTPL have been determined under level 1 using quoted Net Asset Value of the underlying instruments.
2. Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and selling the loans are measured at FVOCI. The fair value of these loans has been determined under level 2.

Refer Note 34.1 for further details.

34.1: Fair Value Hierarchy of assets and liabilities

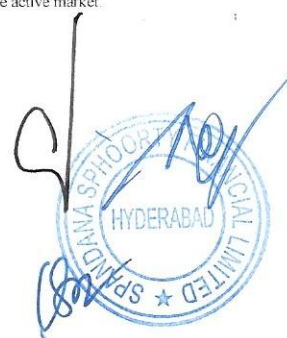
Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

Level 3 - If one or more of the significant inputs is not based on observable market data (unobservable), the instrument is included in level 3.



The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure is required) -

I. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31, 2020:

Assets measured at fair value on a recurring basis

| Financial Assets (Assets measured at fair value) | Fair value | | | |
|---|-----------------|------------------|-------------|------------------|
| | Level -1 | Level - 2 | Level-3 | Total |
| Loans (measured at FVOCI) | - | 46,844.86 | - | 46,844.86 |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 | 1.00 |
| Investments in liquid / debt mutual funds (measured at FVTPL) | 4,873.62 | - | - | 4,873.62 |
| Total | 4,873.62 | 46,844.86 | 1.00 | 51,719.48 |

II. The following table shows an analysis of financial instruments that are not carried at fair value by level of the fair value hierarchy as at March 31, 2020:

| Fair value of financial assets measured at amortised cost | Amortized cost | Fair value | | | |
|---|-----------------|------------|-----------------|---------|-----------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Loans | 1,679.09 | - | 1,686.84 | - | 1,686.84 |
| Total | 1,679.09 | - | 1,686.84 | - | 1,686.84 |

| Fair value of financial liabilities measured at amortised cost | Amortized cost | Fair value | | | |
|--|------------------|------------|------------------|---------|------------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Debt securities | 7,776.28 | - | 7,822.56 | - | 7,822.56 |
| Borrowings (other than debt securities) | 22,273.34 | - | 22,360.81 | - | 22,360.81 |
| Subordinated liabilities | 203.28 | - | 239.71 | - | 239.71 |
| Total | 30,252.90 | - | 30,423.08 | - | 30,423.08 |

III. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31, 2019:

Assets measured at fair value on a recurring basis

| Financial Assets (Assets measured at fair value) | Fair value | | | |
|---|------------|------------------|-------------|------------------|
| | Level -1 | Level - 2 | Level-3 | Total |
| Loans (measured at FVOCI) | - | 41,653.89 | - | 41,653.89 |
| Investments in equity shares (measured at FVTPL) | - | - | 1.00 | 1.00 |
| Total | - | 41,653.89 | 1.00 | 41,654.89 |

IV. The following table shows an analysis of financial instruments that are not carried at fair value by level of the fair value hierarchy as at March 31, 2019:

| Fair value of financial assets measured at amortised cost | Amortized cost | Fair value | | | |
|---|-----------------|------------|-----------------|---------|-----------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Loans | 1,023.70 | - | 1,033.85 | - | 1,033.85 |
| Total | 1,023.70 | - | 1,033.85 | - | 1,033.85 |

| Fair value of financial liabilities measured at amortised cost | Amortized cost | Fair value | | | |
|--|------------------|------------|------------------|---------|------------------|
| | | Level -1 | Level - 2 | Level-3 | Total |
| Debt securities | 13,719.64 | - | 13,856.50 | - | 13,856.50 |
| Borrowings (other than debt securities) | 15,754.79 | - | 15,787.19 | - | 15,787.19 |
| Subordinated liabilities | 202.94 | - | 230.18 | - | 230.18 |
| Total | 29,677.37 | - | 29,873.87 | - | 29,873.87 |

The management assessed that carrying value of financial assets (except loan and investments) and financial liabilities (except debt securities, borrowings (other than debt securities) and subordinated liabilities) approximate their fair value largely due to short term maturities of these instruments.

Assets categorized under Level 3 as on March 31, 2020 are Rs 1 million (As on March 31, 2019 Rs 1 Million)

Valuation technique used

Assets measured at fair value on a recurring basis

For Loans

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fairvalue of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

For Investment in Equity Instruments

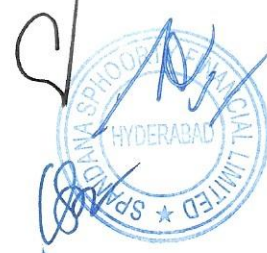
For Investments in equity instruments and liquid/debt mutual funds, the company has assessed the carrying value as an approximation of the fair value.

Financial liabilities measured at amortised cost

For Borrowing

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2020 and March 31, 2019.



35: Capital Management

The Group's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Group has a board approved policy on resource planning which states that the resource planning of the Group shall be based on its Asset Liability Matching (ALM) requirement. The policy of the Group on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

Regulatory Capital

Spandana Spahoorty Financial Limited. (Parent Company)

(Rupees in millions unless otherwise stated)

| Particulars | March 31, 2020 | March 31, 2019 |
|----------------------|----------------|----------------|
| Tier I Capital | 24,265.62 | 16,842.07 |
| Tier II Capital | 90.44 | 455.02 |
| Total Capital | 24,356.06 | 17,297.09 |
| Risk weighted assets | 51,338.58 | 43,670.96 |
| Tier I CRAR | 47.27% | 38.57% |
| Tier II CRAR | 0.18% | 1.04% |
| Total CRAR | 47.44% | 39.61% |

Criss Financial Holdings Limited. (Subsidiary Company)

| Particulars | March 31, 2020 | March 31, 2019 |
|----------------------|----------------|----------------|
| Tier I Capital | 6,226.02 | 4,885.68 |
| Tier II Capital | 67.16 | 14.84 |
| Total Capital | 6,293.18 | 4,900.52 |
| Risk weighted assets | 17,970.44 | 10,246.85 |
| Tier I CRAR | 34.65% | 47.68% |
| Tier II CRAR | 0.37% | 0.14% |
| Total CRAR | 35.02% | 47.82% |

CRAR is computed in line with RBI notification dated 13 March 2020 w.r.t implementation of Indian Accounting Standards and accordingly not comparable with CRAR as at 31st March 2019.

36: Employee Benefit Plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs 2,000,000 as per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

Movement in defined benefit obligations

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Defined benefit obligation as at the beginning of the year | 27.80 | 21.87 |
| Current service cost | 10.15 | 3.72 |
| Interest on defined benefit obligation | 1.96 | 1.63 |
| Remeasurements- Actuarial (gain)/ Loss on total liabilities | 14.07 | 3.62 |
| Benefits paid | (3.51) | (3.04) |
| Defined benefit obligation as at the end of the year | 50.47 | 27.80 |

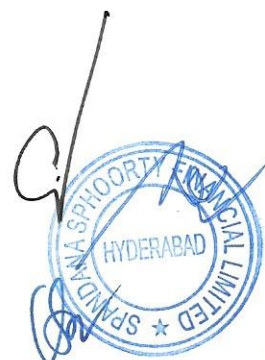
Movement in plan assets

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Fair value of plan assets as at the beginning of the year | 24.21 | 17.75 |
| Actual return on plan assets | (1.73) | 2.00 |
| Actuarial gains | - | - |
| Employer contributions | 3.52 | 7.50 |
| Benefits paid | (3.51) | (3.04) |
| Fair value of plan assets as at the end of the year | 22.49 | 24.21 |

The Holding Company expects to contribute Nil (march 31, 2019 Rs. 3.40 millions) to gratuity in the next financial year.

Reconciliation of net liability/ asset

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Net defined benefit liability/ (asset) as at the beginning of the year | 3.59 | 4.12 |
| Expense charged to statement of profit & loss | 10.41 | 4.03 |
| Amount recognised in other comprehensive income | 17.52 | 2.94 |
| Employer contributions | (3.52) | (7.50) |
| Net defined benefit liability/ (asset) as at the end of the year | 28.00 | 3.59 |



Balance Sheet

Amount recognised in balance sheet

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Present value of obligations | 50.48 | 27.80 |
| Fair value on plan assets | 22.48 | 24.21 |
| Net defined benefit liability recognised in balance sheet | 28.00 | 3.59 |

Expenses charged to the statement of profit and loss

| Particulars | March 31, 2020 | March 31, 2019 |
|----------------------|----------------|----------------|
| Current service cost | 10.15 | 3.72 |
| Interest Cost | 0.25 | 0.31 |
| Total | 10.40 | 4.03 |

Remeasurement gains/(losses) in the other comprehensive income

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Actuarial Gain / (Loss) on Liabilities | | |
| -due to change in financial assumptions | (1.97) | (0.26) |
| -due to change in demographic assumptions | - | - |
| -due to experience variance | (12.10) | (3.36) |
| Total -A | (14.07) | (3.62) |
| Actuarial Gain / (Loss) on assets | | |
| -Expected Interest Income | 1.71 | 1.32 |
| -Actual Income on Plan Asset | (1.73) | 2.00 |
| Total -B | (3.44) | 0.68 |
| Amount recognised under Other Comprehensive Income (A+B) | (17.51) | (2.94) |

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Category of Assets | March 31, 2020 | March 31, 2019 |
|-------------------------|----------------|----------------|
| Fund managed by Insurer | 100% | 100% |
| Total | 100% | 100% |

Summary of Actuarial Assumptions

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Discount rate | 5.66% - 6.23% | 7.05% - 7.48% |
| Expected return on plan assets | 7.05% | 7.44% |
| Rate of Increase in compensation levels | 5.00% - 10.00% | 5.00% - 10.00% |
| Retirement age (years) | 58 | 58 |
| Weighted average duration of defined benefit obligation | 5 - 10 Years | 5 - 10 Years |

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

| Particulars | March 31, 2020 | March 31, 2019 |
|------------------------|----------------|----------------|
| Discount rate (+0.5%) | (0.73) | (0.33) |
| Discount rate (-0.5%) | 0.76 | 0.35 |
| Salary Inflation (+1%) | 1.43 | 0.64 |
| Salary Inflation (-1%) | (1.36) | (0.62) |
| Withdrawal Rate (+5%) | (3.23) | (0.89) |
| Withdrawal Rate (-5%) | 4.06 | 1.09 |

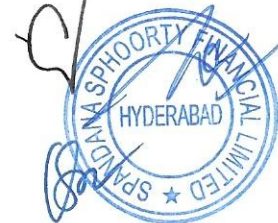
Projected plan cash flow

| Particulars | March 31, 2020 | March 31, 2019 |
|--------------|----------------|----------------|
| Year 1 | 10.75 | 7.30 |
| Year 2 | 8.93 | 5.82 |
| Year 3 | 7.84 | 4.63 |
| Year 4 | 7.32 | 3.80 |
| Year 5 | 6.56 | 3.15 |
| After year 5 | 19.69 | 9.33 |

Discount rate: The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.



37: Leases

Holding Company as a lessee

The Holding Company's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch offices). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreements carries non-cancellable lease periods. The head office premises have been obtained on a lease term of nine to eleven years with an escalation clause of fifteen percent at a three years interval. There are no sub-leases. Lease rentals of Rs. 18.11 million pertaining to short-term leases and low value assets has been directly debited to statement of profit and loss.

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Operating lease payments recognized in the Statement of Profit & Loss | 18.11 | 36.66 |

Minimum lease obligations

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Not later than one year | 3.85 | 6.61 |
| Later than one year and not later than five years | - | 3.85 |
| Later than five years | - | - |

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

| Particulars | ROU assets | Total |
|----------------------|------------|--------|
| As at April 1, 2018 | - | - |
| Addition | - | - |
| Depreciation | - | - |
| As at March 31, 2019 | - | - |
| Addition | 114.27 | 114.27 |
| Depreciation | 26.69 | 26.69 |
| As at March 31, 2020 | 87.58 | 87.58 |

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period.

| Particulars | Amount |
|-----------------------|--------|
| As at April 1, 2018 | - |
| Addition | - |
| Accretion of interest | - |
| Payments | - |
| As at March 31, 2019 | - |
| Addition | 114.27 |
| Accretion of interest | 14.37 |
| Payments | 15.42 |
| As at March 31, 2020 | 113.22 |

The Maturity analysis of lease liabilities as at March 31, 2020

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|--------|
| Lease Liabilities | 0.09 | 0.09 | 0.09 | 0.51 | 1.73 | 8.48 | 15.46 | 86.75 | 113.22 |

The following are the amounts recognised in statement of profit or loss:

| Particulars | As at March 31, 2020 |
|--|----------------------|
| Depreciation expense of right-of-use assets | 26.69 |
| Interest expense on lease liabilities | 14.37 |
| Expense relating to short-term leases | 18.11 |
| Expense relating to leases of low-value assets | - |
| Variable lease payments | - |
| Total amount recognised in profit or loss | 59.17 |

The Holding Company had total cash outflows for leases of Rs. 15.41 million in FY 2020. The Holding Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 114.27 million in FY 2020.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

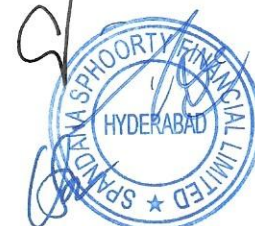
| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|--------|
| Lease Liabilities | 1.29 | 1.29 | 1.29 | 4.08 | 8.79 | 35.47 | 39.62 | 122.85 | 214.67 |

Effective April 01, 2019 the Holding Company has adopted Ind AS 116 'Leases' and applied it to all lease contracts existing on April 01, 2019 using the 'Modified Retrospective Approach'. Based on the same and as permitted under the specific transitional provisions in the standard, the Holding Company has not restated the comparative figures. On transition, the adoption of the new standard has resulted in recognition of right-to-use asset and a corresponding lease liability of Rs. 114.27 million. The effect of this adoption is not material to the profit for the year and earnings per share.

38: Amount payable to micro small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

As at March 31, 2020 & March 31, 2019, no supplier has intimated the Group about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.



39: Risk Management and financial objectives

Risk is an integral part of the Group's business and sound risk management is critical to the success. As a financial intermediary, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Group has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Group has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

39.1 Credit Risk

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area, income and market potential; socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Group is a rural focused NBFC with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing micro-loans in Rural Areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Group creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The criteria of default, significant increase in credit risk and stage assessment is mentioned in note 3(c) of the significant accounting policies. The below discussion describes the Company's approach for assessing impairment.

A) Probability of default (PD)

Old AP Portfolio

Considering that the old AP portfolio has already defaulted, there is no further requirement to estimate any probability of default. Accordingly, the Parent Company is carrying a 100% loss reserve against the Old AP portfolio.

New portfolio

The Group determines PD on a collective basis by stratifying the entire portfolio into meaningful categories as discussed below.

The Group uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the Group bifurcates the entire portfolio into different states. Further the Group performs analysis of its defaults in various states over different observation periods. Such observation time frame varies depending upon the type of underlying assets analysed by the Group i.e., for Stage II, timeframe used is more than 1 year.

In determining the above PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Group determines PD for each state depending upon the underlying classification of asset (i.e. Stage I or Stage II).

A. Summary of PD rates determined by the Group for its portfolio are as follows:

| State | Parent Company | | | | Subsidiary Company (Criss Financial Holdings Limited) | | | |
|----------------|----------------|-------------|----------------|-----------|---|----------|----------------|----------|
| | March 31, 2019 | | March 31, 2020 | | March 31, 2019 | | March 31, 2020 | |
| | Stage-I | Stage-II | Stage-I | Stage-II | Stage-I | Stage-II | Stage-I | Stage-II |
| Madhya Pradesh | 0.42% | 70.88% | 1.33% | 87.27% | - | - | - | - |
| Orissa | 0.14% | 80.30% | 0.73% | 91.50% | - | - | - | - |
| Karnataka | 0.28% | 43.66% | 1.11% | 75.88% | - | - | - | - |
| Maharashtra | 0.48% | 78.70% | 0.79% | 85.00% | - | - | - | - |
| Chhattisgarh | 0.33% | 84.86% | 0.94% | 82.76% | - | - | - | - |
| Jharkhand | 0.37% | 79.13% | 1.13% | 93.11% | - | - | - | - |
| Kerala | 1.65% | 72.29% | 2.36% | 42.20% | - | - | - | - |
| Andhra Pradesh | 1.55% | 56.90% | 0.13% | 56.34% | 0.01% | 0.00% | 0.03% | 61.61% |
| Gujarat | 0.67% | 82.30% | 1.53% | 88.00% | - | - | - | - |
| Bihar | 0.02% | 0.00% | 0.16% | 91.50% | - | - | - | - |
| Rajasthan | 0.00% | 0.00% | 0.10% | 100.00% | - | - | - | - |
| Others | 0% - 7.73% | 0% - 78.04% | 0% - 4.88% | 0% - 100% | 0.02% | 20.54% | 0.03% | 35.94% |

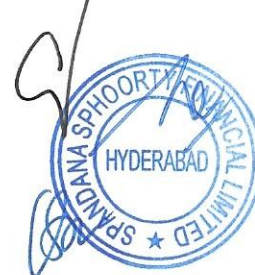
For stage-III portfolio the PD rate is 100 %

B) Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued loans as at reporting date. Such outstanding balances as at the reporting date is considered as EAD by the Group. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

C) Loss given default

The Group determines its expectation of lifetime loss by estimating recoveries towards its entire loan portfolio at state level through analysis of historical information. The Group determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Group has assessed that significant recoveries happen in the year in which default has occurred. Accordingly, it believes no significant difference arise from discounting such recoveries for determining ultimate loss rates. In estimating LGD, the group reviews macro-economic developments taking place in the economy.



A summary of LGD rates determined by the Group are given below:

| | Parent Company | | Subsidiary Company (Criss Financial Holdings Limited) | |
|----------------|----------------|----------------|---|----------------|
| State | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 |
| Madhya Pradesh | 92.20% | 88.90% | - | - |
| Orissa | 83.12% | 89.25% | - | - |
| Karnataka | 93.64% | 82.90% | - | - |
| Maharashtra | 95.79% | 84.10% | - | - |
| Chhattisgarh | 93.07% | 94.63% | - | - |
| Jharkhand | 77.90% | 83.49% | - | - |
| Kerala | 77.70% | 80.64% | - | - |
| Andhra Pradesh | 91.49% | 90.31% | 100.00% | - |
| Gujarat | 90.39% | 84.86% | - | - |
| Bihar | 0.00% | 44.53% | - | - |
| Rajasthan | 0.00% | 44.53% | - | - |
| Others | 0% -92.66% | 0% -98.91% | 58.24% | 5.86% |

Analysis of concentration risk of Group is as follows -

| | Parent Company | | Subsidiary Company (Criss Financial Holdings Limited) | |
|----------------|----------------|----------------|---|----------------|
| States | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 |
| Madhya Pradesh | 21.33% | 17.48% | - | - |
| Orissa | 20.05% | 17.69% | - | - |
| Karnataka | 13.36% | 12.93% | - | - |
| Maharashtra | 11.49% | 13.26% | - | - |
| Chhattisgarh | 9.08% | 8.28% | - | - |
| Jharkhand | 5.18% | 4.72% | - | - |
| Kerala | 4.57% | 4.64% | - | - |
| Andhra Pradesh | 4.45% | 6.95% | 88.88% | 99.90% |
| Gujarat | 2.99% | 2.96% | - | - |
| Bihar | 2.63% | 4.76% | - | - |
| Rajasthan | 2.24% | 3.71% | - | - |
| Telangana | 0.43% | 0.56% | 11.12% | 0.10% |
| Others | 2.20% | 2.04% | - | - |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |

Collateral and other credit enhancement

The Group's secured portfolio includes loans against security of Gold and property (including land and building). Although collateral is an important mitigant credit risk, the Group's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of the product and the Group's assessment of the customer's credit risk, a loan may be offered with suitable collateral.

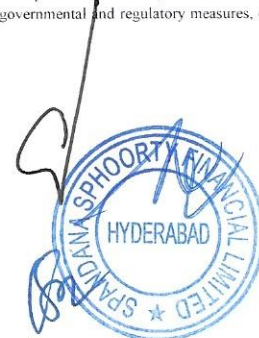
39.1.a Inter-corporate advance given by the Company to related parties are repayable on demand and governed by Company's policy on demand loans approved by the board of directors. Such policy requires credit appraisal of the financial and operational performance of the counter parties, to be performed by the Company before renewing/rolling over of the advance.

39.1.b Credit Risk due to Covid-19 Pandemic

The Novel Coronavirus (COVID-19) pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility in global and Indian markets, and a significant decrease in economic activity. On March 24, 2020, the Government of India announced a nation-wide lockdown till April 14, 2020, which was extended till May 31, 2020 through subsequent announcements, to contain the spread of the virus. This has led to significant disruptions and dislocations for individuals and businesses, impacting Group's regular operations including lending and collection activities due to inability of employees to physically reach borrowers which has consequently impacted the carrying value of the financial assets, financial position and performance of the Group.

Further, pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of installments falling due between March 1, 2020 and August 31, 2020, the Group has extended/ will be extending moratorium to its borrowers in accordance with its Board approved policy.

In management's view, providing moratorium to borrowers at a mass scale based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. Accordingly, considering the unique and widespread impact of COVID-19 pandemic, the Group has estimated and recorded a management overlay allowance in its provision for expected credit loss, based on information available at this point in time to reflect, among other things, the deterioration in the macro-economic factors. Given the dynamic nature of the pandemic situation, these estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic and the actual impact of the pandemic, including governmental and regulatory measures, on the business and financial metrics of the Group (including credit losses) could be different from that estimated by the Group.



39.2 Liquidity Risk

Liquidity risk refers to the risk that the Group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Group has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Group has an asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The tables below provide details regarding the contractual maturities of significant financial assets and liabilities as on -

Maturity pattern of assets and liabilities as on March 31, 2020:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|-----------|
| Borrowings* | 2,658.83 | 1,547.25 | 2,188.27 | 7,823.89 | 10,778.45 | 7,353.53 | 238.22 | - | 32,588.44 |
| Other Financial Liabilities | 2,023.34 | 0.09 | 0.09 | 0.51 | 137.16 | 8.48 | 15.46 | 86.75 | 2,271.90 |
| Loans** | - | - | 4,733.86 | 11,503.84 | 18,663.13 | 24,390.61 | 291.28 | 171.60 | 59,754.32 |
| Other Financial Assets | 4,884.84 | 1,582.06 | 307.44 | 505.62 | 2,285.67 | 765.88 | 243.11 | - | 10,574.61 |

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

** As per the Covid-19 regulatory package announced by RBI to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic vide Circular No RBI/2019-20/186 & DOR No BP BC 47/21 04 048/2019-20, the Group has extended moratorium to its borrowers whose loans were standard as on March 01, 2020, for the period April 01, 2020 to May 31, 2020. Hence, the repayment schedule for such loans as also the residual tenor, is shifted across the board by two months. Further, the same moratorium has been availed by the Holding company towards payments under securitization arrangement.

Maturity pattern of assets and liabilities as on March 31, 2019:

| Particulars | Upto 1 month | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
|-----------------------------|--------------|---------------|---------------|---------------|--------------------|--------------|--------------|--------------|-----------|
| Borrowings* | 2,041.39 | 3,896.11 | 2,383.92 | 7,620.43 | 7,519.38 | 8,708.32 | 55.15 | 213.07 | 32,437.77 |
| Other Financial Liabilities | 442.48 | - | - | 2.39 | - | - | - | - | 444.87 |
| Loans | 5,063.01 | 4,692.35 | 3,675.27 | 11,155.60 | 14,797.08 | 9,177.43 | 204.79 | 5.82 | 48,771.35 |
| Other Financial Assets | 1,813.13 | 91.72 | 83.18 | 364.00 | 573.67 | 1,231.43 | 0.81 | 1.00 | 4,158.94 |

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

Maturity Analysis of assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered and settled.

| | March 31, 2020 | | | March 31, 2019 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| ASSETS | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 596.31 | - | 596.31 | 1,486.12 | - | 1,486.12 |
| Bank balances other than cash and cash equivalents | 1,082.66 | 892.39 | 1,975.05 | 1,551.02 | 480.84 | 2,031.86 |
| Trade receivables | 223.68 | - | 223.68 | 35.49 | - | 35.49 |
| Loans | 27,179.21 | 21,344.74 | 48,523.95 | 34,036.51 | 8,641.08 | 42,677.59 |
| Investments | 4,873.62 | 1.00 | 4,874.62 | - | 1.00 | 1.00 |
| Other financial assets | 2,788.98 | 115.99 | 2,904.96 | 582.47 | 22.00 | 604.47 |
| Subtotal - Total financial assets | 36,744.46 | 22,354.12 | 59,098.58 | 37,691.60 | 9,144.92 | 46,836.53 |
| Non-financial assets | | | | | | |
| Current tax assets (net) | 153.13 | - | 153.13 | 83.37 | - | 83.37 |
| Deferred tax assets (net) | - | 70.32 | 70.32 | - | 1,999.79 | 1,999.79 |
| Property, plant and equipment | - | 152.28 | 152.28 | - | 71.74 | 71.74 |
| Intangible assets | - | 13.31 | 13.31 | - | 22.21 | 22.21 |
| Goodwill | - | 173.74 | 173.74 | - | 173.74 | 173.74 |
| Other non-financial assets | 112.43 | - | 112.43 | 129.69 | - | 129.69 |
| Subtotal - Total non-financial assets | 265.56 | 409.65 | 675.21 | 213.06 | 2,267.48 | 2,480.54 |
| Total assets | 37,010.01 | 22,763.77 | 59,773.79 | 37,904.67 | 11,412.40 | 49,317.07 |
| LIABILITIES AND EQUITY | | | | | | |
| LIABILITIES | | | | | | |
| Financial liabilities | | | | | | |
| Debt securities | 7,268.62 | 507.66 | 7,776.28 | 10,891.74 | 2,827.90 | 13,719.64 |
| Borrowings (other than debt securities) | 16,064.98 | 6,208.36 | 22,273.34 | 10,525.49 | 5,229.30 | 15,754.79 |
| Subordinated liabilities | 3.92 | 199.36 | 203.28 | 3.73 | 199.21 | 202.94 |
| Other financial liabilities | 2,161.20 | 110.70 | 2,271.90 | 444.85 | - | 444.85 |
| Subtotal - Total financial liabilities | 25,498.72 | 7,026.08 | 32,524.80 | 21,865.81 | 8,256.41 | 30,122.22 |
| Non-financial liabilities | | | | | | |
| Current tax liabilities (net) | 647.07 | - | 647.07 | 62.83 | - | 62.83 |
| Provisions | 28.00 | - | 28.00 | 3.59 | - | 3.59 |
| Other non-financial liabilities | 301.45 | - | 301.45 | 224.85 | - | 224.85 |
| Subtotal - Total non-financial liabilities | 976.52 | - | 976.52 | 291.27 | - | 291.27 |
| Total Liabilities | 26,475.23 | 7,026.08 | 33,501.31 | 22,157.07 | 8,256.41 | 30,413.48 |
| Net | 10,534.78 | 15,737.68 | 26,272.46 | 15,747.60 | 3,155.99 | 18,903.58 |



39.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Group is exposed to two types of market risks as follows:

39.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Group has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

| | March 31, 2020 | March 31, 2019 |
|---------------------|----------------|----------------|
| Finance Cost | | |
| 0.50 % Increase | (22.44) | (16.79) |
| 0.50 % Decrease | 22.44 | 16.79 |

39.3b Price Risk

The Parent Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The Parent Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

40: Transfer of Financial assets

a. Securitization Transaction:

During the current and previous year, the Parent Company has entered into securitisation arrangement with various parties. Under such arrangement, the Parent Company has transferred a pool of loan portfolio, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Parent Company has concluded that risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the Parent Company's involvement in these assets is as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties

The value of Financial assets and liabilities as on :-

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Carrying amount of assets | 4,915.87 | 6,638.38 |
| Carrying amount of associated liabilities | 5,398.17 | 7,719.66 |
| Fair value of assets | 4,987.94 | 6,727.73 |
| Fair value of associated liabilities | 5,415.69 | 7,804.93 |

The excess of fair value of associated liabilities over fair value of assets is Rs. 427.75 millions (PY: Rs. 1077.20 millions)

b. Assignment Transaction:

During the year ended March 31, 2020, the Parent Company has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset

| Particulars | For the year ended 31st Mar 2020 | For the year ended 31st Mar 2019 |
|--|-------------------------------------|-------------------------------------|
| Carrying amount of derecognised financial assets | 19,155.84 | 1,403.81 |
| Gain/(loss) from derecognition | 2,139.27 | 156.13 |

Since the Parent Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

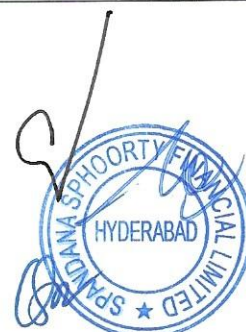
41: Employee Stock Option Plan (ESOP)

The Group has provided various equity settled share based payment schemes to its employees. The details are ESOP scheme are as follows.

| Particulars | Grant | Number of Options granted | Vesting Period(In years) | Vesting Conditions |
|------------------|-----------|------------------------------|------------------------------|---|
| ESOP Scheme 2018 | Grant I | 338,854 | 5 | 20% vests every year subject to continuance of services |
| | Grant II | 817,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant III | 13,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant IV | 90,500 | 5 | 20% vests every year subject to continuance of services |
| | Grant V | 336,500 | 4 | 30%, 30%, 20% and 20% vests every year subject to continuance of services |
| | Grant VI | 36,500 | 5 | 20% vests every year subject to continuance of services |

Exercise period for all the above schemes is 9 years from the date of grant of the options.

The expense recognised for employee services received during the year is Rs 41.64 million.



a. The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2020

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI |
|---|--|-----------|-----------|-----------|-----------|----------|
| Date of Grant | 13-Aug-18 | 13-Aug-18 | 7-Feb-19 | 28-Jan-20 | 28-Jan-20 | 3-Mar-20 |
| Date of Board / Compensation / Committee Approval | 13-Aug-18 | 13-Aug-18 | 7-Feb-19 | 28-Jan-20 | 28-Jan-20 | 3-Mar-20 |
| Number of Options Granted | 338,854 | 817,500 | 13,500 | 90,500 | 336,500 | 36,500 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity |
| Graded Vesting Period | | | | | | |
| Day following the expiry of 12 months from grant | 20% | 30% | 30% | 20% | 30% | 20% |
| Day following the expiry of 24 months from grant | 20% | 30% | 30% | 20% | 30% | 20% |
| Day following the expiry of 36 months from grant | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 48 months from grant | 20% | 20% | 20% | 20% | 20% | 20% |
| Day following the expiry of 60 months from grant | 20% | NA | NA | 20% | NA | 20% |
| Exercise Period | 9 Years from the date of grant | | | | | |
| Vesting conditions | Employee must be in service at the time of vesting | | | | | |
| Weighted average of remaining contractual Life in Years | | | | | | |
| Year I | 0.00 | 7.37 | 7.85 | 8.83 | 8.83 | 8.92 |
| Year II | 7.37 | 7.37 | 7.85 | 8.83 | 8.83 | 8.92 |
| Year III | 7.37 | 7.37 | 7.85 | 8.83 | 8.83 | 8.92 |
| Year IV | 7.37 | 7.37 | 7.85 | 8.83 | 8.83 | 8.92 |
| Year V | 7.37 | NA | NA | 8.83 | NA | 8.92 |

b. The details of activity under ESOP Scheme 2018 Plan with an exercise price for the year ended March 31, 2020 have been summarised as below:

| Particulars | Grant I | Grant II | Grant III | Grant IV | Grant V | Grant VI |
|--|---------|----------|-----------|----------|----------|----------|
| Exercise Price per Share | 263.35 | 263.35 | 263.35 | 1,077.37 | 1,077.37 | 1,091.58 |
| Number of options Outstanding at the beginning of the year | 162,000 | 689,000 | 7,500 | - | - | - |
| Number of options Granted during the year | - | - | - | 90,500 | 336,500 | 36,500 |
| Number of Options Exercised during the year | 20,925 | 117,490 | - | - | - | - |
| Number of Options Lapsed during the year | 49,875 | 150,160 | 1,500 | - | 15,000 | - |
| Outstanding at the end of the year * | 91,200 | 421,350 | 6,000 | 90,500 | 321,500 | 36,500 |

c. Details of Stock Options granted during the year

The weighted fair value of stock option granted during the year was Rs 445.09 for Grant IV, Rs 429.05 for Grant V, Rs 477.69 for Grant VI. The Black -Scholes Model has been used for computing the weighted average fair value considering the following:

| Grant -IV | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 1045.5 | 1045.5 | 1045.5 | 1045.5 | 1045.5 |
| Exercise Price | 1077.37 | 1077.37 | 1077.37 | 1077.37 | 1077.37 |
| Expected Volatility(%) | 26.80% | 26.80% | 26.80% | 26.80% | 26.80% |
| Life of the options granted in year | 5.5 | 6.0 | 6.5 | 7.0 | 7.5 |
| Risk Free Interest Rate(%) | 6.58% | 6.58% | 6.83% | 6.83% | 6.83% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 398.00 | 420.29 | 448.50 | 469.31 | 489.35 |

| Grant -V | Tranche I | Tranche II | Tranche III | Tranche IV |
|-------------------------------------|-----------|------------|-------------|------------|
| Share price on the date of Grant | 1045.5 | 1045.5 | 1045.5 | 1045.5 |
| Exercise Price | 1077.37 | 1077.37 | 1077.37 | 1077.37 |
| Expected Volatility(%) | 26.80% | 26.80% | 26.80% | 26.80% |
| Life of the options granted in year | 5.5 | 6.0 | 6.5 | 7.0 |
| Risk Free Interest Rate(%) | 6.58% | 6.58% | 6.83% | 6.83% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 398.00 | 420.29 | 448.50 | 469.31 |

| Grant -VI | Tranche I | Tranche II | Tranche III | Tranche IV | Tranche V |
|-------------------------------------|-----------|------------|-------------|------------|-----------|
| Share price on the date of Grant | 1082.35 | 1082.35 | 1082.35 | 1082.35 | 1082.35 |
| Exercise Price | 1091.58 | 1091.58 | 1091.58 | 1091.58 | 1091.58 |
| Expected Volatility(%) | 29.25% | 29.25% | 29.25% | 29.25% | 29.25% |
| Life of the options granted in year | 5.5 | 6.0 | 6.5 | 7.0 | 7.5 |
| Risk Free Interest Rate(%) | 6.21% | 6.21% | 6.47% | 6.47% | 6.53% |
| Expected dividend rate(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fair Value of the option | 430.06 | 452.50 | 480.76 | 501.72 | 523.42 |

42: Disclosure of investing and financing transactions that do not require the use of cash and cash equivalents

For the year ended March 31, 2020

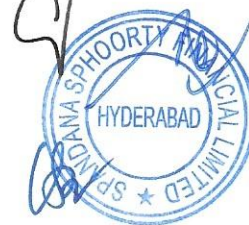
| Name of instrument | Opening Balance | Converted into equity share capital* | Premium added on issue of ESOP's | Cash Flows | Closing Balance |
|------------------------|------------------|--------------------------------------|----------------------------------|-----------------|------------------|
| Equity Share capital** | 11,808.64 | - | 18.72 | 3,925.59 | 15,752.95 |
| Total Borrowings | 29,677.37 | - | - | 575.53 | 30,252.90 |
| Total | 41,486.01 | - | 18.72 | 4,501.12 | 46,005.85 |

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital and premium amount added on issue of ESOP's

For the year ended March 31, 2019

| Name of instrument | Opening Balance | Converted into equity share capital* | Premium added on conversion of preference shares into equity shares | Cash Flows | Closing Balance |
|------------------------|------------------|--------------------------------------|---|-----------------|------------------|
| CCPS Class A | 2,350.00 | (2,350.00) | - | - | - |
| CCPS Class B | 7,910.08 | (7,910.08) | - | - | - |
| CCPS Class A1 | 1,192.13 | (1,192.13) | - | - | - |
| Share Warrants | 14.89 | (14.89) | - | - | - |
| OCRPS (all series) | 0.10 | (22.70) | - | 22.61 | - |
| Equity Share capital** | 297.57 | 277.49 | 11,212.30 | 21.28 | 11,808.64 |
| Total Borrowings | 23,313.77 | - | - | 6,363.60 | 29,677.37 |
| Total | 35,078.54 | (11,212.31) | 11,212.30 | 6,404.49 | 41,486.01 |

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital



43: Business Combinations

On December 27, 2018, the Group acquired 95.97% of the voting shares (2,837,135 shares) of Criss Financial Holdings Limited, a non-listed NBFC based in India for a purchase consideration of Rs. 375.24 million. Further, the Group has invested Rs. 250.00 million on December 28, 2018 in lieu of fresh issue of 1,890,217 equity of shares by Criss Financial Holdings Limited. Thereafter, Group holds 97.54% of the voting shares of Criss Financial Holdings Limited. Goodwill has been recorded since the Group considers equity interest in Criss Financial Holdings Limited as long term strategic business with no intention to liquidate in the near future.

Non Controlling Interest has been calculated based on the proportionate share in Fair value of Net Assets acquired.

Details of acquisition transaction

| Particulars | Amount | Amount |
|---|----------|---------------|
| Components of consideration paid | | |
| Cash | | 375.24 |
| Market value of asset acquired | | 1,518.64 |
| Cash and Cash Equivalents | 14.29 | |
| Bank Balances other than cash and cash equivalent | 21.64 | |
| Loan Portfolio (Note (i) below) | 1,475.01 | |
| Deferred Tax Assets (net) | 1.41 | |
| Property, Plant and Equipment | 1.17 | |
| Intangible Assets | 0.76 | |
| Other Non Financial Assets | 4.36 | |
| Market value of Liabilities acquired | | (1,308.69) |
| Borrowings (Other than Debt Securities) | 1,125.15 | |
| Subordinated Liabilities | 118.68 | |
| Other Financial Liabilities | 14.45 | |
| Current Tax Liabilities (net) | 48.19 | |
| Provisions | 0.43 | |
| Other Non Financial liabilities | 1.79 | |
| Non Controlling Interest | | (8.46) |
| Goodwill (Note (ii) below) | | 173.74 |
| Total | | 375.24 |

a. The revenue and net profit of the acquiree since the date of acquisition included in the consolidated statement of Profit or loss for the FY 2018-19 are Rs. 88.39 million and Rs. 30.46 million respectively and consolidated revenue and net profit of the combined entity for FY 2018-19 are Rs. 10,485.29 million and Rs. 3,119.00 million respectively.

b. The revenue and net profit of the combined entity for the FY 2018-19 as though the acquisition date for the business combination that occurred during the year had been as of the beginning of the April 01, 2018 are Rs. 10,727.15 million and Rs. 3,226.47 million respectively.

Notes:

i. Loan portfolio

| Particulars | Amount |
|--|----------|
| Fair value of the loan portfolio | 1,475.01 |
| Gross contractual amounts receivable | 1,476.64 |
| The best estimate at the acquisition date of the contractual cash flows not expected to be collected | 1.63 |

ii. Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period. Based upon the assessment performed with respect to Parent Company's investment in Subsidiary, no adjustment on account of impairment is required to be effected to the carrying value of goodwill.

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Cost as at beginning of the year | 173.74 | - |
| Addition relating to acquisition of subsidiary | - | 173.74 |
| Cost as at end of the year | 173.74 | 173.74 |
| Impairment as at beginning of the year | - | - |
| Charges for the year | - | - |
| Impairment as at end of the year | - | - |
| Net carrying value as at beginning of the year | 173.74 | - |
| Net carrying value as at end of the year | 173.74 | 173.74 |

iii. The Group has considered the entire subsidiary as a cash generating unit for the purpose of testing impairment of goodwill. The recoverable amounts which exceed the carrying value has been determined based on value in use calculations taking into consideration the operating results, business plans and future cashflows of the subsidiary. Based upon the assessment performed with respect to the parent company's investment in subsidiary, no adjustment on account of impairment is required to be made to the carrying value of goodwill.

iv. Goodwill is not deductible for tax purposes.

44. Revenue from contracts with customers

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Type of services | | |
| Service fees for management of assigned portfolio of loans | 5.12 | 5.85 |
| Service and administration charges | - | - |
| Commission & other Income | 709.57 | 270.67 |
| Total | 714.69 | 276.53 |

Geographical markets

| Particulars | March 31, 2020 | March 31, 2019 |
|---------------|----------------|----------------|
| India | 714.69 | 276.53 |
| Outside India | - | - |
| Total | 714.69 | 276.53 |

Timing of revenue recognition

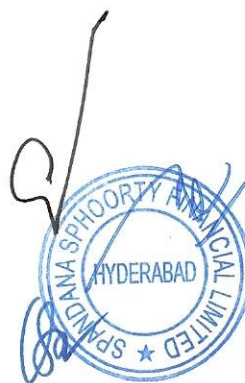
| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Services transferred at a point in time | 714.69 | 276.53 |
| Services transferred over time | - | - |
| Total | 714.69 | 276.53 |

Receivables

| Particulars | March 31, 2020 | March 31, 2019 |
|---------------------------|----------------|----------------|
| Commission & other Income | 221.37 | 29.52 |

Impairment allowance recognised on receivables is Nil (Previous year: Nil)

45. Previous year figures have been regrouped / rearranged wherever necessary to conform with current year's classification.



| 46: CSR Expenses | | |
|--|--------------|--------------|
| Particulars | 31-Mar-20 | 31-Mar-19 |
| a) Gross amount required to be spent by the Group during the year | 50.89 | 23.25 |
| b) Amount spent during the year on purposes other than construction/acquisition of any asset | 51.91 | 19.93 |
| Paid | 51.40 | 19.93 |
| Yet to be paid | 0.51 | 1.15 |
| Total | 51.91 | 21.08 |


47: The Group has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Group has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liability where applicable in the financial statements. Refer note 33(a) for details on tax litigations.

48: During the quarter ended March 31, 2020, the Holding Company has made an additional provision and write-off of Rs. 1,292.16 million towards COVID-19 and others.

49: The Group is in correspondence with Reserve Bank of India ("RBI") with respect to the pricing of credit guidelines prescribed under paragraph 56 of the Master Direction - Non-Banking Financial Group - Systemically Important Non-Deposit taking Group and Deposit taking Group (Reserve Bank) Directions, 2016, dated September 1, 2016, as amended ("Master Directions"). In respect of the observation made by the RBI in its inspection report, the Group believes, supported by an external legal opinions, that its interpretation is in compliance with aforesaid Master Directions and has accordingly not charged any excess interest. However, at RBI's directions, the Group has revised its interest rates prospectively effective February 26, 2020, while continuing to represent its views to RBI. Further, in these financial statements, the Group has adequately recognized the impact of aforesaid observation made by RBI.

50: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

As per our report of even date
for S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

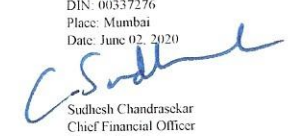

per Viren H. Mehta
Partner
Membership No.048749

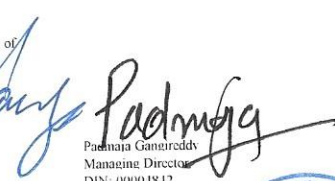



Place: Mumbai
Date: June 02, 2020

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited


Deepak Galian Vaidya
Chairman
DIN: 00337276
Place: Mumbai
Date: June 02, 2020


Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020


Padman Ganesreddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020


Rakesh Jhimharia
Company Secretary
Membership No. F8325
Place: Hyderabad
Date: June 02, 2020

