No: _____

Addressed to: _____

PLACEMENT MEMORANDUM

SPANDANA

SPANDANA SPHOORTY 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: December 29, 2022

Issue of 1,000 (One Thousand) Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore only) on a private placement basis 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**	N-09-00414

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	authority which regulates the Issuer (in this case 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

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14.	**Details of debenture trustee for the Issue:**	Name: **Catalyst Trusteeship Limited** Address: Windsor,6th Floor, Office No.604, C.S.T Road, Kalina, Santa Cruz (East), Mumbai 400098 Logo: Telephone Number: 022-49220555 Email address: ComplianceCTL-Mumbai@ctltrustee.com Contact person: Mr. Umesh Salvi
15.	**Details of credit rating agency for the Issue:**	Name: India Ratings and Research Private Limited Address: Wockhardt Towers, 4th floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai-400051. Logo: Telephone Number: 91 22 4000 1700 Email address: amit.rane@indiaratings.co.in Contact person: Mr.Amit Rane
16.	**Date of placement memorandum / Placement Memorandum**	December 29, 2022
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 1,000 (One Thousand) Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore 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**	Not applicable.

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	securities made through the shelf placement memorandum;	
20.	**Details of Registrar to the Issue:**	Name: **Kfin Technologies Limited (Formerly known as "*Kfin Technologies Limited*")** Address: Selenium Tower - B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Logo: KFINTECH Telephone Number: 1- 800-309-4001 Fax number: -- Website: https://www.kfintech.com Email address:einward.ris@kfintech.com
21.	**Issue Schedule**	Date of opening of the Issue: December 29, 2022 Date of closing of the Issue: December 29, 2022 Date of earliest closing of the Issue (if any): N.A. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.
22.	**Credit Rating of the Issue**	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 vide its letter dated December 23, 2022 and rating rationale dated December 20, 2022 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 December 23, 2022 and rating rationale dated December 20, 2022 from the Rating Agency assigning the credit rating abovementioned and the press release by the Rating Agency in this respect.
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 wholesale debt market of BSE Limited ("**BSE**").

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25.	**The details about 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, Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors registered with the Securities Exchange Board of India; B. NBFCs registered with RBI C. Provident Funds, Pension Funds, Gratuity and Superannuation Fund Trusts; D. Companies and Body Corporates E. Public Financial Institutions; F. Trusts (including public charitable trusts), Association of Persons, societies registered under the Applicable Law in India; G. Foreign Portfolio Investors (FPIs) other than individuals, corporate bodies and family offices; H. Insurance Companies registered with the Insurance Regulatory and Development Authority of India; I. Housing Finance Companies registered with the National Housing Bank (NHB)/ RBI; J. Partnership Firms and Limited Liability Partnership Firms; K. Resident Individual Investors and Hindu Undivided Families (excluding minors and NRIs) L. 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.
26.	**Coupon / dividend rate, coupon / dividend payment frequency, redemption date, redemption amount and details of**	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 (*Issue Details*) of this Placement Memorandum. The details of Debenture Trustee are provided under S. No. 14 above.

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	debenture trustee	
27.	**Nature and issue size, base issue and green shoe option, if any, shelf or tranche size, each as may be applicable**	Issue of 1,000 (One Thousand) Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore 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 electronic book mechanism and details pertaining to the uploading the placement memorandum on the Electronic Book Provider Platform, if applicable.**	This Issue, offer and subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI and BSE under the EBP Guidelines (as defined below) by placing bids on the EBP Platform during the period of the Issue. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines (as defined below) are set out hereinbelow:

Details of size of the Issue including green shoe option, if any	Rs. 100,00,00,000/- (Rupees One Hundred Crore only).
Bid opening and closing date	Bid opening date: December 29, 2022; and Bid closing date: December 29, 2022
Minimum Bid lot	10 (Ten) Debentures
Manner of bidding in the Issue	Closed Book Bidding
Manner of allotment in the Issue	The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.
Manner of settlement in the Issue	Pay-in of funds through Indian Clearing Corporation Limited and the account details are given in the Clause 8.9 (*Issue Procedure*) of this Placement Memorandum

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		Settlement cycle	T+1; where T refers to the date of bid opening date / issue opening date
		Please also refer to Section 8.9 (*Issue Procedure*) of this Placement Memorandum for the detailed process in respect of the subscription of an Issue.	

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 December 21, 2022 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.10,00,000/- (Rupees Ten Lakhs 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 suchopinions or intentions misleading.

Issue Schedule	
Issue Opening Date	December 29, 2022
Issue Closing Date	December 29, 2022
Pay In Date	December 30, 2022
Deemed Date of Allotment	December 30, 2022

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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, 2013 and shall include the rules, regulations, circulars and notifications issued thereunder and any other statutory amendment or re-enactment thereof.
Anti-Bribery and Corruption Laws	The Prevention of Corruption Act, 1988, the FCPA, the Indian Penal Code, 1860, the UK Bribery Act of 2010 or any similar laws, rules or regulations issued, administered or enforced by India, the United Kingdom, the United States of America, the European Union or any of its member states, or any other country or Governmental Authority having jurisdiction over the Company including all anti-bribery or anti-corruption laws and international conventions and other laws regarding bribery or commercial bribery, in each case, as amended and together with the rules and regulations issued thereunder or in connection therewith.
Anti-Money Laundering Law(s) and Anti-Terrorism Laws	All applicable financial record keeping and reporting requirements and money laundering statutes (including all applicable rules and regulations thereunder) and all applicable rules and regulations and any related or similar rules, regulations or guidelines: (a) issued, administered or enforced by any governmental agency having jurisdiction over the Company (or any of its officers, directors, employees, shareholders or agents, as the case may be) or otherwise issued, administered or enforced in each of the jurisdictions in which the Company is incorporated or domiciled (as the case may be); and/or (b) of all jurisdictions in which the Company (or any of its officers, directors, employees shareholders or agents) conducts business.
Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
Applicable Law	All applicable laws, bye-laws, rules, circulars, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions, judgments, decrees or other requirements or official directives of any Governmental Authority or Person acting under the authority of any Governmental Authority and/or of any statutory authority, and specifically including, the RBI, SEBI and/or of a stock exchange, whether in effect on the date of this Deed or thereafter, and including (without limitation), the NBFC Regulations.
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	Any day of the week (excluding Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act,

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	1881 (26 of 1881) on which banks are normally open for business in Mumbai, India.
CDSL	Central Depository Services (India) Limited
CERSAI	The Central Registry of Securitisation Asset Reconstruction and Security Interest.
Change of Control	The occurrence of one or more of the following events: (a) Kedaara Capital, ceases directly to: (i) own (i) unencumbered 40% (forty per cent.) of the fully paid up equity share capital of the Company on a fully diluted basis till 20th month from the Deemed Date of Allotment; and (ii) unencumbered 26% (twenty six per cent.) of the fully paid up equity share capital of the Company on a fully diluted basis after 20 months from the Deemed Date of Allotment; (ii) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or (iii) give directions with respect to operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply; (b) Kedaara Capital ceases to be a 'promoter' (as defined under the Companies Act) of the Company
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
Critical Majority Resolution	The resolution passed by the Meeting of the Debenture Holders or written instructions given, in each case by the majority representing not less than 90% (Ninety Percent) of the value of the nominal amount of the Debentures for the time being outstanding as more particularly defined in the Debenture Trust Deed.
Debentures / NCDs	1,000 (One Thousand) Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore 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 andeach 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). Sub-paragraphs (a) and (b) shall be deemed to include transferees of the Debentures registered with the Company and the Depository from time to time, and in the event of any inconsistency between sub-paragraph (a) and (b) above, sub paragraph (a) shall prevail.
Deemed Date of Allotment	December 30, 2022.

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Debenture Trustee	Catalyst Trusteeship Limited or such other Debenture Trustee appointed by the Company from time to time
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. A copy of the Debenture Trustee Agreement is annexed in Anexure VIII.
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, and the rules made thereunder, 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 outstanding Debt including on the Coupon Payment Dates/ Redemption Dates/Principal Payment Dates pursuant to Optional Accelerated Redemption (as applicable) or Put Option (if exercised) or upon acceleration pursuant to occurrence of any Event of Default.
EFT	Electronic Fund Transfer.
Eligible Investors	As specified in S.no 25 of Part A (*Disclosures*) above.
Financial Indebtedness	any indebtedness for or in respect of: (i) monies borrowed; (ii) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent; (iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IND AS, be treated as a finance or capital lease; (v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price

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	(and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (viii) shares which are expressed to be redeemable or any shares or instruments convertible into shares or any shares or other securities which are otherwise the subject of a put option or any form of guarantee; (ix) 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; (x) any amount of any liability under any advanced or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance; (xi) any obligation under any put option arrangement or guarantee or indemnity in respect of any put option where that put option or guarantee is granted or entered into primarily as a method of raising or assuring the payment or repayment of any indebtedness; (xii) any transactions or amounts treated as debt under generally accepted accounting standards in India and/or under Applicable Law; (xiii) the amount of any liability in respect of any guarantee or indemnity (without double counting) for any of the items referred to in paragraphs (i) to (xi) above; and (xiv) Notwithstanding the items in paragraphs (i) to (xiii) 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.
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 outstanding Debts 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 Optional Accelerated Redemption or 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	Any national, supranational, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any person, whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank).
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.

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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	December 29, 2022.
Issue Opening Date	December 29, 2022.
Issuer/ Company	Spandana Sphoorty Financial Limited.
Kedaara Capital	All the existing and past entities/funds managed by Kedaara Group but not limited to Kanhgchenjunga Limited and Kedaara Capital Fund III LLP.
Identified Loans	The rupee loan facilities advanced by the Company to the various Obligors on the terms and conditions set forth in the loan agreement(s) which shall be hypothecated to the Debenture Trustee in accordance with the terms set out in the Deed of Hypothecation, and "**Identified Loan**" shall mean each such individual loan facility.
Majority Resolution	The resolution passed by the Meeting of the Debenture Holders or written instructions given, in each case by the majority representing not less than 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding as more particularly defined in the Debenture Trust Deed;
Management Control	It shall, in relation to any entity, mean: (i) the right to appoint the majority of directors of such entity; and (ii) to control the management of such entity or policy decisions are exercisable by a person or persons acting individually or in concert, directly or indirectly, by virtue of their shareholding or management rights or shareholders agreements or voting agreements.
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 including change in credit rating/ outlook/ opinion, change in the statutory auditor of the Company other than mandatory required by law, change in senior management team, change in board of directors' member which has caused, as of any date of determination, or could reasonably be expected to cause a material and adverse effect on: (i) the financial condition, business or operation of the entity which in the opinion of the Debenture Holder is prejudicial to the ability of the entity to perform its obligations under the Transaction Documents; or (ii) on the rights or remedies of the Debenture Holders hereunder or under any other Transaction Documents; or (iii) the ability of the entity to perform its obligations under the Transaction Documents; or (iv) the legality, validity or enforceability of any of the Transaction Documents or v) the validity, legalility 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 expiry of 36 (Thirty Six) months from the Deemed Date of Allotment, being December 30, 2025, 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 under Transaction Documents, 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 Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016'
NBFC Regulations	The laws and regulations applicable to non-banking financial companies, including any rules, regulations and/ or directives issued by the RBI.
NBFC-MFI	Non-Banking Financial Company –Micro Finance Institution
NSDL	National Securities Depository Limited.
Optional Accelerated Redemption	As defined in Section 5.37 (*Issue Details*) of this Placement Memorandum.
Debt/Debenture Outstandings	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 and more particularly defined in the Debenture Trust Deed.
PAN	Permanent Account Number.
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.
Promoters / Promoter Group	Collectively means: 1. Padmaja Gangireddy; 2. Kangchenjunga Limited; 3. VijayaSivarami Reddy Vendidandi; 4. Kedaara Capital Fund III LLP; 5. any other Person who is considered as a 'promoter' (as defined under the Companies Act) of the Company.
Promoter Debt	All existing and future Financial Indebtedness availed of by the Company from the Promoters.
Put Option	The option available to each Debenture Holder of Debentures 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 7 (Seven) calendar days prior to any Due Date.
Redemption Amount	Rs. 10,00,000/- (Rupees Ten Lakh Only) per Debenture along with Coupon payable on the Redemption Date or on exercise of Optional Accelerated Redemption 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.
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.
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 / 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 (*Issue Details*) of this Placement Memorandum
Security	The security for the Debentures as specified in Section 5.37 (*Issue Details*) of this Placement Memorandum.
Secured Obligations	All the obligations at any time due, owing or incurred by the Company to the Debenture Trustee and the Debenture Holder(s) in respect of the Debentures and shall include, without limitation, the obligation to redeem the Debentures in terms thereof together with the Coupon accrued thereon, Default Interest, if any, accrued thereon, any outstanding remuneration of the Debenture Trustee and all fees, costs, charges and expenses payable to the Debenture Trustee and other monies payable by the Company in respect of the Debentures.
Secured Parties	Collectively mean the Debenture Trustee and the Debenture Holders and any of their respective agents, Delegates, Receivers and custodians.
Secured Property/Hypothecated Assets	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.
Security Perfection Date	The date falling on the expiry of 30 (thirty) days from the Deemed Date of Allotment.
Secured Receivables	All the amounts due together with all other monies whatsoever stipulated in or payable by or on behalf of an underlying borrower to the Company, on account of an Identified Loan granted pursuant to the company financing documents, including without limitation: (a) all principal amounts; (b) all amounts on account of interest (including, without limitation, default or additional interest); (c) all carry forward charges; (d) all prepayment amounts and amounts received on account of termination and/or prepayment including liquidated damages and break costs, if any; (e) all stamp duty costs, charges, expenses, Taxes, duties, levies and imposts and overdue charges; and (f) all insurance and indemnity proceeds. each of which fulfils the Eligibility Criteria and are secured in favour of the Trustee in the manner specified in the Deed of Hypothecation;

Subscription Money / Issue Proceeds	The monies paid by the prospective Debenture Holders to the Issuer towards subscription of the Debentures.
Tax or Taxes	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.
Wilful Defaulter	Any person 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.

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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 BSE 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

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contents of this Placement Memorandum and/or the Private Placement Offer cum ApplicationLetter 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 BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Placement

Memorandum to the BSE should not in any way be deemed or construed to mean that this Placement Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE 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

necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depositary 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.

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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.

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(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 documentsexecuted 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

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 it's 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

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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 it's 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,

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 tradcroutes 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:***

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.

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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.

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 BSE:

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, 2022, and August 04, 2022 read with the resolution passed by the Management Committee of the Board of Directors dated December 21, 2022 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 BSE, where such securities have been proposed listed, prior to making listing application;
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;

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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 Incoporation		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

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		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	Name: Catalyst Trusteeship Limited Logo: Address: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400098 Website: https://catalysttrustee.com

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		Email address: ComplianceCTL-Mumbai@ctltrustee.com Telephone Number:022-49220555 Contact Person: Mr. Umesh Salvi
2.	Credit Rating Agency for the Issue	Name: India Ratings and Research Private Limited Logo: India Ratings & Research A Fitch Group Company 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
3.	Registrar to the Issue	Name: KFin Technologies Private Limited Logo: KFINTECH Address: Selenium Tower - B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Website: https://www.kfintech.com Email address: einward.ris@kfintech.com Telephone Number: (040) 7961 1000 Contact Person: Mr. S P Venugopal
4.	Statutory Auditors	Name: Walker Chandiok & Co LLP Logo: Walker Chandiok & Co LLP 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
5.	Legal Counsel (if any)	Name: Wadia Ghandy & Co. Logo: 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
6.	Guarantor (if applicable)	Name: Not Applicable

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		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: Philips Capital Ltd Logo: Not Applicable Address: Mumbai Website: Not Applicable Email address:vasinghal@philipcapital.in Contact Person: Mr.Vaibhav 7506406193

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**

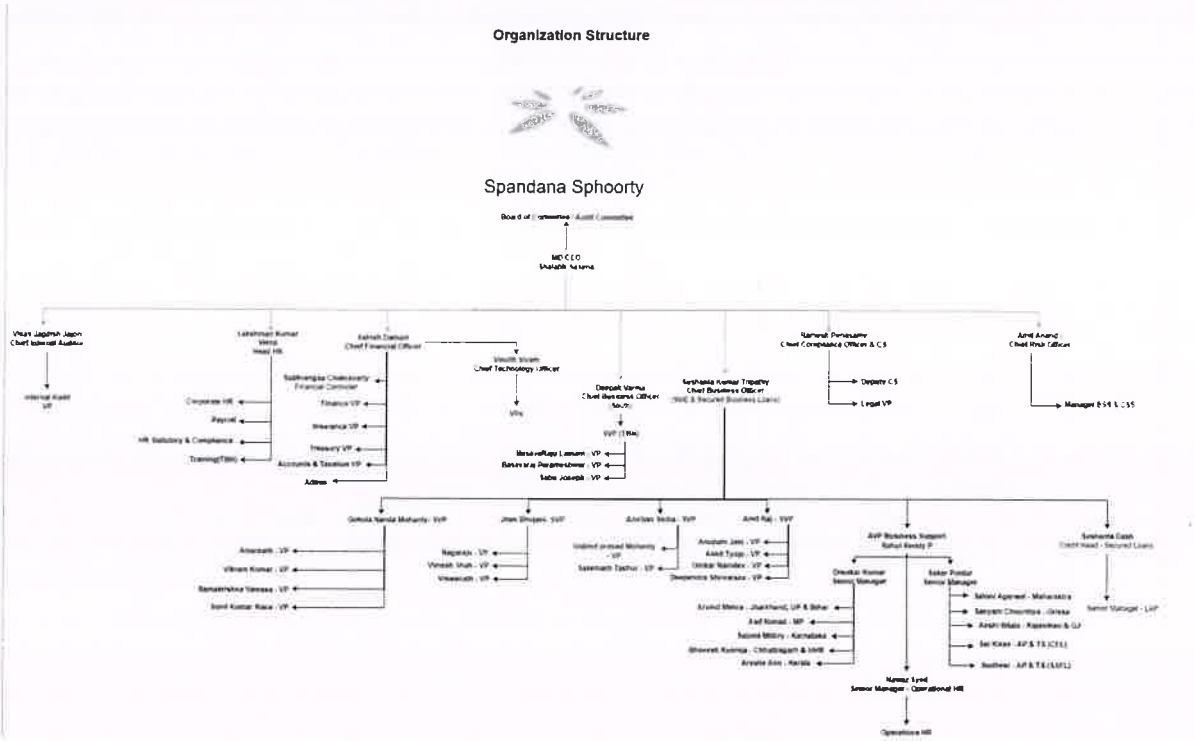
Spandana Sphoorty Financial Limited is a leading, rural focused NBFC-MFI with a geographically diversified presence in India. We offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas.

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:**

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD



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		September 30,2022	
	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	310.15	313.09
Current assets	59083.08	59425.44	82084.05	84368.54	66447.98	68365.35	63728.96	64784.05
Non-current assets	170.49	182.75	1171.93	1194.02	2053.73	2259.19	2890.62	3470.55
Total assets	59417.84	59773.78	83460.63	85769.29	68636.92	70763.37	66929.73	68567.89
Non-Current Liabilities (Including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net) Other non-current liabilities	30162.07	30252.90	51974.30	53732.66	36314.54	37721.07	367695.8	375607.50

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	2255.73	2271.90	2561.99	2696.75	1285.64	1312.32	1539.56	1647.57
Current Liabilities (Including maturities of long-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Current tax liabilities (net) Other current liabilities	0 27.57 596.69 294.40	0 28.00 647.07 301.45	0 16.08 1338.86 410.35	0 16.50 1398.16 414.25	0 39.47 177.53 504.42	0 40.15 281.62 508.76	0 38.04 96.80 551.00	0 38.08 -959.1 556.59
Equity (equity and other equity)	26081.38	26272.46	27159.05	27510.97	30315.32	30899.45	28021.87	28668.07
Total equity and liabilities	59417.84	59773.78	83460.63	85769.29	68636.92	70763.37	66929.73	68567.69
Profit and Loss Account								
Total revenue From operations Other income	14094.86 319.28	14352.98 342.08	14429.05 218.41	14826.26 229.88	13763.38 152.62	14627.92 172.43	5131.72 205.17	5479.63 210.50
Total Expenses	8432.74	8510.52	12871.42	13051.69	13270.14	13831.63	7627.08	7858
Total comprehensive income Profit / loss Other comprehensive income	3362.99 5981.40	3514.24 6184.54	990.25 1776.34	1155.21 2004.45	119.81 645.86	351.81 968.72	(2562.10) (2290.19)	(2475.72) (2167.87)
Profit / loss after tax	3366.94	3518.29	1289.82	1454.60	466.38	698.27	(1731.57)	(1645.30)
Earnings per equity share: (a) basic; and (b) diluted Continuing operations Discontinued operations Total Continuing and discontinued operations	53.85 53.40 3366.94 0 3366.94	56.21 55.74 3518.29 0 3518.29	20.05 19.98 1289.82 0 1289.82	22.55 22.47 1454.60 0 1454.70	7.22 7.20 466.38 0 466.38	10.75 10.72 698.27 0 698.27	(24.58) (24.58) (1731.57) (1731.57)	(23.40) (23.40) (1645.30) (1645.30)
Cash flow Statement								
Net cash generated from operating activities	-536.67	-351.73	-16181.77	-17540.55	8199.02	8625.81	853.44	1451.86
Net cash used in /generated from investing activities	-4851.89	-4873.31	5144.44	4819.75	448.66	362.18	-3.36	-3.14
Net cash used in financing activities	4470.68	4335.22	21808.97	23476.43	-12715.56	-13068.24	558.02	-57.45
Cash and cash equivalents	536.19	596.31	11307.83	11351.95	7239.95	7271.70	8648.05	8662.98

Balance as per statement of cash flows	536.19	596.31	11307.83	11351.95	7239.95	7271.70	8648.05	8662.98
Key Operational Data								
Net worth	26081.38	26272.46	27159.06	27510.97	30315.32	30899.45	28021.87	28668.07
Cash and Cash Equivalents	536.19	596.31	11307.83	11351.95	7239.95	7271.70	8648.05	8662.98
Current Investments	5498.55	4874.62	1146.24	23.25	1146.24	24.44	1171.04	22.7
Assets Under Management (Crs)	6672	6840	7735	8157	6199	6583	5691.68	6146.79
Off Balance Sheet Assets	1915	0	877	889.6	489	491.7	363.73	364.63
Total Debts to Total assets	0.51	0.51	0.62	0.63	0.53	0.53	0.55	0.55
Debt Service Coverage Ratios	NA	NA	NA	NA	NA	NA	NA	NA
Interest Income	11454.46	11691.94	13258.78	13627.10	12509.45	13365.36	4857.02	5204.42
Interest Expense	3541.11	3563.35	4171.62	4231.70	5140.88	5401.00	1807.12	1881.47
Interest service coverage ratio	NA	NA	NA	NA	NA	NA	NA	NA
Provisioning & Write-offs	2728.96	2735.72	6398.75	6451.40	4658.31	4805.70	3688.92	3774.73
Bad debts to Account receivable ratio	0	0	0	0	0	0		
Gross NPA (%)	0.36%	0.36%	6.14%	5.6%	17.70%	15%	7.31%	7.47%
Net NPA (%)	0.07%	0.07%	3.27%	3.1%	9.68%	5.9%	3.89%	3.96%
Tier I Capital Adequacy Ratio (%)	51.78%	NA	40.16%	NA	50.55%	NA	45.06%	NA
Tier II Capital Adequacy Ratio (%)	1.11%	NA	-0.17%	NA	0.19%	NA	0.26%	NA

Last 3 years Financials:

Spandana Sphoorty Financial Limited

Audited Balance sheet for the previous three years till September 30, 2022

	As at September 30, 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	8648.05	7,239.95	11,307.83	536.19
Bank balances other than cash and cash equivalents	976.06	4,750.72	2,453.27	1,970.99
Trade receivables	206.36	200.86	121.06	223.68
Loans	51623.91	52,637.39	66,163.14	49,051.40
Derivative financial instruments	0.46	0.46	0.45	-
Other financial assets	843.79	322.98	742.67	1,652.89
Investments	1171.04	1,146.24	1,146.24	5,498.55
Subtotal - Financial assets	**63469.67**	**66,298.60**	**81,934.66**	**58,933.70**
Non-financial assets				
Current tax assets (net)	259.29	149.38	149.38	149.38
Deferred tax assets (net)	2650.23	1,812.28	1,045.42	69.03
Property, plant and equipment	255.12	64.24	196.92	151.43
Intangible assets	55.03	70.96	7.74	12.84
Goodwill	0	0	0	0
Other non-financial assets	240.39	241.46	126.51	101.46
Subtotal - Non-financial assets	**3460.06**	**2,338.32**	**1,525.97**	**484.14**
Total assets	**66929.73**	**68,636.92**	**83,460.63**	**59,417.84**

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Debt securities	17924.8	17,584.36	20,347.14	7,776.28
Borrowings (other than debt securities)	18642.75	18,528.31	31,425.34	22,184.11
Subordinated liabilities	202.03	201.87	201.83	201.67
Other financial liabilities	1539.56	1,285.64	2,561.99	2,255.73
Subtotal - Financial liabilities	**38309.14**	**37,600.18**	**54,536.30**	**32,417.80**
Non-financial liabilities				
Current tax liabilities (net)	9.68	177.53	1,338.85	596.69
Provisions	38.04	39.47	16.08	27.58
Other non-financial liabilities	551	504.42	410.35	294.4
Subtotal - Non-financial liabilities	**598.72**	**721.42**	**1,765.28**	**918.67**
EQUITY				
Equity share capital	709.77	690.95	643.15	643.15
Other equity	27312.1	29,624.37	26,515.90	25,438.23
Non controlling interest	0	0	0	0
Subtotal – Equity	**28021.87**	**30,315.32**	**27,159.06**	**26,081.39**
Total liabilities and equity	**66929.73**	**68,636.92**	**83,460.63**	**59,417.84**

Audited Profit and Loss for the Previous three years till 30th September ,2022				
	30-Sep-22	**31-Mar-22**	**31-Mar-21**	**31-Mar-20**
	Un audited	**Audited**	**Audited**	**Audited**
Revenue from operations	**Standalone**	**Standalone**	**Standalone**	**Standalone**
Interest income	4857.02	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	103.2	781.33	751.14	2,184.03
Others	171.5	407.92	330.01	105.25
Total revenue from operations	**5131.72**	**13763.38**	**14,429.05**	**14,094.86**
Other income	205.17	152.62	218.41	319.28
Total income	**5336.89**	**13916**	**14,647.46**	**14,414.14**
Expenses				
Finance cost	1807.12	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	3688.92	4,658.31	6,398.75	2,728.96
Employee benefits expense	1461.63	2,168.80	1,663.57	1,669.70
Depreciation and amortization expense	45.03	85.46	74.86	87.42
Other expenses	624.38	1,216.69	534.89	405.55
Total expenses	**7627.08**	**13,270.14**	**12,871.12**	**8,432.74**
Profit before tax	**-2290.19**	**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	-558.62	-650.28	-875.64	1,960.92
Income tax expense	**-558.62**	**179.48**	**486.52**	**2,614.46**
Profit for the year	**-1731.57**	**466.38**	**1,289.82**	**3,366.94**
Other comprehensive income				

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Items that will not be reclassified subsequently to profit or loss				
Re-measurement gains/(losses) on defined benefit plans	6.94	-14.37	20.06	-17.38
Income tax effect	-1.75	3.62	-5.05	4.37
Items that will be reclassified subsequently to profit or loss				
Fair value gain/(loss) on loans	-1116.79	-448.77	-420.38	12.11
Income tax effect	281.07	112.95	105.8	-3.05
Total comprehensive income for the year	**-2562.1**	**119.81**	**990.25**	**3,362.99**

Spandana Sphoorty Financial Limited				
Audited Cash Flow Statement for the previous three years till September 30, 2022				
Particulars	**September 30, 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	-2290.19	645.86	1,776.35	5,981.40
Adjustments for:				
Interest on income tax	0	69.59	157.59	-
Depreciation and amortization	45.03	85.46	74.85	87.42
Share based payment to employees	160.76	112.18	88.05	41.07
Provision for gratuity	5.51	18.82	8.56	10.2
Finance cost on lease liability	2.48	17.81	14.88	14.37
Gain on business transfer	0		-9.26	-
Impairment on financial instruments and other provisions	3688.92	4,658.31	6,398.75	2,728.96
Net gain on fair value changes	-103.2	-479.06	-85.84	-44.76
Net (gain)/ loss on derecognition of property, plant and equipment				
Net gain on adjustment on account of termination of leases		-52.44		
Net loss on financial assets and liabilities designated at fair value through profit or loss		-43.01	27.44	-
Other provisions and write offs	45.42	14.53	26.19	29.13
Operating profit before working capital changes	**1554.734418**	**5048.05**	**8,477.56**	**8,847.79**
Movements in working capital:				
Increase / (decrease) in other financial liabilities	117.96	-1,123.69	266.82	1,707.33
Increase / (decrease) in provisions		-9.8	-	-3.42
Increase / (decrease) in other non financial liabilities	46.58	94.07	115.96	70.97
(Increase) / decrease in bank balances other than cash and cash equivalents	3774.66	-2,297.45	-482.28	57.11
(Increase) / decrease in trade receivables	-5.5	-79.8	102.62	-188.19
(Increase) / decrease in loans	-3792.07	8,418.67	-24,823.17	-7,907.82
(Increase) / decrease in other financial assets	-566.23	405.16	963.35	-3,027.22
(Increase) / decrease in other non financial assets	1.07	-195.52	-25.05	25.55
Changes in other inventories	0			
Cash used in operations	**1131.2**	**10,259.69**	**-15,404.17**	**-417.9**
Income taxes paid	-277.76	-2,060.67	-777.59	-118.77
Net cash used in operating activities (A)	**853.44**	**8,199.02**	**-16,181.77**	**-536.67**
Cash flow from investing activities				
Purchase of property, plant and equipment	-81.76	-44.61	-152.44	-45
Purchase of intangible assets		-70.8	-0.1	-0.02
Proceeds from derecognition of property, plant and equipment		4.44	38.24	-
Business transfer		80.57	822.21	-
Investment in Subsidiary	-24.80		-500	-
Purchase of investments	-25650	-1,08,624.01	-42,843.00	########
Sale of investments	25,753.20	1,09,103.07	47,779.53	67,583.24

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Net cash generated/(used) in investing activities (B)	**- 3.36**	**448.66**	**5,144.44**	**-4,851.89**
Cash flow from financing activities				
Proceeds from issue of equity shares (including securities premium)	107.90	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)	454.88	-2,719.78	12,542.98	-5,943.36
Principal payment of lease liability	-2.451891104	-5.25	9.69	-29.8
Interest payment of lease liability	-2.48	-17.81	14.88	14.37
Borrowings (other than debt securities) (net)		-12,897.03	9,241.28	6,654.22
Subordinated liabilities (net)	0.16	0.04	0.16	0.11
Share issue expenses			-	-150.46
Net generated from financing activities (C)	**558.0208173**	**-12,715.56**	**21,808.97**	**4,470.68**

5.7 Debt: Equity Ratio of the Company:

Before the Issue	1.42
After the Issue	1.43

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
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., September 30, 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., September 30, 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:**

							Cumulative Paid-Up Capital			
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	No of Equity Shares	Equity Share Capital (Rs in Crore)	Equity Share Premium (Rs in Crore)	Remarks

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 Fund	212352	10	235.48	5.00 (Cash)	Conversion of Class A CCPS	39,736,433	39.74	4.79	NIL
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

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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	6,44,08,188	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 basis	6,90,94,530	4.68	210.31	NIL
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., September 30, 2022

A. Shareholding pattern of the Company as on last quarter end, i.e. Septenber 30, 2022 as per the format specified under the listing regulations:

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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+C2))	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 held	No.	As a % of total Shares held	
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	4	44735534	0	0	44735534	63.03	44735534	0	44735534	63.03	0	63.03	5013295	11.21	18000000	4.02	44735534
(B)	Public	19610	26241735	0	0	26241735	36.97	25829889	0	26241735	36.97	0	36.97	1525786	5.81	NA	NA	26211735
(C)	Non Promoter-Non Public																	
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	0	NA	0	0.00	NA	NA	0
(C2)	Shares held by Employes Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total:	**19614**	**70977269**	**0**	**0**	**70977269**	**100.00**	**70977269**	**0**	**70977269**	**100.00**	**0**	**100.00**	**6539081**	**9.21**	**18000000**	**2.54**	**70977269**

Sr No	Name of Equity Shareholder	Total No of Equity Shares	No. of shares in demat form	Total Shareholding as a % of total no of equity shares
A	**Promoter & Promoter Group:**			

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	(i) Padmaja Gangireddy	1,03,01,003	1,03,01,003	14.51
	(ii) Kangchenjunga Limited	2,93,03,172	2,93,03,172	41.29
	(iii) VijayaSivarami Reddy Vendidandi	1,18,064	1,18,064	0.17
	(iv) Kedaara Capital Fund III LLP	50,13,295	50,13,295	7.06
	Sub-Total (A=i+ii+iii)	4,47,35,534	4,47,35,534	63.03
B	**Public:**			
	(a)Institutions	1,19,00,433	1,19,00,433	16.77
	(b)non-Institutions	1,43,41,302	1,43,41,302	20.20
	Sub-Total (B= a+b)	2,62,41,735	2,62,41,735	36.97
	Total (A)+(B)	**7,09,77,269**	**7,09,77,269**	**100.00**

Notes: Details of shares pledged or encumbered by the promoters (if any): 18,00,000 shares pledge by Mrs. Padmaja Gangireddy.

B. **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. September 30, 2022:**

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:**

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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	Chairperson (Non-Executive Indcpendent)	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 Privatelimited 5. Development Equities Private Limited	No
2.	Deepak Calian Vaidya	Independent Director	09-Jan-45	249 / 251, 3rd Floor, SurajWalkeshwar Road Mumbai 400006 MH	00337276	06/06/2018	1. Spiracca Ventures LLP 2. Strides Pharma Science Limited 3. Indraprastha Medical Corporation Limited 4. Apollo Multispeciality 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,	00004842	19/04/2003	1. Keertana Financial Limited	No

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				Near ICICI Towers, Nanakramguda, Serilingampally, K.V. Rang Areddy Hyderabad 500032 TG			2. Criss Financial Limited 3. Abhiram Marketing Services Limited 4. Caspian Financial Services Limited 5. Keertana Finserv Private Limited	
4.	Sunish Sharma	Nominee Director	25-Oct-74	1305 North Tower The Imperial, B. B. Nakashe Marg, Tardeo, Tulsiwadi, Mumbai 400034 MH	00274432	1/03/2017	1. Kedaara Capital Advisors LLP 2. Nish Capital Advisors LLP 3. Kedaara Capital Fund II LLP 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	No
5.	Ramachandra Kasargod Kamath	Nominee Director	19-Nov-55	B-2004, Neptune Society, Sun City, AdiShankaracharya Marg Near Powai IIT	01715073	04/05/2017	1. Aavas Financiers Limited 2. Centrum Capital Limited 3. Manipal Technologies Limited	No

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				Market, Powai, Mumbai Mumbai 400076 MH IN			4. Conatus Finserve Private Limited 5. Ashimara Housing Private Limited 6. New Opportunity Consultancy Private Limited	
6.	Kartikeya Dhruv Kaji	Nominee Director	22-Mar-83	The Imperial, Apartment 3901 B. B. Nakashe Marg Tardeo, Tulsiwadi Mumbai 400034 MH IN	07641723	31/03/2017	1. Petals Lifestyle LLP 2. Trishikhar Ventures LLP 3. Aavas Financiers Limited 4. Criss Financial Limited 5. Caspian Financial Services Limited 6. Care Health Insurance Limited	No
7.	Jagdish Capoor	Independent Director	01-Jul-39	1601, Brooke Ville, 359 Mogul Lane Near Magnet Mall, Mahim West Mumbai 400016 MH IN	00002516	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 Dhirajlal Shah	Independent Director	18-Feb-47	21 Hill Park, Bldg No 2 A. G Bell Road, Malabar Hill, Mumbai	00136969	13/04/2018	1. Strides Pharma Science Limited 2. 3M India Limited 3. Exide Industries Limited	No

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				400006 MH IN			4. Salisbury Investments Private Limited	
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	00061170	04/08/2022	1. Avanse Financial Services Limited 2. HDFC Securities Limited 3. SBFC Finance Private Limited	No
10.	Animesh Chauhan	Additional Director-Independent	30-June-1957	Flat No.948, Block G, 6th Avenue, Gaur City-1 Sector-4, Greater Noida West, Chipyana Khurd Urf Tigri Gautam Buddha, Noida, Uttar Pradesh, 201009	02060457	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	08908237	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

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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	07641723	31/03/2017	-	-	Appointment
Sunish Sharma	Nominee Director	00274432	31/03/2017	-	-	Appointment
Perur Seshappa Prasad	Director	00206204	15/09/2014	31/03/2017	15/09/2014	Resignation
Annapureddy Gopalareddy	Independent Director	02873035	15/09/2014	25/04/2017	15/09/2014	Resignation
Sundaram Ramakrishnan	Nominee Director	02650040	24/09/2015	02/05/2017	24/09/2015	Nomination withdrawn by appointing authority
AbantiMitra	Independent Director	02305893	04/05/2017	-	-	Appointment
Ramachandra Kasargod Kamath	Independent Director	01715073	04/05/2017	-	-	Appointment
Darius DinshawPandole	Nominee Director	00727320	18/07/2017	-	19/05/2017	Nomination withdrawn by appointing authority
Amit Sobti	Nominee Director	07795874	29/05/2017	-	-	Appointment
Darius DinshawPandole	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

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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
Darius Dinshaw Pandole	Nominee Director	00727320	18.07.2017	21.09.2020	18.07.2017	Resignation Due to other commitments
Padmaja Gangireddy	Non-Executive Director	00004842	02.11.2021		-	Resignation as Managinf Directorand continues to be Non-Executive Director
Deepak Calian Vaidya	Change in designation from Chairperson Independent Director to Independent Director	00337276	22.11.2021	-	06-06-2018	Change in designation
AbantiMitra	Change in designation from Independent Director to Chairperson Independent Director	02305893	22-11-2021	-	20-11-2012	Change in designation
Shalabh Saxena	Managing Director and CEO	08908237	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	7th Floor, Block III, white house, Kundan Bagh, Begumpet, Hyderabad-500016	January 29,2022	Appointment due to casual vacancy Pursuant to the RBI Notification 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 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	12th floor, The Ruby, 29 Senapati Bapat Road, Dadar West,Mumbai.	September 27, 2013	-	January 28, 2022	Pursuant to the RBI Notification 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 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. September 30, 2022 or if available at a later date of November 30, 2022:

A. **Details of Outstanding Secured Loan Facilities:**

Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment date schedule	Security
NABARD	Term Loan	300	30.00	01-Feb-23	1.12
Hinduja Finance	Term Loan	20	6.29	16-Sep-23	1.10
Indian Bank	Term Loan	100	36.11	01-Dec-23	1.25
State Bank of India	Term Loan	200	60.61	08-Sep-23	1.20
State Bank of India	Term Loan	100	30.30	08-Sep-23	1.20
Maanaveya Development & Finance Pvt Ltd	Term Loan	30	10.00	27-Nov-23	1.05
MAS Financial Services Limited	Term Loan	6	0.25	09-Dec-22	1.10
MAS Financial Services Limited	Term Loan	6	0.25	09-Dec-22	1.10
MAS Financial Services Limited	Term Loan	6	0.25	09-Dec-22	1.10
MAS Financial Services Limited	Term Loan	6	0.25	09-Dec-22	1.10
MAS Financial Services Limited	Term Loan	6	0.25	09-Dec-22	1.10
Sundaram Finance	Term Loan	50	2.34	10-Dec-22	1.18
Equitas Small Finance Bank	Term Loan	65	5.38	05-Jan-23	1.10

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HSBC	Term Loan	60	2.86	31-Dec-22	1.10
IDFC First Bank Limited	Term Loan	100	4.76	29-Dec-22	1.10
Arka Fincap	Term Loan	25	3.13	14-Jan-23	1.10
Kotak Mahindra Bank	Term Loan	100	8.33	25-Jan-23	1.10
Nabkisan Finance Limted	Term Loan	35	14.58	01-Feb-24	1.10
Kotak Mahindra Bank	Term Loan	100	12.50	09-Feb-23	1.10
Aditya Birla Finance Ltd.	Term Loan	20	3.33	01-Mar-23	1.10
HSBC	Term Loan	60	11.43	04-Mar-23	1.10
MAS Financial Services Limited	Term Loan	6	1.25	05-Apr-23	1.10
MAS Financial Services Limited	Term Loan	6	1.25	05-Apr-23	1.10
MAS Financial Services Limited	Term Loan	6	1.25	05-Apr-23	1.10
MAS Financial Services Limited	Term Loan	6	1.25	05-Apr-23	1.10
MAS Financial Services Limited	Term Loan	6	1.25	05-Apr-23	1.10
Federal Bank	Term Loan	50	8.33	25-Mar-23	1.20
Yes Bank Limited	Term Loan	150	26.09	31-Mar-23	1.10
MAS Financial Services Limited	Term Loan	7	2.04	23-Jun-23	1.10
MAS Financial Services Limited	Term Loan	7	2.04	23-Jun-23	1.10
MAS Financial Services Limited	Term Loan	7	2.04	23-Jun-23	1.10
MAS Financial Services Limited	Term Loan	7	2.04	23-Jun-23	1.10
MAS Financial Services Limited	Term Loan	7	2.04	23-Jun-23	1.10
Bank of Maharastra	Term Loan	50	30.55	30-Sep-24	1.18
Utkarsh Small Finance Bank	Term Loan	30	11.25	31-Aug-23	1.10
Federal Bank	Term Loan	75	31.25	31-Aug-23	1.20
Federal Bank	Term Loan	75	31.25	31-Aug-23	1.20
HSBC	Term Loan	60	28.57	30-Sep-23	1.10
Indian Bank	Term Loan	150	104.17	01-Dec-24	1.25

MAS Financial Services Limited	Term Loan	10	4.17	25-Sep-23	1.10
MAS Financial Services Limited	Term Loan	10	4.17	25-Sep-23	1.10
MAS Financial Services Limited	Term Loan	10	4.17	25-Sep-23	1.10
MAS Financial Services Limited	Term Loan	10	4.17	25-Sep-23	1.10
Vivriti Capital	Term Loan	5	0.88	20-Jan-23	1.10
Vivriti Capital	Term Loan	5	0.88	20-Jan-23	1.10
Vivriti Capital	Term Loan	5	0.99	20-Jan-23	1.10
Vivriti Capital	Term Loan	5	0.77	20-Jan-23	1.10
Vivriti Capital	Term Loan	13	6.27	22-Aug-23	1.10
Bandhan Bank	Term Loan	125	107.14	16-Mar-24	1.05
HSBC	Term Loan	85	64.51	30-Apr-24	1.10
Northern Arc capital Limited	Term Loan	50	36.79	05-Apr-24	1.10
HSBC	Term Loan	12	9.71	30-Apr-24	1.10
HSBC	Term Loan	3	2.57	25-May-24	1.10
IDFC First Bank Limited	Term Loan	100	79.17	24-Jun-24	1.10
Arka Fincap	Term Loan	25	21.88	29-Jul-24	1.10
Standard Chartered	Term Loan	50	37.50	30-Aug-23	1.25
Kotak Mahindra Bank	Term Loan	70	70.00	25-Nov-24	1.10
JM Financial Product Limited	Term Loan	150	138.20	25-Sep-23	1.10
HSBC	Term Loan	47	46.50	26-Sep-24	1.10
Asian Development Bank	Term Loan	47	46.50	28-Sep-24	1.10
JM Financial Product Limited	Term Loan	100	92.13	28-Sep-23	1.10
Creditsaison	Term Loan	25	22.22	15-Mar-24	1.10
Standard Chartered	Term Loan	50	50.00	29-Sep-23	1.25
IDFC First Bank Limited	Term Loan	100	91.67	30-Sep-24	1.10
Utkarsh Small Finance Bank	Term Loan	25	22.92	25-Sep-24	1.15

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MAS Financial Services Limited	Term Loan	6	5.56	25-Mar-24	1.10
MAS Financial Services Limited	Term Loan	6	5.56	25-Mar-24	1.10
MAS Financial Services Limited	Term Loan	6	5.56	25-Mar-24	1.10
MAS Financial Services Limited	Term Loan	6	5.56	25-Mar-24	1.10
Federal Bank	Term Loan	25	22.92	29-Sep-24	1.20
Jana Small Finance Bank	Term Loan	50	50.00	03-Nov-24	1.10
HSBC	Term Loan	20	20.00	16-Nov-24	1.10
Asian Development Bank	Term Loan	20	20.00	16-Nov-24	1.10
Kotak Mahindra Bank	Term Loan	30	30.00	17-Jan-25	1.10
MAS Financial Services Limited	Term Loan	8	7.50	24-May-24	1.10
MAS Financial Services Limited	Term Loan	8	7.50	24-May-24	1.10
MAS Financial Services Limited	Term Loan	8	7.50	24-May-24	1.10
MAS Financial Services Limited	Term Loan	8	7.50	24-May-24	1.10
Arka Fincap	Term Loan	25	25.00	30-Nov-24	1.10
Suryoday Small Finance Bnak	Term Loan	38	37.50	05-Dec-24	1.10

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:**

Sr No.	Series of Non-Convertible	Tenor / Period of Maturity	Coupon	Amount Outstanding	Date of allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security

	Securities	in Months							
1	NA	69	14.00%	42.50	19-Sep-17	30-Jun-23	[CIRA] A-/(Stable)	Secured	115% of Book debts
2	NA	72	13.15%	16.25	31-Oct-17	30-Jun-23	[CIRA] A-/(Stable)	Secured	110% of Book debts
3	NA	35	12.75%	33.33	19-Jun-20	21-Apr-23	[CIRA] A-/(Stable)	Secured	100% of Book debts
4	NA	36	11.49%	21.50	24-Dec-20	22-Dec-23	[CIRA] A-/(Stable)	Secured	110% of Book debts
5	NA	24	11.50%	5.00	7-Jan-21	07-Jan-23	IND A/Stable	Secured	110% of Book debts
6	NA	72	12.00%	35.00	12-Mar-21	12-Mar-27	[CIRA] A-/(Stable)	Secured	110% of Book debts
7	NA	36	12.50%	50.00	26-Feb-21	26-Feb-24	[CIRA] A-/(Stable)	Secured	110% of Book debts
8	NA	45	12.50%	25.00	31-Mar-21	31-Dec-24	IND A/Stable	Secured	110% of Book debts
9	NA	41	12.50%	20.00	31-Mar-21	15-Sep-24	IND A/Stable	Secured	110% of Book debts
10	NA	72	11.85%	35.00	24-Mar-22	24-Mar-28	IND A/Stable	Secured	115% of Book debts
11	NA	24	12.60%	35.00	16-Jun-22	30-Jun-24	IND A/Stable	Secured	110% of Book debts
12	NA	72	12.29%	23.00	01-Aug-22	01-Aug-28	[CIRA] A-/(Stable)	Secured	115% of Book debts
13	NA	18	11.95%	25.00	30-Sep-22	30-Mar-24	IND A/Stable	Secured	115% of Book debts
14	NA	24	12.00%	60.00	20-Oct-22	20-Oct-24	IND A/Stable	Secured	120% of Book debts
15	NA	18	11.50%	25.00	09-Nov-22	09-May-24	IND A/Stable	Secured	115% of Book debts
16	NA	18	11.50%	25.00	09-Nov-22	09-May-24	IND A/Stable	Secured	115% of Book debts
17	NA	44	14.80%	20	29-Oct-20	27-Jun-24	PP-MLD [ICRA]A (stable)	Secured	120% of Book debts

18	NA	36	12.25%	100	24-Nov-20	24-Nov-23	PP-MLD [ICRA]A-(stable)	Secured	110% of Book debts
19	NA	24	11.50%	34	16-Dec-20	16-Dec-22	PP-MLD[ICRA]A-	Secured	110% of Book debts
20	NA	24	11.50%	30	16-Dec-20	16-Dec-22	PP-MLD[ICRA]A-	Secured	110% of Book debts
21	NA	36	11.50%	20	29-Dec-20	29-Dec-23	IND PP-MLD Aemr /Stable	Secured	100% of Book debts
22	NA	36	11.50%	63	29-Dec-20	29-Dec-23	IND PP-MLD Aemr /Stable	Secured	100% of Book debts
23	NA	26	11.25%	25	16-Mar-21	16-May-23	IND PP-MLD Aemr /Stable	Secured	110% of Book debts
24	NA	26	11.25%	20	16-Mar-21	16-May-23	IND PP-MLD Aemr /Stable	Secured	110% of Book debts
25	NA	26	11.25%	4	16-Mar-21	16-May-23	IND PP-MLD Aemr /Stable	Secured	110% of Book debts
26	NA	26	11.25%	1	16-Mar-21	16-May-23	IND PP-MLD Aemr /Stable	Secured	110% of Book debts
27	NA	24	11.50%	25	29-Apr-21	29-Apr-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
28	NA	24	11.50%	25	29-Apr-21	29-Apr-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
29	NA	24	11.50%	30	29-Apr-21	29-Apr-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
30	NA	24	11.50%	15	29-Apr-21	29-Apr-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
31	NA	24	11.50%	15	29-Apr-21	29-Apr-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
32	NA	30	11.00%	100	16-Jun-21	16-Dec-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
33	NA	30	11.00%	55	16-Jun-21	16-Dec-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
34	NA	30	11.00%	50	16-Jun-21	16-Dec-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts

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35	NA	30	11.00%	125	16-Jun-21	16-Dec-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
36	NA	30	11.00%	1	16-Jun-21	16-Dec-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
37	NA	30	11.00%	3	16-Jun-21	16-Dec-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
38	NA	30	11.00%	2	16-Jun-21	16-Dec-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
39	NA	30	11.00%	1	16-Jun-21	16-Dec-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
40	NA	30	11.00%	1	16-Jun-21	16-Dec-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
41	NA	22	10.75%	30	14-Jul-21	16-May-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
42	NA	23	10.75%	72	22-Jul-21	16-May-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
43	NA	23	10.75%	24	22-Jul-21	16-May-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
44	NA	23	10.75%	19	22-Jul-21	16-May-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
45	NA	23	10.75%	5	22-Jul-21	16-May-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
46	NA	23	10.75%	5	22-Jul-21	16-May-23	IND PP-MLD Aemr/Stable	Secured	110% of Book debts
47	NA	18	10.75%	40	9-Sep-22	09-Mar-24	IND PP-MLD Aemr	Secured	110% of Book debts
48	NA	18	10.75%	20	9-Sep-22	09-Mar-24	IND PP-MLD Aemr	Secured	110% of Book debts
49	NA	18	10.75%	40	23-Sep-22	01-Apr-24	IND PP-MLD Aemr	Secured	110% of Book debts
50	NA	18	11.15%	200	22-Nov-22	22-May-24	IND PP-MLD Aemr	Secured	110% of Book debts

*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 September 30, 2022

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Sr. No.	Name of holders of non-convertible securities	Amount (Rs. in Crores)	Percentage (%) of total non-convertible securities outstanding
1	OFB TECH PRIVATE LIMITED	104.84	7.15%
2	IIFL INCOME OPPORTUNITIES FUND - SERIES 2	100.00	6.82%
3	IIFL INCOME OPPORTUNITIES FUND - SERIES 2	60.00	4.09%
4	VIVRITI CAPITAL PRIVATE LIMITED	53.76	3.66%
5	MODI FIDUCIARY SERVICES PRIVATE LIMITED	43.50	2.97%
6	UTI INTERNATIONAL WEALTH CREATOR 4	42.50	2.90%
7	MICROFINANCE ENHANCEMENT FACILITY SA, SICAV-SIF	35.00	2.39%
8	UTI INTERNATIONAL WEALTH CREATOR 4	35.00	2.39%
9	NORTHERN ARC INDIA IMPACT TRUST	35.00	2.39%
10	BANDHAN BANK LTD	33.33	2.27%

5.17 Details of outstanding Commercial Paper as at the end of the last quarter i.e. September 30, 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
Nil							

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

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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.

(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 30.09.2022						
Borrowers Name	**A/c No/Cust. ID**	**Purpose**	**Sanction Amount**	**Disbursement Date**	**Disbursed Amount**	**Outstanding Balance as on 30.06.2022**
VENKATA SANDEEP KUMAR	SID951375994114	Animal Husbandry	2071100	23-12-2020	20,71,100.00	20,13,476.00

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ANBUTHAMBI	SID951376020465	Agri and Allied	2072912	18-01-2021	20,72,912.00	18,74,695.00
NARASIMHA REDDY	SID951374676218	Agri and Allied	1623925	26-09-2021	16,23,925.00	16,23,925.00
GUNASEKARAN	SID951376048652	Small Business	1080934	29-04-2021	10,80,934.00	10,58,436.00
SARVESWARA RAO	SID951375898125	Small Business	1070572	21-09-2020	10,70,572.00	10,06,048.00
RAVEENDRA	SID951375767901	Animal Husbandry	1041414	19-03-2020	10,41,414.00	8,97,550.00
UDAY KUMAR	SID951375543024	Small Business	832217	14-01-2020	8,32,217.00	7,84,507.00
KALIMUNNISA	SID951375936680	Agri and Allied	1073493	30-11-2020	10,73,493.00	9,69,334.00
ARAVINDKUMAR	SID951375989493	Small Business	723571	07-11-2020	7,23,571.00	6,69,834.00
SARASWATHI	SID951375988356	Consumption	785377	19-11-2020	7,85,377.00	7,08,427.00
NIROSHKUMAR	SID951376127963	Agri and Allied	621269	09-09-2021	6,21,269.00	6,21,269.00
SARALA M	SID951375979886	Agri and Allied	654548	27-10-2020	6,54,548.00	6,26,914.00
Thangam	SID951376038582	Small Business	642621	17-02-2021	6,42,621.00	6,08,433.00
SURESH	SID951375286526	Small Business	618480	19-09-2019	6,18,480.00	5,74,668.00
ASHOK	SID951376042559	Small Business	722965	09-03-2021	7,22,965.00	6,64,317.00
KRISHNA	SID951374950085	Animal Husbandry	630866	18-08-2020	6,30,866.00	5,56,956.00
NAGAPPAN	SID951376022472	Agri and Allied	649690	13-01-2021	6,49,690.00	6,01,454.00
THIRUMURUGAN	SID951376173299	Agri and Allied	531210	28-09-2021	5,31,210.00	5,31,210.00
RATNA MANIKYAM	SID951375468133	Agri and Allied	824640	05-12-2019	8,24,640.00	6,39,650.00
DHANALAKSHMI	SID951375950178	Agri and Allied	546093	16-10-2020	5,46,093.00	5,15,764.00

(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.

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(b) Type of Loans

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

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:

Please refer to paragraph (L) in this table below.

H.Additional details of loans made by housing finance company

Given that the Issuer is not a housing finance company, this is not applicable.

I. Disclosure of latest ALM statements to stock exchange

Please refer to **Annexure X** of this Placement Memorandum

J. Classificationof loans according to

(a) Type of Loans:

Details of types of loans

Sl. No.	Types of loans	Rs. crore
1	Secured	5.50
2	Unsecured	5686.18
	Total assets under management (AUM)^^	5691.68

**Information required at borrower level (and not by loan account as customer may have multiple loan accounts); ^^Issuer is also required to disclose off balance sheet items;*

(b) Denomination of loans outstanding by loan-to-value:

Details of LTV

Sl. No.	LTV (at the time of origination)	Percentage of AUM
1	Upto 40%	Nil
2	40-50%	Nil
3	50-60%	Nil
4	60-70%	Nil
5	70-80%	Nil
6	80-90%	Nil
7	>90%	Nil
	Total	Nil

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(c) Sector Exposure

Details of sectoral exposure

Sl. No.	Segment-wise break-up of AUM	Percentage of AUM
1	**Retail**	
A	Mortgages (home loans and loans against property)	Nil
B	Gold loans	Nil
C	Vehicle finance	Nil
D	MFI	Nil
E	MSME	**30%**
F	Capital market funding (loans against shares, margin funding)	Nil
G	Others	**70%**
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	**100%**

(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	**99.88%**
2	Rs. 2-5 lakh–	0.12%
3	Rs. 5 - 10 lakh –	0%
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	17.13%
2	Orissa	15.82%
3	Karnataka	11.05%
4	Andhra Pradesh	10.40%
5	Maharashtra	9.87%
	Total	**64.27%**

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	180.34

- Reductions during the year	874.78
Closing balance of gross NPA	419.46

**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	60.87
- Write-off/ write-back of excess provisions	356.60
Closing balance	197.09

(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	Nil
E	MSME	Nil
F	Capital market funding (loans against shares, margin funding)	Nil
G	Others	**7.22%**
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 months – 2 months**	**>2 months – 3 months**	**>3 months – 6 months**	**>6 months – 1 year**	**>1 years – 3 years**	**>3 years – 5 years**	**> 5 years**	**Total**
Deposit	0	0	0	0	0	0	0	0	0
Advances	361.18	290.54	293.30	805.54	1354.26	1733.83	0.60	113.46	4952.7149
Investments	0	0	0	0	0	0	0	115	115
Borrowings	221.62	234.62	299.55	489.53	1127.40	1220.11	26.15	57.99	3676.96

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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. September 30, 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 Losss for the Previous three years till September 30, 2022

Audited Profit and Loss for the Previous three years till 30th September, 2022								
	September 30, 2022		YTD March 31, 2022 (audited)		For year ended		For year ended March 31, 2020	
					March 31, 2021			
Revenue from operations	Standalone	Consolidation	Standalone	Consolidation	Standalone	Consolidation	Standalone	Consolidation

Interest income	4857.02	5204.42	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	103.2	103.71	781.33	782.09	751.14	760.51	2,184.03	2,185.23
Others	171.5	171.5	407.92	415.79	330.01	341.65	105.25	105.25
Total revenue from operations	**5131.72**	**5479.63**	**13763.38**	**14,627.92**	**14,429.05**	**14,826.25**	**14,094.86**	**14,352.98**
Other income	205.17	210.5	152.62	172.43	218.41	229.88	319.28	342.08
Total income	**5336.89**	**5690.13**	**13916**	**14800.35**	**14,647.46**	**15,056.14**	**14,414.14**	**14,695.06**
Expenses								
Finance cost	1807.12	1881.47	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	3688.92	3774.73	4,658.31	4805.7	6,398.75	6,451.40	2,728.96	2,735.72
Employee benefits expense	1461.63	1517.32	2,168.80	2283.97	1,663.57	1,715.36	1,669.70	1,707.47
Depreciation and amortization expense	45.03	46.01	85.46	91.77	74.86	76.23	87.42	88.33
Other expenses	624.38	638.37	1,216.69	1248.33	534.89	549.56	405.55	415.65
Total expenses	**7627.08**	**7858**	**13,270.14**	**13831.63**	**12,871.12**	**13,051.69**	**8,432.74**	**8,510.52**
Profit before tax	**-2290.19**	**-2167.87**	**645.86**	**968.72**	**1,776.34**	**2,004.45**	**5,981.40**	**6,184.54**
Tax expense:								
Current tax	0	51.65	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	-558.62	-574.22	-650.28	-677.25	-875.64	-876.13	1,960.92	1,961.09
Income tax expense	**-558.62**	**-522.57**	**179.48**	**270.45**	**486.52**	**549.85**	**2,614.46**	**2,666.25**
Profit for the year	**-1731.57**	**-1645.3**	**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	6.94	7.09	-14.37	-14.23	20.06	20.31	-17.38	-17.52
Income tax effect	-1.75	-1.79	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	-1116.79	-1116.79	-448.77	-448.77	-420.38	-420.38	12.11	12.11
Income tax effect	281.07	281.07	112.95	112.95	105.8	105.8	-3.05	-3.05

Total comprehensive income for the year	**-2562.1**	**-2475.72**	**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		-1,646.21		694.68		1,450.43		3,514.59
Non-controlling interests		0.91		3.59		4.17		3.7
		-1,645.30	-	**698.27**	-	**1,454.60**	-	**3,518.29**
Total comprehensive income for the year attributable to:								
Owners of the company		-2,476.63		348.22		1,151.05		3,510.55
Non-controlling interests		0.91		3.59		4.17		3.7
		-2475.72	-	**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	-24.58	-23.37	7.22	10.75	20.05	22.55	53.85	56.21
Diluted	-24.58	-23.37	7.2	10.72	19.98	22.47	53.4	55.74
Nominal value	10	10.00	10	10	10	10	10	10

Spandana Sphoorty Financial Limited

Audited Balance sheet for the previous three years till September 30, 2022

	As at September 30, 2022		**As at March 31, 2022 (audited)**		**As at March 31, 2021**		**As at March 31, 2020**	
ASSETS	**Standalone**	**Consolidation**	**Standalone**	**Consolidation**	**Standalone**	**Consolidation**	**Standalone**	**Consolidation**
Financial assets								
Cash and cash equivalents	8648.05	8662.98	7,239.95	7271.7	11,307.83	11,351.95	536.19	596.31
Bank balances other than cash and cash equivalents	976.06	976.46	4,750.72	4,570.72	2,453.27	2,458.26	1,970.99	1,975.05
Trade receivables	206.36	206.51	200.86	200.92	121.06	120.61	223.68	223.68
Loans	51623.91	53901.54	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	843.79	859.32	322.98	745.15	742.67	756.71	1,652.89	2,904.96
Investments	1171.04	22.7	1,146.24	24.44	1,146.24	23.25	5,498.55	4,874.62
Subtotal - Financial assets	**63469.67**	**64629.97**	**66,298.60**	**68,177.22**	**81,934.66**	**84,041.66**	**58,933.70**	**59,098.57**
Non-financial assets								
Current tax assets (net)	259.29	342.78	149.38	188.13	149.38	153.13	149.38	153.13
Deferred tax assets (net)	2650.23	2694.43	1,812.28	1,842.05	1,045.42	1,047.50	69.03	70.32
Property, plant and equipment	255.12	258.06	64.24	67.87	196.92	198.96	131.43	152.28

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Intangible assets	55.03	55.03	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	240.39	259.45	241.46	243.25	126.51	146.53	101.46	112.43
Subtotal - Non-financial assets	**3460.06**	**3937.72**	**2,338.32**	**2,586.15**	**1,525.97**	**1,727.62**	**484.14**	**675.21**
Total assets	**66929.73**	**68567.69**	**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	17924.8	18134.99	17,584.36	17,782.40	20,347.14	20,347.14	7,776.28	7,776.28
Borrowings (other than debt securities)	18642.75	19223.73	18,528.31	19,736.80	31,425.34	33,183.69	22,184.11	22,273.34
Subordinated liabilities	202.03	202.03	201.87	201.87	201.83	201.83	201.67	203.28
Other financial liabilities	1539.56	1647.57	1,285.64	1,312.32	2,561.99	2,696.75	2,255.73	2,271.90
Subtotal - Financial liabilities	**38309.14**	**39208.32**	**37,600.18**	**39,033.39**	**54,536.30**	**56,429.41**	**32,417.80**	**32,524.80**
Non-financial liabilities								
Current tax liabilities (net)	9.68	95.91	177.53	281.62	1,338.85	1,398.16	596.69	647.07
Provisions	38.04	38.8	39.47	40.15	16.08	16.5	27.58	28
Other non-financial liabilities	551	556.59	504.42	508.76	410.35	414.25	294.4	301.45
Subtotal - Non-financial liabilities	**598.72**	**691.3**	**721.42**	**830.53**	**1,765.28**	**1,828.91**	**918.67**	**976.52**
EQUITY								
Equity share capital	709.77	709.77	690.95	690.95	643.15	643.15	643.15	643.15
Other equity	27312.1	27955.86	29,624.37	30,184.73	26,515.90	26,847.64	25,438.23	25,616.39
Non controlling interest	0	2.44	0	23.77	0	20.18	0	12.92
Subtotal – Equity	**28021.87**	**28668.07**	**30,315.32**	**30,899.45**	**27,159.06**	**27,510.97**	**26,081.39**	**26,272.46**
Total liabilities and equity	**66929.73**	**68567.69**	**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

(Rupees in millions unless otherwise stated)

Particulars	**September 30, 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**
Cash flow from operating activities								
Profit before tax	-2290.19	-2167.87	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	45.03	46.01	85.46	91.77	74.85	76.23	87.42	88.33
Share based payment to employees	160.76	160.76	112.18	112.18	88.05	87.85	41.07	41.64

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Provision for gratuity	5.51	5.51	18.82	18.82	8.56	8.56	10.2	10.41
Finance cost on lease liability	2.48	2.48	17.81	17.81	14.88	14.88	14.37	14.37
Gain on business transfer	0				-9.26	-	-	-
Impairment on financial instruments and other provisions	3688.92	3774.73	4,658.31	4,805.70	6,398.75	6,451.40	2,728.96	2,735.72
Net gain on fair value changes	-103.2	-103.71	-479.06	-479.82	-85.84	-86.46	-44.76	-45.96
Net (gain)/ loss on derecognition of property, plant and equipment								
Net gain on adjustment on account of termination of leases			-52.44	-52.44				
Net loss on financial assets and liabilities designated at fair value through profit or loss		0.1	-43.01	-42.15	27.44	27.44	-	-
Other provisions and write offs	45.42	45.42	14.53	14.67	26.19	26.19	29.13	29.24
Operating profit before working capital changes	**1554.7344**	**1765.04**	**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	117.96	202.25	-1,123.69	-1,231.77	266.82	385.41	1,707.33	1,713.86
Increase / (decrease) in provisions		0.23	-9.8	-9.4	-	112.8	-3.42	76.6
Increase / (decrease) in other non financial liabilities	46.58	47.83	94.07	94.51	115.96	0.25	70.97	-3.53
(Increase) / decrease in bank balances other than cash and cash equivalents	3774.66	3774.26	-2,297.45	-2,292.46	-482.28	-483.22	57.11	56.81
(Increase) / decrease in trade receivables	-5.5	-5.59	-79.8	-80.31	102.62	103.07	-188.19	-188.19
(Increase) / decrease in loans	-3792.07	-3608.67	8,418.67	8,889.20	-24,823.17	878.94	-7,907.82	-8,569.97
(Increase) / decrease in other financial assets	-566.23	-159.59	405.16	-3.11	963.35	-26,439.33	-3,027.22	-2,329.73
(Increase) / decrease in other non financial assets	1.07	-16.2	-195.52	-96.87	-25.05	-34.1	25.55	17.28
Changes in other inventories	0	-154.08						
Cash used in operations	**1131.2**	**1845.48**	**10,259.69**	**10,796.90**	**-15,404.17**	**-16,699.83**	**-417.9**	**-167.7**
Income taxes paid	-277.76	-393.62	-2,060.67	-2,171.09	-777.59	-840.69	-118.77	-184
Net cash used in operating activities (A)	**853.44**	**1451.86**	**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	-81.76	-82.05	-44.61	-69.63	-152.44	-154.56	-45	-45.63
Purchase of intangible assets			-70.8	-70.8	-0.1	-0.1	-0.02	-0.02
Proceeds from derecognition of property, plant and equipment			4.44	22.79	38.24	38.24	-	-
Business transfer			80.57		822.21		-	-
Investment in Subsidiary	-24.80				-500		-	-
Purchase of investments	-25650	-25,676.03	-1,08,624.01	-1,08,622.06	-42,843.00	-42,843.36	-72390.11	-72432.21
Sale of investments	25,753.20	25,754.94	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)	**-3.36**	**-3.14**	**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)	107.90	107.90	2,924.27	2,924.27	-		3,925.59	3,925.59
Balance subscription of optionally convertible redeemable preference shares (all series)					-		-	-
Proceeds from issue of Share Warrants (including securities premium)					-			-

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Balance subscription of share warrants								
Debt securities (net)	454.88	-160.58	-2,719.78	-2,522.60	12,542.98	12,542.98	-5,943.36	-5,943.36
Principal payment of lease liability	-2.4518911	-2.45	-5.25	-5.25	9.69		-29.8	-15.42
Interest payment of lease liability	-2.48	-2.48	-17.81	-17.81	14.88	9.69	14.37	
Borrowings (other than debt securities) (net)			-12,897.03	-13,446.89	9,241.28	14.88	6,654.22	6,518.52
Subordinated liabilities (net)	0.16	0.16	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)	**558.02082**	**(57.45)**	**-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.

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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 BSE. 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 BSE 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 BSE.

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

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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.

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:

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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 December 21, 2022 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 December 23, 2022, rating rationale from the rating agency dated December 20, 2022 along with the detailed press release.
7	Letter from Catalyst Trusteeship Limited dated December 22, 2022 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 BSE 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. 100,00,00,000/- (Rupees One Hundred 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. 100,00,00,000/- (Rupees One Hundred 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.

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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*)	11.35% Spandana Sphoorty Financial Limited 2025
Issuer	Spandana Sphoorty Financial Limited
Type of Instrument	Non-Convertible Debentures
Nature of Instrument (Secured or Unsecured)	Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures
Seniority (Senior or subordinated)	Senior
Mode of Issue	Private placement
Eligible/Identified Investors	As provided in S.no 25 of Part A (*Disclosures*) of this Placement Memorandum.
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	The Debentures are to be listed on the wholesale debt market segment of BSE within a maximum period of 4 (Four) working days from the date of closing of the Issue. In accordance with the SEBI Debt Listing Regulations, in case of delay by the Company in listing of the Debentures beyond 4 (Four) working days from the date of closing of the Issue, the Company shall (i) make payment to the Debenture Holders of 1% (One Percent) p.a. over the Coupon Rate from the expiry of 4 (Four) working days from the Deemed Date of Allotment till the listing of such Debentures.; and (ii) be permitted to utilise the Issue Proceeds of its subsequent two privately placed issuances of securities only after having received final listing approval from the stock exchange(s) in respect

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	of the listing of Debentures.
Rating of the Instrument	'INDRa A''/Stable Outlook from the Rating Agency.
Issue Size	Rs. 100,00,00,000/- (Rupees One Hundred Crore only).
Minimum subscription	10 (Ten) 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	Entire Issue Proceeds will be utilized by the Issuer for on lending purpose. Provided however, proceeds of the issue of Debentures will not be utilised for: a. Real Estate Business, capital market investments and purchase/acquisition of land or any investment in the real state sector; b. Extending loans or making any inter-corporate deposits to/in subsidiary/associate Company(ies) c. Any onward lending to any Person for subscribing to initial public offerings or for purchase of shares from the secondary market d. Any speculative/other purposes specifically restricted by RBI and other regulatory/bodies and updated from time to time e. bill discounting and rediscounting of bills f. repayment of any loans from Directors/ Promoters For the purpose of this Clause *"Real Estate Business"* shall have the same meaning as assigned to it in the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended from time to time.
Details of the utilization of the Proceeds	Entire Issue Proceeds shall be utilised for meeting the funding requirements of the Issuer for on lending
Coupon/Coupon Rate/ Redemption Premium/ Returnon Debentures	11.35% (Eleven Decimal Point Three Five Percent) per annum payable monthly
Step Up Coupon Rate	In the event there is any downgrade in the rating of Debentures and/or the Issuer by any Rating Agency or assignment of a new credit rating by any other credit rating agency which is lower than the current rating of the Debentures and/or the Issuer, the Coupon Rate shall increase by 0.25% for each notch of rating downgrade ("**Step-Up Coupon**"). The Step-Up Coupon shall be payable on each Coupon Payment Dates during the period starting from the date of downgrade in rating, on the outstanding principal amount of the Debentures. It is hereby clarified that for the purpose of any increase in the

	Coupon Rate upon the occurrence of any downgrade 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 (for long term borrowings) shall be considered. It is hereby further clarified that in case of multiple downgrades (for the avoidance of doubt, by a notch each), the Step Up Coupon Rate shall be applied each time for each notch downgrade in the rating of the Debentures/issuer and the Coupon Rate shall be the aggregate of all such step ups to the original Coupon Rate and the relevant Step Up Coupon Rate shall be applicable on and from the date on which the relevant rating downgrade event occurs.
Coupon Payment Frequency	Coupon shall be payable monthly, subject to Optional Accelerated Redemption or exercise of Put Option.
Coupon Payment Dates (cumulative / non-cumulative, in case of dividend)	Coupon shall be payable on monthly basis, i.e. on the Coupon Payment Dates (as specified in the Debenture Trust Deed) and on the Redemption Date (subject to the Business Day convention), subject to Optional Accelerated Redemption or exercise of Put Option
Coupon Type (Fixed, floating or other structure)	Fixed.
Coupon Reset Date	N.A.
Step Up Coupon Rate Process	Refer to Step Up Coupon Rate above.
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 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	Without prejudice to any other rights and remedies available to the Debenture Trustee under the Transaction Documents or under Applicable Law, in the event of a payment default with respect to any interest and principal due and payable in connection to the Debentures on the respective Due Dates, breach of any covenants or any other Event of Default, the Company shall pay default interest at

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	the rate of 2% (Two Percent) per annum over and above the Coupon Rate, from the date of the occurrence of such payment default or Event of Default until the payment defaulr or the Event of Default is cured or the Debentures are redeemed pursuant to such payment default or Event of Default, as applicable. Further, in the event of delay in execution of Debenture Trust Deed and/or Deed of Hypothecation within the timelines prescribed herein or therein; failure to create or register or perfect the Security by the Security Perfection Date and failure to comply with any covenants, the Company shall pay default interest of 2% (Two Percent) per annum over and above the Coupon Rate as more particularly specified in the Debenture Trust Deed. It hereby further clarified that if any Default Interest is not paid, the Default Rate will also apply on the unpaid Default Interest from the Coupon Payment Date on which such Default Interest was not paid up to (and including) the date of actual payment of the Default Interest and as more particularly identified in the Debenture Trust Deed.
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 Debenture Trust Deed, the Issuer shall refund the Subscription Mo nies with the agreed rate of interest or shall pay penal interest of 2% (Two Percent) per annum over the and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
Optional Accelerated Redemption	Each of the Debenture Holders shall have the right but not an obligation to require the Company to redeem the Debentures along with accrued Coupon upon the occurrence of any of the below mentioned ("**Optional Accelerated Redemption Events**") as determined by the Debenture Trustee in its sole discretion ("**Optional Accelerated Redemption**"): 1. Breach of any of the covenants as mentioned in Rating Covenant, Holding and Management Covenant or Financial Covenant; 2. Occurrence of Material Adverse Effect; 3. If the Issuer prepays any loans or redeem debentures voluntarily or mandatorily before its stated maturity such that it leads to a negative mismatch on cumulative basis in any of the buckets of ALM statement up to the residual tenure of the Debentures after incorporating all the liabilities of the Company including Put Options/interest reset on liabilities. It is hereby clarified that any unutilized/undrawn bank lines shall not be taken into account while testing the occurrence of this Optional Accelerated Redemption Event; 4. Any legal or regulatory decision resulting in suspension/revocation of the non banking finance company license of the Issuer. Upon the exercise of the Optional Accelerated Redemption by the Debenture Holder/ Debenture Holders, the Debenture Trustee shall

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	issue a notice to the Company for redemption of all amounts outstanding in relation to the Debentures (including any unpaid principal, accrued but unpaid Coupon, Default Interest (if applicable)) as on the date of redemption of the Debentures pursuant to the exercise of the 'Optional Accelerated Redemption' Option (the date of sending the notice shall hereinafter be referred to as "**Optional Accelerated Redemption Date**") The Company shall be required to make payment of the outstanding Debts in relation to the Debentures, to the exercising Debenture Holder(s) including any unpaid principal amount, accrued but unpaid Coupon, Default Interest (if applicable) and liquidated damages (if applicable) within 7 (Seven) calendar days of the Optional Accelerated Redemption Date. Provided that if the Issuer fails to redeem the Debentures and pay all outstanding amount to such Debenture Holder(s) within the specified time period, the Issuer shall pay interest at the rate of 15% (Fifteen Percent) per annum for the period of delay i.e. Coupon Rate shall be deemed to have increased to 15% (Fifteen Percent) per annum. It is hereby clarified that the Default Interest shall not be separately paid over and above the Coupon Rate in the event the Issuer fails to redeem the Debentures and pay all outstanding amount to such Debenture Holder(s) within 7 (Seven) calendar days of the Optional Accelerated Redemption Date. It is hereby further clarified that each of the Debenture Holders are entitled to exercise Optional Accelerated Redemption and the issue of notice for exercising the Optional Acceleration Redemption by the Debenture Holder/s shall not be dependent upon Approved Instructions (as defined in the Debenture Trust Deed). To enable the Debenture Holders to exercise the Optional Accelerated Redemption, the Company shall inform the Debenture Trustee regarding occurrence of Optional Accelerated Redemption Event immediately and in no event later than 1 (One) calendar day from the date of occurrence of any Optional Accelerated Redemption Event.
Tenor	36 (Thirty Six) months from the Deemed Date of Allotment
Scheduled Redemption Date	December 30, 2025
Principal Payment Date(s)	The principal amount of the Debentures shall be payable by the Company on a pro-rata basis on the Principal Payment Dates set out in **Annexure VI** *(Illustration of Bond Cashflows)* of this Placement Memorandum.
Redemption Amount	Rs. 10,00,000/- (Rs. Ten Lakhs only) per Debenture on the Principal Payment Dates plus accrued Coupon in the manner set out in **Annexure VI** (*Illustration of Bond Cash Flows*) of this Placement

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	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. 10,00,000/- (Rupees Ten 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 20 months, being August 31, 2024.
Put Option Price	Amount equivalent to the Subscription Money paid in respect of each Debenture along with Coupon payable on the Put Option Date. 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 exercsising the put)	The Debenture Trustee (acting on the instructions of any Debenture Holder(s)) shall be entitled to redeem the Debentures (in full or part) by providing a written notice to the Company of at least 21 (Twenty One) 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. The Company shall comply with the provisions of SEBI Debt Listing Regulations with respect to exercise of Put Option by the Debenture Trustee.
Face Value	Rs 10,00,000/- (Rs. Ten Lakh only) per Debenture
Minimum Application and in multiples of thereafter	The minimum application size for the Issue shall be 10 Debentures and in multiples of 1 Debenture thereafter.
Issue Timing	Issue Opening Date: December 29, 2022 Issue Closing Date: December 29, 2022 Date of earliest closing of the Issue, if any: N.A Pay-in Date: December 30, 2022 Deemed Date of Allotment: December 30, 2022 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.
Issuance mode of the Instrument	Demat only

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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	Any day of the week (excluding Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) on qwhich banks are normally open for business in Mumbai, India
Business Day Convention	In the event that any Due Date (i.e., any Coupon Payment Dates / or any other due date/s other than the Redemption 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. In the event that the Redemption 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. It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.
Disclosure of Interest / Dividend / Redemption Dates	Please refer to the column on "*Coupon Payment Dates*" and "*Interest Payment Dates*" under this Section 5.37 (*Issue Details*).
Record Date	In relation to any Due Date, the day falling 7 (Seven) 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.

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.	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 rights, title, interest, benefit, claims and demands of the Company, in, to, or in respect of, the loans and including without limitation the Secured Receivables, present and future ("**Hypothecated Property**"/ "**Hypothecated Assets**") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Issuer undertakes: • to maintain the value of security at all times equal to 1.15 (One Decimal Point One Five) time or 115% (One Hundred and Fifteen Percent) the aggregate outstanding Debts of the Debentures where at least 1.15 (One Decimal Point One Five) time or 115.0% (One Hundred and Fifteen 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 Secured 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 (Fifteen) Business Days of the Secured 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 Asserts and certifying that the Hypothecated Assets are in compliance with the Eligibility Criteria • The Secured Receivables constituting the Hypothecated Assets shall meet the Eligibility Criteria as set out below and in more detail under the Deed of Hypothecation.

	• The Debenture Trustee acting on the instructions of Debenture Holders pursuant to a Critical Majority Resolution) has the right to direct the Issuer to execute a Supplemental Deed of Hypothecation with the latest list of the Secured Receivables constituting the Hypthecated Assets that meet the Eligibility Criteria, at any point of time until the maturity. Eligibility Criteria for the Hypothecated Property: a) The Identified Loans should be current at the time of selection and replacement during the tenor of the Debentures. b) On an ongoing basis, the Identified Loans shall not past due above 30 (Thirty) days in the books of the Company at any point in time during the entire tenure of the Debentures. c) The Identified Loans should not have been restructured and/or rescheduled. d) The Identified Loans must comprise of only loans directly originated by the Company and not loans purchased from any third party; e) The Identified Loans are existing at the time of selection, and have not been terminated or prepaid; f) The Identified Loans shall be free from all encumbrances and are not subject to any encumbrance (including, without limitation, any lien or charge); g) None of the Idnetified Loans to be provided to the Debenture Trustee shall include the portfolio from the state of Kerala. h) The Hypothecated Assets shall comply with applicable law including RBI norms and guidelines. i) The Identified Loans shall not be generated from lending provided by the Company to its associates, subsidiaries and/or related parties; j) All 'know your customer' requirements applicable in terms of Applicable Law shall have been complied with in respect of the Hypothecated Assets; k) The loans granted by the Company to related parties shall not be included in Hypothecated Assets. Any Identified Loan once provided as security should not be replaced until and unless: a) it is not meeting the Eligibility Criteria; b) 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 BSE in accordance with the SEBI circular dated November 03, 2020 (bearing reference no SEBI/HO/MIRSD/CRADT/CIR/P/2020/218) is annexed hereto as **Annexure VII** of this Placement Memorandum.
Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s), details of	Please refer to **Annexure VIII** of this Placement Memorandum.

security to be created and process of due diligence carried out by the debenture trustee.	
Transaction Documents	As set out in Clause 7.1 of this Placement Memorandum.
Conditions Precedent to Disbursement	On or prior to the payment of subscription monies by the Debenture Holder(s) proposing to subscribe to the Debentures: (a) Receipt of due diligence certificate (Annexure A) issued by the Debenture Trustee in accordance with the SEBI circular dated November 03, 2020 (bearing reference no SEBI/HO/MIRSD/CRADT/CIR/P/2020/218); (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. (c) The Company shall have submitted to the Debenture Trustee and the Debenture Holders: (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 (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. (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: i. Authorising the Company to issue the Debentures; ii. Authorising the Company, for creation/ declaration of trust, appointment of the Debenture Trustee and issue of the Debentures in accordance with the terms hereof; iii. Authorising the creation of the security interest; iv. 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 required so to be done, under or in relation to the issuance of the Debentures;

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	(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;
	(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;
	(g)	The Company shall have submitted to the Debenture Trustee, the rating letter, rating rationale and detailed press release from the Rating Agency in relation to the Debentures;
	(h)	The Company shall have submitted certificate from an independent chartered accountant certifying that the list of receivables to be hypothecated are as per the eligibility criteria mentioned in the Deed of Hypothecation;
	(i)	The Company shall have submitted to the Debenture Trustee duly completed certified/ self-attested KYC Documents of the Issuer and the authorized signatories of the Issuer;
	(j)	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 prrescirbed limits of borrowing or similar limit binding;
	(k)	Letter of consent for appointment of the Debenture Trustee as debenture trustee in relation to the Debentures;
	(l)	Receipt by the Debenture Trustee of copy of in-principle approval obtained by the Company from the BSE, for listing the Debentures on the BSE;
	(m)	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;
	(n)	The Company shall submit a certificate issued by the independent chartered accountant, prior to the Deemed Date of Allotment confirming that: (A) issuance of the Debentures would not cause any borrowing, or similar limit binding on the Issuer to be exceeded; (B) execution of the relevant Security Documents and creation of the security interests, would not breach any limits under the constitutional documents of the Issuer, the terms of any other contractual

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	arrangements entered into by the Issuer or any limits prescribed by the shareholders or board of directors of the Issuer; (o) The Company shall submit a certificate issued by an independent chartered accountant, prior to the Deemed Date of Allotment, certifying that there are no proceedings or claims for the recovery of any Tax pending against the Issuer including, without limitation, any income tax proceedings requiring it to obtain the consent of the Assessing Officer under Section 281(1) of the Income Tax Act, 1961 for the purpose of creating security interest in respect of the secured property (p) The Company shall provide such other undertaking as may be required by the Debenture Trustee; (q) The Issuer to submit to the Debenture Trustee 4 (Four) UDCs issued by the Issuer towards all Coupon and instalments of principal payment, in favour of the Debenture Trustee; (r) The Company to provide a management undertaking that all the Financial Indebtedness of the Issuer are standard as on date, the Issuer has not defaulted in making any payments in respect thereto and the Issuer has obtained all regulatory and statutory consents to issue Debentures. (s) The Company shall have submitted any other documents that may be requested by the Debenture Trustee and/or the Debenture Holders. (t) Such other conditions precdent as may be determined by the Debenture Holders and set out in the Debenture Trust Deed.
Conditions Subsequent to Disbursement	The Company shall comply with the following conditions subsequent within the timelines stipulated herein below: (a) The receipt of Due diligence certificate (Annexure B) issued by the Debenture Trustee in accordance with the SEBI circular dated November 03, 2020 (bearing reference no SEBI/HO/MIRSD/CRADT/CIR/P/2020/218); (b) 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;

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	(c) Within 4 (Four) working days from the date of closing of the Issue, the Company shall list the Debentures on the BSE and obtain the listing approval from the BSE; (d) 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; (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; (f) The Company shall provide the details on utilisation of funds raised through the issue of Debentures duly certified by the Company's chartered accountants/ statutory auditors to the Debenture Trustee within 30 (Thirty) calendar days from the Deemed Date of Allotment; (g) 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. (h) Such other conditions subsequent as may be determined by the Debenture Holders and set out in the Debenture Trust Deed.
Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	As mentioned in Clause 7.4 of this Placement Memorandum.
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 Debenture Holders pursuant to a Majority Resolution.
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	As set out in detail under Clause 7.3E of this Placement Memorandum.

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Provisions related to Cross Default Clause	Any Financial Indebtedness of the Company or any of its subsidicary 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 *inter alia* the roles and responsibilities of the Debenture Trustee: 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 in the event of two consecutive defaults in payment of interest to the Debenture Holders or default in creation of security for debentures default in redemption of debentures 8. The Debenture Trustee may take all steps as he may deem fit – (a) To ensure on a continuous basis that the Security provided to secure the Debentures is available and adequate at all times to discharge the interest and principal amount payable to debenture holders. (b) To ensure that the Company does not commit any breach of covenants of the Debenture Trust Deed; (c) To take steps to call a meeting of holders of Debentures as and when such meeting is required to be held.
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 115% (One Hundred and Fifteen 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.

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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

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 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 and such registration is valid and subsisting.

(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.

(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 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**

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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) **Power and Authority**

The Company has the power to issue the Debentures and enter into, perform and deliver, and has taken all necessary action to authorize its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents.

(h) **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. The Company has a proper, efficient and effective book-keeping and accounting system in place as well as adequate professional staff, including maintaining of accounts showing the loan drawings, payments, interest etc.

(i) **Taxation Liabilities**

(i) It has complied with all Tax laws in all jurisdictions in which it is subject to Tax and has paid all Taxes due and payable by it unless contested in good faith and adequate reserves have been set aside in respect thereof.

(ii) No material claims which would adversely affect its obligations herein are being asserted against with respect to any Taxes.

(iii) The Company has paid all Taxes required to be paid by it within the time period allowed for payment without incurring any penalties for non-payment other than any Taxes being contested by it in good faith and in accordance with the relevant procedures for which adequate reserves are being maintained in accordance with IND AS.

(j) **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 payment of outstanding Debts 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 payment of Outstanding Debts in relation to the Debentures.

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(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.

(k) **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.

(l) **Pari Passu Ranking**

The Company's payment obligations under the Transaction Documents rank at least *pari passu* with the claims of all of its other senior and secured creditors, except for obligations mandatorily preferred by law applying to companies generally.

(m) **Employees**

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

(n) **No Default**

The Company hereby represents that no Event of Default has occurred and is continuing or would be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures. No other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on the Company or any of its assets or which might have a Material Adverse Effect.

(o) **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 payment of outstanding Debts in relation to the Debentures.

(p) **No Immunity**

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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.

(q) **Security**

Save and except the charge created to secure the Debentures (and any other charges disclosed to the Debenture Trustee), the Hypothecated Assets 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 Hypothecated Assets.

The Transaction Documents executed or to be executed constitute, and will constitute legal, valid and enforceable security interests in favour of inter alios the Debenture Trustee and for the benefit of the Debenture Holder(s) on all the assets thereby secured, prior and superior to all other security interest (unless otherwise specified) and all necessary and appropriate consents for the creation, effectiveness, priority and enforcement of such Security have been obtained.

(r) **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.

(s) **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.

(t) **Anti-Bribery and Corruption Laws**

(i) The Company and the Promoter have conducted its respective businesses in compliance with applicable Anti-Bribery and Corruption Laws and has instituted and maintained systems, controls, policies and procedures designed to:
   A. detect incidences of bribery and corruption; and
   B. promote and achieve compliance with the Anti-Bribery and Corruption Laws;

(ii) The Company and the Promoter, to the knowledge of any member of the Company, its directors, officers, agents or representatives, have not, for the purpose of gaining or maintaining unlawful or improper benefits for the Company and/or the Promoter:
   A. directly or indirectly, made, offered to make, promised to make or authorized the payment or giving of, anything of value to any Person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a Person to influence that Person in his or her official capacity, induce that Person to do or omit an act in violation of his or her lawful duty, or to secure any improper

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advantage in order to assist in obtaining or retaining business for or with, or directing business to, any Person that may or may not constitute an "unlawful payment" or "improper transfer of value" within the meaning of, and is not in any other way in violation of the Anti-Bribery and Corruption Laws;

B. directly or indirectly used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political office or activity;

C. made any direct or indirect unlawful payment or improper transfer of value to any public official or any company employee from corporate funds;

D. received directly or indirectly any bribe, rebate, payoff, influence payment, kickback or other unlawful payment or improper transfer of value prohibited under any Anti-Bribery and Corruption Laws;

E. been (as far as the Company is aware) or is subject to any litigation, arbitration or administrative, regulatory or criminal proceedings or investigation with regard to any actual or alleged unlawful payment, improper transfer of value or other violation of any Anti-Bribery and Corruption Laws;

F. directly or indirectly, violated applicable Anti-Bribery and Corruption Laws or made, undertaken, offered to make, promised to make or authorized the payment or giving of a prohibited payment;

G. directly or indirectly, used funds or other assets, or made any promise or undertaking in such regard, for the establishment or maintenance of a secret or unrecorded fund; or

H. directly or indirectly, made any false or fictitious entries in any books or records of the Company and/or the Promoter relating to any prohibited payment with respect to the transactions contemplated by this Deed.

(u) **Anti-Money Laundering Laws and Anti-Terrorism Financing**

The operations of the Company and the Promoter are and have been conducted at all times in compliance with all Anti-Money Laundering Laws and Anti-Terrorism Financing Laws and no action, suit or proceeding by or before any court or Governmental Agency, authority or body or any arbitrator involving the Company or the Promoter with respect to Anti-Money Laundering Laws and Anti-Terrorism Financing Laws is pending and, to the best of the Company's knowledge, no such actions, suits or proceedings are threatened in writing.

(v) Such other representations and warranties as may be determined by the Debenture Holders and set out in the Debenture Trust Deed and other Transaction Documents.

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 Debenture Holders pursuant to a Majority Resolution or Critical Majority Resolution as the case may be)), undertakes to comply with the following covenants:

(a) **Limitation on Use of funds/ End Use**

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(i) The Company shall utilise the monies received upon subscription of the Debentures to meet funding requirements of the Issuer for on lending purpose (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:

(i) Real Estate Business, capital market investment and purchase or acquisition of land or any investment in the real estate sector;
(ii) Extending loans or making any inter-corporate deposits to/in subsidiary/associate company(ies);
(iii) for onward lending to any Person for subscribing to initial public offerings or for purchase of shares from the secondary market;
(iv) any speculative/other purposes specifically restricted by RBI and other regulatory/bodies and updated from time to time;
(v) bill discounting or rediscounting of bills;
(vi) repayment of any Loans from Directors/Promoters

For the purpose of this Clause, "*Real Estate Business*" shall have the same meaning as assigned to it in the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended from time to time.

(iii) The Company shall within 45 (Forty-Five) calendar days from the end of every quarter submit to BSE, a statement indicating the utilization of Issue Proceeds, which shall be continued to be given till such time the Issue Proceeds have been fully utilised or 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 / Assurance**

(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

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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) 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.

(d) **Regulatory filings**

(i) The Company shall promptly make, or cause to be made, all filings with Governmental Authorities or similar authorities in India, to preserve, renew and keep in full force and effect its existence and its material rights, franchises, consents, approvals, licenses and Authorisations (including without limitation the certificate of registration issued to the Company by the RBI), which are necessary for the ownership of the property and operation of the business of the Company.

(ii) The Company shall cooperate with the Debenture Trustee/ Debenture Holders in connection with any assistance the Debenture Trustee/ Debenture Holders may require for the purpose of submitting information in relation to the Debentures and the Transaction Documents to any relevant information utility in accordance with the IBC, and to confirm or authenticate all filings and information sought to be uploaded, and update or modify or rectify any errors in such financial information submitted.

(iii) 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 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.

(iv) Without prejudice to the generality of sub-paragraph (a) above, in the event that any Debenture Holder is a foreign portfolio investor registered under Applicable Law, the Company shall promptly make, or cause to be made, all filings with Governmental Authorities (including without limitation, the RBI and/or the SEBI), as may be required under Applicable Law and for this purpose, shall duly cooperate with such Debenture Holder, if required.

(e) **Compliance with laws**

The Company shall comply with:

(i) all Applicable Law (including, without limitation, 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; and any other directions/guidelines, notification, circular, press release issued by the applicable authority, from time to time.

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(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 BSE 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;
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.

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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) **Taxation**

(i) The Company shall duly and punctually pay and discharge all Taxes imposed upon it or its respective assets within the time period allowed without incurring penalties unless and only to the extent that:
   A. such payment is being contested by it in good faith and in accordance with relevant procedures;
   B. adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Debenture Trustee;
   C. such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.

(ii) If required by the Debenture Trustee, the Company shall promptly provide the evidence of payment of any Taxes to the Debenture Trustee.

(iii) The Company shall not be materially overdue in filing of any Tax returns.

(iv) The Company shall do all things necessary to ensure that no claims or investigations are or are reasonably likely to be asserted, made or conducted against it with respect to Taxes.

(v) The Company shall not change its residence for Tax purposes.

(h) **Credit Rating**

(i) The Company shall provide all information and extend all necessary cooperation to the credit rating agency for the purpose of rating of the Debentures and renewal of the rating for the Debentures and the Company shall comply with all the terms and conditions of the credit rating letter issued by such credit rating agency.

(ii) The Company shall ensure that the Debentures are rated by an accredited credit rating agency to the satisfaction of the Debenture Trustee on an annual basis or as may be required by the Debenture Trustee. The credit

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rating awarded by a credit rating agency shall be forthwith communicated to the Debenture Trustee by the Company and/or by the credit rating agency.

(i) **Maintenance of internal controls**

The Company shall duly maintain adequate internal control for the purpose of (i) preventing any act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the funds or revenues of the Company or any other act having a similar effect being committed by the management or any officer of the Company; and (ii) preventing the use of the funds or revenues of the Company in violation of Anti Money-Laundering Laws and/or for other purposes not in compliance with Applicable Law.

(j) **Account Systems, books and accounts**

The Company shall

(i) keep proper books of account as required by the Act and make true and proper entries therein of all dealings and transactions of and in relation to the Debentures, the Hypothecated Assets and the business of the Company and the Company will ensure that the same shall at times be open for inspection by the Debenture Trustee and such person or persons, as the Debenture Trustee shall, from time to time, in writing for that purpose appoint.

(ii) at the risk and cost of the Company, permit the Debenture Trustee and/or any professional advisers, representatives and contractors appointed by the Debenture Trustee, as and when required by the Debenture Trustee, to (i) visit the registered office of the Company, and (ii) examine and make copies the records and books of account of the Company;

(iii) shall maintain an accounting and control system, management information system and books of account and other records to give a true and fair view of its financial condition and the results of its operations in accordance with generally accepted accounting principles;

(iv) comply promptly with any monitoring and/or servicing requests from the Debenture Trustee

(k) **Anti-bribery and Corruption Laws**

(i) The Company has not directly or indirectly use the proceeds of the Debentures for any purpose which would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions;

(ii) The Company shall:

A. conduct its businesses in compliance with applicable Anti-Bribery and Corruption Laws; and

B. maintain systems, controls, policies and procedures designed to promote and achieve compliance with such Anti-Bribery and Corruption Laws;

(iii) The Company shall not directly or indirectly use the transaction proceeds for any purpose that would breach any Anti-Bribery and Corruption Laws;

(iv) In connection with the transactions contemplated by this Agreement, the Company shall not directly or indirectly, authorize, offer, promise, or make payments of anything of value, including but not limited to cash, cheques, wire transfers, tangible and intangible gifts, favours, services, and those entertainment and travel expenses that go beyond what is reasonable and customary and of modest value to: (i) an executive, official, employee or agent of a governmental department, agency or instrumentality, (ii) a director, officer, employee or agent of a wholly or partially government-owned or controlled company or business, (iii) a political party or official thereof, or candidate for political office, (iv) a foreign public official, or (v) any other person; while knowing or having a reasonable belief that all or some portion will be used for the purpose of: (A) influencing any act, decision or failure to act by any such person in his or her official capacity, (B) inducing any such person to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity, or (C) securing an unlawful advantage; in order to obtain, retain or direct business.

(l) **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 (i) the books of record, documents and accounts maintained by the Company, and (ii) the state and condition of all the security, together with all records and registers relating to the security, in each case as and when required by the Debenture Trustee;
(iii) All reasonable costs and expenses of inspection, including travelling and all other expenses, shall be payable by the Company to the Debenture Trustee, as applicable, in this behalf.

(m) **Insurance**

The Company shall procure adequate insurance policies in respect of the insurable assets comprised in the security and shall keep the security in proper condition.

(n) **Investor Education and Protection Fund.**

The Company shall comply in all respects with the requirements of Section 125 of the Companies Act, including without limitation in relation to the transfer of, unclaimed or unpaid amounts of Coupon on Debentures and the redemption of Debentures, to the 'Investor Education and Protection Fund' (as understood under Section 125 of the Companies Act), if applicable to it.

(o) **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

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in good standing and at all times act and proceed in relation to its affairs and business in compliance with Applicable Law.

(p) **Related Party Transactions**

The Company hereby confirms that it shall not enter into any arrangement, agreement or commitment with any related party (including without limitation any derivative transaction or the taking or granting of Financial Indebtedness) other than in the ordinary course of business and on arm's length basis.

(q) **Debenture Redemption Reserve**

The Company agrees and undertakes to create a debenture redemption reserve, if required, in accordance with the Companies Act and in accordance with any guidelines issued by SEBI, and if during the currency of these presents any guidelines are formulated (for modified or revised) by any Governmental Authority having authority under Applicable Law in respect of creation of the debenture redemption reserve. The Company shall abide by such guidelines and issue supplemental letters, agreements and deeds of modification, as may be required, by the Debenture Holders or the Debenture Trustee and shall also cause the same to be registered, where necessary subject to the same being applicable. If a debenture redemption reserve is created, the Company shall submit to the Debenture Trustee a certificate duly certified by the statutory auditor of the Company.

(r) **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 Hypothecated Assets 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 promptly pay and discharge all taxes, cases, insurance premium, which may become due and payable in respect of the Security.

(iv) The Company is not aware any document, judgment or legal process or defects affecting the title, ownership of the Security which has remained undisclosed and/or which may have Material Adverse Effect on the Debenture Holders.

(v) The Company shall maintain the minimum Security Cover until the Final Settlement Date;

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(vi) 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.

(s) **Financial Terms and Conditions**

The Company shall comply with each financial terms and conditions set out in the Transaction Documents until the Final Settlement Date.

(t) **Insolveny**

(i) The Company shall not pass any resolution, take any other action in relation to or suffer any resolution of stressed assets, restructuring, voluntary winding-up, voluntary liquidation, insolvency, insolvency resolution or any analogues proceedings.

(ii) The Company shall promptly inform the Debenture Trustee of occurrence of any event or action set out in this Clause.

(u) **Sanctionable Practices**

(i) The Company shall not engage in (nor authorise or permit any other person acting on its behalf to engage in) with respect to the Debentures or any other transaction contemplated by this Placement Memorandum and other Transaction Documents, any Sanctionable Practices (as defined in the Debenture Trust Deed).

(ii) Should any Debenture Holder notify the Company of its concerns that there has been a violation of the provisions of this Clause or Compliance with Sanctions (as identified in the Debenture Trust Deed), the Company shall cooperate in good faith with that Debenture Holder and its representatives in determining whether such a violation has occurred, and shall respond promptly and in reasonable detail to any notice from that Debenture Holder, and shall furnish documentary support for such response upon that Debenture Holder's request.

(v) **Sanctionable Practice Procedures**

The Company shall maintain internal policies and procedures to ensure that neither the Company nor any of its directors, employees nor any person acting on its behalf, engages in any Sanctionable Practice (as defined in the Debenture Trust Deed).

(w) **Sanctions**

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The Company shall not enter into any transaction or engage in any activity that would constitute a breach of Sanctions (as defined in the Debenture Trust Deed) of any Sanctioning Body (as defined in the Debenture Trust Deed)

(x) **Intellectual Property**

The Company shall:

(i) preserve and maintain the subsistence and validity of the intellectual property necessary for its business;

(ii) use reasonable endeavours to prevent any infringement in any material respect of its intellectual property;

(iii) make registrations and pay all registration fees and taxes necessary to maintain its intellectual property in full force and effect and record its interest in that intellectual property;

(iv) not use or permit its intellectual property to be used in a way or take any step or omit to take any step in respect of that intellectual property which may materially and adversely affect its existence or value or imperil the right of the Company to use such intellectual property; and

(v) not discontinue the use of the intellectual property otherwise than in the ordinary course of business.

(y) **Information Utility**

Without prejudice to anything contained in the Transaction Documents, the Company shall, from time to time as may be required by the Debenture Trustee or any of the Debenture Holders in accordance with Applicable Laws:

(i) supply to the Secured Parties all information as required by them for submission to the Information Utilities in such manner and form as may be required under Applicable Laws (including the provisions of Insolvency and Bankruptcy Code, 2016 and the rules and regulations made thereunder (as amended, modified or varied from time to time));

(ii) at its own cost, perform (or procure the performance of) all further acts and things and execute and deliver (or procure the execution and delivery of) such further documents as may be required by the Debenture Trustee or any of the Debenture Holders in terms of paragraph (a) above; and

(iii) not dispute: (i) any information or documents supplied by the Secured Parties for submission to the Information Utilities, and/or (ii) any other information related to the Debentures or the Security Interest created under the Transaction Documents submitted by the Secured Parties to the Information Utility pursuant to the Applicable Laws. In the event of any disagreement or dispute between the Company and the Secured Parties regarding any information submitted by the Secured Parties to an Information Utility, the information supplied by such Secured Parties shall be final and binding on the Company in the absence of any manifest error.

(z) **Change in name or registered office**

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The Company shall not change its name or registered office address without the prior written consent of the Debenture Trustee.

(aa) **Payment of Stamp Duty**

The Company shall pay all stamp duty, charges and penalties payable in respect of the Debentures, the Transaction Documents and/or the transactions contemplated thereby and in the event of the Company failing to pay such stamp duty, charges or penalties, the Debenture Trustee may (but shall not be bound to) pay the same and the Company shall reimburse the same to the Debenture Trustee on demand. The Company shall pay and, within 5 (five) Business Days of demand, indemnify each of the Debenture Holders and the Debenture Trustee against any cost, loss or liability that such Debenture Holders or the Debenture Trustee incurs in relation to all stamp duty, registration and other similar duties payable in respect of the Debentures and/or any Transaction Document.

(bb) **Recovery expense fund**

The Company undertakes to create and maintain a recovery expense fund, in accordance with the regulations and guidelines issued by SEBI, and if during the currency of these presents any guidelines are formulated (for modified or revised) by any Governmental Authority having authority under Applicable Law in respect of creation of the recovery expense fund within the timelines prescribed under Applicable Law. The Company shall abide by the SEBI Debt Listing Regulations, the SEBI (Debenture Trustee) Amendment Regulations, 2020, the circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020, and the SEBI circular dated May 19, 2022 bearing reference number: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2022/ 67, issued by SEBI and any guidelines and regulations issued by SEBI, as applicableand issue supplemental letters, agreements and deeds of modification, as may be required, by the Debenture Holders or the Debenture Trustee and shall also cause the same to be registered, where necessary subject to the same being applicable. If a recovery expense fund is created, the Company shall submit to the Debenture Trustee evidence in form of a certificate duly certified by an independent chartered accountant.

(cc) **Rating Covenants**

(i) The Company shall maintain the current credit rating of the Company and/or the Debentures obtained from any credit rating agency;
(ii) The Company shall ensure that there is no suspension of the credit rating of the credit rating of the Company and/or the Debentures due to the Company not cooperating with the credit rating agency.

In case, the Company is rated by more than 1 (One) credit rating agency duly licensed by SEBI, then the lowest of the ratings (for long term borrowings) shall be considered for calculation for the purpose of sub-Clause.

(dd) 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

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to it as if they are actually and physically incorporated herein in the Debenture Trust Deed;

(ee) **Promoter Debt**
The Company hereby agrees and undertakes that the Promoter Debt shall at all times be contractually subordinated (in ranking and payment) to the Secured Obligations and at any time after the occurrence of an Event of Default/ Optional Accelerated Redemption Event no payments shall be made in respect of the Promoter Debt except with the express prior written consent of the Debenture Trustee (acting on the instructions of the the Debenture Holders pursuant to a Majority Resolution);

(ff) The Company shall comply with any directions/ guidelines issued by any Governmental Authority, in relation to the issuances of the Debentures;

(gg) The Company shall submit to the Debenture Trustee, such information as may be required by the Debenture Trustee from time to time;

(hh) The Company shall comply with the requirements of the SEBI circular dated March 29, 2022 (bearing reference number: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2022/ 38), as amended, replaced or modified from time to time.

B. **Reporting Covenants**

(a) **Event Based Reporting**

(i) 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 events promptly and no later than 5 (Five) Business Days from the occurrence of such event (unless otherwise specifically provided):

A. notify the Debenture Trustee of any change in the shareholding structure of the Company;

B. notify the Debenture Trustee of any change in the composition or list of the Board of Directors of the Company;

C. 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;

D. notify the Debenture Trustee of any amendment to the constitutional documents of the Company except increase in authorized share capital of the Company;

E. notify the Debenture Trustee of the resignation of the staturoy auditor of the Company and provide the resignation letter.

F. provide/ submit information in relation to litigation, arbitration, investigation or administrative proceedings and/or any notice received in this regard by the Company.

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G. 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;

H. notify the Debenture Trustee of any prepayment of Financial Indebtedness by the Company or any notice received for prepayment of any Financial Indebtedness of the Company that would lead to a negative mismatch on cumulative basis in any of the buckets till one year of the ALM of the Company

(ii) The Company shall provide to the Debenture Trustee and to the Debenture Holder(s), information in respect of the following events forthwith and in any event not later than 1 (One) calendar day from the occurrence of such event:

A. notify the Debenture Trustee in writing, if it becomes aware of any fact, matter or circumstance which would cause breach of any of the representations and warranties under any of the Transaction Documents;

B. 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;

C. notify the Debenture Trustee of any application or petition filed for the dissolution or re-organization of the Company;

D. notify the Debenture Trustee of any default in any Financial Indebtedness of the Company;

E. notify the Debenture Trustee of occurrence of other events such as breach of warranties or covenants set out in Transaction Documents of any indebtedness of the Company, any legal proceeding / notice instituted against / received by the Company, default in any indebtedness / obligations to any creditors, any Material Adverse Change and such other material events as set out in the Transaction Documents

(b) **Notification to the Debenture Trustee**

The Company shall provide information to the Debenture Trustee in respect of the following promptly on the occurrence of such event:

(i) notify the Debenture Trustee in writing, of any notice of an application or petition for insolvency and/ or winding up having been made or receipt of any statutory notice of insolvency and/ or winding up under the provisions of the Act or any other notice under any other Applicable Law or otherwise of any suit or legal process intended to be filed affecting the title to the property of the Company.

(ii) notify the Debenture Trustee in writing, if it becomes aware of any fact, matter or circumstance which would cause any of the representations and

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warranties under any of the Transaction Documents to become untrue or inaccurate or misleading in any respect;

(iii) provide to the Debenture Trustee such further information regarding the financial condition, business and operations of the Company as the Debenture Trustee may request;

(iv) notify the Debenture Trustee promptly of any revision in the rating or assignment of a fresh rating provided by the Rating Agency to the Debentures;

(v) inform the Debenture Trustee promptly about any failure to create, perfect and maintain the Security and about all orders, directions, notices of court/tribunal affecting the Hypothecated Assets.

(vi) 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) **Quarterly Reports**

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

(i) the information on financials of the Company in the formats acceptable to the Debnture Holder(s);

(ii) MIS on operations, details on Financial Indebtedness, Static Portfolio Cuts, Portfolio at Risk data, Restructured Portfolio, Monthly collection and monthly collection efficiency, Monthly disbursement data, in the format acceptable to the Debenture Holder;

(iii) PAR & write-off report quarterly in the format acceptable to the Debenture Holder.

(iv) the Company shall issue in favour of the Debenture Trustee and the Debenture Holder(s), a certificate signed by a director of the Company or the chief financial officer of the Company ("**Compliance Certificate**") certifying the compliance by the Company of each of the financial covenants;

(v) the list of directors on the Board of Directors of the Company;

(vi) the shareholding pattern of the Company;

(vii) the Asset Liability Management ("**ALM**") statement of the Company for the relevant quarter;

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(viii) the liquidity position of the Company at the end of such quarter, in a format acceptable to the Debenture Holders; and

(ix) certified copy of the filings / returns filed by the Company with RBI for and during such quarter

(c) **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.

(d) **Financial Statements**

The Company shall:

i. The Company shall submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested), its 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.

iii. ensure that each set of financial statements supplied under this Deed gives (if audited) a true and fair view of, or (if unaudited) fairly represents, its financial condition (consolidated or otherwise) as at the date on which those financial statements were drawn up.

(e) **Furnishing of Information to the Debenture Trustee**

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 10 (Ten) calendar days from the occurrence of such event:

(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.

(iii) 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, documents 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 of the Company including the registers in relation to the Hypothecated Assets as required by the Debenture Trustee and to take copies and extracts thereof.

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(iv) Furnish quarterly report to the Debenture Trustee containing the following particulars:

A. updated list of the names and addresses of the Debenture Holders;

B. Details of the Coupon and principal payments to be made, but unpaid and reasons for the non-payment thereof;

C. The number and nature of grievances received from the Debenture Holder(s) and resolved by the Company, and those grievances not yet solved to the satisfaction of the Debenture Holder(s) and the reasons for the same;

D. 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;

(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.

(f) The Company shall submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested) within 120 (One Hundred and Twenty) days from the close of each Financial Year:

(i) a certificate from a director of the Company/ the chief financial officer of the Company confirming that no Event of Default or potential Event of Default has occurred or is subsisting;

(ii) all information/ documents required to be submitted by the Company to the RBI on an annual basis in respect of such Financial Year.

(g) **Monitoring of 'security created'/ assets on which charge is created by the Debenture Trustee**

As per the SEBI Circular SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/23) and in compliance with the SEBI circular dated May 19, 2022 the Issuer to comply with additional disclosures as mentioned below and such other disclosure as may be applicable from time to time:

(i) The Company submit to the Debenture Trustee and to the Debenture Holder(s), within 15 (Fifteen) calendar days from the end of each month, a certificate from the authorized signatory of the Company (duly authorized by the board of directors of the Company) listing the Hypothecated Assets and the value thereof, on the letter head of the Company along with a MS Excel version of such details.

(ii) The Company shall submit to the Debenture Trustee and to the Debenture Holder(s), within 75 (Seventy Five) calendar days from the close of each quarter, a certificate from the statutory auditor of the Issuer certifying the value of book debts / receivables of the Company, confirming the list of the Hypothecated Assets and the value of such Hypothecated Assets.

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(iii) 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 circular dated November 12, 2020 (bearing reference number: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/23) and in compliance with the SEBI circular dated May 19, 2022 (bearing reference number: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2022/ 67) to enable the Debenture Trustee to submit the same to the relevant stock exchange(s) within the timelines stipulated under Applicable Law;

(iv) Furnish a valuation report (if applicable) for the Hypothecated Assets once in three years within 75 (Seventy Five) days from the end of the Financial Year.

(h) **Know Your Customer Checks**

The Company shall, promptly, upon the Debenture Trustee's request supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Debenture Trustee (for itself or on behalf of any Debenture Holder (including for any Debenture Holder on behalf of any prospective new Debenture Holder)) in order for the Debenture Trustee, such Debenture Holder or any prospective new Debenture Holder to conduct and be satisfied with the results of all necessary "know your customer", or other similar procedures under Applicable Law.

(i) **Senior Management**

The Company shall promptly notify the Debenture Trustee upon becoming aware that any person in a senior management position within the Company:

(i) is named on a sanctions list;

(ii) is investigated or prosecuted by any Governmental Authority for an offence which could on conviction carry a term of imprisonment exceeding three years;

(iii) is convicted of a criminal offence involving fraud, theft or other dishonesty or found to be in material breach of a regulatory or fiduciary duty, or

(iv) a director of the Company will change.

(j) **Miscellaneous**

(i) The Company shall provide written intimation to the Debenture Trustee and the Debenture Holders prior to entering into any transaction of merger, acquisition, restructuring, amalgamation, de-merger scheme of arrangement or compromise with its creditors or shareholders (including, without limitation, any such transaction proposed to be entered into subsequent to the receipt of banking license from the RBI or receipt of approval from the RBI to acquire an existing bank);

(ii) The Company shall forthwith intimate the Debenture Trustee and the Debenture Holders, in writing, upon receipt by the Company of a banking

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license from RBI and/ or the approval from RBI for acquisition of an existing bank and shall provide a certified copy of such approval/ license and such other documents as the Debenture Trustee and the Debenture Holders may require in this regard;

(iii) The Company shall keep the Debenture Trustee informed of all the orders, directions or notices of any court or tribunal affecting or likely to affect the assets (or any part thereof) of the Company;

(iv) The Company shall forthwith provide to the Debenture Trustee the details of any litigation, arbitration or administrative proceedings filed or initiated against the Company;

(v) The Company shall inform the Debenture Trustee about any change in nature and conduct of business by the Company prior to effecting any such change.

(vi) The Company shall submit to the Debenture Trustee and to the Debenture Holder(s), a certificate from the authorized signatory of the Company (duly authorized by the board of directors of the Company) certifying the debt profile of the Company (including, without limitation, the guarantee obligations of the Company) in a format acceptable to the Debenture Trustee: (a) for the half-year period ended March 31st of a Financial Year by April 15th of the immediately succeeding Financial Year; and (b) for the half-year period ended September 30th of a Financial Year by October 15th of such Financial Year, until the Final Settlement Date.

(vii) The Company shall submit to the Debenture Trustee and to the Debenture Holder(s), if so requested) within 120 (One Hundred and Twenty) days from the close of each Financial Year:

(a) A certificate from a director of the Company/ the chief financial officer of the Company confirming that no Event of Default or potential Event of Default has occurred or is subsisting;

(b) all information/ documents required to be submitted by the Company to the RBI on an annual basis in respect of such Financial Year.

(viii) 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 circular dated November 3, 2020 and bearing number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/218 and necessary reports / certificates to the stock exchanges / SEBI and make the necessary disclosures on its website, in terms of the SEBI circular dated November 12, 2020 and bearing number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230 and the SEBI circular dated May 19, 2022 and bearing number: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2022/ 67, each as amended, replaced or modified from time to time

C. **Financial Covenants**

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

(a) Total Gross Debt / Equity Ratio ratio shall be within 3x.

(b) Capital Adequacy Ratio of atleast 20% or as per applicable RBI regulation, whichever is higher, of the above CAR, TIER 1 Capital Ratio to remain at minimum of 15% (Fifteen Percent).

(c) Gross NPA / Gross Loan Portfolio of the Company shall not exceed 7% of the Gross Loan Portfolio for the Financial Year 2023 and thereafter 5%

(d) Net NPA / Tangible Net Worth of the Company shall not exceed 3.5 % of Gross Loan Portfolio for the Financial Year 2023, 3% for Financial Year 2024 and thereafter 2%.

(e) Net NPA to Tangible Net Worth ratio shall not exceed 10% (Ten percent).

(f) The Company shall maintain a minimum Net Worth of Rs. 2,800,00,00,000/- (Rupees Two Thousand Eight Hundred Crores Only).

(g) The Earnings of the Company shall remain positive. The said covenant to be tested on a quarterly and on annual basis starting from March 31, 2023 and every quarter thereafter.

(h) The Company shall maintain minimum Liquidity amount after including put options/interest reset on liabilities (assuming 100% haircut in collections) equivalent to

1) Next 2 months liabilities (as reported in the Statement of Structural Liquidity submitted to RBI) and after including put options/interest reset on liabilities till the end of 14 months from the Deemed Date of Allotment
2) Next 1.5 months liabilities (as reported in the Statement of Structural Liquidity submitted to RBI) and after including put options/interest reset on liabilities from and after 15th month from the Deemed Date of Allotment

(i) simple average monthly collection efficiency for the quarter, i.e, current month collections against current month's demand (excluding arrears demand and collections against such arrears demand) to be maintained at minimum 90%.

(j) No Loans exceeding 1% of Tangible Net Worth shall be granted to any single party and/or guarantees on behalf of third parties.

(k) The share of Off-Balance Sheet Portfolio of the Company shall not exceed 25% of the Gross Loan Portfolio.

(l) There shall not be any negative mismatches on cumulative basis in any of the buckets till the next one year of ALM statement after incorporating all the liabilities of the Company incorporating put options/ reset options etc (in any form). The asset will also include all the unencumbered Cash and Cash equivalent maturing across all the buckets of the ALM as part of the opening asset balance. Unutilized/undrawn bank lines and cash credit limits shall not be taken into account while testing the same. Only contractual maturities of assets to be considered without taking any prepayment assumption and for liabilities any put option or open ended interest

reset option without any linkage to benchmark for a capital market debt instrument to be considered as maturity.

Save and except as set out above, all financial covenants will be tested on quarterly basis i.e., as on 31 March, 30 June, 30 Sept and 31 Dec every year, starting from March 31, 2023 ("**Reporting Quarter**") on consolidated balance sheet until the Final Settlement Date. The compliance with the financial covenants shall be certified by an independent chartered accountant within 45 (Forty-Five) calendar days from the end of each Reporting Quarter.

The Company shall supply to the Debenture Trustee, within 45 (forty five) days from the end of each Financial Quarter, a Compliance Certificate setting out (in reasonable detail), computations as to compliance with the relevant covenants set out in this Clause as at the date as at which those financial statements were drawn up.

For the purpose of financial covenants set out above, the following definitions will apply:

(a) "Capital Adequacy Ratio" means the ratio of (A) to (B), where

(A) is the sum of:

(i) Tier I Capital (as defined by the RBI for the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company); and

(ii) Tier II Capital (as defined by the RBI for the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company)

and (B) is the aggregate of risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items.

(b) "Tier I Capital Ratio" means the ratio of (A) to (B), where

(A) is Tier I Capital ;

and (B) is the aggregate of risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items.

For the purpose of calculation of above Capital Adequacy Ratio & Tier I Capital Ratio: (i) outstanding first loss credit enhancements provided by the Company on securitization transactions shall be reduced from Tier I Capital and Tier II Capital without any ceiling. (ii) outstanding credit enhancements provided by the Company on loans originated on behalf of other institutions shall be reduced from Tier I Capital and Tier II Capital without any ceiling. The deduction shall be made at 50 per cent from Tier I Capital and 50 per cent from Tier II Capital. (iii) It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier II Capital, the aforementioned subordinated debt shall be subject to discounting as prescribed by RBI.

(c) "**Total Gross Debt**" shall include the following:

(i) all long-term borrowings (including the current maturities);
(ii) all short-term borrowings; and

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(iii) 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.

(d) "**Tangible Net Worth**" shall Include the following:

- paid up equity share capital of the Company,
- preference shares / debentures which are compulsorily convertible into equity,
- all reserves,
- but excluding
  a) reserves created by revaluation of asset, as reduced by accumulated loss balance,
  b) equity components of redeemable preference shares, perpetual bonds and redeemable debentures issued by the Company, if any.
- and net-off
  a) book value of goodwill,
  b) book value of intangible assets and deferred tax assets
  c) deferred revenue expenditure, if any, and
  d) write off and any credit enhancement provided by the Company on managed asset book

(e) **"Equity"** Shall Include the following:

- paid up equity share capital of the Company,
- preference shares / debentures which are compulsorily convertible into equity,
- all reserves,
- Subordinated Debt in form of Tier II capital to the extent eligible for inclusion in Tier II capital as on the latest quarter end, (i.e. subject to discounting as provided in the NBFC Master Circular

(f) "**Gross NPA**" shall mean sum of

- the outstanding balance of loans and other credit facilities granted by the Company (including loans which have been securitized where the Company continues to remain as the servicer and the collection agent), which have remained overdue for more than 90 (ninety) days,
- the outstanding balance of loans and other credit facilities granted by the Company (including loans which have been securitized where the Company continues to remain as the servicer and the collection agent), Restructured or Rescheduled or Refinanced Loans, in each case, which have remained overdue for less than 90 (ninety) days (excluding the loans restructured pursuant to Covid-19 pandemic)

(g) "**Restructured Loans**" means with respect to the Company, the outstanding principal balance of all past due client loans granted by the Company that have been renegotiated or modified or in respect of which the originally scheduled instalments of the principal in relation to which loans have been lengthened or postponed or the original terms of which loans have been substantially altered.

(h) "**Net NPA**" shall mean Gross NPA minus the amount already provided in the profit and loss account of the Company against

(i) "**Gross Loan Portfolio**" means and includes the outstanding principal amount of the loans originated by the Company on its own books (including loans which have been securitized where the Company continues to remain as the servicer and the

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collection agent) as well as loans originated on behalf of other entities by entering into partnership agreements but not included on the Company's own book, where the Company is acting as servicer and the collection agent;

(j) "**Off-Balance Sheet Portfolio**" shall include only direct assignment.

(k) "**Earnings**" shall be profit after tax (excluding extraordinary income) as per the financial statements prepared in accordance with GAAP/IND AS and other Applicable Laws for the relevant quarter;

(l) "**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

(m) "**Loans**" shall mean collectively the rupee loan facilities advanced by the Company to the various obligors/customers on the terms and conditions set forth in the loan agreement(s), and "Loan" shall mean each such individual loan facility.

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 Debenture Holders pursuant to a Majority Resolution:

(a) **Purchase, Redemption of Share Capital and Buyback**

(i) 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;

(ii) The Issuer will ensure that prior to the Final Redemption Date, there will be no sale, disposal or transfer in any matter whatsoever of the equity shares held by the Promoter in the Company to anyone, nor will the Promoter encumber (in any manner whatsoever) the equity shares held by the Promoter in the Company.

(b) **Payment of dividend**

The Company shall not declare or pay any dividend to its shareholders during any Financial Year unless:

(i) the proposed payment or distribution is out of net income of the current Financial Year (excluding any amount resulting from the revaluation of any of the Company's assets);

(ii) no Event of Default has occurred and is then continuing, or could occur or is reasonably likely to occur, as a result of such payment or declaration of any dividend or distribution and after giving effect to any such action;

(iii) the Company is in compliance with the Financial Covenants; and

(iv) it has paid all the dues to the Debenture Holder(s)/Debenture Trustee upto the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions therefore;

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

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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) **Constitutional Documents**

The Company shall not make any amendments or modifications to the Memorandum of Association or to the Articles of Association (except increase in authorised share capital clause in the Memorandum of Association).

(e) **No Encumbrance Over Hypothecated Assets**

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.

(f) **Diversification**

(i) The Company shall not change the nature of its business from that which is permitted to be undertaken by the Company as a 'Non-Banking Financial Company' by the RBI;

(ii) The Company shall not undertake any new business outside financial services or any diversification of its business outside financial services.

(g) **Change in Financial Year**

The Company shall not change the Financial Year unless required by Applicable Law.

(h) The Company shall not acquire any company, business or undertaking if the amount of the acquisition cost, whether paid by cash or otherwise, when aggregated with the aggregate acquisition cost of any other companies, business or undertaking acquired by it during that financial year exceeds 1% (One percent) of the equity share capital of the Company;

(i) The Company shall not acquire (or agree to acquire) any shares, stocks, securities or other interest in any joint venture; or transfer any assets or lend to or guarantee or indemnify or give security for the obligations of a joint venture (or agree to transfer, lend, guarantee, indemnify or give security for the obligations of a joint venture);

(j) The Company shall not extend a loan to any single individual or entity amounting to greater than 1% (One percent) of its Tangible Net Worth and/ or undertake to guarantee the liabilities of any individual or entity (unless the entity is a wholly owned subsidiary of the Company);

(k) The Company shall not:

(i) enter into any transaction with any person or enter into or continue business relations with its shareholders, employees, affiliate(s), holding

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company(ies), and/or subsidiary(ies) except on proper commercial terms negotiated on an arm's length basis;

(ii) enter into or establish any partnership, profit sharing, royalty agreement or other similar other arrangement whereby the Company's income or profits are, or might be, shared with any other person other than in the ordinary course of business on an arms' length basis and in compliance with applicable;

(iii) enter into any management contract or similar arrangement whereby its business or operations are managed by any other person.

(l) The Company shall not effect any change in the statutory auditors of the Company, other than as per mandatory requirement under Applicable Law;

(m) The Company shall not appoint or continue to the appointment of any person classified as or who is director of a company classified as a wilful defaulter as a director and/ or a key managerial person of the Company;

(n) The Company shall not enter into any contractual obligation which may adversely affect the financials standing;

(o) The Company shall not apply to the court for the winding up of the Company or agree to the winding up of the Company;

(p) The Company shall not sell, transfer, or otherwise dispose of in any manner whatsoever any Loan Assets of the Company, other than any securitization/ direct assignment transaction undertaken by the Company in the ordinary course of its business in terms of the RBI master direction dated September 1, 2016 titled 'Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016' or any amendment, supplement or restatement thereto. It is clarified that, a securitization/ direct assignment representing an exit of line of business will not be construed as being in the ordinary course of business of the Company and the Company shall not be permitted to effect the same except after obtaining the prior written consent of the Debenture Trustee;

(q) The Company shall not enter into compromise or arrangement or settlement with any of its creditors (secured and unsecured) that would prejudicially affect the interest of the Debenture Holders;

(r) The Company shall not participate in any involuntary process under IBC and further shall not undertake/permit any voluntary process under IBC;

(s) The Company shall not voluntarily prepay any financial indebtedness of the company, which would lead to a mismatch in the ALM, after incorporating all the liabilities of the Company including Put Options, resets etc. (in any form) & excluding unutilized bank lines, on the proposed day of prepayment;

(t) The Company shall not repay (except by way of equity conversion) unsecured loans from Promoters/ related parties/ inter-corporate deposits, wherein the breach of covenant is subsisting;

(u) The Promoters of the Company shall not pledge any shares held by them which may potentially change management control (if pledge is enforced).

E. **Holding and Management Covenants**

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

(a) The Company shall ensure that there is no Change of Control in the Company until the Final Settlement Date;

(b) The Company shall ensure that Kedaara Capital has the Management Control of the Company along with a board representation at all times until the Final Settlement Date.

(c) The Company shall ensure that Mr. Shalabh Saxena, the Managing Director and Chief Executive Officer and Mr. Ashish Damani, the Chief Financial Officer shall continue to be designated as the key managerial personnel of the Company; and

(d) The Company shall continue to maintain the current composition of the board, with an exception for the appointment of Independent director.

In the event that any of the above-mentioned conditions ceases to exist, the Company shall intimate the Debenture Holders within 20 (Twenty) calendar days of occurrence of the event(s) and/or the Debenture Holders shall reserve the right to call for Optional Accelerated Redemption within 30 calendar days of the occurrence of the event and the Company shall be required to mandatorily redeem such Debentures alongwith accrued interest within 45 (Forty-Five) calendar days of occurrence of such event(s).

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) **Non-Payments**

(i) The Company does not pay on the Due Date(s) any amount payable in terms of the Transaction Documents at the place at and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 1 (One) Business Day of the relevant Due Date;

(ii) Any event of default shall arise if the Company/any of the Promoters/ guarantors (if any)/ the subsidiaries or holding Company(ies) of the Company:

A. defaults in any payment of Financial Indebtedness beyond the period of grace if any, provided in the instrument or agreement under which such Financial Indebtedness was created; or

B. breach in the observance or performance of any covenant or any agreement or any condition relating to any Financial Indebtedness the effect of which is default or any other event or any condition which is to cause or to permit the holder or holders of such Financial Indebtedness to cause (with the giving of notice or the 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 Issuer is declared to be due and payable, or would permit to be prepaid other than by a regularly scheduled required prepayment, (whether or not such right shall have been waived) prior to the stated maturity thereof;

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provided that if the above-mentioned Event of Default is capable of being remedied in the sole discretion of the Debenture Holders, the Debenture Holders pursuant to a Majority Resolution may provide a cure period as deemed appropriate to them;

(iii) The failure of the Company to redeem the Debentures in terms of the Transaction Documents upon exercise of the Optional Accelerated Redemption Option and failure to make payment of the aggregate amounts outstanding in relation to the Debentures hereof within stipulated timelines;

(iv) The Company admits in in writing its inability to pay its debts as they fall due or suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with one or more creditors with a view to rescheduling its indebtedness.

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

(i) The breach of any terms, covenants (including, without limitation, negative covenants, affirmative covenants, reporting covenants) or obligation under the Transaction Documents;

(ii) The Company fails to to share the any information within 5 (five) calendar days upon the request by the Debenture Holder.

(c) **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 Secured Receivables within 15 (Fifteen) calendar days from the date of such fall in the Security Cover; and

(iii) Failure of the Company to submit the Monthly Hypothecated Asset Report in terms of the Deed of Hypothecation setting out the details of the Secured Receivables which are free from encumbrance and meet the Eligibility Criteria .

(d) **Transaction Documents**

(i) The Placement Memorandum or any other Transaction Document in whole or in part, becomes invalid or ceases to be a legally valid, binding and enforceable obligation of the Issuer;

(ii) 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 or the security over the Hypothecated Assets is in jeopardy;

(iii) It is or becomes unlawful for the Issuer to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Issuer under any Transaction Document are not or cease to be valid, binding or enforceable;

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(iv) Any representation or warranty made by the Issuer in any Transaction Document or in any certificate, financial statement or other document delivered to the Debenture Trustee/ Debenture Holders by the Issuer shall have been incorrect, false or misleading in any respect when made or deemed made;

(v) The Company repudiates any of the Transaction Documents, or evidence an intention to repudiate any of the Transaction Documents.

(e) **Material Adverse Effect**

There shall have occurred Material Adverse Effect and such Material Adverse Effect has not been remedied or rectified within a period of 5 (Five) calendar days;

(f) **Insolvency Proceedings**

(i) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

A. the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer;
B. the composition, compromise, assignment or arrangement with any creditor of the Issuer;
C. the appointment of a liquidator, receiver or similar other officer in respect of the Issuer, a composition, compromise, assignment or arrangement with any creditor of the Issuer;
D. enforcement of any security over any assets of the Issuer or any analogous procedure or step is taken in any jurisdiction;
E. any other event occurs or proceeding is instituted that under any applicable law would have an effect analogous to any of the events listed in paragraphs (A), (B), (C) and (D) above;

(ii) In the event that an application for corporate insolvency resolution process of the Company is filed or any form of communication indicating an intention to file such application is issued or any creditor of the Company takes any steps requesting the filing of such application, in each case, by the appropriate regulator (i.e. the Reserve Bank of India), under the IBC and the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019;

(iii) If a petition is filed for the winding up of the Company under the Companies Act, 2013 and the same is not stayed or dismissed within a period of 15 (Fifteen) days of its filing;

(iv) If the Company commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect (including by passing any resolution of the board or the shareholders of the Company) or consents to the entry of an order for relief in an involuntary proceeding under any such law, or consents to the appointment of or the taking of possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property;

(g) **Cessation of Business and Expropriation**

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(i) The Company suspends or ceases to carry on or dispose of (or threatens to suspend or cease to carry on or to dispose of) all or a material / substantial part of its business.

(ii) Any Governmental Authority condemns, nationalizes, seizes, expropriates or otherwise assumes custody or control of all or any substantial part of the business, operations, property or other assets (including assets forming part of the security) of the Issuer or of its share capital, or takes any action for the dissolution of the Issuer or any action that would prevent the Issuer or its officers from carrying on all or a substantial part of its business or operations;

(iii) Any expropriation, attachment, sequestration, distress or execution affects any asset(s) of the Issuer or any affiliate having an aggregate value more than or equal to the Debentures or 10% of its Net Worth whichever is lesser or not discharged within 15 days;

(iv) Any material act of fraud, embezzlement, misstatement, misappropriation, or siphoning off of the Company/Promoter funds or revenues or any other act having a similar effect being committed by the management of the Issuer/ Promoter;

(h) **Other Defaults**

(i) any revocation or suspension of the Company's organizational status or any licenses or franchsie by any government agency or authority after the Company has exhausted all remedies and appeals relating thereof;

(ii) surrender, revocation or suspension of the Company's certificate of registration as a non-banking financial comapny by the Reserve Bank of India provided that this shall not apply where such certificate of registration is surrendered pursuant to obtaining a banking license;

(iii) Failure of the Company to meet standards in successive discretionary audit conducted by the Debenture Trustee/Debenture Holders;

(iv) The Company has taken or suffered to be taken any action for reorganization of its capital or any rearrangement, merger or amalgamation without prior approval of the Debenture Holders in terms hereof;

(v) The Promoters and/or the directors/ or the key managerial personnel of the Company are accused of, charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the Promoters and/or the directors and/ or the key managerial personnel of the Issuer, including any accusations, charges and/or convictions of any offence relating to bribery or being declared a willful defaulter;

(vi) Any order/ judgement passed by any of the regulatory authorities against any of the Promoter / Promoter Group /Company resulting in debarment of the Promoter / Promoter Group/Company for raising funds from the financial markets;

(vii) The Company commences negotiations with one or more of its lenders/ debenture trustees/ debenture holders with a view to rescheduling any of its indebtedness or failure or inability of the Issuer to pay its debts as they mature;

(viii) Erosion of 50% or more of the Company's net worth from the current Net Worth.

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(ix) Such other Event of Defaults as may be determined by the Debenture Holders and set out in the Debenture Trust Deed.

Provided that in case of breach of any of the above mentioned covenants and subject to the proviso contained in this sub-Clause, the Company shall have a cure period of 15 (Fifteen) calendar days for rectifying the breach in the event such default is capable of being cured in the opinion of the Debenture Trustee (acting on the Approved Instructions). Provided however, there shall be no cure period Clause 7.4(a) (*Non-Payments*), Clause 7.4(c) (*Security*) and Clause 7.4(b) (*Breach of Covenants & Obligations*) and such other Clauses as identified in the Debenture Trust Deed.

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 Debenture Holders pursuant to a Majority Resolution, the Debenture Trustee (acting upon the instructions of the Debenture Holders pursuant to a Majority Resolution)), (a) upon the expiry of the cure period provided to the Company, if any, or (b) if the cure period provided is mutually extended by the Parties hereto upon the expiry of such extended period or (c) where no cure period is provided or it is not practical to provide a cure period, then forthwith, or (d) where no cure period has been provided and the Parties mutually agree to provide for a cure period, upon the expiry of such mutually agreed cure period, the Debenture Trustee shall if so directed by any of the Debenture Holder(s):

(i) accelerate the redemption of the Debentures i.e. declare that all or part of the obligations of the Company be immediately due and payable provided however; upon occurrence of Event of Default identified in Clause 7.4(a) (*Non-Payment*), the redemption of Debentures shall become automatically accelerated without requirement of any notice from the Debenture Trustee;

(ii) deposit of un-dated cheque(s) ("**UDCs**");

(iii) enforce the charge over the Hypothecated Assets in accordance with the terms of the Deed of Hypothecation in such manner as the Debenture Holders pursuant to a Majority Resolution may deem fit;

(iv) 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.

(v) on and from the occurrence of an Event of Default, any Secured Receivables and any amount collected by the company from the underlying 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).

(vi) 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.

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(vii) subject to the Applicable Law, the Debenture Holders pursuant to a Critical Majority Resolution shall have the option to buy the Hypothecated Assets or cause the Hypothecated Assets to be securitized (in whole or in part) and sold to a Special Purpose Vehicle ("SPV") at a future date against the amounts outstanding under the Debentures.

(viii) Appoint Nominee Director on the board of directors of the Company in accordance with Applicable Laws.

(ix) disclose the details of the Company to TransUnion CIBIL Limited ("**CIBIL**") or and/or any other agency so authorized by the Reserve Bank of India in any such manner that deem fit to the Debenture Trustee (acting on instructions of the Debenture Holders pursuant to a Majority Resolution).

(x) publish the names of the Directors in RBI/ CIBIL list.

(xi) exercise any other right that the Debenture Trustee and /or 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 pursuant to the SEBI Circular dated October 13, 2020 (bearing reference number: SEBI/HO/MIRSD/CRADT/CIR/P/2020/203), as amended, modified or replaced from time to time and in relation to Recovery Expense Fund pursuant to the circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 issued by SEBI and the circular bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2022/ 67 dated May 19, 2022 issued by SEBI, each, as amended, modified or replaced from time to time. Subject to Applicable Law and the Transaction Documents, the Recovery Expense Fund shall be utilised in accordance with the Approved Instructions;

(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) Further, notwithstanding anything to the contrary contained in any of the Transaction Documents, upon occurrence of a payment default in relation to the Debentures on any Due Date, any action to be taken by the Debenture Trustee shall be subject to the provisions set out by SEBI under the circular dated October 13, 2020 bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/203, as may be amended/ modified from time to time in relation to Recovery Expense Fund pursuant to the circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 issued by SEBI and the circular bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2022/ 67 dated May 19, 2022 issued by SEBI, each, 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.

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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

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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 Debenture Holders pursuant to a Majority Resolution.

For the avoidance of doubt, the following matters require the consent of Debenture Holders pursuant to a Majority Resolution, either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holdersas 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.

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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.

The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the EBP Guidelines by placing bids on the EBP Platform during the Issue period. In case the Eligible Investors are not registered on the EBP Platform, they will have to register themselves as investor on the said platform (as a one time exercise) and also complete the mandatory KYC verification process. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines are set out hereinbelow:

Details of size of the Issue including green shoe option, if any	Rs. 100,00,00,000/- (Rupees One Hundred Crore only)
Bid opening and closing date	Bid opening date: 29, 2022; and Bid closing date: 29, 2022
Minimum Bid lot	Rs. 1,00,00,000/- (Rupees One Crore only) and in the multiples of 1 (One) Debenture thereafter i.e. Rs. 10,00,000/- (Rupees Ten Lakh only).
Manner of bidding in the Issue	Closed Bidding
Manner of allotment in the Issue	Uniform Yield
Manner of settlement in the Issue	Pay-in of funds through Indian Clearing Corporation Limited (**"ICCL"**).
Settlement cycle	T+1

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	where T refers to the date of bid opening date / issue opening date

Process flow of settlement:

Eligible Investors whose bids have been accepted by the Issuer and to whom a signed copy of this Placement Memorandum along with the Private Placement Offer Letter have been issued by the Issuer and who have submitted/shall submit the application form ("**Successful Bidders**"), shall make pay-in of Subscription Monies in respect of the Debentures towards the allocation made to them, into the bank account of the ICCL, the details of which are as set out below, on the Deemed Date of Allotment:

Name of Bank	
Bank Account(s) from where pay-in will be considered for this Issue	
IFSC Code	
Virtual Account number	
Name of beneficiary	
DP Account to which securities pay-out will be made in case of successful clearing and settlement cycle	

The pay-in by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by them in the EBP system. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Upon the transfer of funds into the aforesaid account of ICCL and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Successful Bidders to the ICCL, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the R&T Agent, the R&T Agent shall provide corporate action file along with all requisite documents to the Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures and the credit of the Debentures into the demat account of the Successful Bidders to EBP, the Subscription Monies in respect of the Debentures from the aforesaid account of ICCL shall be released into the Issuer's bank account, the details of which are as set out below:

Beneficiary Name:	Spandana Sphoorty Financial Ltd
Bank Account No.	8846160278
IFSC CODE:	KKBK0007494
Bank Name	Kotak Mahindra Bank
Branch Address:	Hi Tech City, Hyderabad

It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties will be applicable as specified by the EBP Guidelines.

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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.

8.13 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, Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors registered with the Securities Exchange Board of India;
B. NBFCs registered with RBI
C. Provident Funds, Pension Funds, Gratuity and Superannuation Fund Trusts;
D. Companies and Body Corporates
E. Public Financial Institutions;
F. Trusts (including public charitable trusts), Association of Persons, societies registered under the Applicable Law in India
G. Foreign Portfolio Investors (FPIs) other than individuals, corporate bodies and family offices
H. Insurance Companies registered with the Insurance Regulatory and Development Authority of India;
I. Housing Finance Companies registered with the National Housing Bank (NHB)/ RBI;
J. Partnership Firms and Limited Liability Partnership Firms;
K. Resident Individual Investors and Hindu Undivided Families (excluding minors and NRIs)
L. 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.

Hosting of the Placement Memorandum on the website of the BSE should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the same has been hosted only as

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it is stipulated under the SEBI Debt Listing Regulations read with the EBP Guidelines. Eligible Investors should check their eligibility before making any investment.

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.

8.14 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.

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.

8.15 Depository Arrangements

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

8.16 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.

8.17 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.

8.18 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

8.19 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)

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8.20 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.

8.21 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 representativeas 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.

8.22 Mode of Payment

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

8.23 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.

8.24 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

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the Tax Deduction shall equal the respective amounts which would have been receivable by the Debenture Holders in the absence of such Tax Deduction.

8.25 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.

8.26 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 December 30, 2022 by which date the Investors would be intimated of allotment.

8.27 Record Date

The Record Date will be 7 (Seven) calendar days prior to any Due Date.

8.28 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.

8.29 Interest on Application Money

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

8.30 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.

8.31 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.

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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 notmisleading 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**

Md. Khayyum

Authorised Signatory
Name: Mohammed Khayyum
Title: Sr. Manager
Date: December 29, 2022

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Md. Khayyum

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

Addressed to:
Serial No: _____

December 29, 2022

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 1,000 (One Thousand) Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore 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.spandanasphoorty.com
Fax:	--
Contact Person:	Mr. Ramesh Periasamy
Email:	ramesh.periasamy@spandanasphoorty.com secretarial@spandanasphoorty.com

B. **Date of Incorporation of the Company:**

March 10th 2003

C. **Business carried on by the Company and its subsidiaries with thedetails 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 contact the compliance officer at the registered office of the Company during the business hours.

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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.

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D. **Details of branches with address as on September 30, 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 trail 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.

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Md. Khan

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 organizaitons 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 Chakravarthy	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

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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, Chipyana 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 Exectuive 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, TSIIC, Raidurg Panmaktha, Serilingampally Mandal, Ranga Reddy District, Hyderabad- 500081, Telangana.
Phone No.: +9140 - 45474750
Email: ramesh.periasamy@spandanasphoorty.com

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

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 December 21, 2022. 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	Issue of 1,000 (One Thousand) Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore 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. 10,00,000/- (Rupees Ten 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 (*Disclosures*) 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.

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

The proposed time within which the allotment shall be completed	Issue Opening Date: December 29, 2022 Issue Closing Date: December 29, 2022 Pay-in Date: December 30, 2022 Deemed Date of Allotment: December 30, 2022
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	Prefrential basis: (conversion of warrant into equity shares) Number of person: 1 No. of securities: 18,52,739 Price: Rs. 458.78/- Private placement: (Issue of Debentures) Number of person: 16 No. of securities: 7632 Price: Rs. 10,00,000.00/- and Rs.1,00,000/-.
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. 100,00,00,000/- (Rupees One Hundred Crore only).
Terms of raising of securities:	<table><tr><td>Duration, if applicable:</td><td>36 (Thirty Six) months 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>
Proposed time schedule for which the Issue/Offer Letter is valid	December 30, 2022
Purpose and objects of the Issue/Offer	Refer to Clause 5.37 (*Issue Details*) as specified in this Placement Memorandum

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	1.52415 1691
	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**

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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)	

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

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	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	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: **2018-19** Compounding of Offences by Company:

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

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

		application was forwarded to Regional Director (RD), South East Region for consideration. 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.
	Details of Compounding Fees:	1. Company - Rs.1,00,000/-, 2. Mrs. Padmaja Gangireddy (Managing Director)-Rs.1,87,000/- 3. Mr. Santosh Kumar Jha (Past Company Secretary)-Rs. 85,600/- Mr. Rakesh Jhinjharia (Past Company Secretary)-Rs.96000/-
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	1,000 (One Thousand) Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore only).
Paid-up Capital: **a. After the offer:** **b. After the conversion of Convertible Instruments (if applicable)**	Equity Share Capital: 70,97,72,690 Preference Share Capital: NIL Equity Share Capital: 70,97,72,690 Preference Share Capital: NIL Not Applicable

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Share Premium Account: **a. Before the offer:** **b. After the offer:**	 Rs.2218.74 Cr Rs.2218.74 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 eachcase.	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	

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)

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.

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 September 30, 2022

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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

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 Seperately

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

Spandana Sphoorty Financial Limited
(CIN: L65929TG2003PLC040646)
Statement of Standalone Financial Results for the quarter and year ended March 31, 2022

Notes :

2. Disclosure of standalone statement of cashflow for the year ended March 31, 2022:

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2022	For year ended March 31, 2021
Cash flow from operating activities		
Profit before tax	845.88	1,776.34
Adjustments for:		
Interest on income tax	69.59	157.59
Depreciation and amortisation	85.46	76.85
Share based payment to employees	112.18	88.05
Provision for gratuity	8.02	8.56
Finance cost on lease liability	7.81	14.88
Gain on transfer of loan portfolio	-	(9.24)
Impairment on financial instruments and other provisions	1,658.31	6,398.75
Net gain on fair value changes	(477.06)	(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	(43.61)	27.44
Other provisions and write offs	14.53	28.21
Operating profit before working capital changes	8,068.69	8,477.56
Movements in working capital :		
Changes in other financial liabilities	(1,125.69)	268.42
Changes in other non financial liabilities	94.07	115.96
Changes in bank balances other than cash and cash equivalents	(2,297.43)	(482.28)
Changes in provisions	(9.80)	-
Changes in trade receivables	(79.80)	105.62
Changes in loans	8,418.97	(14,823.17)
Changes in other financial assets	405.16	963.39
Changes in other non financial assets	(195.52)	(15.03)
Cash used in operations	14,289.69	(15,404.17)
Income taxes paid	(2,090.67)	(777.59)
Net cash generated from (used in) operating activities (A)	6,199.02	(16,181.77)
Cash flow from investing activities		
Purchase of property, plant and equipment	(44.41)	(152.44)
Purchase of intangible assets	(70.20)	(0.18)
Proceeds from derecognition of property, plant and equipment	4.44	38.34
Transfer of loan portfolio	80.51	822.2
Investment in Subsidiary	-	(300.00)
Purchase of investments	(108,624.91)	(42,943.80)
Sale of investments	109,103.07	41,779.53
Net cash generated from investing activities (B)	448.50	(756.35)
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	7,924.27	-
Debt securities issued/(repaid)(net)	(2,719.78)	12,342.95
Principal payment of lease liability	(9.25)	0.69
Interest payment of lease liability	(17.81)	14.88
Borrowings (other than debt securities) (net)	(12,897.03)	9,241.28
Subordinated liabilities (net)	8.00	0.14
Net generated from (used in) financing activities (C)	(17,711.56)	21,599.97
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(5,063.99)	5,771.64
Cash and cash equivalent at the beginning of the year	11,307.83	536.19
Cash and cash equivalents at the end of the year	6,243.84	11,307.83

Spandana Sphoorty Financial Limited
CIN: L65929TG2003PLC040646
Plot No 31 & 32, Bachupally Software Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad 500 032.
Ph: 040-4547 4750

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Spandana Sphoorty Financial Limited
Standalone Cash Flow Statement for the year ended March 31, 2021

(₹ crore in million unless otherwise stated)

Particulars	For year ended March 31, 2021	For year ended March 31, 2020
Cash flow from operating activities		
Profit before tax	1,776.39	9,981.40
Adjustments for		
Income on income tax	151.59	-
Depreciation and amortisation	74.85	87.42
Share based payment to employees	88.09	61.07
Provision for gratuity	8.56	10.20
Finance cost on lease liability	10.88	14.37
Gain on business transfer	(9.76)	-
Impairment on financial instruments and other provisions	6,390.75	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	36.19	39.13
Operating profit before working capital changes	8,477.56	9,867.79
Movements in working capital		
Increase / (decrease) in other financial liabilities	364.83	1,707.35
Increase / (decrease) in provisions	-	(3.62)
Increase / (decrease) in other non financial liabilities	115.96	70.97
(Increase) / decrease in bank balances other than cash and cash equivalents	(482.26)	57.11
(Increase) / decrease in trade receivables	193.62	(188.19)
(Increase) / decrease in loans	(24,823.17)	(3,907.82)
(Increase) / decrease in other financial assets	961.35	(3,027.22)
(Increase) / decrease in other non financial assets	(23.05)	25.55
Cash used in operations	(15,404.17)	(417.99)
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	(151.44)	(45.00)
Purchase of intangible assets	(8.10)	(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	47,739.53	67,983.24
Net cash generated/(used) in investing activities (B)	5,144.44	(4,451.89)
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	-	3,925.59
Debt securities (net)	(2,542.98)	(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	-	(150.06)
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	8,763.92	533.37
Deposits with original maturity of less than or equal to 3 months	2,523.99	-
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	12,706.30	12,372.65
Interest paid	3,997.28	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

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

Deepak Caligo-Pillya — Padmaja Gangireddy

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

SPANDANA SPHOORTY FINANCIAL LIMITED

Standalone Audited Cash flow statement for the quarter and year ended March 31, 2020

Notes:

2. Disclosure of standalone 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 (Audited)	For year ended March 31, 2019 (Audited)
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	69.19
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	(3.42)	(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	(993.63)
(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	(72,990.11)	(67,583.20)
Sale of investments	67,583.24	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)	(917.88)	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	536.19	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).

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Spandana Sphoorty Financial Limited

Standalone Cash Flow Statement for the year ended December 31, 2021

(Rupees in millions unless otherwise stated)

Particulars	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	(396.05)	(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 offs	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)	(16,181.7
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

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CHAPTER C: BOARD RESOLUTION AND MANAGEMENT COMMITTEE RESOLUTION

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CERTIFIED TRUE COPY OF RESOLUTION PASSED AT THE MEETING NO. 18/2022-23 OF THE MANAGEMENT COMMITTEEE OF BOARD OF DIRECTORS ("MANAGEMENT COMMITTEE") OF SPANDANA SPHOORTY FINANCIAL LIMITED ("COMPANY") HELD ON WEDNESDAY, DECEMBER 21, 2022, THROUGH AUDIO-VISUAL ELECTRONIC COMMUNICATION MEANS ("AVEC"):

TO CONSIDER AND APPROVE THE ISSUE OF UP TO 1,000 (ONE THOUSAND) SENIOR, SECURED, RATED, LISTED, FULLY PAID, REDEEMABLE, NON-CONVERTIBLE DEBENTURES HAVING FACE VALUE OF RS.10,00,000/- (RUPEES TEN LAKH ONLY) EACH AGGREGATING UP TO RS.100,00,00,000/- (RUPEES ONE HUNDRED CRORES 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") the guidelines issued by the Securities and Exchange Board of India with respect to electronic book mechanism under the terms of the SEBI Operational Circular and the operational guidelines issued by the relevant Electronic Book Provider, as may be amended, clarified or updated from time to time ("SEBI EBM Guidelines") 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:

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040645
Galaxy, Wing B, 16th Floor, Plot No 1, Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN
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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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a. the offer and issue of up to 1,000 (One Thousand) Senior, Secured, Rated, Listed, Fully Paid, Redeemable, Non-Convertible Debentures having face value of Rs.10,00,000/- (Rupees Ten Lakh only) each at Par, for a tenure of 36 (Thirty-Six) months or such other tenure as may be decided by the Company and investors and having a coupon payable at the rate of 11.35% per annum payable monthly or such other rate as may be decided by the Company and investors, aggregating up to Rs.100,00,00,000/- (Rupees One Hundred Crores 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 one or more of the following categories of investors:
   - Mutual Funds, Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors registered with the Securities Exchange Board of India;
   - Public Financial Institutions;
   - Non-banking financial companies registered with RBI;
   - Provident, Gratuity, Superannuation and Pension Funds Trusts;
   - Companies and Body Corporates;
   - Foreign Portfolio Investors (FPIs) other than individuals, corporate bodies and family offices;
   - Housing finance companies registered with the National Housing Bank (NHB) / RBI;
   - Trusts (including public charitable trusts), Association of Persons, Societies registered under the applicable laws in India;
   - Partnerships Firm and Limited Liability Partnership Firms;
   - Resident Individual Investors and Hindu Undivided Families (excluding minors and NRIs)
   - Insurance Companies registered with the Insurance Regulatory and Development Authority of India; and
   - All successful bidders under the electronic book platform process, who are eligible investors as set out above("Investor/s");

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 principal value of the Hypothecated Receivables shall at all times be equal to 1.15 (One Decimal Point One Five) times of the total amount outstanding in respect to the Debentures, referred to herein as the "Security".

RESOLVED FURTHER THAT pursuant to Section 42(2) of the Companies Act, 2013, the Management Committee hereby identifies all such bidders/ eligible participants to whom allocation is to be made by the Company under the electronic book mechanism upon allocation being made by the Company for issuance of securities on private placement basis in terms of the SEBI EBM Guidelines, as the identified person(s) to whom the Company can make private placement of the Debentures;

RESOLVED FURTHER THAT the Company does hereby appoint:

i. Catalyst Trusteeship Limited being a debenture trustee registered with SEBI, as the debenture trustee ("Debenture Trustee") in respect of the issuance, 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 the Company in favour of the Debenture Trustee ("Debenture Trustee Agreement");

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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 & Research Private Limited, being a credit rating agency registered with SEBI, for obtaining the ratings in respect of the issue, offer and allotment of the Debentures ("Rating Agency");
iv. KFIN Technologies Limited, as the registrar and transfer agent for the issue, offer and allotment of Debentures;

RESOLVED FURTHER THAT the Management Committee hereby approves the enrolment of the Company with any Electronic Book Provider ("EBP") for obtaining access to their "Electronic Platform" for the private placement of the Debentures as per the applicable Securities and Exchange Board of India regulations/ guidelines/ circulars read along with the operating guidelines of such EBP and in this regard including the SEBI EBM Guidelines, the Company be and is hereby authorized to finalize, execute and/ or ratify (and if required, amend and ratify) the necessary or requisite agreement(s) with such EBP and to do all such acts, deeds and things and execute or ratify such other documents, papers and writings as may be necessary for the purpose and to provide all such documents and/ or provide such information or details whether in relation to the Company's KYC or otherwise as may be required by the EBP in this regard.

"RESOLVED FURTHER THAT Mr. Ashish Kumar Damani, President and Chief Financial Officer; Mr. Ramesh Periasamy, Company Secretary and Compliance Officer; Mr. Milind Naik, Vice President-Fund Raise, Mr. Nikhilesh Kumar Jain, Vice President-Fund Raise, and Mohammed Khayyum, Senior Manager-Finance (Collectively as "Authorised Officers") be and are hereby severally authorized to:

a) to do all such acts, deeds and things as the Authorized 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;
d) finalize and 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) authorized 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, Central Registry of Securitization Asset Reconstruction and Security Interest of India ("CERSAI"), 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, offer and allotment of the Debentures and deal with regulatory authorities in connection with the issue, offer and allotment of the Debentures including but not limited to the RBI, SEBI, Stock Exchange,

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jurisdictional registrar of companies, the CERSAI, the 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 National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("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 dematerialized 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) seeking the listing of the Debentures on the Stock Exchange, submitting the listing application and taking all actions that may be necessary in connection with obtaining such listing and obtaining the in-principal approval from the stock exchange in relation to listing of Debentures;

o) creating and maintaining a recovery expense fund with the Stock Exchange in accordance with the requirements of the circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 on "Contribution by Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund"" and the circular bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2022/ 67 dated May 19, 2022 on "Revised format of security cover certificate, monitoring and revision in timelines" issued by SEBI;

p) creating and operating the debenture redemption reserve account, if applicable;

q) 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;

r) 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 novations thereto (now or in the future):

i. placement memorandum, private placement offer cum application letter(s) (collectively "Disclosure Documents");

ii. tripartite agreements between the Company, the depositories and the registrar and transfer agent;

iii. the memorandum of understanding between the Company and the registrar and transfer agent;

iv. Offer Letter (as defined below), Disclosure Documents, Debenture Trust Deed, Debenture Trustee Agreement, Deed of Hypothecation and other requisite documents for the creation of 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

Spandana Sphoorty Financial Limited

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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, opening of demat 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;

vii. any other document designated as a security document by the Debenture Trustee; and

viii. to do such necessary acts and things for the electronic bidding process with the Stock Exchange in accordance with the SEBI EBM Guidelines.

(c) 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 Authorized 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 relevant registrar of companies, the Central Registry of Securitisation Asset Reconstruction and Security Interest, the Ministry of Corporate Affairs, or any depository and other relevant governmental authorities."

"**RESOLVED FURTHER THAT** the approval of the Management Committee, be and is hereby accorded to seek admission of the Debentures, in the depository system of NSDL and CDSL and that the Authorized 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 dematerialised form and to negotiate, finalise and execute any documents in such respect and/or to ratify the same."

"**RESOLVED FURTHER THAT** approval of the Management Committee, be and is hereby accorded to list the Debentures on the Stock Exchange, in accordance with the provisions of the SEBI Debt Listing Regulations and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and that Authorized 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."

"**RESOLVED THAT** the Authorized Signatories, be and are hereby severally authorized 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 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 (the "Offer Letter")."

"**RESOLVED FURTHER THAT** the Authorized Signatories, be and are hereby severally authorized 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 Authorized Signatories, be and are hereby severally authorized 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."

Spandana Sphoorty Financial Limited
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"RESOLVED FURTHER THAT the Authorised Signatories, be and hereby severally authorized 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 Authorised Signatories, be and are hereby authorized 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, offer and allotment of the Debentures."

"RESOLVED FURTHER THAT the Authorised Signatories, be and are hereby authorised to undertake such other acts, deeds and acts as may be required to give effect to the issuance, offer and allotment of the Debentures."

"RESOLVED FURTHER THAT the Management 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 authorized to furnish the certified true copy of the forgoing 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 Compliance Officer

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: +0140-45474750 | contact@spandanasphoorty.com | www.spandanasphoorty.com

Md. Khamru

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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CERTIFIED 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. Shabbh Saxena – Chairperson
2.	Ms. Aboni Mitra – Member
3.	Mr. Kartikeya Dhruv Kaji – Member

RESOLVED FURTHER THAT the quorum 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 Crore per tranche;
e. to securitise 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 Crore per tranche;
f. to purchase book debts of other micro-finance/ NBFC Companies up to a limit of Rs. 50 Crore per tranche;
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 authorise Company official's for execution of any agreements, deeds and documents on behalf of the Company, including any loan documents;
j. to change and authorise 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 HYDERABAD

Md. Khamrul

SPANDANA

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, service etc. and to authorize/appoint director/employee/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 applicableto 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

Digitally signed by Ramesh Periasamy
Date: 2022.12.29 10:41:21 +05'30'

Ramesh Periasamy
Company Secretary and Compliance Officer

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

SPANDANA

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF SPANDANA SPHOORTY 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 HYDERABAD

Md. Ishaq

SPANDANA

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 - L65929TG2003PLC040643
Plot No.31 & 32, Ramky Selenium Towers, Tower A, Ground Floor,
Financial Dist, Nanakramguda, Hyderabad - 500 032

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

md.bhanu

SPANDANA

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 HYDERABAD

CHAPTER D: SHAREHOLDERS' RESOLUTIONS

SPANDANA

CERTIFIED TRUE COPY OF RESOLUTION PASSED AT THE 19TH ANNUAL GENERAL MEETING (AGM) OF SPANDANA SPHOORTY 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, 42 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 Sphoorty Financial Limited

Ramesh Pertasamy Digitally signed by Ramesh Pertasamy Date: 2022.09.23 12:04:36 +05'30'

Ramesh Pertasamy
Company Secretary and Compliance Officer

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@spandanasphoorty.com | www.spandanasphoorty.com

Md. Khamru

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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 HYDERABAD

Md. Khan

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

Ramesh Periasamy
Company Secretary and Compliance Officer

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

SPANDANA

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 SELENIUM 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 term 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 it's 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 ₹12000,00,01,000/- (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 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 ★ HYDERABAD

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040640
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Ground Floor, Financial Dist, Nanakramguda, Hyderabad - 500 032.
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contact@spandanaindia.com, www.spandanaindia.com

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

SPANDANA

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 Crore (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

Ramesh Periasamy
Company Secretary and Compliance Officer

Spandana Sphoorty Financial Limited
CIN - L65929TG2003PLC040644
Plot No.31 & 32, Rainby Selenium Towers, Tower A,
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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

SPANDANA

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 SELENIUM 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 term 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 subservient 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 - L65929TG2003PLC040644
Plot No.31 & 32, Ramky Selenium Towers, Tower A,
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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

SPANDANA

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 - L65929TG2003PLC040648
Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad - 500 032.
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SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

CHAPTER E: DETAILS OF BRANCHES WITH ADDRESS AS ON September 30, 2022

Branch_Code	Branch Name	Zone Name	State_Name
APGL0001	Guntur-1	Vijayawada	Andhra Pradesh
AP0004	Ponnur	Gudivada	Andhra Pradesh
APGL0005	Mangalagiri-1	Vijayawada	Andhra Pradesh
APGL0013	Bapatla-1	Gudivada	Andhra Pradesh
APGL0021	Narasaraopet-1	Vijayawada	Andhra Pradesh
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	Andhra Pradesh
APGL0067	Challapalli	Gudivada	Andhra Pradesh
APGL0084	Gunthakal-1	Anantapur	Andhra Pradesh
KAGL0111	Bellary-1	Bellary	Karnataka
TS0115	Ecil-1	Hyderabad	Telangana
AP0127	Atmakur(Nellore)	Nandyal	Andhra Pradesh
APGL0128	Peddapuram	Tuni	Andhra Pradesh
KAGL0131	Yalahank-1	Chikballapur	Karnataka
KAGL0133	Chinthamani	Chikballapur	Karnataka
APGL0136	Yemmiganur	Nandyal	Andhra Pradesh
AP0137	Adoni-1	Nandyal	Andhra Pradesh
KAGL0138	Hospet-1	Davanagere	Karnataka
AP0139	Jangareddygudem	Palakollu	Andhra Pradesh
APGL0140	Chinthalapudi	Vijayawada	Andhra Pradesh
AP0148	Jammalamadugu(Proddatur)	Nandyal	Andhra Pradesh
APGL0151	Nandikotkur	Nandyal	Andhra Pradesh
APGL0154	Bobbili-1	Tuni	Andhra Pradesh
APGL0160	Nandyal	Nandyal	Andhra Pradesh
KAGL0161	Gangavathi-1	Bellary	Karnataka
KAGL0163	Dodballapur	Chikballapur	Karnataka
KAGL0166	Raichur-1	Bellary	Karnataka
KAGL0170	Bidar-1	Gulbarga	Karnataka
KAGL0172	Bellary-2	Bellary	Karnataka
KAGL0174	Gouribidanur-1	Chikballapur	Karnataka
KAGL0176	Sindhnur-1	Bellary	Karnataka
APIL0179	Kakinada-4	Palakollu	Andhra Pradesh
KAGL0183	Tumkur-1	Chikballapur	Karnataka
KAGL0185	Sira	Chikballapur	Karnataka
KAGL0187	Mulbagal	Chikballapur	Karnataka
KAGL0188	Kolar-1	Chikballapur	Karnataka
KAGL0189	Mandya-1	Mysore	Karnataka
KAGL0190	Kanakapura	Mysore	Karnataka
KAGL0191	Hiriyur	Davanagere	Karnataka

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

KAGL0195	Koppal	Bellary	Karnataka
KAGL0196	Bagepalli	Chikballapur	Karnataka
KAGL0198	Madhugiri-1	Chikballapur	Karnataka
APIL0200	Kurnool-2	Nandyal	Andhra Pradesh
KA0204	Pavagada	Chikballapur	Karnataka
APGL0205	Mydukuru	Nandyal	Andhra Pradesh
KAGL0209	Challakere	Davanagere	Karnataka
KAGL0212	Chitradurga	Davanagere	Karnataka
APGL0213	Mummadivaram	Palakollu	Andhra Pradesh
APGL0219	Podili	Nandyal	Andhra Pradesh
KAGL0220	Gadag-1	Bellary	Karnataka
KAGL0223	Nanjangud	Mysore	Karnataka
KAGL0226	Chamrajnagar	Mysore	Karnataka
KAGL0227	Mysore-3	Mysore	Karnataka
KAGL0229	Basavakalyan	Gulbarga	Karnataka
APIL0232	Amalapuram-2	Palakollu	Andhra Pradesh
KAGL0233	Humnabad	Gulbarga	Karnataka
ORGL0234	Rayagarha	Nabarangpur	Orissa
ORGL0235	Paralakhemundi	Nabarangpur	Orissa
KAGL0240	Hubbali-1	Dharwad	Karnataka
APIL0247	Eluru-4	Palakollu	Andhra Pradesh
APIL0250	Vijayanagaram-2	Tuni	Andhra Pradesh
APIL0253	Piduguralla-1	Vijayawada	Andhra Pradesh
KA0277	Gulbarga-2	Gulbarga	Karnataka
MR0280	Ambajogai	Jamkhed	Maharashtra
KAGL0283	Gulbarga-1	Gulbarga	Karnataka
MR0285	Nilanga	Jamkhed	Maharashtra
MR0287	Parbhani	Jalna	Maharashtra
ORGL0291	Berhampur1	Berhampur	Orissa
KAGL0293	Huliyar	Chikballapur	Karnataka
AP0295	Ananthapur-1	Anantapur	Andhra Pradesh
APIL0297	Anakapalli-3	Tuni	Andhra Pradesh
KAGL0299	Dharwad-1	Dharwad	Karnataka
KAGL0302	Chikballapur 2 (Vijayapura 1)	Chikballapur	Karnataka
APGL0307	Gokulapadu(Yalamanchili)	Tuni	Andhra Pradesh
APGL0310	Koyyalagudem	Palakollu	Andhra Pradesh
KAGL0311	Yadgir-1	Gulbarga	Karnataka
APIL0316	Tuni-3	Tuni	Andhra Pradesh
MRGL0321	Solapur-2	Jamkhed	Maharashtra
KA0322	Kolar-2	Chikballapur	Karnataka
KAGL0325	Bagalkot	Gulbarga	Karnataka
ORGL0328	Tangi	Berhampur	Orissa
ORGL0329	Jaypur-1	Nabarangpur	Orissa
ORGL0332	Balugan	Berhampur	Orissa
ORGL0333	Khordha-2	Bhubaneswar	Orissa

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

KAGL0336	Bijapur-1	Gulbarga	Karnataka
AP0340	Chodavaram	Tuni	Andhra Pradesh
KAGL0341	Bijapur-2	Gulbarga	Karnataka
KAGL0346	Sindgi	Gulbarga	Karnataka
TS0359	Tandur-1	Hyderabad	Telangana
MR0360	Umarga	Jamkhed	Maharashtra
MR0368	Hingoli	Jalna	Maharashtra
MRIL0372	Barsi	Jamkhed	Maharashtra
MR0373	Umarkhed	Umarkhed	Maharashtra
ORGL0376	Bhubaneshwar-2	Bhubaneswar	Orissa
APIL0377	Kadapa-3	Nandyal	Andhra Pradesh
OR0378	Nayagarh	Berhampur	Orissa
MRGL0383	Akalkot	Jamkhed	Maharashtra
MR0384	Mangalvedhe	Kolhapur	Maharashtra
MPGL0385	Jabalpur	Jabalpur	Madhya Pradesh
MPGL0395	Indore-1	Indore	Madhya Pradesh
ORGL0396	Choudwar	Bhubaneswar	Orissa
ORGL0397	Dhenkanal	Boudh	Orissa
ORGL0398	Anugul-2	Boudh	Orissa
ORGL0399	Bhanjanagar	Berhampur	Orissa
CHGL0400	Raipur-2	Raipur	Chhattisgarh
CHGL0402	Bilaspur-1	Champa	Chhattisgarh
CHGL0403	Rajnandgoan	Charama	Chhattisgarh
MPGL0404	Ujjain	Indore	Madhya Pradesh
MPGL0405	Narsingpur	Itarsi	Madhya Pradesh
KAGL0406	Nagarmangala	Mysore	Karnataka
MPGL0408	Dewas	Indore	Madhya Pradesh
ORGL0412	Baragarh	Jharsuguda	Orissa
ORGL0413	Athagarh	Boudh	Orissa
APGL0414	Rayadurgam	Anantapur	Andhra Pradesh
CHGL0416	Korba	Champa	Chhattisgarh
CHGL0418	Mahasamund	Raipur	Chhattisgarh
KAGL0420	Hassan	Chikmagalur	Karnataka
KAGL0423	Muddebihal	Gulbarga	Karnataka
ORGL0424	Semiliguda(Koraput)	Nabarangpur	Orissa
AP0425	Macherla	Vijayawada	Andhra Pradesh
KAGL0427	Tiptur	Chikmagalur	Karnataka
KAGL0428	Chikmagalur-1	Chikmagalur	Karnataka
ORGL0429	Puri	Bhubaneswar	Orissa
MR0430	Dharmabad	Umarkhed	Maharashtra
KAGL0433	T Narsipur	Mysore	Karnataka
MPGL0434	Gadarwada	Itarsi	Madhya Pradesh
MRIL0435	Satara	Jamkhed	Maharashtra
ORGL0439	Polasara	Berhampur	Orissa
MPGL0441	Pipariya	Itarsi	Madhya Pradesh

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

MPGL0442	Katni	Katni	Madhya Pradesh
MPGL0443	Badnagar	Ratlam	Madhya Pradesh
MPGL0447	Sadhar	Jabalpur	Madhya Pradesh
TS0450	Wanaparthy	Nandyal	Telangana
AP0458	Gajapathinagaram	Tuni	Andhra Pradesh
APGL0459	Pendurthi(Kothavalasa)	Tuni	Andhra Pradesh
AP0461	Srungavarapukota	Tuni	Andhra Pradesh
ORGL0463	Jajpur Road	Jajpur Road	Orissa
ORGL0464	Jharsuguda	Jharsuguda	Orissa
MR0467	Ambad	Jalna	Maharashtra
MRIL0469	Pune	Jamkhed	Maharashtra
MRIL0470	Sillod	Jalna	Maharashtra
KAGL0477	Davangere-1	Davanagere	Karnataka
CHGL0480	Bhatapara	Raipur	Chhattisgarh
AP0485	Jaggampeta	Tuni	Andhra Pradesh
MPGL0487	Indore-2	Indore	Madhya Pradesh
APGL0490	Kadiri	Anantapur	Andhra Pradesh
KAGL0495	Ranibennur	Davanagere	Karnataka
KAGL0496	Hagiribommanahalli	Davanagere	Karnataka
MPGL0498	Ashta	Sarangpur	Madhya Pradesh
MPGL0499	Ratlam	Ratlam	Madhya Pradesh
MR0501	Chandrapur	Nagpur	Maharashtra
MPGL0502	Satna (Satra)	Katni	Madhya Pradesh
CHGL0504	Raigarh	Champa	Chhattisgarh
CHGL0505	Bhilai-2	Raipur	Chhattisgarh
KAGL0508	Chennarayapatna	Chikmagalur	Karnataka
KAGL0509	Arsikere	Chikmagalur	Karnataka
MRGL0510	Kopargaon (Shirdi)	Jalna	Maharashtra
MPGL0514	Gotegaon	Itarsi	Madhya Pradesh
MRIL0521	Nagpur-1	Nagpur	Maharashtra
KAGL0522	Belgaum-1	Dharwad	Karnataka
MRGL0524	Nagpur-2	Nagpur	Maharashtra
TS0531	Sangareddy	Hyderabad	Telangana
OR0534	Khordha-3	Bhubaneswar	Orissa
KAGL0535	Siruguppa	Bellary	Karnataka
MPGL0536	Indore-3	Indore	Madhya Pradesh
MRIL0537	Wardha	Umarkhed	Maharashtra
MRGL0538	Wardha-2 (Sailu)	Umarkhed	Maharashtra
MRGL0539	Aurangabad-3	Jalna	Maharashtra
MP0540	Kareli	Itarsi	Madhya Pradesh
ORGL0541	Baleswar	Bhadrak	Orissa
ORGL0542	Baripada	Bhadrak	Orissa
ORGL0543	Bolangir	Bolangir	Orissa
ORGL0544	Talcher	Boudh	Orissa
KAGL0545	Kollegal	Mysore	Karnataka

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

KAGL0546	Gundlapet	Mysore	Karnataka
KAGL0547	Ilakal	Gulbarga	Karnataka
KAGL0548	Gajendragad	Bellary	Karnataka
MRGL0550	Chandwad (Manmad)	Jalna	Maharashtra
MRGL0551	Lonand (Sasvad)	Jamkhed	Maharashtra
MRGL0552	Sangamner	Jalna	Maharashtra
MRIL0553	Solapur-3	Jamkhed	Maharashtra
MR0555	Jalna	Jalna	Maharashtra
MRGL0556	Amaravathi-2	Umarkhed	Maharashtra
ORGL0557	Soro	Bhadrak	Orissa
ORGL0558	Padampur	Bolangir	Orissa
ORGL0560	Sundergarh	Jharsuguda	Orissa
ORGL0561	Titlagarh	Bolangir	Orissa
MRGL0562	Bhandara	Nagpur	Maharashtra
ORGL0563	Raurkela	Jharsuguda	Orissa
MPGL0566	Shajapur	Sarangpur	Madhya Pradesh
KAGL0567	Bylahongale	Dharwad	Karnataka
KAGL0568	Nippani	Dharwad	Karnataka
KAGL0569	Jamkhandi	Dharwad	Karnataka
KAGL0570	Manvi	Bellary	Karnataka
AP0572	Kotananduru	Tuni	Andhra Pradesh
APGL0573	Thagarapuvalasa	Tuni	Andhra Pradesh
ORGL0574	Aska	Berhampur	Orissa
MPGL0575	Maihar	Katni	Madhya Pradesh
MPGL0576	Itarsi	Itarsi	Madhya Pradesh
KAGL0577	Gokak	Dharwad	Karnataka
KAGL0579	Simogga-1	Davanagere	Karnataka
KAGL0581	Sandur	Bellary	Karnataka
ORGL0584	Bhadrak	Bhadrak	Orissa
ORGL0594	Keonjhargarh	Jajpur Road	Orissa
MRGL0596	Akola	Dhule	Maharashtra
MR0597	Jintur	Jalna	Maharashtra
MRGL0598	Ramtek	Nagpur	Maharashtra
MRGL0599	Balharshah	Nagpur	Maharashtra
ORGL0600	Umarkote	Nabarangpur	Orissa
ORGL0601	Patnagarh	Bolangir	Orissa
MRGL0605	Barsi-2	Jamkhed	Maharashtra
MRGL0608	Sinnar	Jalna	Maharashtra
CHGL0611	Janjgir	Champa	Chhattisgarh
MPGL0612	Shujalpur	Sarangpur	Madhya Pradesh
KAGL0616	Kampli	Bellary	Karnataka
MPGL0625	Damoh	Jabalpur	Madhya Pradesh
MPGL0626	Vidisha	Raisen	Madhya Pradesh
MRGL0627	Washim	Umarkhed	Maharashtra
ORGL0628	Khallikot	Berhampur	Orissa

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

MPGL0629	Dhar	Indore	Madhya Pradesh
KAGL0633	Badravathi	Chikmagalur	Karnataka
KAGL0634	Kadur	Chikmagalur	Karnataka
ORGL0635	Sohela	Jharsuguda	Orissa
OR0636	Odagaon	Berhampur	Orissa
ORGL0637	Bhubaneshwar-3	Bhubaneswar	Orissa
KAGL0643	Sirisi	Dharwad	Karnataka
KAGL0655	Athani	Dharwad	Karnataka
TS0660	Patny	Hyderabad	Telangana
APGL0661	Giddalur	Nandyal	Andhra Pradesh
KAGL0662	Hunsur	Mysore	Karnataka
KAGL0663	Shikarpur	Davanagere	Karnataka
MRGL0664	Thuljapur	Jamkhed	Maharashtra
ORGL0666	Sonapur	Boudh	Orissa
KAGL0678	Ramadurga	Dharwad	Karnataka
MPGL0679	Sagar	Raisen	Madhya Pradesh
ORGL0685	Sorada	Berhampur	Orissa
ORGL0686	Anandpur	Jajpur Road	Orissa
ORGL0687	Bargarh-2	Jharsuguda	Orissa
MRGL0688	Kolhapur	Kolhapur	Maharashtra
MRGL0689	Rahuri	Jamkhed	Maharashtra
MRGL0690	Katol	Nagpur	Maharashtra
MRGL0691	Deulgaon Raja	Jalna	Maharashtra
MRIL0692	Hinganghat	Nagpur	Maharashtra
CHGL0697	Nawapara Rajim(Abhanpur)	Raipur	Chhattisgarh
KAGL0698	Indi	Gulbarga	Karnataka
CHGL0701	Dongargarh	Charama	Chhattisgarh
ORGL0707	Kesinga	Bolangir	Orissa
MPGL0712	Banda	Raisen	Madhya Pradesh
APIL0714	Kandukuru-2	Nandyal	Andhra Pradesh
MPGL0720	Burhar	Katni	Madhya Pradesh
KAGL0729	Hangal	Dharwad	Karnataka
KAGL0732	Honnali	Davanagere	Karnataka
ORGL0734	Rajgangpur	Jharsuguda	Orissa
ORGL0735	Kontabanji	Bolangir	Orissa
KAGL0738	Mudhol	Dharwad	Karnataka
KA0741	Malur	Chikballapur	Karnataka
KAGL0743	Chennapatna	Mysore	Karnataka
KAGL0749	Devadurga	Bellary	Karnataka
TS0752	L.B.Nagar	Hyderabad	Telangana
KAGL0756	Harapanhalli	Davanagere	Karnataka
MPGL0761	Mandideep(Obaidullaganj)	Raisen	Madhya Pradesh
MPGL0762	Rehli	Jabalpur	Madhya Pradesh
CHGL0766	Saraipali	Raipur	Chhattisgarh
MPGL0778	Bina	Raisen	Madhya Pradesh

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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CHGL0781	Shakti	Champa	Chhattisgarh
ORGL0782	Gunupur	Nabarangpur	Orissa
ORGL0783	Borigumma(Kotpad)	Nabarangpur	Orissa
ORGL0784	Sambalpur-2	Jharsuguda	Orissa
KAGL0787	Shorapur	Gulbarga	Karnataka
KAGL0788	Lingasur-2	Bellary	Karnataka
KA0790	Malavalli	Mysore	Karnataka
MRGL0792	Islampur	Kolhapur	Maharashtra
MRGL0793	Srirampur	Jalna	Maharashtra
MRGL0794	Paithan	Jalna	Maharashtra
MRGL0795	Wani	Nagpur	Maharashtra
APGL0796	Narisipatanam-2	Tuni	Andhra Pradesh
MPGL0805	Khargone	Indore	Madhya Pradesh
MPGL0806	Narsinghgarh	Sarangpur	Madhya Pradesh
MPGL0807	Gunjbasoda	Raisen	Madhya Pradesh
MPGL0809	Khandwa	Indore	Madhya Pradesh
MPGL0810	Maheshwar	Indore	Madhya Pradesh
MPGL0811	Mandsaur	Ratlam	Madhya Pradesh
MPGL0812	Nagda	Ratlam	Madhya Pradesh
KAGL0813	Raibagh	Dharwad	Karnataka
KAGL0814	Laxmeshwar	Bellary	Karnataka
MPGL0819	Mandla	Jabalpur	Madhya Pradesh
MPGL0820	Seoni Malwa	Itarsi	Madhya Pradesh
ORGL0821	Kharhial Road (Rajkhariar)	Bolangir	Orissa
KAGL0824	Channagiri	Davanagere	Karnataka
CHGL0827	Pithora	Raipur	Chhattisgarh
KAGL0835	Kundapura	Chikmagalur	Karnataka
ORGL0837	Jankia(Tangi-2)	Bhubaneswar	Orissa
ORGL0838	Bolangir-2	Bolangir	Orissa
MPGL0842	Seoni	Chhindwara	Madhya Pradesh
MPGL0843	Raisen	Raisen	Madhya Pradesh
MPGL0844	Begamganj	Raisen	Madhya Pradesh
CHGL0846	Raigarh-2	Champa	Chhattisgarh
CHGL0847	Sarangarh	Raipur	Chhattisgarh
ORGL0848	Kuchinda	Jharsuguda	Orissa
ORGL0849	Bhatli	Jharsuguda	Orissa
OR0851	Bhuban	Jajpur Road	Orissa
MRGL0853	Daund	Jamkhed	Maharashtra
MRGL0854	Akluj	Kolhapur	Maharashtra
MRGL0856	Murtizapur	Dhule	Maharashtra
MRGL0857	Basmat-2	Umarkhed	Maharashtra
KAGL0860	Karawar	Dharwad	Karnataka
KAGL0863	Hosadurga	Davanagere	Karnataka
KAGL0864	Kushalnagar	Mysore	Karnataka
AP0867	Tadipatri	Anantapur	Andhra Pradesh

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

MPGL0869	Harda	Itarsi	Madhya Pradesh
MPGL0871	Barwani	Indore	Madhya Pradesh
MPGL0872	Barwaha(Omkareshwar)	Indore	Madhya Pradesh
MPGL0873	Neemuch	Ratlam	Madhya Pradesh
MPGL0874	Jaora	Ratlam	Madhya Pradesh
MPGL0875	Sonkatch	Indore	Madhya Pradesh
MP0876	Agar	Sarangpur	Madhya Pradesh
MRGL0882	Jath	Kolhapur	Maharashtra
MRGL0883	Pimpalgaon	Jalna	Maharashtra
MRGL0892	Daryapur	Umarkhed	Maharashtra
KA0901	Bannur(T Narasipura-2)	Mysore	Karnataka
CHGL0903	Champa	Champa	Chhattisgarh
APGL0906	Kodumuru	Nandyal	Andhra Pradesh
ORGL0917	Chandikol	Jajpur Road	Orissa
MPGL0932	Guna	Jhansi	Madhya Pradesh
MPGL0933	Ashok Nagar	Jhansi	Madhya Pradesh
MPGL0934	Chhatarpur	Jhansi	Madhya Pradesh
MPGL0935	Nagod	Katni	Madhya Pradesh
MPGL0936	Chhindwara	Chhindwara	Madhya Pradesh
MPGL0937	Lakhnadon	Jabalpur	Madhya Pradesh
MPGL0938	Chaurai	Chhindwara	Madhya Pradesh
MPGL0939	Parasia	Chhindwara	Madhya Pradesh
MRGL0946	Umred	Nagpur	Maharashtra
ORGL0949	Karanjia	Jajpur Road	Orissa
APIL0954	Ramachandrapuram-2	Palakollu	Andhra Pradesh
APIL0964	Shamirpet	Hyderabad	Telangana
AP0974	Gorantla	Anantapur	Andhra Pradesh
KAGL0982	Kunigal	Chikballapur	Karnataka
APIL1001	Addanki(Medarametla)	Nandyal	Andhra Pradesh
ORGL1002	Rairangpur	Jajpur Road	Orissa
MRGL1004	Warora(Bhadravati)	Nagpur	Maharashtra
ORGL1008	Jajpur Town	Jajpur Road	Orissa
ORGL1009	Salepur	Jajpur Road	Orissa
ORGL1010	Saintala	Bolangir	Orissa
ORGL1011	Bhawanipatna-2	Bolangir	Orissa
MRGL1016	Arvi	Umarkhed	Maharashtra
MRIL1018	Sangole	Kolhapur	Maharashtra
MRGL1021	Mehekar	Umarkhed	Maharashtra
MR1023	Partur	Jalna	Maharashtra
MRGL1024	Narshi	Umarkhed	Maharashtra
MRGL1027	Sangli-2	Kolhapur	Maharashtra
MRGL1029	Devli	Umarkhed	Maharashtra
MRGL1030	Yavatmal	Umarkhed	Maharashtra
MRGL1031	Warud	Nagpur	Maharashtra
KAGL1036	Nargund	Dharwad	Karnataka

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

ORGL1040	Balijhuri(Narsinghpur)	Boudh	Orissa
AP1051	Mulakalacheruvu	Anantapur	Andhra Pradesh
JH1057	Barharwa	Deoghar	Jharkhand
ORGL1088	Berhampur-4	Berhampur	Orissa
ORGL1104	Bamra	Jharsuguda	Orissa
ORGL1105	Paikamal	Bolangir	Orissa
AP1161	Kothacheruvu	Anantapur	Andhra Pradesh
KAGL1169	Khanapur-Ka	Dharwad	Karnataka
APIL1172	Banaganapalli	Nandyal	Andhra Pradesh
OR1176	Remuna	Bhadrak	Orissa
ORGL1186	Hindol Road(Gudiakateni)	Boudh	Orissa
ORGL1187	Boinda(Athemallick)	Boudh	Orissa
KAGL1190	Bhalki	Gulbarga	Karnataka
JHGL1191	Ramgarh	Ramgarh	Jharkhand
OR1192	Junagarh	Bolangir	Orissa
KAGL1199	Krishnarajpet	Chikmagalur	Karnataka
KAGL1204	Hukeri	Dharwad	Karnataka
MP1207	Indore-4	Indore	Madhya Pradesh
APIL1211	Pithapuram-6	Tuni	Andhra Pradesh
MRGL1220	Ichalkaranji-2	Kolhapur	Maharashtra
MPGL1226	Bhopal-3	Raisen	Madhya Pradesh
APIL1241	Allagadda(Chagalamarri)	Nandyal	Andhra Pradesh
AP1243	Penukonda	Anantapur	Andhra Pradesh
APGL1265	Inkollu	Gudivada	Andhra Pradesh
MP1286	Sagar-2	Raisen	Madhya Pradesh
MPGL1287	Gwalior-1	Jhansi	Madhya Pradesh
MPGL1288	Bareli	Itarsi	Madhya Pradesh
MPGL1291	Panagar	Jabalpur	Madhya Pradesh
MPGL1294	Pandhurna	Chhindwara	Madhya Pradesh
MPGL1295	Nasrullahganj	Itarsi	Madhya Pradesh
MPGL1296	Burhanpur	Indore	Madhya Pradesh
MPGL1297	Betma	Indore	Madhya Pradesh
MPGL1298	Sarangpur	Sarangpur	Madhya Pradesh
GAGL1301	Margao	Kolhapur	Goa
KAGL1305	Kalghatgi	Dharwad	Karnataka
KAGL1311	Kudligi	Davanagere	Karnataka
APIL1320	Rajanagaram-2	Tuni	Andhra Pradesh
ORGL1329	Cuttack	Bhubaneswar	Orissa
ORGL1333	Sakhi Gopal	Bhubaneswar	Orissa
OR1334	Nachuni	Berhampur	Orissa
APIL1336	Annavaram(Kathipudi-2)	Tuni	Andhra Pradesh
GRGL1347	Ahmedabad-2	Ahmedabad	Gujarat
APIL1349	Yeleswaram-3	Tuni	Andhra Pradesh
MPGL1351	Shivpuri	Jhansi	Madhya Pradesh
MPGL1352	Balaghat	Chhindwara	Madhya Pradesh

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

MPGL1353	Deori	Raisen	Madhya Pradesh
MPGL1356	Susner	Sarangpur	Madhya Pradesh
MPGL1357	Shamgarh(Garoth)	Sarangpur	Madhya Pradesh
MRGL1363	Badnera	Umarkhed	Maharashtra
JHGL1386	Hazaribagh	Ramgarh	Jharkhand
KAGL1394	Basavana Bagevadi	Gulbarga	Karnataka
KAGL1398	Aland	Gulbarga	Karnataka
MPGL1405	Manawar	Indore	Madhya Pradesh
MPGL1406	Sausar	Chhindwara	Madhya Pradesh
MPGL1407	Sleemanabad(Bahoriband)	Katni	Madhya Pradesh
MPGL1409	Bagdona(Ghoradongri)	Itarsi	Madhya Pradesh
MPGL1410	Raghogarh(Kumbhraj)	Jhansi	Madhya Pradesh
MPGL1428	Sheopur	Jhansi	Madhya Pradesh
APIL1442	Hindupur-3	Anantapur	Andhra Pradesh
OR1444	Jayapatna	Bolangir	Orissa
ORGL1447	Basta(Rasagobindapur)	Bhadrak	Orissa
ORGL1448	Tihidi	Bhadrak	Orissa
ORGL1452	Hinjilicut	Berhampur	Orissa
KAGL1457	Heggadadevankote	Mysore	Karnataka
TS1461	Shankarpalle	Hyderabad	Telangana
MRGL1473	Vita	Kolhapur	Maharashtra
KAGL1478	Chelur	Anantapur	Karnataka
GRGL1482	Kheda - 1	Padra	Gujarat
GRGL1486	Kapadvanj-1	Ahmedabad	Gujarat
APIL1493	Cumbum(Bestavaripeta)	Nandyal	Andhra Pradesh
ORGL1517	Muniguda	Nabarangpur	Orissa
MR1529	Shegaon	Dhule	Maharashtra
APIL1541	Krosuru-2	Vijayawada	Andhra Pradesh
GRGL1557	Tarapur-1	Padra	Gujarat
ORGL1564	Khaira(Kupari)	Bhadrak	Orissa
KAGL1575	Chincholi	Gulbarga	Karnataka
KAGL1582	Kurugodu	Bellary	Karnataka
KA1606	Periyapatna	Mysore	Karnataka
AP1610	Kanekal	Anantapur	Andhra Pradesh
OR1616	Mangalpur	Jajpur Road	Orissa
KAGL1617	Terakanambi	Mysore	Karnataka
GRGL1659	Khambhat	Padra	Gujarat
KAGL1677	Mundarigi	Bellary	Karnataka
KAGL1678	Chadchan	Gulbarga	Karnataka
JHGL1715	Tilaiya	Deoghar	Jharkhand
ORGL1717	Jagatsinghapur	Bhubaneswar	Orissa
OR1719	Nimapada	Bhubaneswar	Orissa
MR1723	Kurundwad	Kolhapur	Maharashtra
ORGL1733	Dunguripalli	Boudh	Orissa
MPGL1746	Biaora	Sarangpur	Madhya Pradesh

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

KA1747	Bagepalli-2	Chikballapur	Karnataka
MPGL1762	Babai	Itarsi	Madhya Pradesh
GR1764	Lunawada	Godhra	Gujarat
GRGL1765	Godhra	Godhra	Gujarat
GR1767	Talod	Ahmedabad	Gujarat
GRGL1768	Modasa	Ahmedabad	Gujarat
GRGL1769	Himatnagar	Ahmedabad	Gujarat
JHGL1772	Chaibasa	Ramgarh	Jharkhand
KAGL1780	Arkalgud	Chikmagalur	Karnataka
KAGL1781	Sakleshpur-2	Chikmagalur	Karnataka
KAGL1819	Shrirangapattana	Mysore	Karnataka
MR1820	Chandrapur-2	Nagpur	Maharashtra
ORGL1842	Banki	Bhubaneswar	Orissa
KAGL1851	Jagalur-2	Davanagere	Karnataka
KA1857	Sirwar	Bellary	Karnataka
KA1869	Udupi	Chikmagalur	Karnataka
MPGL1901	Khandwa-2	Indore	Madhya Pradesh
MP1905	Burhanpur-2	Indore	Madhya Pradesh
MPGL1907	Ichhawar	Sarangpur	Madhya Pradesh
MPGL1914	Shahgarh	Jhansi	Madhya Pradesh
MPGL1916	Udaipura	Itarsi	Madhya Pradesh
CHGL1918	Ambikapur	Ambikapur	Chhattisgarh
KA1935	Sargur	Mysore	Karnataka
KA1936	Begur	Mysore	Karnataka
KAGL2028	Kolar Gold Fields	Chikballapur	Karnataka
MRGL2029	Kudal (Sawantwadi)	Kolhapur	Maharashtra
KAGL2032	Krishna Raja Nagar-2	Mysore	Karnataka
KAGL2034	Ramanathapura	Chikmagalur	Karnataka
KAGL2040	Sagara	Davanagere	Karnataka
GA2043	Porvorim(Panjim)	Kolhapur	Goa
JHGL2045	Giridih	Deoghar	Jharkhand
CHGL2046	Kharsiya	Champa	Chhattisgarh
CHGL2047	Dhamdha	Raipur	Chhattisgarh
KAGL2048	Honnavar-2	Chikmagalur	Karnataka
MPGL2049	Dabra-1	Jhansi	Madhya Pradesh
MP2050	Guna-2	Jhansi	Madhya Pradesh
KLGL2052	Thamarassery	Wandoor	Kerala
KLGL2053	Koyilandi	Wandoor	Kerala
MPGL2055	Hatta	Jabalpur	Madhya Pradesh
MPGL2056	Multai	Itarsi	Madhya Pradesh
MP2057	Umaria	Katni	Madhya Pradesh
MPGL2058	Kotma	Katni	Madhya Pradesh
GRGL2059	Bayad1	Ahmedabad	Gujarat
GRGL2060	Idar1	Ahmedabad	Gujarat
KLGL2061	Vadakara	Wandoor	Kerala

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

MPGL2065	Rewa	Katni	Madhya Pradesh
MPGL2066	Shahpura	Jabalpur	Madhya Pradesh
MPGL2067	Panna	Katni	Madhya Pradesh
MPGL2068	Patan	Jabalpur	Madhya Pradesh
MPGL2069	Jamai	Chhindwara	Madhya Pradesh
MPGL2070	Kannod-1	Itarsi	Madhya Pradesh
MPGL2071	Khirkiya(Chhanera)	Itarsi	Madhya Pradesh
CHGL2073	Baikunthapur	Ambikapur	Chhattisgarh
CHGL2074	Gharghoda	Champa	Chhattisgarh
MRGL2104	Saoner	Nagpur	Maharashtra
MRGL2105	Dhule	Dhule	Maharashtra
MRGL2106	Amalner	Dhule	Maharashtra
MRGL2107	Erandol	Dhule	Maharashtra
MRGL2108	Miraj	Kolhapur	Maharashtra
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	Gujarat
GRGL2119	Nadiad-1	Padra	Gujarat
GRGL2121	Balasinor-1	Godhra	Gujarat
GRGL2122	Dabhoi	Padra	Gujarat
UPGL2123	Raebareli	Allahabad	Uttar Pradesh
JHGL2124	Dumka	Deoghar	Jharkhand
CHGL2131	Surajpur	Ambikapur	Chhattisgarh
MPGL2132	Anuppur	Katni	Madhya Pradesh
CHGL2136	Pussore	Champa	Chhattisgarh
CHGL2137	Pathalgaon Khurd	Ambikapur	Chhattisgarh
CHGL2138	Kota	Champa	Chhattisgarh
MPGL2141	Pandhurna-2	Chhindwara	Madhya Pradesh
KLGL2175	Palakkad	Wandoor	Kerala
KLGL2176	Kondotty(Ramanattukara)	Wandoor	Kerala
CHGL2180	Bilaigarh(Seorinarayan)	Raipur	Chhattisgarh
CHGL2181	Balod-1	Charama	Chhattisgarh
GRGL2184	Mansa(Vijapur)	Ahmedabad	Gujarat
MPGL2190	Nainpur	Chhindwara	Madhya Pradesh
MPGL2191	Sendhawa	Indore	Madhya Pradesh
MPGL2193	Betul	Itarsi	Madhya Pradesh
CHGL2194	Baramkela	Raipur	Chhattisgarh
ORGL2211	Boudh	Boudh	Orissa
ORGL2212	Tusra	Bolangir	Orissa
MPGL2213	Sausar-2	Chhindwara	Madhya Pradesh
CHGL2244	Katghora	Champa	Chhattisgarh

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

MRGL2246	Morshi	Umarkhed	Maharashtra
MP2249	Manasa	Ratlam	Madhya Pradesh
UP2251	Gopiganj	Allahabad	Uttar Pradesh
MPGL2252	Katangi	Chhindwara	Madhya Pradesh
MRGL2258	Karanja(Lad)	Dhule	Maharashtra
MRGL2259	Risod	Umarkhed	Maharashtra
MRGL2273	Shirpur	Dhule	Maharashtra
MRGL2325	Ralegaon	Umarkhed	Maharashtra
KLGL2326	Mannarkkad	Wandoor	Kerala
KLGL2327	Ottappalam	Wandoor	Kerala
KLGL2328	Alathur	Chalakkudi	Kerala
MRGL2332	Murgud	Kolhapur	Maharashtra
KLGL2340	Chittur	Wandoor	Kerala
CHGL2398	Manendragarh	Ambikapur	Chhattisgarh
AP2445	B Kothakota	Anantapur	Andhra Pradesh
KAGL2470	Chittapur	Gulbarga	Karnataka
MR2567	Arni(Mh)	Umarkhed	Maharashtra
KLGL2604	Wadakkancherry	Chalakkudi	Kerala
CHGL2614	Pendra Road	Champa	Chhattisgarh
ORGL2615	Palalahada	Boudh	Orissa
JHGL2624	Deoghar	Deoghar	Jharkhand
JHGL2625	Godda	Deoghar	Jharkhand
ORGL2626	Ainthapali(Burla)	Jharsuguda	Orissa
JHGL2627	Pakur	Deoghar	Jharkhand
OR2629	Ladugaun	Bolangir	Orissa
ORGL2630	Birmahrajpur	Boudh	Orissa
ORGL2631	Champua	Jajpur Road	Orissa
ORGL2632	Belpahar	Jharsuguda	Orissa
ORGL2635	Bhandari Pokhari	Bhadrak	Orissa
JHGL2636	Jamtara	Deoghar	Jharkhand
ORGL2640	Bonaigarh	Jharsuguda	Orissa
CHGL2641	Dongergaon	Charama	Chhattisgarh
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
MR2656	Shahapur	Jalna	Maharashtra
MR2658	Malkapur-1	Dhule	Maharashtra
JH2659	Chakradharpur	Ramgarh	Jharkhand
JH2660	Katras	Deoghar	Jharkhand
OR2661	Raighar	Nabarangpur	Orissa
OR2662	Deogarh	Jharsuguda	Orissa
OR2663	Nabarangpur	Nabarangpur	Orissa

KL2664	Kodungallur(North Paravur)	Chalakkudi	Kerala
JH2665	Daltonganj	Ramgarh	Jharkhand
CH2666	Basna-1	Raipur	Chhattisgarh
GR2667	Limkheda	Godhra	Gujarat
JH2668	Mahagama	Deoghar	Jharkhand
OR2669	Charichhaka(Nimapada)	Bhubaneswar	Orissa
OR2670	Nuapada 1	Bolangir	Orissa
GR2671	Santrampur	Godhra	Gujarat
CH2672	Sitapur	Ambikapur	Chhattisgarh
OR2673	Kantamal	Boudh	Orissa
JH2674	Maheshpur	Deoghar	Jharkhand
CH2675	Gariaband	Charama	Chhattisgarh
CH2676	Pratappur	Ambikapur	Chhattisgarh
CH2677	Wadrafnagar	Ambikapur	Chhattisgarh
JH2678	Bermo	Ramgarh	Jharkhand
JH2679	Domchach	Deoghar	Jharkhand
JH2680	Garwha	Ramgarh	Jharkhand
JH2681	Lohardaga	Ramgarh	Jharkhand
OR2682	Raikia	Berhampur	Orissa
BH2683	Jamui	Lakhisarai	Bihar
BH2684	Lakhisarai	Lakhisarai	Bihar
BH2685	Arwal	Lakhisarai	Bihar
OR2686	Malkanigiri	Nabarangpur	Orissa
OR2687	Tikiri	Nabarangpur	Orissa
CH2688	Ramanuj Ganj	Ambikapur	Chhattisgarh
JH2689	Jarmundi	Deoghar	Jharkhand
UP2692	Mahoba	Jhansi	Uttar Pradesh
UP2693	Jhansi	Jhansi	Uttar Pradesh
CH2694	Tilda(Kharora)	Raipur	Chhattisgarh
MP2695	Hat Pipaliya	Sarangpur	Madhya Pradesh
JH2696	Gola	Ramgarh	Jharkhand
CH2697	Bemetara	Raipur	Chhattisgarh
CH2698	Gunderdehi	Raipur	Chhattisgarh
CH2699	Takhatpur	Raipur	Chhattisgarh
JH2700	Latehar	Ramgarh	Jharkhand
CH2701	Chirmiri	Ambikapur	Chhattisgarh
GA2702	Sanquelim	Kolhapur	Goa
JH2703	Boarijor(Sahibganj)	Deoghar	Jharkhand
OR2704	Basudevpur	Bhadrak	Orissa
OR2706	Kuakhia	Jajpur Road	Orissa
JH2707	Nagar Untari	Ramgarh	Jharkhand
OR2709	Rahama	Bhubaneswar	Orissa
OR2713	Mohana	Berhampur	Orissa
OR2714	Puranakatak	Boudh	Orissa
BH2716	Jhajha	Lakhisarai	Bihar

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

JH2717	Mirzaaganj(Chatro)	Deoghar	Jharkhand
MR2718	Jamner	Dhule	Maharashtra
MP2719	Badarwas	Jhansi	Madhya Pradesh
JH2720	Rajdhanwar	Deoghar	Jharkhand
MR2721	Chopda	Dhule	Maharashtra
MP2722	Waraseoni	Chhindwara	Madhya Pradesh
JH2723	Chatra	Ramgarh	Jharkhand
MP2724	Shahdol	Katni	Madhya Pradesh
MP2725	Petlawad	Ratlam	Madhya Pradesh
CH2726	Shankargarh	Ambikapur	Chhattisgarh
OR2727	Kalimela	Nabarangpur	Orissa
JH2729	Muri	Ramgarh	Jharkhand
GR2730	Mandvi	Padra	Gujarat
GR2731	Dediapada	Padra	Gujarat
OR2732	Baliapal	Bhadrak	Orissa
OR2733	Balikuda	Bhubaneswar	Orissa
MR2734	Ajara	Kolhapur	Maharashtra
WB2735	Purulia	Bishnupur	West Bengal
OR2736	Subdega	Jharsuguda	Orissa
CH2737	Chandrapur(Ch)	Champa	Chhattisgarh
MR2738	Nandurbar	Dhule	Maharashtra
CH2741	Nagri	Charama	Chhattisgarh
MP2742	Jabera	Jabalpur	Madhya Pradesh
WB2743	Raghunathpur	Bishnupur	West Bengal
CH2744	Mohla	Charama	Chhattisgarh
CH2745	Kunkuri	Ambikapur	Chhattisgarh
CH2746	Gaurella	Champa	Chhattisgarh
BH2748	Ekangarsarai	Lakhisarai	Bihar
BH2749	Rajauli	Lakhisarai	Bihar
OR2750	Sinapali	Bolangir	Orissa
OR2751	Chikiti Pentha	Berhampur	Orissa
MR2752	Shahada	Dhule	Maharashtra
MP2753	Vijayraghavgarh	Katni	Madhya Pradesh
KL2754	Pulamanthole	Wandoor	Kerala
OR2757	Naktideul	Boudh	Orissa
OR2758	Singhpur	Jajpur Road	Orissa
OR2759	Baisinga	Bhadrak	Orissa
OR2760	Lathor	Bolangir	Orissa
OR2761	Gaisilat	Bolangir	Orissa
OR2763	Athmallik	Boudh	Orissa
MP2764	Garhakota	Jabalpur	Madhya Pradesh
MR2765	Sindkheda	Dhule	Maharashtra
OR2766	Brahmagiri	Bhubaneswar	Orissa
KL2767	Muvattupuzha	Chalakkudi	Kerala
MP2768	Soyat Kalan	Sarangpur	Madhya Pradesh

CH2769	Jashpur(Manora)	Ambikapur	Chhattisgarh
CH2770	Jaijaipur	Champa	Chhattisgarh
OR2781	Chandahandi	Nabarangpur	Orissa
OR2782	Tarbha	Boudh	Orissa
MR2785	Kallam	Jamkhed	Maharashtra
MR2786	Gadchiroli	Nagpur	Maharashtra
MR2787	Yawal	Dhule	Maharashtra
KA2788	Kotturu	Davanagere	Karnataka
OR2790	Purusottampur	Berhampur	Orissa
OR2791	Malud	Berhampur	Orissa
MP2792	Dindori	Jabalpur	Madhya Pradesh
RJ2794	Banswara	Banswara	Rajasthan
MP2795	Pachore	Sarangpur	Madhya Pradesh
KA2796	Nittur	Chikballapur	Karnataka
WB2797	Bishnupur	Bishnupur	West Bengal
WB2798	Sonamukhi	Bishnupur	West Bengal
CH2799	Deobhog	Charama	Chhattisgarh
UP2800	Manjhanpur	Allahabad	Uttar Pradesh
UP2801	Jagdishpur	Allahabad	Uttar Pradesh
KA2802	Belthangady	Chikmagalur	Karnataka
OR2803	Dabugaon	Nabarangpur	Orissa
MP2804	Baihar	Chhindwara	Madhya Pradesh
OR2805	Ambodala	Bolangir	Orissa
MR2806	Nagbhir	Nagpur	Maharashtra
MR2807	Akkalkuva	Dhule	Maharashtra
CH2808	Kotba	Ambikapur	Chhattisgarh
MP2809	Chandangaon(Umranala)	Chhindwara	Madhya Pradesh
MR2810	Desaiganj	Nagpur	Maharashtra
MP2811	Niwas	Jabalpur	Madhya Pradesh
CH2812	Bagbahara	Charama	Chhattisgarh
OR2814	Khatiguda	Nabarangpur	Orissa
UP2815	Khaga	Allahabad	Uttar Pradesh
MP2816	Beohari	Katni	Madhya Pradesh
BH2817	Barbigha	Lakhisarai	Bihar
KL2818	Cherthala	Kollam	Kerala
KA2819	Virajpet	Mysore	Karnataka
MR2820	Raver	Dhule	Maharashtra
KA2821	Karkala	Chikmagalur	Karnataka
CH2822	Saraipali-2(Balouda)	Raipur	Chhattisgarh
MR2823	Kinwat	Umarkhed	Maharashtra
GR2824	Jhalod	Godhra	Gujarat
RJ2825	Sagwara	Dungarpur	Rajasthan
RJ2826	Ghatol	Banswara	Rajasthan
BH2827	Warisaliganj	Lakhisarai	Bihar
BH2828	Sikandra	Lakhisarai	Bihar

CH2829	Bhanupratappur	Charama	Chhattisgarh
MP2830	Datia	Jhansi	Madhya Pradesh
OR2831	Nuapatna	Boudh	Orissa
KL2832	Perambra	Wandoor	Kerala
MR2833	Kagal	Kolhapur	Maharashtra
MP2834	Ghansaur	Jabalpur	Madhya Pradesh
RJ2835	Pratapgarh(Rj)	Banswara	Rajasthan
GR2836	Karjan	Padra	Gujarat
GR2837	Meghraj	Ahmedabad	Gujarat
MR2838	Shevgaon	Jamkhed	Maharashtra
MR2839	Jalgaon (Jamod)	Dhule	Maharashtra
MP2840	Bhainsdehi	Itarsi	Madhya Pradesh
UP2841	Dudhinagar	Ambikapur	Uttar Pradesh
MP2842	Shyampur	Raisen	Madhya Pradesh
MR2843	Gadchandur	Nagpur	Maharashtra
KA2844	Mulki	Chikmagalur	Karnataka
KA2845	Thirthahalli	Davanagere	Karnataka
RJ2846	Bagidora	Banswara	Rajasthan
KL2847	Ettumanoor	Kollam	Kerala
MP2848	Bhoura	Itarsi	Madhya Pradesh
MP2849	Sultanpur	Raisen	Madhya Pradesh
MP2850	Alote	Ratlam	Madhya Pradesh
MP2851	Kukshi	Ratlam	Madhya Pradesh
MP2852	Jobat	Ratlam	Madhya Pradesh
MP2853	Pawai	Katni	Madhya Pradesh
KL2855	Wandoor	Wandoor	Kerala
UP2856	Renukoot	Ambikapur	Uttar Pradesh
OR2857	Jaleswar	Bhadrak	Orissa
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	Pondicherry
JH2867	Japla	Ramgarh	Jharkhand
WB2868	Gopiballabpur	Bishnupur	West Bengal
BH2869	Goh	Lakhisarai	Bihar
CH2870	Saria	Raipur	Chhattisgarh
KL2871	Haripad	Kollam	Kerala
WB2872	Krishnanagar(Santipur)	Bishnupur	West Bengal
MR2873	Sakri	Dhule	Maharashtra
KL2874	Adoor	Kollam	Kerala
MR2875	Jamkhed	Jamkhed	Maharashtra
BH2876	Tarapur	Lakhisarai	Bihar
OR2877	Rasol(Khajuriakata)	Boudh	Orissa

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

OR2878	Bhukta	Jharsuguda	Orissa
MP2879	Bhanpura	Sarangpur	Madhya Pradesh
MP2880	Jhabua	Ratlam	Madhya Pradesh
MR2881	Anjangaon	Dhule	Maharashtra
MR2882	Deolapar	Nagpur	Maharashtra
OR2883	Hatadihi	Bhadrak	Orissa
WB2884	Kanchrapara(Naihati)	Bishnupur	West Bengal
BH2885	Amba	Lakhisarai	Bihar
BH2886	Mokama	Lakhisarai	Bihar
CH2887	Chhal	Champa	Chhattisgarh
CH2888	Kumhari	Raipur	Chhattisgarh
CH2889	Gursiya	Champa	Chhattisgarh
MP2890	Kirnapur	Chhindwara	Madhya Pradesh
MR2891	Murtizapur-2	Dhule	Maharashtra
GR2893	Ghoghamba	Godhra	Gujarat
CH2894	Pakhanjur	Charama	Chhattisgarh
CH2895	Bastar	Charama	Chhattisgarh
WB2896	Chakdah	Bishnupur	West Bengal
MR2897	Kumbhari	Jamkhed	Maharashtra
GR2898	Morva Hadaf	Godhra	Gujarat
MR2899	Bhokardan	Jalna	Maharashtra
CH2900	Bagicha	Ambikapur	Chhattisgarh
MP2901	Karond	Raisen	Madhya Pradesh
MP2902	Bairad	Jhansi	Madhya Pradesh
WB2903	Baidyabati(Konnagar)	Bishnupur	West Bengal
BH2904	Makhdumpur	Lakhisarai	Bihar
KL2905	Thodupuzha(Muttom)	Chalakkudi	Kerala
BH2906	Kesariya	Kanti	Bihar
BH2907	Kotwa(Sangrampur)	Kanti	Bihar
CH2908	Janakpur	Ambikapur	Chhattisgarh
OR2909	Narsinghpur	Boudh	Orissa
KL2910	Kalady	Chalakkudi	Kerala
TNLAP2911	Vellore_Lap	Vellore	Tamil Nadu
MP2912	Tarana	Indore	Madhya Pradesh
OR2913	Chandanpur	Bhubaneswar	Orissa
OR2914	Raghunathpur(Or)	Bhubaneswar	Orissa
OR2915	Kalapathar	Bhubaneswar	Orissa
OR2916	Chandbali	Bhadrak	Orissa
OR2917	Kotapad	Nabarangpur	Orissa
MP2918	Moman Badodiya	Sarangpur	Madhya Pradesh
MP2919	Nalkheda	Sarangpur	Madhya Pradesh
MP2920	Bajna(Shivgarh)	Ratlam	Madhya Pradesh
JH2921	Tandwa	Ramgarh	Jharkhand
RJ2922	Bhinder	Dungarpur	Rajasthan
MR2924	Mul	Nagpur	Maharashtra

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

BH2925	Pipra	Kanti	Bihar
BH2926	Mehsi	Kanti	Bihar
WB2927	Panskura	Bishnupur	West Bengal
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	Uttar Pradesh
OR2939	Nandapur	Nabarangpur	Orissa
GR2940	Bhiloda	Ahmedabad	Gujarat
KL2941	Ponkunnam	Chalakkudi	Kerala
GR2942	Asodar	Padra	Gujarat
GR2943	Padra(Vadodara)	Padra	Gujarat
GR2945	Dahod	Godhra	Gujarat
KL2946	Edappal	Chalakkudi	Kerala
TNLAP2947	Tiruvannamalai_Lap	Vellore	Tamil Nadu
CH2949	Charama	Charama	Chhattisgarh
CH2950	Chhura	Charama	Chhattisgarh
UP2952	Babhani	Ambikapur	Uttar Pradesh
KL2955	Changanassery	Kollam	Kerala
OR2956	Tikabali	Berhampur	Orissa
RJ2957	Ramganj Mandi	Sarangpur	Rajasthan
RJ2958	Salumbar	Banswara	Rajasthan
KL2959	Kollam	Kollam	Kerala
KL2960	Ayoor	Kollam	Kerala
RJ2961	Danpur	Banswara	Rajasthan
RJ2962	Rishabhdev	Dungarpur	Rajasthan
TN2963	Thalavadi	Mysore	Tamil Nadu
MR2964	Sindkhed Raja	Jalna	Maharashtra
MP2965	Jawar	Indore	Madhya Pradesh
MP2966	Bargi	Jabalpur	Madhya Pradesh
MP2968	Jaisinghnagar	Katni	Madhya Pradesh
MP2969	Katangi(Jabalpur Dist)	Jabalpur	Madhya Pradesh
MR2970	Parola	Dhule	Maharashtra
GR2971	Chhota Udepur	Padra	Gujarat
CH2972	Pali	Champa	Chhattisgarh
GR2973	Fatepura	Godhra	Gujarat
CH2974	Chhuriya Kalan	Charama	Chhattisgarh
MP2975	Lanji	Chhindwara	Madhya Pradesh
MR2976	Aundha Nagnath	Jalna	Maharashtra

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

GR2978	Bhavnagar	Ahmedabad	Gujarat
GR2979	Palitana	Ahmedabad	Gujarat
GR2980	Barwala	Ahmedabad	Gujarat
GR2981	Mahuva	Ahmedabad	Gujarat
RJ2982	Sabla	Dungarpur	Rajasthan
BH2983	Fatehpur	Lakhisarai	Bihar
BH2984	Paroo	Kanti	Bihar
BH2985	Dhaka	Kanti	Bihar
BH2986	Obra	Lakhisarai	Bihar
MP2987	Baradari	Jhansi	Madhya Pradesh
KL2989	Kozhencherry	Kollam	Kerala
JH2990	Udhwa	Deoghar	Jharkhand
OR2992	Joda	Jajpur Road	Orissa
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
CH3009	Kondagaon	Charama	Chhattisgarh
CH3011	Jagdalpur	Charama	Chhattisgarh
RJ3012	Raila	Didwana	Rajasthan
RJ3013	Shahpura(Rj)	Didwana	Rajasthan
KL3014	Nedumangad	Kollam	Kerala
KL3015	Edakkara	Wandoor	Kerala
WB3018	Chandrakona Town	Bishnupur	West Bengal
WB3019	Midnapore	Bishnupur	West Bengal
WB3021	Jhargram	Bishnupur	West Bengal
BH3022	Jagdishpur(Bh)	Kanti	Bihar
BH3023	Harsidhi	Kanti	Bihar
BH3024	Goraul	Kanti	Bihar
GR3025	Limbdi	Ahmedabad	Gujarat
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	West Bengal

BH3034	Piro	Kanti	Bihar
BH3035	Madanpur	Lakhisarai	Bihar
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	Maharashtra
RJ3043	Abu Road	Dungarpur	Rajasthan
MR3044	Karjat	Jamkhed	Maharashtra
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	Maharashtra
MR3055	Zari	Nagpur	Maharashtra
MR3056	Mukhed	Umarkhed	Maharashtra
RJ3058	Degana	Didwana	Rajasthan
RJ3060	Thanwala	Didwana	Rajasthan
GR3061	Limdi(Jhalod)	Godhra	Gujarat
BH3063	Akbarpur	Lakhisarai	Bihar
JH3064	Itkhori	Ramgarh	Jharkhand
GR3065	Jhalod-2	Godhra	Gujarat
JH3066	Hunterganj	Ramgarh	Jharkhand
RJ3067	Peepalkhoont	Banswara	Rajasthan
RJ3068	Kherwara	Dungarpur	Rajasthan
MP3069	Bairagarh	Raisen	Madhya Pradesh
MP3070	Thandla	Ratlam	Madhya Pradesh
MP3071	Sarangpur-2	Sarangpur	Madhya Pradesh
MP3072	Shivpuri-2	Jhansi	Madhya Pradesh
UP3073	Jhansi-2	Jhansi	Uttar Pradesh
MR3074	Rajura	Nagpur	Maharashtra
RJ3075	Itawa	Jhansi	Rajasthan
AP3076	Madanapalle	Anantapur	Andhra Pradesh
TS3077	Gadwal	Nandyal	Telangana
MR3078	Kalamnuri	Umarkhed	Maharashtra
MR3079	Purna	Umarkhed	Maharashtra
RJ3081	Dag	Sarangpur	Rajasthan
MP3082	Sendhawa-2	Indore	Madhya Pradesh
GR3083	Sanjeli	Godhra	Gujarat
BH3084	Jandaha	Kanti	Bihar

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

BH3085	Kalyanpur	Kanti	Bihar
RJ3087	Intali Khera	Dungarpur	Rajasthan
JH3088	Panki	Ramgarh	Jharkhand
RJ3089	Anandpuri	Banswara	Rajasthan
RJ3090	Banswara-2	Banswara	Rajasthan
GR3091	Sehra	Godhra	Gujarat
GR3092	Devgadh Baria	Godhra	Gujarat
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	Chhattisgarh
MP3102	Mandsaur-2	Ratlam	Madhya Pradesh
OR3103	Gopalpur	Bhadrak	Orissa
OR3104	Jagatsinghpur-2	Bhubaneswar	Orissa
OR3105	Kujanga	Jajpur Road	Orissa
OR3106	Buguda	Berhampur	Orissa
OR3107	Dhamara	Bhadrak	Orissa
OR3108	Jajpur Town-2	Jajpur Road	Orissa
OR3109	Chandikhol-2	Jajpur Road	Orissa
OR3110	Kendrapara	Jajpur Road	Orissa
OR3111	Bhadrak-2	Bhadrak	Orissa
RJ3112	Chhoti Sadri	Ratlam	Rajasthan
RJ3113	Dungarpur-2	Dungarpur	Rajasthan
RJ3114	Lasadiya	Banswara	Rajasthan
RJ3115	Parsola	Banswara	Rajasthan
OR3116	Badamba	Boudh	Orissa
HR3117	Charkhi Dadri	Rohtak	Haryana
BH3118	Kotwa-2	Kanti	Bihar
MP3119	Hindoria	Jabalpur	Madhya Pradesh
MP3120	Barela	Jabalpur	Madhya Pradesh
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	Goa
OR3130	Brahmagiri-2	Bhubaneswar	Orissa
AP3131	Denduluru	Palakollu	Andhra Pradesh
RJ3195	Galiyakot	Dungarpur	Rajasthan
RJ3196	Talwara	Banswara	Rajasthan

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

RJ3197	Genji	Dungarpur	Rajasthan
RJ3198	Sarada	Banswara	Rajasthan
GR3199	Dahod-2	Godhra	Gujarat
RJ3200	Gangar Talai	Godhra	Rajasthan
JH3201	Ranka	Ambikapur	Jharkhand
BH3202	Surajgarha	Lakhisarai	Bihar
MP3203	Karera	Jhansi	Madhya Pradesh
GR3204	Talaja	Ahmedabad	Gujarat
GR3205	Gadhada	Ahmedabad	Gujarat
GR3206	Khedbrahma	Ahmedabad	Gujarat
GR3207	Umreth	Padra	Gujarat
GR3208	Kheralu	Ahmedabad	Gujarat
GR3209	Netrang	Padra	Gujarat
HR3210	Meham	Rohtak	Haryana
GR3211	Satlasana	Ahmedabad	Gujarat
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
UP3231	Dudhai	Ghazipur	Uttar Pradesh
UP3232	Pathardewa	Ghazipur	Uttar Pradesh
MR3233	Kamptee	Nagpur	Maharashtra
JH3234	Satbarwa	Ramgarh	Jharkhand
BH3235	Sono	Lakhisarai	Bihar
BH3236	Aliganj	Lakhisarai	Bihar
BH3237	Pakridayal	Kanti	Bihar
KA3238	Kanahosahalli	Davanagere	Karnataka
MP3239	Lalbarra	Chhindwara	Madhya Pradesh
BH3240	Gogri	Lakhisarai	Bihar
HR3241	Narnaund	Rohtak	Haryana
HR3242	Pundri	Rohtak	Haryana
HR3243	Bawal	Rohtak	Haryana
HR3244	Safidon	Rohtak	Haryana
BR3245	Chakai	Deoghar	Bihar
UP3246	Salemgarh	Ghazipur	Uttar Pradesh
RJ3247	Kolayat	Didwana	Rajasthan
RJ3248	Khajuwala	Didwana	Rajasthan
OR3249	Dhenkanal-2	Boudh	Orissa
GR3250	Vijaynagar	Ahmedabad	Gujarat
GR3251	Shamlaji	Ahmedabad	Gujarat
RJ3252	Nokha	Didwana	Rajasthan

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

RJ3253	Lunkaransar	Didwana	Rajasthan
MP3256	Thandla-2	Ratlam	Madhya Pradesh
BR3257	Bihpur	Lakhisarai	Bihar
UP3259	Naurangia	Ghazipur	Uttar Pradesh
GR3260	Mora	Godhra	Gujarat
GR3261	Sukhsar	Godhra	Gujarat
GR3262	Dhanpur	Godhra	Gujarat
RJ3254	Khatu Shyam	Didwana	Rajasthan
MR3258	Mehekar-2	Umarkhed	Maharashtra
OR3255	Jagatpur	Bhubaneswar	Orissa
GR3263	Jasdan	Ahmedabad	Gujarat
BH3264	Kanti-2	Kanti	Bihar

Criss Financial Limited

Branch_Code	Branch Name	Zone Name	State_Name
APML0001	Vijayawada-1	Vijayawada	Andhra Pradesh
APML0002	Palakollu	Palakollu	Andhra Pradesh
APML0003	Rajahmundry	Tuni	Andhra Pradesh
APML0004	Tanuku	Palakollu	Andhra Pradesh
APML0005	Gollapudi(Vij-2)	Vijayawada	Andhra Pradesh
APML0006	Ravulapalem	Palakollu	Andhra Pradesh
APML0009	Razole	Palakollu	Andhra Pradesh
APML0012	Machilipatnam	Gudivada	Andhra Pradesh
AP0032	Nuziveedu	Vijayawada	Andhra Pradesh
AP0038	Kolluru	Gudivada	Andhra Pradesh
TS0042	Chandanagar	Hyderabad	Telangana
AP0045	Kaikaluru	Palakollu	Andhra Pradesh
AP0053	Tiruvuru	Vijayawada	Andhra Pradesh
APLAP0054	Palakollu_LAP	Vijayawada	Andhra Pradesh
APML0067	Tenali(Nandivelugu)	Vijayawada	Andhra Pradesh
AP0069	Nidadavolu	Palakollu	Andhra Pradesh

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

APML0082	Chilakaluripet	Vijayawada	Andhra Pradesh
APML0083	Unguturu(Pulla)	Palakollu	Andhra Pradesh
APML0084	Tadepallegudem	Palakollu	Andhra Pradesh
APML0085	Bhimavaram	Palakollu	Andhra Pradesh
APML0086	Vissannapet	Vijayawada	Andhra Pradesh
APML0087	Pedanandipadu	Vijayawada	Andhra Pradesh
APML0089	Tallada	Gudivada	Telangana
APML0090	Sathupalli	Vijayawada	Telangana
APML0092	Mudinepalli	Palakollu	Andhra Pradesh
TSML0093	Kodad	Gudivada	Telangana
TSML0094	Madhira	Gudivada	Telangana
APML0095	Jaggaiahpet	Gudivada	Andhra Pradesh
TSML0104	Bhuvanagiri	Hyderabad	Telangana
TSML0106	Toopran	Hyderabad	Telangana
TSML0107	Medak	Hyderabad	Telangana
APLAP0109	Guntur_LAP	Vijayawada	Andhra Pradesh
APML0110	Kavali	Nandyal	Andhra Pradesh
TSML0111	Kamareddy	Hyderabad	Telangana
TSML0112	Choutuppal	Hyderabad	Telangana
APML0114	Pileru	Anantapur	Andhra Pradesh
APML0115	Punganur	Anantapur	Andhra Pradesh
APML0116	Kadiyam	Tuni	Andhra Pradesh
TSML0117	Vemulavada	Hyderabad	Telangana
APML0118	Kodur	Nandyal	Andhra Pradesh
APML0119	Rayachoti	Nandyal	Andhra Pradesh
APML0120	Kovur	Nandyal	Andhra Pradesh
TSML0121	Gajwel	Hyderabad	Telangana
AN30	Gannavaram	Vijayawada	Andhra Pradesh
AN31	Kuchipudi	Gudivada	Andhra Pradesh
TSML0123	Nakrekal	Hyderabad	Telangana

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

APLAP0129	Rayadurgam_LAP	anantapur	Andhra Pradesh
TSLAP0130	Khammam_Lap	Hyderabad	Telangana
APLAP0131	Bapatla_Lap	Vijayawada	Andhra Pradesh
APLAP0132	Proddutur_Lap	anantapur	Andhra Pradesh
APLAP0133	Guntakal_Lap	anantapur	Andhra Pradesh
APLAP0134	Amalapuram_Lap	Vijayawada	Andhra Pradesh
TSLAP0135	Mahbubnagar_Lap	Hyderabad	Telangana
TSLAP0136	Vikarabad_Lap	Hyderabad	Telangana
APLAP0137	Dharmavaram_Lap	anantapur	Andhra Pradesh
TSLAP0138	Kodad_Lap	Hyderabad	Telangana
TSLAP0139	Siddipet_Lap	Hyderabad	Telangana
APLAP0140	Kadiri_Lap	anantapur	Andhra Pradesh
APLAP0141	Narasaraopet_Lap	Vijayawada	Andhra Pradesh
APLAP0142	Hindupur_Lap	anantapur	Andhra Pradesh
TSML0144	Kallur	Gudivada	Telangana
APML0164	Mylavaram	Vijayawada	Andhra Pradesh
APML0169	Nandivelugu	Vijayawada	Andhra Pradesh
APML0170	Puthalapattu	Anantapur	Andhra Pradesh
APML0171	Palamaner	Anantapur	Andhra Pradesh
APML0172	Gudur	Nandyal	Andhra Pradesh
APML0178	Naidupeta	Nandyal	Andhra Pradesh
TSML0181	Tukkuguda	Hyderabad	Telangana
TSML0182	Kandukur	Hyderabad	Telangana
TSML0183	Jadcherla	Hyderabad	Telangana
APML0184	Srikalahasti	Anantapur	Andhra Pradesh

SPHOORTY FINANCIAL LIMITED HYDERABAD

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
	Subscription to equity shares	-	500	-			-
	Business transfer **	-	902.77	-		80.57	
Abhiram Marketing Services Limited	Commission income		0	268.62			97.91
	Incentive icome	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			-
	Remuneration#		1.82	8.24			-3.45

Mr. Sudhesh Chandrasekar	Equity shares issued pursuant to stock option scheme		0	1.32			-
	Fair value of Stock Options granted		0	0.68			-
Mr. Rakesh Jhinjharia	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	-			-
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)	-	-
	Remuneration#	28.20	53.75	53.75	-	(25.00)	-27.68
Mr. Revan Saahith	Remuneration#	1.92	3.1	2.38	-	(0.72)	-0.65
	Purchase of CFHL Shares		0	-			-
Mr. Vijaya Sivarami Reddy Vendidandi	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)		

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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 noinformation material to the subject matter of this form has been suppressed or concealed and is as per the original recordsmaintained 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 December 21, 2022 vide resolution number 5 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: December 29, 2022

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

ANNEXURE I: TERM SHEET

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

Attached Separately

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

India Ratings & Research
A Fitch Group Company

FitchGroup

Mr Shalabh 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,
TSIIC, Raidurg Panmaktha, Serilingampally Mandal,
Ranga Reddy District, Hyderabad- 500081,
Telangana.

December 23, 2022

Dear Sir/Madam,

Re: Rating Letter for non-convertible debenture (NCD) programme of Spandana Sphoorty Financial Limited

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

- INR11.7bn non-convertible debentures (NCD): 'IND A'/ Stable.
- INR18.0bn Principal Protected Market Linked Debentures (PP-MLDs): 'IND PP-MLD Aem'/ 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

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

India Ratings & Research
A Fitch Group Company

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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 advisor, 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.

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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 infogrp@indiaratings.co.in

Sincerely,

India Ratings

Abhishek Bhattacharya
Senior Director

Karan Gupta
Director

Annexure: ISIN

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
NCD	INE572J07307	07/01/2021	11.50%	07/01/2023	IND A/Stable	400
NCD	INE572J07349	31/03/2021	12.50%	31/12/2024	IND A/Stable	250
NCD	INE572J07356	31/03/2021	12.50%	15/09/2024	IND A/Stable	200
NCD	INE572J07398	24/03/2022	11.85%	24/03/2028	IND A/Stable	350
NCD	INE572J07406	16/06/2022	12.60%	30/06/2024	IND A/Stable	400
NCD	INE572J07430	30/09/2022	11.95%	30/03/2024	IND A/Stable	250
NCD	INE572J07448	20/10/2022	12.00%	20/10/2024	IND A/Stable	600
NCD	INE572J07455	09/11/2022	11.50%	09/05/2024	IND A/Stable	250
NCD	INE572J07463	09/11/2022	11.50%	09/05/2024	IND A/Stable	250
NCD	INE572J07497	15/12/2022	11.50%	18/12/2023	IND A/Stable	500

SpandanaSphoortyFinancial Limited

23-December-2022

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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NCD	INE572007306	22/12/2022	11.50%	20/12/2024	IND A/Stable	650
NCD (Unutilised limit)					IND A/Stable	7000
PPMLD	INE572007299	29/12/2020	11.50%	29/12/2022	IND PP-MLD Assn/Stable	850
PPMLD	INE572007331	16/03/2021	11.25%	16/03/2023	IND PP-MLD Assn/Stable	500
PPMLD	INE572007364	29/04/2021	11.50%/11.50%	29/04/2023	IND PP-MLD Assn/Stable	1100
PPMLD	INE572007372	16/06/2021	11.00%	16/12/2023	IND PP-MLD Assn/Stable	3570
PPMLD	INE572007331	14/07/2021	10.75%	16/03/2023	IND PP-MLD Assn/Stable	300
PPMLD	[illegible]	22/07/2021	10.75%	16/03/2023	IND PP-MLD Assn/Stable	1250
PPMLD	INE572007422	03/09/2022	10.75%	01/04/2024	IND PP-MLD Assn/Stable	600
PPMLD	INE572007422	23/09/2022	10.75%	01/04/2024	IND PP-MLD Assn/Stable	400
PPMLD	INE572007471	22/11/2022	11.15%	22/05/2024	IND PP-MLD Assn/Stable	2000
PPMLD	INE572007471	16/12/2022	11.15%	22/05/2024	IND PP-MLD Assn/Stable	2000
PPMLD (Unutilised limit)					IND PP-MLD Assn/Stable	5650

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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India Ratings Assigns Spandana Sphoorty Financial's Additional NCDs 'IND A'/Stable and Additional PP-MLDs 'IND PP-MLD Aemr'/Stable; Affirms Existing Ratings

Dec 20, 2022 |

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

SPANDANA SPHOORTY FINANCIAL LIMITED * HYDERABAD

Md. Khaja

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Non-convertible debentures (NCDs)*	-	-	-	-	INR5.0	IND A/Stable	Assigned
Principal protected-market linked debentures (PP-MLDs)*	-	-	-	-	INR5.0	IND PP-MLD Aemr/Stable	Assigned
PP-MLDs*	-	-	-	-	INR13.0	IND PP-MLD Aemr/Stable	Affirmed
NCDs*	-	-	-	-	INR6.7 (reduced from INR7.0)	IND A/Stable	Affirmed
Bank loans#	-	-	-	-	INR20.0	IND A/Stable	Affirmed

*Details in annexure
Unutilised

The suffix 'emr' denotes the exclusion of the embedded market risk from the rating. 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: INR68 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 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

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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-September 2022, based on the asset-liability statement, Spandana's short-term liquidity (up-to-one year) was adequate, with an asset funding surplus (short-term assets less short-term liabilities as a percentage of total inflows) of 28%. Even under Ind-Ra's stress scenario (reducing inflows by 0+ days past due of 12%), the near-term asset-liability management remains in surplus at 25%. This also includes Spandana's cash and cash equivalents totalling INR6.95 billion at end-November 2022, which would be sufficient to cover its debt repayments of INR5.9 billion over December 2022-January 2023 without considering any inflows from collections. The company had unutilised bank lines of INR0.42 billion at end-November 2022 and 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 in 1HFY23 (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) could help the entity 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.

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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 the 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 Issues

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	28.1

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

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.

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Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook				
	Rating Type	Rated Limits (billion)	Rating	13 September 2022	25 August 2022	15 December 2021	28 July 2021	14
NCDs	Long-term	INR11.7	IND A Stable	IND A/Stable	IND A/Stable	IND A/RWN	IND A/Stable	
PP-MLDs	Long-term	INR18.0	IND PP-MLD Aemr Stable	IND PP-MLD Aemr Stable	IND PP-MLD Aemr Stable	IND PP-MLD Aemr RWN	IND PP-MLD Aemr Stable	I Ae
Bank loans	Long-term	INR20.0	IND A Stable	IND A/Stable	IND A/Stable	IND A/RWN	IND A/Stable	

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	IND A/Stable
NCD	INE572J07349	31 March 2021	12.50	31December 2024	INR0.25	IND A/Stable
NCD	INE572J07356	31 March 2021	12.50	15 September 2024	INR0.20	IND A/Stable
NCD	INE572J07380	3 August 2021	10.50	30 August 2022	INR0.30	WD (Paid in full)

SPANDANA SPHOORTY FINANCIAL LIMITED * HYDERABAD

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
Unutilised					**INR8.75**	

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 Aemr /Stable
PP-MLD	INE572J07331	16 March 2021	11.25	16 May 2023	INR0.50	IND PP-MLD Aemr /Stable
PP-MLD	INE572J07364	29 April 2021	11.50	29 April 2023	INR1.10	IND PP-MLD Aemr /Stable
PP-MLD	INE572J07372	16 June 2021	11.00	16 December 2023	INR3.38	IND PP-MLD Aemr /Stable
PP-MLD	INE572J07331	14 July 2021	10.75	16 May 2023	INR0.30	IND PP-MLD Aemr /Stable
PP-MLD	INE572J07331	22 July 2021	10.75	16 May 2023	INR1.25	IND PP-MLD Aemr /Stable
PP-MLD	INE572J07422	9 September 2022	10.75	1 April 2024	INR0.60	IND PP-MLD Aemr /Stable
PP-MLD	INE572J07422	23 September 2022	10.75	1 April 2024	INR0.40	IND PP-MLD Aemr /Stable

SPHOORTY FINANCIAL LIMITED HYDERABAD

PP-MLD	INE572J07471	22 November 2022	11.15	22 May 2024	INR2.00	IND PP-MLD Aemr /Stable
Unutilised					INR7.65	

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

For details on the complexity level of the instruments please visit https://www.indiaratings.co.in/complexity-indicators.

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APPLICABLE CRITERIA

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

CATALYST

CTL/MUM/22-23/DEB/1271

22-Dec-2022

Spandana Sphoorty Financial Limited
Plot No: - 31 & 32, Ramky Selenium Towers,
Tower A Ground Floor, Financial Dist,
Nanakramguda, Hyderabad TG 500032

Dear Sir/Madam,

Consent to act as Trustee for Secured, Listed, Rated, Redeemable, Non-Convertible Debentures aggregating INR 100 Crore to be issued by your Company.

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited to act as Debenture Trustee for the Secured, Listed, Rated, Redeemable, Non-convertible Debentures aggregating INR 100 Crore to be issued by your Company. In this connection, we are agreeable to act as Trustee on the terms and conditions as mutually agreed between the Trustee and the Company.

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 create the security within the timeline as per relevant Laws / Regulations and in the Offer Document / Information Memorandum / Disclosure Document 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.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

Yours faithfully,
For Catalyst Trusteeship Limited

Authorised Signatory

We accept the above terms
For Spandana Sphoorty Financial Limited

Authorised Signatory

NOTE: **As per GST guidelines, CTL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.**

CATALYST TRUSTEESHIP LIMITED
Mumbai Office: Windsor, 6th Floor, 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 098 Tel: +91 (22) 4922 0555 Fax: +91 (22) 4922 0505
Regd. Office: GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 Tel: +91 (20) 66607200
Delhi Office: Office No. 810, 8th Floor, Kanchan Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 Tel: +91 (11) 410 29101/02.
CIN No. U74999PN1997PLC108262 Email: dt@ctltrustee.com Website: www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai | GIFT City | Kolkata

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

CATALYST

CL/MUM/22-23/DEB/1271

22-Dec-2022

Spandana Sphoorty Financial Limited
Plot No: - 31 & 32, Ramky Selenium Towers,
Tower A Ground Floor, Financial Dist,
Nanakramguda, Hyderabad TG 500032.

Dear Sir/Madam,

Consent to act as Trustee for Secured, Listed, Rated, Redeemable, Non-Convertible Debentures aggregating upto INR 100 Crore to be issued by your Company.

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited to act as Debenture Trustee for the Secured, Listed, Rated, Redeemable, Non-convertible debentures aggregating upto INR 100 Crore to be issued. In this connection, we are agreeable to act as Trustee on the following trusteeship remuneration.

Acceptance fee:	INR 100,000/- plus applicable taxes (One Time; Non-Refundable & payable on appointment as trustee).
Service Charges:	INR 100,000/- p.a. plus applicable taxes payable in advance, for each financial year or any part thereof, effective from the date of execution till satisfaction of charges in full. Pro-rata charges would apply for the first year from date of appointment till 31st March 2023.

All out of pocket expenses incurred towards legal fees, travelling, inspection charges, etc shall be levied and re-imbursed on actual basis.

Yours faithfully,
For Catalyst Trusteeship Limited

Authorised Signatory

We accept the above terms
For Spandana Sphoorty Financial Limited

Authorised Signatory

NOTE: As per GST guidelines, CTL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.

CATALYST TRUSTEESHIP LIMITED
Mumbai Office Windsor, 6th Floor, 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 098 Tel +91 (22) 4922 0555 Fax +91 (22) 4922 0505
Regd. Office GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 Tel +91 (20) 66807200
Delhi Office Office No. 910, 9th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 Tel +91 (11) 430 29301/02
CIN No. U74999MH1997PLC110262 Email ctl@ctltrustee.com Website www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai | GIFT City | Kolkata

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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, 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
CIN: L65929TG2003PLC040648
Telephone No.: +91 40 4812 6666, **Contact Person:** Mr. Ramesh Periasamy
E-mail: secretarial@spandanasphoorty.com, **Website**: http://www.spandanasphoorty.com/

DEBENTURE APPLICATION FORM SERIAL NO.	1								

ISSUE OF UPTO 1,000 (ONE THOUSAND) SECURED, SENIOR, REDEEMABLE, LISTED, RATED NON-CONVERTIBLE DEBENTURES OF RS. 10,00,000/- (RUPEES TEN LAKHS ONLY) EACH AGGREGATING UPTO RS. 100,00,00,000/- (RUPEES ONE HUNDRED CRORE ONLY)

DEBENTURE APPLIED FOR:

Number of Debentures ___ In words _____

Amount for Debentures 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**

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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	

SPANDANA SPHOORTY FINANCIAL LIMITED * HYDERABAD

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

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(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

SPANDANA SPHOORTY FINANCIAL LIMITED * HYDERABAD

ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS

SPANDANA

SPANDANA SPHOORTY FINANCIAL LIMITED
(CIN: L65923TG2003PLC040644)

Statement of Standalone Financial Results for the quarter and year ended March 31, 2022

₹ in Million

Sr. No.	Particulars	Quarter ended			Year ended	
		31-Mar-22 (Audited) Refer note 16	31-Dec-21 (Unaudited)	31-Mar-21 (Audited) Refer note 16	31-Mar-22 (Audited)	31-Mar-21 (Audited)
	Revenue from Operations					
(a)	Interest Income	2,371.90	2,191.66	1,981.66	12,589.43	13,254.78
(b)	Commission and Incentive Income	64.68	-	99.12	64.68	451.12
(c)	Net gain on fair value changes	17.83	198.64	360.23	781.37	751.14
(d)	Others	1.73	14.86	756.05	683.92	538.83
I	Total revenue from operations	2,456.14	2,405.16	3,197.06	14,119.40	14,995.87
II	Other Income	116.73	29.56	64.81	139.47	318.41
III	Total Income (I+II)	2,572.87	2,434.72	3,261.87	14,258.87	15,314.28
IV	Expenses					
(a)	Finance cost	1,018.30	1,015.91	1,152.96	5,149.08	6,171.62
(b)	Net loss on fair value changes	-	-	27.44	-	27.44
(c)	Impairment on financial instruments and other provisions	283.36	498.20	2,119.12	4,930.21	4,388.79
(d)	Employee benefits expense	614.07	575.72	621.75	2,188.99	1,663.57
(e)	Depreciation and amortization expense	23.96	25.24	26.15	85.46	70.83
(f)	Other expenses	413.99	298.61	344.24	1,514.68	1,141.66
IV	Total expenses	2,353.68	2,413.68	4,291.66	13,876.42	13,871.71
V	Profit before tax (III-IV)	219.19	321.04	(1,029.79)	382.45	1,442.57
	Tax expense:					
	Current tax	(169.64)	89.18	215.07	812.71	1,367.16
	Taxes of prior period	-	0.00	-	17.35	-
	Deferred tax	211.43	89.45	(83.96)	(616.78)	(375.64)
VI	Income tax expense	41.79	178.63	131.11	213.28	991.52
VII	Profit after tax (V-VI)	177.40	142.41	(1,160.90)	169.17	451.05
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	(17.52)	3.88	(1.68)	(14.27)	29.05
	2. Income tax effect	4.36	(0.75)	0.26	3.62	(7.31)
(b)	Items that will be reclassified to profit or loss					
	1. Fair Value (Loss) / Gain on loans	(423.85)	(1,008.37)	(907.13)	(648.71)	(436.38)
	2. Income tax effect	107.63	263.35	127.63	112.93	109.88
	Other comprehensive income/(loss) (VIII = a+b)	(329.38)	(741.89)	(781.92)	(546.43)	(304.76)
IX	Total comprehensive income (VII+VIII)	(151.98)	(599.48)	(1,942.82)	(377.26)	146.29
X	Paid up equity share capital (Face value of Rs.10 each)	606.39	644.00	643.78	606.39	643.78
XI	Other equity				28,634.21	36,015.98
XII	Earnings per share (equity shares, par value of Rs.10 each)					
	Basic* (Rs.) (EPS)	2.79	2.17	4.47	2.21	7.05
	Diluted* (Rs.) (EPS)	2.79	2.16	4.46	2.20	7.00

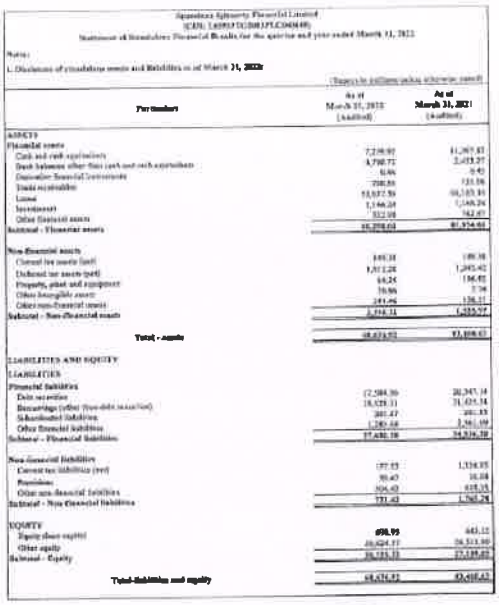
* EPS and DPS for the quarters are not annualised

Spandana Sphoorty Financial Limited
CIN: L65923TG2003PLC040644
Plot No.31 & 32, Kavuty Television Towers, Tower A,
Second Floor, Financial Dist, Nanakramguda, Hyderabad-500 032,
Ph: 040-4567 4750
contact@spandanasphoorty.com, www.spandanasphoorty.com

Md. Khan

SPHOORTY FINANCIAL LIMITED HYDERABAD

SPANDANA



Spandana Sphoorty Financial Limited
CIN: L65921TG2003PLC040648
Plot No.31 & 32, Software Units Layout, HITEC City, Madhapur, Hyderabad-500 081.
Ph: 040-4547 4250

SPANDANA

Spandana Sphoorty Financial Limited

(CIN: L65921TG2003PLC040946)

Statement of Standalone Financial Results for the quarter and year ended March 31, 2022

Notes:

1. Disclosure of standalone assets and liabilities as at March 31, 2022:

(Rupees in millions, unless otherwise stated)

Particulars	As at March 31, 2022 (Audited)	As at March 31, 2021 (Audited)
ASSETS		
Financial assets		
Cash and cash equivalents	7,279.95	
Bank balances other than cash and cash equivalents	4,758.77	
Derivative financial instruments	0.46	
Trade receivables	330.86	
Loans	72,617.50	
Investments	3,144.25	
Other financial assets	322.98	
Subtotal - Financial assets	88,754.81	
Non-financial assets		
Current tax assets (net)	469.78	
Deferred tax assets (net)	1,83,126	
Property, plant and equipment	64.24	
Other intangible assets	70.09	
Other non-financial assets	241.46	
Subtotal - Non-financial assets	2,196.72	
Total - assets	90,951.53	
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Debt securities	17,284.36	
Borrowings (other than debt securities)	59,521.31	
Subordinated liabilities	301.49	
Other financial liabilities	1,285.16	
Subtotal - Financial liabilities	77,690.36	
Non-financial liabilities		
Current tax liabilities (net)	177.23	
Provisions	36.42	
Other non-financial liabilities	305.42	
Subtotal - Non-financial liabilities	721.42	
EQUITY		
Equity share capital	494.35	
Other equity	12,424.41	
Subtotal - Equity	12,918.76	
Total - liabilities and equity	90,951.53	

Spandana Sphoorty Financial Limited
CIN: L65921TG2003PLC040946
Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad -500 032.
Ph: 040-4567 4700
mail.id@spandanasphoorty.com, www.spandanasphoorty.com

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

SPANDANA

Spandana Sphoorty Financial Limited
(CIN: L65929TG2003PLC040648)
Statement of Standalone Financial Results for the quarter and year ended March 31, 2022

Notes :

2. Disclosure of standalone statement of cashflow for the year ended March 31, 2022:

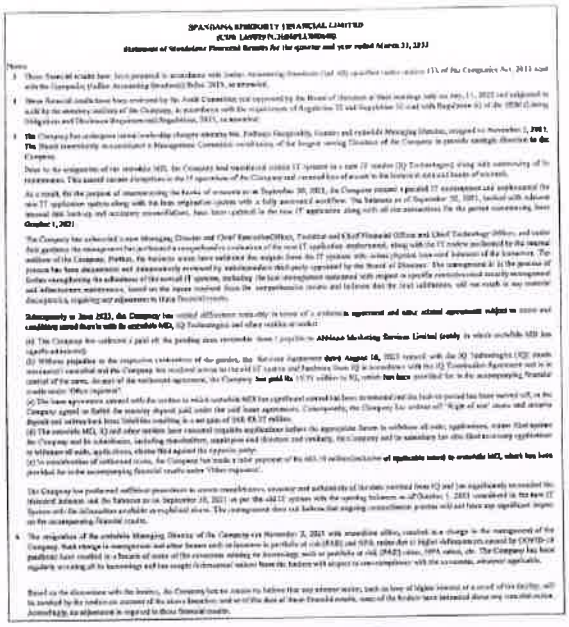
(Rupees in million, unless otherwise stated)

Particulars	For year ended March 31, 2022	For year ended March 31, 2021
Cash flow from operating activities		
Profit before tax	645.86	1,776.14
Adjustments for:		
Interest on income tax	69.59	57.59
Depreciation and amortisation	85.46	74.83
Share based payment to employees	112.19	88.05
Provision for gratuity	18.82	8.56
Finance cost on lease liability	17.81	14.88
Gain on transfer of loan portfolio		(3.26)
Impairment on financial instruments and other provisions	4,858.11	5,308.75
Net gain on fair value changes	(379.56)	(85.84)
Net gain on adjustment on account of termination of leases	(12.44)	
Net (gain)/loss on financial assets not hereafter designated at fair value through profit or loss	(43.01)	27.64
Other provisions and write offs	14.58	36.21
Operating profit before working capital changes	5,363.09	7,477.56
Movements in working capital :		
Changes in other financial liabilities	(1,123.69)	266.82
Changes in other non financial liabilities	94.87	(85.36)
Changes in other non financial liabilities	(2,297.43)	(402.28)
Changes in bank balances other than cash and cash equivalents	(3.80)	-
Changes in provisions	(75.80)	102.83
Changes in trade receivables	5,119.61	(24,823.17)
Changes in loans	405.16	981.33
Changes in other financial assets	(187.72)	(111.65)
Changes in other non financial assets	10,389.69	(15,484.77)
Cash used in operations	(2,060.47)	(777.19)
Income taxes paid	8,329.23	(16,181.72)
Net cash generated from (used in) operating activities (A)		
Cash flow from investing activities	(66.61)	(152.64)
Purchase of property, plant and equipment	(70.80)	(5.10)
Purchase of intangible assets	4.44	38.29
Proceeds from derecognition of property, plant and equipment	80.57	122.21
Transfer of loan portfolio		(300.00)
Investment in Subsidiary	(198,624.91)	(42,843.00)
Purchase of investments	189,123.07	47,779.53
Sale of investments	448.16	5,144.44
Net cash generated from investing activities (B)		
Cash flow from financing activities	2,934.27	
Proceeds from issue of equity shares (including securities premium)	(2,519.79)	12,342.98
Debt securities issued/(repaid)(net)	(5.87)	9.09
Principal payment of lease liability	(17.81)	14.88
Interest payment of lease liability	(13,977.09)	9,241.28
Borrowings (other than debt securities) (net)	0.01	0.14
Subordinated liabilities (net)	(28,716.09)	31,608.97
Net cash generated from (used in) financing activities (C)		
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(4,487.39)	18,791.64
Cash and cash equivalents at the beginning of the year	11,502.83	336.19
Cash and cash equivalents at the end of the year	7,299.39	19,127.83

Spandana Sphoorty Financial Limited
CIN: L65929TG2003PLC040648
Plot No.31 & 32, Ramky Selenium Towers, Tower A,
Ground Floor, Financial Dist., Nanakramguda, Hyderabad 500 032.
PH: 040-46474750

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

SPANDANA



SPANDANA SPHOORTY FINANCIAL LIMITED

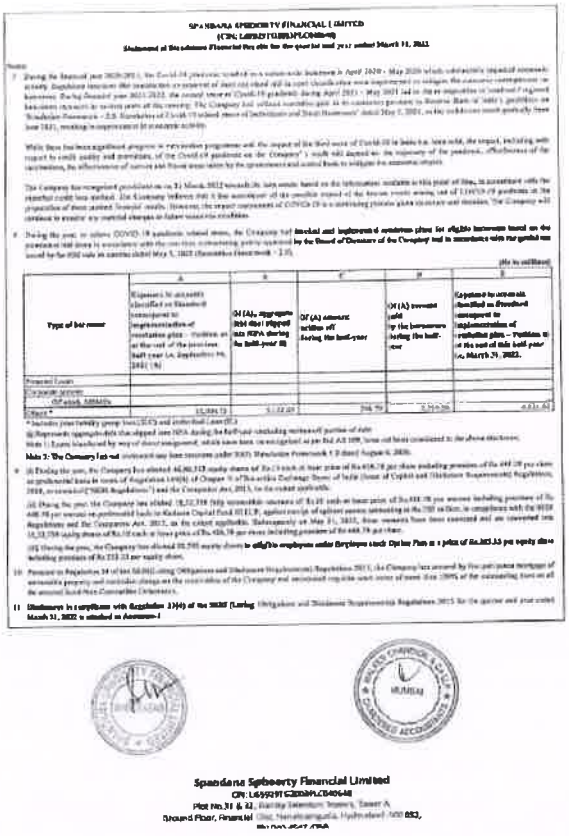
Statement of Standalone Financial Results for the quarter and year ended March 31, 2022

Spandana Sphoorty Financial Limited

Plot No.31 & 32, Ramky Grandeur Towers, Tower-A,
Ground Floor, Financial Dist, Nanakramguda, Hyderabad -500 032.
Ph: 040-4567 4750

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

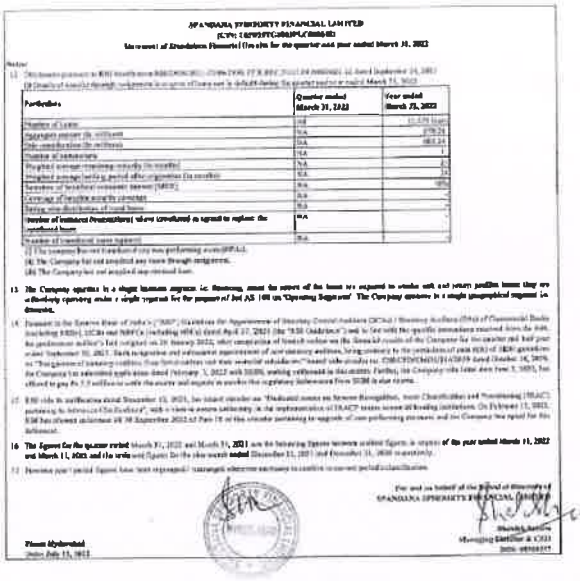
SPANDANA



Spandana Sphoorty Financial Limited
CIN: L65929TG2003PLC040648
Plot No.31 & 32, Ground Floor, Financial

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

SPANDANA



Spandana Sphoorty Financial Limited

SPANDANA

SPANDANA SPHOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040648)

Annexure-I

(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 year ended March 31, 2022*

S.No	Particulars	Quarter ended 31.03.2022	Year Ended 31.03.2022
1	Debt-Equity Ratio (Note-2)	3.39	3.39
2	Debt service coverage ratio	NA	NA
3	Interest service coverage ratio	NA	NA
4	Capital Redemption Reserve	1,524.92	1,524.92
5	Debenture Redemption Reserve	NA	NA
6	Networth (Rs in Millions) (Note-3)	30,313.32	30,313.32
7	Net Profit after tax	182.60	466.38
8	Earnings Per Share (Not annualised)		
	i. Basic (₹)	2.79	7.22
	ii. Diluted (₹)	2.78	7.20
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	0.53	0.53
13	Total debts to total assets (Note-4)	NA	NA
14	Debtors turnover	NA	NA
15	Inventory turnover	NA	NA
16	Operating Margin (%)	6.63%	5.35%
17	Net profit margin (%) (Note-5)		
18	Sector specific equivalent ratios		
	i. Stage III loan assets to Gross loan assets (%) (Note-6) # ^$	17.39%	17.39%
	ii. Net Stage III loan assets to Gross loan assets (%) (Note-7)# $	9.68%	9.68%
	iii. Capital Adequacy ratio (Note-8)	51.09%	51.09%
	iv. Provision coverage ratio (Note-9)@$	45.30%	45.30%

* The information furnished is based on **Standalone Financial Results**

@ Provisions amounting to Rs.848.21 million is considered for the purposes of GNPA & NNPA ratios above. In case the same is not included, GNPA & NNPA stands at 16.31% and 8.43% respectively. The provision coverage ratio after excluding the Provisions is 48.35%.

^ GNPA and NNPA of contractual book is on balance sheet portfolio amounts to 8.01% and 4.46% respectively

$ For the purpose of these ratio's loan assets excludes accrued interest on the outstanding portfolio

Notes:

1 The figures/ratios which are not applicable to the Company, being an NBFC, are marked as "NA".
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 debts 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 (GNPA) = Stage III loan assets / Gross loan assets.
7 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.
8 Capital Adequacy Ratio has been computed as per NBFC guidelines.
9 Provision Coverage Ratio = Expected credit loss provision for Stage III loan assets / Stage III loan assets.

MUMBAI

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
11th Floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai - 400013
Maharashtra, India
T +91 22 6626 2666
F +91 22 6626 2601

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)

To the Board of Directors of Spandana Sphoorty Financial Limited

Opinion

1. We have audited the accompanying consolidated annual 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'), 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.

Chartered Accountants
Offices in Bangalore, Chandigarh, Chennai, Coimbatore, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identity number AAC-0333 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Spandana Sphoorty 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 5 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

5. 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 Crisa 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.

Chartered Accountants
Offices in Bangalore, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-0365 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi 110001, India.

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Spandana Sphoorty 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, SMBT has recovered substantial amount of gold loans during the months of November and December 2021. It has remitted an amount of Rs.39.72 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, 2015and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations. the respective Board of Directors/ management of the companies included in the Group and 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 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.

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Spandana Sphoorty 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)

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 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.

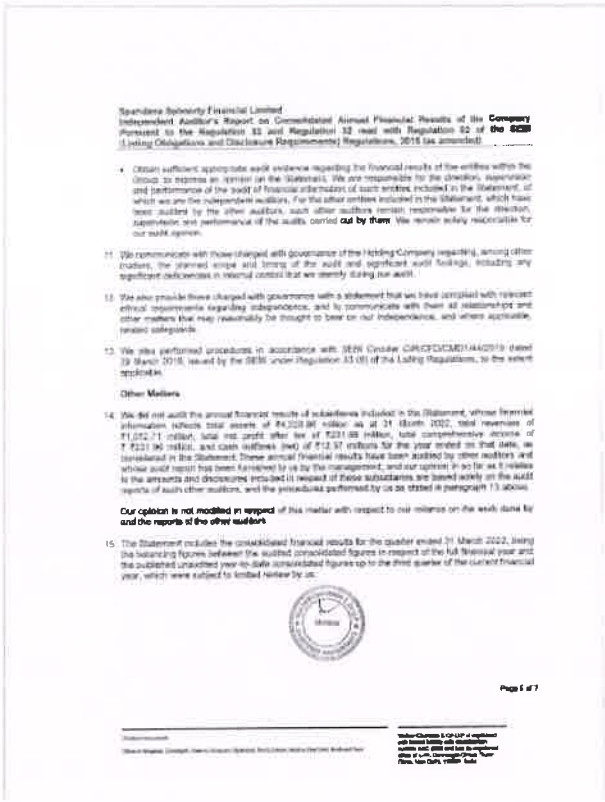
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, to continue as a going concern. 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.

Chartered Accountants

Walker Chandiok & Co LLP is registered with limited liability with identification number AAF-3868 and has its registered office at L-41, Connaught Circus, Outer

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD



Spandana Sphoorty 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 62 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 audits carried out by them. We remain solely responsible for our audit opinion.

11. We communicate with those charged with governance of the Holding 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.

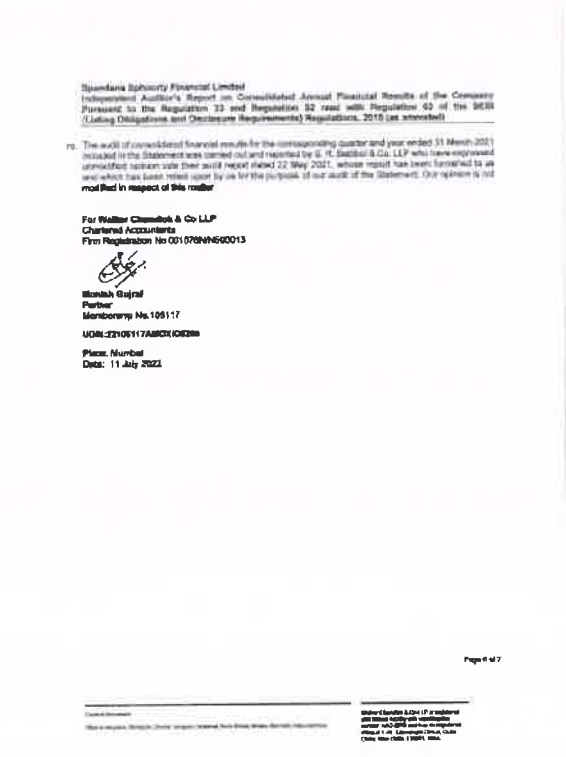
13. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matters

14. We did not audit the annual financial results of subsidiaries included in the Statement, whose financial information reflects total assets of ₹4,328.96 million as at 31 March 2022, total revenues of ₹1,072.71 million, total net profit after tax of ₹231.68 million, total comprehensive income of ₹ 231.96 million, and cash outflows (net) of ₹12.57 millions for the year ended on that date, as considered 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 in so far as it relates 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 11 above.

Our opinion 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.

15. The Statement includes the consolidated financial results for the quarter ended 31 March 2022, being the balancing 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.



Spandana Sphoorty 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 62 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 S. R. Batliboi & 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 Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No 001076N/N500013

Shrutih Gajral
Partner
Membership No.105117

UDIN:22105117AWDX1O8288

Place: Mumbai
Date: 11 July 2022

SPANDANA

SPANDANA SPHOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040048)
Statement of Consolidated Financial Results for the Quarter and Year ended March 31, 2022

Rs. in Million

Sl.No.	Particulars	Quarter ended			Year ended	
		31-Mar-22 (Audited) (Refer note 11)	31-Dec-21 (Unaudited)	31-Mar-21 (Audited) (Refer note 11)	31-Mar-22 (Audited)	31-Mar-21 (Audited)
(a)	Revenue from operations Interest income	2,608.21	2,383.42	4,819.89	11,261.36	13,637.10
(b)	Commission and income on	64.84		47.85	64.68	93.80
(c)	Net gain on fair value changes	83.23	108.84	271.97	707.98	798.35
(d)	Others	813.81	75.10	349.56	413.19	863.65
I.	Total revenue from operations	2,868.23	2,468.36	4,736.38	14,437.98	14,836.86
II	Other income	472.58	97.16	63.74	172.43	239.68
III	Total income (I+II)	2,940.73	2,565.52	4,800.12	14,610.39	15,076.54
	Expenses					
(a)	Finance cost	1,008.89	1,280.40	1,181.79	5,464.80	4,231.78
(b)	Net loss on fair value changes	0.04	(0.11)	37.44	0.85	22.44
(c)	Impairment on financial instruments and other provisions	198.66	645.09	2,116.69	4,695.30	6,491.46
(d)	Employee benefits expense	648.79	642.83	648.75	2,393.97	1,715.38
(e)	Depreciation and amortisation expense	23.84	28.45	36.58	91.79	96.21
(f)	Other expenses	668.69	171.33	148.99	1,788.15	549.56
IV	Total expenses	2,612.91	2,836.01	4,171.19	13,431.43	13,111.09
V	Profit before tax (III-IV)	328.32	306.71	671.75	968.72	2,865.65
	Tax expense: Current tax	(126.17)	52.28	248.89	930.65	1,423.58
	Taxes of prior period	-	0.88	-	17.89	-
	Deferred tax	218.36	89.53	184.38	(677.76)	(576.13)
VI	Tax expense	92.19	142.74	433.27	270.78	847.45
VII	Profit after Tax (V-VI)	236.13	163.97	238.48	697.94	2,018.20
VIII	Profit attributable to Non controlling interest	1.68	0.83	2.89	3.99	6.27
IX	Profit/loss for the period / year (VII-VIII)	234.45	163.14	235.59	693.95	2,011.93
X	Other comprehensive income					
(a)	Items that will not be reclassified subsequently to profit or loss 1. Re-measurement gain/(loss) on defined benefit plans	(17.06)	3.33	(0.95)	(14.13)	28.31
	2. Income tax effect	4.21	(0.82)	0.24	3.49	(7.12)
	Subtotal (a)	(12.85)	2.51	(0.71)	(10.64)	21.19
(b)	Items that will be reclassified subsequently to profit or loss 1. Fair Value (Loss) / Gain on Swaps	422.88	(1,048.37)	(387.12)	(448.77)	(450.31)
	2. Income tax effect	(107.48)	263.35	127.43	112.95	136.00
	Subtotal (b)	315.37	(785.02)	(259.69)	(335.82)	(314.31)
	Other comprehensive income/(loss) (X = a+b)	302.52	(782.51)	(260.40)	(346.46)	(293.12)
XI	Total comprehensive income (VIII+X)	537.19	(619.54)	(22.81)	351.81	1,718.21
XII	Profit/(loss) for the period / year attributable to:					
	Owners of the company	234.45	163.14	235.59	693.95	2,011.93
	Non-controlling interests	1.68	0.83	2.89	3.99	6.27
XIII	Total comprehensive income for the period / year attributable to :					
	Owners of the company	535.51	(620.37)	(25.70)	347.82	1,711.94
	Non-controlling interests	1.68	0.83	2.89	3.99	6.27
XIV	Paid up equity share capital (Face value of Rs.10 each)	606.76	606.06	605.15	606.76	605.15
XV	Other equity				30,184.55	28,807.64
XVI	Earnings per share (equity shares, par value of Rs.10 each)					
	Basic* (Rs.) (EPS)	4.15	5.99	7.63	18.33	22.50
	Diluted* (Rs.) (EPS)	4.13	5.91	7.60	18.22	22.47

* EPS and DPS for the quarters are not annualised.

Spandana Sphoorty Financial Limited
CIN: L65929TG2003PLC040048
Plot No.31 & 32, Rainby Selenium Towers, Tower A,
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Ph: 040-4547 4750
contact@spandanasphoorty.com, www.spandanasphoorty.com

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SPANDANA SPHOORTY FINANCIAL LIMITED
(CIN: L65921TG2003PLC040648)
Statement of Consolidated Financial Results for the Quarter and Year ended March 31, 2022

Notes: 1. Disclosure of consolidated assets and liabilities as at March 31, 2022:

(Rupees in million unless otherwise stated)

Particulars	As at March 31, 2022 (Audited)	As at March 31, 2021 (Audited)
ASSETS		
Financial assets		
Cash and cash equivalents	7,271.30	11,351.95
Bank balances other than cash and cash equivalents	4,759.72	2,458.27
Derivative financial instrument	9.46	0.45
Trade receivables	208.92	120.61
Loans	55,183.83	69,330.42
Investments	34.44	23.23
Other financial assets	745.13	736.77
Subtotal - Financial assets	68,177.27	84,041.69
Non-financial assets		
Current tax assets (net)	188.13	153.13
Deferred tax assets (net)	1,842.05	1,047.49
Property, plant and equipment	67.87	198.96
Other intangible assets	70.94	7.77
Goodwill	173.89	173.74
Other non-financial assets	241.27	146.53
Subtotal - Non-financial assets	2,586.15	1,727.62
Total assets	70,763.37	85,769.31
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Debt securities	17,782.40	20,347.14
Borrowings (other than debt securities)	19,336.89	33,183.69
Subordinated liabilities	201.83	201.83
Other financial liabilities	1,312.32	2,096.72
Subtotal - Financial liabilities	38,633.31	55,829.41
Non-financial liabilities		
Current tax liabilities (net)	281.62	1,398.16
Deferred tax liabilities (net)	-	-
Provisions	40.15	16.90
Other non-financial liabilities	508.76	414.25
Subtotal - Non-financial liabilities	830.53	1,829.31
EQUITY		
Equity share capital	690.95	643.15
Other equity	30,184.73	26,847.64
Equity attributable to shareholders of the company	30,875.68	27,490.79
Non controlling interest	23.77	20.18
Subtotal-Equity	31,399.45	27,510.97
Total-liabilities and equity	70,763.37	85,769.31

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SPANDANA SPHOORTY FINANCIAL LIMITED
(CIN: L65929TG2003PLC040648)
Statement of Consolidated Financial Results for the Quarter and Year ended March 31, 2022

Notes: 2. Disclosure of consolidated assets and liabilities as at March 31, 2022:

(Rupees in millions 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 amortisation	94.27	78.28
Share based payment to employees	112.15	87.85
Provision for gratuity	18.82	8.54
Finance cost on lease liability	17.81	14.88
Impairment on financial instruments and other provisions	4,805.30	6,451.45
Net gain on fair value changes	(470.82)	(86.48)
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	(42.15)	27.44
Other provisions and write offs	14.67	26.19
Operating profit before working capital changes	5,527.31	8,778.38
Movements in working capital:		
Changes in other financial liabilities	(1,251.77)	385.41
Changes in other non financial liabilities	94.51	112.80
Changes in provisions	(9.49)	0.25
Changes in bank balances other than cash and cash equivalents	(2,292.44)	(483.22)
Changes in trade receivables	(89.31)	193.07
Changes in other financial assets	(2.11)	878.94
Changes in loans	8,189.38	(26,439.33)
Changes in other non financial assets	(96.87)	(24.10)
Cash used in operations	10,756.05	(16,694.99)
Income taxes paid	(2,171.09)	(840.60)
Net cash used in operating activities (A)	8,425.41	(17,565.59)
Cash flow from investing activities		
Purchase of property, plant and equipment	(69.61)	(154.58)
Purchase of intangible assets	(70.80)	(8.10)
Proceeds from derecognition of property, plant and equipment	22.79	38.24
Purchase of investments	(108,632.06)	(42,043.30)
Proceeds from sale of investments	109,101.88	47,729.93
Net cash generated/ (used) in investing activities (B)	352.19	4,814.75
Cash flows from financing activities		
Proceeds from issue of equity shares (including securities premium)	2,934.27	-
Debt securities issued/(repaid) (net)	(2,522.60)	12,543.88
Principal payment of lease liability	(5.23)	9.69
Interest payment of lease liability	(17.81)	14.88
Borrowings (other than debt securities) (net)	(13,666.89)	10,910.55
Subordinated liabilities (net)	0.04	(1.45)
Net cash generated from financing activities (C)	(13,278.24)	23,476.45
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(4,500.64)	10,725.61
Add: Cash and cash equivalents at the beginning of the year	(1,351.99)	625.51
Cash and cash equivalents at the end of the year	3,171.70	11,351.15

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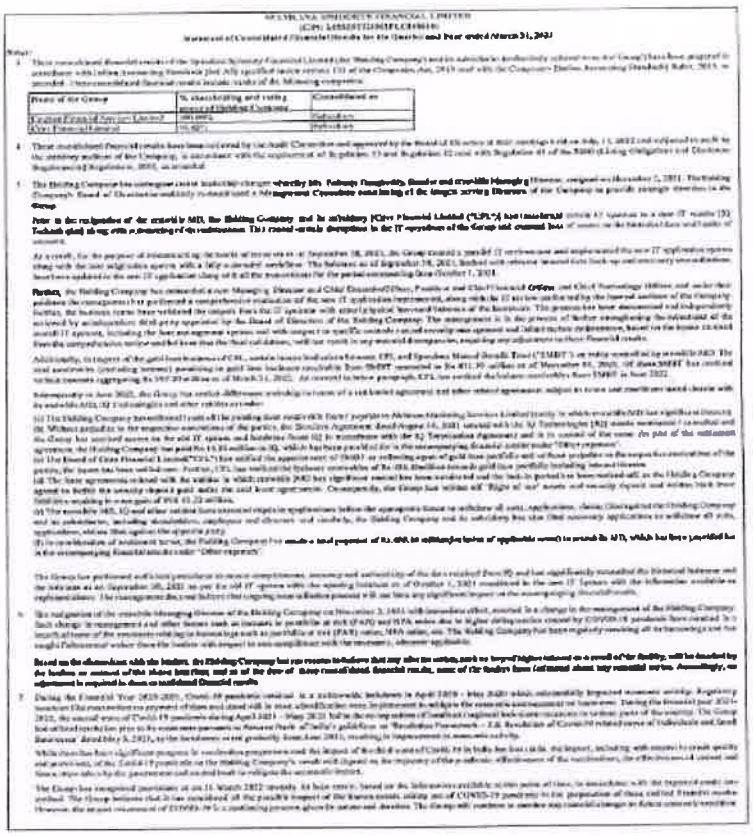

Spandana Sphoorty Financial Limited

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SPANDANA SPHOORTY FINANCIAL LIMITED

Statement of Consolidated Financial Results for the Quarter and Year ended March 31, 2022

Notes:

5 During the year, the Holding Company has allotted 45,04,342 equity shares of Rs 10 each at issue price of Rs 458.78 per share including premium of Rs 448.78 per share to promoter/promoter group in terms of Regulation 169(1) 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.

(ii) During the year, the Holding Company has allotted 38,32,729 fully convertible warrants of Rs.10 each at issue price of Rs.458.78 per warrant including premium of Rs 448.78 per warrant on preferential basis to Kedaara Capital Fund III LLP, against receipt of upfront money amounting to Rs.750 million. Subsequently on May 31, 2022, these warrants have been converted and are converted into 18,52,729 equity shares of Rs.10 each at issue price of Rs.458.78 per share including premium of Rs 448.78 per share.

(iii) During the year, the Holding Company has allotted 93,925 equity shares to eligible employees under Employee Stock Option Plan at a price of Rs 288.78 per equity share including premium of Rs.278.78 per equity share.

6 The Group operates in a single business segment i.e. financing, since the nature of the loans are expected to similar and entire portfolio is held only for collection purpose and not for trading purpose. Hence, there is no separate reportable segment as per Ind AS 108 on "Operating Segments". The Group operates in a single geographical segment i.e. domestic.

7 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 25 January 2022, after completion of limited review on the standalone results of the Holding Company for the quarter and half year ended September 30, 2021. Basis recommendation and subsequent appointment of new statutory auditors, having regard to the provisions of para 6(A) of SEBI guidelines on "Participation 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 BSE, seeking permission in this regard. 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 same hereafter from SEBI in due course.

11 The figures for the quarter ended March 31, 2022 and March 31, 2021 are the balancing figures between audited figures in respect of the year ended March 31, 2022 and March 31, 2021 and the reviewed figures for the nine month's ended December 31, 2021 and December 31, 2020 respectively.

12 Previous year / period's figures have been regrouped / reclassified wherever necessary to conform to current period's classification.

For and on behalf of the Board of Directors of
SPANDANA SPHOORTY FINANCIAL LIMITED

Managing Director & CEO

Place: Hyderabad
Date: May 11, 2022

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS MUMBAI

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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Declaration under Regulation 33(3)(d) read with Regulation 52(3)(a) of the SEBI (Listing Obligation 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 Chandiok & 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

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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.

Your Sincerely,
For Spandana Sphoorty Financial Limited

Ramesh Periasamy
Company Secretary and Compliance Officer

Date July 11, 2022

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

Illustration of Bond Cash Flows	
Company	Spandana Sphoorty Financial Limited
Face Value (per security)	Rs. 10,00,000/- (Rupees Ten Lakh only)
Issue Date / Date of Allotment	Issue Opening Date: December 29,2022 Deemed Date of Allotment: December 30, 2022
Maturity Date	December 30, 2025 being 36 (Thirty Six) months 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 monthly.
Day Count Convention	Actual / Actual

INTEREST PAYMENT AND REDEMPTION SCHEDULE

On Maturity Date

Period (Months)	Interest/Principal Payment Dates	No. Of Days for Interest	O/S Principal	Principal (Tranche 1)	Interest
0	30 December 2022			-1,000,000,000	
0	31 December 2022		(1,000,000,000)		-
1	31 January 2023	32.00	(1,000,000,000)		9,950,685
2	28 February 2023	28.00	(1,000,000,000)		8,706,849
3	31 March 2023	31.00	(1,000,000,000)		9,639,726
4	30 April 2023	30.00	(1,000,000,000)		9,328,767
5	31 May 2023	31.00	(1,000,000,000)		9,639,726
6	30 June 2023	30.00	(1,000,000,000)		9,328,767
7	31 July 2023	31.00	(1,000,000,000)		9,639,726
8	31 August 2023	31.00	(1,000,000,000)		9,639,726
9	30 September 2023	30.00	(1,000,000,000)		9,328,767
10	31 October 2023	31.00	(1,000,000,000)		9,639,726
11	30 November 2023	30.00	(1,000,000,000)		9,328,767
12	31 December 2023	31.00	(1,000,000,000)	200,000,000	9,639,726
13	31 January 2024	31.00	(800,000,000)		7,690,710
14	29 February 2024	29.00	(800,000,000)		7,194,536
15	31 March 2024	31.00	(800,000,000)		7,690,710
16	30 April 2024	30.00	(800,000,000)		7,442,623
17	31 May 2024	31.00	(800,000,000)		7,690,710
18	30 June 2024	30.00	(800,000,000)	200,000,000	7,442,623
19	31 July 2024	31.00	(600,000,000)		5,768,033
20	31 August 2024	31.00	(600,000,000)		5,768,033
21	30 September 2024	30.00	(600,000,000)		5,581,967
22	31 October 2024	31.00	(600,000,000)		5,768,033

23	30 November 2024	30.00	(600,000,000)		5,581,967
24	31 December 2024	31.00	(600,000,000)	200,000,000	5,768,033
25	31 January 2025	31.00	(400,000,000)		3,855,890
26	28 February 2025	28.00	(400,000,000)		3,482,740
27	31 March 2025	31.00	(400,000,000)		3,855,890
28	30 April 2025	30.00	(400,000,000)		3,731,507
29	31 May 2025	31.00	(400,000,000)		3,855,890
30	30 June 2025	30.00	(400,000,000)	200,000,000	3,731,507
31	31 July 2025	31.00	(200,000,000)		1,927,945
32	31 August 2025	31.00	(200,000,000)		1,927,945
33	30 September 2025	30.00	(200,000,000)		1,865,753
34	31 October 2025	31.00	(200,000,000)		1,927,945
35	30 November 2025	30.00	(200,000,000)		1,865,753
36	30 December 2025	30.00	(200,000,000)	200,000,000	1,865,753

On exercise of Put Option

Period (Months)	Interest/Principal Payment Dates	No. Of Days for Interest	O/S Principal	Principal (Tranche 1)	Interest
0	30 December 2022			-1,000,000,000	
0	31 December 2022		(1,000,000,000)		-
1	31 January 2023	32.00	(1,000,000,000)		9,950,685
2	28 February 2023	28.00	(1,000,000,000)		8,706,849
3	31 March 2023	31.00	(1,000,000,000)		9,639,726
4	30 April 2023	30.00	(1,000,000,000)		9,328,767
5	31 May 2023	31.00	(1,000,000,000)		9,639,726
6	30 June 2023	30.00	(1,000,000,000)		9,328,767
7	31 July 2023	31.00	(1,000,000,000)		9,639,726
8	31 August 2023	31.00	(1,000,000,000)		9,639,726
9	30 September 2023	30.00	(1,000,000,000)		9,328,767
10	31 October 2023	31.00	(1,000,000,000)		9,639,726
11	30 November 2023	30.00	(1,000,000,000)		9,328,767
12	31 December 2023	31.00	(1,000,000,000)	200,000,000	9,639,726
13	31 January 2024	31.00	(800,000,000)		7,690,710
14	29 February 2024	29.00	(800,000,000)		7,194,536
15	31 March 2024	31.00	(800,000,000)		7,690,710
16	30 April 2024	30.00	(800,000,000)		7,442,623
17	31 May 2024	31.00	(800,000,000)		7,690,710
18	30 June 2024	30.00	(800,000,000)	200,000,000	7,442,623
19	31 July 2024	31.00	(600,000,000)		5,768,033
20	31 August 2024	31.00	(600,000,000)	600,000,000	5,768,033

ANNEXURE VII: DUE DILIGENCE CERTIFICATE

CATALYST
Believe in yourself... Trust us!

CTL/22-23/5771

(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,

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai- 400001.

Dear Sir / Madam,

SUB.: **ISSUE OF SECURED, SENIOR, REDEEMABLE, LISTED, RATED NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF RS. 10,00,000/- (RUPEES TEN LAKHS ONLY) EACH, AGGREGATING UP TO RS.100,00,00,000 (RUPEES HUNDRED CRORES) ON A PRIVATE PLACEMENT BASIS BY SPANDANA SPHOORTY 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
An ISO 9001 Company
Mumbai Office Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 098 Tel +91 (022) 4922 0555 Fax +91 (022) 4922 0505
Regd. Office GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 Tel +91 (020) 25280081 Fax +91 (020) 25280275
Delhi Office Office No. 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 Tel 11 430 29101/02
CIN No. U74999PN1997PLC110262 Email id@ctltrustee.com Website www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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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: December 23,2022

For Catalyst Trusteeship Limited

Authorised Signatory
Ms. Kalyani Pandey
Compliance Head

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Md. Bham

ANNEXURE VIII: TERMS AND CONDITIONS OF DEBENTURE TRUSTEE AGREEMENT

Attached separately.

SPHOORTY FINANCIAL LIMITED HYDERABAD

ANNEXURE IX: IN-PRINCIPLE APPROVAL RECEIVED FROM BSE

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
Corporate Identity Number: L67120MH2005PLC155188

DCS/COMP/MJ/IP-PPDI/535/22-23

December 27, 2022

SPANDANA SPHOORTY FINANCIAL LTD
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

Dear Sir,

Re: Private Placement of 1,000 (One Thousand) Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore only) (The "Issue").

We acknowledge receipt of your application on the online portal on December 23, 2022 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.

2. Payment of fees as may be prescribed from time to time.

3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.

4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.

5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time

6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:

https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations 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 such issuance. The details can be uploaded using the following links Electronic Issuance - Bombay Stock Exchange Limited (bseindia.com)

8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

BSE - CONFIDENTIAL

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
Corporate Identity Number: L67120MH2005PLC155188

9. ***Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.***

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the shelf placement memorandum, which ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,

For BSE Limited

Sd/-
Rupal Khandelwal
Assistant General Manager

Sd/-
Raghavendra Bhat
Associate Manager

S&P BSE SENSEX

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

ANNEXURE X: DETAILS OF LATEST ALM STATEMENT SUBMITTED TO STOCK EXCHANGE

As on September 30, 2022

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
(A) Assets:									
Cash & Cash equivalents	3,76,04,25,686	-	-	-	-	-	-	-	3,76,04,25,686
Bank balances otherthan cash	70,78,22,530	50,64,17,980	-	14,35,12,411	15,45,04,362	1,28,30,48,972	-	-	2,79,53,06,254
Trade Receivables	2,02,61,393	2,53,99,173	5,90,32,513	67,90,546	-	-	-	-	11,14,83,626
Loans & Advances (Net)	3,84,02,25,033	3,03,01,45,924	3,05,55,51,141	8,54,24,39,423	12,87,94,89,677	15,28,48,20,083	97,90,326	1,01,38,04,106	47,65,62,65,712
ICDs	-			-	1,39,28,34,030	-	-	-	1,39,28,34,030
Other Financial Assets -									
- Retained interest on asset assigned	4,22,88,333	3,57,98,880	3,28,89,863	8,44,91,406	3,30,76,147	2,12,54,477	-	-	24,97,99,106
- Term deposits placed with NBFCs	-	-	-	-	-	-	-	-	-
- Secured Deposits	4,25,55,671					-	-	-	4,25,55,671
- Other Assets	7,30,54,174	-	-	-	-	-	-	-	7,30,54,174
Investments	-	-	-	-	-	-	-	1,14,62,39,573	1,14,62,39,573
Total (A)	**8,48,66,32,821**	**3,59,77,61,957**	**3,14,74,73,517**	**8,77,72,33,786**	**14,45,99,04,216**	**16,58,91,23,532**	**97,90,326**	**2,16,00,43,678**	**57,22,79,63,832**
(B) Liabilities:									
Borrowings	1,91,12,34,198	1,52,91,29,826	2,04,57,92,323	6,28,26,65,106	8,90,70,58,932	9,95,81,26,350	26,13,39,820	34,97,33,445	31,24,50,80,000

Other Financial Liabilities -									-
- Expenses Payable	3,56,79,288	-	-	-	-	-	-	-	3,56,79,288
- Employee benefits payable	14,72,05,768	-	-	-	-	-	-	-	14,72,05,768
- Assignment & Other payables	69,27,51,669	-	-	-	45,48,14,910	-	-	-	1,14,75,66,579
Total (B)	**2,78,68,70,923**	**1,52,91,29,826**	**2,04,57,92,323**	**6,28,26,65,106**	**9,36,18,73,841**	**9,95,81,26,350**	**26,13,39,820**	**34,97,33,445**	**32,57,55,31,634**
ALM (A-B)	**5,69,97,61,898**	**2,06,86,32,130**	**1,10,16,81,194**	**2,49,45,68,680**	**5,09,80,30,375**	**6,63,09,97,182**	**-25,15,49,493**	**1,81,03,10,233**	**24,65,24,32,198**
Cummulative ALM (A-B)	**5,69,97,61,898**	**7,76,83,94,028**	**8,87,00,75,222**	**11,36,46,43,902**	**16,46,26,74,277**	**23,09,36,71,459**	**22,84,21,21,965**	**24,65,24,32,198**	

Walker Chandiok & Co LLP

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
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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 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 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.

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

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

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

SPANDANA

SPANDANA SPHOORTY 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 HYDERABAD

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

SPANDANA

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

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	30-Sep-21	31-Mar-22
	(Unaudited)	(Unaudited)	(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 HYDERABAD

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

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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	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. March 31, 2022	**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. 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 restructed 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 HYDERABAD

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

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SPANDANA SPHOORTY FINANCIAL LIMITED
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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.

For and on behalf of the Board of Directors of
SPANDANA SPHOORTY FINANCIAL LIMITED

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

Shalabh Saxena
Managing Director & CEO
DIN: 08908237

Place: Hyderabad
Date: October 17, 2022

SPANDANA

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 30.09.2022	Half year ended 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:

1. The figures/ratios which are not applicable to the Company, being an NBFC, are marked as "NA".
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 debts 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 = Stage III loan assets / Gross loan assets.
7. 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.
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.

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS

Walker Chandiok &Co LLP

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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.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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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. Batliboi & 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 Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

UDIN:22105117AZYHBB6425
Place: Hyderabad
Date: 17 October 2022

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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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

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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SPANDANA

SPANDANA SPHOORTY 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		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	2,764.83	2,439.59	3,504.64	5,204.42	7,471.73	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	598.02	782.09
(d)	Recovery against loans written-off	148.60	22.90	141.37	171.50	228.58	415.79
I	**Total revenue from operations**	**2,976.87**	**2,502.76**	**3,956.64**	**5,479.63**	**8,298.33**	**14,627.92**
II	Other income	124.62	85.88	5.27	210.50	12.57	172.43
III	**Total income (I+II)**	**3,101.49**	**2,588.64**	**3,961.91**	**5,690.13**	**8,310.90**	**14,800.35**
	Expenses						
(a)	Finance costs	913.52	967.95	1,497.87	1,881.47	2,931.62	5,401.00
(b)	Net loss on fair value changes	-	0.10	(0.37)	0.10	0.92	0.86
(c)	Impairment on financial instruments	257.52	3,517.21	2,413.63	3,774.73	3,962.99	4,805.70
(d)	Employee benefits expense	721.79	795.53	561.57	1,517.32	1,030.56	2,283.97
(e)	Depreciation and amortization expense	23.84	22.17	14.65	46.01	40.30	91.77
(f)	Other expenses	341.90	296.47	189.59	638.37	348.70	1,248.33
IV	**Total expenses**	**2,258.57**	**5,599.43**	**4,676.94**	**7,858.00**	**8,315.09**	**13,831.63**
V	**Profit / (loss) before tax (III-IV)**	**842.92**	**(3,010.79)**	**(715.03)**	**(2,167.87)**	**(4.19)**	**968.72**
	Tax expense:						
	Current tax	27.59	24.06	455.60	51.65	999.61	930.65
	Taxes of prior period	-	-	17.05	-	17.05	17.05
	Deferred tax expense / (credit)	263.42	(837.64)	(600.99)	(574.22)	(982.12)	(677.25)
VI	**Income tax expense / (credit)**	**291.01**	**(813.58)**	**(128.34)**	**(522.57)**	**34.54**	**270.45**
VII	**Profit / (loss) after tax (V-VI)**	**551.91**	**(2,197.21)**	**(586.69)**	**(1,645.30)**	**(38.73)**	**698.27**
VIII	**Profit attributable to Non controlling interest**	**0.42**	**0.49**	**(7.33)**	**0.91**	**1.16**	**3.59**
IX	**Profit / (loss) for the period / year (VII-VIII)**	**551.49**	**(2,197.70)**	**(579.36)**	**(1,646.21)**	**(39.89)**	**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)	(14.23)
	2. Income tax effect	(1.25)	(0.54)	0.37	(1.79)	0.11	3.59
	Subtotal (a)	**3.71**	**1.59**	**(1.10)**	**5.30**	**(0.31)**	**(10.64)**
(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)	170.55	(448.77)
	2. Income tax effect	51.67	229.40	(245.14)	281.07	(42.92)	112.95
	Subtotal (b)	**(153.63)**	**(682.09)**	**728.89**	**(835.72)**	**127.63**	**(335.82)**
	Other comprehensive income/(loss) (X = a+b)	**(149.92)**	**(680.50)**	**727.79**	**(830.42)**	**127.32**	**(346.46)**
XI	**Total comprehensive income/(loss) (VII+X)**	**401.99**	**(2,877.71)**	**141.10**	**(2,475.72)**	**88.59**	**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)	(39.89)	694.68
	Non-controlling interests	0.42	0.49	(7.33)	0.91	1.16	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)	87.44	348.22
	Non-controlling interests	0.42	0.49	(7.33)	0.91	1.15	3.59
XIV	**Paid up equity share capital (Face value of Rs.10 each)**	**709.77**	**709.47**	**644.08**	**709.77**	**644.08**	**690.95**
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	(0.62)	10.75
	Diluted* (Rs.) (DPS)	7.76	(31.42)#	(9.01)#	(23.40)#	(0.62)#	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 HYDERABAD

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

SPANDANA

SPANDANA SPHOORTY 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 istrument	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 HYDERABAD

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS

SPANDANA

SPANDANA SPHOORTY 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 HYDERABAD

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

SPANDANA

SPANDANA SPHOORTY 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 SPHOORTY FINANCIAL LIMITED

Shalabh Saxena
Managing Director & CEO
DIN: 08908237

Place: Hyderabad
Date: October 17, 2022

SPANDANA SPHOORTY FINANCIAL LIMITED * HYDERABAD *

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Walker Chandiok &Co LLP

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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.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

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

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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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 HYDERABAD

WALKER CHANDIOK & Co LLP CHARTERED ACCOUNTANTS MUMBAI

SPANDANA

SPANDANA SPHOORTY 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 transction 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/CMD1/114/2019 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 date 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 IRACP 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 month ended December 31, 2021.

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

Shalabh Saxena
Managing Director & CEO
DIN: 08908237

Place: Mumbai
Date: August 04, 2022

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Spandana Sphoorty Financial Limited
CIN: L65929TG2003PLC040648
Plot No.31 & 32, Ramky Selenium Towers, Tower A,
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SPANDANA

SPANDANA SPHOORTY 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:

1 The figures/ratios which are not applicable to the Company, being an NBFC, are marked as "NA".
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 debts 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 (GNPA) = Stage III loan assets / Gross loan assets.
7 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.
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.

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

SPHOORTY LIMITED

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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.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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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

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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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

Chartered Accountants

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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	31-Mar-22	30-Jun-21	31-Mar-22
		(Unaudited)	(Audited) Refer note 9	(Unaudited)	(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

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

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SPANDANA

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 date 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

WALKER CHANDIOK & CO LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD ★

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: • 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: • 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	How our audit addressed the 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.	• 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)	
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. 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. 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. 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. Further, we have determined the above matters to be fundamental to the understanding of the users of the accompanying standalone financial statements.	Our key audit procedures included, but were not limited to the following: • 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
Membership No: 105117
UDIN: 22105117AMOXSH4944

Place: Mumbai
Date: 11 July 2022

ANNEXURE I REFERRED TO IN PARAGRAPH 17 OF THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SPANDANA SPHOORTY 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 an 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
Membership No.: 105117
UDIN: 22105117AMOXSH4944

Place: Mumbai
Date: 11 July 2022

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 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 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 Chandiok & Co LLP**
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

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Membership No.: 105117

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President and Chief
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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

(₹ in millions unless otherwise stated)

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

(₹ in millions unless otherwise stated)

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	Balance				
Balance as at April 01, 2020	**19,199.86**	**927.27**	**23.28**	**3,239.55**	**1,526.92**	**64.17**	**2 4,981.05**	**457.17**	**25,438.22**	**-**	**25,438.22**
Profit for the year ended March 31, 2021	-	1,289.82	-	-	-	-	**1,289.82**	-	**1,289.82**	-	**1,289.82**
Impairment allownace on other provisions reclassified to profit and loss	-	-	-	-	-	-	**-**	(6,713.33)	**(6,713.33)**	-	**(6,713.33)**
Fair value change during the year	-	-	-	-	-	-	**-**	6,398.75	**6,398.75**	-	**6,398.75**
Remeasureement gain or loss on actuarial valuation	-	15.01	-	-	-		**15.01**		**15.01**		**15.01**
Transfer to Statutory Reserve	-	(257.96)	-	257.96	-	-	**-**	-	**-**	-	**-**
Share issue expenses	0.05	-	-	-	-	-	**0.05**	-	**0.05**	-	**0.05**
Add: Share based payment to employees	-	-	-	-	-	87.38	**87.38**	-	**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**	**142.59**	**26,515.90**	**-**	**26,515.90**
Profit for the year ended March 31, 2022	-	466.38	-	-	-	-	**466.38**	-	**466.38**	-	**466.38**
Impairment allownace 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)**
Remeasureement gain or loss on actuarial valuation	-	(10.75)	-	-	-	-	**(10.75)**	-	**(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**	-	**2,139.38**		**2,139.38**

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)	Total	Money received against Share Warrants	Grand Total
	Securities Premium	Retained Earnings	General Reserve	Statutory Reserve	Capital Redemption Reserve	Share options outstanding reserve	Balance				
Issue of Share Warrants	-	-	-	-	-	-	**-**	-	**-**	750.00	**750.00**
Add: Share based payment to employees	-	-	-	-	-	112.18	**112.18**	-	**112.18**	-	**112.18**
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	49.96	-	-	(62.85)	**(12.89)**	-	**(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**	**29,067.61**	**(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 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

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Chairperson
DIN: 02305893
Place: Mumbai
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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

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, 1956on 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 financeinstitution (NBFC – MFI) effective April 13, 2015. The Company's shares are listed on BSE Limited ('BSE') and NationalStock 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 amendedfrom 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 assetsheld 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 anunconditional 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 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

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 Company has used the following useful lives to provide depreciation on its Property, plant andequipment:

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 overduesfall 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. TheCompany 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 theCompany'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 usingthe Company's incremental cost of borrowing rate w.r.t said lease contract. Subsequently, 'Right-of-Use assets' is measured using costmodel i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of thelease 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 yearare 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 inOther 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 datefair 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 atamortized 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 instrumentsin other than subsidiaries, associates and joint venturesand 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					
	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	200.86	-	-	-	-	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 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
Measured at cost		
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
Measured at fair value through profit & loss		
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 oustanding		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 oustanding		Face Value (₹ in millions)	As at March 31, 2022	As at 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 oustanding		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 oustanding		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.					
Refer Note 14A for terms of prinicipal repayment and the applicable interest rate on the borrowings (other than debt securities).					
(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 accured 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
		13.01%-14.00%	45	586.26	18	239.60	8	66.65	892.51
	Quarterly	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
	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	-	-	1,000.00
	Bullet payment	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**	**31,346.35**
Impact of EIR									(94.90)
Interest accured 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:

(i) 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.

(ii) 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

Durng the year, the Company has alloted 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
(A) Net gain / (loss) on fair value instruments at fair value through profit or loss		
(i) On trading portfolio		
— Investments	479.06	85.84
(ii) On market linked debentures	43.01	-
(B) Others		
(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
On financial liabilities measured at amortised cost		
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**
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
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 Jhinjharia – 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 Jhinjharia	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:

(a) Refer note 34(b) for guarantee given for the borrowings availed by Criss Financial Limited.

(b) 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.

(c) 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**

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 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.

ii) 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.

iii) 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

(₹ 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%**

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:

(₹ 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%	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:

(₹ in millions unless otherwise stated)

Particulars	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

(₹ in millions unless otherwise stated)

Particulars	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 miilion (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:

(₹ in millions unless otherwise stated)

Particulars	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:

(₹ in millions unless otherwise stated)

Particulars	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:

(₹ in millions unless otherwise stated)

States	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.

(₹ 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	7,239.95	-	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

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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
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
Intangiable 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.

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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

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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:

(i) 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

(ii) 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:

(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.

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 seperate 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 classsification 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

(₹ in millions unless otherwise stated)

Particulars	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')

(₹ in millions unless otherwise stated)

Particulars	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*

(₹ in millions unless otherwise stated)

Category	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 facilites	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 facilites	India Rating	15-Dec-22	IND A/RWN	Note 1	5,000.00
5	Long term Bank facilites	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 conifrmed as final	10-Nov-22	1,999.80
9	Securitisation	ICRA	27-May-21	ICRA A+(SO); provisional rating conifrmed 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

(₹ in millions unless otherwise stated)

Particulars	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*

(₹ in millions unless otherwise stated)

Sector	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*

(₹ in millions unless otherwise stated)

Particulars	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 Allowancess (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	**57,761.73**	**6,319.15**	**51,442.58**	**2,655.73**	**3,663.42**

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 ECL) loan balance. Such income de-recognition is not considered as a provision for the purpose of above comparison.

N: Liquidity Coverage Ratio

(₹ in millions unless otherwise stated)

	LCR disclosure	Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22		Q4 FY 2021-22	
	(₹ in million)	Total unweighted value	Total weighted value (average)	Total unweighted value	Total weighted value (average)	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	10,103.82	10,103.82	7,828.88	7,828.88
	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	3,782.47	4,349.84	3,261.54	3,750.78
6	Other contractual funding obligations	49.03	56.39	110.48	127.05	185.27	213.06	283.84	326.42
7	Other Contingent Funding Obligations	-	-	-	-	-	-	-	-
8	**Total cash outflows**	**3,555.27**	**4,088.56**	**3,517.35**	**4,044.95**	**3,967.73**	**4,562.89**	**3,545.39**	**4,077.19**
	Cash inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	4,142.44	3,106.83	4,975.53	3,731.65	4,459.23	3,344.42	4,801.87	3,601.40
11	Other cash inflows	408.24	306.18	376.59	282.44	455.47	341.60	507.49	380.62
12	**Total cash inflows**	**4,550.67**	**3,413.00**	**5,352.12**	**4,014.09**	**4,914.69**	**3,686.02**	**5,309.36**	**3,982.02**
13	**Total HQLA**	6,150.63	6,150.63	5,788.91	5,788.91	10,103.82	10,103.82	7,828.88	7,828.88
14	**Total net cash outflow**	**888.82**	**1,022.14**	**879.34**	**1,011.24**	**991.93**	**1,140.72**	**886.35**	**1,019.30**
15	**Liquidity coverage ratio (%)**	**692.00%**	**601.74%**	**658.33%**	**572.46%**	**1018.60%**	**885.74%**	**883.28%**	**768.07%**

(₹ in million unless otherwise stated)

	High Quality Liquid Assets (HQLA)	Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22		Q4 FY 2021-22	
		Total Unweighted Value	Total Weighted Value (average)	Total Unweighted Value	Total Weighted Value (average)	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	10,103.82	10,103.82	7,828.88	7,828.88
2	Assets to be considered for HQLA with a minimum haircut of 15%	-	-	1.00	0.85	-	-	-	-

Notes to the Standalone Financial Statements

For year ended March 31, 2022

(₹ in million unless otherwise stated)

	High Quality Liquid Assets (HQLA)	Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22		Q4 FY 2021-22	
		Total Unweighted Value	Total Weighted Value (average)	Total Unweighted Value	Total Weighted Value (average)	Total Unweighted Value	Total Weighted Value (average)	Total Unweighted Value	Total Weighted Value (average)
3	Assts 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**	**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:

(₹ in millions unless otherwise stated)

Particulars	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:

(₹ in millions unless otherwise stated)

Particulars	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

(₹ in millions unless otherwise stated)

Particulars	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)

(₹ in millions unless otherwise stated)

Particulars	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

(₹ in millions unless otherwise stated)

Particulars	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%

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:
   a. Fair value changes recognised through other comprehensive income;
   b. 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".
   c. 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.

AB. Public Disclosure on liquidity risk

1. Funding concentration based on significant counterparty *(both deposits and borrowings) - The Company does not accept any deposits

As at March 31, 2022

(₹ in millions unless otherwise stated)

Number of significant counterparties	Amount	% of Total Liabilities
22 (Twenty Two)	33,608.11	87.70%

As at March 31, 2021

(₹ in millions unless otherwise stated)

Number of significant counterparties	Amount	% of Total Liabilities
26 (Twenty six)	47,458.00	84.29%

2. Top 20 Large Deposits : Not Applicable

3. Top 10 borrowings

(₹ in millions unless otherwise stated)

Particulars	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 restructed 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	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 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.	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
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. 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. 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.	• 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; 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: 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.
c) Data loss and subsequent settlement with erstwhile Managing Director (MD)	
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. 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.	Our key audit procedures included, but were not limited to the following: • 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	How our audit addressed the 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.	• 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

7. 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.

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.

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 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
Membership No:105117
UDIN: 22105117AMOYGG1401

Place: Mumbai
Date: 11 July 2022

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 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

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
Taxs 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 comprehencive 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 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

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

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 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

(₹ in millions unless otherwise stated)

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

(₹ 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					
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**	**(193.23)**	**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 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

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, 1956on 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:

(a) 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.

(b) 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.

(c) 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

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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

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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

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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.

(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.

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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

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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

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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 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

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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.

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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
Measured at fair value through profit & loss		
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 financials 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 oustanding		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 oustanding		Face Value (₹ in millions)	As at March 31, 2022	As at 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 oustanding		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 oustanding		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.					
Refer Note 14A for terms of prinicipal repayment and the applicable interest rate on the borrowings (other than debt securities).					
(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
	Half Yearly	7.00%-10.00%	1	500.00	-	-	-	-	500.00
		10.01%-11.00%	2	600.00	-	-	-	-	600.00
		12%-12.99%	4	83.33	2	234.42	-	-	317.75
	Annualy	7.00%-8.00%	1	300.00	-	-	-	-	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 accured 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
		13.51%-14.00%	108	957.39	95	765.90	2	6.53	1,729.82
	Quarterly	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	-	-	1,000.00
	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 accured 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)

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:

(i) 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.

(ii) 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)

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%

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 mame	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 mame	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

Durng the year, the Holding Company has alloted 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
On financial liabilities measured at amortised cost		
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**
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
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

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

II. Key Management Personnel

a) Mrs. Padmaja Gangireddy - Managing Director upto November 2, 2021 and Director w.e.f November 3, 2021

b) Mr. Sudhesh Chandrasekar – Chief Financial Officer (upto June 5, 2020)

c) Mr. Rakesh Jhinjharia – 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 (w.e.f August 29, 2020)

p) Mr. Ashish Kumar Damani - President and Chief Financial Officer (w.e.f. March 19, 2022)

q) Mr. Shalabh Saxena - Managing Director & CEO (w.e.f. March 19, 2022)

III. Relatives of Key Management Personnel

a) Mr. Revan Saahith (upto November 02, 2021)

b) Mr. Vijaya Sivarami Reddy Vendidandi (upto November 02, 2021)

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For year ended March 31, 2022

IV. 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)

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	-	-
		Sale of fixed assets	3.66	-	-	-
2	Abhiram Marketing Services Limited	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
		Purchase of fixed assets & goods	9.74	6.64	-	-
3	Spandana Mutual Benefit Trust	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	-	-	-
		Transfer of rental deposits pertaining to gold loan branches	3.36	-	0.15	-
4	Mr. Sudhesh Chandrasekar	Remuneration#	-	1.82	-	-
5	Mr. Rakesh Jhinjharia	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)
		Rent deposit paid / adjusted	5.39	3.83	-	3.83
15	Mr. Ramesh Periasamy	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:

(a) 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.

(b) 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:

(₹ in millions unless otherwise stated)

Particulars	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:

(₹ in millions unless otherwise stated)

Particulars	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

(₹ in millions unless otherwise stated)

Particulars	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 miilion (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.

(₹ in millions unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
Operating lease payments recognized in the Statement of Profit & Loss	106.78	73.19

Minimum lease obligations

(₹ in millions unless otherwise stated)

Particulars	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:

(₹ 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	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:

(₹ in millions unless otherwise stated)

States	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:

(₹ in millions unless otherwise stated)

Finance Cost	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 :-

(₹ 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 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 :-

(₹ in millions unless otherwise stated)

Particulars	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

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(₹ 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	-	-

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The Group has considered the entire subsidiary as a cash generarating 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 deductable 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

S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

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) *(as described in notes 7 and 41.1 of the standalone financial statements)*	
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). In the process, a significant degree of judgement has been applied by the management for: • 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. 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. 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. 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.	Our audit procedures included but were not limited to: • 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	
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. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. 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.	We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors: • 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.

(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

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

Padmaja Gangireddy
Managing Director
DIN: 00004842

Place: Hyderabad
Date: May 22, 2021

Satish Kottakota
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2021

Ramesh Periasamy
Company Secretary
Mem. No: A26247

Place: Erode
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. 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 Calian Vaidya
Chairman
DIN: 00337276

Place: Mumbai
Date: May 22, 2021

Padmaja Gangireddy
Managing Director
DIN: 00004842

Place: Hyderabad
Date: May 22, 2021

Satish Kottakota
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2021

Ramesh Periasamy
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

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

Padmaja Gangireddy
Managing Director
DIN: 00004842

Place: Hyderabad
Date: May 22, 2021

Satish Kottakota
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2021

Ramesh Periasamy
Company Secretary
Mem. No: A26247

Place: Erode
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

(Rupees in millions unless otherwise stated)

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

(Rupees in millions unless otherwise stated)

Particulars	Notes	Reserves and Surplus							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, 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	-	-	-	-		37.87	-	37.87
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**
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	0.05	-	-	-	-	-	0.05		0.05
Add: Share based payment to employees	20	-	-	-	-	-	87.38	87.38	-	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 : 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 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 Perkamy
Company Secretary
Mem. No: A26247

Place: Erode
Date: May 22, 2021

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.

S. R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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

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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:

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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:

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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.

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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.

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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 datefair 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:

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- 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

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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 atamortized 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

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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

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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.

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(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.

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Spandana Sphoorty Financial Limited
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	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**

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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.

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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**	**1,652.21**

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.

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	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

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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**

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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**

	As at March 31, 2021	As at March 31, 2020
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**

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	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,	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	-

S. R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(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**

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(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.

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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 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	2,237.50	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	13.50%-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	3,281.40	23	546.04	-	-	-	-	3,827.44
	11.51%-12.00%	61	2,721.74	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	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
	13.01%-13.50%	1	27.27	-	-	-	-	-	-	27.27
Above 3 years	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	200	200.00
Grand Total		**621**	**23,032.29**	**193**	**6,507.24**	**10**	**211.79**	**1**	**200.00**	**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 refinance 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

S.R. BATLIBOI & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2021

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 instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	No. of instalments	Amount (in Rupees)	No. of instalments	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										
1-3 years	12.50%-13.00%		-	1	83.33	1	83.33	2	283.33	450.00
Bullet										
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%	29	281.24	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	11	354.17	4	116.67	-	-	1,291.08
Half Yearly										
1-3 years	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										
1-3 years	7.00%-8.00%	1	700.00	1	300.00	-	-	-	-	1,000.00
Bullet										
1-3 years	9.50%-10.00%	3	875.00	-	-	-	-	-	-	875.00
	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**

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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**

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S.R. BATLIBOI & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD ★

(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.

(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

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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.

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	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	-

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	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**

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	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	-	1,116.77
Others	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**

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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 Jhinjharia – 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 Jhinjharia	Remuneration#	0.40	2.34	-	(0.31)
		Equity shares issued pursuant to stock option scheme	-	0.79	-	-

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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.

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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.

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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.

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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**

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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.

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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.

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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:

	March 31, 2021		
Key states	**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.

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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 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

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.

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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.

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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

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(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

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(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.

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(Rupees in crores unless otherwise stated)

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.

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(Rupees in crores unless otherwise stated)

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

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(Rupees in crores unless otherwise stated)

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 ECL) loan balance. Such income de-recognition is not considered as a provision for the purpose of above comparison.

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

Spandana Sphoorty Financial Limited
Notes to the Standalone Financial Statements for year ended March 31, 2021

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	
	High Quality Liquid Assets (HQLA)	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)
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%.

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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 deprecation		
Opening balance	-	-
Add: Provision made during the year	-	-
Less: Write off/ write back	-	-
Closing balance	-	-

(This note has been kept blank intentionally)

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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

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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:
a. Fair value changes recognised through other comprehensive income;
b. 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".
c. 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**	

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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 to 2,824,858 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.

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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 these 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 Chilan Vaidya	**Padmaja Gangireddy**
Chairman	Managing Director
DIN: 00337276	DIN: 00004842
Place: Mumbai	Place: Hyderabad
Date: May 22, 2021	Date: May 22, 2021

Satish Kottakota	**Ramesh Perumsamy**
Chief Financial Officer	Company Secretary
	Mem. No: A26247
Place: Hyderabad	Place: Erode
Date: May 22, 2021	Date: May 22, 2021

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

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.

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 41.1 of the consolidated financial statements)*	
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). In the process, a significant degree of judgement has been applied by the Holding Company's management for: • 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. 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. 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. 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.	Our audit procedures included but were not limited to: • 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
(b) IT systems and controls	
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. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. 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.	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: • 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

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

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

Padmaja Gangireddy
Managing Director
DIN: 00004842

Place: Hyderabad
Date: May 22, 2021

Satish Kottakota
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2021

Ramesh Periasamy
Company Secretary
Mem. No: A26247

Place: Erode
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
		1,454.60	**3,518.29**
Total comprehensive income for the year attributable to :			
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. 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 Calian Vaidya
Chairman
DIN 00337276

Place: Mumbai
Date: May 22, 2021

Padmaja Gangireddy
Managing Director
DIN: 00004842

Place: Hyderabad
Date: May 22, 2021

Satish Kottakota
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2021

Ramesh Periasamy
Company Secretary
Mem. No: A26247

Place: Erode
Date: May 22, 2021

Spandana Sphoorty Financial Limited
Consolidated Cash Flow Statment 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	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 — Note No . 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

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

Padmaja Gangireddy
Managing Director
DIN: 00004842

Place: Hyderabad
Date: May 22, 2021

Satish Kottakota
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2021

Ramesh Periasamy
Company Secretary
Mem. No: A26247

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

(Rupees in millions unless otherwise stated)

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

(Rupees in millions unless otherwise stated)

Particulars	Notes	Reserves & Surplus							Total 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					
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
Remeasurement 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	-	-	-	-	-	43.80	43.80	43.80	-	43.80	-	**43.80**
Less: Transfer on allotment of shares to employees pursuant to ESOP scheme	20	-	-	-	-	-	(18.72)	(18.72)	(18.72)	-	(18.72)	-	**(18.72)**
Less: Transfer on cancellation of stock options	20	-	-	-	-	-	(2.16)	(2.16)	(2.16)	-	(2.16)	-	**(2.16)**
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)
Remeasurement 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	-	-	-	-	-	87.38	87.38	87.38	-	87.38	-	87.38
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. 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 Calian Vaidya
Chairman
DIN: 00337276
Place: Mumbai
Date: May 22, 2021

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: May 22, 2021

Satish Kottakota
Chief Financial Officer
Place: Hyderabad
Date: May 22, 2021

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 rebute 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

* 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
Holding Company								
Spandana Sphoorty Financial Limited	97.36%	18,863.75	98.99%	3,087.48	99.98%	446.11	99.11%	3,533.59
Subsidiaries								
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**

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.

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

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.

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 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:

- 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.

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.

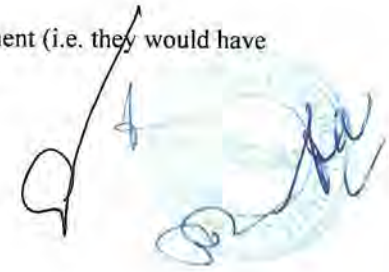
- *Level 3 financial instruments* – include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

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.

(Rupees in millions unless otherwise stated)

	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**

(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				
- 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.

(Rupees in millions unless otherwise stated)

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 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 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.

(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 financials 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.

(Rupees in millions unless otherwise stated)

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**

(Rupees in millions unless otherwise stated)

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).

	As at March 31,	As at March 31,
13: Other non-financial assets		
Unsecured, considered good		
Prepaid expenses	12.39	5.51
Capital advances	3.85	1.65
Advance against sum assured	97.74	71.23
Other advances	32.71	34.15
Unsecured, considered doubtful		
Others	-	1.70
Amounts deposited with courts	6.24	6.24
Advance against sum assured	16.68	12.90
Less: Provision for doubtful debts	(23.08)	(20.95)
	146.53	**112.43**

Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2021
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 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
	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
	10.51%-11.00%	12	955.36	7	857.14	-	-	-	-	1,812.50
	11.01%-11.50%	4	125.00	-	-	-	-	-	-	125.00
	11.51%-12.00%	4	857.14	2	428.57					1,285.71
	12.51%-13.00%	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%	-	-	-	-	-	-	1	200	200.00
Grand Total		**644**	**23,121.41**	**193**	**6,507.23**	**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

Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2021
14A. Terms of principal repayment of borrowings as at March 31, 2021

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										
1-3 years	12.50%-13.00%		-	1	83.33	1	83.33	2	283.33	450.00
Bullet										
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	-	-	2,786.78
	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	1,403.21	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										
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	11	354.17	4	116.67	-	-	1,291.07
	12.01%-13.00%	4	50.00	4	50.00					100.00
Half Yearly										
1-3 years	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
Annualy										
1-3 years	7.00%-8.00%	1	700.00	1	300.00	-	-	-	-	1,000.00
Bullet										
1-3 years	9.50%-10.00%	3	875.00	-	-	-	-	-	-	875.00
	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	31,241.35	421	17,533.05	53	4,036.29	4	683.33	53,494.03
Impact of EIR										238.63
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 refinance 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.

14: (a) Debt Securities (at amortised cost)

(Rupees in millions unless otherwise stated)

	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	-

(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**

(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)		
(Loans from related party carries interest rate @ 15.00% pa with monthly interest repayment)	-	1.61
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.

(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**

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(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.

(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
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 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 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, 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**

(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.

(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**

(Rupees in millions unless otherwise stated)

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.

a) Spandana Rural and Urban Development Organization
b) Abhiram Marketing Services Limited
c) Spandana Employee Welfare Trust

III. Key Management Personnel

a) Mrs. Padmaja Gangireddy - Managing Director
b) Mr. Sudhesh Chandrasekar – Chief Financial Officer (w.e.f. May 17, 2019)
c) Mr. Rakesh Jhinjharia – 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 21 September 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)

IV. Relative of Key Management Personnel

a) Mr. Revan Saahith
b) Mr. Vijaya Sivarami Reddy Vendidandi

V. 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	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 Jhinjharia	Remuneration#	0.40	2.34	-	(0.31)
		Equity shares issued pursuant to stock option scheme	-	0.79	-	-

Spandana Sphoorty Financial Limited
Notes to the Consolidated 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
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.

(Rupees in millions unless otherwise stated)

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 filling 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 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.

(Rupees in millions unless otherwise stated)

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.

(Rupees in millions unless otherwise stated)

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**

(Rupees in millions unless otherwise stated)

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.

(Rupees in millions unless otherwise stated)

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.

(Rupees in millions unless otherwise stated)

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:

	Parent Company			Subsidiary Company (Criss Financial Holdings Limited)	
States	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.

(Rupees in millions unless otherwise stated)

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%**

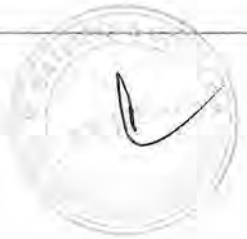
Collateral and other credit enhancement

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



(Rupees in millions unless otherwise stated)

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.

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**

(Rupees in millions unless otherwise stated)

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.

(Rupees in millions unless otherwise stated)

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 XI
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**

(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 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

(Rupees in millions unless otherwise stated)

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 subsidary	-	-
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 generarating 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 deductable 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)

(Rupees in millions unless otherwise stated)

48: CSR Expenses

(Rupees in Millions)

Particulars	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 these 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

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 Periasamy
Company Secretary
Mem. No: A26247
Place: Erode
Date: May 22, 2021

S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

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
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). In the process, a significant degree of judgement has been applied by the management for: • 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. 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. 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. 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.	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 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	
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. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. 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.	We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors: • 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: 20048749AAAAII5017

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: 20048749AAAAII5017

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

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhinjharia
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

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhinjharia
Company Secretary
Membership No. F8325
Place: Hyderabad
Date: June 02, 2020

Spandana Sphoorty 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	69.19
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	501.00
Balance subscription of optionally convertible redeemable preference shares (all series)	-	532.31
Proceeds from issue of Share Warrants (including securities premium)	-	349.05
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 Sphoorty Financial Limited

Deepak Calian Vaidya
Chairman
DIN 00337276
Place Mumbai
Date June 02, 2020

Padmaja Gangireddy
Managing Director
DIN 00004842
Place Hyderabad
Date June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place Hyderabad
Date June 02, 2020

Rakesh Jhunjhunia
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 CCPS (all classes) and OCRPS (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 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 Jhunjhunia
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

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SPANDANA SPHOORTY FINANCIAL HYDERABAD

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:

(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 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).

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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.

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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.

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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.

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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.

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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.

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	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)	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**

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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 31,2019 considering significant uncertainty with respect to their recoveries . However the same loans as been entirly written off durig 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.

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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 :-

a) ECL for Stage I has increased primarily on account of new assets originated during the year.

b) ECL for stage II has decreased primarily on account writeoffs during the year.

c) 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 :-

a) ECL for Stage I has increased primarily on account of new assets originated during the year.

b) ECL for stage II has increased primarily on account of new assets originated during the year.

c) ECL for stage III has declined primarily on account of write off and recoveries/collections made by the Company during the year.

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	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)	359.01	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

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(Rupees in millions unless otherwise stated)

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**

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SPHOORTY FINANCIAL LIMITED HYDERABAD

(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, 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**

	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	0.69
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**

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(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**

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SPANDANA SPHOORTY FINANCIAL HYDERABAD

(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

(4A. 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	2,721.74	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	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
	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		**621**	**23,032.29**	**193**	**6,507.24**	**10**	**211.79**	**1**	**200.00**	**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

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:

(Rs. in million)

Bank / Financial institution	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
Woori 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	3,329.98	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		373	**13,864.34**	**200**	**6,809.88**	29	**824.84**	1	**200.00**	**29,430.27**
Impact of EIR										**20.82**
Grand Total										**29,451.09**

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(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**

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(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.

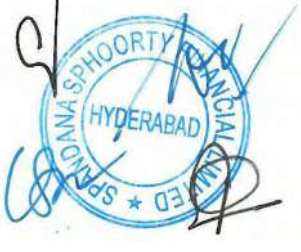
(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

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 alloted 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

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(Rupees in millions unless otherwise stated)

	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 Espense	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.

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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	30.13
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**

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(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%).

Pusuant to the Taxation Laws (Amendment) Ordinace 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.

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(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**

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(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

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)
c) Mr. Rakesh Jhinjharia – Company Secretary
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 Kapi (Nominee Director)
k) Mr. Darius Dinshaw Pandole (Nominee Director)
l) Mr. Amit Sobti (Nominee Director)
m) Mr. Ramachandra Kasargod Kamath (Nominee Director)

V. Relative of Key Management Personnel

a) Mr Revan Saahith
b) Mr. Vijaya Sivarami Reddy Vendidandi
c) Mrs. Hina Ansari

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, 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	Criss 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 Jhinjharia	Equity shares issued pursuant to stock option scheme	0.79	-	-	-
		Remuneration#	2.34	1.87	(0.31)	(0.01)

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(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	-	-
15	Mr. Abdul Feroz Khan	Equity shares issued pursuant to stock option scheme	4.74	-	-	-
		Remuneration#	6.81	6.39	(1.27)	(1.87)
		Subscription to equity shares	-	17.05	-	-
16	Mrs. Padmaja Gangireddy	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 Saabith	Remuneration#	2.38	0.76	(0.65)	(0.20)
		Purchase of CFHL Shares	-	61.82	-	-
18	Mr. Vijaya Sivarami 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.

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(Rupees in millions unless otherwise stated)

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 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, 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 Crss 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

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(Rupees in millions unless otherwise stated)

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

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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 w.r.t 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)/ Loss on total liabilities	13.94	3.75
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**

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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	5.66%	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

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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.

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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 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.

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:

	March 31, 2020		March 31, 2019	
State	Stage-I	Stage-II	Stage-I	Stage-II
Madhya Pradesh	1.33%	87.27%	0.42%	70.88%
Orissa	0.73%	91.50%	0.14%	80.30%
Karnataka	1.11%	75.88%	0.28%	43.66%
Maharashtra	0.70%	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%	72.29%
Andhra Pradesh	0.13%	56.34%	1.55%	56.90%
Gujarat	1.53%	88.00%	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.

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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% -98.91%	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	2.60%	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 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.

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	18,030.40	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.4/21.04.048/2019-20, 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.

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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	8,667.79	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	9,123.83	182.90	5.79	**47,621.97**
Other Financial Assets	1,781.10	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	892.39	1,970.99	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

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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 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**

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c. Details of Stock Options granted during the year

The weighted fair value of stock option granted during the year wa 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)	-	-	-
OCRPS (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 32	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)

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45: Additional information required by Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 (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	19.36	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.47/21.04.048/2019-20, 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 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	0.99	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

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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	ICRA	29-Mar-19	[ICRA]A- (Stable)	See Note-1	2500 00
2	Non convertible	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	
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	338
No of complaints redressed during the year	965	338
No of complaints pending at the end of the year	42	18

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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 Classificatin 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 Allowancess (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						
	Stage 1	4,821.11	74.10	4,747.01	40.48	33.62
Loans	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	0.08	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 overdues 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.

M: 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.

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(Rupees in crores unless otherwise stated)

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	858.87
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 deprecation		
Opening balance	-	-
Add: Provision made during the year	-	-
Less: Write off/ write back	-	-
Closing balance	-	-

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(Rupees in crores unless otherwise stated)

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

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(Rupees in crores unless otherwise stated)

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:
a. Fair value changes recognised through other comprehensive income,
b. 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".
c. 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%

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(Rupees in crores unless otherwise stated)

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.

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:

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. 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

46: CSR Expenses

(Rupees in Millions)

Particulars	March 31, 2020	March 31, 2019
a) Gross amount required to be spent by the Company during the year	48.57	22.10
b) Amount spent during the year on purposes other than construction/acquisition of any asset	49.51	19.90
Paid	49.39	19.90
Yet to be paid	0.12	-
Total	49.51	19.90

47: 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 33(a) for details on tax litigations.

48: During the quarter ended March 31, 2020, the Company has made an additional provision and write-off of Rs. 1,292.16 million towards COVID-19 and others.

49: 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 ("Master Directions"). In respect of the observation made by the RBI in its inspection report, the Company 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 Company has revised its interest rates prospectively effective February 26, 2020, while continuing to represent its views to RBI. Further, in these financial statements, the Company 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 Calian Vaidya
Chairman
DIN: 00337276
Place: Mumbai
Date: June 02, 2020

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhinjharia
Company Secretary
Membership No. F8325
Place: Hyderabad
Date: June 02, 2020

S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

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) *(as described in notes 7 and 39.1 of the consolidated Ind AS financial statements)*	
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). In the process, a significant degree of judgement has been applied by the Holding Company's management for: • 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. 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. 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	• 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
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. 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.	
(b) IT systems and controls	
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. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. 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.	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: • 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

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

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhinjharia
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

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

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhinjharia
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 — Note No. 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

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

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhunjharia
Company Secretary
Membership No. F8325
Place: Hyderabad
Date: June 02, 2020

Spandana 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

(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	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	Total 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							
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)	448.11	446.21	0.00	446.21
Total comprehensive income for the year		**-**	**3,116.34**	**-**	**-**	**-**	**-**	**3,116.34**	**-**	**-**	**3,116.34**	**448.11**	**3,564.45**	**0.76**	**3,565.21**
Share of Non - Controlling interest arising on business combination		-	-	-	-	-	-	-	-	-	-	-	-	8.46	8.46
Transfer to Statutory Reserve		-	(617.50)	-	617.50	-	-	-	-	-	-	-	-	-	-
Fair value of stock option - charge for the year		-	-	-	-	-	41.25	41.25			41.25	-	41.25	-	41.25
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 CCPS (all classes) and OCRPS (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)	9.06	(4.05)	-	(4.05)
Total comprehensive income		**-**	**3,501.49**	**-**	**-**	**-**	**-**	**3,501.49**	**-**	**-**	**3,501.49**	**9.06**	**3,510.54**	**-**	**3,510.54**
Share of Non - Controlling interest arising on business combination		-	-	-	-	-	-	-	-	-	-	-	-	3.70	3.70
Transfer to Statutory Reserve		-	(673.38)	-	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 Espense	20	37.87	-	-	-	-	-	37.87	-	-	37.87	-	37.87	-	37.87
Add: Share based payment to employees	20	-	-	-	-	-	43.80	43.80	-	-	43.80	-	43.80	-	43.80
Less: Transfer on allotment of shares to employees pursuant to ESOP scheme	20	-	-	-	-	-	(18.72)	(18.72)	-	-	(18.72)	-	(18.72)	-	(18.72)
Less: Transfer on cancellation of stock options	20	-	-	-	-	-	(2.16)	(2.16)	-	-	(2.16)	-	(2.16)	-	(2.16)
Balance as at March 31, 2020	**20**	**19,199.86**	**1,105.43**	**23.28**	**3,239.55**	**1,526.92**	**64.17**	**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 : 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

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhinjharia
Company Secretary
Membership No. F8325
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:

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.

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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 rebute the control of the Parent Company over its subsidiaries.

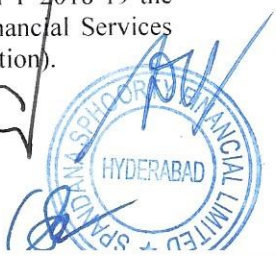
The financial statements of subsidiaries acquired during the year are included in the consolidated statement of profit and loss from the effective date of acquisition. Intragroup balances and transactions and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing 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).



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 Sphoorty 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.

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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:

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(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:

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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

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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.

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(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

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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

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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 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.

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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

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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.

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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.

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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.

(Rupees in millions unless otherwise stated)

	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**

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Spandana Sphoorty Financial Limited
Notes to the Consolidated Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

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 entirly written off durig 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)

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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 :-

a) ECL for Stage I has increased primarily on account of new assets originated during the year.
b) ECL for stage II has decreased primarily on account writeoffs during the year.
c) 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 :-

a) ECL for Stage I has increased primarily on account of new assets originated during the year.
b) ECL for stage II has increased primarily on account of new assets originated during the year.
c) ECL for stage III has declined primarily on account of write off and recoveries/collections made by the Group during the year.

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	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
	4,874.62	**1.00**
Less: Impairment allowance	-	-
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.

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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**

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(Rupees in millions unless otherwise stated)

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 Subsidary (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**

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(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**

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(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.

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SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD ★

SPANDANA SPHOORTY FINANCIAL LIMITED

14A. Terms of principal repayment of borrowings as at March 31, 2020**

(Rupees in millions unless otherwise stated)

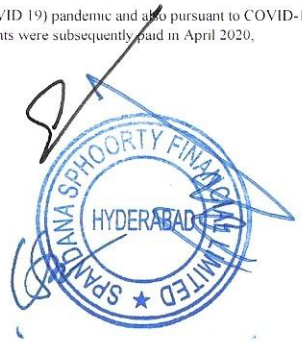
Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount (in Millions)	No. of installments	Amount (in Millions)	No. of installments	Amount (in Millions)	No. of installments	Amount (in Millions)	
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	0	-	-	-	-	-	896.47
	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	13.5%-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%	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
	10.51%-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
	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%	-	-	-	-	-	-	1	200.00	200.00
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-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;

(Rs. in million)

Bank / Financial institution	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
Woori bank	3.48	31-Mar-20
Yes Bank Limited	64.30	28-Mar-20



SPANDANA SPHOORTY FINANCIAL LIMITED

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%	-	-	2	410.00	2	410.00	-	-	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	3,329.98	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
	12.51%-13.00%	24	80.37	11	39.11	-	-			119.48
	13.51%-14.00%	18	415.97	3	83.33	-	-	-	-	499.30
	14.01%-14.50%	9	33.33	-	-	-	-	-	-	33.33
	14.51%-15.00%	14	72.22	-	-	-	-	-	-	72.22
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%	0	-	-	-	-	-	1	200.00	200.00
Grand Total		**420**	**14,050.27**	**211**	**6,849**	**29**	**824.84**	**1**	**200.00**	**29,655.31**
Impact of EIR										**22.06**
Grand Total										**29,677.37**

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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**

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SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

(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 alloted 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.

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

(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

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SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD

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 Espense	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.

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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.

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(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**

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(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 qain 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%).

Pusuant to the Taxation Laws (Amendment) Ordinace 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.

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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**

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SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

(Rupees in millions unless otherwise stated)

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.

a) Spandana Rural and Urban Development Organization
b) Abhiram Marketing Services Limited
c) Spandana Employee Welfare Trust.

III. Key Management Personnel

a) Mrs. Padmaja Gangireddy - Managing Director
b) Mr. Sudhesh Chandrasekar – Chief Financial Officer (w.e.f. May 17, 2019)
c) Mr. Rakesh Jhinjharia – Company Secretary
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)
l) Mr. Amit Sobti (Nominee Director)
m) Mr. Ramachandra Kasargod Kamath (Nominee Director)

IV. Relative of Key Management Personnel

a) Mr. Revan Saahith
b) Mr. Vijaya Sivarami Reddy Vendidandi
c) Mrs. Hina Ansari

V. 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, 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 *	-	-	-	-
		Interest Expense	1.79	14.19	(1.61)	(0.95)
2	Abhiram Marketing Services Limited	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)
		Others	91.37	94.89	(1.49)	(0.14)
3	Kangchenjunga Limited	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 Jhinjharia	Remuneration#	2.34	1.87	(0.31)	(0.01)
		Equity shares issued pursuant to stock option scheme	0.79	-	-	-

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(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)	-
12	Ms. Abanti Mitra	Sitting fee	1.00	1.00	(0.25)	-
		Subscription to equity shares of Holding Company	-	1.00	-	-
13	Mr. Abdul Feroz Khan	Equity shares issued pursuant to stock option scheme	4.74	-	-	-
		Remuneration#	6.81	6.39	(1.27)	(1.87)
		Subscription to equity shares of Holding Company	-	17.05	-	-
14	Mrs. Padmaja Gangireddy	Balance subscription received on share warrants of Holding Company	-	349.03	-	-
		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.

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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 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, 2020. The Group has deposited Rs.72.97 million against such demand in the process of filling 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.

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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.

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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 raisingthe funds etc.

Regulatory Capital

Spandana Sphoorty Financial Limited. (Parent Company)

(Rupees in millions unless otherwise stated)

Particulars	**March 31, 2020**	**March 31, 2019**
Teir I Capital	24,265.62	16,842.07
Teir II Capital	90.44	455.02
Total Capital	24,356.06	17,297.09
Risk weighted assets	51,338.58	43,670.96
Teir I CRAR	47.27%	38.57%
Teir 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**
Teir I Capital	6,226.02	4,885.68
Teir II Capital	67.16	14.84
Total Capital	6,293.18	4,900.52
Risk weighted assets	17,970.44	10,246.85
Teir I CRAR	34.65%	47.68%
Teir 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**

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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.

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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.

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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(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 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:

	Parent Company				Subsidiary Company (Criss Financial Holdings Limited)			
	March 31,2019		March 31, 2020		March 31,2019		March 31,2020	
State	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.

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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.

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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 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.

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

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(Rupees in millions unless otherwise stated)

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.

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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 wa 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**	**6,407.49**	**41,486.01**

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital

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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 for 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 acquistion 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 occured 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 generaratng 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 deductable 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.

S.R. BATLIBOI & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

SPANDANA SPHOORTY FINANCIAL LIMITED ★ HYDERABAD

(Rupees in millions unless otherwise stated)

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

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

Padmaja Gangireddy
Managing Director
DIN: 00004842
Place: Hyderabad
Date: June 02, 2020

Sudhesh Chandrasekar
Chief Financial Officer
Place: Hyderabad
Date: June 02, 2020

Rakesh Jhunjharia
Company Secretary
Membership No. F8325
Place: Hyderabad
Date: June 02, 2020

SPANDANA SPHOORTY FINANCIAL LIMITED HYDERABAD