

# ANNUAL REPORT 2016 - 17



OFFERING FINANCIAL SERVICES TO LOW INCOME HOUSEHOLDS SINCE 1998

# Message from Managing Director



**Padmaja G Reddy**  
Managing Director

Dear Stakeholders,

This year has been spectacular in the history of the Company as it successfully exited from CDR by pre-closing the debt along with interest and all other dues to 37 CDR Lenders. This success is neither magical nor mysterious. It is based on persistence and is the natural consequence of consistently applying the basic fundamentals. In the last five years, there were many trials and triumphs. Our commitment, hard work, resilience and constantly following the fundamentals of the business have been paid off. We soon understood that without tackling the problem, which forced the Company into CDR, we will not be able to sustain the business. As a consequence of that, we did not leave any stone unturned in our effort to recover dues in AP and Telangana States. We consistently maintained the connect with the borrowers and collected Rs.1,000 Crores after the crisis in Oct 2010.

We always broke our own benchmarks year on year and no other MFI could challenge us on efficiency and productivity metrics for several years, we could soon leverage that competence and come back to profitability by rationalizing the cost, consolidating the business and maintaining excellent portfolio quality. AP Collections and profits generated on Non AP Portfolio have helped the Company to improve the debt service ability from 30% to 100% in four years time.

We got outstanding response from investors in an attempt to raise equity, which was critical for CDR exit. We raised Rs. 1,100 Crores debt from IndusInd, Yes and ICICI Bank to refinance the CDR lenders. We are highly grateful for the support extended by showing enormous trust and being part of our revival story. We also raised Rs.300 Crores equity from Kedaara Capital and the OCCRPS held by lenders were bought by Kedaara and converted them into CCPS. The networth of the Company improved substantially from 233.66 Crores on 30 Mar 2017 to Rs. 533.88 Crores on 31st Mar 2017. The Company met the NOF and CRAR compliances with the forbearance granted by RBI coming to an end by 31 Mar 2017.

The Company has geared up to regain its previous glory, get back to its Industry leadership and increase its outreach and thereby the market share. The market dynamics changed dramatically in this year with 8 Large MFIS becoming Small Finance Banks. In their quest to meet the cost structure of Bank, they would diversity their product offerings and micro finance may become a tiny portion of their overall AUM. On the other hand, impact of demonetization has thrown new challenges to small Micro Finance Institutions and the survival of these sub scale MFIS has become a challenge. Thus the market pie of NBFC MFIs will expand as the number of players would reduce substantially. Microfinance being a cash-driven industry with all its core business activities of loan disbursements and collections mostly in cash has been impacted by demonetization very badly.

On account of severe shortage of cash, several borrowers did not have enough cash to meet their day expenses and this led to a delay / default of loan installments of several MFIs. On the other hand, MFIs did not have sufficient supply of cash from banks and were forced to reduce disbursements by almost~ 50% across the country (Feb-17). The delinquency levels for MFIs in India increased sharply from ~ 1% PAR levels (30-Sep-16) to about ~ 27.9% PAR levels by 28-Feb-17 (for DPD <180 days). More than 50 Lakh new loans became delinquent in Dec alone which was a direct impact of demonetization. There was a significant impact in some states like Uttarakhand, Uttar Pradesh and Maharashtra on account of localized incorrect media coverage of a RBI dispensation regarding provision on NPAs by NBFC/MFIs. Two states – UP & MH contributed to almost 55% of the total PAR (DPD <180 days) for entire MFI industry in Feb-17.

In line with the impact on the entire MFI industry, we also experienced delays and defaults in loan repayments post the demonetization announcement. PAR, which was at 0.3% levels before 8/11 increased to 4.36 % levels by 31 Mar 2017. It has to be noted that the adverse affects were not wide spread and were concentrated in a few states like Maharashtra, Madhya Pradesh and Karnataka. These three states contributed to almost 89% of the total PAR portfolio of the company as of Mar-17.

One of the key reasons for a significant build-up of PAR in the above mentioned states has been events like - localized incorrect media coverage of potential loan waivers by MFIs and statements by some local politicians which sent wrong signals to the borrowers. In spite of these challenges, we stepped up our efforts to maintain collection efficiency in all these states. All the branch staff intensified their engagement with customers and clarified about the correct regulatory position and at the same time continued conducting their business operations with enthusiasm. This strong sense of ownership and proactive response resulted in significantly limiting the impact of demonetization vis-à-vis other MFIs in India. We responded with several proactive and intelligent strategies, which led to a much lower impact of demonetization on operations compared to the rest of MFI industry.

Today, each of us can claim with pride and humility that we touch the lives of more than a million women in making their dreams come true.

## Contents

Message from the Managing Director	02
Corporate Philosophy	04
Company Background	05
Milestones	06
Glimpses into our clients	07
Directors' Report	08
Secretarial Audit Report	16
Extract of Annual Return	18
Independent Auditor's Report	28
Balance sheet	33
Statement of Profit and Loss	34
Cash flow Statement	35
Notes to Financial Statements	36
Annual General Meeting	65
Attendance General Report	71
Proxy Form	72
Company Information	74



## Corporate Philosophy

### Name

Spandana stands for ‘responsiveness’. Spandana started as a response to a need and an opportunity and continues to operate with the same philosophy. After transformation into an NBFC, Spandana added the following phrases to its name – Sphoorty Financial Services. Sphoorty stands for ‘inspiration’ – this exemplifies the growth of Spandana in provision of larger bouquet of financial services to larger client base.

### Mission

We want to be one of the most significant microfinance service providers by offering a range of financial and non financial products and services to low income households and individuals to improve the quality of life. We constantly endeavour to deliver quality services to our clients and remunerative returns to our Investors by maintaining highest levels of transparency and integrity. We strive to be the most preferred Employer in the Industry.



### Logo

Spandana’s logo depicts a sunflower’s open petals. This highlights the responsiveness of Spandana towards its client needs. The disjoint petals highlight that Spandana is an open and innovative organization which promotes its employees to challenge the conventional methods and conventional wisdom and bring about innovation in their actions such that the theme of Operational Efficiency is sustained.

### Core Values

TRICS exemplifies our core values -

**Transparency** - Transparency makes our actions understandable, and supports our goal-oriented behaviour throughout the company. Transparency creates reliability. We accept it as our responsibility to maintain transparency with our stakeholders, customers and employees and serve them the best we can.

**Responsiveness** - We constantly thrive to identify the changing needs of our existing and prospective clients. We innovate new products and services to make the ends meet. Thus we are motivated and are always ahead of our competitors.

**Integrity** - Integrity is the cornerstone of what makes us credible. It obliges us to keep our promises. Integrity permits only those transactions and dealings that conform to our values. We are each personally accountable for the highest standards of behaviour, including honesty and fairness in all aspects of our work. We fulfill our commitments as responsible citizens and employees. We consistently treat customers and company resources with the respect they deserve.

**Commitment** - We are committed and intensely focused on serving our clients to help them achieve a better living. We are committed to equitable treatment at all levels of our organisation. Commitment comes to life through being passionate about solving complex business problems and helping shape the next generation of financial services. As individuals and as an organization, we create value.

**Team Spirit** - Creates synergy – where the sum is greater than the parts. Fosters flexibility and responsiveness, especially the ability to respond to change. Promotes the sense of achievement, equity and camaraderie, essential for a motivated workplace.

## Background

Spandana Sphoorty Financial Limited (SSFL) has been operating as a Non Banking Finance Company (NBFC) incorporated under the Companies Act, 1956 and licensed by the Reserve Bank of India under the Reserve Bank of India Act, 1934 to carry on the business of a Non Banking Financial Institution without accepting public deposits. With release of NBFC- Micro Finance Institution (NBFC-MFI) as a new category of NBFCs, the company has been reclassified as NBFC-MFI effective April 13, 2015.

The micro-credit program of Spandana started in 1997 when Spandana operated as a Society (Spandana Urban and Rural development Organisation – SRUDO). Later, it formalized itself into an NBFC (SSFL). Spandana’s lending programme is committed to strengthening the socio-economic status of low-income households – particularly women – in rural and urban areas by providing financial services on a continual basis in order to improve livelihoods, establish identity and enhance self-esteem.

Spandana follows both the group based and the individual micro-credit lending model wherein both the models, the loans are given to individuals based on their household economics. Besides micro-credit, it has other products – like – Farm Equipment, loans against Gold jewellery etc. At peak, SSFL had an Asset Under Management of Rs.4,500crore (USD 1 Bn) largely funded by debt/ loan-book

assignments from over 40 Banks/ FIs.

Through its 16 years history, Spandana had been funded by different Financial Institutions – like Public Sector Banks, Private Sector Banks, Foreign Banks, Development Financial Institutions and other Financial Institutions.

In Oct-2010, with restrictions imposed by the AP-MFI (prevention of money lending) legislation, the collections from the state of Andhra Pradesh had reduced. The company was not able to continue lending due to requirements of taking prior approval against each loan under the said legislation. Since the crisis, microfinance sector got support from the regulators in various forms directly benefitting the company. Adoption of Malegam Committee recommendations, greater regulatory oversight upon MFIs by RBI including the creation of separate NBFC-MFI category has helped the company in clearing the grey areas in the business environment. With the Corporate Debt Restructuring in FY12, the company has been successful in ‘holding-on’ of non-AP operations and across 10 non-AP states, it has a strong workforce and franchise with Rs.1,000 crore Good Book. SSFL has survived the crisis and successfully completed the settlement transaction with all 37 lenders and exited CDR after a period of 5.5 years. The company as on date is in compliance of the regulatory requirements of NOF & CRAR, has a healthy Balance Sheet and is poised for strong growth prospects.



Spandana has been one of the largest and most seasoned MFIs in India. Through its history, it has seen two very large and debilitating crises and emerged back with resilience.

Both these crisis have raised a fundamental question on the lending model and belief on whether the low-income segment is credit worthy and lending to this segment has business proposition. In both the crisis, the common thread has been that they were in the form of mass-scale defaults and both were triggered by the ill-intentions of politicians and bureaucratic intervention part of which could not resound with the market linked approach to lending to the low-income community

Those inherent risks are now largely addressed with higher level of regulatory supervision on this sector by the Reserve bank of India, addressing some of the potential vulnerabilities – charging/ pricing, soft recovery practices, prevention of over-indebtedness of borrowers etc.

## Milestones

2016 - 2017	Successfully Exited from CDR.
2015 - 2016	PAT crossed Rs.200Cr for the second time after FY10.
2014 - 2015	Rs.100Cr PAT report while being in CDR and no incremental funding received from lenders.
2010 - 2011	Company admitted into Corporate Debt Restructuring. Spandana got the best rating of mFR1. AUM crossed Rs.4,500Cr with on roll staff of over 14,000
2008 - 2009	Valiant Capital invested Rs.100Cr
2007 - 2008	JM financial and Lok Capital invested Rs.50Cr
2005 - 2006	Cumulative disbursements cross Rs. 1,000 crore; CRISIL upgraded grading to mFR2.
2003 - 2004	AUM crosses Rs.50Cr. Spandana transforms into NBFC with license from RBI to operate as Non Banking Financial Institution.
2001 - 2002	M-CRIL grants Alpha rating to Spandana and considers it as the most cost efficient and highly profitable MFI in the Country.
2000 - 2001	Loans raised from SIDBI and ICICI Bank
1999 - 2000	First loan from Rashtriya Mahila Kosh (RMK). Cumulative Loan disbursement crosses Rs.1Cr.
1997 - 1998	Started its operations as a NGO in Guntur, Andhra Pradesh.



## Glimpses into Our Clients

### Asha Bai

Asha Bai was once a cook in a hotel at Budhe Balaji slum in Guna District, Madhya Pradesh. She belongs to a poor joint family and don't even own a house. But no matter how many hours she toiled in others' hotel as a cook, she never earned enough to take care of her family expenses. Her husband worked as a daily labor and used to earn not more than Rs 3000. While struggling economically she found rays of hope in the name of Spandana in the year 2009. She was introduced to Spandana by her neighbor. She felt very confident on herself and it was the first time in her life that she believed that she can do something. She received her first loan of Rs 8000. With lots of hope and confidence, she decided to take a courageous step of investing that amount in purchasing a Concrete Mixing machine for her husband.



The daily labor husband turned into a contractor. She started repaying the amount on time and then took a second loan of Rs 10,000. With the second loan cycle amount she started a grocery store in her village. Her grocery store turned out to be very popular. She repaid her installments without any fail and focused on savings. With the next subsequent loans she ploughed more money into her business and increased the range of products offered. Not only expanding her own business, she also assisted her husband to expand his business. It was the first time; she could contribute her husband in sharing cost for children's education and other household expenses as well. Today as we speak, she is in the eight cycle of loan. She took Rs 48,000 (Rs 40,000 GL and Rs 8,000 IL). Her monthly income increased steadily. She is now earning up to Rs 12,000 per month and her family income increased to 25,000 per month. She felt proud when she could contribute for her children's education and decided to take the next big step of constructing her own house. After 8 years of continued determination and passion towards an enterprising life, Asha Bai has made a mark in her village.

### Valiben



Valiben's dynamic personality, coupled with her unmatched drive and ability of persuasion, is a story to be shared.

About 6 years ago, valiben and her husband -- both farmers by profession -- first approached Spandana with an idea of starting a dairy farm. She started to pursue her dream with an initial loan amount of Rs 12,000 in the first cycle. She purchased a cow and started selling the milk to Amul factory located in Anand District, Gujarat.

Her first attempt to start her own dairy farm with a single cow was a grand success. She started to repay the loan as scheduled and also started savings after all the expenses.

After successful completion of first cycle loan, she took Rs 14,000 as a second cycle loan. She used that amount to purchase one more cow. With two cows in the barn, her income was doubled and so are her savings. This has not only opened her path to income generation, but also increased her self confidence. She started repaying her loan as per schedule without any fail. During the third cycle, she received a loan of Rs 16,000 from us. With the little savings she made earlier and with the loan amount received, she purchased two more cows. By the end of third cycle, she has 4 cows in her barn. She multiplied her monthly savings and started focusing on improving productivity.

An amount of Rs 24,000 was sanctioned in the fourth cycle and Rs 30,000 in the fifth cycle. She is about to complete her fifth cycle loan repayment. Now she is a proud owner of dairy farm with 20 cows and 4 calves. When our team went to check how she utilized the loans provided to her, she said that she is willing to take new loan sufficient enough to kick start a new diary unit with 25 cows.

After these many years of struggle and hard work, she is now earning more than Rs 20,000 after all the expenses. Now, she is educating her children and has provided a fan, a bed, TV and other facilities to her family which were unheard of earlier.

## Director's Report

To  
The Members of Spandana Sphoorty Financial Limited,  
Your Directors have pleasure in presenting the 14th Annual Report on the business and operations of the Company together with the audited accounts of the Company for the financial year ended 31st March, 2017.

### 1. Financial Summary /Performance of the Company (Standalone)

Financial performance of your Company for the financial year ended 31st March 2017 is summarized below:

(Rupees in Crore)

Particulars	Financial year ended	
	31-Mar-17	31-Mar-16
Income from Operations	371.47	343.86
Other Income	50.36	128.84
Profit before Depreciation, Interest and Tax (PBDIT)	292.74	376.37
Depreciation	8.33	3.70
Financial charges	207.88	129.43
Profit Before Tax	76.53	243.24
Provision for Tax - Current year	23.58	-
Profit/(Loss) After Tax	52.95	243.23
Transfer to Statutory Reserves	(10.59)	(48.64)
Balance carried to Balance sheet	42.36	194.59

Profit before tax for the financial year ended 31st March, 2017 was reduced due to the following one time expenditure:

Particulars	Amount (Rs. In Cr.)
Additional Interest/Penal charges paid towards CDR lenders for settlement	34.30
100% Provision for Loans on impact of demonetization	41.28
One time processing charges for New debt	23.44
<b>TOTAL</b>	<b>99.02</b>

### 2. Dividends

During the financial year 2016-17 the Company has made profit, however, due to accumulated losses the Board has not recommended any dividend.

### 3. Brief Description of the Company's Working During the Year / State of Company's Affair

Your company continues to operate in 13 states, viz Madhya

Pradesh, Andhra Pradesh, Telangana, Karnataka, Kerala, Maharashtra, Odisha, Goa, Chhattisgarh, Gujarat, Jharkhand, Uttar Pradesh and Bihar. The highlights are as follows:

Details	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17
No of States	11	11	12	12	13
No of Districts	179	182	185	184	192
No of Villages	35,931	42,573	35,683	40,825	44,461
No of borrowers (Rs.Lakhs)	11.22	10.82	10.27	10.67	10.60
Portfolio o/s (Rs. Crores) (Non-AP)	895.89	815.20	1,140.42	1,191.93	1,252.34
Portfolio o/s (Rs. Crores) (AP & TS)*	47.82	85.63	39.21	26.67	44.58
Total Portfolio o/s (Rs. Crores)	943.71	900.83	1,179.63	1,218.60	1,296.92

\*Represents AP and TS Standard Assets

Your Company has disbursed Rs. 2059.17 crores value of loans in Financial Year 2016-17

#### 3.1 Securitisation:

Your Company has not booked any new securitisation deals during the Financial Year 2016-17.

#### 3.2 Public Deposits:

Your Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC under section 45-1A of the RBI Act, 1934 and reclassified as NBFC-MFI, effective from April 13, 2015. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a non-deposit taking non banking financial company in conformity with the guidelines of the RBI. As such no amount of principal and interest was outstanding during the year.

#### 3.3 RBI Guidelines:

As on 31st March 2017, the Company is in compliance of the regulatory requirements of net owned funds ('NOF') and Capital to Risk Assets Ratio ('CRAR'), as defined under section



## Director's Report

45-IA of the Reserve Bank of India Act, 1934, to carry on the business of a non-banking financial institution ('NBFI').

Your Company's Capital Adequacy Ratio is as follows:

Capital Adequacy Ratio	2016-17	2015-16
i) CAR – Tier I Capital (%)	48.52	(18.61)
ii) CAR – Tier II Capital (%)	0.44	-
Capital Adequacy Ratio (CAR)	48.96	(18.61)

The modifications to the NBFC-MFI directions issued by RBI vide its circular no.RBI/2012-13/161 DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 3, 2012 have specified that provision made towards portfolio in the state of Andhra Pradesh should be in accordance with the NBFC-ND-SI Prudential Norms and such provision should be added back notionally to the net owned funds for the purpose of calculation of the capital to risk assets ratio ('CRAR') and would be progressively reduced by 20% each year, over 5 years i.e. from March 31st, 2013 to March 31st, 2017. As per the progressive reduction 20% of provisioning made towards portfolio in the state of Andhra Pradesh (and Telangana) has been notionally reckoned as a part of net own funds.

### 3.4 Auction of gold jewellery for recovery of overdue of loans against them

No Auctions were made during the financial year 2016-17 of gold jewellery for recovery of overdue of loans against them.

### 3.5 Reserve Fund:

As per section 45IC of RBI Act 1934, the Company has transferred Rs. 10.59 crores in reserve fund i.e. aggregating of 20% of its net profit.

## 4. Management Discussion & Analysis Report

This year has been spectacular in the history of the Company as it successfully exited from CDR by pre-closing the debt along with interest and all other dues to 37 CDR Lenders. This success is neither magical nor mysterious. It is based on persistence and is the natural consequence of consistently applying the basic fundamentals. In the last five years, there were many trials and triumphs. Our commitment, hard work, resilience and constantly following the fundamentals of the business have been paid off. We soon understood that without tackling the problem, which forced the Company into CDR, we will not be able to sustain the business. As a consequence of that, we did not leave any stone unturned in our effort to recover dues in AP and Telangana States. We consistently maintained the connect with the borrowers and collected Rs.1,000 Crores after the crisis in Oct 2010.

We always broke our own benchmarks year on year and no other MFI could challenge us on efficiency and productivity metrics for several years, we could soon leverage that competence and come back to profitability by rationalizing the cost, consolidating the business and maintaining excellent portfolio quality. AP Collections and profits generated on Non AP Portfolio have helped the Company to improve the debt service ability from 30% to 100% in four years time.

We got outstanding response from investors in an attempt to raise equity, which was critical for CDR exit. We raised Rs. 1,100 Crores debt from IndusInd, Yes and ICICI Bank to refinance the CDR lenders. We are highly grateful for the support extended by showing enormous trust and being part of our revival story. We also raised Rs.300 Crores equity from Kedaara Capital and the OCCRPS held by lenders were bought by Kedaara and converted them into CCPS. The networth of the Company improved substantially from 233.66 Crores on 30 Mar 2017 to Rs. 533.88 Crores on 31st Mar 2017. The Company met the NOF and CRAR compliances with the forbearance granted by RBI coming to an end by 31st March 2017.

The Company has geared up to regain its previous glory, get back to its Industry leadership and increase its outreach and thereby the market share. The market dynamics changed dramatically in this year with 8 Large MFIS becoming Small Finance Banks. In their quest to meet the cost structure of Bank, they would diversity their product offerings and micro finance may become a tiny portion of their overall AUM. On the other hand, impact of demonetization has thrown new challenges to small Micro Finance Institutions and the survival of these sub scale MFIS has become a challenge. Thus the market pie of NBFC MFIs will expand as the number of players would reduce substantially.

Microfinance being a cash-driven industry with all its core business activities of loan disbursements and collections mostly in cash has been impacted by demonetization very badly. On account of severe shortage of cash, several borrowers did not have enough cash to meet their day expenses and this led to a delay / default of loan installments of several MFIs. On the other hand, MFIs did not have sufficient supply of cash from banks and were forced to reduce disbursements by almost ~ 50% across the country (Feb-17).

The delinquency levels for MFIs in India increased sharply from ~ 1% PAR levels (30-Sep-16) to about ~ 27.9% PAR levels by 28-Feb-17 (for DPD <180 days). More than 50 Lakh new loans became delinquent in Dec alone which was a direct impact of demonetization. There was a significant impact in some states like Uttarakhand, Uttar Pradesh and Maharashtra on account

## Director's Report

of localized incorrect media coverage of a RBI dispensation regarding provision on NPAs by NBFC/MFIs. Two states – UP & MH contributed to almost 55% of the total PAR (DPD <180 days) for entire MFI industry in Feb-17.

In line with the impact on the entire MFI industry, we also experienced delays and defaults in loan repayments post the demonetization announcement. PAR, which was at 0.3% levels before 8/11 increased to 4.36 % levels by 31st Mar 2017. It has to be noted that the adverse affects were not wide spread and were concentrated in a few states like Maharashtra, Madhya Pradesh and Karnataka. These three states contributed to almost 89% of the total PAR portfolio of the company as of end Mar-17.

One of the key reasons for a significant build-up of PAR in the above mentioned states has been events like - localized incorrect media coverage of potential loan waivers by MFIs and statements by some local politicians which sent wrong signals to the borrowers. In spite of these challenges, we stepped up our efforts to maintain collection efficiency in all these states. All the branch staff intensified their engagement with customers and clarified about the correct regulatory position and at the same time continued conducting their business operations with enthusiasm. This strong sense of ownership and proactive response resulted in significantly limiting the impact of demonetization vis-à-vis other MFIs in India.

We responded with several proactive and intelligent strategies, which led to a much lower impact of demonetization on operations compared to the rest of MFI industry.

### Comparison of SSLF to MFI Industry on PAR loans from 30th Sep 2016 to 30th Apr 2017:

#### PAR%

Month	Industry	SSFL	Variance
Sep'16	0.96%	0.09%	-0.87%
Nov'16	14.98%	1.97%	-13.01%
Dec'16	24.81%	9.37%	-15.44%
Jan'17	26.75%	9.36%	-17.39%
Feb'17	27.99%	8.31%	-19.68%
Mar'17	24.70%	4.36%	-20.34%
Apr'17	22.97%	3.94%	-19.03%

Source: MFIN Publications

We had a much lower impact of demonetization on account of proactive and intelligent strategies adopted by the company in countering the impact of shortage of cash in the country. Post improvement of cash availability, we started seeing good

improvement in its portfolio quality and reduced overdue accounts. Operations have been y normalized by March-17 and we do not for see any further defaults / delays in repayments owing to the demonetization effect.

### 5. Details of Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status and Company's Operations in Future

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future. However, the Company got the forbearance from Reserve Bank of India (RBI), granting exemption on meeting NOF and CRAR till 30th September, 2016 and subsequently the same was extended till 31st March, 2017. The Company during the financial year 2016-17 also received prior approval from RBI for change in Management and change in shareholding of the Company.

### 6. Auditors

#### 6.1 Statutory Auditors

The Company's Auditors, M/s. S R Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E), have been appointed at the 11th Annual General Meeting of the company held on 23rd September, 2014 as statutory auditors of the Company to hold office till the conclusion of the Annual General meeting to be held for the Financial Year 2017-18.

In terms of Section 139 of the Companies Act, 2013 read with the Rules framed thereunder; the aforesaid appointment is required to be ratified at every intervening Annual General Meeting. Accordingly, the appointment of M/s. S R Batliboi & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company, is placed for ratification by the shareholders at the forthcoming Annual general meeting of the Company. The Company has received necessary certificate u/s 139 of the Companies Act, 2013 from the Statutory Auditors to the effect that their reappointment, if made, would be within the prescribed limits under the Act and they are not disqualified for re-appointment u/s 141 of the said Act and the Rules framed thereunder.

Members are requested to ratify the appointment of the Statutory Auditors and fix their remuneration.

The Auditors Report read along with the Notes on the Financial Statements are self explanatory and does not call for any further comments. The Auditors Report does not contain any qualification, reservation or adverse remark.

## Director's Report

### 6.2 Secretarial Audit

Pursuant to the requirements of Section 204(1) of the Act and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Y Ravi Prasad Reddy, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2016-17.

The Secretarial Audit Report for the financial year ended March 31st, 2017 is annexed to this report as Annexure -A.

### 6.3 Internal Audit

The Company has its own internal audit team as per the Internal Audit Policy. Each branch is audited atleast once in 3 months. Risk areas were identified every month and branches were audited more than once wherever there were triggers of risk. AP branches are audited more frequently, atleast once in a month as the risk was perceived to be higher. Apart from this, special audit was also conducted in AP to review the operations and risks. Besides, Concurrent audit was also conducted by the Concurrent Auditors, they select branches randomly based on their own selection criteria.

### 7. Share Capital

During the year 2016-17, the Company issued and allotted the following shares in the Capital of the Company:

Name of the Allottees	Type of Share Allotted	No. of Shares Allotted
Kedaara Capital - AIF 1	Equity Shares of Rs. 10/- each at premium of Rs. 225.48	1,71,689
Kangchenjunga Limited	Equity Shares of Rs. 10/- each at premium of Rs. 225.48	78,96,937
Kedaara Capital - AIF 1	Class A 0.001% Compulsorily Convertible Preference Shares	23,40,648
Kangchenjunga Limited	Class A 0.001% Compulsorily Convertible Preference Shares	10,76,59,360
Mrs. Padmaja Gangireddy	Partly paid-up Series C 0.001% OCRPS of Rs. 10/- issued at a premium of Rs. 225.48 out of which Rs. 1.00 per share (including premium of Rs. 0.96 per share) has been called up.	11,35,085

Mrs. Padmaja Gangireddy	Partly paid-up FY18 Series A 0.001% OCRPS of Rs. 10/- at a premium of Rs. 225.48 out of which Rs. 1.00 per share (including premium of Rs. 0.96 per share) has been called up.	2,83,771
Mrs. Padmaja Gangireddy	Partly paid-up FY18 Series B 0.001% OCRPS of Rs. 10/- at a premium of Rs. 225.48 out of which Rs. 1.00 per share (including premium of Rs. 0.96 per share) has been called up.	2,83,771
Mrs. Padmaja Gangireddy	Partly paid-up FY19 Series A 0.001% OCRPS of Rs. 10/- at a premium of Rs. 225.48 out of which Rs. 1.00 per share (including premium of Rs. 0.96 per share) has been up.	2,83,771
Mrs. Padmaja Gangireddy	Partly paid-up FY19 Series B 0.001% OCRPS of Rs. 10/- at a premium of Rs. 225.48 out of which Rs. 1.00 per share (including premium of Rs. 0.96 per share) has been called up.	2,83,771

During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. Further the Company has also not provided any money for purchase of its own shares by employees or for the benefit of employees.

### 8. Extract of the Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure B".

### 9. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as under:

#### 9.1 Conservation of Energy:

Our operations are not energy-intensive. However, significant measures are taken to reduce energy consumption by using energy efficient computers and electrical equipments. Our field staff uses motor bikes for reaching to customer locations for client servicing. We are planning in such a way that road

## Director's Report

travel can be reduced and fuel consumption is minimized. We are also promoting use of renewable energy sources among clients at their household levels.

### 9.2 Research and Development (R&D):

Social research and development of new products and methodologies continue to be an ongoing process for the Company. This helps us to enhance quality of service and customer satisfaction through continuous innovation. The Company has been adapting various lending models within the limited scope of MFI norms and has successfully implemented fortnightly lending product.

### 9.3 Technology absorption, adaptation and innovation:

Technology is being used as a business enabler at Spandana. We are improving our processes and controls with higher technology development and adoption to get better operational efficiencies. This year the Company has migrated to a browser based application e-FIMO which has the accounts, loans and insurance modules integrated. During the year, all the loan accounts and branches data has been migrated from DO Module which was a window based application to e-FIMO. The e-FIMO has enabled us to have the entire data in a single database and have real time data available without any time lag. Collection efficiency of each branch is tracked on a daily basis. Credit bureau verification is integrated and the bureau check happens seamlessly. To avoid data manipulation at the branch level, applications login has been centralized. A back office with 100 data entry operators, team leads and managers has been set up at the HO. Branches upload the scanned copies of loan applications and KYC documents. Applications are logged on FIMO for bureau verification and processing of loans.

### 9.4 Foreign exchange earnings and outgo:

There was no foreign exchange earnings and outgo during the year.

### 10. Corporate Social Responsibility (CSR)

In terms of section 135 and Schedule VII of the Companies Act, 2013 read with rules made thereunder, the Board of Directors of your Company have constituted a CSR Committee. The current composition of the Committee is as follows.

Sl. No.	Name	Designation
1	Mrs. Padmaja Gangireddy	Managing Director
2	Mr. P Madhava Rao ^	Independent Non Executive Director
3	Mr. Gopala Reddy*	Independent Non Executive Director

^The Board at its meeting held on 1st November 2016, had re-constituted the CSR Committee by inducting Mr. P. Madhava Rao, as the member of the Committee in place of Ms. Abanti Mitra who resigned as the Director of the Company w.e.f 1st November, 2016

\*Mr. Gopala Reddy, who resigned as the Independent Director of the Company w.e.f 25th April, 2017, hence ceased to be the member of the Committee.

The average net profit of the company for the last three financial years is Rs. 137.36 crores but the Company has huge accumulated losses and the networth of the Company was also negative. Therefore the CSR Committee at its meeting held on 13th December, 2016 decided to spend on CSR activities once the Company's net worth turns positive. Accordingly, no Corporate Social Responsibility (CSR) activity is reported for the financial year 2016-17.

### 11. Comments on Auditors Report

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their audit report and by secretarial auditor in their secretarial audit report.

Auditor's Remark	Comments of the Board
None	None

### 12. Directors and Key Managerial Personnel:

Affairs of your Company are being managed by a professional Board comprising of eminent personalities having experience and expertise suited to guide the Company in right direction. Present Directors of your Company are:

Name of Director	Category
Mrs. Padmaja Gangireddy	Managing Director
Ms. Abanti Mitra	Independent Non Executive Director
Mr. P Madhava Rao	Independent Non Executive Director
Mr. Ramachandra Kasargod Kamath	Independent Non Executive Director
Mr. Kartikeya Dhruv Kaji	Nominee Director
Mr. Sunish Sharma	Nominee Director
Mr. Amit Sobti	Nominee Director
Mr. Darius Dinshaw Pandole	Nominee Director

Mr. Natarajan Ranganathan, Nominee Director and Ms. Abanti Mitra, Independent Director, resigned from the Directorship of the Company w.e.f 1st November, 2016 respectively. Mr. Perur Seshappa Prasad, Independent Director of the Company, resigned from the Directorship of the Company w.e.f 31st March, 2017. Mr. Sundaram Ramakrishnan, Nominee Director of the Company, resigned from the Directorship of the Company w.e.f 2nd May, 2017. Mr. Annapureddy Gopala

## Director's Report

Reddy, Independent Director of the Company, resigned from the Directorship of the Company with effect from 25th April, 2017.

Mr. Kartikeya Dhurv Kaji (DIN: 07641723) and Mr. Sunish Sharma (DIN: 00274432), were appointed as Nominee Directors of the Company w.e.f 31st March, 2017.

Ms. Abanti Mitra and Mr. Ramachandra Kasargod Kamath were appointed as Additional Director, in the category of Independent Directors, with effect from 4th May, 2017.

Mr. Darius Dinshaw Pandole was appointed as Nominee Director of the Company w.e.f 19th May, 2017.

Mr. Amit Sobti was appointed as Nominee Director of the Company w.e.f 29th May, 2017.

### 12.1 Rotation of Directors:

As per Section 152 (6) (a) of Companies Act, 2013, not less than one-third of the total number of retiring directors should retire by rotation, at every AGM.

For the purpose of this section, it is explained that the total number of directors to retire by rotation shall not include "Independent Directors".

Since the Company consists of Seven Directors as on 31st March, 2017, of which three are Independent Directors, one is Managing Director and three are Nominee Directors, hence, none of the Directors are eligible to retire by rotation at the ensuing Annual General Meeting. The Company is in the process of expanding its Board Strength.

### 12.2 Declaration by Independent Directors:

The Company has received a declaration from all the Independent Directors of the Company, confirming that they meet with the criteria of independence as prescribed under sub section (6) of section 149 of the Companies Act, 2013.

### 12.3 Key Managerial Personnel of the Company:

- Mrs. Padmaja Gangireddy, Managing Director of the Company continued to be the Key Managerial Personnel of the Company.
- Mr. Santosh Kumar Jha, Company Secretary (Membership No. A-24255), resigned from the office of Company Secretary and Principal Officer of the Company w. e. f 31st December, 2016. The Board placed on record its appreciation for the contribution made by Mr. Jha, during his tenure.
- Mr. Rakesh Jhinharia, Company Secretary (Membership No. F8325), has been appointed by the Board at its meeting

held on 15th June, 2017, as the Company Secretary and Key Managerial Personnel of the Company in terms of the provisions of the Companies Act, 2013. Mr. Jhinharia shall also act as the Principal Officer of the Company.

- During the financial year 2016-17, the Company was required to appoint a Chief Financial Officer (CFO) in terms of the provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Remuneration of Key Managerial Personnel), Rules, 2014, due to the resignation of the erstwhile CFO. The Company is in process of the identifying a suitable candidate for such position.

### 13 Particulars of Employees and Related Disclosures

The statement containing top ten employees of the Company in terms of remuneration drawn as required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of the Directors' Report. In terms of Section 136 of the Companies Act 2013, the Directors' Report and the Accounts are being sent to the Members excluding the aforesaid annexure and the same is open for inspection at the Registered Office of the Company. A copy of the statement may be obtained by the Members, by writing to the Company Secretary of the Company.

Further none of the employees of the Company were drawing remuneration exceeding Rs. 102.00 Lakhs per annum, who were employed throughout the financial year ended 31st March, 2017 or Rs. 8.50 Lakhs per month, who were employed for a part of the financial year ended 31st March, 2017, hence further details in terms of Rule 5(2) and details as per Rule 5(3) are not applicable to the Company.

Further, none of the employees of the Company who were employed throughout or part of the financial year, was in receipt of remuneration at a rate which, in aggregate, exceeds the remuneration being drawn by the Whole Time Director. It is also informed that none of the employees either by himself / herself or along with his /her spouse and dependent children hold 2% of the equity shares of the Company.

### 14. Corporate Governance

Your Company's philosophy on Corporate Governance envisages adherence to the highest levels of transparency, accountability and fairness, in all areas of its operations. The Company deals with clients who are by and large, excluded from the mainstream financial markets. The Company does

## Director's Report

not view Corporate Governance principles as set of binding obligations, but believes in using it as a framework to be followed in true spirit. The Company being an NBFC-MFI, adopts best practices and follows guidelines issued by RBI from time to time. As a part of Corporate Governance, various Committees were formed to look after the progress made, putting in place a progressive risk management system, policy and strategy to be followed in conformity with corporate governance standards.

### 14.1 Number of meetings of the Board of Directors:

Eight board meetings were held during the financial year 2016-2017. Your Board approved various agenda items through circular resolution as well, based on the urgency of the matter. The details of Board meetings are given below:-

Date of Meeting	Board Strength	No. of Directors Present
14th April, 2016	7	6
7th July, 2016	7	4
1st November, 2016	5	3
9th January, 2017	5	3
20th March, 2017	5	4
28th March, 2017	5	4
31st March, 2017	7	4
31st March, 2017	7	4

### 14.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted by the Board of Directors of the Company due to change in the Composition of the Board, the current composition of the Committee is as follows:

Sl. No.	Name	Designation
1	Ms. Abanti Mitra	Chairperson
2	Mr. Ramachandra Kasargod Kamath	Member
3	Mr. Kartikeya Dhruv Kaji	Member

The Nomination and Remuneration (N&R) Committee has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors, Managing Director, CFO, Senior Executives and their remuneration.

### The key objectives of the committee enumerated in the policy include:

(a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

- (b) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- (c) Formulation of criteria for evaluation of Independent Director and the Board.
- (d) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- (e) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- (f) To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- (g) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- (h) To develop a succession plan for the Board and to regularly review the plan.
- (i) To assist the Board in fulfilling responsibilities.
- (j) To Implement and monitor policies and processes regarding principles of corporate governance.
- (k) To ensure implementation of fit and proper criteria for the appointment of directors and on a continuing basis..

### 14.3 Audit Committee

The Audit Committee was reconstituted by the Board of Directors of the Company due to change in the Composition of the Board, the current composition of the Committee is as follows:

Sl. No.	Name	Designation
1	Mr. Ramachandra Kasargod Kamath	Chairman
2	Ms. Abanti Mitra	Member
3	Mr. Kartikeya Dhruv Kaji	Member

The Committee functions in line with the provisions contained in Section 177 of the Companies Act, 2013.

During the year 2016-17, there were two (2) meetings of the Audit Committee convened and held on 7th July, 2016 and 13th December, 2016.

## Director's Report

### 15. Details of establishment of vigil mechanism for directors and employees:

Your Company has established the Vigil Mechanism to encourage employees to report suspected legal violations, fraudulent or irregular conduct of an employee or business associate of the Company. Such incidents, if not reported would breach trust and endanger the Company's reputation. Through this mechanism, the Company provides a channel to the employees and Directors to report to the management about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or legal or regulatory requirements incorrect or misrepresentation of any financial statements and reports, etc.

The Company has a Fraud Reporting Policy to deal with instances of fraud and mismanagement, if any. This Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. A Committee has been constituted which looks into the complaints raised.

### 16. Particulars of Loans, Guarantees or Investments Under section 186

Your Company had not advanced any loan, guarantees or investments under section 186 during the year 2016-17.

### 17. Particulars Of Contracts or Arrangements With Related Parties:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large. All Related Party Transactions are placed before the Audit Committee for approval.

The particulars of Contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is annexed herewith marked as Annexure -C to this Report.

### 18. Risk Management Policy

Your Company is engaged in the business of micro finance providing small value unsecured loans to low-income clientele in urban and rural areas. Your Company has established a reasonably fair risk management policy. There are periodic reviews at the board level to manage, monitor and report the principal risks and uncertainties that can impact the ability of the company to achieve its objectives.

### 19. Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- (a) That in the preparation of the annual financial statements for the financial year ended 31st March, 2017; the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) That such accounting policies as mentioned in Note no. 1 of the Notes to the Financial Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the loss of the Company for the year ended on that date;
- (c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) That the annual financial statements for the financial year ended 31st March, 2017 have been prepared on a going concern basis; and
- (e) That the proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 20. Material Changes And Commitments:

No material changes or commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

### 21. Information Required Under Sexual Harassment Of Women At Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has constituted an Internal Compliant Committee as required to be formed under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder which were notified on 9th December 2013.

During FY2016-17, the committee submitted Annual Report as prescribed in the said Act and there were no complaints received by the Committee.

## Director's Report

### 22. Future Outlook

The Company has been making all sorts of efforts to improve its balance sheet position and to meet the NOF and CRAR compliances. The Company is in discussion with lenders on various options. The company has also submitted a settlement proposal with all its lenders and obtained approval from 36 lenders out of 37. The CDR EG has exited Company from CDR mechanism subject to implementation of the terms and conditions as stipulated in settlement proposal.

### 23. Gratitude And Acknowledgement

The Board expresses its deep sense of gratitude to the Government of India, Reserve Bank of India and other

regulators for the valuable guidance and support the Company has received from them during the year. The Board would also like to express its sincere appreciation of the co-operation and assistance received from its stakeholders, Shareholders, Bankers and other Business Constituents during the year under review. The Board places on record its appreciation of the dedicated services and contributions made by its staff for the overall performance of the Company.

For & on behalf of the Board of Directors

	Sd/-	Sd/-
Place: Hyderabad	<b>Padmaja Gangireddy</b>	<b>Abanti Mitra</b>
Date: 15.06.2017	Managing Director	Director
	DIN: 00004842	DIN: 02305893

## Secretarial Audit Report

### Annexure A

Form No. MR-3

#### Secretarial Audit Report

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members,  
M/s. Spandana Sphoorty Financial Limited  
Plot No: 31 & 32, Ramky Selenium Towers,  
Tower A, Ground Floor, Financial Dist,  
Nanakramguda, Hyderabad, TG 500032.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Spandana Sphoorty Financial Limited** (hereinafter referred as the "**Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the "**Financial Year**" ended on **March 31st, 2017, (i.e from April 01st, 2016 to March 31st, 2017)** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company

for the financial year ended on March 31st, 2017 according to the provisions of:

- A. The Companies Act, 2013 (the "Act") and the rules made thereunder;
- B. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- D. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- E. Reserve Bank of India - NBFC (Non-Banking Financial Companies) norms, directions, regulations, circulars etc.
- F. The Company being unlisted, the Regulations and Guidelines prescribed under Securities and Exchange Board of India (SEBI) are not applicable.

#### I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).
- (ii) The Company being unlisted, the Listing Norms under SEBI are not applicable.

During the period under review the Company has complied



## Secretarial Audit Report

with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis and on the basis of the management representation that the Company has complied with all the industrial specific applicable laws.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance as required, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority of decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the respective meetings.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

### I further report that during the audit period, the Company has undertaken the following reportable events:

(i) During the period under review the Company issued and allotted the following shares in the Capital of the Company:

Sl.No	Type of Share Allotted	No. of Shares Allotted
1	Equity Shares of Rs. 10/- each at premium of Rs. 225.48 on Private Placement basis	80,68,626
2	Class A 0.001% Compulsorily Convertible Preference Shares on Placement basis	110,000,008
3	Partly paid-up Series C 0.001% OCRPS of Rs. 10/- issued at a premium of Rs. 225.48 out of which Rs. 1.00 per share (including premium of Rs. 0.96 per share) has been called up.	11,35,085

4	Partly paid-up FY18 Series A 0.001% OCRPS of Rs. 10/- at a premium of Rs. 225.48 out of which Rs. 1.00 per share (including premium of Rs. 0.96 per share) has been called up.	2,83,771
5	Partly paid-up FY18 Series B 0.001% OCRPS of Rs. 10/- at a premium of Rs. 225.48 out of which Rs. 1.00 per share (including premium of Rs. 0.96 per share) has been called up.	2,83,771
6	Partly paid-up FY19 Series A 0.001% OCRPS of Rs. 10/- at a premium of Rs. 225.48 out of which Rs. 1.00 per share (including premium of Rs. 0.96 per share) has been called up.	2,83,771
7	Partly paid-up FY19 Series B 0.001% OCRPS of Rs. 10/- at a premium of Rs. 225.48 out of which Rs. 1.00 per share (including premium of Rs. 0.96 per share) has been called up.	2,83,771

(ii) Members of the Company at the Extra Ordinary General Meeting held on 29th March, 2017 accorded their approval to the Board to Create Charge /Mortgage to secure Rupee Term Loan or Foreign Currency Loans or a combination of both not exceeding Rs. 4000 Crores u/s 180(1) (a) of the Companies Act, 2013 and to borrow Money (both in Indian and Foreign Currency) upto an overall aggregate limit of Rs. 4000 Crores u/s 180(1) (c) of the said Act.

Place: Hyderabad

Date: 12.06.2017

Sd/-

**Y. Ravi Prasada Reddy**  
Practicing Company Secretary

FCS No. : 5783, C P No. : 5360

This Report is to be read with my letter of even date which is annexed as Annexure and forms part of this report.

### ANNEXURE TO SECRETARIAL AUDIT REPORT

To

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

My report of even date is to be read along with this letter

Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts

## Secretarial Audit Report

are reflected in Secretarial records. I believe that the process and practices followed by me provide a reasonable basis for my opinion.

I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Wherever required, I have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.,

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the

responsibility of management. My examination was limited to the verification of procedure on test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad

Date: 12.06.2017

Sd/-

**Y. Ravi Prasada Reddy**  
Practicing Company Secretary

FCS No. : 5783, C P No. : 5360

## Extract of Annual Return

### Annexure B

Form No. MGT 9

#### Extract of Annual Return

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. Registration & Other Details:		
1	CIN	U65929TG2003PLC040648
2	Registration Date	10/03/2003
3	Name of the Company	Spandana Sphoorty Financial Limited
4	Category/Sub-category of the Company	Company Limited by shares Indian Non- Government Company
5	Address of the Registered office & contact details	Plot No: - 31 & 32, Ramky Selenium Towers, Tower A Ground Floor, Financial Dist, Nanakramguda, Hyderabad, Telengana- 500032
6	Whether listed company	Unlisted
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium, Tower- B, Plot No 31 & 32., Financial district, Nanakramguda, Serilingampally Mandal, Hyderabad, 500032, India. Tel: +91 04 67161500. Toll Free No: 18003454001. Email Id : einward.ris@karvy.com

### II. Principal Business Activities of the Company

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Financial service activities, except insurance and pension funding	6499	100

### III. Particulars of Holding, Subsidiary and Associate Companies

Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
N.A.	N.A.	N.A.	N.A.	N.A.

## IV. Share Holding Pattern

(Equity share capital breakup as percentage of total equity)

### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]			
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
<b>A. Promoters</b>								
<b>(1) Indian</b>								
a) Individual/ HUF	7,673,489	755	7,674,244	37.65%	7,673,489	12,255	7,685,744	27.02%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%
d) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%
<b>Sub Total (A) (1)</b>	<b>7,673,489</b>	<b>755</b>	<b>7,674,244</b>	<b>37.65%</b>	<b>7,673,489</b>	<b>12,255</b>	<b>7,685,744</b>	<b>27.02%</b>
<b>(2) Foreign</b>								
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%
<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>TOTAL (A)</b>	<b>7,673,489</b>	<b>755</b>	<b>7,674,244</b>	<b>37.65%</b>	<b>7,673,489</b>	<b>12,255</b>	<b>7,685,744</b>	<b>27.02%</b>
<b>B. Public Shareholding</b>								
<b>1. Institutions</b>								
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%
b) Banks / FI	-	50,000	50,000	0.25%	-	50,000	50,000	0.18%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%
g) FIs	654,998	5,162,118	5,817,116	28.54%	335,933	13,059,055	13,394,988	47.08%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%
i) Others (specify)	6,582,276	-	6,582,276	32.30%	6,582,276	-	6,582,276	23.14%
<b>Sub-total (B)(1):-</b>	<b>7,237,274</b>	<b>5,212,118</b>	<b>12,449,392</b>	<b>61.08%</b>	<b>6,918,209</b>	<b>13,109,055</b>	<b>20,027,264</b>	<b>70.40%</b>
<b>2. Non-Institutions</b>								
a) Bodies Corp.								
i) Indian	-	-	-	0.00%	319,065	-	319,065	1.12%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%
b) Individuals								
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	6843	-	6,843	0.03%	-	-	-	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	228,788	11,500	240,288	1.18%	-	-	-	0.00%
c) Others (specify)								
Non Resident Indians	-	10000	10,000	0.05%	-	10,000	10,000	0.04%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%
Trusts	-	-	-	0.00%	235,631	-	235,631	0.83%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%
Alternate Investment Fund	-	-	-	0.00%	-	171,689	171,689	0.60%
<b>Sub-total (B)(2):-</b>	<b>235,631</b>	<b>21,500</b>	<b>257,131</b>	<b>1.26%</b>	<b>554,696</b>	<b>181,689</b>	<b>736,385</b>	<b>2.59%</b>
<b>Total Public (B)</b>	<b>7,472,905</b>	<b>5,233,618</b>	<b>12,706,523</b>	<b>62.35%</b>	<b>7,472,905</b>	<b>13,290,744</b>	<b>20,763,649</b>	<b>72.98%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	0.00%	-	-	-	0.00%
<b>Grand Total (A+B+C)</b>	<b>15,146,394</b>	<b>5,234,373</b>	<b>20,380,767</b>	<b>100.00%</b>	<b>15,146,394</b>	<b>13,302,999</b>	<b>28,449,393</b>	<b>100.00%</b>

## Extract of Annual Return

### (ii) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year		
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares
1	Padmaja Gangireddy	6,194,261	30.39%	0	6,194,261	21.77%	0
2	Vijaya Siva Rami Reddy Vendidandi	1,479,983	7.26%	0	1,491,483	5.24%	0
	<b>TOTAL</b>	<b>7,674,244</b>	<b>37.65%</b>	<b>0</b>	<b>7,685,744</b>	<b>27.02%</b>	<b>0</b>

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year
				No. of shares	% of total shares	No. of shares
1	Padmaja Gangireddy					
	At the beginning of the year			6,194,261	30.39%	
	Changes during the year			-	0.00%	
	At the end of the year			6,194,261	21.77%	6,194,261
2	Vijaya Siva Rami Reddy Vendidandi					
	At the beginning of the year			1,479,983	7.26%	
	Changes during the year	11/29/2016	Transfer	11,500	0.06%	
	At the end of the year			1,491,483	5.24%	1,491,483



## (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year
				No. of shares	% of total shares	No. of shares
1	<b>Kangchenjunga Limited</b>					
	At the beginning of the year				0.00%	
	Changes during the year	31/3/2017	Allot	7,896,937	27.76%	
	At the end of the year			7,896,937	27.76%	7,896,937
2	<b>JM Financial Trustee Co. Pvt. Ltd</b>					
	At the beginning of the year			6,582,276	32.30%	
	Changes during the year			-	0.00%	
	At the end of the year			6,582,276	23.14%	6,582,276
3	<b>Valiant Mauritius Partners FDI Ltd</b>					
	At the beginning of the year			3,981,780	19.54%	
	Changes during the year			-	0.00%	-
	At the end of the year			3,981,780	14.00%	3,981,780
4	<b>Helion Venture Partners II LLC</b>					
	At the beginning of the year			785,135	3.85%	
	Changes during the year			-	0.00%	
	At the end of the year			785,135	2.76%	731,136
5	<b>Helion Venture Partners LLC</b>					
	At the beginning of the year			731,136	3.59%	
	Changes during the year			-	0.00%	
	At the end of the year			731,136	2.57%	785,135
6	<b>Lok Advisory Services Pvt Ltd</b>					
	At the beginning of the year			-	0.00%	
	Changes during the year	22/12/2016	Transfer	319,065	1.57%	
	At the end of the year			319,065	1.12%	319,065
7	<b>Spandana Employee Welfare Trust</b>					
	At the beginning of the year			-	0.00%	
	Changes during the year	25/11/2016	Transfer	228,788	1.12%	
	Changes during the year	28/11/2016	Transfer	6,843	0.03%	
	At the end of the year			235,631	0.83%	235,631
8	<b>Kedaara Capital - AIF 1</b>					
	At the beginning of the year			-	0.00%	
	Changes during the year	31/3/2017	Allot	171,689	0.60%	
	At the end of the year			171,689	0.60%	171,689
9	<b>SIDBI</b>					
	At the beginning of the year			50,000	0.25%	
	Changes during the year			-	0.00%	
	At the end of the year			50,000	0.18%	50,000
10	<b>Bala Deepti Gangireddy</b>					
	At the beginning of the year			10,000	0.05%	
	Changes during the year			-	0.00%	
	At the end of the year			10,000	0.04%	10000

## Extract of Annual Return

### (v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>Padmaja Gangireddy</b>				
	At the beginning of the year	6,194,261	30.39%		0.00%
	Changes during the year	-	0.00%		0.00%
	At the end of the year	6,194,261	21.77%	6,194,261	21.77%

### V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	91,880	-	-	91,879.63
ii) Interest due but not paid	110	-	-	110.49
iii) Interest accrued but not due	6,423	-	-	6,423.33
<b>Total (i+ii+iii)</b>	<b>98,413</b>	<b>-</b>	<b>-</b>	<b>98,413.45</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	122,980	100.17	-	123,080.05
* Reduction	125,739	-	-	125,739.34
<b>Net Change</b>	<b>(2,759.46)</b>	<b>100.17</b>	<b>-</b>	<b>(2,659.29)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	95,578	100.00	-	95,677.62
ii) Interest due but not paid	57	0.16	-	57.27
iii) Interest accrued but not due	19	-	-	19.27
<b>Total (i+ii+iii)</b>	<b>95,654</b>	<b>100.17</b>	<b>-</b>	<b>95,754.16</b>



## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of Director		Total Amount
		Padmaja Gangireddy		(Rs/Lac)
		Designation: Managing Director		
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		278.43	278.43
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit		-	-
	- others, specify		-	-
5	Others, please specify		-	-
	<b>Total (A)</b>		<b>278.43</b>	<b>278.43</b>
	<b>Ceiling as per the Act</b>			<b>366.41</b>

### B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors						Total Amount
		Perur Seshappa Prasad	Natarajan Ranganathan	Madhava Potturi	Abanti Mitra	Sundaram Ramakrishnan	Annapurna Gopala Reddy	(Rs/Lac)
1	Independent Directors							
	Fee for attending board committee meetings	4.80		3.80	0.80	-	1.40	10.80
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>4.80</b>	<b>-</b>	<b>3.80</b>	<b>0.80</b>	<b>-</b>	<b>1.40</b>	<b>10.80</b>
2	Other Non-Executive Directors							-
	Fee for attending board committee meetings	-	0.60	-	-	2.20	-	2.80
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>0.60</b>	<b>-</b>	<b>-</b>	<b>2.20</b>	<b>-</b>	<b>2.80</b>
	<b>Total (B)=(1+2)</b>	<b>4.80</b>	<b>0.60</b>	<b>3.80</b>	<b>0.80</b>	<b>2.20</b>	<b>1.40</b>	<b>13.60</b>
	<b>Total Managerial Remuneration</b>							<b>278.43</b>
	<b>Overall Ceiling as per the Act</b>							<b>806.11</b>

## Extract of Annual Return

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		CEO	CFO	Santosh Kumar Jha, Company Secretary*	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	5.82	5.82
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	-	<b>5.82</b>	<b>5.82</b>

\* Mr. Santosh Kumar Jha, resigned as Company Secretary of the Company w.e.f 31.12.2016

### VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY:</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	None
Punishment	N.A.	N.A.	N.A.	N.A.	None
Compounding	Section 205(1) of Companies Act, 1956 and Section 123(1) of the Companies Act, 2013	The company filed for ratification with the appropriate authorities for payment of Dividend on OCCRPS during the FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 for having contravened the laws and rules applicable	Rs. 5000/- for FY 2012-13 and Rs. 10000/- for FY 2013-14, FY2014-15 and FY 2015-16	Reginal Director	None



## Extract of Annual Return

B. DIRECTORS					
Penalty	N.A.	N.A.	N.A.	N.A.	None
Punishment	N.A.	N.A.	N.A.	N.A.	None
Compounding	Section 205(1) of Companies Act, 1956 and Section 123(1) of the Companies Act, 2013	The company filed for ratification with the appropriate authorities for payment of Dividend on OCCRPS during the FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 for having contravened the laws and rules applicable	Rs. 5000/- for FY 2012-13 and Rs. 10000/- for FY 2013-14, FY2014-15 and FY 2015-16	Regional Director	None
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A.	N.A.	N.A.	N.A.	None
Punishment	N.A.	N.A.	N.A.	N.A.	None
Compounding	N.A.	N.A.	N.A.	N.A.	None

Place: Hyderabad  
Date: 15.06.2017

For & on behalf of the Board of Directors

Sd/- <b>Padmaja Gangireddy</b> Managing Director DIN: 00004842	Sd/- <b>Abanti Mitra</b> Director DIN: 02305893
---	--

### Annexure C

#### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

#### 1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

(a)	Name(s) of the related party and nature of relationship:	Not Applicable
(b)	Nature of contracts/arrangements/transactions:	
(c)	Duration of the contracts / arrangements/ transactions:	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date(s) of approval by the Board:	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188:	

## Extract of Annual Return

### 2. Details of material contracts or arrangement or transactions at arm's length basis:

2a	(a)	Name(s) of the related party and nature of relationship:	Spandana Rural and Urban Development Organization (SRUDO) - Enterprises where key managerial personnel exercise significant influence
	(b)	Nature of contracts/arrangements/transactions:	Rent and other shared services Cost, short term borrowing, Purchase of Fixed Asset
	(c)	Duration of the contracts / arrangements/ transactions:	Ongoing, unless terminated by either of the party serving written notice
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	a) Total area of 19,145 sq.ft at a monthly rental of Rs. 478629. b) Total area of 20608 sq.ft at a monthly rental of Rs. 206080.
	(e)	Amount paid as advances, if any:	Rs. 30,89,586 as rent advance
2b	(a)	Name(s) of the related party and nature of relationship:	Abhiram Marketing Services Limited - Enterprises where key managerial personnel exercise significant influence
	(b)	Nature of contracts/arrangements/transactions:	Rent and other shared services Cost, Commission Income, Fixed Assets purchased.
	(c)	Duration of the contracts / arrangements/ transactions:	Ongoing, unless terminated by either of the party serving written notice
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rent Income, Commission Income, Purchase of stationery, Purchase of fixed assets, Reimbursement of expenses.
	(e)	Amount paid as advances, if any:	Nil
2c	(a)	Name(s) of the related party and nature of relationship:	Criss Financial Holdings Limited - Enterprises where key managerial personnel exercise significant influence
	(b)	Nature of contracts/arrangements/transactions:	Shared Services Cost
	(c)	Duration of the contracts / arrangements/ transactions:	Ongoing, unless terminated by either of the party serving written notice
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Reimbursement of expenses, Payment towards portfolio purchased.
	(e)	Amount paid as advances, if any:	Nil

## Extract of Annual Return



2d	(a)	Name(s) of the related party and nature of relationship:	Mrs. Padmaja Gangireddy - Key Managerial Person
	(b)	Nature of contracts/arrangements/transactions:	Rent , Shared Services Cost and Managerial Remuneration
	(c)	Duration of the contracts / arrangements/ transactions:	Ongoing, unless terminated by either of the party serving written notice
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	a) Total area – 1301 sq.ft at a monthly rent of 21135/- b) Total area – 1336 sq.ft at a monthly rental of 24,200/- c) Remuneration
	(e)	Amount paid as advances, if any:	Rs. 1,14,000 as security deposit
2e	(a)	Name(s) of the related party and nature of relationship:	Spandana Employee Welfare Trust (SEWT) - Enterprises where key managerial personnel exercise significant influence
	(b)	Nature of contracts/arrangements/transactions:	Shared Services Cost
	(c)	Duration of the contracts / arrangements/ transactions:	Ongoing, unless terminated by either of the party serving written notice
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Reimbursement of expenses to Spandana
	(e)	Amount paid as advances, if any:	Nil
2f	(a)	Name(s) of the related party and nature of relationship:	Spandana Mutual Benefit Trust (SMBT) - Enterprises where key managerial personnel exercise significant influence
	(b)	Nature of contracts/arrangements/transactions:	Shared Services Cost
	(c)	Duration of the contracts / arrangements/ transactions:	Ongoing, unless terminated by either of the party serving written notice
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Reimbursement of expenses to Spandana
	(e)	Amount paid as advances, if any:	Nil

Place: Hyderabad  
Date: 15.06.2017

**For & on behalf of the Board of Directors**

**Sd/-**  
**Padmaja Gangireddy**  
Managing Director  
DIN: 00004842

**Sd/-**  
**Abanti Mitra**  
Director  
DIN: 02305893

# Independent Auditor's Report

## To the Members of Spandana Sphoorty Financial Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Spandana Sphoorty Financial Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 control 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit

evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by 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, 2017, its profit, and its cash flows for the year ended on that date.

### 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,

## Independent Auditor's Report

2014 and the Companies (Accounting Standards) Amendment Rules, 2016;

- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 and the operating effectiveness of such controls, refer to our separate Report in Annexure 2 to this report;
- (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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 4.30 to the 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.

- iv. The Company has provided the disclosures in Note 4.31 to the financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in SBNs during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including those in SBNs, we report that these disclosures are in accordance with the books of account maintained by the Company and as produced before us for verification. However, as stated in Note 4.31 (b) to the financial statements and as represented to us by the management, the Company has received an amount aggregating Rs.56.41 crore from transactions which were not permitted.

**For S.R. BATLIBOI & CO. LLP**

**ICAI Firm Registration Number: 301003E/E300005**

**Chartered Accountants**

**Sd/-**

**per Shrawan Jalan**

**Partner**

**Membership No.: 102102**

**Mumbai**

**June 15, 2017**

### Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

#### Re: SpandanaSphoorty 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, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under clause 3(i)(c) of the Order are not applicable to 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted 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

## Independent Auditor's Report

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, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues 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, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues 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 its relates	Forum where dispute is pending
Chapter v of the Finance Act, 1994	Service Tax	57,130,919	9,926,956	Financial year from 2006-07 to 2014-15	Customs, Excise & Service Tax Appellate Tribunal ('CESTAT')

\*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 to financial institutions and banks during the year aggregating Rs.6,832,124,367 which were discharged by the Company before March 31, 2017 and accordingly, no dues are outstanding as at the reporting date. The Company did not have any loans or

borrowings from the government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

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 complied with provisions of section 42 of the Act in respect of the preferential allotment or private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(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 him as referred to in section 192 of the Act.

## Independent Auditor's Report

(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**

**ICAI Firm registration number: 301003E/E300005**

**Chartered Accountants**

**Sd/-**

**Mumbai**

**per Shrawan Jalan**

**June 15, 2017**

**Partner**

**Membership No. 102102**

**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 over financial reporting of Spandana Sphoorty Financial Limited (the "Company") as of March 31, 2017 in conjunction with our audit of the 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 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 as specified under section 143(10) of the Act, 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

## Independent Auditor's Report

### 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, 2017, 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**

**ICAI Firm registration number: 301003E/E300005**

**Chartered Accountants**

**Sd/-**  
**per Shrawan Jalan**  
**Partner**  
**Membership No. 102102**

**Mumbai**  
**June 15, 2017**







SPANDANA

## Balance sheet as at March 31,2017

	Notes	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	4.1	9,294,662,027	8,113,884,880
Reserves and surplus	4.2	(3,922,306,249)	(6,272,989,319)
		<b>5,372,355,778</b>	<b>1,840,895,561</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4.3	5,377,313,403	-
Other long term liabilities	4.4	-	17,636,235
Long-term provisions	4.5	8,468,982,179	8,001,321,483
		<b>13,846,295,582</b>	<b>8,018,957,718</b>
<b>Current liabilities</b>			
Short-term borrowings	4.6	10,000,281	-
Other current liabilities	4.7 & 4.3	4,616,766,157	11,022,904,040
Short-term provisions	4.5	286,341,225	115,482,854
		<b>4,913,107,663</b>	<b>11,138,386,894</b>
	<b>TOTAL</b>	<b>24,131,759,023</b>	<b>20,998,240,173</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Plant & Equipment	4.8.1	66,231,489	121,778,184
Intangible fixed assets	4.8.2	23,849,346	22,905,744
Non-current investments	4.9	1,000,000	1,000,000
Loan portfolio	4.10	11,166,081,615	8,514,643,108
Other long-term loans and advances	4.11	64,693,625	170,776,179
Other non-current assets	4.12	22,613,512	20,878,017
		<b>11,344,469,587</b>	<b>8,851,981,232</b>
<b>Current assets</b>			
Trade receivables	4.13	72,941	18,339,713
Cash and bank balances	4.14	2,901,168,938	353,264,361
Loan portfolio	4.10	9,780,175,123	11,673,626,444
Other short-term loans and advances	4.11	30,561,835	14,140,550
Other current assets	4.12	75,310,599	86,887,873
		<b>12,787,289,436</b>	<b>12,146,258,941</b>
	<b>TOTAL</b>	<b>24,131,759,023</b>	<b>20,998,240,173</b>
Summary of significant accounting policies	3.2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For S. R. BATLIBOI &amp; CO. LLP

ICAI Firm registration number : 301003E /E300005

Chartered Accountants

Sd/-  
per Shrawan Jalan  
Partner  
Membership No.102102

Place: Mumbai  
Date: June 15, 2017

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

Sd/-  
Padmaja Gangireddy  
Managing Director  
DIN: 00004842

Sd/-  
Abanti Mitra  
Director  
DIN: 02305893

Sd/-  
Rakesh Jhinharia  
Company Secretary  
Membership No.F8325

Place:Hyderabad  
Date: June 15, 2017

## Statement of Profit and Loss for the Year ended March 31, 2017

	Notes	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
<b>Revenue</b>			
Revenue from operations	4.15	3,714,677,645	3,438,618,524
Other income	4.16	503,561,528	1,288,388,422
<b>Total revenue (I)</b>		<b>4,218,239,173</b>	<b>4,727,006,946</b>
<b>Expenses</b>			
Employee benefit expenses	4.17	582,959,601	570,872,217
Finance cost	4.18	2,078,810,656	1,294,331,328
Other expenses	4.19	287,529,719	285,617,817
Depreciation and amortization expense	4.8	83,331,208	37,011,072
Provision and write offs	4.20	420,281,147	106,821,766
<b>Total expenses (II)</b>		<b>3,452,912,331</b>	<b>2,294,654,200</b>
<b>Profit before tax (III) = (I)-(II)</b>		<b>765,326,842</b>	<b>2,432,352,746</b>
<b>Tax expenses:</b>			
Current tax		235,839,798	-
<b>Profit for the year</b>		<b>529,487,044</b>	<b>2,432,352,746</b>
<b>Earnings per share</b>			
Basic (computed on the basis of total profit for the year)	4.21	25.95	119.35
Diluted (computed on the basis of total profit for the year)	4.21	0.65	2.94
Nominal value		10.00	10.00
Summary of significant accounting policies	3.2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For S. R. BATLIBOI & CO. LLP  
ICAI Firm registration number : 301003E /E300005  
Chartered Accountants

Sd/-  
per Shrawan Jalan  
Partner  
Membership No.102102

Place: Mumbai  
Date: June 15, 2017

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

Sd/-  
Padmaja Gangireddy  
Managing Director  
DIN: 00004842

Sd/-  
Abanti Mitra  
Director  
DIN: 02305893

Sd/-  
Rakesh Jhinharia  
Company Secretary  
Membership No. F8325

Place: Hyderabad  
Date: June 15, 2017



SPANDANA

# Cash flow statement for the period ended March 31, 2017

	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>765,326,842</b>	<b>2,432,352,746</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	83,331,208	37,011,072
Amortization of ancillary borrowing cost (incurred in earlier years)	19,477,762	20,363,239
Amortization of loan processing fee (collected in earlier years)	(142,957,844)	(86,469,649)
Provision for gratuity	5,200,986	(17,718)
(Profit) / loss on sale of fixed assets	(205,004)	9,458,637
Contingent provision against standard assets	(57,858,642)	109,267
Provision for non-performing assets	455,336,926	(2,537,023,660)
Portfolio loans written off	22,802,863	2,643,736,159
Dividend from mutual funds	(16,381,164)	(4,629,094)
Excess provisions / liabilities written back	(447,855,614)	(1,246,242,139)
Other provisions and write offs	10,273,181	33,781,048
Unrealized foreign exchange loss	-	350,871
<b>Operating profit before working capital changes</b>	<b>696,491,500</b>	<b>1,302,780,779</b>
Movements in working capital :		
Increase / (decrease) in other current liabilities	(825,445,976)	848,765,400
Increase / (decrease) in other long term liabilities	-	(634,417,393)
Decrease / (increase) in trade receivables	18,266,772	226,785
Decrease / (increase) in loans and advances	(701,699,086)	(381,706,854)
Decrease / (increase) in other current and non-current assets	(7,900,488)	4,068,632
Cash generated from / (used in) operations	<b>(820,287,278)</b>	<b>1,139,717,349</b>
(Direct taxes paid) / Refunds	-	(362,618)
<b>Net cash flow (used in) / from operating activities (A)</b>	<b>(820,287,278)</b>	<b>1,139,354,731</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets (including capital work in progress and advances)	(28,778,265)	(104,073,333)
Proceeds from sale of fixed assets	255,153	5,447,740
Purchase of current investments	(4,593,400,000)	(1,790,000,000)
Sale of current investments	4,593,400,000	1,790,000,000
Dividend from mutual funds	16,381,164	4,629,094
Margin money deposits (net)	(1,735,495)	(1,711,751)
<b>Net cash flow (used in) / from investing activities (B)</b>	<b>(13,877,444)</b>	<b>(95,708,250)</b>
<b>Cash flows from financing activities</b>		
Redemption of OCCRPS (including premium on redemption)	-	(700,404,599)
Proceeds from issue of equity shares	1,900,000,050	-
Proceeds from issue of Preference Shares	1,102,270,249	-
Repayment of long-term borrowings	(9,187,962,708)	(4,160,715,651)
Receipt of long-term borrowings	9,557,761,426	3,579,838,260
Receipt of short-term borrowings	1,010,000,281	-
Repayment of short-term borrowings	(1,000,000,000)	-
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>3,382,069,298</b>	<b>(1,281,281,990)</b>
<b>Net decrease in cash and cash equivalents (A + B + C)</b>	<b>2,547,904,577</b>	<b>(237,635,509)</b>
Cash and cash equivalents at the beginning of the year	353,264,361	590,899,870
<b>Cash and cash equivalents at the end of the year (refer note 4.14)</b>	<b>2,901,168,938</b>	<b>353,264,361</b>
Summary of significant accounting policies	3.2	
The accompanying notes are an integral part of the financial statements		

As per our report of even date

**For S. R. BATLIBOI & CO. LLP**

ICAI Firm registration number : 301003E /E300005

Chartered Accountants

Sd/-

per Shrawan Jalan  
Partner  
Membership No.102102

Place: Mumbai

Date: June 15, 2017

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

Sd/-

Padmaja Gangireddy  
Managing Director  
DIN: 00004842

Sd/-

Abanti Mitra  
Director  
DIN: 02305893

Sd/-

Place : Hyderabad  
Date June 15, 2017

Rakesh Jhinharia  
Company Secretary  
Membership No. F8325

# Notes to Financial Statements for the year ended March 31, 2017

## 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 Financial Institution (NBFC – MFI) effective April 13, 2015.

The Company is engaged in the business of micro finance providing small value unsecured loans to low-income clientele in urban and rural areas. The tenure of these loans is generally spread over one to two years. The Company also provides loans against gold as collateral.

## 2. Regulatory and Company updates

### a) Background:

The Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" on October 15, 2010, subsequently enacted the same as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011 (Act 1 of 2011)" on December 31, 2010 and notified by Gazette on January 1, 2011 ('AP MFI Act'). In compliance with the said Ordinance/Act, the frequency of the JLG loan repayments in the state of Andhra Pradesh changed from a 'weekly' to a 'monthly' basis.

These directions significantly affected the recoveries for all MFIs in Andhra Pradesh, including the Company, which had a serious impact of the Company's ability to continue its operations in Andhra Pradesh. Though the AP MFI Act did not directly affect the operations in other states, the additional funding from the financial institutions was severely restricted. As a result, the Company incurred substantial losses up to financial year 2012-13, primarily on account of loan provisioning, and faced liquidity constraints for servicing its loan borrowings.

Therefore, the Company entered into a Master Restructuring Agreement (MRA) under the Corporate Debt Restructuring (CDR) arrangement with its lenders on September 24, 2011.

Further, due to the losses incurred up to financial year 2012-13,

the Company was unable to maintain the minimum amount of net owned funds ('NOF'), as defined under section 45-IA of the Reserve Bank of India Act, 1934, to carry on the business of a non-banking financial institution ('NBFI'). Also, the Capital to Risk Assets Ratio ('CRAR') of the Company reduced below the minimum percentage prescribed by the RBI.

In view of the challenges being faced by the Company, the RBI had given an exemption to the Company for not maintaining minimum NOF and a regulatory forbearance for not maintaining minimum CRAR for a period of two years till March 31, 2016 which was subsequently extended till March 31, 2017 vide RBI letter dated November 30, 2016.

### b) Current year updates:

In order to comply with the NOF and CRAR, the Company submitted a settlement proposal to the CDR – Empowered Group ('CDR-EG') and the lenders for pre-closure of its debt and exit from CDR. Pursuant to an in-principle approval granted by the CDR-EG and the lenders to the proposal, the Company entered into a settlement agreement with all its lenders dated March 21, 2017 (the 'Agreement'), the salient features of which are as given below:

- i. The Company to settle its dues in respect of the restructured term loans, priority debt and corporate guarantees (issued pursuant to portfolio assignment transactions) in accordance with the terms of the Agreement.
- ii. The Company to pay an additional fee of 1% on OCCRPS outstanding to the existing OCCRPS holders.
- iii. A new investor to purchase the outstanding Optionally Convertible Cumulative Redeemable Preference Shares ('OCCRPS') from the existing OCCRPS holders at an agreed discount to the face value after converting them into compulsorily convertible preference shares ('CCPS').
- iv. The new investor to also infuse additional capital in the Company by way of subscription to its equity shares and CCPS.

Thereafter, the CDR-EG in its meeting held on March 29, 2017 approved the Company's exit from CDR mechanism on fulfillment of conditions stipulated in the minutes of CDR-EG which inter alia included discharging of all liabilities as per

## Notes to Financial Statements for the year ended March 31, 2017

the Agreement and ensuring the settlement of the OCCRPS by the new investor as envisaged in the Agreement. Since, the Company was able to fulfill all conditions stipulated in the Agreement and the CDR-EG minutes prior to March 31, 2017, it stands exited from CDR as at March 31, 2017.

With the conversion of existing OCCRPS into CCPS and issuance of fresh equity shares and CCPS to the new investor, as mentioned above, the Company stands compliant with the regulatory requirements of NOF and CRAR as at March 31, 2017.

### 3. Basis of preparation

a) The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of Companies Act, 2013 (the 'Act'), read with Rule 7 of Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and provisions of the RBI as applicable to a NBFC-MFI and Systemically Important NBFC-ND (NBFC-ND-SI). The financial statements have been prepared on an accrual basis and under historical cost convention, except as detailed in note 3.2.

b) The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the changes in accounting policies explained in point 3.1.

### 3.1 Changes in accounting policies

a) During the year, pursuant to clarification issued by RBI on October 14, 2016, the Company has changed its accounting policy for recognizing the ancillary borrowing costs in the period in which they are incurred against amortizing them over the tenure of the borrowings. Accordingly, finance costs for the year are higher and profit before tax for the year is lower by Rs.232,699,652.

b) During the year, pursuant to clarification issued by RBI on October 14, 2016, the Company has changed its accounting policy for recognizing the loan processing fee collected from the borrowers in the period in which it is collected against amortizing it over the tenure of the loan. Accordingly, the loan processing fee income and profit before tax for the year are higher by Rs.118,247,834.

### 3.2 Summary of significant accounting policies

#### a) Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. 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.

#### b) Revenue recognition

i. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

ii. Interest income on loans given is recognized under the internal rate of return method. Income or any other charges on non-performing asset is recognized only when realized and any such income recognized before the asset became non-performing and remaining unrealized is reversed.

iii. Interest income on deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and rate applicable.

iv. Loan processing fees collected from members are recognized on an upfront basis at the time of disbursement of loan.

v. Amounts received against loans written-off are recognized on receipt basis.

vi. All other income is recognized on an accrual basis.

#### c) Property, Plant and Equipment

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

#### d) Depreciation

i. Depreciation on property, plant and equipments provided on a written down value method at the rates arrived at based on useful life of the assets prescribed under Schedule II of the

## Notes to Financial Statements for the year ended March 31, 2017

Act, which also represents the estimate of the useful life of the assets by the management.

ii. Fixed assets costing up to Rs.5,000 individually are fully depreciated in the year of purchase.

### e) Intangible assets

Software expenditure is capitalized in accordance with Accounting Standard 26 "Intangible Assets" and amortised using the written down value method at a rate of 40% per annum.

### f) Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the 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) Leases (where the Company is the lessee)

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

### h) Foreign currency transactions

i. All foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

ii. Foreign currency monetary items are reported using the

exchange rate prevailing at the close of the financial year.

iii. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or expenses in the year in which they arise.

### i) Retirement and other employee benefits

i. 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 liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

iii. 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.

### j) Income taxes

i. Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. 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 directly in equity is recognized in equity and not in the statement of profit and loss.

ii. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

iii. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

iv. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

v. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence 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 in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### k) Earnings per share

Basic earnings per share are 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.

### l) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### m) Contingent liabilities

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.

### n) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and cash in hand, and short-term investments with an original maturity of three months or less

### o) Investments

Investments, which are readily realizable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis except for investments in the units of mutual

## Notes to Financial Statements for the year ended March 31, 2017

funds in the nature of current investments that have been valued at the net asset value declared by the mutual fund in respect of each particular scheme, in accordance with the NBFC Prudential Norms. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and disposal proceeds are charged or credited to the statement of profit and loss.

### p) Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. All borrowing costs are expensed in the period they occur.

### q) Classification of loan portfolio

Unsecured loan portfolio (excluding the loan portfolio disbursed prior to January 1, 2012 in the state of Andhra Pradesh and Telangana) is classified as standard and non-performing assets in accordance with Chapter IX of the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions').

All other loans and advances are classified as standard, sub-standard, doubtful and loss assets in accordance with Chapter V of the NBFC Master Directions.

### r) Provisioning policy for loan portfolio

i. Unsecured loan portfolio, excluding the loan portfolio disbursed prior to January 1, 2012 in the states of Andhra Pradesh and Telangana is provided for in accordance with Chapter IX of the NBFC Master Directions which require the total provision to be higher of:

- (a) 1% of the outstanding loan portfolio; or
- (b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

ii. All other loans and advances (comprising the secured loan portfolio and the loan portfolio disbursed prior to January 1, 2012 in the states of Andhra Pradesh and Telangana) are provided for in accordance with Chapter V of the NBFC Master Directions.

iii. In addition to the provision created as stated in (i) and (ii) above, loans considered irrecoverable in the opinion of the Company, are fully provided for / written off.





# Notes to Financial Statements for the year ended March 31, 2017



(Amount in Rupees unless otherwise stated)

4.1 Share capital	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
<i>(Authorized)</i>		
<b>Equity shares</b> 900,000,000 (Previous year: 900,000,000) equity shares of Rs.10 each	9,000,000,000	9,000,000,000
<b>Preference shares</b> 1,100,000,000 (Previous year: 1,100,000,000) preference shares of Rs.10 each	11,000,000,000	11,000,000,000
	<b>20,000,000,000</b>	<b>20,000,000,000</b>
<i>Issued, subscribed and paid-up</i>		
<b>Equity shares</b>		
28,449,393 (Previous year 20,380,767) equity shares of Rs.10 each fully paid up	284,493,930	203,807,670
<b>Total equity share capital</b>	<b>284,493,930</b>	<b>203,807,670</b>
<b>Preference shares</b>		
Nil (Previous year: 791,007,721) 0.001% Optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs.10 each fully paid up [refer note (c) below]	-	7,910,077,210
791,007,721 (Previous year: Nil) Class B 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each fully paid up [refer note (c) below]	7,910,077,210	-
110,000,008 (Previous year: Nil) Class A 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each fully paid up [refer note (b) below]	1,100,000,080	-
1,135,085 (Previous year: Nil) Series C 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each Rs.0.04 Called Up [refer note (d) below]	45,403	-
2,83,771 (Previous year: Nil) FY18 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each Rs.0.04 Called Up [refer note (d) below]	11,351	-
2,83,771 (Previous year: Nil) FY18 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each Rs.0.04 Called Up [refer note (d) below]	11,351	-
2,83,771 (Previous year: Nil) FY19 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each Rs.0.04 Called Up [refer note (d) below]	11,351	-
2,83,771 (Previous year: Nil) FY19 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each Rs.0.04 Called Up [refer note (d) below]	11,351	-
<b>Total preference share capital</b>	<b>9,010,168,097</b>	<b>7,910,077,210</b>
	<b>9,294,662,027</b>	<b>8,113,884,880</b>

## Notes to Financial Statements for the year ended March 31, 2017

### (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. 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) Terms / rights attached to Class A CCPS

“During the year ended March 31, 2017, the Company issued 110,000,008 Class A CCPS of Rs.10 each fully paid-up. The Class A CCPS shall rank pari-passu with other preference shares. The CCPS shall carry a dividend of 0.001% payable annually in proportion to the total number of equity shares on and as converted basis. The dividend will accrue on cumulative basis and shall be due and payable upon conversion of CCPS into equity shares. The Company declares and pays dividends in Indian rupees. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The holder of Class A CCPS shall not be entitled to any voting rights in the Company.”

Each holder of Class A CCPS has to mandatorily convert its preference shares into equity shares at the end of the 10th year from the date of issue, viz., March 31, 2017. The holder can also convert the CCPS before the 10th year, by giving 5 days prior conversion notice to the Company. The Company will issue such number of equity shares as derived by conversion formula given below (subject to adjustment in equity shares capital that has occurred upto the date of conversion on account of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action):

$$\frac{\text{Number of Class A CCPS proposed to be converted} \times \text{Face value of Class A CCPS}}{\text{Fair market value of equity shares of the Company as on the date of acquisition of Class A CCPS}}$$

### (c) Terms / rights attached to Class B CCPS

“During the year ended March 31, 2017, the Company has converted the OCCRPS outstanding as at March 31, 2016 into Class B CCPS. The Class B CCPS shall rank pari-passu with other preference shares. The Class B CCPS shall carry a dividend of 0.001% payable annually in proportion to the total number of equity shares on and as converted basis. The dividend will accrue on cumulative basis and shall be due and payable upon conversion of CCPS into equity shares. The Company declares and pays dividends in Indian rupees. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The holder of Class B CCPS shall not be entitled to any voting rights in the Company.”

Each holder of Class B CCPS has to mandatorily convert its preference shares into equity shares at the end of the 10th year from the date of issue, viz., March 31, 2017. The holder can also convert the CCPS before the 10th year, by giving 5 days prior conversion notice to the Company. The Company will issue such number of equity shares as derived by conversion formula given below (subject to adjustment in equity shares capital that have occurred upto the date of conversion on account of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action):

$$\frac{\text{Number of Class B CCPS proposed to be converted} \times 2.7}{\text{Fair market value of equity shares of the Company as on the date of acquisition of Class B CCPS}}$$

### (d) Terms / rights attached to OCRPS

During the year ended March 31, 2017, the Company issued 2,270,169 OCRPS of Rs.10 each, at a premium of Rs.225.48, out of which Rs.0.04 with premium of Rs. 0.96 per OCRPS was called up. These OCRPS (Series A, B and C) shall carry a dividend of 0.001% payable annually in proportion to the total number of equity shares on and as converted basis. The dividend will accrue on cumulative basis and shall be due and payable upon conversion into equity share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of OCRPS is entitled to exercise voting rights at all meetings of shareholders of the Company on a proportionate ‘as converted’ basis to the extent of the amount actually paid up by the holder thereof on such OCRPS.

The Company will issue one equity share for each OCRPS held after taking into account any adjustment to the equity share capital that has occurred up to the date of conversion by way of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action. The terms of conversion of OCRPS into equity shares and payment of remaining calls is provided in the table below:

Class of Shares	Payment of balance subscription amount	Conversion into equity shares
Series C	Any time post March 31, 2017	
FY18 Series A	Based on pre-defined profitability levels in respect of FY 2017-18, FY 2018-19 and FY 2019-20 (as applicable in terms of the Promoter Subscription Agreement)	To be converted immediately upon being fully paid up.
FY18 Series B		
FY19 Series A		
FY19 Series B		

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

Particulars	31-Mar-17		31-Mar-16	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	20,380,767	203,807,670	20,380,767	203,807,670
Issued during the year	8,068,626	80,686,260	-	-
Outstanding at the end of the year	<b>28,449,393</b>	<b>284,493,930</b>	<b>20,380,767</b>	<b>203,807,670</b>

**(f) Reconciliation of the number of OCCRPS at the beginning and at the end of the year :**

Particulars	31-Mar-17		31-Mar-16	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	791,007,721	7,910,077,210	807,615,809	8,076,158,090
Issued during the year	-	-	-	-
Converted / redeemed during the year (refer note below)	791,007,721	7,910,077,210	16,608,088	166,080,880
Outstanding at the end of the year	-	-	<b>791,007,721</b>	<b>7,910,077,210</b>

**Note on redemption of OCCRPS:**

The redemption of OCCRPS in the previous years had been made out of the profits for the respective years. Since, such profits were inadequate for setting off the accumulated brought forward losses, such redemption of OCCRPS was not in compliance with the provisions of section 55 of the Act read with rules framed thereunder. Accordingly, the Company filed an application with the Regional Director of Ministry of Corporate Affairs (MCA) for compounding of offence under the relevant provisions of the Companies Act in respect of all redemptions made upto March 31, 2016. Pursuant to the order dated June 30, 2016 received by the Company, the offence was compounded for period upto March 31, 2016 upon payment of a total compounding fee of Rs.30,000.

**(g) Reconciliation of the number of CCPS Class B at the beginning and at the end of the year :**

Particulars	31-Mar-17		31-Mar-16	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	-	-	-	-
Converted during the year	791,007,721	7,910,077,210	-	-
Outstanding at the end of the year	<b>791,007,721</b>	<b>7,910,077,210</b>	-	-

**(h) Reconciliation of the number of CCPS Class A at the beginning and at the end of the year :**

Particulars	31-Mar-17		31-Mar-16	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	-	-	-	-
Issued during the year	110,000,008	1,100,000,080	-	-
Outstanding at the end of the year	<b>110,000,008</b>	<b>1,100,000,080</b>	-	-

**(i) Reconciliation of the number of OCRPS Series C at the beginning and at the end of the year :**

Particulars	31-Mar-17		31-Mar-16	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	-	-	-	-
Issued during the year (partly paid-up)	1,135,085	45,403	-	-
Outstanding at the end of the year	<b>1,135,085</b>	<b>45,403</b>	-	-

**(j) Reconciliation of the number of OCRPS FY18 Series A at the beginning and at the end of the year :**

Particulars	31-Mar-17		31-Mar-16	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	-	-	-	-
Issued during the year (partly paid-up)	283,771	11,351	-	-
Outstanding at the end of the year	<b>283,771</b>	<b>11,351</b>	-	-

**(k) Reconciliation of the number of OCRPS FY18 Series B at the beginning and at the end of the year :**

Particulars	31-Mar-17		31-Mar-16	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	-	-	-	-
Issued during the year (partly paid-up)	283,771	11,351	-	-
Outstanding at the end of the year	<b>283,771</b>	<b>11,351</b>	-	-

**(l) Reconciliation of the number of OCRPS FY19 Series A at the beginning and at the end of the year :**

Particulars	31-Mar-17		31-Mar-16	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	-	-	-	-
Issued during the year (partly paid-up)	283,771	11,351	-	-
Outstanding at the end of the year	<b>283,771</b>	<b>11,351</b>	-	-

**(m) Reconciliation of the number of OCRPS FY19 Series B at the beginning and at the end of the year :**

Particulars	31-Mar-17		31-Mar-16	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	-	-	-	-
Issued during the year (partly paid-up)	283,771	11,351	-	-
Outstanding at the end of the year	<b>283,771</b>	<b>11,351</b>	-	-

**(n) Details of shareholders holding more than 5% equity shares in the Company:**

Name of the shareholder *	31-Mar-17		31-Mar-16	
	Number of shares	% of holding	Number of shares	% of holding
Kangchenjunga Limited	7,896,937	27.76%	-	-
JM Financial Trustee Company Private Limited	6,582,276	23.14%	6,582,276	32.30%
Padmaja Gangireddy	6,194,261	21.77%	6,194,261	30.39%
Valiant Mauritius Partners FDI Limited	3,981,780	14.00%	3,981,780	19.54%
Vijaya Sivarami Reddy Vendidandi	1,491,483	5.24%	1,479,983	7.26%

**(o) Details of shareholders holding more than 5% of OCCRPS in the Company:**

Name of the shareholder *	31-Mar-17		31-Mar-16	
	Number of shares	% of holding	Number of shares	% of holding
ICICI Bank Limited	-	-	98,068,750	12.40%
Small Industries Development Bank of India	-	-	93,155,000	11.78%
Syndicate Bank	-	-	65,162,500	8.24%
Industrial Development Bank of India	-	-	43,265,000	5.47%

**(p) Details of shareholders holding more than 5% of CCPS (Class A) in the Company:**

Name of the shareholder *	31-Mar-17		31-Mar-16	
	Number of shares	% of holding	Number of shares	% of holding
Kangchenjunga Limited	107,659,360	97.87%	-	-

**(q) Details of shareholders holding more than 5% of CCPS (Class B) in the Company:**

Name of the shareholder *	31-Mar-17		31-Mar-16	
	Number of shares	% of holding	Number of shares	% of holding
Kangchenjunga Limited	774,176,271	97.87%	-	-

**(r) Details of shareholders holding more than 5% of OCRPS (Series A, B and C) in the Company:**

Name of the shareholder *	31-Mar-17		31-Mar-16	
	Number of shares	% of holding	Number of shares	% of holding
Padmaja Gangireddy	2,270,169	100.00%	-	-

\* As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

## Notes to Financial Statements for the year ended March 31, 2017

(Amount in Rupees unless otherwise stated)

4.2 Reserves and surplus	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
<b>Securities premium account</b>		
Balance as per the last financial statements	761,321,245	824,847,785
Add: Premium on issue of equity shares	1,819,313,790	-
Add: Premium on issue of OCRPS	2,179,362	-
Less: Utilization towards premium on redemption of OCCRPS	-	(63,526,540)
<b>Closing balance</b>	<b>2,582,814,397</b>	<b>761,321,245</b>
<b>General reserve</b>	<b>23,280,656</b>	<b>23,280,656</b>
<b>Capital redemption reserve</b>		
Balance as per the last financial statements	1,526,922,794	1,360,841,914
Add: Amount transferred from surplus in the statement of profit and loss	-	166,080,880
<b>Closing balance</b>	<b>1,526,922,794</b>	<b>1,526,922,794</b>
<b>Statutory reserve</b>		
Balance as per the last financial statements	1,499,077,389	1,012,606,840
Add: Amount transferred from surplus to profit and loss	105,897,409	486,470,549
<b>Closing balance</b>	<b>1,604,974,798</b>	<b>1,499,077,389</b>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per the last financial statements	(10,083,591,403)	(11,863,392,720)
Add: Profit for the year after tax	529,487,044	2,432,352,746
Less: Transfer to Statutory Reserve (@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934)	(105,897,409)	(486,470,549)
Less: Dividend on OCCRPS #	(297,126)	-
Less: Transfer to Capital redemption reserve	-	(166,080,880)
<b>Net deficit in the statement of profit and loss</b>	<b>(9,660,298,894)</b>	<b>(10,083,591,403)</b>
<b>Total reserves and surplus</b>	<b>(3,922,306,249)</b>	<b>(6,272,989,319)</b>

# Includes dividend distribution tax.

**Note on appropriation towards dividend:**

Since the opening reserves of the Company in respect of the previous year were negative, the Company was not eligible to declare / pay any dividend in terms of section 123 of the Act read with the rules framed there under. Therefore, no appropriation towards the OCCRPS dividend was made by the Company and the dividend paid was treated as an advance. In the current financial year, the Company filed an application with the Regional Director of the MCA for compounding of offence (in respect of payments made in the absence of distributable surplus), under the relevant provisions of the Act. Pursuant to the order dated March 22, 2017 received by the Company, the offence has been compounded upon payment of a total compounding fee of Rs.35,000 and accordingly, the entire amount of dividend declared or paid upto March 31, 2016 has been appropriated from the reserves in the current year.

# Notes to Financial Statements for the year ended March 31, 2017



(Amount in Rupees unless otherwise stated)

4.3 Long-term borrowings	Non-current portion		Current portion	
	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
<b>Term loans</b>				
Indian rupee loan from banks (secured)	5,377,313,403	-	4,180,448,023	7,553,031,694
Indian rupee loan from financial institutions (secured)	-	-	-	1,222,023,008
Indian rupee loan from non-banking financial companies (secured)	-	-	-	412,908,006
	<b>5,377,313,403</b>	<b>-</b>	<b>4,180,448,023</b>	<b>9,187,962,708</b>
<b>Above amount includes</b>				
Secured borrowings	5,377,313,403	-	4,180,448,023	9,187,962,708
Amount disclosed under the head "Other current liabilities" (refer note 4.7)	-	-	(4,180,448,023)	(9,187,962,708)
<b>Net amount</b>	<b>5,377,313,403</b>	<b>-</b>	<b>-</b>	<b>-</b>

(a) During the year the Company has defaulted in repayment of borrowings (including principal and interest) of **Rs.6,83,21,24,367**. However, the Company does not have any continuing defaults in repayment of borrowings as at the reporting date.

(b) The long term borrowings are secured by exclusive charge on book debts to the extent of 110% of principal.

## Terms of repayment of borrowings

Repayment frequency / Rate of Interest	Due within 1 year		Due in 1 to 3 Years	
	No. of installments	Amount	No. of installments	Amount
Monthly / 12% to 13%	12	589,852,212	12	589,852,214
	9	1,876,310,143	12	2,501,746,857
	9	1,714,285,668	12	2,285,714,332

(c) During the previous year, in view of the settlement transaction then proposed, the Company had expected to pre-close its debt outstanding as at March 31, 2016 within twelve months of the balance sheet date and exit from CDR. Accordingly, the entire balance of borrowings outstanding as at March 31, 2016 was considered as current maturities under "Other current liabilities".

4.4 Other long term liabilities	Non-current portion		Current portion	
	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
Unamortized loan processing fees	-	17,636,235	-	-
	-	<b>17,636,235</b>	-	-
<b>4.5 Provisions</b>	<b>Non-current portion</b>		<b>Current portion</b>	
Provision for gratuity (net of contribution) (refer note 4.25)	5,979,439	778,453	-	-
Provision for Tax	-	-	235,839,798	-
Contingent provision against standard assets (refer note 4.27)	12,208,993	5,086,208	50,501,427	115,482,854
Provision for non-performing assets (refer note 4.27)	8,450,793,747	7,995,456,822	-	-
	<b>8,468,982,179</b>	<b>8,001,321,483</b>	<b>286,341,225</b>	<b>115,482,854</b>

## Notes to Financial Statements for the year ended March 31, 2017

4.6 Short-term borrowings	Non-current portion		Current portion	
	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
Loans and advances from related parties (Unsecured)	-	-	10,000,281	-
	-	-	<b>10,000,281</b>	-
4.7 Other current liabilities	Non-current portion		Current portion	
	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
Employee benefits payable	-	-	80,972,209	95,977,532
Payable towards asset assignment transactions	-	-	5,906,462	768,893,675
Expenses payable	-	-	169,956,623	31,914,815
Creditors for capital goods	-	-	420,000	5,019,924
Other payables	-	-	24,061,030	28,017,634
<b>Other liabilities</b>				
Current maturities of long-term borrowings (refer note 4.3)	-	-	4,180,448,023	9,187,962,708
Unfructified service tax liability [net of amount paid under protest Rs.9,926,956 (Previous year 9,906,050)]	-	-	124,303,097	117,319,300
Interest accrued but not due on borrowings	-	-	10,898,507	11,048,709
Interest accrued and due on borrowings	-	-	-	642,333,110
Statutory dues payable	-	-	19,800,206	9,095,024
<b>Unamortized income</b>				
Unamortized loan processing fees	-	-	-	125,321,609
	-	-	<b>4,616,766,157</b>	<b>11,022,904,040</b>





# Notes to Financial Statements for the year ended March 31, 2017



(Amount in Rupees unless otherwise stated)

SPANDANA

4.8.1 Property, Plant & Equipment						
Particulars	Lease hold improvements	Furniture & Fixtures	Office Equipment	Vehicles	Computers & Printers	Total
<b>Gross block</b>						
At April 1, 2015	-	85,004,259	35,372,893	3,761,839	151,694,983	275,833,974
Addition	92,198,325	23,860,393	977,440	-	4,348,757	121,384,915
Disposals	-	68,242,191	25,719,668	834,185	57,739,006	152,535,050
<b>At March 31, 2016</b>	<b>92,198,325</b>	<b>40,622,461</b>	<b>10,630,665</b>	<b>2,927,654</b>	<b>98,304,734</b>	<b>244,683,839</b>
Addition	3,200,008	5,756,378	974,605	1,230,000	2,829,136	13,990,127
Disposals	-	131,367	1,071,509	-	270,660	1,473,536
<b>At March 31, 2017</b>	<b>95,398,333</b>	<b>46,247,472</b>	<b>10,533,761</b>	<b>4,157,654</b>	<b>100,863,210</b>	<b>257,200,430</b>
<b>Depreciation</b>						
At April 1, 2015	-	72,811,362	31,343,718	3,380,362	125,631,929	233,167,371
Charge for the year	11,307,267	4,298,345	448,751	143,791	11,102,067	27,300,221
Disposals	-	59,195,241	22,348,958	834,185	55,183,553	137,561,937
<b>At March 31, 2016</b>	<b>11,307,267</b>	<b>17,914,466</b>	<b>9,443,511</b>	<b>2,689,968</b>	<b>81,550,443</b>	<b>122,905,655</b>
Charge for the year	51,457,160	8,636,703	869,071	449,415	8,074,322	69,486,671
Disposals	-	126,989	1,035,293	-	261,103	1,423,385
<b>At March 31, 2017</b>	<b>62,764,427</b>	<b>26,424,180</b>	<b>9,277,289</b>	<b>3,139,383</b>	<b>89,363,662</b>	<b>190,968,941</b>
<b>Net Block</b>						
<b>At March 31, 2016</b>	<b>80,891,058</b>	<b>22,707,995</b>	<b>1,187,154</b>	<b>237,686</b>	<b>16,754,291</b>	<b>121,778,184</b>
<b>At March 31, 2017</b>	<b>32,633,906</b>	<b>19,823,292</b>	<b>1,256,472</b>	<b>1,018,271</b>	<b>11,499,548</b>	<b>66,231,489</b>
4.8.2 Intangible assets						
Particulars	Software			Total		
<b>Gross block</b>						
At April 1, 2015			44,803,079			44,803,079
Addition			19,344,330			19,344,330
<b>At March 31, 2016</b>			<b>64,147,409</b>			<b>64,147,409</b>
Addition			14,788,138			14,788,138
<b>At March 31, 2017</b>			<b>78,935,547</b>			<b>78,935,547</b>
<b>Amortization</b>						
At April 1, 2015			31,530,813			31,530,813
Charge for the year			9,710,851			9,710,851
<b>At March 31, 2016</b>			<b>41,241,664</b>			<b>41,241,664</b>
Charge for the year			13,844,537			13,844,537
<b>At March 31, 2017</b>			<b>55,086,201</b>			<b>55,086,201</b>
<b>Net block</b>						
<b>At March 31, 2016</b>			<b>22,905,744</b>			<b>22,905,744</b>
<b>At March 31, 2017</b>			<b>23,849,346</b>			<b>23,849,346</b>

## Notes to Financial Statements for the year ended March 31, 2017

4.9 Non-current investments	Non-current portion		Current portion	
	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
<i>(Valued at cost unless otherwise stated)</i>				
<i>Non-trade investments</i>				
Investments in equity instruments (unquoted) 100,000 (Previous year: 100,000) equity shares of Rs.10 each fully paid up in Alpha Micro Finance Consultants Private Limited	1,000,000	1,000,000	-	-
	<b>1,000,000</b>	<b>1,000,000</b>	-	-
Aggregate amount of unquoted investments	<b>1,000,000</b>	<b>1,000,000</b>	-	-

4.10 Loan portfolio	Non-current portion		Current portion	
	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
<b>Joint liability group loans</b>				
Unsecured, considered good*	2,345,642,468	502,038,066	9,549,743,400	11,458,460,616
Unsecured, considered doubtful**	7,883,686,160	7,067,490,759	-	-
	<b>10,229,328,628</b>	<b>7,569,528,825</b>	<b>9,549,743,400</b>	<b>11,458,460,616</b>
<b>Individual loans</b>				
Unsecured, considered good*	300,784	4,399,160	4,320,936	35,038,535
Unsecured, considered doubtful**	928,557,135	927,617,628	-	-
Secured, considered good*	854,441	2,459,588	226,110,787	180,127,293
Secured, considered doubtful**	7,040,627	10,637,907	-	-
	<b>936,752,987</b>	<b>945,114,283</b>	<b>230,431,723</b>	<b>215,165,828</b>
<b>Total</b>	<b>11,166,081,615</b>	<b>8,514,643,108</b>	<b>9,780,175,123</b>	<b>11,673,626,444</b>

\* Represents standard assets in accordance with Company's asset classification policy [refer note 3.2 (q)]

\*\* Represents non-performing or sub-standard assets in accordance with Company's asset classification policy [refer note 3.2 (q)]

# Notes to Financial Statements for the year ended March 31, 2017



4.11 Loans and advances	Non-current portion		Current portion	
	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
<b>A. Security deposits</b>				
Unsecured, considered good	15,776,990	15,541,709	114,000	-
<b>(A)</b>	<b>15,776,990</b>	<b>15,541,709</b>	<b>114,000</b>	<b>-</b>
<b>B. Other loans and advances Unsecured, considered good</b>				
Advance income tax (net of provision)	46,629,020	151,652,165	-	-
Advance with service provider	1,000,000	1,000,000	-	820,201
Prepaid expenses	-	-	2,152,918	28,738
Advance against sum assured	-	-	3,729,508	10,938,928
Capital advances	-	-	-	181,545
Other advances	1,285,115	-	24,565,409	2,171,138
<b>Unsecured, considered doubtful</b>				
Employee loans	1,701,241	1,905,153	-	-
Amounts deposited with courts	4,744,622	5,034,622	-	-
Other advances	15,047,892	10,170,315	-	-
Advance against sum assured	12,400,752	16,385,744	-	-
	<b>82,808,642</b>	<b>186,147,999</b>	<b>30,447,835</b>	<b>14,140,550</b>
Less: Provision for doubtful advances	(33,892,007)	(30,913,529)	-	-
<b>(B)</b>	<b>48,916,635</b>	<b>155,234,470</b>	<b>30,447,835</b>	<b>14,140,550</b>
<b>Total (A+B)</b>	<b>64,693,625</b>	<b>170,776,179</b>	<b>30,561,835</b>	<b>14,140,550</b>
4.12 Other assets	Non-current portion		Current portion	
	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
Non-current bank balances (refer note 4.14)	22,613,512	20,878,017	-	-
Unamortized Ancillary borrowing costs	-	-	-	19,477,762
Amount Receivable from Banks	-	-	539,428	-
Interest accrued but not due on portfolio loans	-	-	65,190,759	64,480,200
Interest accrued and due on portfolio loans	-	-	9,112,368	2,358,572
Interest accrued on term deposits	-	-	468,044	571,339
	<b>22,613,512</b>	<b>20,878,017</b>	<b>75,310,599</b>	<b>86,887,873</b>
4.13 Trade receivables	Non-current portion		Current portion	
	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
Outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	-	-	72,941	18,339,713
	-	-	<b>72,941</b>	<b>18,339,713</b>

## Notes to Financial Statements for the year ended March 31, 2017

4.14 Cash and bank balances	Non-current portion		Current portion	
	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
<b>Cash and cash equivalents</b>				
Balances with banks				
On current accounts	-	-	2,894,538,620	351,219,491
Cash on hand	-	-	6,630,318	2,044,870
	-	-	<b>2,901,168,938</b>	<b>353,264,361</b>
<b>Other bank balances</b>				
Margin money deposit (refer note below)	22,613,512	20,878,017	-	-
	<b>22,613,512</b>	<b>20,878,017</b>	-	-
Amount disclosed under non-current assets (refer note 4.12)	(22,613,512)	(20,878,017)	-	-
	-	-	-	-
<b>4.15 Revenue from operations</b>	<b>31-Mar-17 (Rupees)</b>		<b>31-Mar-16 (Rupees)</b>	
Interest income on portfolio loans	3,361,018,357		3,282,673,341	
<b>Other operating revenue</b>				
Loan processing fees [refer note 3.1 (b)]	341,905,044		148,161,219	
Recovery against loans written off	10,401,052		6,012,773	
Interest on margin money deposits	1,353,192		1,771,191	
	<b>3,714,677,645</b>		<b>3,438,618,524</b>	
<b>4.16 Other Income</b>	<b>31-Mar-17 (Rupees)</b>		<b>31-Mar-16 (Rupees)</b>	
Dividend from mutual funds	16,381,164		4,629,094	
Profit on sale of fixed assets (net)	205,004		-	
Liabilities no longer required, written back	447,855,614		1,246,242,139	
Interest on income tax refund	9,854,604		3,460	
Commission income	23,308,524		32,501,829	
Miscellaneous income	5,956,619		5,011,900	
	<b>503,561,528</b>		<b>1,288,388,422</b>	
<b>4.17 Employee benefits expense</b>	<b>31-Mar-17 (Rupees)</b>		<b>31-Mar-16 (Rupees)</b>	
Salaries, wages and bonus	556,176,488		546,508,632	
Contribution to provident fund	12,474,751		12,422,205	
Contribution to Employees State Insurance Corporation	1,608,382		2,108,602	
Leave benefits	5,244,956		7,900,908	
Gratuity expense (refer note 4.25)	5,200,986		(17,718)	
Staff welfare expenses	2,254,038		1,949,588	
	<b>582,959,601</b>		<b>570,872,217</b>	

4.18 Finance costs	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
Interest		
On term loans from banks	1,152,062,166	1,035,998,400
On term loans from financial institutions	322,544,243	154,010,973
On term loans from non-banking financial companies	-	52,236,458
Other finance cost [refer note 3.1 (a)]	254,744,483	44,441,238
CDR settlement expenses [refer note 2 (b)]	342,995,743	-
Bank charges	6,464,021	7,644,259
	<b>2,078,810,656</b>	<b>1,294,331,328</b>
4.19 Other expenses	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
Rent (refer note 4.26)	63,343,665	77,487,667
Rates and taxes	7,322,098	1,058,205
Office maintenance	13,696,063	16,729,379
Computers and network maintenance	2,261,609	2,996,306
Electricity charges	8,779,768	8,798,667
Travelling expenses	73,089,880	65,958,722
Communication expenses	6,937,948	12,361,729
Printing and stationery	7,984,224	7,491,935
Legal and professional charges	65,287,805	28,449,095
Directors sitting fees	1,427,500	1,159,000
Auditors remuneration (refer details below)	6,612,599	6,815,315
Recruitment and training	973,076	792,315
Subscription fees	7,092,351	2,457,792
Other provisions and write off	10,273,181	33,781,048
Security charges	3,293,952	7,301,314
Foreign exchange loss	33,856	350,871
Loss on sale of fixed assets (net)	-	9,458,637
Premium paid on portfolio purchase	8,559,725	71,161
Miscellaneous expenses	560,419	2,098,659
	<b>287,529,719</b>	<b>285,617,817</b>
Payment to auditors As auditor:	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
Audit fee	5,656,875	5,643,750
Certification fee	323,250	321,750
Out of pocket expenses	632,474	849,815
	<b>6,612,599</b>	<b>6,815,315</b>

## Notes to Financial Statements for the year ended March 31, 2017

4.20 Provisions and write offs	31-Mar-17 (Rupees)	31-Mar-16 (Rupees)
Contingent provision against standard assets (refer note 4.27)	(57,858,642)	109,267
Provision for non-performing assets (refer note 4.27)	455,336,926	(2,537,023,660)
Portfolio loans written off	22,802,863	2,643,736,159
	<b>420,281,147</b>	<b>106,821,766</b>

### 4.21 Earnings per share (EPS)

Particulars	31-Mar-17	31-Mar-16
Net profit/ (loss) after tax as per Statement of Profit and Loss	529,487,044	2,432,352,746
Less: Dividend on OCCRPS and tax thereon	-	(95,204)
<b>Net profit/ (loss) for calculation of basic earnings per share</b>	<b>529,487,044</b>	<b>2,432,257,542</b>
Net profit/(loss) as above	529,487,044	2,432,257,542
Add: Dividend on OCCRPS and tax thereon	-	95,204
<b>Net profit/ (loss) for calculation of diluted earnings per share</b>	<b>529,487,044</b>	<b>2,432,352,746</b>
Weighted average number of equity shares in calculating basic EPS	20,402,873	20,380,767
<b>Effect of dilution</b>		-
Conversion of OCCRPS	788,840,577	807,562,168
Conversion of Class A CCPS	12,798	-
Conversion of Class B CCPS	24,848	-
Conversion of OCRPS	25	-
Weighted average number of equity shares in calculating diluted EPS	809,281,121	827,942,935
Basic earnings per share	25.95	119.34
Diluted earnings per share	0.65	2.94
Nominal value per share: Rs.10 (Previous year: Rs.10)		

### 4.22 Segment Reporting

The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

### 4.23 Related parties

#### 1. Enterprises where key management personnel exercise significant influence

- |  |   |
|--|---|
| a) Spandana Rural and Urban Development Organization | d) Spandana Sphoorty Chit Funds Private Limited |
| b) Spandana Employees Welfare Trust                  | e) Criss Financial Holdings Limited             |
| c) Spandana Mutual Benefit Trust                     | f) Abhiram Marketing Services Limited           |

#### 2. Key Management Personnel

Mrs. Padmaja Gangireddy – Managing Director

## Related party transactions during the year:

Sr. no	Name of the related party	Nature of transactions	Transactions during FY 2016-17	(Payable)/ Receivable 31-Mar-17	Transactions during FY 2015-16	(Payable)/ Receivable 31-Mar-16
1.	Spandana Rural and Urban Development Organization	Rent expense	7,997,244	(236,991)	7,354,719	(124,712)
		Rent deposit	-	3,089,586	217,836	3,089,586
		Expense reimbursement	4,382,982	4,360,866	107,931	(12,869)
		Short term borrowing	10,000,281	(10,000,281)	-	-
		Interest expenses	16,439	(16,439)	-	-
		Purchase of fixed asset	1,000,000	-	-	-
2.	Spandana Employees Welfare Trust	Expense reimbursement	35,919	2,387	36,241	36,241
3.	Spandana Mutual Benefit Trust	Expense reimbursement	23,947	1,591	30,001	30,001
4.	Cris Financial Holdings Limited	Expense reimbursement	227,689	(280,244)	709,318	408,891
		Purchase of portfolio	178,089,724	-	7,352,420	-
5.	Abhiram Marketing Services Limited	Rent income	-	-	1,699,491	-
		Commission income	23,308,524	-	32,501,829	16,010,219
		Purchase of stationery	-	-	3,628,953	(639,329)
		Expense reimbursement	1,561,009	14,722	5,003,135	2,498,349
		Purchase of fixed assets	1,002,635	-	1,669,959	(41,234)
6.	Mrs. Padmaja Gangireddy	Rent paid	320,065	-	574,204	(70,010)
		Remuneration#	27,843,750	(2,729,450)	27,843,750	(37,23,950)
		Rent Deposit Paid	-	114,000	-	114,000

Note: Transactions during the year are shown net of service tax and inclusive of TDS.

#Provision for gratuity is made for the Company as a whole and accordingly, the amount pertaining to the Key Management Personnel is not specifically identified and hence not included above.

## 4.24 Contingent liabilities not provided for

Particulars	March 31, 2017	March 31, 2016
(a) Claims against Company not acknowledge as debts:		
Service tax open assessments	49,236,798	48,666,369
(b) Dividend payable on OCCRPS and tax there on		
(i) Arrears of dividend on OCCRPS not provided for		
- FY 2012-13	-	94,060
- FY 2013-14	-	90,533
- FY 2014-15	-	83,424
- FY 2015-16	-	79,101
(ii) Tax on OCCRPS dividend	-	47,075
<b>Total</b>	<b>49,236,798</b>	<b>49,060,562</b>

## Notes to Financial Statements for the year ended March 31, 2017

### 4.25 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.1,000,000. The scheme is funded with an insurance Company in the form of a qualifying insurance policy. Following tables summarize 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.

#### Change in defined benefit obligation.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening defined benefit obligation	15,701,587	21,113,905
Current service cost	2,718,223	1,853,241
Interest cost	1,193,321	1,689,112
Actuarial loss/(Gain)	3,392,845	(3,543,421)
Benefits paid	(3,830,753)	(5,411,250)
<b>Closing defined benefit obligation</b>	<b>19,175,223</b>	<b>15,701,587</b>

#### Change in the fair value of plan assets

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening fair value of plan assets	14,923,134	20,246,772
Expected return on plan assets	1,193,808	1,615,109
Actuarial gains	909,062	(1,527,497)
Employer contributions	-	-
Benefits paid	(3,830,753)	(5,411,250)
<b>Closing fair value of plan assets</b>	<b>13,195,251</b>	<b>14,923,134</b>

The Company expects to contribute Nil (March 31, 2016: Nil) to gratuity in the next year.

### Balance Sheet

#### Details of provision for gratuity:

Particulars	March 31, 2017	March 31, 2016
Present value of funded obligations	19,175,223	15,701,587
Fair value on plan assets	13,195,251	14,923,134
<b>Net (liability)/asset</b>	<b>(5,979,972)</b>	<b>(778,453)</b>

### Statement of profit and loss

#### Net employees benefit expense (recognized in employees benefit expense):

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	2,718,223	1,853,241
Interest on defined benefit obligation	1,193,321	1,689,112
Expected return on plan assets	(1,193,808)	(1,544,148)
Net actuarial loss/(gain) recognized in the year	2,483,250	(2,015,924)
<b>Amount included in Personnel expenses</b>	<b>5,200,986</b>	<b>(17,718)</b>



## Notes to Financial Statements for the year ended March 31, 2017

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, 2017	March 31, 2016
Investment with insurer	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Summary of Actuarial Assumptions

Particulars	March 31, 2017	March 31, 2016
Discount rate	7.00%	7.60%
Expected return on plan assets	8.00%	7.60%
Salary escalation rate (p.a.)	13.00%	10.00%
<b>Retirement age (years)</b>	<b>58</b>	<b>60</b>

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities 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.

### Amounts for the current and previous four periods are as follows

Particulars	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined benefit obligation	19,175,223	15,701,587	21,113,905	8,305,367	10,318,383
Fair value of plan assets	13,195,251	14,923,134	20,246,772	21,860,997	23,793,267
Surplus/(deficit) in the plan	(5,979,972)	(778,453)	(867,133)	13,555,630	13,474,884
Experience adjustments on plan liabilities	(3,392,845)	3,543,421	(10,749,077)	(931,271)	(14,995,954)
Experience adjustments on plan assets	909,595	(1,527,497)	31,817	(345,737)	810,911

#### 4.26 Leases

##### Operating lease where the Company is a lessee

Head office and branch office premises are acquired on operating lease. The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreement carries non-cancellable lease periods. The head office premises have been obtained on a lease term of nine years with an escalation clause of fifteen percent at a three years interval. There are no non-cancellable sub-leases.

*Lease payments during the year are charged to statement of profit and loss.*

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Operating lease payments recognized during the year	63,343,665	77,487,667
Minimum lease obligations		
Not later than one year	14,679,866	13,410,588
Later than one year and not later than five years	5,691,151	20,371,017
Later than five years	-	-

## Notes to Financial Statements for the year ended March 31, 2017

Particulars	For the year ended March 31,2017	For the year ended March 31,2016
Sub-lease payments recognized during the year	-	1,699,491

Sub-lease payments received (or receivable) are recognized in the statement of profit and loss.

### 4.27 Loan portfolio and provision for standard and non-performing assets:

(Rupees in Crore)

Asset Classification	Portfolio Loan outstanding(Gross)		Provision for standard & non-performing assets				Portfolio Loan outstanding(Net)	
	Mar-17	Mar-16	Mar-16	Addition FY 16-17	Written back FY 16-17	Mar-17	Mar-17	Mar-16
<b>Unsecured</b>								
Standard	1,190.00	1,199.99	12.00	-	5.81	6.19	1,183.81	1,187.99
Non-performing*	881.22	799.51	799.29	47.37	1.84	844.82	36.40	0.22
<b>Sub Total(A)</b>	<b>2,071.22</b>	<b>1,999.50</b>	<b>811.29</b>	<b>47.37</b>	<b>7.65</b>	<b>851.01</b>	<b>1,220.21</b>	<b>1,188.21</b>
<b>Secured</b>								
Standard	22.70	18.26	0.05	0.02	-	0.07	22.63	18.20
Sub-standard	0.35	0.38	0.04		0.03	0.01	0.34	0.35
Doubtful	0.35	0.68	0.22	0.33	0.30	0.25	0.10	0.46
<b>Sub Total(B)</b>	<b>23.40</b>	<b>19.32</b>	<b>0.31</b>	<b>0.35</b>	<b>0.33</b>	<b>0.33</b>	<b>23.07</b>	<b>19.01</b>
<b>Total(A+B)</b>	<b>2,094.62</b>	<b>2,018.82</b>	<b>811.60</b>	<b>47.72</b>	<b>7.98</b>	<b>851.34</b>	<b>1,243.28</b>	<b>1,207.22</b>

\*Includes an additional provision of Rs.41.28 crore(March 31, 2016: Nil) for loans which, in the opinion of the Company, are not recoverable. Such provision in accordance with the Company's provisioning policy as defined under Note 3.2 (r).

(Rupees in Crore)

Category of loan portfolio	Portfolio Loan outstanding (Gross)		Provision for standard & non-performing assets		Portfolio Loan outstanding(Net)	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
Portfolio in states of Andhra Pradesh and Telangana						
Disbursed prior to Jan 1, 2012	797.55	799.29	797.21	799.29	0.34	-
Disbursed post Jan 1, 2012(including Gold Loans)	44.73	27.60	0.23	0.34	44.50	27.26
Portfolio in other states	1,252.34	1191.93	53.90	11.97	1,198.44	1,179.96
<b>Total</b>	<b>2,094.62</b>	<b>2,018.82</b>	<b>851.34</b>	<b>811.60</b>	<b>1,243.28</b>	<b>1,207.22</b>

### 4.28 Amounts 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.

For the year ended March 31, 2017, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

## 4.29 Additional information required by RBI

### a. Capital to risk assets ratio ('CRAR')

Particulars	March 31, 2017	March 31, 2016
CRAR (%)	48.96%	-18.61%
CRAR-Tier I Capital (%)	48.52%	-18.61%
CRAR-Tier II Capital (%)	0.44%	-

The modifications to the NBFC-MFI directions issued by RBI vide its circular no.RBI/2012-13/161 DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 3, 2012 have specified that provision made towards the loan portfolio in the states of Andhra Pradesh and Telangana (originated prior to January 1, 2012) should be added back notionally to the net owned funds for the purpose of calculation of the capital to risk assets ratio ('CRAR') and should be progressively reduced by 20% each year, over 5 years i.e. from March 31, 2013 to March 31, 2017. Accordingly, 20% of such provisioning has been notionally reckoned as a part of net own funds.

### b. Exposure to real estate sector

Category		Year ended March 31, 2017	Year ended March 31, 2016
A	<b>Direct exposure</b>		
I	Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	1,973,026	5,604,930
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	<b>Indirect exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
	<b>Total</b>	<b>1,973,026</b>	<b>5,604,930</b>

c. Outstanding of loans against security of gold as a percentage to total assets is 1.08% (Previous year: 0.89%)

d. The Company has no exposure to capital market.

### e. Asset liability management

Maturity pattern of assets and liabilities as on March 31, 2017:

## Notes to Financial Statements for the year ended March 31, 2017

(Rupees in Crore)

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
<b>Liabilities</b>									
Borrowings from banks	4.92	4.92	4.92	134.43	268.86	537.73	-	-	<b>955.78</b>
Market borrowings	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-
<b>Assets</b>									
Advances *	152.67	148.72	126.50	297.69	255.28	239.53	38.43	0.25	<b>1,259.07</b>
Investments	-	-	-	-	-	-	-	0.10	<b>0.10</b>
Foreign currency assets	-	-	-	-	-	-	-	-	-

\* Net of provision towards non-performing loans and advances.

Maturity pattern of assets and liabilities as on March 31, 2016:

(Rupees in Crore)

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
<b>Liabilities</b>									
Borrowings from banks	-	-	-	755.30	-	-	-	-	<b>755.30</b>
Market borrowings	-	-	-	163.49	-	-	-	-	<b>163.49</b>
Foreign currency liabilities	-	0.26	-	-	-	-	-	-	<b>0.26</b>
<b>Assets</b>									
Advances *	149.17	141.76	134.00	334.64	409.53	66.15	2.58	-	<b>1,237.84</b>
Investments	-	-	-	-	-	-	-	0.10	<b>0.10</b>
Foreign currency assets	-	-	-	-	-	-	-	-	-

\* Net of provision towards non-performing loans and advances

#Borrowings were considered as current maturities in view of the settlement proposed during the year ended March 31, 2016 (refer note 4.3) and completed on March 30, 2017.

### f. Information on instances of fraud

Instances of fraud reported during the year ended March 31, 2017:

Nature of fraud	No. of cases	Amount of fraud	Recovery *	Amount provided
Cash Embezzlement	30	487,035	485,745	1,290
Fake Loans	8	4,292,022	264,590	4,027,432

\*Includes recoveries in respect of frauds reported in earlier years

Instances of fraud reported during the year ended March 31, 2016:

Nature of fraud	No. of cases	Amount of fraud	Recovery *	Amount provided
Cash Embezzlement	69	1,816,180	469,114	1,347,066
Fake Loans	10	4,042,118	264,982	3,777,136

\*Includes recoveries in respect of frauds reported in earlier years

## Notes to Financial Statements for the year ended March 31, 2017

g. The Company has no transactions / exposure in derivatives in the current and previous year.

h. Ratings assigned by credit rating agencies and migration of ratings during the year:

(Rupees in Crore)

Instrument	Name of the rating agency	Date of rating	Rating assigned	Valid up to	Borrowing limit or conditions imposed by rating agency
No rating has been obtained in the current year					

Previous Year

(Rupees in Crore)

Instrument	Name of the rating agency	Date of rating	Rating assigned	Valid up to	Borrowing limit or conditions imposed by rating agency
Long-Term Debt	CRISIL	12-Aug-15	CRISIL D	11-Aug-2016	1750.00

### i. Disclosure of complaints

Particulars	No. of complaints
No. of complaints pending at the beginning of the year	24
No. of complaints received during the year	672
No. of complaints redressed during the year	685
No. of complaints pending at the end of the year	11

### j. Concentration of Advances, Exposures and NPAs

Particulars	March 31, 2017	March 31, 2016
<b>Concentration of Advances</b>		
Total advances to twenty largest borrowers	1.79	2.20
(%) of advances to twenty largest borrowers to total advances	0.09%	0.11%
<b>Concentration of Exposures</b>		
Total exposure to twenty largest borrowers	1.89	2.23
(%) of exposure to twenty largest borrowers to total exposure	0.09%	0.11%
<b>Concentration of NPAs</b>		
Total exposure to top four NPA accounts	0.12	0.14

### k. Sector wise NPAs

Sector	Percentage of NPAs to total advances in that sector	
	As at March 31, 2017	As at March 31, 2016
Agriculture and allied activities	46.64%	47%
MSME	42.23%	36%
Corporate borrowers	0%	0%
Services	32.24%	31%
Unsecured personal loans	0%	0%
Auto loans	32.01%	30%
Other personal loans	47.85%	48%

Non-performing assets include amount of Rs.797.22 crore (Previous year: Rs.799.29crore) representing portfolio in the states of Andhra Pradesh and Telangana originated prior to January 1, 2012 which has been fully provided for.

## Notes to Financial Statements for the year ended March 31, 2017

### I. Movement of NPAs

(Rupees in Crore)

Particulars	March 31, 2017	March 31, 2016
Net NPAs to net advances (%)	1.59%	0.08%
Movement of NPAs (gross)		
1. Opening balance	800.57	1063.08
2. Additions during the year	83.56	5.62
3. Reductions during the year	(2.21)	(268.13)
4. Closing balance	881.92	800.57
Movement of Net NPAs		
1. Opening balance	1.02	9.90
2. Additions during the year	35.89	5.37
3. Reductions during the year	(0.08)	(14.24)
4. Closing balance	36.83	1.03
Movement of provision for NPAs (excl. standard assets)		
1. Opening balance	799.55	1053.25
2. Additions during the year	47.64	0.19
3. Reductions during the year	(2.11)	(253.89)
4. Closing balance	845.08	799.55

Non-performing assets include amount of Rs.797.22 crore (Previous year: Rs.799.29crore) representing portfolio in the states of Andhra Pradesh and Telangana originated prior to January 1, 2012 which has been fully provided for.

**m.** There has been no drawdown from reserves during the year except as disclosed in note 4.2

**n.** Investments:

(Rupees in Crore)

Particulars		March 31, 2017	March 31, 2016
(1)	Value of investments		
	(i) Gross value of investments		
	(a) In India	0.10	0.10
	(b) Outside India	-	-
	(ii) Provision for depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net value of investments		
	(a) In India	0.10	0.10
	(b) Outside India	-	-
(2)	Movement of provisions held towards deprecation		
	(i) Opening balance	-	-
	(ii) Add: Provision made during the year	-	-
	(iii) Less: Write off/ write back	-	-
	(iv) Closing balance	-	-

# Notes to Financial Statements for the year ended March 31, 2017

## **o. Details of financial assets sold to securitisation / reconstruction company for asset reconstruction:**

The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

## **p. Details of assignment transactions undertaken:**

The Company has not undertaken assignment transactions in the current and previous year.

## **q. Details of non-performing financial assets purchased / sold:**

The Company has not purchased / sold non-performing financial assets in the current and previous year.

## **r. Details of financing of parent company products:**

This disclosure is not applicable as the Company does not have any holding / parent Company.

## **s. Unsecured Advances – Refer note 4.10**

## **t. 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)

## **u. Disclosure of penalties imposed by RBI and other regulators:**

No penalties imposed by RBI and other regulators during current and previous year. Amounts paid as fees for compounding of offences under relevant provisions of the Companies Act, 2013, referred to in note 4.1 (f) and 4.2, have not been considered for disclosure under this note.

## **v. Provisions and contingencies (shown under the head expenditure in statement of profit and loss)**

(Rupees in Crore)

Particulars	March 31, 2017	March 31, 2016
Provision for income tax (net)	23.58	-
Provision for non-performing assets	45.53	(253.70)
Provision for standard assets	(5.79)	0.01
Provision for unfructified service tax liability	0.70	2.04
Provision for theft & fraud	0.49	0.62
Provision for gratuity	0.52	(0.01)
Provision for leave benefits	0.52	0.79
Provision for insurance claims	(0.14)	0.15
Provision for employee loans	(0.02)	(0.01)
Provision for bonus	1.14	1.72

## **w. Un-hedged foreign currency**

The Company has un-hedged foreign currency exposure in respect of:

Particulars	As at March 31, 2017		As at March 31, 2016	
	USD	INR	USD	INR
Creditors for purchase of assets	-	-	39,464	2,617,762

## **x. Information on Net Interest Margin**

Particulars	31-Mar-17	31-Mar-16
	(%)	(%)
Average interest charged	16.00	14.57
Average cost of borrowing *	16.31	13.26
Net interest margin	-0.31	1.31

\* Does not include CDR settlement expenditure incurred during the current year (refer note 4.18).

## Notes to Financial Statements for the year ended March 31, 2017

**4.30** 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 (refer note 4.24) where applicable in the financial statements.

**4.31** Details of Specified Bank Notes (SBNs) held and transacted by the Company during the period November 8, 2016 to December 30, 2016:

(Rupees in Crore)			
Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	0.38	0.38	0.76
(+) Permitted receipts [refer Note (a) below]	-	294.56	294.56
(+) Non-permitted receipts [refer Note (b) below]	56.41	-	56.41
(-) Permitted payments [refer Note (c) below]	-	197.58	197.58
(-) Amount deposited in Banks	56.79	92.82	149.61
Closing cash in hand as on December 30, 2016	-	4.54	4.54

### Notes:

**a.** Permitted receipts in other denomination notes include collections made by the Company from its loan borrowers and withdrawals from bank accounts during the period from November 9, 2016 to December 30, 2016 in the ordinary course of business.

**b.** Represent collections in Specified Bank Notes made by the Company from its loan borrowers from November 9, 2016 to December 30, 2016. These amounts were collected against the borrowers' regular loan obligations which had fallen due in the ordinary course of business and were deposited into bank account of the Company.

**c.** Permitted payments in other denomination notes include disbursement of loans to its borrowers and other cash payments in the ordinary course of business.

**4.32** Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

### As per our report of even date

For S. R. BATLIBOI & CO. LLP

ICAI Firm registration number : 301003E/E300005

Chartered Accountants

Sd/-

per Shrawan Jalan

Partner

Membership No.102102

For and on behalf of the Board of Directors of  
SpandanaSphoorty Financial Limited

Sd/-

Padmaja Gangireddy

Managing Director

DIN: 00004842

Sd/-

Abanti Mitra

Director

DIN: 02305893

Place: Mumbai

Date: June 15, 2017

Sd/-

Rakesh Jhinharia

Company Secretary

Membership No. F8325

Place: Hyderabad

Date: June 15, 2017



## Annual General Meeting

### NOTICE

Notice is hereby given that the Fourteenth (14th) Annual General Meeting of the members of Spandana Sphoorty Financial Limited will be held on Thursday, 24th August, 2017 at 12.30 P.M at the Registered Office of the Company at Plot No: - 31 & 32, Ramky Selenium Towers, Tower A, Financial Dist, Nanakramguda, Hyderabad, Telangana -500032 to transact the following business:

#### **ORDINARY BUSINESS:**

##### **Item No. 1 – Adoption of Financial Statements**

To receive, consider and adopt the audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2017 and the Reports of the Board of Directors and the Auditors thereon; and

##### **Item No. 2 – Ratification of appointment of Statutory Auditors**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors Rules), 2014 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to resolution passed by the shareholders at the 11th Annual General Meeting held on 23rd September, 2014, the appointment of M/s. S. R. Baltiboi & Co. LLP, Chartered Accountants, (FRN No. 301003E), as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting of the Company to be held for the financial year 2017-18 be and is hereby ratified, at such remuneration as may be fixed by the Board of Directors of the Company.”

#### **SPECIAL BUSINESS:**

##### **Item No. 3 To appoint Ms. Abanti Mitra (DIN: 02305893) as an Independent Director of the Company for a period of five years and in this regard to consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 149,150,152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013(the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification or re-enactment thereof and any rules made thereunder, for the time being in force) and subject to such other approvals as may be required in that behalf, and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a Member proposing his candidature for the office of Director, as an Independent Director of the Company, not liable to retire by rotation, approval of the Members of the Company be and is hereby accorded for the appointment of Ms. Abanti Mitra (DIN: 02305893), as an Independent Director of the Company, to hold office as such for a period of five years upto 03.05.2022 unless terminated earlier or extended, as per the provisions of the appointment letter or applicable laws.”

##### **Item No. 4 To appoint Mr. Ramachandra Kasargod Kamath (DIN: 01715073) as an Independent Director of the Company for a period of five years and in this regard to consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 149,150,152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013(the Act) and the Companies(Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification or re-enactment thereof and any rules made thereunder, for the time being in force) and subject to such other approvals as may be required in that behalf, and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a Member proposing his candidature for the office of Director, as an Independent Director of the Company, not liable to retire by rotation,

## Annual General Meeting

approval of the Members of the Company be and is hereby accorded for the appointment of Mr. Ramachandra Kasargod Kamath (DIN: 01715073), as an Independent Director of the Company, to hold office as such for a period of five years upto 03.05.2022 unless terminated earlier or extended, as per the provisions of the appointment letter or applicable laws.”

**Item No. 5: To appoint Mr. Amit Sobti (DIN: 07795874), as Nominee Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 161 and 152 and any other applicable provisions of the Companies Act, 2013 and Articles of Association of the company, Mr. Amit Sobti (DIN: 07795874), who was appointed as a Nominee Director of Kedaara Capital I Limited, in accordance with the terms of shareholders agreement dated March 29, 2017, by the Board of Directors w.e.f 29th May, 2017 and whose period of office is upto ensuing annual general meeting of the Company, be and is hereby appointed as Nominee Director of the Company.”

**Item No. 6: To appoint Mr. Darius Dinshaw Pandole (DIN: 00727320), as Nominee Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT**, pursuant to the provisions of Section 161 and 152 and any other applicable provisions of the Companies Act, 2013 and Articles of Association of the company, Mr. Darius Dinshaw Pandole (DIN: 00727320), who was appointed as a Nominee Director of JM FINANCIAL PRODUCTS LIMITED, in accordance with the terms of share purchase agreement dated March 29, 2017, by the Board of Directors w.e.f 18th July, 2017 and whose period of office is up to ensuing annual general meeting of the Company, be and is hereby appointed as Nominee Director of the Company.”

**Item No. 7: To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as a Special Resolution:-**

“**RESOLVED THAT**, each of the Non-executive Independent Directors of the Company, including both present and future, be paid annually, for each of the financial years commencing from 1st April, 2017, a fee as the Board of Directors (‘the Board’) may determine based on performance and guidelines framed by the Board for this purpose, which will be inclusive of the sitting fees for attending the meetings of the Board or any Committee thereof, subject to a limit of Rs. 20,00,000/- for each Non-executive Independent Director, provided however that the aggregate fee paid in a financial year shall not exceed one per cent of the net profits of the Company, in terms of Section 197 of the Companies Act, 2013, or any amendment thereto or re-enactment thereof (‘the Act’), and computed in the manner referred to in Section 198 of the Act.”

**Item No. 8: To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as a Special Resolution:-**

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 of the Companies Act, 2013 and all the other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including the statutory modifications or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, consent of the members of the Company be and is hereby accorded for changing the terms of appointment of Mrs. Padmaja Gangireddy, Managing Director (holding DIN 00004842), by increasing the remuneration from Rs. 2.70 Crores p.a. plus other benefits to Rs. 3.00 Crores p.a. (fixed salary) plus variable component as given herein which shall be paid in addition to the Fixed Salary, with effect from April 1, 2017, till the tenure of the current appointment i.e April, 19, 2019:

(i) In the event that the growth in the Company’s Profit Before Tax is greater than 50% (fifty percent) of the Company’s Profit Before Tax for the immediately preceding Financial Year, the Variable Salary shall be equivalent to 75% (seventy five percent) of the Fixed Component.

## Annual General Meeting

(ii) In the event that the growth in the Company's Profit Before Tax is greater than 30% (thirty percent) but less than 50% (fifty percent) of the Company's Profit Before Tax for the immediately preceding Financial Year, the Variable Salary shall be equivalent to 37.5% (thirty seven point five percent) of the Fixed Component.

(iii) In the event that the growth in the Company's Profit Before Tax is less than 30% (thirty percent) of the Company's Profit Before Tax for the immediately preceding Financial Year, the Managing Director shall not be entitled to any Variable Salary.

**"RESOLVED FURTHER THAT** the Board of Directors (which term shall always be deemed to include any Committee constituted or to be constituted to exercise the powers including its powers conferred under this resolution) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits specified under the relevant provisions of the Companies Act, 2013 and/ or as approved by the Central Government or any such other competent authority."

**"RESOLVED FURTHER THAT** in the event in any financial year during the tenure of the Managing Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to the Managing Director, the above remuneration, as the minimum remuneration by way of salary and allowances as specified above and subject to receipt of the requisite approvals, if any."

**By Order of the Board of Directors**

**For Spandana Sphoorty Financial Limited**

**Date : 25.07.2017**

**Place: Hyderabad**

**Sd/-**

**Mr. Rakesh Jhinharia**

**Company Secretary**

### **Notes:**

**a)** A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.

**b)** A proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

**c)** Members are requested to communicate their change of address, addressing the Company, Spandana Sphoorty Financial Limited, Plot No: - 31 & 32, Ramky Selenium Towers, Tower A Ground Floor, Financial Dist, Nanakramguda, Hyderabad, Telengana- 500032.

**d)** Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.

**e)** Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.

**f)** Members/proxies/authorised representatives are requested to bring the duly filled Attendance Slip enclosed herewith to attend the meeting.

## Annual General Meeting

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to Special Business mentioned in the accompanying Notice:

#### **Item No. 3 & 4**

In accordance with the provisions of Section 149 of the Companies Act, 2013 (the Act) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (the Rules), which came into effect from April 1, 2014, every public company having paid up share capital of Rs.10 crore or more or having turnover of Rs.100 crore or more or outstanding loans, debentures and deposits exceeding Rs.50 crore, is required to have atleast 2 Directors as Independent Directors. Further, in terms of Sections 149 and 152 read with Schedule IV of the Act, Independent Directors are required to be appointed for a term of upto five consecutive years and are not liable to retire by rotation.

Pursuant to the provisions of Section 161 of the Companies Act, 2013; Ms. Abanti Mitra (DIN: 02305893) and Mr. Ramachandra Kasargod Kamath (DIN: 01715073) were appointed as an Additional Director on the Board of the Company on 4th May, 2017. As per the provisions of the aforesaid section, Ms. Abanti Mitra and Mr. Ramachandra Kasargod Kamath shall retire at the ensuing Annual General Meeting of the Members.

As per the provisions of Section 149 of the Companies Act, 2013 (the Act) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (the Rules), it is proposed to appoint Ms. Abanti Mitra and Mr. Ramachandra Kasargod Kamath, as Independent Directors of the Company, for a term of consecutive five years. The Company has received consent from these Independent Directors and their individual declaration confirming that they are not disqualified from being appointed as a Director in terms of the provisions of Section 164 of the Act and that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013.

The Company has received a notice under Section 160 of the Companies Act, 2013, from Member together with the requisite deposit signifying their intention to propose the appointment of Ms. Abanti Mitra and Mr. Ramachandra Kasargod Kamath as Independent Directors not liable to retire by rotation at the ensuing Annual General Meeting of the Company.

The Board is of the opinion that all these Independent Directors are independent of the management and that they fulfill the conditions specified in the Act and the Rules for appointment as Independent Directors of the Company.

A copy of the letter of appointment as an Independent Director setting out the terms and conditions of the said appointment would be available for inspection at the Registered Office of the Company during normal business hours on any working day (Monday to Saturday) without payment of any fee, by the Members.

Save and except, Ms. Abanti Mitra and Mr. Ramachandra Kasargod Kamath and their relatives, who are interested in their appointment, no other Director or Key Managerial Personnel or their relatives is concerned or interested in the said appointment.

The Board recommends the resolution set forth in item No. 3 and 4 for the approval of the members.

#### **Item No.5 & 6**

The Board of Directors of the Company appointed Mr. Amit Sobti (DIN: 07795874) and Mr. Darius Dinshaw Pandole (DIN: 00727320) as nominee directors respectively with effect from 29th May, 2017 and 18th July, 2017 respectively, pursuant to Section 161 of the Companies Act, 2013 whose period of office is upto ensuing general meeting.

The Company has received consent in writing to act as directors in Form DIR 2 and intimation in Form DIR8 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that they are not

## Annual General Meeting

disqualified under sub- section (2) of section 164 of the Companies Act, 2013.

The Board considers that their association would be of immense benefit to the Company and it is desirable to avail their services as Directors. Accordingly, the Board recommends the resolution Nos. 5 & 6, in relation to appointment of Mr. Amit Sobti (DIN: 07795874) and Mr. Darius Dinshaw Pandole (DIN: 00727320) respectively, for the approval by the shareholders of the Company.

Save and except, Mr. Amit Sobti (DIN: 07795874) and Mr. Darius Dinshaw Pandole (DIN: 00727320) and their relatives, who are interested in their appointment, no other Director or Key Managerial Personnel or their relatives is concerned or interested in the said appointment.

The Board recommends the resolution set forth in item No. 5 and 6 for the approval of the members.

### **Item No. 7**

The Members are being informed that the Board of Directors of your Company ('the Board') at its meeting held on 15th June, 2017 recommended for the approval of the Members, payment of remuneration by way of fee to the Non-Executive Independent Directors of the Company to commensurate with the time devoted and the contribution made by them, from 1st April, 2017, as set out in this Special Resolution.

The Non-Executive Independent Directors of your Company may be deemed to be interested in this Special Resolution.

None of the other Directors of your Company is interested, financially or otherwise, in this Special Resolution. The Board recommends this Special Resolution for your approval.

### **Item No. 8**

The Nomination and Remuneration Committee, in its meeting held on 25th July, 2017 recommended and the Board of Directors, in its meeting held on 25th July, 2017 approved the Change in terms of appointment of Mrs. Padmaja Gangireddy, Managing Director (DIN 00004842) by increasing the remuneration from Rs. 2.70 Crores p.a. plus other benefits to Rs. 3.00 Crores p.a. (Fixed Salary) plus variable component which shall be paid in addition to the Fixed Salary and such other terms and conditions, as mentioned herein, w.e.f. April 1, 2017 till the end of tenure of current appointment i.e. till 18th April, 2019, subject to the approval of the shareholders in the General Meeting.

Mrs. Padmaja Gangireddy is a graduate in Communication & Journalism and Post Graduate in Business Administration. She pursued courses in Micro Finance from Harvard Business School, Naropa University, U.S.A, Credit and Micro Enterprise Development from Durham University Business School, U.K and Market Research for Micro Finance from Uganda. Besides building one of the leading Micro finance organizations in India, famed for its efficiency, size and productivity, she has been instrumental in establishing benchmarks for the industry. The change in terms of appointment as well as increase in payment of remuneration was approved by the Board based on industry standards, responsibilities handled by the Managing Director of the Company. The details of Mrs. Padmaja Gangireddy in pursuance of the provisions of the Secretarial Standards are mentioned in Annexure.

Approval of the shareholders is sought for Change in terms of appointment of Mrs. Padmaja Gangireddy, Managing Director (DIN 00004842) by increasing the remuneration from Rs. 2.70 Crores p.a. plus other benefits to Rs. 3.00 Crores p.a. (Fixed Salary) plus variable component which shall be paid in addition to the Fixed Salary and other terms and conditions, as mentioned herein above, w.e.f. April 1, 2017 till the end of tenure of current appointment i.e. till April 18, 2019. The Board of Directors recommends the relevant resolutions for your consideration and approval as Special Resolutions.

None of the Directors, except Mrs. Padmaja Gangireddy and her relatives, is concerned or interested, financially or otherwise in the resolution. None of the other Directors, Key Managerial Personnel or their relatives are concerned or interested in the resolution.

# Annual General Meeting

## Annexure to the Notice of 14th Annual General Meeting:

### Details of Directors who are being appointed or reappointed as per the Secretarial Standards:

Name	Mrs. Padmaja Gangireddy	Mrs. Abanti Mitra	Mr. Ramachandra Kasargod Kamath	Mr. Darius Dinshaw Pandole	Mr. Amit Sobti
Age	50 years	39 years	62 years	51 years	38 years
Qualification	Post Graduate in Business Administration	Masters Degree in Rural Management assessments	Bachelors Degree from University of Mysore	MBA from the Graduate School of Business at the University of Chicago, and a Bachelors of Arts (BA - Economics) from Harvard University	Dual A.B., magna cum laude, in Business Economics and Computer Science from Brown University
Experience	Over 25 years	Over 15 years	Over 40 Years	Over 25 years	Over 17 years
Terms and Conditions of appointment or re-appointment along with the details of remuneration sought to be paid	Change in terms of appointment by increasing in remuneration payable, as per the employment agreement executed between the Company and Mrs. Gangireddy	To be appointed for a period of five years and to be paid a fixed fee, as may be decided by the Board	To be appointed for a period of five years and to be paid a fixed fee, as may be decided by the Board	To be appointed as Nominee Director, no remuneration is proposed to be paid	To be appointed as Nominee Director, no remuneration is proposed to be paid
Remuneration last drawn	Rs. 22.50 Lakhs per month plus other benefits	-	-	-	-
Date of first appointment on the Board	19-04-2003	-	-	-	-
Shareholding in the Company	5800412 equity shares	NIL	NIL	NIL	NIL
Relationship with other Directors, Managers and other Key Managerial Persons of the Company	N.A.	N.A.	N.A.	N.A.	N.A.
The number of meetings of the Board attended during the year	8	N.A.	N.A.	N.A.	N.A.
Directorship in other Companies	4	3	6	2	NIL
Membership/ Chairmanship of Committees of the other Board	-	-	-	-	-

By Order of the Board of Directors  
For Spandana Sphoorty Financial Limited

Sd/-  
Mr. Rakesh Jhinjhar  
Company Secretary

Date : 25.07.2017  
Place: Hyderabad

**VENUE OF AGM:** Plot No: - 31 & 32, Ramky Selenium Towers, Tower A, Second Floor, Financial Dist, Nanakramguda, Gachibowli, Hyderabad, Telangana -500032



### ATTENDANCE SLIP

#### 14TH ANNUAL GENERAL MEETING

At Plot No. 31 & 32, Ramky Selenium Towers, Tower A, Financial District, Nanakramguda, Gachibowli, Hyderabad, Telangana- 500 032

Folio No.:	DP ID No.:	Client ID No.:
------------	------------	----------------

I/ We hereby record my/our presence at the 14TH ANNUAL GENERAL MEETING of the Company at Plot No. 31 & 32, Ramky Selenium Towers, Tower A, Financial District, Nanakramguda, Gachibowli, Hyderabad, Telangana- 500 032, on 24th August, 2017

Name of the Member _____	Signature_____
Name of the Proxy holder_____	Signature_____

**Notes:**

1. Only Member/Proxyholder can attend the Meeting.
2. Please complete the Folio No./DP ID No., Client ID No. and name of the Member/Proxyholder, sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.
3. A Member/Proxyholder attending the meeting should bring copy of the Annual Report for reference at the meeting.

## Annual General Meeting

Form No. MGT 11

### Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of  
Companies (Management and Administration) Rules, 2014]

Venue of the meeting: Plot No. 31 & 32, Ramky Selenium Towers, Tower A, Financial District, Nanakramguda, Gachibowli, Hyderabad, Telangana- 500 032

Date &amp; Time:

#### Please fill Attendance Slip and hand it over at the Entrance of the Meeting Venue

Name	
Address	
DP Id*	
Client Id*	
Folio No	
No. of shares held	

\*Applicable for investors holding shares in Electronic form.

I/We being a member/members of Spandana Sphoorty Financial Limited hereby holding \_\_\_\_\_ shares, hereby appoint

Name	
Address	
E-mail ID	
Signature	

or failing him

Name	
Address	
E-mail ID	
Signature	

or failing him

Name	
Address	
E-mail ID	
Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14th Annual General Meeting of the company, to be held on Thursday, 24th August, 2017 at 12.30 P.M at Plot No: - 31 & 32, Ramky Selenium Towers, Tower A, Financial Dist, Nanakramguda, Hyderabad, Telangana -500032 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of the audited Balance Sheet as at March 31, 2017, the Statement of Profit and Loss for the financial year ended on that date and the reports of the Board of Directors and auditors thereon.
2. Ratification of appointment statutory auditors of the Company.
3. To appoint Ms. Abanti Mitra (DIN: 02305893) as an Independent Director of the Company for a period of five years
4. To appoint Mr. Ramachandra Kasargod Kamath (DIN: 01715073) as an Independent Director of the Company for a period of five years
5. To appointment of Mr. Amit Sobti (DIN: 07795874), as Nominee Director
6. To appointment of Mr. Darius Dinshaw Pandole (DIN: 00727320), as Nominee
7. To approve payment of Annual Fee to Non Executive Directors of the Company



## Annual General Meeting

8. To approve change in terms of employment and increase in remuneration of Mrs. Padmaja Gangireddy, Managing Director of the Company.

Signed this ..... day of ..... 2017

Affix  
Revenue  
Stamp  
Rs.1

Signature of the Member

**Notes:** The proxy form to be effective, should be duly stamped, completed, signed and must be returned so as to reach the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a Member of the Company



## Company Information

### Registered Office

Plot No.31 &32, Ramky Selenium, Tower A, Ground Floor,  
Financial District, Nanakramguda, Hyderabad, Telengana  
Pin: 500032.

### Board of Directors

Mrs. G. Padmaja Gangireddy, Managing Director  
Mr. Sunish Sharma, Nominee Director  
Mr. Ramachandra Kasargod Kamath, Independent Director  
Mr. Madhava Rao Potturi, Independent Director  
Ms. Abanti Mitra, Independent Director  
Mr. Kartikeya Dhruv Kaji, Nominee Director  
Mr. Darius Dinshaw Pandole, Nominee Director  
Mr. Amit Sobti, Nominee Director

### Company Secretary

Mr. Rakesh Jhinharia

### Statutory Auditors

M/s. S R Batliboi & Co, LLP  
(Registration No.301003E), Hyderabad

### Website

[www.spandanaindia.com](http://www.spandanaindia.com)

### Registrars & Transfer Agent

Karvy Computershare Private Limited,  
Karvy Selenium, Tower- B, Plot No 31 &  
32., Financial district, Nanakramguda,  
Serilingampally Mandal, Hyderabad,  
500032, India. Tel: +91 04 67161500,  
Toll Free No: 18003454001.  
Email Id :[einward.ris@karvy.com](mailto:einward.ris@karvy.com)

### Lenders

1. Yes Bank Limited
2. Indusind Bank Limited
3. ResponsAbility India
4. Birla Sunlife Trustee Company Private Limited
5. ICICI Bank Limited
6. Bandhan Bank
7. Manappuram Finance Limited
8. Capital First Limited
9. IFMR Capital Finance Private Limited
10. Mahindra & Mahindra Financial Services Limited
11. Kotak Mahindra Bank
12. JM Financial Products Limited
13. Visu Leasing and Finance Pvt Ltd (INCREDE)
14. AU Small Finance Bank
15. Hinduja Leyland Finance Limited
16. MAS Financial Services Limited
17. Reliance Commercial Finance Limited
18. Clix Capital
19. UniFi
20. Hero Fincorp Limited
21. Karvy Capital Limited

### Investors

1. Kedaara Capital
2. JM Financial Trustee Co. Pvt. Ltd
3. JM Financial Products Limited
4. Valiant Mauritius Partners FDI Limited
5. Helion Venture Partners LLC





**SPANDANA**

**Spandana Sphoorty Financial Limited**

CIN : U65929TG2003PLC040648

No. 31 & 32, Ramky Selenium Towers,  
Tower A, Ground Floor, Financial District, Nanakramguda,  
Gachibowli, Hyderabad