



**SPANDANA**

**Embracing  
the power of**

**W  
M  
E**



**Spandana Sphoorty Financial Limited  
Annual Report 2022-23**

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Learn more on our website  
[www.spandanaspoority.com](http://www.spandanaspoority.com) ▶



## Spandana in a nutshell

One of the

**Largest**

Microfinance institutions  
(MFIs) in India

Well diversified

**Pan-India**

presence with 1,227  
branches in 314 districts  
across 18 states

More than

**20 years**

of experience in  
the industry

# Corporate Information

## Company Name

Spandana Sphoorty Financial Limited

## Corporate Identity Number

L65929TG2003PLC040648

## RBI Registration Number

N-09.00414 (Non-Banking Finance Company registration number issued by RBI; now operating in NBFC-MFI category)

## Website

www.spandanaspfoorty.com

## Registered and Corporate Office

Galaxy, Wing B, 16<sup>th</sup> Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City, TSIC, Raidurg Panmaktha, Hyderabad – 500081, Telangana, India  
Ph: +9140-45474750

## President & Chief Financial Officer

Mr. Ashish Kumar Damani

## Company Secretary and Chief Compliance Officer

Mr. Ramesh Periasamy

E-mail: secretarial@

spandanaspfoorty.com

## Statutory Auditors

Walker Chandio & Co. LLP

Chartered Accountants

(ICAI FRN- :001076N/N500013)

## Registrars and Transfer Agents

KFin Technologies Limited

(Earlier known as KFin Technologies Private Limited)

Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal,

Hyderabad - 500 032, Telangana

Ph: +91 40 6716 2222

## Investor grievance

E-mail: einward.ris@kfintech.com

Website: www.kfintech.com

Ph:18003094001

## Board of Directors

### Ms. Abanti Mitra

Chairperson and Independent Director

DIN: 02305893

### Mr. Bharat Dhirajlal Shah

Independent Director

DIN: 00136969

(Retired as Director w.e.f. April 12, 2023)

### Mr. Deepak Calian Vaidya

Independent Director

DIN: 00337276

### Mr. Jagdish Capoor

Independent Director

DIN: 00002516

### Mr. Animesh Chauhan

Independent Director

DIN: 02060457

(Appointed as Director w.e.f. August 04, 2022)

### Mr. Vinayak Prasad

Independent Director

DIN: 05310658

(Appointed as Director w.e.f. May 02, 2023)

### Mrs. Dipali Hemant Sheth

Independent Director

DIN: 07556685

(Appointed as Director w.e.f. May 02, 2023)

### Mrs. Padmaja Gangireddy

Non-executive Director

DIN: 00004842

### Mr. Kartikeya Dhruv Kaji

Non-Executive Director\*

DIN: 07641723

### Mr. Ramachandra K. Kamath

Non-Executive Director\*

DIN: 01715073

### Mr. Sunish Sharma

Non-Executive Director\*

DIN: 00274432

### Mr. Neeraj Swaroop

Non-Executive Director\*

DIN: 00061170

(Appointed as Director w.e.f. August 04, 2022)

### Mr. Shalabh Saxena

Managing Director and Chief Executive Officer

DIN: 08908237

\* Nominee of Kedaara Capital Limited

## Debenture Trustees

Catalyst Trusteeship Limited

GDA House, Plot No. 85,

Bhusari Colony (Right),

Paud Road, Pune411038, India

Tel: +91 (020) 25280081

Fax: 91 (020) 25280275

dt@ctltrustee.com

Website: www.catalysttrustee.com

IDBI Trusteeship Services Limited

Asian Building, Ground Floor,

17, R. Kamani Marg, Ballard Estate,

Mumbai 400001, India

Tel: +91 (22) 40807068

naresh.sachwani@idbitrustee.com

Website: www.idbitrustee.com

## Investor Information

### Market Capitalisation as at

March 31, 2023: ₹ 37,823 million

**BSE Code:** 542759

**NSE Symbol:** SPANDANA

**AGM Date:** Tuesday, August 01, 2023

**AGM Time:** 03.30 P.M. (IST)

**AGM Mode:** Video Conferencing (VC) and Other Audio-Visual Means (OAVM)

# Embracing the power of

# WOMEN



**At Spandana Sphoorty Financial Limited (Spandana), embracing the power of WE is ingrained in our culture. Empowering Women Entrepreneurs is not just a slogan, but a way of life.**

**WE for us carries the spirit of collaboration, collective action and shared responsibility.**

*For us, WE also symbolises our commitment to building an inclusive, equitable, and prosperous future for all our stakeholders. We unite as a unified platform dedicated to our customers, partners, people, and other stakeholders.*

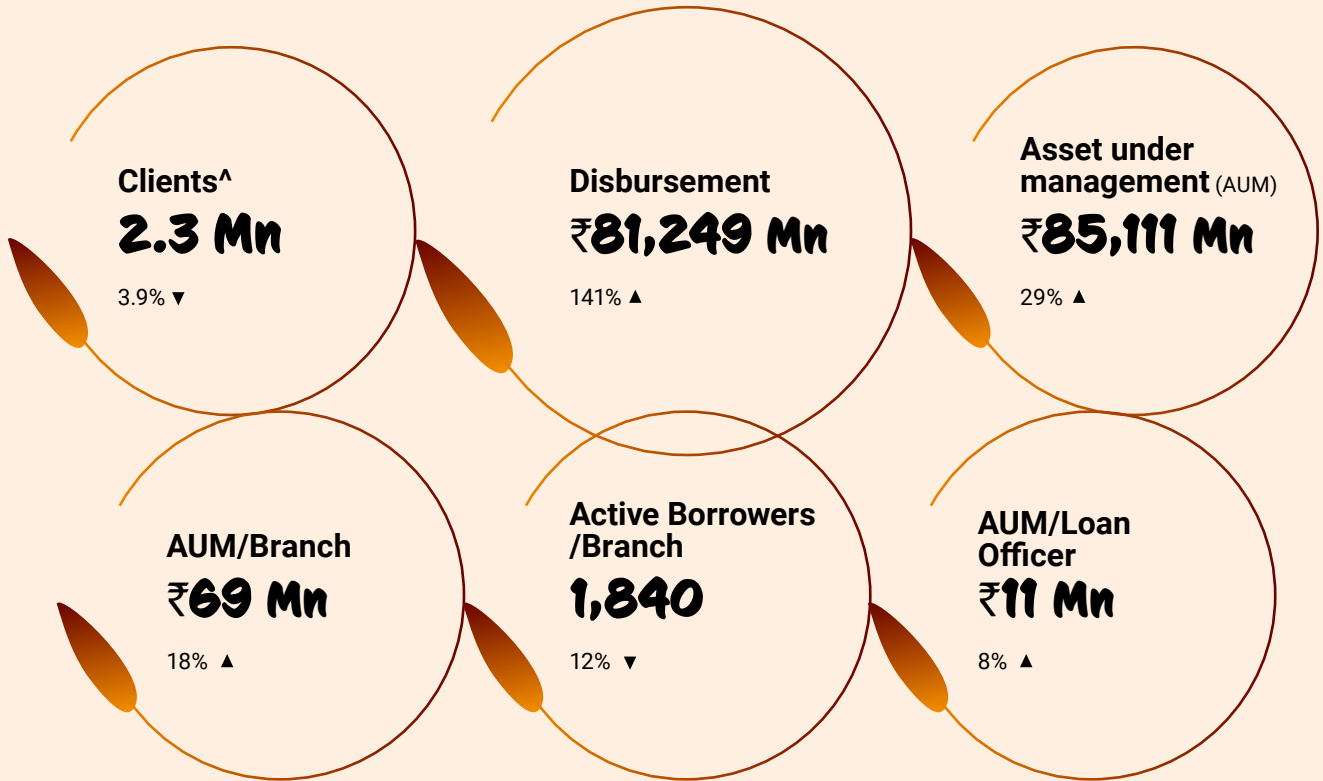
*During FY23, the culture and values of our team at Spandana were strongly demonstrated through the financing of the entrepreneurial journeys of over 0.9 million new women borrowers. Disbursements and assets under management (AUM) recorded robust growth, while collection efficiency improved significantly. To enhance customer experience, we invested in improving our technological and digital capabilities which will create more enriching financial journeys. We have also empowered our people to cultivate a culture of high performance.*

*The success can be attributed to the resilience and inherent strengths of our stakeholder system, which is a result of our concerted efforts towards building a strong foundation. Now, we aspire to propel sustained value creation and build an institution characterised by deep-rooted trust with stakeholders and a responsibility to uphold corporate governance standards.*

Highlights of FY23 (Consolidated)

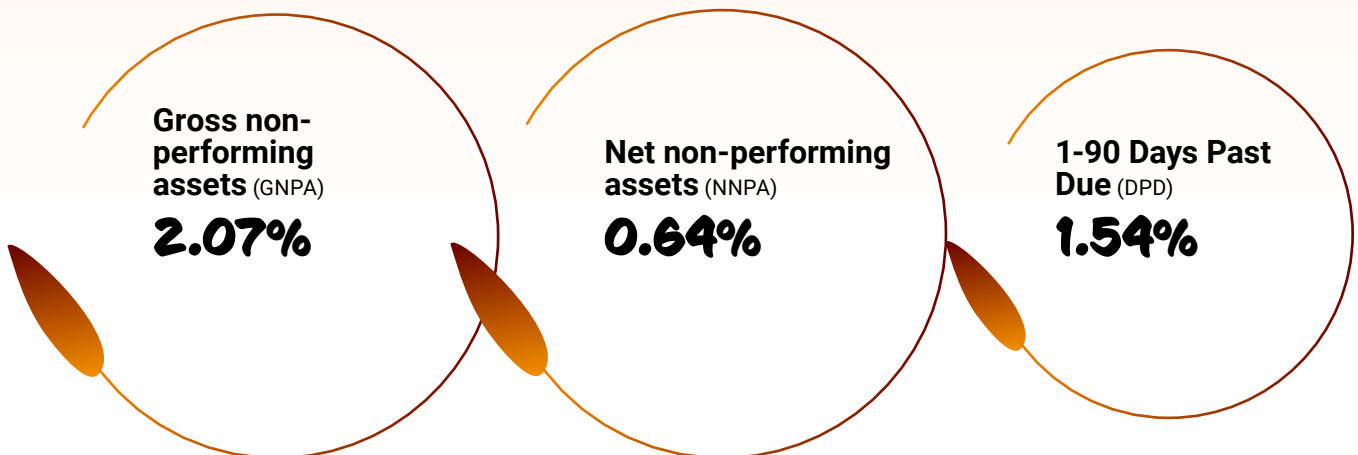
# Performing with fortitude

## Accelerating our growth engine

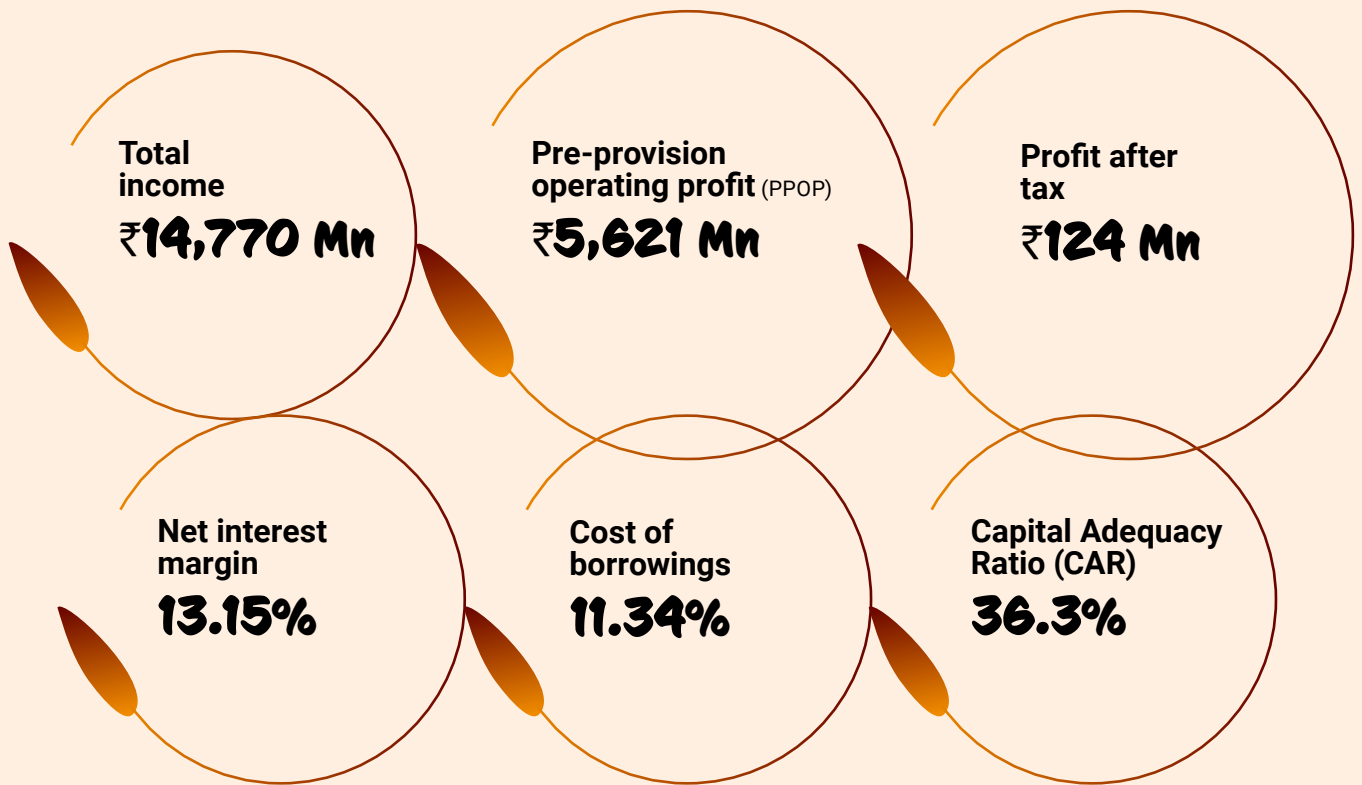


▲ / ▼ y-o-y growth/de-growth in FY23 over FY22  
<sup>^</sup> Client base would be 2.9 million including written offs / ARC borrowers, implying a growth of 22% over March 2022.

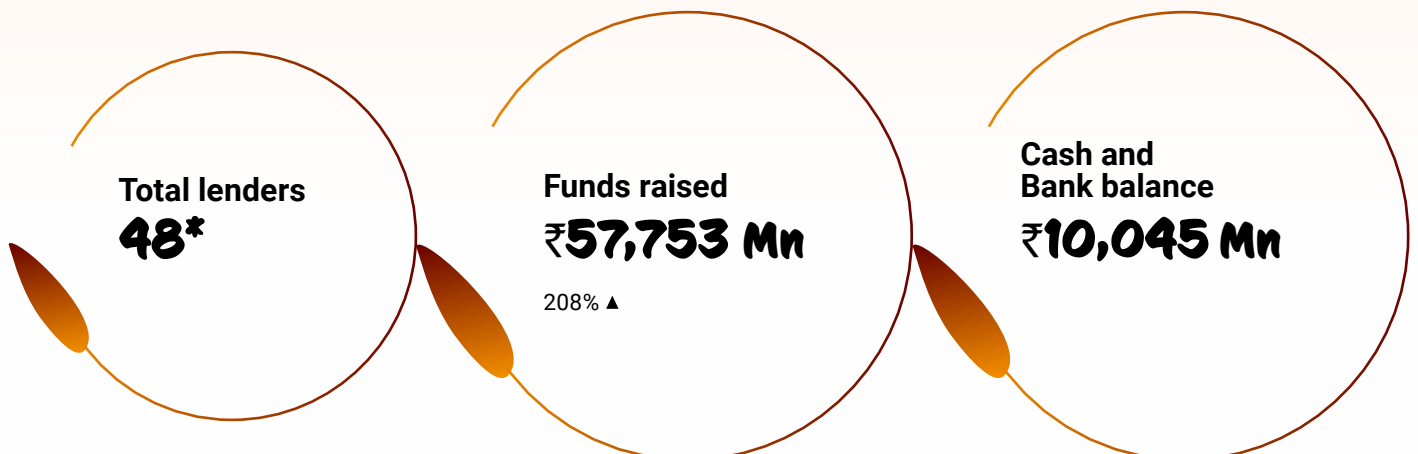
## Improving asset quality



## Strong financial performance



## Continued momentum in fund raising and liquidity



▲ / ▼ y-o-y growth/de-growth in FY23 over FY22  
\* Includes arrangers of Capital Market instruments

*Corporate Identity*

# Fuelling aspirations with opportunities

*Our inherent strengths, derived from our extensive experience in microfinance and wide reach, will play a pivotal role in propelling sustained growth, profitability, and long-term success. These strengths serve us well in a highly competitive industry and help us flourish in a dynamic business environment. They ignite our ambition to act as the driving force behind our customers' aspirational journeys.*

*Beginning our journey in 1998, we are a rural-focused NBFC-MFI primarily providing income-generation loans to women from low-income households under the joint liability group model.*

*Our focus has always been on fulfilling the aspirations of millions of our customers, catalysing local economies, and contributing to the growth of the nation. We intend to strengthen the socio-economic well-being of low-income households by providing financing that is sustainable, improves livelihoods, and delivers a positive impact.*

*Our success has been driven by the quality of our people, who provide timely service and forge strong relationships with our customers. We have developed an in-depth understanding of the borrowing requirements of our customers as our business involves being in regular touch with our customers thus ensuring a good engagement and relationship with them.*

**28.6 lakh\***

Borrowers

**10,016**

Employees

**7,800**

Loan officers



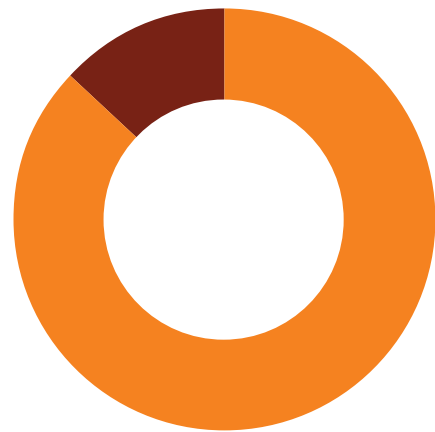


### Presence

We have a well-diversified operation that extends our reach across India. Further, we have exposure caps at the state, district, and branch levels to mitigate geographic concentration risk and ensure strategic diversification of our portfolio. This enables us to respond quickly to market changes, allowing for efficient adjustments to our exposure when necessary.

### Rural geography-focused progress (AUM)

● Rural	87%
● Urban	13%



**112**

New branches added during FY23

**1,024**

Branches out of a total of 1,227 have less than 0.15% of the total AUM

**314**

Districts

## Business lines

### Joint Liability Group (JLG)-based microfinance

Our flagship product is JLG-based micro-loans specifically designed to support women entrepreneurs. These small ticket loans are exclusively offered to women borrowers through Joint Liability Groups, enabling them to become financially secure. Our trust in their potential to establish and grow their entrepreneurial endeavours manifests in the unsecured loans delivered at their doorstep. It fills us with immense pride to have positively impacted the lives of countless customers, acting as catalysts for change through these loans.



### Diversified funding mix

One of the major pillars of delivering on Vision 2025 is adequate fund raise to meet our lending requirements. We have been constantly trying to diversify our sources of borrowings as well as building strong relationships with existing and new lenders. Our current funding needs are being met through borrowings from Banks - both public and private, financial institutions and capital markets. We also endeavour to diversify in terms of borrowing instruments such that we constantly maintain a positive ALM across tenures.

● Banks	45%
● NBFC	17%
● FPI	5%
● Capital Markets	33%



**62%**

Borrowings from Banks or Financial Institutions<sup>^</sup>

**208%**

Y-O-Y growth in fund mobilisation

## Loan Against Property (LAP)

Our Loan against property is designed to fulfill the diverse needs of small entrepreneurs, whether it's acquiring equipment, renovating or expanding office space, or utilising for working capital. It provides a seamless and convenient way for them to access funds and take that crucial next big step in their entrepreneurial journey.



## Credit ratings

Rating Instrument	Rating Agency	Rating	Year
Bank Facilities / NCD's / MLD's	ICRA	A- (Positive)	March 2023
Bank Facilities / NCD's / MLD's / CP's	India Ratings	A (Stable) / A1	January 2023
Bank Facilities	CRISIL	A (Stable)	September 2022

## Core Competence

# Growing with differentiated strengths

*With more than two decades of experience in the NBFC-MFI sector, we have empowered millions of people and established ourselves as one of the trusted lenders in the industry. Our journey has been both exciting and rewarding, as we continue to evolve and adapt to the changing needs of our customers.*

### Connected locally

We recruit local talent for our branch offices, which has a two-fold benefit of enhancing employability in the community and building strong customer engagement through our large team of over 7,800 loan officers.



### Extensive rural reach

We are currently present in 18 states with 1,227 branches. About 87% of our customers are from rural India and 13% are from semi-urban and urban India. We are committed to bringing the underbanked and unbanked population from rural India into the formal financial fold and as such our focus will be to make financial services available to them at their doorstep.



### Hassle-free experience

The loan documentation process can be discomfoting for many. To address this issue, we have simplified the process and focused on building relationships that are rooted in trust, comfort, and confidence.



### Customer base

We serve a total customer base of 2.9 million, almost all of them are women. This is a testament to our commitment to financial inclusion and empowering women in India.



## Dynamic workforce

We are proud to have a team of over 10,000 motivated employees, with a fine blend of youth and experience. The teams are dedicated to providing timely service and building strong relationships with our customers.



## Technology as an enabler

Our endeavour is to make hassle-free financial services available to customers in remote locations. Technology plays a major role in ensuring this. We constantly scan the environment we operate in for technology solutions that improve efficiencies and reduce friction in the delivery of our services.



## Well governed

We have implemented robust corporate governance practices that uphold our core values and guide our strategic direction. The Board of Directors play a crucial role in ensuring the long-term sustainability of our company. They set our strategic direction and safeguard the interests of all our stakeholders.



## Transparent approach

Transparency is the cornerstone of all our actions. We strive to have meaningful engagements with all our stakeholders – be it employees, investors, customers, lenders or regulators. As a responsible corporate, we value stakeholder suggestions and work diligently to meet expectations.





*Managing Director's Insight*

# Progressing with the power of WE



**Dear Shareholders,**

*In my previous communication to you, I had extensively dealt with our 'Vision 2025' aimed at scaling our business to achieve ₹180 billion AUM by end of FY25. I am pleased to inform you that we have been progressing towards that goal. FY23 served as a period of consolidation for Spandana, with the management team working on multiple priorities like establishing a robust team, refining systems and processes, strengthening governance and control measures, while also expanding operations.*

As an organisation set up with the intention of formalising credit to the underbanked and unbanked segments of the population, Spandana is a firm believer in the power of WE - Women Entrepreneurs. They are the torchbearers who can bring about a positive change in their families. We embrace the idea of women empowerment and have always been the cheerleader and partner that strives to be the drift beneath the aspirational flight of Women Entrepreneurs.

Microfinance holds tremendous potential to contribute even further to India's economic development in the years to come. By providing access to affordable credit, microfinance can actively promote job creation, boost income, and alleviate poverty. Additionally, through women empowerment the industry has been significantly contributing to the upliftment of communities.

Studies conducted by reputed research organisations estimate that microfinance industry will grow to over ₹10 trillion by FY30 implying a CAGR of ~16%. This has us excited about the prospects of Spandana being a catalyst for positive change in Bharat.

We have enhanced the depth and breadth of our pan-India footprint taking the branch count to 1,227, with over 7,800 loan officers across 18 states. We provide financial solutions at the doorstep of our 2.9 million customers. We are constantly investing in technology to accelerate customer acquisition, portfolio servicing and effective collections.

## Our performance

At Spandana, our transformation is underway, driven by strong fundamentals and a well-defined strategic roadmap. In FY23, we achieved a consolidated total income of ₹14,770 million, consolidated profit after tax declined by 82% to ₹124 million, which can be attributed to impairment costs of ₹5,443 million recorded during the year primarily due to higher SMA and NPA buckets at the beginning of the year. Our recovery against loans written off was ₹387 million during the year and in addition we were able to collect ₹325 million from stressed loan pool which was sold to ARC during the year. We continue to maintain proactive communication with our borrowers, educating them about the advantages of repaying their outstanding dues and ensuring they maintain a clean record with credit bureaus for their continued benefits.

We reached an all-time high AUM of ₹85,111 million, marking a growth of 29% compared to the ₹65,811 million reported as of March 31, 2022. Furthermore, our disbursements increased by 141% to reach ₹81,249 million.



*Studies conducted by reputed research organisations estimate that microfinance industry will grow to over ₹10 trillion by FY30 implying a CAGR of ~16%. This has us excited about the prospects of Spandana being a catalyst for positive change in Bharat.*

Customer acquisition remains a key growth driver. Throughout the year, we acquired 0.9 million, new customers, signifying a growth rate of 166% compared to the 0.3 million new additions in the previous period. Approximately 50% of the borrowers to whom loans were disbursed were new to Spandana.

Our total borrowings stood at ₹57,753 million, marking an increase of 208% across 48 lenders. Looking ahead, we aim to further diversify our funding sources and deepen our relationships with existing lenders. We will also prioritise efforts to reduce the cost of incremental borrowings, as this will directly improve margins and help us be more competitive in the market.

Our portfolio quality has improved sharply over the quarters. As of March 2023 our current book stood at 96.4% as against 68.4% at the end of March 2022. Our Gross Non-Performing Assets (GNPA) stood at 2.07% as compared to 18.7% at the end of March 2022, while Net Non-Performing Assets (NNPA) were at 0.64% as

## Managing Director's Insight (Continued)

against 10.5% at the end of March 2022. Further, our 1 to 90 book significantly improved to 1.5% in March 2023 from 14.4% at the end of March 2022.

Our collection efficiency stood at 102.5% at the gross level and 97.6% at the net level in Q4FY23. This is attributable to the dedicated efforts of our teams on the ground as well as to the improving macroeconomic environment. For FY23, our Provision Coverage Ratio (PCR) was 70% on the unsecured portfolio and 69.1% at the consolidated level due to lower provisioning in our secured portfolio.

We ended FY23 with a well-capitalised and strong balance sheet. Our Capital Adequacy Ratio (CAR) was 36.3% and net worth was ₹30,992 million. Further, as of March 31, 2023, we maintained a closing cash and bank balance of ₹10,045 million.

We recognise the importance of maintaining stability while pursuing growth opportunities. During the year, we were able source and onboard high quality talent for the 13 key positions identified. The team is now diligently working to optimise and enhance operational efficiencies across the organisation.



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### Strategic imperative

While there are concerns due to geo-political and macroeconomic challenges, we are cautiously optimistic about the prospects of the Indian economy in the medium term. We will continue to diligently work to deliver the targets we have set for ourselves.

**Member addition-led growth strategy:** We continue to prioritise new customer acquisition as a key focus. Our strategy includes targeting customers from deep rural and semi-urban areas, thereby reinforcing our presence in tier 3-5 geographies.

**New branches:** In FY23, we opened 112 new branches, expanding our reach and accessibility. We have plans of opening 400 additional branches in select states so as to ensure a robust loan growth which is in line with the plan presented.

**Scaling across focused geographies:** We have identified seven key states – Rajasthan, Uttar Pradesh, Bihar, West Bengal, Haryana, Tamil Nadu and Gujarat - as our focus areas. We are actively working towards increasing our AUM in these states thus ensuring geographical spread of our business.

**Enhancing efficiencies:** We have identified significant opportunities for improving operational efficiencies. Our focus is on enhancing key performance indicators such as AUM per Branch, AUM per Loan Officer, Borrowers per Branch, and Borrowers per Loan Officer. By optimising these metrics, we aim to achieve greater productivity and effectiveness in serving our customers while maximising our overall operational performance.

### Way forward

At Spandana, embracing the power of WE is a way of life. WE symbolises our commitment to women empowerment and entrepreneurship. Our progress is driven by the core value of transparency and integrity. We highly value the confidence and faith placed in us by our stakeholders. As we move forward, our focus will be to deliver quality growth that adds value for all stakeholders, and every step we take is aimed at achieving that objective.

I would like to express my heartfelt gratitude to all the stakeholders of Spandana. I extend my thanks to the



112

New branches  
opened during the  
year under review

“

*At Spandana, we embrace the power of 'WE'. We symbolise our commitment to women's empowerment and entrepreneurship. Our progress is driven by the core value of transparency and integrity. We highly value the confidence and faith placed in us by our stakeholders. As we move forward, our focus will be to deliver quality growth that adds value for all stakeholders, and every step we take is aimed at achieving that objective.*

Board, our lenders, and our dedicated colleagues who contributed throughout the year. I want to extend a special acknowledgment to the branch staff, loan officers, branch managers, and the entire field staff who worked tirelessly to deliver the results we envisioned at the start of the year. Their hard work and commitment have been instrumental in our progress. I would also like to express my appreciation to the head office staff for their valuable support and contributions. Together, we have accomplished significant milestones, and I am grateful for the collective energy and dedication that has led us to deliver the results this year.

It has been an exciting and fulfilling journey so far. I am confident that with the momentum built during the year, we will continue to march steadily towards the objective we have set together as a team.

Warm regards,

**Shalabh Saxena**  
Managing Director and CEO

*New Business Generation*

# Driving inclusion with greater scale

*At Spandana, we have identified seven states as 'growth states' given the immense potential they offer. By strategically expanding in these regions, our aim is to significantly broaden our outreach, cater to a larger customer base, and make a substantial impact on driving financial inclusion.*

## *Evolution of AUM concentration in focus states*



**We are strategically ensuring geographical diversification of the portfolio by increasing business in seven growth states. Our efforts will be to ensure that the AUM concentration at a state level would be restricted at 12%-13% max by end of FY25.**

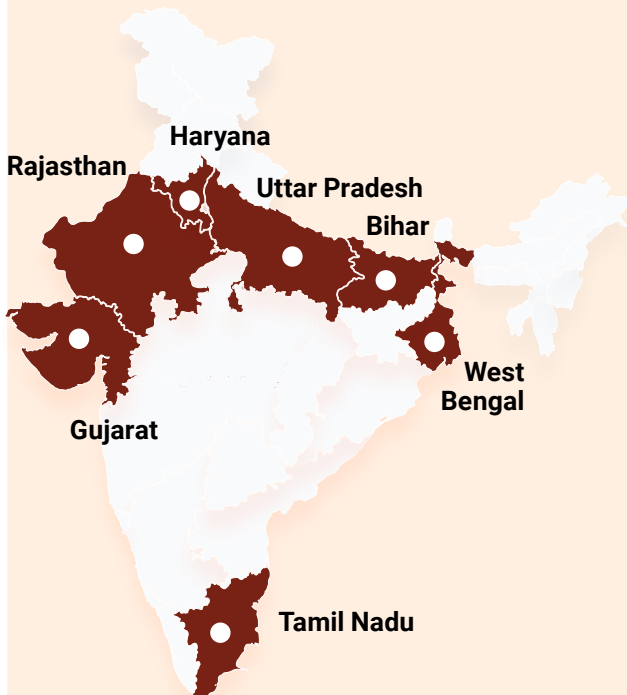


## Customer acquisition

FY23 was the first of the three-year Vision 2025 plan. Customer acquisition led growth has been identified as one of the key drivers. During the year we acquired 0.9 million new borrowers as against 0.3 million borrowers acquired in FY22. As we move forward, we are committed to sustaining and accelerating this growth trajectory, particularly in the 'growth' states where we have identified significant potential for expansion.

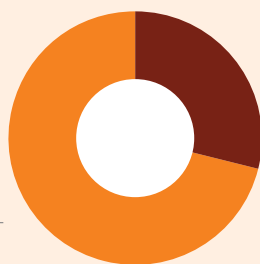
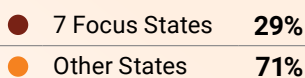


*Focus states accounted for 29% of member acquisition in Q4 FY23*



### Branch network growth plan

We are focused to driving growth and expanding our reach to better serve our valued customers. We are consistently working towards increasing our branch network and expanding our team size in our growth states. This strategic approach will drive enhanced customer acquisition and grow our portfolio.



## Product Range

# Fulfilling aspirations of many more nano entrepreneurs

*As we expand our operations throughout India, we are enhancing our Joint Liability Group (JLG) based micro-loans product. Further, to address the changing needs of our customers, we offer a range of loan products through our wholly-owned subsidiary, including Loan Against Property and soon to be launched loans for Nano enterprises. These additional offerings cater to our customers' aspirations, providing the necessary support to stabilise their journey and propel them to greater heights.*

### **Strengthening our JLG model**

The Joint Liability Group (JLG) model has been one of the mainstays of microfinance in India over the past two decades. The JLG model is important because it expands financial inclusion, shares risk, fosters social capital, promotes community development, empowers women, and contributes to poverty alleviation and economic growth. By combining financial services with mutual support and accountability, the JLG model has proven to be an effective tool in addressing the challenges faced by marginalised populations in accessing formal credit and improving their socio-economic conditions.

The inherent system of checks and balances in place ensures convenience for borrowers and lenders, fostering trust within the broader ecosystem where microfinance institutions operate. As a management team, we have high confidence in the resilience of this model. Our focus is on reinstating discipline among our employees and customers, which we believe will lead to strong asset quality in the future.



## Loan Against Property (LAP)

**Entrepreneurial journeys are characterised by the pursuit of new pathways and taking bold steps towards progress. A considerable number of small entrepreneurs are constantly on the lookout for the right partner who can help them navigate the next phase of their journey. They seek a partner they can trust, someone who will treat them fairly and ensure the safety of their pledged property. Such a partner plays a crucial role in making their entrepreneurial journey smooth and successful.**

To fortify our portfolio and empower small entrepreneurs, we have prioritised the revitalisation of our Loan Against Property (LAP) product. Although we previously had a relatively small book size for this product, we recognised its potential and embarked on a strategic plan in FY23.

To lay a solid foundation for growth, we prioritised the development of technology infrastructure. This involved the implementation of a robust Loan Origination System (LOS)

and Loan Management System (LMS), enabling us to streamline procedures associated with LAP. These systems empower our teams to efficiently handle loan applications, evaluate collateral, assess risk, and ensure seamless monitoring throughout the lifecycle of each loan.

While we initially focused on the regions of Andhra Pradesh and Telangana, we are actively expanding our reach and exploring new opportunities in other states. Through careful analysis and

market research, we aim to leverage the untapped potential of LAP and tailor our offerings to the specific needs of the local clientele.

We intend to open multiple branches across various regions, all equipped to offer the LAP product enabling us to effectively meet the growing demand for LAP across the regions we are present.

## Nano Enterprises Loans

We are planning to launch Nano Enterprises Loans. These loans are specifically designed for micro and small business owners, offering them unsecured loans. Our aim with Nano Enterprises Loans is to support the growth and development of small shopkeepers. By extending these loans, we hope to empower these entrepreneurs with the necessary funds to expand their businesses, purchase inventory, invest in

equipment, or meet any other essential financial requirements.

The customer journeys for both LAP and Nano Enterprise Loans are similar, thereby allowing the seamless delivery of both products through a unified technology platform and distribution network. Leveraging this shared infrastructure, we stand to gain substantial operational synergies.



## Information Technology

# Accelerating with a smarter approach

*We are strengthening our IT capabilities to optimise our internal efficiencies. Our revamped IT infrastructure will expedite digitisation and automation, leading to cost and process efficiencies. It will also enable analytics to identify business and risk opportunities thus leading to enhanced profitability. Additionally, our IT transformation will empower data-driven decision-making. We aim to design and implement a scalable infrastructure that can accommodate future expansion. Ensuring a secure environment is a priority to prevent data breaches and comply with regulatory requirements.*

### IT priorities

1

#### Enhanced user experience

We are driving core transformation within our organisation. This involves implementing enhanced and future-ready core solutions that will propel our operations forward. As part of this initiative, we aim to rationalise our application stack, replace any legacy applications and harness value from the applications.

2

#### Insights driven operations

We are actively fostering a data-driven culture. We have implemented a well-established governance framework and streamlined processes to ensure efficient data management. Our focus is on establishing a unified data repository and achieving a single version of truth. We leverage the potential of unstructured data to get deeper insights and patterns. Furthermore, we aim to democratise data and achieve data as a service. By embracing these principles, we are poised to drive data-centric decision-making.

3

#### Stable and secure platform

We are focused on creating a stable infrastructure that can effectively respond to our growth ambitions with agility. By enabling rapid changes and scalability, we ensure that our IT infrastructure remains reliable and resilient. This approach allows us to stay digitally competitive and mitigates the risk of losing clients and market share.

4

#### Digital and Automation

We are actively driving digitisation and automation to achieve our goals:

- Reducing turnaround time from lead generation to disbursement.
- Utilising digitally enabled systems such as UPI, QR codes, and wallets for efficient disbursement collections.
- Implementing frictionless and automated IT operations.
- Optimising costs while simultaneously improving the customer and user experience.

These efforts empower us to enhance operational efficiency, deliver faster services, and ensure a seamless and satisfying experience for our customers and other users.

5

#### Secured Operations

We prioritise risk management while embracing a digital-first landscape. Our focus is on achieving zero data breaches and safeguarding stakeholder data through robust proactive system monitoring. We continuously adapt to rapidly evolving cyber risks to ensure the security and resilience of our operations.

6

#### Insights with Advanced Analytics

We are leveraging advanced analytics to generate insights that enhance customer experience and relationships through informed and comprehensive data. Our focus is also on improving profitability by reducing non-performing assets (NPA) and credit loss through better prediction models. Additionally, we strive for seamless and effective financial and regulatory reporting.

## IT Enablers

- Future-ready core business solutions designed to cater to different products and diverse lines of business
- Utilisation of digital platforms for seamless operations
- Data-driven decision-making to enhance efficiency and effectiveness
- Will implement a robust CRM solution/VRM driven by data
- Automation and straight-through processing with minimal interventions
- Utilisation of advanced analytics to improve profitability, minimise credit loss, and reduce NPA through better prediction models
- Establishment of secure and risk-mitigated environments
- Maintenance of a stable and scalable infrastructure
- Adoption of modernised support solutions

## Scaling up data and analytics

**Meeting customer life-cycle needs:** We are utilising analytics to gain insights into customer segments, preferences, and sentiments, enabling targeted product propositions that meet customer life cycle needs.

**Effective risk management:** We are utilising analytics to proactively predict potential risks and implement necessary mitigation strategies.

**Ensure audit compliance:** We are leveraging data and analytics to ensure adherence to all audit and compliance requirements, minimising regulatory risks.

## Stakeholder-wise benefits of our IT transformation



### Customer

- Enable seamless multi-channel experience
- Improve customer support and service
- Reduce disbursement turnaround time (TAT)
- Enable digital payment and collections capabilities



### Employees

- Integrated Human Resource Management System (HRMS)
- Efficient procurement management
- Robust asset management
- Strong service management
- Robust risk and compliance management framework



### Field Force

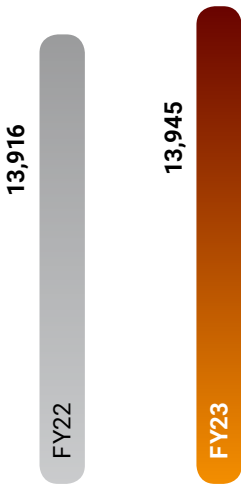
- Drive omnichannel customer acquisition
- Enable credit risk analysis and management tools
- Digitise field operations to improve efficiency and productivity.
- Enable dynamic incentive management module
- Automate meeting scheduling and training scheduling
- Drive lead management with an integrated CRM
- Enable geo-tagging for monitoring
- Facilitate coherent work delegation through virtual relationship managers (RMs)
- Enable live employee tracking systems



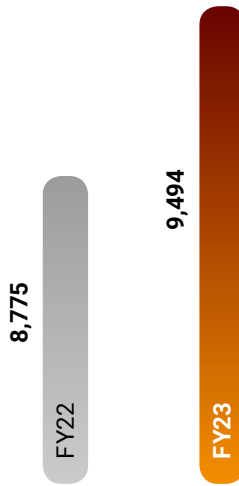
Key Performance Indicators (Standalone)

# Growing confidence with performance

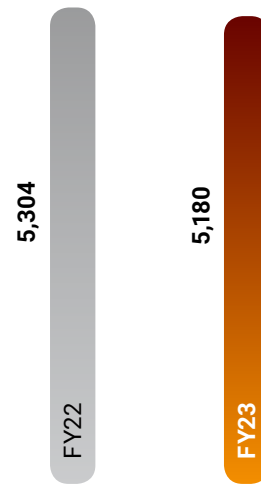
**Total Income**  
(₹ in million)



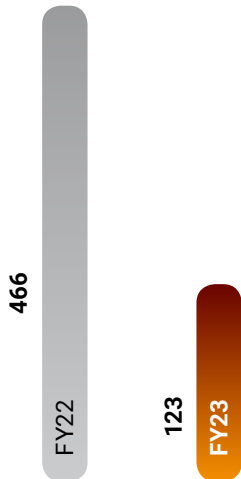
**Net Interest Income (NII)**  
(₹ in million)



**Pre-provision operating profit (PPOP)**  
(₹ in million)



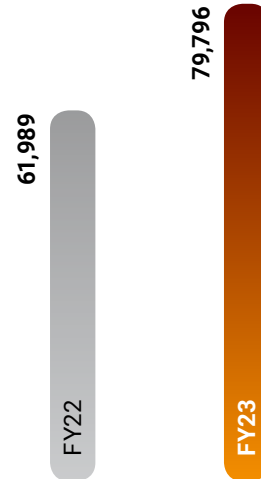
**Profit after tax**  
(₹ in million)



**Gross NPA**  
(%)



**Assets under management**  
(₹ in million)

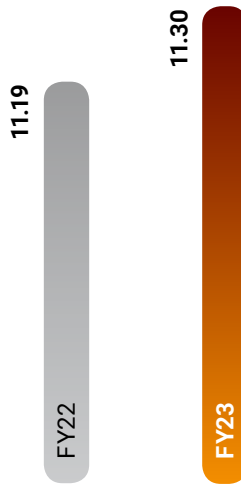




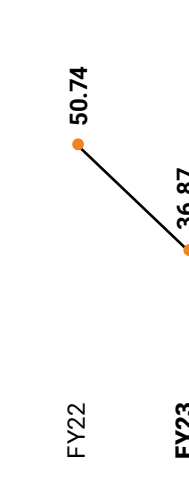
### Return on asset (consolidated) (%)



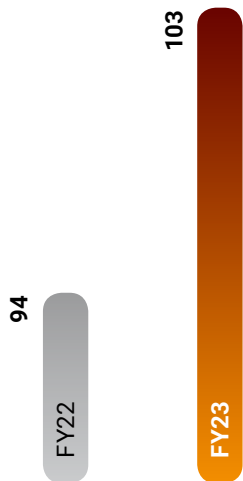
### Cost of borrowings (%)



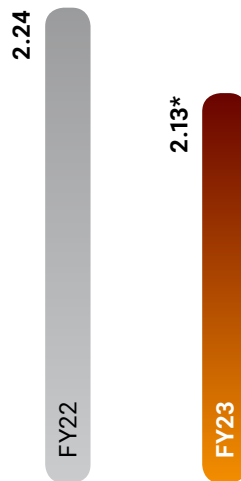
### Capital Adequacy Ratio (%)



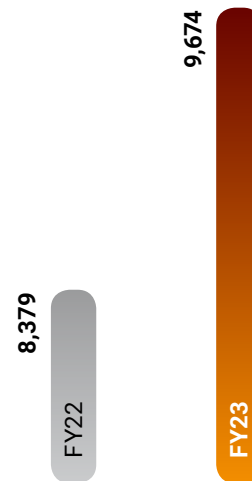
### Collection efficiency (%)



### Borrowers (in million)



### Employees (Nos.)



\*Client base would be 2.7 million including written offs / ARC borrowers, implying a growth of 22% over March 2022.

## Customer Testimonials

# Making a tangible difference

### Nurturing an ambition to grow

1

Indiramma Nayak is an extraordinary woman who effortlessly balances her roles as a mother and an entrepreneur, radiating warmth in all that she does. She has two daughters, Aiswarya and Akshita, currently in the 4th and 2nd grades, and a son entering his final year of high school.

In October 2020, Indiramma embarked on her entrepreneurial journey filled with hope. She secured her first loan of ₹ 40,000 from Spandana, which she invested in four buffaloes. Over time, her herd has grown to ten, and her dedication has nurtured them into consistent milk producers. Each buffalo yields an average of 4-5 litres of milk a day, contributing to her monthly income. Indiramma's resilience and diligence have transformed her into a beacon of inspiration, kindling hope in the hearts of women throughout her community. Her remarkable journey stands as a testament to the fact that determination and hard work can empower individuals to achieve success, regardless of their circumstances.

### Emerging stronger against all odds

2

Life's journey often presents unexpected hurdles, and for Renuka, it came in the form of her husband's untimely passing. Bereft of resources, she found herself at a crossroads, yet her indomitable spirit refused to waver. With strong determination and hope, she resolved to carve a new path for herself.

Stripped of financial security, she embraced the humble beginnings. Employed at a local saree shop, she immersed herself in the art of saree selling, acquiring invaluable expertise. Every hard-earned penny was diligently saved, paving the way for her entrepreneurial aspirations. Determined, Renuka sought a loan from Spandana to establish her own business, breathing life into her dreams. Within her neighbourhood, she began retailing sarees, steadily cultivating a loyal customer base.

Today, Renuka's monthly earnings stand proudly at ₹ 15000-16,000, with the promise of further growth on the horizon. Her journey is an inspiration for others confronting similar adversities. Her tale reinforces the power of perseverance and relentless determination.



3

### Weaving an inspirational journey

Laxmi, wife to Venkatesh and nurturing mother to four sons and a daughter, embarked on a transformative path. Seeking to weave a brighter future, she found herself at one of our tailoring centres, eager to master the art of the sewing machine. Armed with newfound skills, she stitched together not just an income, but hope for her entire family.

In 2023, Laxmi took her first loan from Spandana to propel her aspirations further. With the loan, she procured a sewing machine, starting her own modest tailor shop. Not content with her own success, she began imparting her knowledge by teaching the art of stitching to fellow women in her town.

The fruits of her labour have woven a tapestry of positive change. Laxmi's monthly income now is to the tune of ₹ 15,000-16,000, providing vital support for her family's needs. Education, once a distant dream, now blooms within reach for her four children, alleviating the burden that her husband once bore alone.

Laxmi's determination and tireless work have not only illuminated her own life but have also illuminated the lives of those around her. With each stitch, Laxmi weaves a legacy of empowerment, reminding us that dreams, nurtured with resilience and opportunity, can be tailored into a fabric of extraordinary achievement.



4

### Empowering women, one shop at a time

Parvati, a devoted mother of two, faced the harsh reality of a demand slowdown that affected her husband's daily wage earnings, leaving their family in distress. Yet, within Parvati, a spark of hope ignited. In 2023, seizing an opportunity, Parvati obtained a loan from Spandana to transform their vacant shop into a kirana store. With unwavering determination, she rallied support from women in her community, forging her path as an independent entrepreneur. Utilising the loan, she acquired essential items, breathing life into her venture. Undeterred by initial challenges, Parvati persisted, using a humble bicycle to procure and deliver stock, bridging the gap between her shop and customers' homes. Through unwavering dedication, her kirana shop began to flourish, manifesting her aspirations. Today, Parvati's entrepreneurial spirit reaps success, yielding a monthly income of ₹ 15,000 to 18,000. Parvati's unyielding resolve and relentless work ethic have transformed her family's life. Parvati's determination reminds us that even in adversity, one can bloom and inspire others to cultivate their paths toward prosperity.

## Human Resource

# Empowering people with purpose

*At our core, we are dedicated to cultivating a workplace that nurtures a culture of openness. Our commitment lies in the continuous development and well-being of our employees, ensuring they have the necessary resources to reach their highest potential. Above all, we hold our values in high regard, emphasising the importance of fostering effective and positive work relationships with our teams.*



### Expanding team size

We now have a full bench of senior management team thus ensuring that we commence FY24 at full capacity. Moreover, we have meticulously strategised manpower expansion across all levels and departments. Our comprehensive expansion plan encompasses the decentralisation of work, a strategic measure aimed at effectively addressing field issues in a timely manner.



### Diversity, equity, and inclusion

A fundamental element for achieving success lies in fostering an inclusive culture that extends to both our employees and customers. Therefore, we place great emphasis on establishing a culture of equality, care, and opportunities. We strongly believe in encouraging meaningful conversations and fostering genuine connections as essential pillars of our approach. Our actions will be focused on increasing the diversity quotient within the organisation.



### Learning and development

To ensure integration between our training initiatives and the structure of our field operation team, we have established a dedicated training structure. Here are the key milestones we have achieved:

- Training team at the Zonal and Regional level has undergone comprehensive capacitation, aligning them with our objectives.
- Training strategy and roadmap for FY24 have been finalised, with a clear focus on automation, standardisation, and skill development.
- Meticulously designed the master content based on our Operation Manual.
- Launched virtual and physical sensitisation sessions for our branch and field leadership team in order to ensure updates on new developments and changes.



### Career progression and performance management

We are focused on providing ample growth opportunities for our employees within the company. Here's how we ensure their professional development:

**Performance Management System (PMS):** We have implemented a fair and transparent PMS system that assesses employees' performance and skills on a defined scale. We not only consider their year's performance but also discuss their developmental needs. The rating process is conducted at two levels to ensure fairness and accuracy.

**Internal job postings:** We offer internal job postings, enabling employees to explore cross-functional opportunities within the organisation.

**Training programmes:** We provide comprehensive training programmes that focus on product knowledge, processes, and policies. These programmes equip employees with the necessary skills to excel in their current roles and develop the essential competencies required for future growth.

**Mentoring programmes:** Our organisation values the importance of mentoring. We have established mentoring programmes that facilitate proper guidance and support across different levels. These programmes ensure individuals receive the necessary guidance and are groomed for future roles and responsibilities.



## Employee health and wellbeing

Employee health and well-being are vital for a positive work environment and a culture of care and support. We ensure adherence to safety measures like wearing helmets while driving, and our policies like health insurance to take care of the medical needs of employees.

### Future plan for employee wellbeing

- Promoting healthy habits and sending mailers to encourage employees to maintain a healthy lifestyle.
- Providing wellness programmes, fitness challenges, and encouraging regular breaks and physical activity throughout the workday.
- Prioritising mental health by offering employee assistance programmes (EAPs), counselling services, and mental health resources for support.
- Encouraging work-life balance, flexibility, and stress management initiatives to support employee well-being.



## Engagement and motivation

- Our rewards and recognition programme includes a grand event where top performers are honoured and felicitated.
- We acknowledge the dedication of employees who have completed 5, 7, and 10 years with the organisation through Long Service Awards, presenting them with tokens of appreciation in the form of trophies and certificates.
- Quarterly town hall meetings provide a platform for the MD & CEO and the leadership team to address all employees, sharing the organisational vision. This fosters a culture of inclusion, open communication, and transparency.



## Rewards and recognition

Recognising and rewarding employees' efforts and achievements is essential for their overall well-being. We employ various methods, such as spot recognition awards, awards and certificates, as well as monetary benefits to acknowledge and appreciate their valuable contributions. We are creating a positive and motivating work environment that fosters employee engagement and satisfaction.

## Way forward

Our focus in the organisation is on building a strong culture and implementing best practices in the People function. To achieve this, we plan to streamline HR processes and enhance the efficiency of HR representatives, allowing them to focus on strategic and value-added activities. As part of our future plans for HR automation projects, we have already implemented the HRMS (Adrenalin) employee self-service portal, which has increased usage by end users. In FY24, we have planned automation projects in areas such as payroll and benefits administration, performance management, and recruitment automation through an Applicant Tracking System (ATS). These initiatives will help us improve efficiency, enhance employee experience, and align HR practices with industry standards.



*Social Commitments*

# Sharing value with happier communities



*At our core lies the belief to empower communities and play a vital role in driving collective growth.*

*We have devised a comprehensive strategy for our community initiatives, employing an integrated development approach.*

*Our approach emphasises the strong connection between business objectives, community needs, and alignment with the United Nations Sustainable Development Goals (SDGs) and the MCA Schedule VII. The following key areas will be our primary focus:*



Beneficiaries Impacted  
(71% Women)

**~1.14 lakh**

Skilling centres in 61 locations established

**65**

Children beneficiaries (204 schools)

**~13,444**

Locations across 12 states where we are running our various CSR programmes

**91**

Rural women attended financial and digital literacy training

**58,647**

## Skill development and Livelihoods

**65**

Skilling centres operated across 10 states, including Andhra Pradesh, Telangana, Madhya Pradesh, Maharashtra, Karnataka, Bihar, Odisha, Kerala, Rajasthan, and Jharkhand, offering vocational training courses

**4,695**

Trainees were trained in various domains, including Tailoring, Electrical, Facilities Management, and BFSI, across 61 locations

### Tailoring training centre for women

We have established tailoring training centres specifically for rural women and girls. These centres offer a comprehensive 90-day skill development programme in tailoring along with Financial and Digital literacy module.



We have trained 2,300 women across 44 tailoring centres in FY23. As a result of our efforts, 549 women have secured job placements, while 1,308 women have successfully become self-employed. To support their journey, we provide each trainee with a tailoring kit upon completing the course. Post-placement, these women have been able to earn an average monthly income ranging from ₹ 3,000 to ₹ 5,000, enhancing their financial independence and overall well-being.



Our initiatives span multiple states in India, including Maharashtra, Madhya Pradesh, Odisha, Karnataka, Kerala, Andhra Pradesh, and Telangana.

**2,300 Women**

Received training in tailoring. Also, distributed free 458 sewing machines and 186 bicycles to the needy beneficiaries in the states of Maharashtra, Chhattisgarh, Karnataka, Kerala, Madhya Pradesh, Andhra Pradesh, Telangana, Rajasthan, Odisha, Bihar, Jharkhand, Gujarat and Uttar Pradesh.

**3,598**

Youth and women trainees have successfully obtained either placement or entrepreneurship support

### Garment Manufacturing Units (GMUs)

We have successfully established five GMUs with the primary objective of empowering women to enhance their income and achieve financial independence. Our comprehensive program includes technical and entrepreneurship development training, equipping the women with the necessary skills to operate the units independently. Throughout a two-year handholding period, we provide training in financial management, operations management, materials and inventory management, and marketing management. After this period, the units will be converted into Mutually Aided Cooperative Societies (MACS), which will be owned, managed, and controlled by the members themselves. These GMUs are located in Davanagere (Karnataka), Berhampur (Odisha), Ichalkaranji (Maharashtra), Bhopal (Madhya Pradesh), and Ratlam (Madhya Pradesh).







## Stitching hope, enabling empowerment

Ashwini Khedkar, a devoted wife and a loving mother of two, encountered a series of hardships when her son fell ill, battling both Dengue and Typhoid. The weight of their financial constraints made it nearly impossible for the family to afford the necessary medical treatment. Santosh, working diligently as a welder, earned a modest monthly income that could barely cover their basic needs, let alone the mounting medical expenses. Moreover, Ashwini aspired to provide her children with a quality education, which further deepened the family's financial struggle.

With a determination to overcome these challenges and build a brighter future for her loved ones, Ashwini embarked on a quest to find employment. However, she faced uncertainty about her skills and prospects. It was during this time that she learned about the SSFL Tailoring Centre in Ichalkaranji, offering a free tailoring course. Recognising the immense potential in gaining new skills and contributing to the family's income, Ashwini eagerly enrolled herself.

During the course, Ashwini delved into the art of stitching gowns, masks, and blouses, acquiring invaluable skills that would open new doors of opportunity for her. With each passing day, her confidence blossomed, and her passion for tailoring grew stronger.

After completing the training programme, Ashwini secured a job with a local employer and now earns a monthly income of ₹ 5,000, significantly contributing to her family's financial stability. The transformation in Ashwini's life not only addresses the immediate financial concerns but also enables her to pursue her dream of providing her children with quality education and a promising future. Ashwini shares her gratitude, saying,



*If this course wasn't available, I would have never learned the art of tailoring. As a middle-class family, it is not easy to bring up children with only one person's income. Taking up stitching has allowed me to support our family's income, and I genuinely enjoy this work as it enables me to contribute to the well-being of my children."*

### Skill development programme for youth

We provided 45-day training and placement programmes in Electrical and Facility Management for aspiring youth. After completing the course, each trainee of electrical course and facility management received an electrical kit and a uniform respectively. Our programmes are available in various locations, including Andhra Pradesh, Maharashtra, Odisha, Karnataka, and Jharkhand.

In addition, we provided a comprehensive 45-day course in Banking, Financial Services, and Insurance (BFSI). This programme was available in multiple locations, including Odisha, Bihar, Karnataka, Andhra Pradesh, Kerala, Telangana, Chhattisgarh, Maharashtra, and Rajasthan.

**1,034**

Students trained in Electrical and facilities management course and 790 received job placements in various reputed organisations

**1,361**

Youth trained in BFSI course and 951 received job placements in various reputed organisations





## Inspiring journey of skill and success

Abbireddy Nuthana, a determined young resident of Kadiyam, Kadupulanka in Rajahmundry, faced numerous challenges in her life. The untimely passing of her father due to health issues, left her mother, a housewife, as the sole provider for the family. Despite the weight of financial constraints on her shoulders, Nuthana harboured a desire to pursue further studies and achieve self-sufficiency.

Nuthana's life took a turn when she discovered a skill training programme launched in her community, thanks to a friend's recommendation. Initially hesitant, she mustered the courage to seize this opportunity and enrolled in the programme. The motivation and support provided by the centre team instilled courage in Nuthana and empowered her to excel in her endeavours.

After successfully completing the training in facilities management course, Nuthana received a job offer as a Front Office Associate at a reputable hotel in Rajahmundry. This opportunity not only provided her with a stable monthly salary of ₹ 12,400/- Nuthana's journey from a disadvantaged individual to a confident and employed young woman is a shining example of the positive impact of skill development interventions.



## Health

### Digital Dispensary

We have established a well-integrated digital dispensary in the community of Nandapur, Koraput District, Odisha to provide telemedicine services, ensuring affordable and accessible healthcare for the people. Our comprehensive range of free services includes primary and multi-specialty teleconsultations, basic diagnostic services, provision of medicines, screening for non-communicable diseases, eye screening, and our Social Health Programme (SHE).

Under the SHE Programme, we cover various important topics such as nutrition, pregnancy and childbirth, the significance of ante-natal and prenatal care, awareness about breast and cervical cancer, as well as information on pre-and post-diabetes, cardiovascular diseases, and anemia. Through these initiatives, we aim to address the healthcare needs of the community and promote overall well-being.



### Beneficiaries of digital dispensary

**1,494**

Primary  
Teleconsultations

**95**

Specialty Tele  
consultations

**1,028**

Total lab tests  
performed

**1,468**

Total medicines  
dispensed

**3,441**

NCD screening  
beneficiaries

**4,717**

Social health  
awareness sessions

**3,527**

Eye screenings



## Education

### School transformation programme

The school transformation programme has been successfully implemented in 22 schools, bringing significant benefits to 4,772 children. The programme comprises various interventions aimed at enhancing the overall educational environment. These interventions include the construction of separate washrooms for girls and boys, the introduction of digital classrooms, the provision of mid-day meal shades, and the incorporation of vibrant Bala paintings. These transformative efforts have been implemented in schools across Gujarat, Madhya Pradesh, Telangana, and Karnataka.

**4,772**

Children beneficiaries of the School transformation programme



### Nanhi Kali

Our objective is to provide underprivileged girls have equitable access to quality education and the necessary support to complete their schooling. We have successfully enrolled 3,000 primary school girls in 180 academic support centers set up in 151 primary schools. These centers conduct engaging sessions focused on Mathematics, English, and the local language either before or after school hours. Additionally, we have implemented tablet-based learning programmes to enhance academic performance, and we organised sports activities to foster overall development. To further assist these aspiring learners, we distributed school support kits to all the Nanhi Kalis in the locations of Odisha, Madhya Pradesh, Andhra Pradesh and Karnataka.

**3,000**

Primary school girls in 180 academic support centers set up in 151 primary schools





## Nurturing Dreams: Empowerment through Project Nanhi Kali

Tejaswini, a resident of the Gurrampalem hamlet in the Vizag neighborhood of Anakapalle, lives with her parents. Coming from an economically disadvantaged household, her mother works for daily wages while her father works as a painter. Tejaswini's parents, who didn't have the opportunity to pursue an education themselves, have always strived to provide a better future for their daughter. In September 2022, Tejaswini was enrolled in Project Nanhi Kali, a programme that aims to empower underprivileged girls.

Initially, Tejaswini faced difficulties in learning various subjects, both at school and at the Academic Support Centre. She found it challenging to concentrate, resulting in poor academic performance. Recognising her struggles, the community associate at Project Nanhi Kali provided her with personalised attention and assistance at the Academic Support Centre. They patiently guided Tejaswini, repeating lessons until she understood the content clearly. Tejaswini discovered a newfound love for learning through the use of a tablet, which further enhanced her enthusiasm for studying. As

a result of these efforts, both Tejaswini's parents and teachers have witnessed a significant improvement in her academic performance. Her growth in academics and her passion for extracurricular activities bring immense joy to her parents.

The community associate, recognising Tejaswini's talent in art, encourages her to explore her creative side by drawing and painting. This support and encouragement from Project Nanhi Kali and Spandana Sphoorty Financial Limited have been instrumental in Tejaswini's development. Her parents are immensely grateful for the support their daughter has received, knowing that it has opened doors of opportunity for her and is shaping a brighter future.



## Water

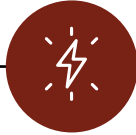


### Providing safe drinking water

We installed four community water centres (CWCs) with three units located in Maharashtra and one unit in Karnataka. As part of our commitment to sustainability, our CSR partner will provide support and guidance to the CWCs for a period of 7 years before handing over the operations to the local community.



Also, in Telangana, we have provided free safe drinking water to 31 government schools, benefiting a total of 5,672 children. This initiative aims to ensure that students have access to clean and safe drinking water, promoting their health and well-being within the school environment.



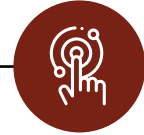
## Promoting clean and affordable energy

### Green energy for self-help group (SHG)

We have successfully implemented a programme aimed at strengthening local livelihoods through the utilisation of solar energy, specifically targeting self-help group (SHG) women. As part of this initiative, we have completed the installation of 17 solar units across various sectors Puffed Rice Unit (3), Paper Plate Unit (2), Pottery Wheel (8), Photocopier Unit (1), Spice Processing Unit (1), Sewing Machine (1) and Pulveriser (1).



In addition to the installations, we have provided training to over 60 women SHG members. This training equips them with the necessary skills to operate, utilise, and maintain both the machinery and energy systems effectively. The women are successfully managing the units and earning a decent income to support their families.



## Financial and Digital Literacy

### Digital and Financial Literacy (DFL) Programme

We conducted DFL Programme, a comprehensive initiative aimed at promoting knowledge and skills in digital and financial domains. The programme covered a wide range of topics, including savings and investments, different types of accounts, digital transactions and fraud prevention, government schemes, and microfinance. During the training sessions, participants received valuable information and practical guidance to enhance their understanding of these subjects. To support their learning journey, trainees are provided with course handouts upon completion of the training. These materials serve as valuable references for future use and reinforce the knowledge gained during the programme.

The DFL Programme was conducted in multiple locations across Andhra Pradesh, Karnataka, Odisha, Bihar, Madhya Pradesh, Telangana, Maharashtra, Chhattisgarh, Jharkhand, and Kerala.

**58,647**

Citizens attended our DFL training sessions



### Social Protection Programme

We have provided comprehensive support to underprivileged citizens, ensuring their access to various government welfare schemes. Through our efforts, we have successfully linked 20,000 citizens with central and state government welfare programmes. As part of our commitment to sustainability, we have trained 305 women as Haqdarshaqs, who will serve as ambassadors to continue the programme even after the project completion.

Through our assistance, citizens have been connected to schemes such as MGNREGA card, PM Jan Arogya Yojana, Digital Health Card, E-Shram Card, YSR Crop Insurance, and Sukanya Samridhi Yojana. Our initiatives were undertaken across Andhra Pradesh, Karnataka, Odisha, Bihar, Madhya Pradesh, Telangana, Maharashtra, Chhattisgarh, Jharkhand, and Kerala.



## Governance

# Advancing with robust governance

***Strong governance plays a critical role in driving organisational success, creating value, and ensuring sustainability. At our organisation, we are upholding the highest standards of ethical and corporate governance. Through fostering a culture of accountability, responsibility, and ethical conduct, we not only protect the long-term interests of our stakeholders but also generate sustainable value for them.***

Our organisation's corporate governance structure is built on a collaborative partnership between our Board and Management, which is supported by a comprehensive framework of policies, guidelines, and processes that govern our decision-making and ensure accountability. We conduct regular evaluations and revisions of our governance approach to ensure that it remains relevant, up-to-date, and aligned with industry best practices.

Our governance body comprises three key groups: the Board, the Management Executive Committee, and the Management Committee. Each group plays a vital role in ensuring that our corporate governance is effective and in line with our organisational objectives. Together, they provide strategic guidance and oversight, set policies and procedures, and ensure that our operations and decision-making processes are transparent and in line with our values and goals.

## Our Board of Directors

Our Board plays a critical role in providing entrepreneurial leadership and strategic direction to our organisation. With the support of our Management, the Board promotes effective corporate governance and sets the tone from the top, including the desired organisational culture and values.

Comprising a majority of independent and non-executive directors, our Board collectively brings a diverse range of skillsets, expertise, and experience that spans across industries, professions, markets, cultures, and the public and private sectors. This diversity of thought and opinion enhances our decision-making and enables us to consider a range of perspectives.

### Composition of the Board\* (Nos.)

**1**  
Non-executive Chairperson and Independent Director

**1**  
Executive Director

**6**  
Independent Directors

**5**  
Non-executive Director

As of May 02, 2023  
\*includes three women Directors

## Governance framework

We recognise that in today's rapidly evolving business environment, it is essential to be agile and responsive to changing market and regulatory requirements. To enable us to adapt quickly, we have put in place a governance framework that is both robust and flexible. Our Board, executive management, and employees are committed to upholding our purpose and maintaining the highest standards of corporate governance and accountability.



## Effective Board Committees

To facilitate effective governance and decision-making, our Board has established eight Board Committees. These committees are the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee, Risk Management Committee, IT Strategy Committee, Management Committee, and Asset-Liability Management Committee. Each committee has specific responsibilities and is made up of a combination of Board members and subject matter experts. The committees provide critical guidance and support to the Board, and their activities are closely monitored to ensure that they align with our overall governance framework and objectives. The minutes of each such committee meeting is placed before the Board for review, at regular intervals.

## Effective policies and codes

At our organisation, we recognise that effective policies and codes are essential for ensuring ethical and responsible conduct. These policies and codes serve as the foundation of our commitment to upholding the highest standards of integrity, transparency, and accountability.

We have implemented a range of policies and codes that provide guiding principles to our Board of Directors, senior management personnel, and employees. These policies and codes include our Code of Conduct for Board of Directors and Senior Management Personnel, Whistleblower Policy, Risk Management Policy, Related Party Transactions Policy, Code on unpublished price sensitive information and dealing in securities of the Spandana Sphoorty Financial Limited, Fair Practices Code and Policy on the Prevention of Sexual Harassment at the Workplace.

Each of these policies and codes plays a critical role in shaping our organisational culture, ensuring that we maintain the highest levels of professionalism, ethics, and compliance. We regularly review and update our policies and codes to ensure that they remain relevant, effective, and aligned with evolving best practices and regulatory requirements.

The list of policies is available on our website at <https://spandanasploorty.com>.

## Board of Directors

# Leading with trust and transparency



**Ms. Abanti Mitra**  
Chairperson and Independent Director

Ms. Abanti Mitra holds a postgraduate diploma in rural management from the Institute of Rural Management, Anand. She has previously worked as an executive with Astra Marine Private Limited for one year, a management executive at Micro-Credit-Ratings International Limited for two years, and a manager with ICICI Bank Limited for approximately three years. She also serves as a director on the board of Development Equities Private Limited, Positron Consulting Services Private Limited, Positron Capital Services LLP, Criss Financial Limited and Vedant Fashions Limited. She has served as a Director on our Board previously from 2012 to 2016. She has been a Director on our Board since May 04, 2017.



**Mr. Animesh Chauhan**  
Independent Director

Mr. Animesh Chauhan has more than three decades of rich banking experience including handling Overseas operations, Regions and Zonal Offices. He holds a bachelor's degree in commerce from Jiwaji University. He started his career in 1979 as Direct Recruited Officer in Bank of Baroda and was elevated as General Manager in February 2010. He joined Central Bank of India as Executive Director in August 2013 and he was overseeing the portfolios such as Retail Banking, Information Technology, Transaction Banking, Priority Sector, MSME and Recovery. He was the Managing Director & Chief Executive Officer of Oriental Bank of Commerce from December 2014 to June 2017. He was also serving on the Board of Canara HSBC Oriental Bank of Commerce Life Insurance Co. Limited, India Infrastructure Finance Company Limited, Indian Institute of Banking & Finance and member of Indian Bank Association and National Institute of Banking Studies and Corporate Management. He serves as a director on the board of directors of Union Asset Management Company Private Limited, Stock Holding Corporation of India Limited, Kailash Healthcare Limited, ScoreMe Solutions Private Limited, Uma Medicare Limited and Kailash Hospitals Limited. He has been a director on our board since August 04, 2022.



**Mr. Bharat Dhirajlal Shah<sup>#</sup>**  
Independent Director

Mr. Bharat Dhirajlal Shah holds a Bachelor's Degree in Science from the University of Mumbai and a Diploma in Applied Chemistry from Borough Polytechnic, London. He was the chairman of HDFC Securities Limited and a co-founder of HDFC Bank Limited. He joined HDFC Bank Limited as an executive director in 1994 and has held the positions of head – custody and depository, retail, human resources, private banking, infrastructure, and merchant services for 12 years. He also serves as a director on the board of directors of 3M India Limited, Exide Industries Limited, Salisbury Investments Private Limited and Strides Pharma Science Limited (erstwhile Strides Shasun Limited).

<sup>#</sup>Mr. Shah retired as director of the company upon completion of his term of office w.e.f April 12, 2023.



**Mr. Deepak Calian Vaidya**  
Independent Director

Mr. Deepak Calian Vaidya is a fellow of the Institute of Chartered Accountants in England and Wales since 1979. He serves as a director on the board of directors of Marudhar Hotels Private Limited, UTI Capital Private Limited, Indraprastha Medical Corporation Limited, Apollo Multispeciality Hospitals Limited (Formerly known as Apollo Gleneagles Hospital Limited), Criss Financial Limited, API Holdings Limited and Spiracca Ventures LLP. He has been a Director on our Board since June 06, 2018.



### **Mrs. Dipali Hemant Sheth\*** Independent Director



Mrs. Dipali Hemant Sheth holds a bachelor's degree in Arts (Honours) from the University of Delhi. She serves as an Independent Director on the Boards of UTI AMC, Latent View Analytics Limited, Bharat Foxconn India Holdings, Advent International (a US-based private Equity firm) acquired DFM Foods Limited, Adani Wilmar Limited, and an Additional Director with UTI Retirement Solutions Limited. She advises on Strategy, Mergers & Acquisitions, Sales/ Distribution, Human Resources areas, and international growth and expansion. She served as country head of Human Resources at the Royal Bank of Scotland, India (RBS) from 2008-2017. She also led the Human Resource function across all businesses and locations in India and led a team of 230 HR professionals and 15,000 employees. Prior to RBS, she was with Standard Chartered Bank, for 12 years when the Bank witnessed its most significant expansion and growth. Her last role was Head HR South Asia, where she supervised HR across South Asia, supported the growth of the Wholesale Bank, and has valuable strategy and change experience in several acquisitions, namely the Standard Chartered acquisition of Grindlays, and the American Express acquisition.

\*Appointed as an Independent Director w.e.f. May 02, 2023.

### **Mr. Jagdish Capoor** Independent Director



Mr. Jagdish Capoor holds a bachelor's degree in commerce and a masters' degree in commerce from Agra University. He has previously worked as the deputy governor of the Reserve Bank of India for more than four years. He also serves as a director on the board of directors of LICHFL Trustee Company Private Limited, Fintech Products & Solutions (India) Private Limited, Finsec AA Solutions Private Limited, Invent Asset Securitisation and Reconstruction Private Limited and West End Housing Financial Limited. He has served as a director on the board of the directors of HDFC Bank Limited, LIC Housing finance limited, LIC Pension Fund Limited & BSE Limited. He has been a Director on our Board since June 06, 2018.

### **Mr. Kartikeya Dhruv Kaji** Non-Executive Nominee Director



Mr. Kartikeya Dhruv Kaji holds a bachelors' degree in arts (economics) from the Dartmouth College, New Hampshire, and a master's degree in business administration (finance and entrepreneurial management) from the Wharton School of the University of Pennsylvania. Kartikeya Dhruv Kaji currently serves as a Principal at Kedaara Capital Advisors LLP. He has previously worked with Perella Weinberg Partners and Merrill Lynch in New York, and with Temasek Holdings Advisors India Private Limited. He also serves as a director on the board of directors of Aavas Financiers Limited, Criss Financial Limited, Caspian Financial Services Limited and Care Health Insurance Limited. He has been a Director on our Board since March 31, 2017.

## Board of Directors (Continued)

### Mr. Neeraj Swaroop

#### Non-Executive Nominee Director



Mr. Neeraj Swaroop is an experienced professional with over 40 years in the Financial Services and Consumer Goods (FMCG) industry. He has built and led businesses across geographies in India and Asia. Currently, he is an operating partner at Kedaara Capital, visiting faculty at S P Jain Institute of Management. He has worked with Standard Chartered as Regional CEO, South East Asia and Singapore. Previously he has worked with Pond's India, Hindustan Unilever, Bank of America, and HDFC Bank in various leadership roles. He has also held board positions at Bank of Permata Indonesia, CDSL India, PNB Metlife India and Standard Chartered subsidiaries in Malaysia, Thailand, Vietnam, Mauritius and Nepal. He holds a mechanical engineering degree from IIT - Delhi, a post-graduate diploma in Business Administration from IIM – Ahmedabad, and a postgraduate diploma in Retail Bank Management from the University of Virginia. He also serves as a director on the board of directors of Avanse Financial Services Limited, HDFC Securities Limited and SBFC Finance Limited. He has been a director on our board since August 04, 2022.

### Mrs. Padmaja Gangireddy

#### Non-Executive Director



Mrs. Padmaja Gangireddy is a Promoter of the Company. She holds a bachelors' degree in science and a bachelors' degree in communication and journalism. She attended a course on credit and microenterprise development from Durham University, UK, a microfinance training program from Naropa University, USA, the HBSAccion programme on strategic leadership for microfinance from Harvard Business School and an executive education programme from Indian School of Business, Hyderabad. She worked at ASSIST (a non-governmental organisation) for seven years and her last held title was deputy director. She has served as a Managing Director of our Company since April 09, 2003 till November 02, 2021. She also serves as a director on the board of Caspian Financial Services Limited, Criss Financial Limited, Abhiram Marketing Services Limited, Keertana Financial Limited and Keertana Finserv Private Limited. She has served on the board of MFIN Microfinance Institutions Network. She has been a Director on our Board since April 19, 2003.

### Mr. Ramachandra Kasargod Kamath

#### Non-Executive Nominee Director



Mr. Ramachandra Kasargod Kamath holds a bachelor's degree in commerce from University of Mysore. He is an honorary fellow of the Indian Institute of Banking & Finance since 2009. He was certified as an associate of the Indian Institute of Bankers in 1994. He has previously worked with Corporation Bank for 28 years, where his last held position was general manager. He has worked as chairman and managing director with Punjab National Bank for five years. He was an executive director at Bank of India and also the chairman and Managing Director at Allahabad Bank. He held the post of chairman of the Indian Banks Association. He also serves as a director on the board of directors of Aavas Financiers Limited, Ashimara Housing Private Limited, Centrum Capital Limited, Manipal Technologies Limited, Conatus Finserv Private Limited and New Opportunity Consultancy Private Limited. He has been a Director on our Board since May 04, 2017.

## Mr. Sunish Sharma

Non-Executive Nominee Director



Mr. Sunish Sharma holds a bachelor's degree in commerce (Hons.) from the University of Delhi and a master's in business administration from Indian Institute of Management, Calcutta, where he was awarded the Dr. Joginder Kumar Chowdhury Gold Medal. He has also passed the final examination at the Institute of Cost and Works Accountants of India (now known as Institute of Cost Accountants of India) and is a qualified Cost Accountant. He has previously worked with McKinsey & Co. for six years and at the time of leaving he held the position of engagement manager. He has also worked with General Atlantic for eight years where his last held position was managing director. He is the managing partner and co-founder of Kedaara Capital Advisors LLP. He has extensive private equity investment experience in business services and technology, healthcare, financial services, and consumer sectors. He is also a co-founder of the Ashoka University and the Young India Fellowship, an initiative that was launched in collaboration with the University of Pennsylvania's School of Engineering and Applied Sciences. He was one of the authors of the NASSCOM-McKinsey Report on "Strategies to achieve the Indian IT industry's aspiration". He was featured on the list of "Asia's 25 most influential people in private equity" by the Asian Investor magazine published in the year 2013, and also on the list of "Hottest Young Executives" in the Business Today magazine published in the year 2011. He also serves as a director on the board of directors of Vedant Fashions Private Limited and Care Health Insurance Limited. He has been a Director on our Board since March 31, 2017.

## Mr. Vinayak Prasad\*\*

Independent Director



Mr. Vinayak Prasad holds an MBA degree from the Wharton School of the University of Pennsylvania. He is a distinguished leader in the fintech and financial services industry, with over 28 years of global experience. His notable roles include pivotal positions at ICICI Bank, Capital One, and Verifone where he led payments businesses. Mr. Prasad has also served as a strategic advisor for Meta and WhatsApp in digital payments and has held the position of CEO and MD at Forbes Technosys, a leading provider of self-service automation and payment fintech-based solutions. He serves on the boards of the Self-service Automation Division of Technocrafts Switchgears Private Limited and the payment company Frog 8 Technology Services Private Limited.

\*\*Appointed as an Independent Director w.e.f. May 02, 2023.

## Mr. Shalabh Saxena

Managing Director and Chief Executive Officer



Mr. Shalabh Saxena has a strong retail financial experience of more than 25 years in the Consumer Banking and Life Insurance industry. Throughout his career, he has run large profit centres and SBUs across various business lines in Life Insurance and Consumer Banking. Core competence and exposure revolve around distribution and handling sales in large business environments, Marketing, Strategy, Information Technology, Planning, Alliances and Acquisitions. He holds MBA in Marketing from B K School of Management, Ahmedabad. He has previously worked with Bharat Financial Inclusion Limited as MD & CEO, HSBC Life Insurance, ING Life Insurance & Standard Chartered Bank. He has been a Managing Director on the Board of the Company since Mach 19, 2022.

Leadership Team

# Progressing with agility

1



**Mr. Ashish Damani**  
President and CFO

2



**Mr. Amit Anand**  
Chief Risk Officer

3



**Mr. Dharmvir Kumar Singh**  
Chief Information Officer

4



**Mr. Prashant Rai**  
Chief People Officer

5



**Mr. Ramesh Periasamy**  
Company Secretary &  
Chief Compliance Officer

6



**Mr. Sunand Sahu**  
Chief Internal Auditor

7



**Mr. Vishal Sharma**  
Chief Operating Officer

8



**Mr. Ajay Ganotra**  
Chief Business Officer North

9



**Mr. Deepak Varma**  
Chief Business Officer South

10



**Shilpa Jain**  
Head, Financial Reporting

11



**Mr. Shiraj Vedsen**  
Chief Business Officer East

12



**Mr. Subhrangsu Chakravarty**  
Finance Controller

13



**Mr. Sushanta Tripathi**  
CBO, Secured Lending

## Leadership Team (Continued)

### 1. Mr. Ashish Damani - President and CFO

Mr. Damani has over 23 years of experience in the microfinance industry. Mr. Damani has worked in various capacities at Bharat Financial Inclusion Limited with the last being CFO of the company. He was instrumental in navigating the company through multiple disruptions that have impacted the microfinance industry over the years. Prior to merger of Bharat Financial Inclusion Limited into IndusInd Bank, Mr. Damani led the borrowing program of close to ₹12,000 crore. He holds AGMP from IIM Ahmedabad and PGDBA from Symbiosis Pune.

### 2. Mr. Amit Anand - Chief Risk Officer

Mr. Anand comes with more than two decades of corporate experience ranging over diverse fields of Risk Management, Strategic Planning, Sovereign & Sub-Sovereign Risks, Economic & Financial Risks, Credit Rating & Business development. He has broad-based expertise in establishing Risk and Control requirements & Governance structure; Development, review and implementation of Risk Management Frameworks. Mr. Anand is an MBA and holds a Bachelor's degree in Economics (Honours). Prior to Spandana, he was with Shinhan Bank as its Chief Risk Officer. He was also associated with the Bank of Baroda, Bank of India and CRISIL in his previous assignments.

### 3. Mr. Dharmvir Kumar Singh - Chief Information Officer

Mr. Singh has over 16 years of experience in the Technology domain building fully digital customer journeys including automated underwriting, servicing, mobility experience, analytics & data platform, operational process automation (RPA) & digital marketing. He has a successful track record of providing vision, developing and implementing IT strategy, transforming complex business processes, executing large-scale value-driven IT initiatives and green-field platform implementations. He was associated with Home First Finance as CTO and various leadership roles in Hero Fincorp, Birlasoft, Tata Consultancy Services, IBM and Wipro Technologies. He holds an MBA from IIM-Kozhikode and B. Tech in Computer Science Engineering. He has also completed multiple IT platform certifications including TOGAF-Level-1&2.

### 4. Mr. Prashant Rai - Chief People Officer

Mr. Rai has two decades of experience in Human Resources, Training & Development, Talent Management and Corporate Sustainability. He has been instrumental in driving organisational and cultural transformation across different organisations, leading people practices, handling M&A, implementing HR technologies and building a leadership academy. Prior to Spandana, Mr. Prashant was associated with Videocon International Limited, Wacker Chemie AG, SREI Infrastructure Finance Limited, Tata Voltas Limited and Arohan Financial Services Limited. He holds a PGDBM-HR from EMPI Business School and has

an executive MBA from XLRI, Jamshedpur. He is also a Six Sigma Black Belt, holds Certification in Growth Leadership from Korn-Ferry International, PPA Assessor from Thomas International and International Position Evaluation Certification from Mercer.

### 5. Mr. Ramesh Periasamy - Company Secretary & Chief Compliance Officer

Mr. Periasamy has over 17 years of experience across sectors including Financial Services, REIT, IT/ITES, Manufacturing, Jewellery, Insurance Broking & Real Estate. He is a Graduate of Law from Bangalore University and a qualified Company Secretary. Throughout his career, he has handled IPOs, private & public debt, the acquisition of one large commercial office park and a few other M&A transactions of companies. He has a successful track record across Legal, Compliance, Listing, Debt issuance, M&A, IPR, FEMA, Employment laws, and Corporate Restructuring in India & Overseas. Prior to Spandana he was associated with Embassy Office Parks, Manappuram Finance Limited, Kalyan Jewellers, NeST Technologies and has also practiced Law at Madras High Court.

### 6. Mr. Sunand Sahu - Chief Internal Auditor

Mr. Sahu has over 24 years of experience in the areas of Audit, Enterprise Risk Management & Compliance. He has exposure to various facets of the lending business including Sales, Credit, Policy, Collection and Control functions. Mr. Sahu's experience spans a variety of NBFC-MFI's and NBFC's including Vistaar Financial Services Limited, RBL Finserv Limited, Bharat Financial Inclusion Limited, Fullerton India Credit Co Limited and Reliance Telecommunications. He has handled large audit teams and was instrumental in the end-to-end digitisation of Audit Systems in his earlier assignments. He holds a post-graduation in MBA Finance from the Indian School of Business Management & Administration, Mumbai.

### 7. Mr. Vishal Sharma - Chief Operating Officer

Mr. Sharma has been responsible for building, managing & leading business and operations teams, with over 27 years of experience in the financial services and e-commerce industry. He has gained significant leadership and management experience in a mix of start-up, high-growth, turnaround, and steady-state environments. His last assignment was as Chief Operating Officer at Bharat Financial Inclusion Limited. In his earlier assignments, he was associated with Makemytrip.com, Shopclues.com (founding team), IndiaMart.com, GE Consumer Finance, Standard Chartered Bank and SRF Finance Limited. He holds an MBA from Fore School of Management, Delhi.

### 8. Mr. Ajay Ganotra - Chief Business Officer North

Mr. Ganotra is a seasoned professional with over 25 years of experience in the banking and financial services industry. His earlier stints have been at Standard Chartered Bank, ABN Amro Bank, Royal Bank of Scotland, RBL Bank, and

Bharat Financial Inclusion Limited Mr. Ganotra brings with him a deep understanding of the lending business in all its facets, including sales, credit, policy, collection, and control functions. Prior to joining Spandana, Mr Ajay was the Chief Operating Officer-Central at Bharat Financial Inclusion Limited

#### **9. Mr. Deepak Varma - Chief Business Officer South**

Mr. Varma has an experience of over 24 years across the banking, NBFC's and FMCG industries in Sales, Distribution, Marketing and Strategy. He has experience in launching businesses in multiple organisations in the financial service sector. His last assignment was as COO – West in Bharat Financial Inclusion Limited Prior to this, he worked in organisations like Yes Bank Limited, RBL Bank Limited, Fullerton India and PepsiCo Holdings India Limited Mr. Deepak is an MBA from Strathclyde Business School, Glasgow and holds a bachelor's degree in economics from Mahatma Gandhi University, Kottayam.

#### **10. Ms. Shilpa Jain - Head, Financial Reporting**

Ms. Jain has over 16 years of extensive and rich experience in Finance Operations, Compliance & Financial Reporting, Audit & Assurance, Financial Planning & Analysis, Business Finance Partnering, Budgeting & Forecasting, Finance Transformation, System Implementation merger and regulatory audits. She is a strategic planner and thinker with strong organisational skills. She has expertise in analysing financial systems, procedures and facilitating effective decision-making. Prior to joining Spandana, Ms. Jain was with Bharat Financial Inclusion Limited and Shriram Finance. She is MBA, CS, and holds a Bachelor's degree in Commerce.

#### **11. Mr. Shiraj Vedsen – Chief Business Officer East**

Mr. Vedsen has over 28 years of corporate experience with leadership positions in the Microfinance, Insurance and NBFC sectors. His earlier stint was as the Chief Operating Officer (East Zone 1) for Bharat Financial Inclusion Limited

heading the microfinance portfolio. Over the course of his career, he has held leadership positions in Bancassurance at Canara HSBC Life Insurance, ING Life Insurance. Additionally, he has expertise in Commercial Vehicle and Construction Equipment Finance as well as in Credit Card and Telecom collections. He has handled large teams distributing financial products and services, especially in rural and semi-urban markets. He is a Science graduate and an MBA from Gujarat University.

#### **12. Mr. Subhrangsu Chakravarty - Finance Controller**

Mr. Chakravarty comes with more than two decades of corporate experience ranging over diverse fields of Finance and Accounts, Budget and Forecast, Taxation, Financial Strategy, Treasury functions and new deal evaluation. As a Finance Professional, he has worked with organisations like ASA International India Microfinance Limited as its CFO and in various leadership capacities with Capgemini, HCL Technologies and Reliance Entertainment. Mr. Chakravarty is a Chartered Accountant from the Institute of Chartered Accountants of India and a Cost Accountant from the Institute of Cost and Works Accountants of India.

#### **13. Mr. Sushanta Tripathi - CBO, Secured Lending**

Mr. Tripathy has over 18 years of professional experience in the field of Financial Inclusion, micro/rural finance and MSME. He has worked across a variety of functions viz. Sales, Strategy and Business development, Product development, Business planning & analytics. He was leading the MSME business in his last assignment at Bharat Financial Inclusion Limited, prior to which he handled a large sales & distribution network at BFIL disbursing micro-loans, mobilising small savings & leveraging cross-sell opportunities. Prior to Spandana, Mr. Sushanta was associated with organisations such as YES Bank Limited, ACCION International, and IFMR Trust. He is an MBA from the Institute of Rural Management, Anand (IRMA).

# Management Discussion and Analysis

## 1. MACRO-ECONOMIC OVERVIEW

### Global Economy

The global economy is currently experiencing a period of slower growth as it gradually recovers from the substantial challenges posed by the Covid-19 pandemic and the Russia-Ukraine conflict. The energy and food markets, which were previously affected by the conflict, are now showing signs of stabilisation. Additionally, central banks across the world are implementing measures to tighten monetary policy in order to address inflation and bring it closer to target levels. According to the International Monetary Fund (IMF), global growth is projected to decelerate from 3.4% in CY2022 to 2.8% in CY2023. Inflation rates are expected to ease, albeit at a slower pace than initially anticipated, declining from 8.7% in CY2022 to 7.0% in CY2023, and further to 4.9% in CY2024.

### Global Economic Growth (% change)

	Year-on-Year		
	Estimate	Projections	
	CY2022	CY2023	CY2024
World	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
Emerging Market and Developing Economies	4.0	3.9	4.2

Source: International Monetary Fund (IMF)

In the coming years, a widespread decrease in medium-term growth projections in the advanced economies is anticipated. The growth baton has been passed on to the BRIC nations from G7 countries. All the recent data indicates the same. Over the past decade, there has been a gradual decline in the five-year ahead growth estimates, dropping from 4.6% in CY2011 to 3.0% in CY2023. While part of this deceleration can be attributed to the natural convergence of previously rapidly growing economies, such as China and Korea, recent sluggishness is also influenced by concerning factors. These factors include the lingering effects of the pandemic, the slow pace of structural reforms, increasing trade tensions, declining direct investment, and slower adoption of innovation and technology in fragmented regions. It is important to note that a fragmented and polarised world is unlikely to foster overall progress or effectively address global challenges like climate change and pandemic preparedness.

### Indian Economy

India's economy has demonstrated remarkable resilience and achieved significant progress, despite facing challenges such as inflation, supply chain disruptions, and geopolitical tensions. A crucial factor behind India's economic growth has been the sustained momentum in export expansion during the first half of FY23. This growth has resulted in an increased share of India's merchandise exports in the global market. As export growth slowed down, a resurgence in domestic consumption gained momentum, further fuelling India's economic growth. Consequently, domestic capacity utilisation has also risen. For FY23, India's economy registered a growth

rate of 7.2%. This growth was primarily propelled by a rebound in private consumption along with high capital spending on infrastructure by the Government.





In FY23, inflation in India went through three distinct phases. The first phase witnessed a rising trend, peaking at 7.8% in April 2022. This upward trend was primarily attributed to the Russia-Ukraine conflict and crop failures caused by excessive heat in certain regions of the country. The agricultural sector also faced challenges due to uneven rainfall and high temperatures during the summer, resulting in reduced supply and increased prices for key products. The second phase of inflation was characterised by a period of stability, with inflation hovering around 7.0% until August 2022. Finally, the third phase marked a decline in inflation, reaching approximately 5.7% by March 2023. The general trajectory of the inflation rate continues to be downward bound with May 2023 CPI reading coming in at 4.25%. However, RBI expects inflation to remain above their comfort zone for a prolonged period in the current financial year.

Starting from May of the previous year, the Reserve Bank of India (RBI) has implemented six consecutive increases in the repo rate, resulting in a cumulative hike of 250 basis points (bps). This has led to a significant shift in the repo rate from 4% to its highest level in four years, reaching 6.50%. The primary objectives behind these rate hikes are to curb high inflation and maintain sustainable economic growth. At the same time to ensure the smooth functioning of the financial system, RBI has taken various measures to address the overall liquidity in the system. Besides this RBI in conjunction with Gol has taken developmental steps to address issues faced by the financial sector and make the banking sector future ready.

The capital expenditure (capex) of the central government played a significant role in driving the Indian economy during FY23. Currently, India is on the verge of three-pronged growth drivers – increased Government capex especially on infrastructure, growth in private sector investments as they experience near full capacity utilisation and increased credit financing as the healthy balance sheets will allow banks to lend more. All this will auger well for the Micro, Small and Medium Enterprises. This growth is further supported by the extended Emergency Credit Linked Guarantee Scheme (ECLGS) implemented by the Union government.

Key high-frequency indicators for FY23 indicate a positive trajectory for India. The estimated foodgrain production for FY23 is projected to reach a record-breaking 330.5 million tonnes, surpassing the previous year's 315.6 million tonnes. After three consecutive years of decline, the domestic two-wheeler industry experienced year-on-year double-digit growth in FY23, with sales reaching 15.86 million units, a 17% increase compared to the previous fiscal year's 13.57 million units. Industry estimates suggest that tractor sales in India, the world's largest market for farm vehicles, reached a record high of 944,000 units in FY23, marking a 12% increase from the previous year.

Furthermore, there has been a notable revival in rural demand in India. Factors contributing to this revival include the subsiding of inflation from previous peaks, a decline in commodity prices such as crude oil, palm oil, wheat, and packaging materials, as well as improved crop yields that have resulted in higher farm incomes.

Going forward, India's economy is on track to double its current annual GDP, which stands at approximately US\$3.5 trillion, to reach a significant milestone of US\$7 trillion by the year 2030. However, sustaining consistent high growth over a medium-term time frame will necessitate more than just relying on India's twin strengths of demographics and consumption.

## 2. INDUSTRY OVERVIEW

The microfinance industry in India is a fast-growing sector that provides financial services to the unserved and underserved sections of society, especially in rural areas. Microfinance institutions (MFIs) in India provide small loans, savings, insurance, and other financial services to low-income individuals, microenterprises, and self-help groups. Here are some of the key roles played by MFIs in India:

**Providing access to credit:** MFIs provide small loans to low-income individuals, microenterprises, and self-help groups, who may not have access to traditional banking services. These loans help people start or grow small businesses, manage cash flow, and cope with emergencies.

**Promoting financial inclusion:** MFIs promote financial inclusion by providing access to basic financial services, such as savings accounts, insurance, and remittances. This helps people build financial resilience and plan for the future.

**Empowering women:** Many MFIs in India focus on lending to women, who are often excluded from traditional banking services. By providing loans to women, MFIs can help promote gender equality and women's empowerment.

**Supporting rural development:** Since many MFIs operate in rural areas, they play an important role in supporting rural development by providing access to credit and other financial services. This can help create jobs, stimulate economic growth, and reduce poverty.

**Driving innovation:** MFIs in India have been at the forefront of developing new business models, such as digital microfinance, that leverage technology to reach underserved communities more efficiently and effectively.

Overall, MFIs in India play a critical role in promoting financial inclusion and supporting economic development, especially in rural areas of India.

In FY23, the microfinance industry saw robust growth, with increased disbursements and customer additions

benefiting from the tailwinds of the economic revival. The industry experienced year-on-year growth of 22%, resulting in a substantial loan portfolio of ₹3.5 trillion as of March 31, 2023. This growth reflects the industry's ability to serve a significant number of individuals, with 130 million active loan accounts and 66 million unique borrowers as of March 31, 2023. 82

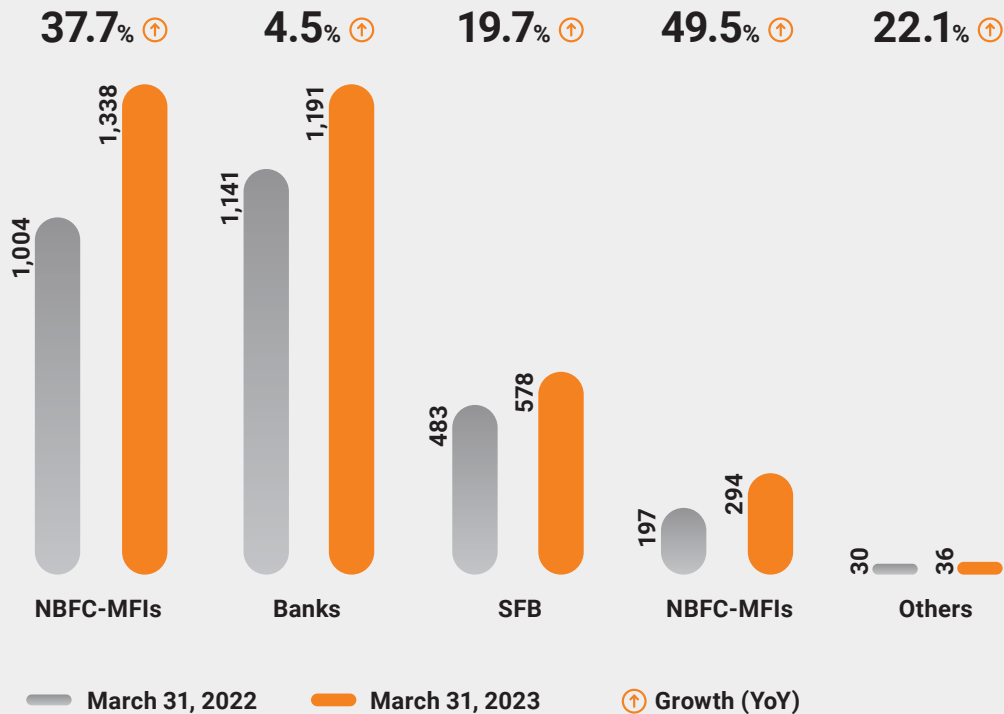
NBFC-MFIs are the largest providers of micro-credit, with an outstanding loan amount of ₹1.4 trillion, accounting for 39.7% of the total industry portfolio. Thirteen banks hold the second-largest share of the portfolio in micro-credit, with a total outstanding loan of ₹1.2 trillion, which is 34.2% of the total micro-credit universe.

### Status of portfolio, unique borrowers and loan accounts

Entity	March 31, 2022			March 31, 2023		
	Unique Borrowers (million)	Active loan accounts (million)	Portfolio O/s (billion)	Unique Borrowers (million)	Active loan accounts (million)	Portfolio O/s (billion)
NBFC-MFIs	27	42	1,004	29	51	1,383
Banks	29	43	1,141	32	47	1,191
SFBs	14	18	483	16	20	578
NBFCs	7	8	197	9	10	294
Others	1	2	30	1	2	36
<b>Total</b>	<b>58</b>	<b>113</b>	<b>2,854</b>	<b>66</b>	<b>130</b>	<b>3,483</b>

### Portfolio outstanding of the microfinance industry

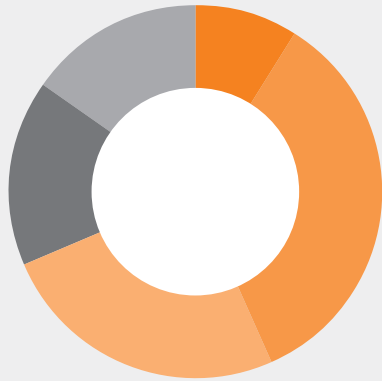
(₹ in billion)



As of March 31, 2023, microfinance operations were present in 729 districts across 28 states and 8 union territories (UTs), including a very small portfolio in the UT of Ladakh and Lakshadweep. The top 10 states, based on universe data, constitute 83.9% of the Gross Loan Portfolio (GLP). The state of Bihar remains the largest state in terms of portfolio outstanding, followed by Tamil Nadu and Uttar Pradesh.

**Regional distribution of unique borrowers as on March 31, 2023**

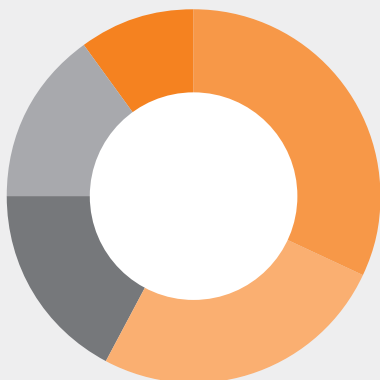
(%)



Central	9%
East and North East	34%
South	25%
West	16%
North	15%

**Regional distribution of AUM March 31, 2023**

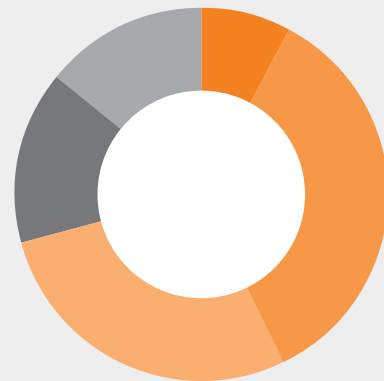
(%)



Central	10%
East and North East	32%
South	26%
West	17%
North	15%

**Regional distribution of unique borrowers as on March 31, 2023**

(%)

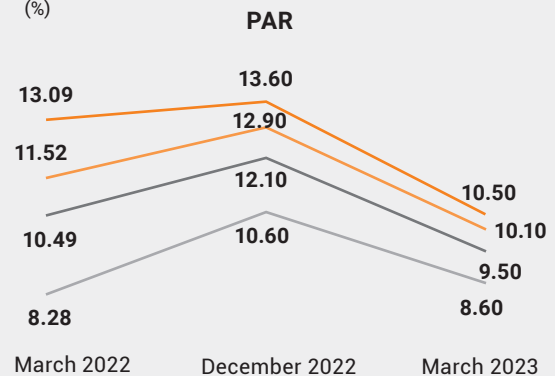


Central	8%
East and North East	35%
South	28%
West	15%
North	14%

There has been a notable improvement in the overall health of the portfolio compared to the previous year. This improvement is evident in the Portfolio at Risk (PAR) >30, which stood at 10.5% as of March 31, 2023, a decrease from 13.1% recorded on the same date in 2022. Additionally, both PAR >90 and PAR >180 have demonstrated an overall improvement when compared to the previous quarter as well as the same quarter of the last fiscal year.

**Improving portfolio quality of NBFC-MFIs**

(%)



- Par >30
- Par >60
- Par >90
- Par >180

Since the implementation of the new harmonised MFI framework by the RBI starting from April 1, 2022, non-banking micro-finance companies have experienced a significant increase in market share. We expect this trend of non-banking micro-finance companies gaining market share to continue in FY24, driven by new borrower additions across India, higher loan amounts for individual borrowers and introductions of new products to cater to evolving customer need.

Transitioning from interest rate caps to risk-based pricing and redefining household income, along with the implementation of the 50% maximum financial-obligation-to-income ratio (FOIR), will support financial inclusion and limit borrower indebtedness. These measures will benefit the sector by improving yields, asset quality, and ultimately leading to higher profit margins.

Technology will play a crucial role in enabling efficiency within the microfinance sector. Although it is not expected to cause disruption, technology will streamline processes. Many microfinance companies are using technology to make customer journeys seamless while reducing the time taken to serve individual customers. Going forward, companies are looking at ways to implement AI/ML in their customer profiling and credit decisioning.

Looking ahead, the MFI sector is expected to sustain a stable growth pace, buoyed by robust demand within the industry, a rising level of economic activity, and a revival of consumer demand.

### 3. BUSINESS HIGHLIGHT AT SPANDANA (STANDALONE)

#### Expanding to new geographies

In FY23, Spandana strengthened its presence by expanding to 1,153 branches across 18 states, covering 314 districts. Our operations are well-diversified at the branch, district, and state levels, providing us with significant growth opportunities to expand our business further in these areas and explore new geographies. During the year under review, we increased our branch network by 9.9%, and our widespread presence across India allows us to reach out to more customers and offer our services to more communities. We added 112 new branches during the year.

#### Growing customer base

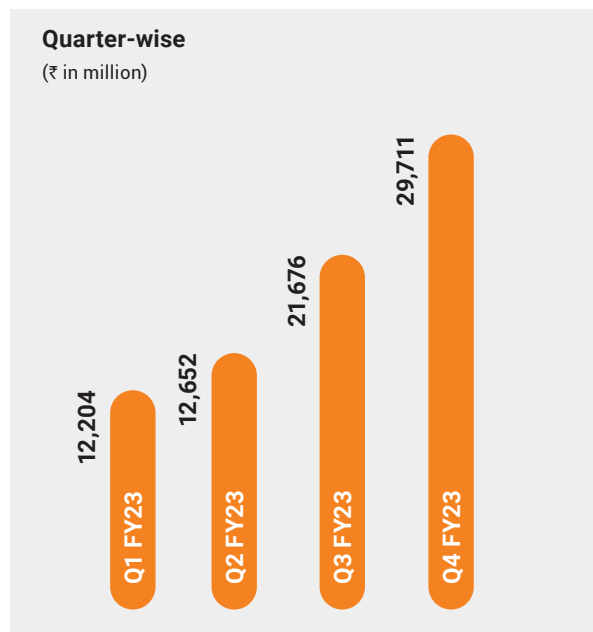
With a strong emphasis on customer acquisition-driven growth, we added approximately 0.82 million new borrowers over the course of the year. This has increased the total customer base we serve to 2.7 million (including customers loans written-off and

sold to ARC) as of March 2023. Our strategic approach involves targeting customers in deep rural and semi-urban areas, allowing us to solidify our presence in tier 3-5 geographies. This expansion strategy enables us to serve a broader segment of the population while diversifying our market reach.

#### Improvement in disbursement and collection

Total disbursement for the year stood at ₹76,242 million as compared to ₹30,656 million in FY22. Over 50% of total loans disbursed in the year were to borrowers who were new to Spandana. There is a steady demand for microfinance and the tailwinds from economic growth are further fuelling the demand.

#### Disbursement trend

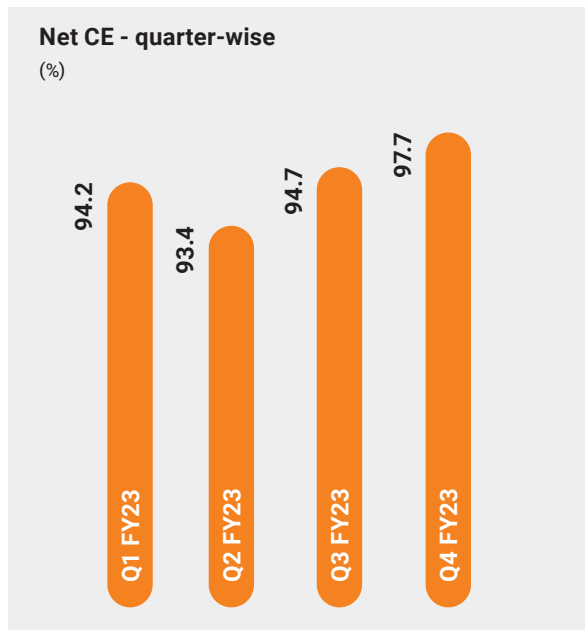
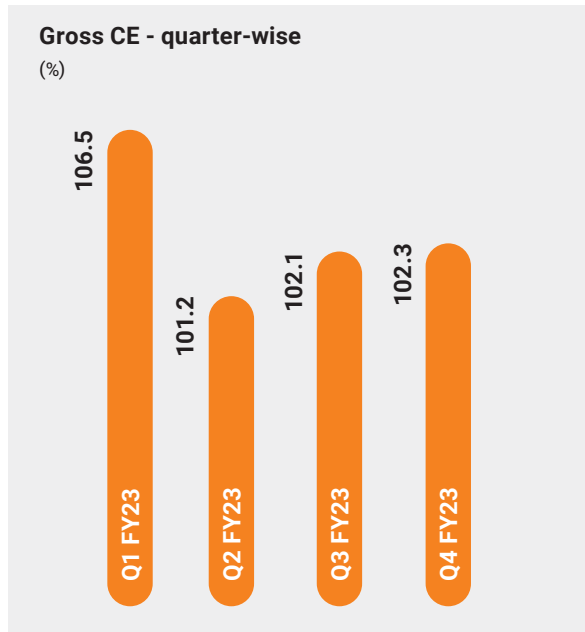


#### Improvement in asset quality

We have witnessed a significant improvement in the quality of our portfolio over the quarters. By end of Q4FY23, our current book stood at 96.4%, a improvement from 68.4% reported end of Q4FY22. Our Gross Non-Performing Assets (GNPA) decreased to 2.07% compared to 18.7% end of Q4FY22, while our Net Non-Performing Assets (NNPA) reduced to 0.64% from 10.5% end of Q4FY22. Our efforts translated in to our 1 to 90 book improving significantly to 1.5% by March 2023 from 14.4% end of March 2022.

Our collection efficiency at the end of Q4FY23 was 102.3%. We continuously encourage customers to make timely repayments. This sustained increase in our collection efficiency is a result of our strong focus on staff training, reward for process adherence and asset quality, and regular client engagement activities.

**Collection efficiency (CE)**



**Expanding team strength**

At Spandana, we believe that our people are our biggest asset. Our organisation is driven by the experience, expertise, and enthusiasm of our team. We are focussed on attracting, retaining, and developing a talented workforce, which is essential for supporting our organisation’s progress.

We foster a diverse and inclusive culture that encourages collaboration, agility and innovation. We value and respect the differences in our employees and are committed to providing equal opportunities for everyone to grow and develop within our organisation.

As of FY23, we had a total of 9,674 employees, including our field staff. We have been actively enhancing our field staff base to facilitate our future expansion plans. During the year, our workforce expanded by 15.5%.

**Strengthening our technology architecture**

We have been revamping our IT infrastructure to enhance user experience, enable insights-driven operations, ensure platform stability and security, embrace digital transformation and automation, leverage advanced analytics for insights, and prioritise secure operations.

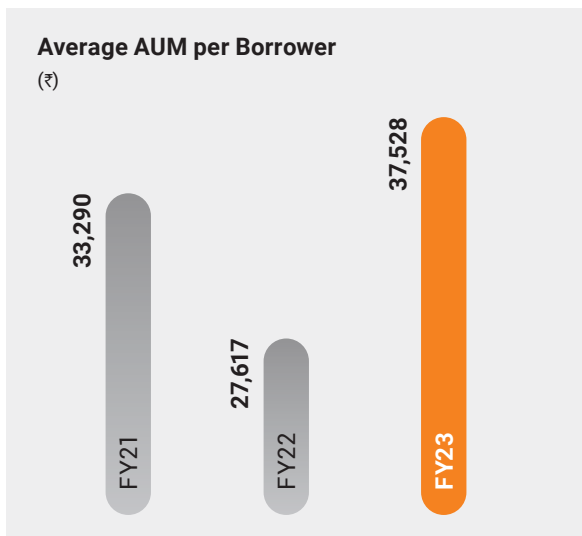
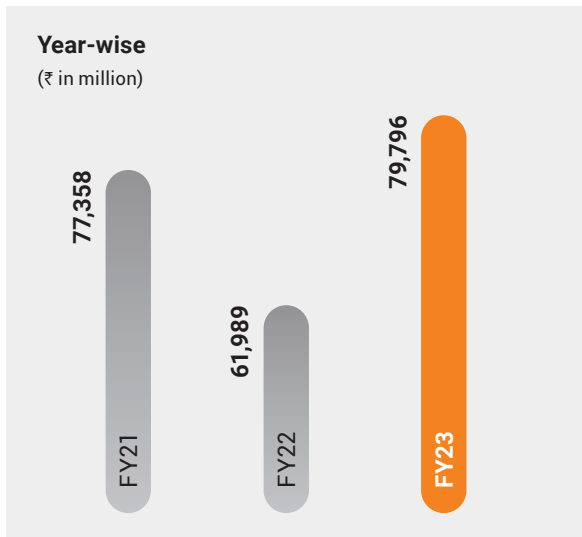
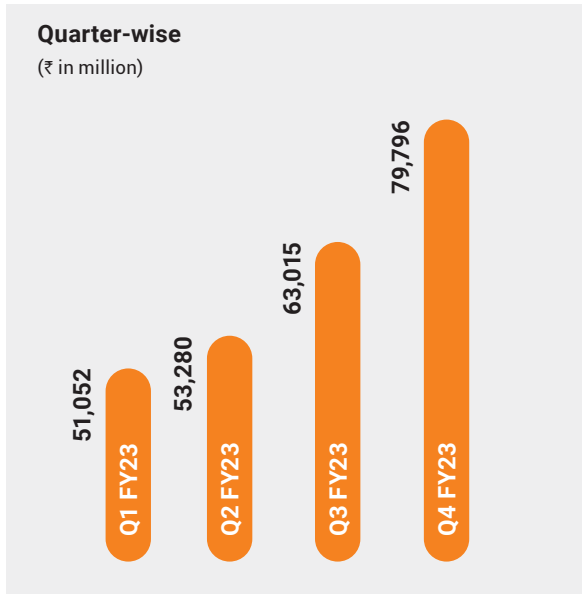
**4. PORTFOLIO MIX**

Managing portfolio risks forms a major part of a lending institution’s operations. In order to mitigate concentration risks, we have diversified across ticket sizes and loan cycles. Our portfolio is well-balanced, with a higher share of advanced loan cycles, reflecting our ability to retain customers over the long term. Furthermore, we have robust asset quality across loan cycles, which is indicative of our sound credit risk management practices.

**Loan outstanding**

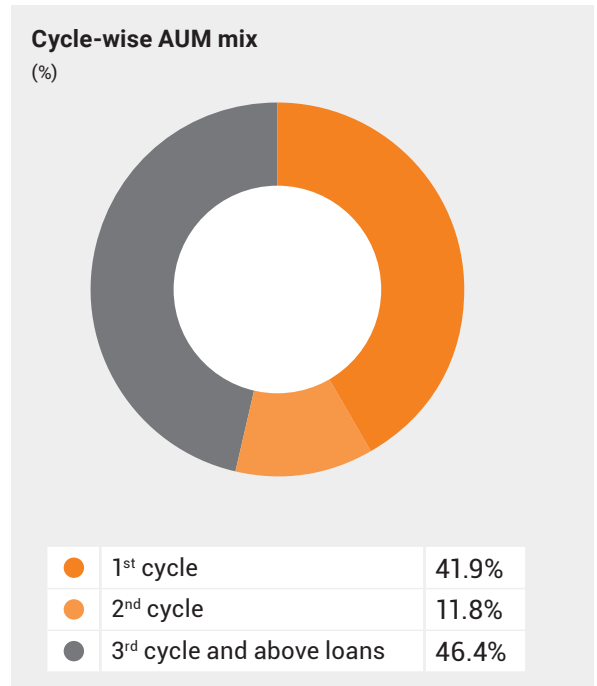
We reported the highest-ever Assets Under Management (AUM) which increased by 29% to ₹79,796 million at the end of FY23 from ₹61,989 million at the end of FY22. Additionally, the average loan outstanding per borrower increased from 27,617 at the end of FY22 to 37,528 at the end of FY23.

### Growth in AUM



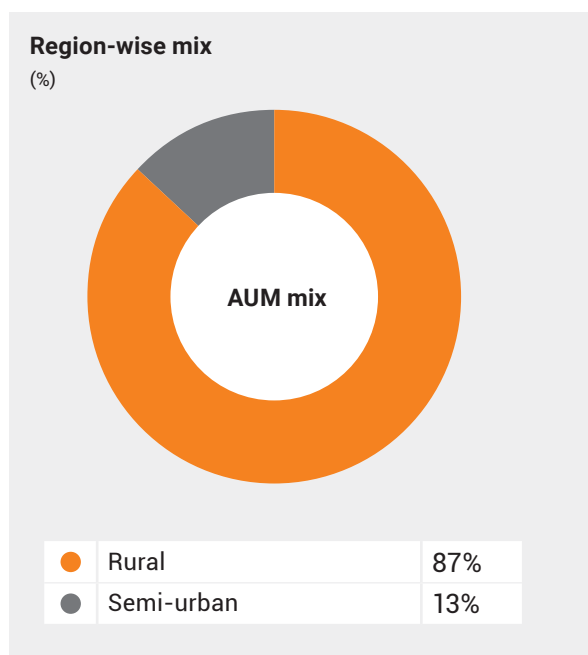
### Cycle-wise mix

We have a well-diversified loan portfolio that spans different loan cycles. Our loan products and processes are designed in a way that makes it convenient for our customers to borrow and make regular repayments. We work hard to ensure that our loan products continue to meet the requirements of our customers. About 58% of our borrowers are in the second cycle or beyond indicating that a large number of our borrowers continue to find value in our loan products and services. Our customer-centric approach has enabled us to establish sustainable relationships with our borrowers and build a solid foundation for new borrower relationships.



### Rural focus

Rural India offers immense potential for microfinance lending with the Government laying more emphasis on rural development. Rural-centric infrastructure projects and efforts to uplift medium and small enterprises have shown great confidence in microfinance lending in these underserved sections. At Spandana, our loan exposure is 87% in rural and 13% in semi-urban areas, indicating our active focus in these regions. Our experience in dealing with rural clients has revealed that the rural loan portfolio exhibits a healthy asset quality in terms of timely repayment.



## 5. PRODUCT MIX

At Spandana, we are committed to empowering women from low-income rural backgrounds through our loan products. One of our flagship products is JLG (Joint Liability Group) based micro-loans, specifically designed to cater to Women Entrepreneurs. These small loans, provided exclusively to women borrowers through Joint Liability Groups, enable them to become financially independent since these loans are for income generating activities. Our loans not only provide the necessary financial support but also instill a sense of trust, empowering these women to start or expand their entrepreneurial ventures. We take great pride in being catalysts for positive change in the lives of millions of our customers.

Additionally, our Loan Against Property product makes it convenient for small entrepreneurs to access funds for their next big step. Whether it's acquiring equipment, renovating or expanding office space, or for working capital purpose, our loan allows entrepreneurs to unlock the value of their property and fulfill their business needs.

During FY24, we also intend to add more products like affordable housing loans, home improvement loans and loans to nano enterprises.

## 6. GEOGRAPHICAL DIVERSIFICATION

Over the years, the microfinance industry has seen multiple extraneous events unfolding across various states resulting in brief periods of stress in the portfolio of the industry. The risks include customer concentration risk especially when the economic activity of customers is similar, natural disasters like cyclones and floods. The knowledge and market insights gained over the years have helped most large players become resilient to extraneous shocks by diversifying their presence

across the country. At Spandana, we have also included portfolio caps across branch, district and state levels to protect the organisation from such high-impact events.

### State level

Our loan portfolio is spread across 18 states. At the end of FY23, none of the states had an exposure of more than 20% of AUM at a consolidated level. To effectively manage concentration risk, we keep internal benchmarks and limits to monitor our portfolio. Madhya Pradesh had the highest disbursement in FY23 accounting for 15.7% of total disbursements

State	AUM (in ₹ mn)	% of AUM
Madhya Pradesh	13,442	15.8%
Andhra Pradesh	12,750	15.0%
Odisha	11,943	14.0%
Karnataka	8,381	9.8%
Maharashtra	7,767	9.1%
Bihar	6,617	7.8%
Jharkhand	5,291	6.2%
Chhattisgarh	4,225	5.0%
Gujarat	4,035	4.7%
Rajasthan	3,733	4.4%
Others	6,926	8.1%
<b>Total</b>	<b>85,111</b>	<b>100%</b>

### District Level

Apart from limits on state-level risk concentration, we have internal caps in place at the district level within states to ensure that no single district accounts for more than 2% of the total AUM.

We are committed to maintaining a lean and efficient cost structure that allows us to serve our customers better and generate sustainable long-term value for our stakeholders.

## 7. CONSOLIDATED FINANCIAL PERFORMANCE (IND-AS)

In FY23, our total income was ₹14,770 million (compared to ₹14,800 million in FY22), with a Profit after Tax of 124 million (₹698 million in FY22). Our profitability was impacted due to impairment costs of ₹5,443 million recorded during the year primarily due to higher SMA and NPA buckets at the beginning of the year. Our net interest income for the fiscal year was ₹10,192 million (compared to ₹9,399 million in FY22).

During the year, our total borrowings raised stood at ₹57,753 million from a diversified base of lenders, including multiple new banks, NBFCs, other institutions. Despite operating in a disruptive environment, we ended the year with strong funding access and cash and cash equivalents of ₹10,045 million. Our cost of borrowing during the year was 11.34%, marginally down from 11.5% in FY22.

Our operating expense ratio, i.e., opex to AUM ratio, stood at 7.3% in FY23.

### Credit ratings

Rating Instrument	Rating Agency	Rating	Outlook	Year
Bank Facilities / NCD's / MLD's	ICRA	A-	Positive	March 2023
Bank Facilities / NCD's/ MLD's	India-Ra	A	Stable	January 2023
CPs		A1	Stable	
Bank Facilities	CRISIL	A	Stable	September 2022

### Fund sources

We have been actively working to diversify our borrowing sources and establish strong relationships with both existing and new lenders. To meet our current funding requirements, we have borrowed from various entities such as public and private banks, financial institutions, and capital markets. In FY23, we achieved a significant milestone by raising funds through External Commercial Borrowings (ECB) for the first time. Our total number of lenders at the end of the year was 48.

### 8. Key Ratio (consolidated basis)

- Asset Under Management (AUM): ₹85,111 million
- Net Interest Income: ₹10,192 million
- Net Profit Margin: 0.84%
- Cost to Income Ratio: 46.9%
- Opex to AUM Ratio: 7.3%
- Interest Coverage Ratio: 1.06 times
- Debt Equity Ratio: 1.96 times
- Pre - Provision Operating Profit (PPOP) Margin: 38.1%
- Pre - Provision Operating Profit (PPOP)/Average Total Assets: 6.8%
- Return on Equity (ROE): 0.40%

### 9. HUMAN RESOURCE MANAGEMENT

Our people are our greatest asset. We are dedicated to empowering our people to make a positive difference and we do this by fostering an inclusive, prudent,

progressive and performance-based organisation that encourages the best from each individual. We have plans afoot to sharpen the skillsets and mindsets of our people through a wide range of learning and development programmes so they can remain relevant, competitive and add value to their careers and to the organisation.

To sustain our growth strategy, we actively identify team members with leadership potential across the organisation to accelerate their professional progress and to support the building of their long-term careers with us. We also search externally for high-calibre and early-career talents to deepen our bench strength. The employee strength increased from 8,379 in the previous year to 9,674 as of March 31, 2023.

### 10. CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate entity, we are dedicated to creating economic and social value for our stakeholders. Our goal is to drive social transformation through targeted, consistent, and sustainable initiatives. To accomplish this, we have formulated a comprehensive strategy that adopts an integrated development approach for our community programs. We strongly believe that the key foundations for stability and growth within communities lie in areas such as skill development, livelihoods, health, education, water, the promotion of clean energy, as well as financial and digital literacy. Our efforts have already made a significant impact, with over ~0.14 million beneficiaries benefiting from our initiatives in FY23 alone, with a notable 71% of them being women.

### 11. Outlook for FY24

#### SWOT analysis

#### Strengths

- Robust industry experience
- Strong market presence across India
- Extensive customer base
- Robust loan portfolio
- Technological integration



#### Weaknesses

- Vulnerability to economic downturns



#### Opportunities

- Untapped rural market
- Newer synergic products
- Digital financial services



#### Threats

- Rising inflation
- Increasing geopolitical instability
- Competition from other MFIs & local financiers
- Increase in borrowing costs





**Key priorities for FY24**

We have outlined our vision till 2025, where our goal is to scale up our business to an Assets Under Management (AUM) of ₹180 billion. Team Spandana is working cohesively and diligently towards achieving the goals laid down in our Vision 2025.

Our growth will be customer acquisition led. The strategy involves focusing on customers in deep rural and semi-urban areas, thereby strengthening our presence in tier 3-5 geographies.

Branch network expansion is one of the priority areas for the company. After opening 112 branches during FY23, we have a target of 400 new branch openings by FY24, most of them being in the 7 focus states identified for expansion.

The 7 key states of Gujarat, Rajasthan, Haryana, Uttar Pradesh, Bihar, West Bengal, and Tamil Nadu are the ones where Spandana has a lower market share. We are focused on growing our presence by acquiring more customers and building a quality book in these states.

Another priority is on delivering operational efficiencies. Our focus lies in enhancing key performance indicators such as AUM per Branch, AUM per Loan Officer, Borrowers per Branch, and Borrowers per Loan Officer. By optimising these metrics, we aim to increase productivity and effectiveness in serving our customers while maximising overall operational performance.

**12. RISK AND MITIGATION**

Risks are an inherent and unavoidable part of any business. Appropriate risk management is crucial in order to protect stakeholder interests, ensure adherence to regulatory requirements, and maintain the long-term sustainability of the business. Risk Management at Spandana is integral and core of the business model, focusing on mitigating the adverse impact of risks on the business objectives and enabling us to leverage market opportunities effectively. We leverage market knowledge gathered over more than two decades to strengthen the viability and improve growth prospects. As a financial institution, we are exposed to risks that are particular to the lending that we do and the environment in which we operate. We continuously identify and implement comprehensive policies and procedures to assess, monitor and manage risk. Our risk management process consists of three components: business risk assessment, operational controls assessment, and compliance -processes. The Risk Management Committee reviews our risk management policy.

The key risks being monitored are:

1. Concentration risk
2. Political risk
3. Operational risk
4. Credit risk
5. Liquidity risk
6. Market risk
7. Interest rate risk

For each of the risks, there are corresponding mitigation plans which are reviewed and refined from time to time.

**13. INTERNAL CONTROL SYSTEMS**

Effective internal control is crucial for reducing the risk of financial loss. It helps ensure accuracy, completeness and reliability in financial statements. At Spandana, our internal control measures are designed to protect our assets, adhere to applicable laws and compliances and prevent fraud and malpractices. The Company takes a holistic approach to information security. It enables the Company to maintain the confidentiality, integrity, and availability of consumer data and the Company's information assets.

The internal control system is supplemented by concurrent internal audits and regular reviews by the management. The internal audit department is responsible for authorising, documenting, monitoring as well as maintaining a process compliance check across all branches, while also identifying potential financial misappropriations. Further, with regard to financial statements and operations, the Company has effective internal controls in place.

We have a strong team of more than 150 auditors who are based out of branches and closely monitor the portfolio. Apart from general branch audits, other audits are meticulously carried out depending on internal triggers, which assist us in recognising any potential branch shortcomings.

**Cautionary Statement**

*Statements in this report on Management Discussion and Analysis relating to the Company's objectives, projections, estimates, expectations, or predictions may be forward-looking within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results might differ materially from those expressed or implied depending upon factors such as climatic conditions, global and domestic demand-supply conditions, raw materials cost, availability and prices of finished goods, foreign exchange market movements, changes in Government regulations, tax structure, economic and political developments within India and other factors such as litigation and industrial relations. The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed. The Company assumes no responsibility in respect of forward-looking statements herein which may undergo changes in the future based on subsequent developments, information or events.*

# Board's Report

To  
The Members  
of **Spandana Sphoorty Financial Limited**

Your Directors have pleasure in presenting the 20<sup>th</sup> Annual Report on the business and operations of the Company together with the audited accounts for the financial year ended March 31, 2023.

## 1. FINANCIAL SUMMARY /PERFORMANCE OF THE COMPANY:

The standalone and consolidated financial statements for the financial year ended March 31, 2023, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

Key highlights of financial performance of your Company are summarised below:

Particulars	Standalone		Consolidated	
	FY22-23	FY21-22	FY22-23	FY21-22
Revenue from operations	13,286.60	13,763.38	14,007.54	14,627.92
Other Income	657.93	152.62	762.78	172.43
<b>Profit Before Depreciation, Interest and Tax (PBDIT)</b>	<b>4,739.77</b>	<b>5,872.30</b>	<b>4,865.70</b>	<b>6,461.49</b>
Depreciation	106.78	85.46	108.66	91.77
Financial cost	4,450.52	5,140.98	4,578.76	5,401.00
<b>Profit Before Tax</b>	<b>182.47</b>	<b>645.86</b>	<b>178.28</b>	<b>968.72</b>
Tax expenses	59.10	179.48	54.34	270.45
<b>Profit after tax</b>	<b>123.37</b>	<b>466.38</b>	<b>123.94</b>	<b>698.27</b>
Transfer to Statutory Reserves	24.67	93.28	27.49	139.56
<b>Balance carried to Balance sheet</b>	<b>98.70</b>	<b>373.10</b>	<b>96.45</b>	<b>558.71</b>

(₹ in million)

During the Financial Year under review, the Income from operations of the Company was ₹13,286.60 million. The Asset Under Management (AUM) of the Company was ₹79,795.94 million as on March 31, 2023 as compared to ₹61,988.68 million as on March 31, 2022 and the Profit before Tax in FY23 is ₹182.47 million as compared to ₹645.86 million in FY22 primarily due to higher impairment cost SMA and NPA bucket at the of the year.

During the Financial Year under review, disbursements reached highest of ₹2,9711.33 million during Q4/FY23. Return on asset ("RoA") stood at 0.21% and Return on Equity ("RoE") stood at 0.43% for FY23. Capital Adequacy ratio was at 36.87% on a standalone basis. Your Company has generated pre-provision operating profit ("PPOP") of ₹5,621.43 million and Profit Before Tax ("PBT") of ₹178.28 million in FY23 on a consolidated basis.

Your Company has strong distribution network of 1,153 branches spread across 314 Districts of 17 states and 1 union territory. On portfolio quality the Collection Efficiency of portfolio was 102.3% for the quarter ended March 31, 2023.

Your Company has AUM concentration norms at state, district & branch level which ensures low impact from region-specific issues.

### 1.1 Resource Mobilisation

Your Company has raised ₹56,692.57 million of debt during FY23. With the diversified lender base, your Company has raised ₹12,392.00 million through issue of debentures, ₹25,065.00 million through term loan, ₹1,646.00 million through external commercial borrowings, ₹11,993.08 through securitisation and ₹5,596.49 million through direct assignment. Your Company has a strong funding access with adequate liquidity surplus of ₹10,015.26 million as on March 31, 2023.

### 2. DIVIDENDS:

Considering your Company's growth, and future strategy and plans, your Directors consider it prudent to conserve resources and despite having sufficient distributable profits, do not recommend any dividend on equity shares for the financial year under review.

### 3. OPERATIONAL HIGHLIGHTS AND FUNDRAISE:

The operational highlights of your company are as follows:

(₹ in million unless otherwise stated)

Details	March 2023	March 2022
No. of States and UT	18	18
No. of Branches	1,153	1,049
No. of Districts	314	294
No. of Employees	9,674	8,379
No. of Borrowers	2.1	2.2
Gross Disbursements	76,242.12	30,656.47
Loan Portfolio on Balance Sheet	74,662.03	57,761.73
Asset Under Management- AUM	79,795.94	61,988.68

- During FY23, the Company continued its operations in 17 states and 1 union territory (viz. Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal and Puducherry).
- During FY23, the number of borrowers base has increased from 2.3 million as of March 31, 2022 to 2.9 million as of March 31, 2023 on consolidated basis.
- Total disbursements is ₹81,249.35 million for FY23 on consolidated basis.
- During Q4/FY23, on a consolidated basis total disbursement reached highest of ₹30,537.32 million.

#### 3.1 Securitisation:

Your Company has used securitisation to improve its asset and liability mix in line with extant guidelines of RBI on securitisation. As of March 31, 2023, out of total AUM, securitised portfolio was ₹10,923.21 million.

#### 3.2 Direct Assignment

During the year, your Company has sold loan portfolio of ₹5,596.49 million through Direct Assignment. Assigned portfolio was ₹5,017.38 million out of total AUM of ₹85,110.53 million as of March 31, 2023 as on consolidated basis.

#### 3.3 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.

#### 3.4 RBI Guidelines:

As on March 31, 2023, 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 45-1A 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	FY23	FY22
i) CAR – Tier I Capital (%)	36.87	50.55
ii) CAR – Tier II Capital (%)	-	0.19
Capital Adequacy Ratio (CAR)	36.87	50.74

#### 3.5 Statutory Reserve Fund:

As per section 451C of RBI Act 1934, the Company has transferred ₹24.67 million to statutory reserve fund i.e. aggregating 20 % of its standalone profit after tax.

#### 3.6 Asset Liability Management:

Your Company had a strong funding access with high quality liquid assets (HQLA) of ₹4,361 million as on June 30, 2022, ₹8,648 million as on September 30, 2022, ₹10,232 million as on December 31, 2022 and ₹8,104 as on March 31, 2023 which covered the net cash outflow during the FY23 in compliance with the RBI Circular on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies dated November 04, 2019. As per the said guidelines, Liquidity Coverage Ratio (LCR) requirement shall be binding on all non-deposit taking systemically important NBFCs with asset size of ₹5000 crore and above but less than ₹10,000 crore from December 1, 2020, with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

Your Company continued to secure confidence from its lenders for providing funds for its business operations. Your Company has been maintaining a higher liquidity surplus with positive mismatch across all ALM buckets. Details of HQLA and LCR during the FY23 are given below:

Particulars	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23
High Quality Liquid Assets (HQLA) - comprises of cash and bank balances	4,361	8,648	10,232	8,104
Liquidity Coverage Ratio	712%	1340%	1116%	348%

#### 4. SHARE CAPITAL/DEBENTURES:

The Issued and paid-up Equity Share Capital of the Company as on March 31, 2023, stood at ₹70,98,32,690 (Rupees Seventy crore ninety-eight lakh thirty-two thousand six hundred and ninety) consisting of 7,09,83,269 (Seven crore nine lakh eighty-three thousand two hundred sixty-nine) Equity Shares of ₹10/- each.

During the financial year under review, the paid-up Equity Share Capital of the Company has increased from ₹69,09,45,300 (Rupees Sixty-nine crore nine lakh forty-five thousand and three hundred) consisting of 6,90,94,530 (Six crore nine lakh ninety-four thousand five hundred and thirty) Equity shares having the face value of ₹10/- each to ₹70,98,32,690 (Rupees Seventy crore ninety-eight lakh thirty-two thousand six hundred and ninety) consisting of 7,09,83,269 (Seven crore nine lakh eighty-three thousand two hundred sixty-nine) Equity shares having the face value of ₹10/- each.

#### Allotment of shares under Employee Stock Options

Pursuant to the exercise of Employee Stock Options (ESOP's) by the eligible employees under the Spandana Employee Stock Option Plan 2018 (ESOP Plan 2018) and Spandana Employee Stock Option Scheme 2018 (ESOP Scheme 2018), the Company has allotted 36,000 (Thirty-six thousand) Equity Shares of the face value of ₹10/- each on September 08, 2022 and October 19, 2022.

#### Preferential issue of shares and warrants

Pursuant to the special resolution passed through Postal Ballot process on March 16, 2022, the Members approved the proposal for Preferential Issue of Equity Shares and Warrants.

The Company has made a Preferential Allotment of 46,86,342 (Forty-six lakh eighty-six thousand three hundred and forty-two) Equity shares of the Company of face value of ₹10.00 each, at a price of ₹458.78 (Rupees Four hundred and fifty-eight and seventy-eight paise) per Equity Share, which includes a premium of ₹448.78 (Rupees Four hundred and forty-eight and seventy-eight paise) per Equity Share, aggregating up to ₹2,14,99,99,982.76 (Two hundred and fourteen crore

ninety-nine lakh ninety-nine thousand nine hundred eighty-two and seventy-six paise) on March 17, 2022.

Also, the Company has made a Preferential issue of 18,52,739 (Eighteen lakh Fifty-two thousand Seven hundred and thirty-nine) fully convertible warrants ("Warrants") entitling the warrant holder to apply for and get allotted one (1) Equity Share of the face value of ₹10/- each, fully paid-up against every Warrant held, at a price of ₹458.78 per warrant, aggregating up to ₹84,99,99,598.42 (Eighty-four Crore ninety-nine lakh ninety-nine thousand five hundred ninety-eight and forty-two paise) on March 17, 2022.

The Company had received the upfront money of ₹75,00,00,000/- (Seventy-five crores only) upon issuance of such 18,52,739 convertible warrants on March 17, 2022, toward the Warrant subscription price. Upon receipt of balance amount of ₹9,99,99,598.42 (Rupees nine crore ninety-nine lakh ninety-nine thousand five hundred and ninety-eight and forty-two paise only), the Management Committee of the Board of Directors of the Company at its meeting held on May 21, 2022 approved the allotment of 18,52,739 (Eighteen lakh fifty-two thousand seven hundred and thirty-nine) Equity Shares pursuant to exercise of option attached to such convertible warrants.

The Preferential Issue enabled the Company to further strengthen the Company's capital base and balance sheet and augmenting the long-term resources for meeting funding requirements of its business activities, financing the future growth opportunities, general corporate purposes.

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

#### Details of Secured Debt Securities as on March 31, 2023:

Sr.	ISIN	Date of Debenture Trust Deed	Facility@	Type of charge created	Sanctioned Amount (₹ in million)	Outstanding* (₹ in million)	Status (Listed/Unlisted)	Stock Exchange (BSE/NSE)	Date of Maturity
1.	INE572J07117	18-Jul-20	NCD	Exclusive	1,000.00	166.67	Listed	BSE	21-Apr-2023
2.	INE572J07299	29-Dec-20	MLD	Exclusive	827.50	274.00	Listed	BSE	29-Dec-2023
3.	INE572J07257	24-Nov-20	MLD	Exclusive	1,000.00	1,000.00	Listed	NSE	24-Nov-2023
4.	INE572J07315	25-Feb-21	NCD	Exclusive	1200.00	400.00	Listed	NSE	26-Feb-2024
5.	INE572J07224	28-Oct-20	NCD	Exclusive	325.00	162.50	Listed	BSE	30-Jun-2023
6.	INE572J07208	25-Jan-21	MLD	Exclusive	200.00	200.00	Listed	BSE	27-Jun-2024
7.	INE572J07133	13-Sep-17	NCD	Exclusive	1000.00	425.0	Listed	BSE	30-Jun-2023
8.	INE572J07281	23-Dec-20	NCD	Exclusive	215.00	161.25	Listed	NSE	22-Dec-2023
9.	INE572J07323	09-Mar-21	NCD	Exclusive	350.00	262.50	Listed	NSE	12-Mar-2027
10.	INE572J07331	16-Mar-21, 14-Jul-21 (Reissuance), 22-Jul-21 (Reissuance)	MLD	Exclusive	2,050.00	2,050.00	Listed	BSE	16-May-2023

Sr.	ISIN	Date of Debenture Trust Deed	Facility@	Type of charge created	Sanctioned Amount (₹ in million)	Outstanding* (₹ in million)	Status (Listed/Unlisted)	Stock Exchange (BSE/NSE)	Date of Maturity
11.	INE572J07349	31-Mar-21	NCD	Exclusive	250.00	166.67	Unlisted	-	31-Dec-2024
12.	INE572J07356	31-Mar-21	NCD	Exclusive	200.00	200.00	Unlisted	-	15-Sep-2024
13.	INE572J07364	29-Apr-21	MLD	Exclusive	1,100.00	1,100.00	Listed	BSE	29-Apr-2023
14.	INE572J07372	16-Jun-21	MLD	Exclusive	3,375.00	3,375.00	Listed	BSE	16-Dec-2023
15.	INE572J07398	22-Mar-22	NCD	Exclusive	350.00	350.00	Listed	NSE	24-Mar-2028
16.	INE572J07406	16-Jun-22	NCD	Exclusive	400.00	250.00	Unlisted	-	30-Jun-2024
17.	INE572J07414	28-Jul-22	NCD	Exclusive	230.00	230.00	Listed	NSE	01-Aug-2028
18.	INE572J07422	09-Sep-22, 23-Sep-22 (Reissuance)	MLD	Exclusive	1,002.00	1,002.00	Listed	BSE	01-Apr-2024
19.	INE572J07430	30-Sep-2022	NCD	Exclusive	250.00	250.00	Unlisted	-	30-Mar-2024
20.	INE572J07448	19-Oct-2022	NCD	Exclusive	600.00	525.00	Listed	NSE	20-Oct-2024
21.	INE572J07455	07-Nov-2022	NCD	Exclusive	250.00	208.33	Listed	NSE	09-May-2024
22.	INE572J07463	07-Nov-2022	NCD	Exclusive	250.00	208.33	Listed	NSE	09-May-2024
23.	INE572J07471	22-Nov-2022, 16-Dec-2022 (Reissuance)	MLD	Exclusive	4,000.00	4,000.00	Listed	NSE	22-May-2024
24.	INE572J07489	07-Dec-2022	NCD	Exclusive	1,000.00	857.14	Listed	NSE	08-Sep-2024
25.	INE572J07497	14-Dec-2022	NCD	Exclusive	500.00	400.00	Listed	NSE	18-Dec-2023
26.	INE572J07505	21-Dec-2022	NCD	Exclusive	650.00	650.00	Listed	NSE	20-Dec-2024
27.	INE572J07513	29-Dec-2022	NCD	Exclusive	1,000.00	1,000.00	Listed	BSE	30-Dec-2025
28.	INE572J07521	29-Dec-2022	NCD	Exclusive	1,000.00	1,000.00	Listed	BSE	01-Mar-2024
29.	INE572J07539	29-Dec-2022	NCD	Exclusive	10.00	10.00	Listed	BSE	30-Apr-2025
30.	INE572J07547	16-Mar-2022	NCD	Exclusive	1,250.00	1,250.00	Listed	NSE	17-Mar-2025

@NCD- "Non-convertible Debentures"; MLD - "Market Linked Debentures"

\*Includes interest accrued and Ind AS adjustments

## 5. EMPLOYEE STOCK OPTION PLAN (ESOP PLAN) AND EMPLOYEE STOCK OPTION SCHEME (ESOP SCHEME):

The Company had instituted Spandana Employees Stock Option Scheme, 2018 ("the "ESOP Scheme 2018") and Spandana Employees Stock Option Scheme, 2021 ("the "ESOP Scheme 2021") under Spandana Employees Stock Option Plan, 2018 (the "ESOP Plan 2018"), and Spandana Employees Stock Option Scheme 2021- Series A" under Spandana Employees Stock Option Plan 2021- Series A ("ESOP 2021 - Series A") to attract, retain, motivate the personnel for positions of substantial responsibility and to provide additional incentive to the Management team, Directors and Employees of the Company and its Subsidiaries. The Members of the Company have passed the special resolution at their Meeting held on June 14, 2018, approved the ESOP Plan 2018 and ESOP Scheme 2018. ESOP Scheme 2021 was approved by the Members on March 26, 2021 by the special resolution passed through Postal Ballot. ESOP 2021 - Series A was approved by the Members at the 18<sup>th</sup> Annual General Meeting ('AGM') of the Company held on September 28, 2021.

During the year under review, with the approval of Nomination and Remuneration Committee ('NRC'), the Company has granted 10,63,000 stock options

to eligible employees of the Company under ESOP 2021-Series A.

The NRC monitors the Plan in compliance with the Companies Act, 2013 ("the Act"), the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 {"SEBI (SBEB & SE) Regulations"} and related laws. The Company shall place before the Members a certificate from Secretarial Auditors of the Company that the Scheme has been implemented in accordance with SEBI (SBEB & SE) Regulations and are as per the resolutions passed by the Members of the Company at the ensuing Annual General Meeting. The disclosures as required under the SEBI (SBEB & SE) Regulations have been placed on the website of the Company at <https://spandanaspohorty.com/investors.php>.

## 6. AUDITORS:

### 6.1 Statutory Auditors:

As per Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company at the 19<sup>th</sup> Annual General Meeting, held on September 21, 2022, has appointed Walker Chandiook & Co. LLP, (Firm Registration No. 001076N/N500013), Chartered Accountants, as the Statutory Auditors of the Company for a further period of 2 consecutive years i.e., to hold office from the conclusion of the 19<sup>th</sup> AGM till the conclusion of the 21<sup>th</sup> AGM of the Company to be held in the year 2024. Pursuant to amendments

in Section 139 of the Act, the requirements to place the matter relating to such an appointment for ratification by Members at every annual general meeting have been omitted with effect from May 07, 2018.

The Reports were given by Walker Chandio & Co. LLP, Chartered Accountants on the Annual Audited Consolidated and Standalone Financial Statements of the Company for the FY23 is part of the Annual Report. The Auditors' Reports read along with the Notes on the Annual Audited Consolidated and Standalone Financial Statements are self-explanatory and do not call for any further comments.

There has been no qualification, reservation or adverse remark or disclaimer in their Reports.

During the FY23, the Auditors had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3) (ca) of the Act.

## 6.2 Secretarial Auditors:

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), M/s RPR & Associates, Practising Company Secretaries, (CP No. 5360), were appointed as Secretarial Auditor of the Company for the FY 2022-23. The Secretarial Audit Report for the financial year ended March 31, 2023, is annexed to this report as "Annexure I".

During the FY23, the Secretarial Auditors had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

During the year under review, your Company has complied with the provision of applicable Acts, Rules, Regulations, Guidelines and applicable Secretarial Standards issued by the Institute of Company Secretaries of India, etc. except in respect of the matters mentioned in Annexure I to this report along with the Company's response and as mentioned below:

The Reserve Bank of India (RBI), by an order dated August 05, 2022, imposed a monetary penalty of ₹2.33 crore (Rupees Two Crore Thirty-Three lakh only) on the Company for non-compliance with certain provisions of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

In response to the above observation made by the Secretarial Auditors, your Company hereby submits that-

The Company had received a Show Cause Notice ('Notice') dated March 21, 2022 issued by RBI Enforcement Department, Central Office, Mumbai under Sections 58B (5) (aa) and 58G read with 45JA,

45L and 45M of the RBI Act, 1934 with respect to non-compliance of Pricing of Credit for MFIs in terms of Paragraph 54 of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 observed during the inspection with reference to the Company's financial position as on March 31, 2019 and March 31, 2020.

The Company has submitted its response to the Notice vide letters dated April 8, 2022 and June 28, 2022. RBI vide its order dated August 8, 2022 imposed a monetary penalty of ₹2.33 crore and the Company has paid the said penalty on September 2, 2022.

## 6.3 Internal Auditors:

Your Company has its own internal audit team to conduct branch audits and also has a full-fledged audit team based on respective states. Each state has a Regional Head Internal Audit, who has a team of Internal Auditors to manage the audit work of the state. The Internal Audit team follows the Annual Internal Audit plan and each branch is audited once in a quarter; however, branches with bronze grading is audited once in 45 days.

The scope of Internal Audit includes Customer Acquisition, Loan Sanction, Disbursement, Collection, Branch Administration and Compliance.

In terms of Section 138 of the Act, and Companies (Accounts) Rules, 2014, the Board of Directors at its Meeting held on July 11, 2022, upon recommendation of Audit Committee, had appointed Laxminiwas & Co, as Internal Auditors of the Company, for the FY23, for conducting the internal audit.

## 6.4 Cost Auditors:

The provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 relating to Cost Audit and maintaining of cost audit records does not apply to the Company.

## 7. HOLDING / SUBSIDIARY COMPANIES / ASSOCIATES / JOINT VENTURES:

The Company has the following subsidiaries as on March 31, 2023:

S. No.	Name of the Company	Particular	Date of becoming Subsidiary
1.	Caspian Financial Services Limited	Wholly owned Subsidiary Company	Since its Incorporation i.e., October 13, 2017
2.	Criss Financial Limited	Subsidiary Company	December 27, 2018

The statement required to be provided with respect to subsidiaries, associate companies and joint ventures pursuant to the provisions of Section 129(3) of the Act and Rule 5 of the Companies (Accounts) Rules, 2014 in Form AOC - 1 is annexed herewith as "Annexure II".

The Audited Financial Statements, the Auditors Reports thereon and the Board's Reports for the year ended March 31, 2023, of the subsidiary companies, shall be available for inspection by the Members at its registered office, during business hours on all working days up to the date of the Annual General Meeting. A Member who is desirous of obtaining a copy of the accounts of the subsidiaries companies is requested to write to the Company.

During the financial year, none of the Company ceased to be the Company's subsidiaries, joint ventures, or associate companies.

Pursuant to Regulation 16(1)(c) of the SEBI Listing Regulations, defines "material subsidiary" as a subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries at the end of the immediately preceding accounting year. Further, none of the subsidiaries mentioned hereinabove is a material subsidiary as per the thresholds laid down under the SEBI Listing Regulations.

At the Extra-Ordinary General Meeting of the Caspian Financial Services Limited ("CFSL"), a wholly owned subsidiary of the Company, held on March 31, 2022, the Objects 7 and 8 in Main Object Clause of Memorandum of Association ("MoA") of CFSL as mentioned below was modified vide a Special Resolution passed by the members of CFSL: -

"7. To carry on the business of purchase, sale and otherwise deal in all kinds of consumer durables, utilities, food stuff, appliances, building material, agricultural inputs etc., including marketing and dealing in all kinds of financial products for the sale and otherwise deal in all kinds of consumer durables, utilities, food stuff, appliances, building material, agricultural inputs etc.

8. To act as an agent/ collaborator/ partner/ dealer/ distributor with traders, companies, dealers, distributors and other organisations carrying on the business of purchase, sale and manufacture of consumer durables, utilities, food stuff, appliances, building material, agricultural inputs etc."

On June 21, 2022, as a part of settlement transaction with erstwhile MD, Mrs. Padmaja Gangireddy, Abhiram Marketing Services Limited (AMSL) and other parties, CFSL has purchased inventory from AMSL.

Details of inter corporate loans to the subsidiaries are set out in the note 6 & 32 to the Standalone Financial Statements forming part of this annual report.

Pursuant to the provisions of section 136 of the Act, the financial statements, consolidated financial statements of the Company and separate financial statements along with auditors reports thereon of each of the subsidiary is available on the website

of the Company at <https://spandanasphoorty.com/investors.php>.

## 8. CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements of the Company prepared in accordance with relevant Indian Accounting Standards (IND-AS) viz. (include the relevant standards) forms part of this Annual Report.

## 9. 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 the right direction. Present Directors of your Company are:

Name of Director	Designation
Ms. Abanti Mitra	Chairperson and Independent Non-Executive Director <sup>^</sup>
Mr. Bharat Dhirajlal Shah	Independent Non-Executive Director
Mr. Deepak Calian Vaidya	Independent Non-Executive Director
Mr. Jagdish Capoor	Independent Non-Executive Director
Mr. Animesh Chauhan	Independent Non-Executive Director <sup>#</sup>
Mrs. Padmaja Gangireddy	Non-Independent Non-Executive Director
Mr. Ramachandra Kasargod Kamath	Nominee Director
Mr. Kartikeya Dhruv Kaji	Nominee Director
Mr. Sunish Sharma	Nominee Director
Mr. Amit Sobti	Nominee Director <sup>*</sup>
Mr. Neeraj Swaroop	Nominee Director <sup>**</sup>
Mr. Shalabh Saxena	Managing Director & Chief Executive Officer

<sup>\*</sup>Mr. Amit Sobti (DIN: 07795874) who was the Nominee Director, liable to retire by rotation, did not seek for re-appointment and retired with effect from September 21, 2022.

<sup>\*\*</sup>Mr. Neeraj Swaroop (DIN: 00061170) was appointed as Nominee Director with effect from August 04, 2022 and he shall be liable to retire by rotation.

<sup>#</sup>Mr. Animesh Chauhan (DIN: 02060457) was appointed as Non-Executive Independent Director of the Company for a term of 5 (five) years with effect from August 04, 2022 and he shall not be liable to retire by rotation.

<sup>^</sup>Ms. Abanti Mitra (DIN: 02305893) was re-appointed as a Non-Executive Independent Director for a second term of 5 (five) years with effect from May 04, 2022 and she shall not be liable to retire by rotation.

### 9.1 Rotation of Directors:

In terms of the provisions of Section 152 of the Act, Mr. Ramachandra Kasargod Kamath (DIN: 01715073) and Mr. Kartikeya Dhruv Kaji (DIN: 07641723), Nominee Directors of the Company, being longest in the office were liable to retire by rotation at the 20<sup>th</sup> Annual General Meeting and being eligible to be reappointed, the Board of Director's at their meeting held on

May 02, 2023 recommended the reappointment of Mr. Ramachandra Kasargod Kamath and Mr. Kartikeya Dhruv Kaji as the Nominee directors of Company.

#### **9.2 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 subsection (6) of section 149 of the Act. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

#### **9.3 Change in the Key Managerial Personnel of the Company:**

During the year under review and till the date of this report, the following changes have taken place:

- Mrs. Sharmila S, has resigned as Chief Risk Officer (KMP) of the Company w.e.f. June 29, 2022 and after her resignation Mr. Amit Anand has been appointed as Chief Risk Officer of the Company w.e.f. July 18, 2022.

#### **10. MEETINGS OF THE BOARD OF DIRECTORS:**

During the FY23, 05 (Five) Board Meetings were convened out of which 02 (Two) Board Meetings were convened through Audio-Visual Electronic Communication Means (AVEC) and 03 (Three) Board Meetings were convened Physically. The details related to Board Meetings are provided in Corporate Governance Report forming part of this Report.

The intervening gap between the Board Meetings was within the period prescribed under the Act and SEBI Listing Regulations. The notice and agenda including all material information and minimum information required to be made available to the Board under Regulation 17 read with Schedule II Part-A of the SEBI Listing Regulations, were circulated to all Directors before the Meeting or presented at the Meeting.

#### **11. BOARD EVALUATION:**

Pursuant to the provisions of the Act, the Board has carried out the annual evaluation of its own performance, its committees, and Individual directors including Independent Directors ("Performance Evaluation"). It covers the areas relevant to the functioning as Independent Directors or other directors, member of Board, or Committees of the Board. A structured questionnaire was prepared, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A formal performance evaluation was carried out at the meeting of the NRC held on April 25, 2023 where the

Committee made an annual evaluation of performance of every Director, Key Managerial Personnel and Senior Management Personnel for the FY23.

The Directors have expressed their satisfaction with the evaluation process.

#### **12. CODE OF CONDUCT FOR ITS DIRECTORS AND SENIOR MANAGEMENT:**

Pursuant to Regulation 17(5) of the SEBI Listing Regulations, the Company has a Code of Conduct for its Directors and Senior Management including Non-Executive and Independent Directors to the extent of their role and responsibilities in the Company. The said code is available at the website of the Company at <https://spandanaspooorty.com/code-of-conduct.php>.

Further, in accordance with Schedule V (D) of the SEBI Listing Regulations, declaration from Managing Director of the Company has been received confirming that all the Directors and the Senior Management Personnel of the Company have complied to the Code of Conduct for the Financial Year ended March 31, 2023 as attached with this Report.

#### **13. FAMILIARISATION PROGRAMME OF THE INDEPENDENT DIRECTORS:**

The Company follows a structured induction programme for Directors at the time of their joining to provide them with an opportunity to familiarise themselves with the Company, its management, its operations and the industry in which the Company operates. The Director is also explained in detail the compliance required from him/her under the Act, the SEBI Listing Regulations and other relevant regulations and affirmation taken with respect to the same.

The induction programme includes:

- 1) For each Director, a one-to-one discussion with the Managing Director & CEO and Chief Financial Officer to familiarise the former with the Company's operations.
- 2) An opportunity to interact with other business heads and senior officials of the Company, who also make presentations to the Directors briefing them on the operations of the Company, strategy, risk, new initiatives, etc.
- 3) The Chief Compliance Officer of the Company makes presentations to the Board periodically on the amendments to applicable laws, new enactments which are critical to the business operations of the Company and the compliance status of such laws.

The details of the familiarisation programme may be accessed on the Company's corporate website at <https://spandanaspooorty.com/investors.php>.



**14. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

In terms of section 135 and Schedule VII of the Act 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;

S. No.	Name	Designation & Category
1.	Mr. Ramachandra Kasargod Kamath	Chairperson, Nominee Director
2.	Mrs. Padmaja Gangireddy	Member, Non-Independent Non-Executive Director
3.	Mrs. Abanti Mitra	Member, Independent Non-Executive Director
4.	Mr. Sunish Sharma	Member, Nominee Director
5.	Mr. Deepak Calian Vaidya	Member, Independent Non-Executive Director

The details of the Corporate Social Responsibility Policy adopted by the Company have been disclosed on the website of the Company at <https://spandanasphoorty.com/policies.php> and the details of various CSR initiatives taken by the Company have been disclosed on the website of the Company at <https://spandanasphoorty.com/programs-Impact.php>.

The Annual Report on CSR activities is annexed to this report as "Annexure III".

**15. DETAILS OF COMMITTEES OF BOARD OF DIRECTORS OF COMPANY:**

The details of Committees of the Board of Directors of Company are elaborated in the Report on Corporate Governance which forms a part of this Report.

**16. CORPORATE GOVERNANCE:**

In terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, the detailed Report on Corporate Governance along with a certificate on Corporate Governance compliance received from RPR & Associates, Company Secretary, Hyderabad forms part of this report.

**17. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Management Discussion and Analysis Report as required under Schedule V of the SEBI Listing Regulations forms an part of this report.

**18. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:**

In pursuance of Regulation 34 of SEBI Listing Regulations, the Business Responsibility and Sustainability Report for the year under review is annexed to this report as "Annexure IV".

**19. THE ANNUAL RETURN:**

Pursuant to sub-section (3)(a) of Section 134 and sub-section (3) of Section 92 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the copy of Annual Return as at March 31,

2023 will be available on the website of the Company at the link: <https://spandanasphoorty.com/investors.php>.

**20. DEBENTURE REDEMPTION RESERVE:**

Pursuant to Rule 7(b)(ii) of the Companies (Share Capital and Debentures) Rules, 2014, the Company is not required to create Debenture Redemption Reserve as the Debentures of the Company are privately placed.

**21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information required under Section 134(3)(m) of the Act read with Rule, 8 of the Companies (Accounts) Rules, 2014 for the financial year ended March 31, 2023, are as follows:

**21.1 Conservation of Energy:**

Your Company operations are not energy-intensive. However, significant measures are taken to reduce energy consumption by using energy-efficient computers and electrical equipment. Further, the Company believes in the optimum utilisation of alternative resources available to reduce usage and conserve energy. Your Company is also promoting the use of renewable energy sources among clients in their households.

**21.2 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 the quality of service and borrower satisfaction through continuous innovation. The Company has been adapting various lending models within the limited scope of MFI norms so as to ensure that the needs of the customers are taken care of in a manner which is convenient to them.

**21.3 Technology absorption, adaptation, and innovation:**

Technology is being used as a business enabler in your Company. Your Company is improving the processes and controls with higher technology development and adoption to get better operational efficiencies keeping scalability in high consideration. The Company has migrated to a browser-based LMS application e-FIMO which has the accounts, loans, insurance, and payroll modules integrated. e-FIMO have enabled the Company to have the entire data in a single database and has real-time data available without any time lag. The collection efficiency of each branch is tracked daily. The operations & field team are enabled with required MIS to track the loan lifecycle end to end to ensure they are efficiently serviced. New-HRMS application enables employees to serve them better with information transparency.

Credit bureau verification is integrated and the bureau check happens seamlessly via API's. To avoid data manipulation at the branch level, applications login has been centralised. Loan applications are sourced from mobile as well as from web platform and they are logged into e-FIMO for processing of loans. A full-

fledged back-office team is available for scrutinising the loan applications and validating it at multiple levels and then process the loan applications. Also, system level dedupe checks at appropriate places are available.

The improvements are planned for the upcoming year with new digital initiatives like the biometric e-KYC (Aadhar based e-KYC) with e-Sign, scorecard based automated loan approvals with fully digital journey, new LOS mobile application, microservices based architecture to enable agility and resilience in the application changes, new customer-self-service application empowering customers, geo-tagging of borrower house, centres, branches which will ensure a paperless process, efficient and a substantially lower TAT on processing of loans and service requests. Field force tracking application will also bring efficiency in the system. The changes will bring in efficiency at every end point in the loan process and ensure more borrowers are served per Loan Officer (LO) in a seamless digital way.

#### **21.4 Foreign exchange earnings and outgo:**

There are no foreign exchange earnings and outgo during the financial year ended March 31, 2023.

#### **22. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:**

The ratio of the remuneration of each director to the median's employee's remuneration and other details in terms of Section 197(12) of the Act read with Rule 5(1) of the Companies (Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014, has been annexed herewith as "Annexure V" to the Directors' Report.

The details of employee remuneration as required under provisions of Section 197(12) of the Act, read with Rule 5 (2) and 5 (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and second proviso to Section 136 of the Act are available for electronic inspection without any fee, 21 days before and up to the date of the Annual General Meeting and shall be made available to any Member on request. Members seeking to inspect such documents can send an email to [secretarial@spandanasphoorty.com](mailto:secretarial@spandanasphoorty.com). None of these employees is a relative of any Director of the Company.

#### **23. 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:**

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future, therefore the disclosure under Rule 8 (5)(vii) of Companies

(Accounts) Rules, 2014, is not applicable to the Company.

#### **24. 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 behaviour, 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 also has a Vigil Mechanism / Whistle-Blower 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. The Whistle Blower Policy/Vigil Mechanism is uploaded on the Company's website: <https://spandanasphoorty.com/policies.php>.

#### **25. INVESTOR RELATION:**

Your Company has set up an Investor Relations Program through which the Company on a regular basis keep all its investors updated on all the crucial information by disseminating the same on the Company's website. The Company also inform both the exchanges regarding earning calls, investor meets, press release on the financial results of the Company and such other matters having direct/indirect bearing on the Share Price of the Company, in compliance with the SEBI Listing Regulations.

#### **26. BORROWER GRIEVANCES:**

Your Company has a dedicated Borrower Grievance Cell to receive and handle the day-to-day borrower grievances. Further the details Company's Customer Support Service, Grievance Redressal Officer of MFIN (Microfinance Institution Network), Grievance Redressal Officer of Sa-adhan and Principal Nodal Officer are also mentioned on the website of the Company, and a toll-free number is also displayed at every branch for the borrowers to lodge their complaints (if any). The borrowers can also directly reach out for their grievance redressal. All the grievances of borrowers are dealt expeditiously, in a fair and transparent manner.

The Board of Directors have also appointed an Internal Ombudsman as per RBI notification CO.CEPD.PRS. NO.S874/13-01-008/2021-2022 dated November 15, 2021 at their meeting held on July 11, 2022.

**27. CODE OF CONDUCT FOR INSIDER TRADING:**

Your Company has duly formulated and adopted Code of Conduct for Prohibition of Insider Trading and Internal Procedure in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. The objective of this Code is to regulate, monitor and report trading by its Designated Persons and Immediate Relatives of Designated Persons towards achieving and protecting the interest of Stakeholders at large.

The Code of Conduct for Insider Trading is available on the Company's website at <https://spandanaspooorty.com/code-of-conduct.php>.

**28. FAIR PRACTICE CODE:**

Your Company has duly formulated and adopted Fair Practice Code (FPC) in compliance with the guidelines issued by RBI, to deliver quality services to borrowers by maintaining highest levels of transparency and integrity. It also aims to provide valuable information to Borrowers for making an informed decision. The Board of Directors has amended FPC in line with the RBI Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 dated March 14, 2022 at their meeting held on July 11, 2022. The Board of Directors had further amended FPC in line with Industry code of conduct published by MFIL & Sa-Dhan as per the RBI revised regulatory framework for Microfinance Loans at their meeting held on January 31, 2023.

The FPC (in English, Hindi, Oriya, Gujarati, Kannada, Bengali, Malayalam, Marathi, Tamil, Telugu Version) is available on the Company's website at <https://spandanaspooorty.com/code-of-conduct.php>.

**29. RISK MANAGEMENT:**

Risk management is ingrained in the Company's operational framework. Proper processes are in place for risk identification, measurement, reporting and management. The Company has duly approved and adopted Risk Management Policy, wherein risk management practices has integrated into governance and operations and has developed a strong risk culture within the Organisation. Further, the risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Board of Directors has constituted Risk Management Committee to identify, monitor and review all the elements of risk associated with the Company. The detail of Committee and its terms of

reference are elaborated in the Report on Corporate Governance which forms a part of this Report.

**30. DIVIDEND DISTRIBUTION POLICY:**

Your Company has formulated Dividend Distribution Policy in accordance with SEBI Listing Regulations, for bringing transparency in the matter of declaration of dividend and to protect the interest of investors. The Dividend Distribution Policy is available on the website of the Company at <https://spandanaspooorty.com/policies.php>.

**31. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE ACT:**

Pursuant to the provisions of Section 186 (11) of the Act disclosure requirement of particulars of loans given, investments made or guarantee given or securities provided is not applicable to the Company.

**32. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

Your Company has formulated a policy on related party transactions and is available on Company's website at <https://spandanaspooorty.com/policies/>.

This policy deals with the review and approval of related party transactions. The Board of Directors of the Company had approved the criteria for making the omnibus approval by the Audit Committee within the overall framework of the policy on related party transactions. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on an arm's length basis.

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 details of the related party transactions are disclosed as per Indian Accounting Standard (IND AS) – 24 and set out in the note 32 to the Standalone Financial Statements forming part of this annual report.

Contracts / arrangements / transactions entered by the Company during the year under review with related parties under Section 188 of the Act were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the provisions of Section 188 of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, Regulation 23 of SEBI Listing Regulations and the Company's policy on related party transactions. Therefore, particulars of contracts/ arrangements with related

parties under Section 188 of the Act in Form AOC-2 is not annexed with this report.

### **33. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company has a sound Internal Control System, commensurate with the nature, size, scale and complexity of its operations which ensures that transactions are recorded, authorised and reported correctly. The Company has put in place policies and procedures for continuously monitoring and ensuring the orderly and efficient conduct of the business, including adherence to the Company's Policies, for safeguarding its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records. The Audit Committee periodically reviews and evaluates the effectiveness of internal financial control system.

### **34. DEBENTURE TRUSTEE:**

To protect the Interest of the Debenture Holders of the Company, your Company has appointed the Debenture Trustees named as: -

Catalyst Trusteeship Limited  
Registered Office: GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune-411038  
Tel: +91 (020) 25280081/Fax: 91 (020) 25280275  
[dt@ctltrustee.com](mailto:dt@ctltrustee.com)  
Website: [www.catalysttrustee.com](http://www.catalysttrustee.com)

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate, Mumbai – 400001.  
Tel: +(91) (22) 40807068  
[naresh.sachwani@idbitrustee.com](mailto:naresh.sachwani@idbitrustee.com)  
Website: [www.idbitrustee.com](http://www.idbitrustee.com)

### **35. 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 December 09, 2013.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy

on prevention, prohibition and Redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the FY23, there were no complaints received by the Committee. The policy on Prevention of Sexual Harassment at workplace is available on the website of the Company at <https://spandanaspooorty.com/policies.php>.

### **36. 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 Act:

- a) that in the preparation of the annual financial statements for the financial year ended March 31, 2023; 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 March 31, 2023 and of the profit 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 March 31, 2023 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.
- f) that the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

**37. CREDIT RATING:**

During the year under review, your Company has obtained credit ratings for Bank facilities and debt instruments. The details as on March 31, 2023 are given below:

Instrument	Rating Agency	Rating Action	Rated Amount (₹ Million)
Bank Facilities	CRISIL	A / Stable	35,000
	ICRA Limited	A- / Positive	21,050
	India Ratings	A / Stable	20,000
Market-linked Debentures	ICRA Limited	A- / Positive	1,200
	India Ratings	Aemr / Stable	18,000
Non-Convertible Debentures	ICRA Limited	A- / Positive	5,636
	India Ratings	A / Stable	11,300
Pass Through Certificate (PTCs)	ICRA Limited	A+ / (SO)	4,291.17
		A- / (SO)	526.84
		AA / (SO)	2,735.80
		AA / (SO) and A- / (SO)	321.49
	India Ratings	A+ / (SO)	471.30
	CARE Limited	AA- / (SO)	3646.48
Commercial Paper	India Ratings	A / Stable	5,000

**38. APPLICATION UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016:**

The Company has not made any application under the Insolvency and Bankruptcy Code, 2016 during the FY23.

**39. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:**

The Company has not made any such valuation during the FY23.

**40. REGULATORY COMPLIANCE:**

- The Reserve Bank of India (RBI) notified Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 ("New Framework") on March 14, 2022 to provide a framework which is uniformly applicable to all regulated lenders in the microfinance space including scheduled commercial banks, small finance banks and NBFC-Investment and Credit Companies.

Your Company has put in place necessary policies, processes and systems as under the new framework. Your Directors believes that the new framework is a welcome step in the overall development of the Company.

- Pursuant to RBI Notification No.DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs read with RBI Notification No. DoS.CO.PPG./

SEC.01/11.01.005/2022-23 dated April 11, 2022 on Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs, the Company is required to appoint Chief Compliance Officer (CCO) for the Company.

Your Company has appointed Mr. Ramesh Periasamy, Company Secretary & Compliance Officer as the Chief Compliance Officer of the Company for a period of 3 years with effect from February 01, 2023.

**41. OTHER DISCLOSURES:**

- The Company has not revised Financial Statements as mentioned under section 131 of the Act.
- During the year under review, the Company has complied with the provisions of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, read with RBI Master Direction – Foreign Investment in India issued vide notification no. RBI/FED/2017-18/60 dated January 4, 2018 (the "FED Master Direction"), the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 and the Consolidated FDI Policy, as amended.
- Due to delay in submission of Q4/FY22 results National Stock Exchange of India Limited has imposed a monetary penalty of ₹3,08,000/- on the Company for non-compliance with Regulation 33 and Regulations 52(4) and 52(7) of SEBI Listing Regulations and BSE Limited has imposed a monetary penalty of ₹3,08,000/- on the Company for non-compliance with Regulation 33 and Regulations 52(4) and 52(7) of SEBI Listing Regulations.

Due to delay in submission of the notice of record date for various listed debentures, National Stock Exchange of India Limited has imposed a monetary penalty of ₹10,000/- on the Company for non-compliance with Regulation 60(2) of SEBI Listing Regulations, and BSE Limited has imposed a monetary penalty of 60,000/- on the Company for non-compliance with Regulation 60(2) of SEBI Listing Regulations.

Due to delay in furnishing prior intimation with respect to date of payment of interest/payment amount for listed debenture and due to delay in disclosure of information related to payment obligations for listed debenture, BSE Limited has imposed a monetary penalty of ₹4,000/- for non-compliance with Regulation 50(1) and Regulation 57(1) of SEBI Listing Regulations, respectively.

The Company has paid the aforementioned penalties and particulars of the same forms part of Corporate Governance Report.

- As per paragraph 6(A) of the SEBI circular no. CIR/CFD/CMD1/114/29 ("SEBI Circular") dated October 18, 2019 under the SEBI Act, 1992 and the SEBI Listing Regulations, if the auditor of a listed entity resigns after 45 (forty-five) days from the end of a quarter of a financial year, then the auditor shall, before such resignation, issue the limited review/ audit report for such quarter as well as the next quarter. Further, if the auditor has signed the limited review/ audit report for the first 3 (three) quarters of a financial year, then the auditor shall, before such resignation, issue the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.

On April 27, 2021, the RBI issued a notification no. DoS.CO.ARG/SEC.01/08.91.001/2021-22 laying down the guidelines for appointment of statutory auditors inter alia in NBFCs ("RBI Notification"). As per paragraph 8 of the RBI Notification, the tenure of a statutory auditor of an NBFC is limited to 3 (three) years and a statutory auditor cannot act as an auditor for more than 8 (eight) NBFCs at a time. The RBI Notification has been applicable to an NBFC from October 01, 2021.

On December 22, 2021, the Company had received directions from the RBI vide its email dated December 22, 2021 ("RBI Directions"), on the application submitted by the Company seeking exemption from the RBI Notification. In order to comply with RBI Directions S.R. Batliboi & Co. LLP has tendered their resignation with effect from January 28, 2022 and the Company appointed Walker Chandio & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/ N500013), to act as the Statutory Auditors of the Company.

Compliance with the RBI Directions resulted in contravention of the abovementioned SEBI Circular and the SEBI Listing Regulations. Hence, in order of comply, your Company made settlement application with SEBI on February 3, 2022 under the SEBI Settlement Regulations, 2018 to settle and resolve proceedings and final order was passed by SEBI on October 25, 2022 upon payment of ₹25,00,000/- (Rupees Twenty Five Lakhs only) as settlement fee.

#### 42. MATERIAL CHANGES AND COMMITMENTS:

No material changes or commitments have occurred after the close of the year till the date of this Report except as mentioned herein below:

- Mr. Bharat Dhirajlal Shah (DIN:00136969) who was the Non-Executive Independent Director of the Company, retired as Director of the Company, upon completion of his term of office, at the close of business hours on April 12, 2023.
- Mr. Vinayak Prasad (DIN:05310658) was appointed as Independent Director for a period of 5 (five) years effective from May 02, 2023, subject to approval of the Members of the Company in the forthcoming 20<sup>th</sup> Annual General Meeting.
- Mr. Dipali Hemant Sheth (DIN:07556685) was appointed as Additional Director in the capacity of Independent Director for a period of 5 (five) years effective from May 02, 2023, subject to approval of the Members of the Company in the forthcoming 20<sup>th</sup> Annual General Meeting.

#### 43. GRATITUDE AND ACKNOWLEDGEMENT:

The Board expresses its deep sense of gratitude to the Government of India, Reserve Bank of India, Stock Exchanges, Depositories 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, Members, Bankers, Service Providers and other Business Constituents during the year under review. The Board places on record its appreciation of the dedicated services and contributions made by the employees for the overall performance of the Company.

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

Sd/-	Sd/-
<b>Abanti Mitra</b>	<b>Shalabh Saxena</b>
Chairperson and Independent Director	Managing Director and Chief Executive Officer
DIN: 02305893	DIN: 08908237

Date: May 02, 2023	Date: May 02, 2023
Place: Mumbai	Place: Mumbai

## Annexure I

Form No.MR-3  
SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2023

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

To  
The Members,  
M/s. **Spandana Sphoorty Financial Limited**  
Galaxy, Wing B, 16<sup>th</sup> Floor, Plot No.1, Sy No 83/1,  
Hyderabad Knowledge City, TSIC, Raidurg Panmaktha,  
Hyderabad - 500081.

We 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 us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our 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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the "Financial Year" ended on **March 31, 2023, (i.e. from April 01, 2022 to March 31, 2023)** 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:

We 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 31, 2023 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; **(Not applicable to the Company during the Audit Period)**
- E. The rules, regulations, and directions issued by the Reserve Bank of India, as are applicable to Systemically Important Non-Deposit taking Non-Banking Financial Companies with classification as 'Investment & Credit

Company'- categorised as a Micro Finance Company which are specifically applicable to the Company.

- F. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and amendments from time to time;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations, 2018 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
  - (i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

We have also examined compliance with the applicable clauses of the following:

- (i) Revised Secretarial Standards and Auditing Standards issued by "The Institute of Company Secretaries of India".
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and the Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except in respect of matters as specified in of **Annexure-I** which forms part of this report.

We 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. The compliances by the Company of applicable financial laws, like direct and

indirect tax laws, have not been reviewed in this audit since the same is not within the scope of our audit.

**We 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 notices are 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.

**We 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.

**We further report that** during the audit period, the Company has:

- a) granted following Employees Stock Options (ESOPs) to its eligible employees in terms of the Spandana Employee Stock Option Plan 2018 (the "ESOP Plan") and Spandana Employee Stock Option Scheme 2021 and Spandana Employee Stock Option Scheme 2021-A (the "ESOP Schemes"):

S. No.	Date of the Grant	No. of Employees	No. of ESOPs granted
1.	July 11, 2022	4	2,15,000
2.	September 08, 2022	4	1,60,000
3.	October 17, 2022	2	50,000
4.	January 31, 2023	12	6,38,000

- b) passed a resolution pursuant to Section 42 of the Companies Act, 2013 in its Annual General Meeting held on September 21, 2022 for approving issue of non-convertible debentures up to an aggregate amount of ₹40,00,00,00,000/- under private placement basis in one or more series or tranches.
- c) issued and allotted a total of 26,882 (Twenty Six Thousand Eight Hundred and Eighty Two) Non-Convertible Debentures aggregating to ₹12,39,20,00,000/- (One Thousand Two Hundred Thirty Nine crores and Twenty Lakhs Only) on private placement basis in multiple tranches. Details are as:

S. No	Details of Debentures	Date of Allotment	No of Securities	Face Value	Amount	Name of the stock exchange on which listed
1.	ISIN: INE572J07406 Secured, Unsubordinated, Secured, Transferable, Redeemable, Unlisted Non Convertible Debentures	June 14, 2022	400	10,00,000	40,00,00,000	Unlisted
2.	ISIN: INE572J07414 Secured, Rated, Listed, Redeemable, Transferable, Non convertible Debentures	August 01, 2022	230	10,00,000	23,00,00,000	National Stock Exchange of India Limited



S. No	Details of Debentures	Date of Allotment	No of Securities	Face Value	Amount	Name of the stock exchange on which listed
3.	<b>ISIN: INE572J07422</b> Secured, Senior, Redeemable, Transferable, Listed, Principal Protected Market Linked Rated, Non-Convertible Debentures	September 09, 2022	600	10,00,000	60,00,00,000	BSE Limited
4.	<b>ISIN: INE572J07422 (Further Issue)</b> Secured, Senior, Redeemable, Transferable, Listed, Principal Protected Market Linked Rated, Non-Convertible Debentures	September 23, 2022	402	10,00,000	40,20,00,000	BSE Limited
5.	<b>ISIN: INE572J07430</b> Fixed, Secured, Unlisted, Redeemable, Non-Convertible Debentures	September 30, 2022	2500	1,00,000	25,00,00,000	Unlisted
6.	<b>ISIN: INE572J07448</b> Secured, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures	October 20, 2022	600	10,00,000	60,00,00,000	National Stock Exchange of India Limited
7.	<b>ISIN: INE572J07455</b> Senior, Secured, Rated, Listed, Redeemable Non-Convertible Debentures	November 09, 2022	250	10,00,000	25,00,00,000	National Stock Exchange of India Limited
8.	<b>ISIN: INE572J07463</b> Senior, Secured, Rated, Listed, Redeemable Non-Convertible Debentures	November 09, 2022	250	10,00,000	25,00,00,000	National Stock Exchange of India Limited
9.	<b>ISIN: INE572J07471</b> Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures	November 22, 2022	2,000	10,00,000	200,00,00,000	National Stock Exchange of India Limited
10.	<b>ISIN: INE572J07489</b> Senior, Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	December 08, 2022	1,000	10,00,000	100,00,00,000	National Stock Exchange of India Limited
11.	<b>ISIN: INE572J07497</b> Rated, Listed, Unsubordinated, Secured, Transferable, Redeemable Non-Convertible Debentures	December 15, 2022	500	10,00,000	50,00,00,000	National Stock Exchange of India Limited
12.	<b>ISIN: INE572J07471 (Further Issue)</b> Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures	December 16, 2022	2,000	10,00,000	200,00,00,000	National Stock Exchange of India Limited

S. No	Details of Debentures	Date of Allotment	No of Securities	Face Value	Amount	Name of the stock exchange on which listed
13.	<b>ISIN: INE572J07505</b> Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	December 22, 2022	650	10,00,000	65,00,00,000	National Stock Exchange of India Limited
14.	<b>ISIN: INE572J07513</b> Senior, Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	December 30, 2022	1,000	10,00,000	1,00,00,00,000.00	BSE Limited
15.	<b>ISIN: INE572J07521</b> Senior, Secured, Rated, Listed, Fully Paid, Redeemable, Non-Convertible Debentures	December 30, 2022	1,000	10,00,000	1,00,00,00,000	BSE Limited
16.	<b>ISIN: INE572J07539</b> Senior, Secured, Rated, Listed, Partly Paid, Redeemable, Non-Convertible Debentures	December 30, 2022	1,000	10,00,000	1,00,00,000	BSE Limited
17.	<b>ISIN: INE572J07547</b> Senior, Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	March 17, 2023	12,500	1,00,000	125,00,00,000	BSE Limited
<b>Total</b>			<b>26,882</b>		<b>12,39,20,00,000</b>	

d) partially redeemed or amortised or fully redeemed following Non-Convertible Debentures:

S. No	Details of Debentures	Date of amortization/ full redemption
1.	<b>ISIN: INE572J07174</b> Senior, Secured, Rated, Listed, Redeemable, Principal protected, Market Linked, Non-Convertible Debentures	April 19, 2022 (Full Redemption)
2.	<b>ISIN: INE572J07158</b> Secured, Rated, Listed, Redeemable, Taxable, Transferable, Non-Convertible Debentures	April 29, 2022 May 29, 2022 June 29, 2022 July 29, 2022 August 29, 2022 (Amortization) September 29, 2022 (Full Redemption)
3.	<b>ISIN: INE572J07307</b> Secured, Rated, Listed, Redeemable, Taxable, Non-convertible Debentures	April 07, 2022 July 07, 2022 October 07, 2022 (Amortization) January 07, 2023 (Full Redemption)
4.	<b>ISIN: INE572J07232</b> Rated, Listed, Secured, Senior, Redeemable, Transferable, Non-Convertible Debentures	May 19, 2022 (Full Redemption)
5.	<b>ISIN: INE572J07315</b> Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures	May 26, 2022 August 26, 2022 November 26, 2022 February 26, 2023 (Amortization)

S. No	Details of Debentures	Date of amortization/ full redemption
6.	<b>ISIN: INE572J07380</b> Secured, Rated, Listed, Senior, Redeemable, Non- Convertible Debentures	April 30, 2022 (Amortization)  August 30, 2022 (Full Redemption)
7.	<b>ISIN: INE572J07216</b> Secured, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures	April 29, 2022 (Full Redemption)
8.	<b>ISIN: INE572J07117</b> Rated, Listed, Secured, Redeemable Non-Convertible Debentures	July 01, 2022 January 02, 2023 (Amortization)
9.	<b>ISIN: INE572J07125</b> Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures	September 08, 2022 (Full Redemption)
10.	<b>ISIN: INE572J07133</b> Secured, Rated Listed, Redeemable, Transferable, Non-Convertible Debentures	September 18, 2022 (Amortization)
11.	<b>ISIN: INE572J07182</b> Secured, Rated, Listed, Senior, Taxable, Principal Protected, Redeemable Non-Convertible Debentures-MLD	July 19, 2022 (Full Redemption)
12.	<b>ISIN: INE572J07190</b> Senior, secured, Rated, Listed, Redeemable, Taxable Principal Protected Market Linked (PP-MLD) Non-Convertible Debentures	September 27, 2022 (Full Redemption)
13.	<b>ISIN: INE572J07307</b> Rated, Listed, Secured, Redeemable Non-Convertible Debentures	October 07, 2022 (Amortization)  January 07, 2023 (Full Redemption)
14.	<b>ISIN: INE572J07265</b> Rated, Listed, Secured, Redeemable Non-Convertible Debentures	November 27, 2022 (Full Redemption)
15.	<b>ISIN: INE572J07281</b> Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures	December 27, 2022 (Amortization)
16.	<b>ISIN: INE572J07224</b> Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures	October 31, 2022 (Amortization)
17.	<b>ISIN: INE572J07273</b> Senior, Rated, Listed, Secured, Redeemable, Principal Protected Market Linked, Non-Convertible Debentures	December 16, 2022 (Full Redemption)
18.	<b>ISIN: INE572J07299</b> Senior, Secured, Rated, Listed, Redeemable, Principal Protected Market Linked, Non-Convertible Debentures	December 29, 2022 (Put Option)
19.	<b>ISIN: INE572J07323</b> Secured, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures	March 12, 2023 (Amortization)
20.	<b>ISIN: INE572J07448</b> Secured, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures	January 31, 2023 (Amortization)
21.	<b>ISIN: INE572J07455</b> Senior, Secured, Rated, Listed, Redeemable Non-Convertible Debentures	February 09, 2023 (Amortization)
22.	<b>ISIN: INE572J07463</b> Senior, Secured, Rated, Listed, Redeemable Non-Convertible Debentures	February 09, 2023 (Amortization)



SPANDANA

S. No	Details of Debentures	Date of amortization/ full redemption
23	<b>ISIN: INE572J07489</b> Senior, Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	March 08, 2023 (Amortization)
24.	<b>ISIN: INE572J07497</b> Rated, Listed, Unsubordinated, Secured, Transferable, Redeemable Non-Convertible Debentures	March 31, 2023 (Amortization)
25.	<b>ISIN: INE572J07349</b> Rated, Unlisted, Senior, Transferable, Redeemable, Taxable, Non-Convertible Debentures	December 31, 2022 (Amortization)
26.	<b>ISIN: INE572J07406</b> Rated, Unlisted, Senior, Transferable, Redeemable, Taxable, Non-Convertible Debentures	September 30, 2022 December 31, 2022 March 31, 2023

**For RPR & ASSOCIATES**  
Company Secretaries

Sd/-

**Y Ravi Prasada Reddy**

Proprietor

FCS No.5783, C P No. 5360

Peer Review Certificate No. 1425/2021

Place: Hyderabad  
Date: May 02, 2023  
UDIN: F005783E000240996

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

## ANNEXURE I

The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

S. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification/ Fine/Show Cause Notice/Warning, etc.	Details of Violation	Fine Amount (₹)	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
1	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine	Delay in submission of the notice of Record Date for ISIN: INE572J07117 for the month of March, 2021	10000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
2	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine	Delay in submission of the notice of Record Date for ISIN: INE572J07117 for the month of June, 2021	20000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
3	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine	Delay in submission of the notice of Record Date for ISIN: INE572J07125 for the month of Sep, 2021	10000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
4	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine	Delay in submission of the notice of Record Date for ISIN: INE572J07240 for the month of February, 2022	20000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
5	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Furnishing prior intimation with respect to date of payment of interest / redemption amount	Regulation 50(1)	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount	BSE Limited	Fine	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount for ISIN: INE572J07158 for the month of February, 2021	1000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil

S. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification/ Fine/Show Cause Notice/Warning, etc.	Details of Violation	Fine Amount (₹)	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
6	SEBI (Listing Obligations and Disclosure Requirements), 2015-Furnishing prior intimation with respect to date of payment of interest / redemption amount	Regulation 50(1)	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount	BSE Limited	Fine	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount for ISIN: INE572J07158 for the month of Aug, 2021	1000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
7	SEBI (Listing Obligations and Disclosure Requirements), 2015-Disclosure of information related to payment obligations	Regulation 57(1)	Delay in disclosure of information related to payment obligations	BSE Limited	Fine	Delay in disclosure of information related to payment obligations for ISIN: INE572J07117 for the month of January, 2021	2000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
8	SEBI (Listing Obligations and Disclosure Requirements), 2015-submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds.	Regulation 52(7)	Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds.	BSE Limited	Fine	Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds for the quarter ended March, 2022	56000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
9	SEBI (Listing Obligations and Disclosure Requirements), 2015-submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds.	Regulation 52(7)	Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds.	National Stock Exchange of India Limited	Fine	Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds for the quarter ended March, 2022	56000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil

S. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification/ Fine/Show Cause Notice/Warning, etc.	Details of Violation	Fine Amount (₹)	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
10	SEBI (Listing Obligations and Disclosure Requirements), 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	National Stock Exchange of India Limited	Fine	Delay in submission of the notice of Record Date for the month of October, 2021	10000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
11	SEBI (Listing Obligations and Disclosure Requirements), 2015- disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results	Regulation 52(4)	Delay in disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results	BSE Limited	Fine	Delay in disclosure of line items prescribed under Regulation 52(4) along with the financial results for the half year ended March, 2022	42000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
12	SEBI (Listing Obligations and Disclosure Requirements), 2015- submission of the financial results within the period prescribed under this regulation	Regulation 33	Delay in submission of the financial results within the period prescribed under this regulation	BSE Limited	Fine	Delay in submission of the financial results for the quarter and year ended March 31, 2022	210000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
13	SEBI (Listing Obligations and Disclosure Requirements), 2015- disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results	Regulation 52(4)	Delay in disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results	National Stock Exchange of India Limited	Fine	Delay in disclosure of line items prescribed under Regulation 52(4) along with the financial results for the half year ended March, 2022	42000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil

S. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification/ Fine/Show Cause Notice/Warning, etc.	Details of Violation	Fine Amount (₹)	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
14	SEBI (Listing Obligations and Disclosure Requirements), 2015- submission of the financial results within the period prescribed under this regulation	Regulation 33	Delay in submission of the financial results within the period prescribed under this regulation	National Stock Exchange of India Limited	Fine	Delay in submission of the financial results for the quarter and year ended March 31, 2022	210000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
15	Application was filed voluntarily to SEBI for contravention with the SEBI Circular no. CIR/CFD/ CMD1/114/29 issued under Section 11(1) of the SEBI Act, 1992 and Regulations 18(3), 30(2) and 36(5) of the SEBI LODR. Final order was passed by SEBI on October 25, 2022 upon payment of ₹25,00,000/- (Rupees Twenty Five Lakhs only).	SEBI Circular no. CIR/CFD/ CMD1/114/29 issued under Section 11(1) of the SEBI Act, 1992 and Regulations 18(3), 30(2) and 36(5) of the SEBI LODR.	Compliance with the RBI Directions resulted in contravention of the SEBI Circular and the SEBI LODR	Nil (Application was filed voluntarily to SEBI)	Fine	LRR has not been issued by the resigning auditor for the Q3FY2022	2500000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil

Apart from the above, The Reserve Bank of India (RBI), by an order dated August 05, 2022, imposed a monetary penalty of ₹2.33 crore (Rupees Two Crore Thirty-Three lakh only) on the listed entity for non-compliance with certain provisions of the 'Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The listed entity paid the said penalty amount.



ANNEXURE II

To  
The Members,  
M/s. **Spandana Sphoorty Financial Limited**  
Galaxy, Wing B, 16<sup>th</sup> Floor, Plot No.1, Sy No 83/1,  
Hyderabad Knowledge City, TSIC, Raidurg Panmaktha,  
Hyderabad - 500081

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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 are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.,
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. 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.

For **RPR & ASSOCIATES**  
Company Secretaries

Sd/-  
**Y Ravi Prasada Reddy**  
Proprietor  
FCS No.5783, C P No. 5360

Place: Hyderabad  
Date: May 02, 2023  
UDIN: F005783E000240996

## Annexure II

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement  
of subsidiaries/associate companies/joint ventures Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### PART "A": SUBSIDIARIES

(₹ in million)

S No.	Particulars	Details	
		Caspian Financial Services Limited	Criss Financial Limited
1.	Name of the subsidiary	Caspian Financial Services Limited	Criss Financial Limited
2.	Financial Year ended on	March 31, 2023	March 31, 2023
3.	Reporting Currency	₹	₹
4.	Share Capital	20.00	76.71
5.	Reserves & Surplus	(10.63)	1470.24
6.	Total Assets	70.43	5234.00
7.	Total Liabilities	61.06	3687.04
8.	Investments	0	-
9.	Turnover	119.21	1,014.14
10.	Profit before taxation	(18.65)	14.43
11.	Provision for taxation	(5.08)	0.32
12.	Profit after taxation	(13.56)	14.11
13.	Proposed Dividend	0	Nil
14.	% of shareholding	100%	99.85%

#### 1. NAMES OF SUBSIDIARIES WHICH ARE YET TO COMMENCE OPERATIONS:

Nil.

#### 2. NAMES OF SUBSIDIARIES WHICH HAVE BEEN LIQUIDATED OR SOLD DURING THE YEAR:

No subsidiaries have been liquidated or sold during the year under review.

The Company does not have any associate company or joint venture company during the year under review. Hence, Part B of Form AOC-1 is not applicable.

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

Sd/-

**Abanti Mitra**

Chairperson and Independent Director

DIN: 02305893

Place: Mumbai

Date: May 02, 2023

Sd/-

**Shalabh Saxena**

Managing Director and Chief Executive Officer

DIN: 08908237

Place: Mumbai

Date: May 02, 2023

## Annexure III

### Format for The Annual Report on CSR Activities to be Included in the Board's Report for Financial Year April 01, 2022 to March 31, 2023

#### 1. Brief outline on CSR Policy of the Company.

In pursuit of our mission to be one of the most significant microfinance service providers in the country by offering a range of financial and non-financial products and services to low income households and individuals to improve their 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. In the process, we strive to be the responsive corporate citizen in the communities we serve. It is therefore a conscious strategy to design and implement various programmes making a lasting impact on the society. In accordance with the Companies Act, 2013, Company has committed 2% (Net Profit before Tax) annually towards CSR initiatives. The company focuses on the constituency of marginalised communities in the areas of promoting clean energy and skill development.

#### 2. Composition of CSR Committee:

S. No	Name of Director	Category	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ramachandra Kasargod Kamath	Chairperson	4	4
2.	Deepak Calian Vaidya	Member	4	4
3.	Abanti Mitra	Member	4	3
4.	Sunish Sharma	Member	4	4
5.	Padmaja Gangireddy	Member	4	0

#### 3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company

CSR Committee Weblink: <https://spandanasphoorty.com/board-committees.php>.

CSR Policy Weblink: <https://spandanasphoorty.com/policies.php>.

CSR Project Weblink: <https://spandanasphoorty.com/programs-Impact.php>.

#### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

In its pursuit of gender equality and inclusive development, India has been making remarkable progress, with a strong emphasis on empowering women and integrating them into the mainstream economy. Spandana Sphoorty, in alignment with national mandates, has taken significant strides towards this objective by designing and implementing a vocational training program focused on imparting tailoring and stitching skills and providing the job placement or entrepreneurship linkages. This program has been instrumental in empowering women from deprived communities.

As part of our efforts, we established 44 centres across seven states, namely Madhya Pradesh, Maharashtra, Karnataka, Andhra Pradesh, Kerala, Telangana, and Odisha. These centers served as catalysts for enabling women to participate and contribute to the economy. We are happy to announce that during the financial year 2022-23, a total of 2,300 beneficiaries successfully completed the training program.

In order to assess the impact and effectiveness of the initiative, we engaged the services of an independent agency, Saçit Research & Consulting. Their comprehensive impact assessment provided insights into the outcomes of our vocational training program, further strengthening our commitment to empowering women from marginalised communities.

##### Modalities of the impact study:

The impact study employed a comprehensive four-dimensional approach to evaluate the outcomes of the program. This approach encompassed various dimensions, including socio-economic impact, psychological impact, family dynamics, and local economic impact. By utilizing this framework, the study aimed to effectively showcase the overall impact of the program on these key aspects.

**Impact of the intervention:**

The assessment findings underscore the significant impact of the program in equipping participants with valuable skills. The results reveal that an impressive 82% of women expressed satisfaction with the comprehensive three-month duration of the training program.

Furthermore, a noteworthy 84% of respondents reported actively engaging in income-earning activities, serving as an alternative source of income for their families. Notably, these women now earn an average monthly income ranging from ₹2800 to 3200, contributing approximately 20% to their household's overall income.

Another encouraging aspect is that 33% of trainees have taken the initiative to employ at least one additional woman from their local community in their tailoring units, thereby promoting economic empowerment at a grassroots level.

By acquiring tailoring skills through the training program, women have effectively overcome the limitations imposed by limited or no formal education or training. Many have honed their tailoring skills through experience and practice, enabling them to secure regular employment with increasingly higher income. As a result, they are now highly motivated to invest in the education of their children and provide them with a better quality of life.

Reports pertaining to Impact Assessment is available on the Company website at <https://spandanaspooorty.com/>.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**  
Not Applicable

**6. Average net profit of the company as per section 135(5).**

- a. Two percent of average net profit of the company as per section 135(5) – ₹56.16 million
- b. Surplus arising out of the CSR projects, programmes, or activities of the previous financial years. – **Not Applicable**
- c. Amount required to be set off for the financial year, if any- **Not Applicable**
- d. Total CSR obligation for the financial year (7a+7b-7c)- ₹56.16 million

**7. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (₹ in million)	Amount Unspent (₹ in million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (₹ in million)	Date of transfer	Name of the Fund	Amount	Date of transfer.
56.16	Nil	NA	NA	NA	NA

**(b) Details of CSR amount spent against on going for the financial year:**

1.	2.	3.	4.	5.		6.	7.	8.	9.	10.	
S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (₹ in million)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (₹ in million)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (₹ in million)	Mode of Implementation – Director (Yes/No).	
				State	District					Name	CSR Registration number.
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

Total Amount Spent for the Financial Year. (₹ in million)	Amount Unspent (₹ in million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (₹ in million)	Date of transfer	Name of the Fund	Amount	Date of transfer.
56.16	Nil	NA	NA	NA	NA

- (d) Amount spent in Administrative overheads – ₹2.3 million
- (e) Amount spent on Impact Assessment, if applicable - Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹56.16 million
- (g) Excess amount for set off, if any- Not Applicable

S. No	Particular	Amount (₹ in million)
(i)	Two percent of average net profit of the company as per section 135(5)	NA
(ii)	Total amount spent for the Financial Year	NA
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

(a) Details of Unspent CSR amount for the preceding three financial years:

S. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years.
				Name of the Fund	Amount	Date of transfer	
1	2019-20	-	-	-	-	-	-
2	2020-21	41.3	41.3	NA	NA	NA	NA
3	2021-22	75.9	75.9	NA	NA	NA	NA
	<b>Total</b>	<b>117.3</b>	<b>117.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

(a) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Not Applicable

1.	2.	3.	4.	5.	6.	7.	8.	9.
S. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (₹ in million)	Amount spent on the project in the reporting Financial Year (₹ in million)	Cumulative amount spent at the end of reporting Financial Year. (₹ in million)	Status of the project Completed /Ongoing.
-	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-



10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – **Not Applicable**

**(Asset-wise details).**

- (a) Date of creation or acquisition of the capital asset(s). **Not Applicable**
- (b) Amount of CSR spent for creation or acquisition of capital asset. **Not Applicable**
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **Not Applicable**
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **Not Applicable**
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). **Not Applicable**

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

Sd/-  
**Ramachandra Kasargod Kamath**  
Chairman - CSR Committee  
DIN: 01715073

Place: Bangalore  
Date: April 28, 2023

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

Place: Mumbai  
Date: April 28, 2023

## Annexure IV

# Business Responsibility & Sustainability Report 2022-23

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity:

1.	Details of the listed entity:	: L65929TG2003PLC040648
2.	Name of the Listed Entity:	: Spandana Sphoorty Financial Limited
3.	Year of incorporation:	: 2003
4.	Registered office address:	: Galaxy, Wing B, 16 <sup>th</sup> Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddy, Telangana - 500081, India
5.	Corporate address:	: Galaxy, Wing B, 16 <sup>th</sup> Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddy, Telangana – 500081, India
6.	Email:	: secretarial@spandanasphoorty.com
7.	Telephone:	: 91-40-45474750
8.	Website:	: <a href="https://spandanasphoorty.com/">https://spandanasphoorty.com/</a>
9.	Financial year for which reporting is being done:	: 2022-23
10.	Name of the Stock Exchange(s) where shares are listed:	: BSE Ltd., National Stock Exchange of India Ltd.
11.	Paid-up Capital:	: 709.83 (₹ Million)
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:	: Mr. Amit Anand Chief Risk Officer Telephone number +91-40-45474750 e-mail id contact@spandanasphoorty.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	: Disclosures made in this report are on a standalone basis.

### II. Products/services

#### 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Microfinance	Spandana Sphoorty Financial Ltd. is an NBFC-MFI in India which provides micro loans to women borrowers from low-income households for income generation activity. These small loans offered at affordable interest rates hitherto unbanked and underbanked population into the formal financial fold while also empowering women, primarily from rural India, to dream for a better life for themselves and their families. The loans become a catalyst in promoting entrepreneurship in remote rural India while improving livelihoods and uplifting entire communities.	99.95%

#### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total turnover contributed
1	Microfinance	64990	99.95%

### III. Operations

#### 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	1153	6	1159
International	0	0	0

#### 17. Markets served by the entity:

##### a. Number of locations

Locations	Number
National (No. of States)	18
International (No. of Countries)	0

##### b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not Applicable

##### c. A brief on types of customers

We serve the low-income and underserved segments of the population in India, primarily in rural and semi-urban areas, providing micro loans to support income-generation activities that empower individuals and communities. Our borrowers under the Joint Liability Group (JLG) products are all women and they often lack access to traditional banking services. These small loans help women entrepreneurs dream of a better life for their families and themselves while giving a steady drift to help them soar higher in their entrepreneurial flight. Our loans have a one-to-two-year tenure and are provided for purposes like agriculture, handlooms & handicrafts, cattle rearing, cottage industries & micro entrepreneurial ventures like tailoring, grocery stores etc., education and healthcare.

### IV. Employees

#### 18. Details as at the end of Financial Year:

##### a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	9674	9470	97.9	204	2.1
2.	Other than Permanent (E)	0	0		0	
3.	<b>Total employee (D + E)</b>	<b>9674</b>	<b>9470</b>	<b>97.9</b>	<b>204</b>	<b>2.1</b>
<b>WORKERS</b>						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	0	0	0	0	0
3.	<b>Total workers (F + G)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

##### b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	<b>Total differently abled employees (D + E)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	0	0	0	0	0
3.	<b>Total differently abled workers (F + G)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors*	12	3	25
Key Management Personnel*	3	0	0

\* MD is counted in both BOD and KMPs.



**20. Turnover rate for permanent employees and workers**

	FY 23			FY 22			FY 21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	50.98	55.27	51.09	67.02	90.0	67.55	53.4%	72.6%	53.6%
Permanent Workers	Not Applicable								

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

**21. (a) Names of holding / subsidiary / associate companies / joint ventures: Detail needed**

S. No.	Name of the holding / Subsidiary/ associate companies/joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Caspian Financial Services Limited	Wholly owned Subsidiary Company	100%	Yes
2	Criss Financial Limited (formerly Criss Financial Holdings Ltd)	Subsidiary Company	99.85%	Yes

**VI. CSR Details**

**22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)?** Yes, in accordance with the Companies Act, 2013, the Company has committed 2% annually towards CSR initiatives.

**(iii) Turnover (in ₹ million):** 13,945

**(iii) Net worth (in ₹ million):** 30,432

**VII. Transparency and Disclosures Compliances**

**23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 23			FY 22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities		0	0		0	0	
Investors (other than shareholders)	<a href="https://spandanasphoorty.com/investors.php">https://spandanasphoorty.com/investors.php</a>	0	0		0	0	
Shareholders	<a href="https://spandanasphoorty.com/investors.php">https://spandanasphoorty.com/investors.php</a>	0	0		0	0	
Employees and workers	<a href="mailto:bss@spandanasphoorty.com">bss@spandanasphoorty.com</a> (Branch Support Service)	2976	377	377 tickets closed during 1st Quarter of FY 2023-24	6382	460	460 tickets closed during 1st Quarter of FY 2022-23.
Customers	<a href="https://spandanasphoorty.com/customer-support.php">https://spandanasphoorty.com/customer-support.php</a>	3283	53	53 complaints resolved during 1st Quarter of FY 2023-24	1905	306	306 complaints resolved during 1st Quarter of FY 2022-23
Value Chain Partners		0	0		0	0	
Others		0	0		0	0	

## 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk/ opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Climate Change & environmental sustainability	Opportunity	Embracing sustainable solutions and conducting awareness sessions to educate individuals about their carbon footprint may conserve natural resources and yield cost savings. Additionally, the organization may extend support to critical social issues such as education promotion. One of the ways in which Spandana may contribute to improving livelihoods is through promotion of Solar energy. Small solar appliances like solar lights, cook stoves etc., empower women by providing clean and reliable and non-pollutive appliances. It may enhance their lives through improved lighting, communication, and connectivity.	NA	Positive: Spandana has the potential to contribute significantly to sustainability by financing green initiatives, promoting sustainable business practices, conducting impact assessments, providing sustainability-focused financial education, and fostering collaboration with relevant stakeholders.
2	Financial literacy	Opportunity	Financial literacy is crucial as it enables informed decision-making, responsible borrowing, business development, economic empowerment, risk management, and stronger client-provider relationships. It equips clients with the knowledge to manage their finances effectively, make informed investment choices, and avoid over-indebtedness. Financially literate clients can develop essential financial management skills, run businesses more efficiently, and work towards long-term success. They understand the importance of saving, investing, and building assets, leading to economic stability and improved livelihoods. Financial literacy helps clients assess and manage financial risks, protecting them from fraudulent practices and predatory lending. Moreover, it fosters better communication, trust, and satisfaction between microfinancing companies and clients. In summary, financial literacy is vital for microfinancing companies as it empowers clients, promotes responsible practices, and strengthens the overall microfinance ecosystem.	NA	<b>Positive:</b> <ul style="list-style-type: none"> <li>- The company actively engages in social initiatives, gaining valuable insights into the realities faced by the broader community.</li> <li>- By offering financial literacy programs, the company supports and empowers marginalized individuals.</li> <li>- The company contributes to inclusive wealth creation, benefiting a wide range of people predominantly from the bottom of the societal pyramid.</li> </ul>
3	Community & social impact	Opportunity	Spandana has steadfastly embraced its commitment to upholding Corporate Social Responsibility (CSR) principles since its inception. Primary focus has been recognizing and aiding individuals and communities who are vulnerable, disadvantaged, or marginalized. By undertaking diverse CSR initiatives, the company strives to conceive and execute projects that actively contribute to the betterment of these underprivileged and marginalized sections of society. In pursuit of our mission to be one of the most significant microfinance service providers in the country by offering a range of financial and non-financial products and services to low-income households and individuals to improve their quality of life, we constantly endeavor to deliver quality services at the doorstep of our clients by maintaining highest levels of transparency and integrity. In the process we strive to be a responsive corporate citizen in the community we serve. It is therefore a conscious strategy to design and implement various programs that leave a lasting impact on the society.	NA	Positive: Our unwavering commitment lies in effecting meaningful change in the lives of the marginalized and vulnerable, with supporting CSR initiatives serving as another strong pillar of this endeavor. Through active engagement in these endeavors, our objective is to generate a positive influence and contribute to the advancement of society's well-being.

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	<a href="https://spandanasphoorty.com/policies.php">https://spandanasphoorty.com/policies.php</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)*	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes/certifications/labels/ standards** (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company acknowledges its role in creating a positive impact by focusing on investor awareness and corporate social responsibility. It promotes an inclusive workplace, hires based on merit, aims to reduce its carbon footprint, and prioritizes upskilling for employee development in line with changing business needs. We are currently engaged in developing our required objectives, obligations, or assessment methodology for all policies. We are also in due process to establish protocols to monitor the utilization of resources such as water, paper, and electricity consumption. The Company continuously takes measures to align its processes and controls with the principles of sustainable business practices.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The Company actively monitors and assesses the implementation of its action plan to ensure strict compliance with established norms. We meticulously track and record key parameters within our policies as part of a continuous learning and development process, with the objective of continually improving and enhancing our policies.								

#The core business area of the Company is to provide financial services and hence this principle has limited applicability. The Company, however, complies with all applicable regulations in respect of its operations.

\* All policies approved by the Board and signed by the official who oversees the implementation of such policies.

\*\* All policies have been formulated in accordance with the applicable laws and regulations and after considering the best practices adopted by the industry.

**7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements**

Serving our communities and customers over the past years has taught us that growth and development that is sustainable will result in wider societal good. The Company is dedicated to promoting financial literacy, financial inclusion and adhering to UN Sustainable development goals, which are integrated into its business principles. We recognize that sustainability is a key driver of long-term success. Therefore, we are committed to implementing practices that reduce our environmental impact, promote social welfare, and maintain high standards of governance. Employee wellbeing, inclusive growth, ethics & transparency are core values that run through our organization. Effective governance standards play a pivotal role in fostering sustainable practices and ensuring the creation of long-term value. The Board of Directors, Committee of the Board and MD&CEO assesses the BR performance of the Company Annually.



## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURES

### Principle 1: Business should conduct and govern themselves with ethics transparency and accountability



#### Essential Indicators

#### 1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of Training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	5	Business Responsibility & Sustainability Reporting, Regulatory updates of RBI Master Directions & Circulars on NBFCs, Risk management, Business strategy, Financial reporting, Companies Act planning for IT Systems, update on internal ombudsman, Regulatory updates of Companies Act, 2013 & SEBI Listing Regulations	100
Key Managerial Personnel	5		100
Employees other than BoD and KMPs	146	Code of Conduct, POSH and Client Protection Principles, Fair practices	71.89
Workers		N/A	

The company, through various programs, is required to familiarize its independent directors with the Company, their roles, rights, responsibilities, nature of the industry in which the company operates, business model of the company, risk management of the company, important changes in the regulatory framework having impact on the company, presentation on information technology framework / systems of the company etc.,

#### 2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine		RBI, SEBI	3.6 million	Penalty / fines paid for delay in submission / furnishing / intimation of information to stock exchanges. (Under purview of SEBI)	No
			23.3 million	RBI imposed monetary penalty for non-compliance with certain provisions of 'Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016	
Settlement				Nil	
Compounding fee				Nil	

	Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment Punishment				Nil	

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Company is committed to conducting business by following the highest ethical standards. Employees are expected to conduct business strictly adhering to all applicable laws as per the Company Code of Conduct. This is also imbibed in the company's operations manual and regular trainings that are provided to employees. The Company conducts its business in adherence to all statutory and regulatory requirements. The Code of Conduct for Directors and Senior Management of the Company has been posted at the Company's website. Additionally, the company has Vigil/Whistleblowing mechanism to help report any instances of corruption or bribery that take place within the organization. These guidelines also extend to the subsidiaries.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Particulars	FY 23	FY 22
Directors	0	0
KMPs	0	0
Employees	0	0

6. Details of complaints with regard to conflict of interest:

Particulars	FY 23	FY 22
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	0
Number of complaints received in relation to issues of Conflict of interest of the KMPs	0	0

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

#### Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness Topics / principles held covered under the partners covered	% of value chain program (by value of business done with such partners) under the awareness program
Not Applicable	

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No). If Yes, provide details of the same.

Yes, the company has a Code of Conduct policy for Board and KMPs. According to the policy "The Board Members and Senior Management Personnel of the Company shall not involve in taking any decision on a subject matter in which a conflict of interest arises or which in his/her opinion is likely to arise and shall make disclosures to the competent authority relating to all material financial and commercial transactions".

**Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe**



**Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Particulars	FY 23	FY 22	Details of improvements in environmental and social impacts
R&D	NA	NA	NA
Capex	₹ 29.8 million	₹ 79.2 million	IT Capex

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)  
Yes.
- b. If yes, what percentage of inputs were sourced sustainably?  
All our sourcing needs at branches, except for laptops and desktops, are met through local businesses and suppliers. We endeavour to promote sourcing from small and local businesses wherever possible.
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.  
Not Applicable.
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.  
Not applicable

**Leadership Indicators**

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
N/A					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of product/service	Description of risk/concern	Action taken
N/A		





**2. Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	FY2023 Current Financial Year		FY2022 Previous Financial Year	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	Yes	100	Yes
Gratuity	100	Yes	100	Yes
ESI	100	Yes	100	Yes
Others				

**3. Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

Yes. The company is aware of the needs of differently abled employees and makes efforts, where possible, to ensure that the premises are easily accessible to such employees. We ensure that the office premises that we lease are convenient for all employees to use. In certain locations separate restrooms are provisioned to accommodate the special needs of wheelchair users. The organization is committed to respecting human rights, creating inclusive environment & safe work conditions, and conducting its business ethically.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, it is covered under the Code of Conduct. The code serves as a comprehensive framework aimed at promoting the empowerment of individuals within the workplace. We also have an "Equal Employment and Non-discrimination Policy". We uphold the value of diversity and maintain a discrimination-free environment. No differentiation or prejudice based on characteristics such as race, gender, religion, disability, age, sexual orientation, gender identity, gender expression, caring responsibilities, marital or civil partnership status, or any other protected class as defined by applicable laws is tolerated. Moreover, the company firmly believes in fostering an inclusive work culture and providing equal opportunities to all its employees.

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Female	100	100	N/A	N/A
Total	100	100	N/A	N/A
Other waste	100	100	N/A	N/A

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

Gender	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	N/A
Other than Permanent Workers	N/A
Permanent Employees	Yes, the company has Vigil Mechanism/Whistle Blower Policy for this purpose
Other than Permanent Employees	No

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Gender	FY 23			FY 22		
	Total employees / workers in respective category (A)	No. of employees/ Workers in respective category, who are part of association (s)/ Union (B)	% (B / A)	Total employees/ workers in respective category (A)	No. of employees/ Workers in respective category, who are part of association (s)/ Union (B)	% (B / A)
<b>Total Permanent employees</b>		0			0	
Male		0			0	
Female		0			0	
<b>Total Permanent Workers</b>		N/A			N/A	
Female						
Male						

**8. Details of training given to employees and workers:**

We give paramount importance to our employees' safety and wellbeing. All employees at Spandana are provided with the necessary resources that help them in discharging their duties. The training programs are designed in a way that necessary skills are imparted while the employees also understand the importance of taking right precautions while performing their duties.

To enhance the learning experience and make it more interactive, we have introduced a new LMS that will include a variety of training modules covering a wide range of topics – including topics like health and safety, equal opportunities, human rights, client data protection, etc.,

Category	Total (A)	FY 23				Total (D)	FY 22			
		On Health and safety measures		On Skill upgradation			On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Male	9,470	6,738	71.1%	4,121	43.5%	8,108	0	0	3,496	43.1%
Female	204	36	17.6%	80	39.2%	271	0	0	159	58.7%
<b>Total</b>	<b>9,674</b>	<b>6,774</b>	<b>70.0%</b>	<b>4,201</b>	<b>43.4%</b>	<b>8,379</b>	<b>0</b>	<b>0</b>	<b>3,655</b>	<b>43.6%</b>
<b>Workers</b>										
Male										
Female										
<b>Total</b>										

**9. Details of performance and career development reviews of employees and worker:**

Gender	FY 23			FY 22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	9,470	8,454	89.3	8,108	3085	38.0
Female	204	199	97.5	271	76	28.0
<b>Total</b>	<b>9,674</b>	<b>8,653</b>	<b>89.4</b>	<b>8,379</b>	<b>3,161</b>	<b>37.7</b>
<b>Workers</b>						
Male						
Female						
<b>Total</b>						

**10. Health and safety management system:**

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

The Company's operations are inherently designed to minimize health and safety risks for its employees. Nonetheless, the company acknowledges the significance of prioritizing the well-being of its workforce. We have taken proactive measures such as maintaining fully stocked fire extinguishers, installing smoke detectors, and implementing fire alarm systems at our major offices. Furthermore, we ensure that our employees are well-informed about assembly points, and we prominently display floor plans and emergency contact information throughout our offices. To foster a secure and ethical work environment, we have also established policies addressing Sexual Harassment and Whistleblower protections.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

While the type of our business does not typically pose significant occupational health and safety risks, we remain committed to providing a safe and secure environment for our employees and customers. However, in light of the COVID-19 pandemic, the Company took precautions in the office premises. To mitigate these risks, necessary precautions were taken, such as sanitizing all office premises, restricting movements in common areas, and avoiding large gatherings, work from home as required. The Company also complied with all government directives, issued travel and health advisories to its employees, to ensure the safety of employees and business continuity.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Not Applicable.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

All of our employees are covered under health insurance, group life insurance and accidental insurance.

**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY 23	FY 22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	N/A	N/A
	Workers		
Total recordable work-related injuries	Employees		
	Workers		
No. of fatalities	Employees		
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees		
	Workers		

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

Due to the nature of the business, the risks associated with occupational health and safety are limited. However, the Company has a policy in place for employee health and safety. Regular internal communication and training sessions are conducted on safety measures, including fire safety and evacuation procedures. Regular equipment checks are done to mitigate any wear and tear due to continued use, e.g.: Air Conditioners, UPS. The Company has a provision of a medical practitioner who offers online medical consultations.

**13. Number of Complaints on the following made by employees and workers:**

	FY 23			FY 22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0		0	0	
Health & Safety	0	0		0	0	

**14. Assessments for the year:**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Health and safety practices	The Company periodically reviews and assesses the effectiveness of health and safety practices, working conditions of its offices by its internal team.
Working Conditions	

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health and safety practices and working conditions.**

Although this is not directly applicable to us due to the nature of our business, the response is covered in point number 12. There have been no safety-related incidents reported during the past year, and the company's periodic review of its health and safety practices did not reveal any significant concerns.

**Leadership Indicators**

**1. Do the entity extend any**

- Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).  
Yes. In the event of death of employee, compensation is provided as all the permanent employees are covered by Group life insurance policy. Additionally, the Company prioritizes settling gratuity benefits.
- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.  
Not Applicable.
- Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total No. of affected employees / workers		No. of employees / workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Employees				
Workers			0	

- Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)  
Yes, training provided in the Company is a proactive, planned and continuous process and an integral part of Human Resource development. The aim is to create and enhance the competencies of the employees, ensuring optimal performance in the ever-changing business scenario. Hence, the Company is committed to providing its employees with opportunities to develop their domain-specific knowledge, skills, and leadership abilities through various training programs.

**5. Details on assessment of value chain partners:**

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Health and safety practices	Although the company works in financial sector, we expect our partners to comply with government policies related to health and safety & working condition.
Working Conditions	

- Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners  
Not applicable due to the reason stated in point number 5.

**Principle 4: Business should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**



### Essential Indicators

#### 1. Describe the processes for identifying key stakeholder groups of the entity.

We understand how important a comprehensive stakeholder identification process is - considering both the level of influence stakeholders exert on the business and the reciprocal impact of the business on them. The organization has plans in-motion to conduct focused group discussions with senior management to initially recognize key stakeholders. The next steps would be to undertake impact assessment and categorizing stakeholders into significant groups. We also have a dedicated Stakeholders' Relationship Committee, emphasizing their commitment to effectively manage and nurture relationships with stakeholders.

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder groups	Whether identified as vulnerable & marginalised (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, others)	Frequency of engagement (Annually/Half yearly/ Quarterly/ others- please specify)	Purpose and scope of engagement including key topics raised during such engagements
Employees	No	Email, Internal meetings, SMS, Internal memos, Phone	As and when required	<ul style="list-style-type: none"> <li>Evaluating employee performance and offering incentives,</li> <li>Providing opportunities for professional growth and skill enhancement,</li> <li>Implementing measures to promote employee health and safety</li> <li>Feedback and suggestions</li> <li>Employee rewards and recognitions</li> <li>Updates on company's performance and future plans</li> </ul>
Customers	No	SMS, Website, Phone, Center Meetings, Branches		<ul style="list-style-type: none"> <li>Distribution of products</li> <li>Providing excellent customer service throughout the entire customer journey</li> <li>Ensuring continuous awareness of product features, advantages, and potential drawbacks</li> <li>Address customer queries and complaints</li> <li>Promoting financial literacy</li> </ul>

Stakeholder groups	Whether identified as vulnerable & marginalised (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, others)	Frequency of engagement (Annually/Half yearly/ Quarterly/ others- please specify)	Purpose and scope of engagement including key topics raised during such engagements
CSR Partners	No	Email, SMS, Phone, Meetings	As and when required	<ul style="list-style-type: none"> <li>Community development initiatives</li> <li>Environment preservation</li> <li>Volunteering activities in local communities</li> </ul>
Beneficiaries of CSR initiatives	Yes	Meetings, Phone, Site visits		<ul style="list-style-type: none"> <li>Updating on business performance and outlook,</li> <li>Timely update of financial results,</li> <li>Industry developments,</li> <li>Addressing key issues &amp; concerns</li> <li>Updates on key changes in regulatory and operational environment</li> </ul>
Investors & Analysts	No	Meetings, Calls, Website, Newspaper, Email		<ul style="list-style-type: none"> <li>Updating on business performance and outlook,</li> <li>Timely update of financial results,</li> <li>Industry developments,</li> <li>Addressing key issues &amp; concerns</li> <li>Updates on key changes in regulatory and operational environment</li> </ul>
Lenders, Media, Rating agencies and other business partners	No	Meetings, Calls, Website, Newspaper, Email		<ul style="list-style-type: none"> <li>Updating on business performance and outlook,</li> <li>Timely update of financial results,</li> <li>Industry developments,</li> <li>Addressing key issues &amp; concerns</li> <li>Updates on key changes in regulatory and operational environment</li> </ul>
Government Departments, Regulatory bodies, SROs & Industry associations	No	Meetings, Calls, Website, Newspaper, Email		<ul style="list-style-type: none"> <li>Compliance with all applicable laws and communication of required updates</li> <li>Implementation of Governance frameworks &amp; assistance in inspections</li> <li>Payment of all applicable taxes</li> <li>Updating on business performance and outlook,</li> <li>Timely update of financial results,</li> <li>Addressing key issues &amp; concerns</li> </ul>

## Leadership Indicators

**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The company emphasizes continuous and proactive interaction with its stakeholders to transparently communicate its strategies and achievements. Enabling frequent communication between the board, various stakeholders and community members on social matters has been instrumental in reinforcing our dedication to social responsibility. The Company also has an already existing Stakeholders' Relationship Committee to help with such matters. Audit Committee and the Board are apprised about the outcomes of the interactions and outputs from the resulting activities and have oversight over the ESG Policy.

**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes. Our initiatives are intentionally designed to create a positive impact on the lives of underprivileged communities and on the environment. We have an already existing CSR Committee which has been approved by the board.

We analyze customer complaints/interactions to improve our services. This analysis not only identifies the underlying causes but also presents an opportunity for service enhancement. Stakeholder interactions and insights from consultants and experts help us understand and meet expectations. The company has in place an ESG policy, which will be updated to cover the reporting requirement and ownership of BRSR as per SEBI's circular No. SEBI/HO/CFD/CMD2/CIR/2021/562 dated 10.05.2021. The company also intends to do a materiality assessment of key ESG related risks in consultation with its relevant stakeholders. Additionally, the Company acknowledges that it is in a learning phase regarding various evolving aspects, making stakeholder interactions crucial. To gain a deeper understanding of stakeholder expectations, the Company actively seeks engagement with consultants and experts in the field. These interactions prove valuable in aligning the Company's practices with stakeholder expectations and driving continuous improvement. Our business model involves regular client interactions through our empowered field force, who engage with clients regularly across all districts where we have presence. Through our loan products and client-centric approach, we endeavor to strengthen the socio-economic wellbeing of low-income households by providing financing on a sustainable basis in order to improve livelihoods.

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.**

The Company is engaged in providing financial services to low-income households in rural India for their lifecycle needs. In addition, the Company conducts financial literacy programs, skill development programs and vocational training programs for low-income households. At Spandana, we have developed an in-depth understanding of the borrowing requirements of the low-income client segment. Our business model involves regular client interactions through our field force, who engage with clients regularly across all districts where we have presence. Through our loan products and client-centric approach, we endeavor to strengthen the socio-economic wellbeing of low-income households by providing finance that is sustainable for the borrowers and helps improve livelihoods. We have initiated tailoring training centers for rural women and girls. These centers offer a comprehensive 90-day skill development program in tailoring along with Financial and Digital literacy module. We have trained 2,300 women across 44 tailoring centers in FY 2022-23. As a result of Spandana's efforts, 549 women have secured job placements, while 1,308 women have successfully become self-employed. In addition, we have also provided financial and digital literacy training to more than 50,000 women during the year. We constantly endeavor to deliver quality services to our clients and remunerative returns to our Investors by maintaining highest levels of transparency and integrity. In the process we strive to be a responsive corporate citizen in the community we serve. It is therefore a conscious strategy to design and implement various programs making a lasting impact on the society.

**Principle 5: Business should respect and promote human rights.**



**Essential Indicators**

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 23			FY_22		
	(A) Total	(B) (Number of employees)	% (B/A)	(C) Total	(D) (Number of employees)	% (D/C)
<b>Employees</b>						
Permanent	9,674	4,201	43.4%	8,379	3,655	43.6%
Other than permanent						
<b>Total</b>	<b>9,674</b>	<b>4,201</b>	<b>43.4%</b>	<b>8,379</b>	<b>3,655</b>	<b>43.6%</b>
<b>Workers</b>						
Permanent	NA			NA		
Other than permanent	NA			NA		
<b>Total</b>	NA			NA		

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 23					FY 22				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		(B) (Number of employees)	% (B/A)	(C) (Number of employees)	% (C/A)		(E) (Number of employees)	% (E/D)	(F) (Number of employees)	% (F/D)
<b>Employees</b>										
Male	9,470	0	0	9,470	100	8,108	0	0	8,108	
Female	204	0	0	204	100	271	0	0	271	
<b>Total</b>	<b>9,674</b>	<b>0</b>	<b>0</b>	<b>9,674</b>	<b>100</b>	<b>8,379</b>	<b>0</b>	<b>0</b>	<b>8,379</b>	
<b>Workers</b>										
Male	NA					NA				
Female	NA					NA				
<b>Total</b>	NA					NA				

3. **Details of remuneration/salary/wages, in the following format**

	Male		Female	
	Number	Median remuneration / salary / wages of respective category	Number	Median remuneration / salary / wages of respective category
Board of Directors (BoD)*	9	20,00,000	3	20,00,000
Key Managerial Personnel*	3	9,51,30,024		
Employees other than BoD and KMP	9,470	1,65,354	204	1,68,922

\* MD is counted in both BOD and KMPs and median remuneration includes cost towards share based payment to KMPs.

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes, various committees are there to oversee and address issues related to human rights. The industry's Code of Conduct applies to the Company, its subsidiaries, all Directors and all the employees. The Company also has a policy against sexual harassment in the workplace and Whistleblower policy.



**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

The Company places great importance on upholding and respecting human rights, which are considered fundamental and core values. We strive to ensure that all business and employment practices are conducted fairly and ethically, while also promoting and protecting human rights. To maintain transparency and accountability, we review the position of the redressal of complaints/grievances received from our employees, vendors, or customers on a regular basis. We have implemented policies and committees to handle human rights-related issues effectively. The Company has a zero-tolerance for all forms of physical, sexual, psychological, or verbal abuse.

**6. Number of Complaints on the following made by employees and workers:**

	FY 23			FY 22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0		0	0	
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/ Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other human rights related issues	0	0		0	0	

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The Company prioritizes a safe and inclusive workplace for all, regardless of their caste, class, religion and background. We promote human rights and ethical business practices and have policies and committees to handle grievances. For instance, we have Internal Committees in place under the Sexual Harassment of Women at Workplace Act. We also have Whistle Blower Policy where we maintain anonymity of the complainant. Moreover, regular employee awareness sessions are conducted to prevent sexual harassment and other human rights related issue.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

The company will include clauses related to human rights in its operations manuals, business contracts and agreements where appropriate. The Codes and Policies of the company will be applicable in such cases.

**9. Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)*
Sexual Harassment	100
Discrimination at workplace	100
Child Labour	100
Forced Labour/ Involuntary Labour	100
Wages	100
Other human rights related issues	N/A

\*Our office spaces are subject to internal audits and we strictly abide by the regulations, business ethics and human rights issues. Minimum wages check is part of functional audit while all the other compliance checks at branches are actively taken up once every six months. In addition, the internal team is also supported by an independent external firm to give its opinion to the Board and Management.

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not Applicable

**Leadership Indicators**

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

The Company maintains the business process in a way that it adheres to fundamental human rights in all its transactions and services it provides. We also conduct various training programs to sensitize employees about the Code of Conduct.

**2. Details of the scope and coverage of any Human rights due-diligence conducted.**

N/A

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, the office spaces are accessible to differently abled visitors. The company is aware of the needs of differently abled persons and makes efforts, where possible, to ensure that the premises are easily accessible to them. We ensure that the office premises that we lease are convenient for all to use. In certain locations separate restrooms are provisioned to accommodate the special needs of wheelchair users. The organization is committed to respecting human rights, creating inclusive environment & safe work conditions, and conducting its business ethically.

**4. Details on assessment of value chain partners**

	% of value chain partners (by value of business done with such partners) that were assessed*See NOTE below
Sexual Harassment	N/A
Discrimination at workplace	N/A
Child Labour	N/A
Forced Labour/Involuntary Labour	N/A
Wages	N/A
Others – please specify	N/A

\*NOTE: Spandana Sphoorty holds the expectation that its value chain partners adhere to the utmost standards of business ethics and principles.

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

Not Applicable

**Principle 6: Business should respect, protect and make efforts to restore the environment.**



**Essential Indicators**

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 23	FY 22
Total electricity consumption (A)	8395.56 GJ	8475.97 GJ
Total fuel consumption (B)	2930.41 GJ	2574.38 GJ
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	11326 GJ	11050 GJ
Energy intensity per rupee of turnover, kilojoules/₹ (Total energy consumption/turnover in rupees)	0.81	0.80
Energy intensity (optional) – the relevant metric may be selected by the entity Gigajoule/ FTE	1.17	1.32

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, the Company intends to do so as and when the regulation becomes applicable.

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable

**3. Provide details of the following disclosures related to water, in the following format:**

Water is primarily used for human consumption only.

Parameter	FY 23	FY 22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater	309.2*	261.8**
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others (Drinking Water)	1,788.55	1,505.22
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)		
Total volume of water consumption (in kilolitres)	2097.55	1767.22
Water intensity per rupee of turnover (Water consumed / turnover) (l/Rs)		
Water intensity (optional) – the relevant metric may be selected by the entity (KL/FTE)		

\*Only Head-office

\*\*Calculated

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, the Company intends to do so as and when the regulation becomes applicable.

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Not applicable. Being a provider of financial services, the company only uses water for human consumption.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY_23	FY_22
NOx	The company's primary emphasis lies in delivering financial services, hence any air emissions that do not pertain to greenhouse gases is inconsequential.		
Sox			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others—please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, the Company intends to do so as and when the regulation becomes applicable.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit (Metric Ton of CO <sub>2</sub> e)	FY_23	FY_22
Total Scope 1 emissions	Tonnes CO <sub>2</sub> e	220.35	195.75
(Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Tonnes CO <sub>2</sub> e	(CO <sub>2</sub> : 199.32, methane:0.21, N2O: 1.05, Refrigerants: 19.77)	(CO <sub>2</sub> : 174.80, methane:0.2, N <sub>2</sub> O: 0.97, Refrigerants: 19.77)
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Tonnes CO <sub>2</sub> e	1,865.76	1,883.63

Parameter	Unit (Metric Ton of CO <sub>2</sub> e)	FY_23	FY_22
Total Scope 1 and Scope 2 emissions per rupee of turnover	Gram/Rs	0.15	0.15
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	Tonnes CO <sub>2</sub> e/FTE	0.22	0.25

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, the Company intends to do so as and when the regulation becomes applicable.

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

As the entity is a microfinance institution, the GHG emissions are not significant. However, as a responsible organization committed to sustainability, the company has adopted several measures to reduce its indirect footprint. Please refer to the answers question 9 and leadership indicator question 6 above.

**8. Provide details related to waste management by the entity, in the following format:**

Parameter	FY 23	FY 22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	-	-
E-waste (B)	-	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any.	-	-
(Break-up by composition i.e. by materials relevant to the sector)	-	-
<b>Total (A+B + C + D + E + F + G+ H)</b>	-	-
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled		
(ii) Re-used		
(iii) Other recovery operations		
<b>Total</b>		
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration		
(ii) Landfilling		
(iii) Other disposal operations		
<b>Total</b>		

Note: No waste to report for the reporting period.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, the Company intends to do so as and when the regulation becomes applicable.

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

We are committed to minimizing waste and maximizing our recycling efforts. Though minimal, our waste streams primarily consist of food waste, paper waste, plastic waste, and e-waste. In our efforts to curb the generation of plastic waste, we actively encourage our employees to utilize glass/metal bottles at our office premises, thereby reducing the number of discarded plastic bottles. Furthermore, we encourage use of biodegradable plastic garbage bags for the collection and disposal of both dry and wet waste.

To reduce paper consumption, we are digitizing our processes, significantly reducing our reliance on paper. Ongoing initiatives focus on further minimizing paper usage across all our offices. Additionally, we have discontinued the use of paper-based office stationery, except for essential items.

As part of our e-waste management strategy, we responsibly handle a wide range of electronic waste, including computers, servers, scanners, UPSs, batteries, air conditioners, and other relevant equipment. We will ensure the proper disposal of such e-waste materials through registered and authorized e-waste vendors.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
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Spandana conducts its operations from leased office spaces and none of these offices are located in ecologically sensitive areas.

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

S. No.	Specify the law / regulation/ guidelines which was not complied with	Provide details of the non compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
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The company complies with applicable environmental regulations.

**Leadership Indicators**

**1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 23	FY 22
<b>From renewable sources</b>		
Total electricity consumption (A)	Nil	Nil
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources (C)	Nil	Nil
<b>Total energy consumed from renewable sources (A+B+C)</b>	Nil	Nil
<b>From non-renewable sources</b>		
Total electricity consumption (D)	8,395.56 GJ	8,475.97 GJ

Parameter	FY 23	FY 22
Total fuel consumption (E)*	2,930.41 GJ	2,574.38 GJ
Energy consumption through other sources (F)	0	0
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>11,326 GJ</b>	<b>11,050 GJ</b>

\* Calculated from petrol expenditure

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, the Company intends to do so as and when the regulation becomes applicable.

## 2. Provide the following details related to water discharged:

Parameter	FY 23	FY 22
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water		
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
<b>Total water discharged (in kilolitres)</b>		

Not applicable, as the organization works in financial domain. The water is used for human consumption only

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, the Company intends to do so as and when the regulation becomes applicable.

## 3. Water withdrawal, consumption and discharge in areas of water stress (in kilo litres):

For each facility / plant located in areas of water stress, provide the following information:

- Name of the area:** Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Puducherry, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal.
- Nature of operations:** Spandana Sphoorty Financial Limited is a leading Indian microfinance institution that focuses on providing financial services to underserved communities, especially women. We offer microloans, savings accounts, insurance, and customized solutions to empower individuals and promote financial inclusion.

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 23	FY 22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater	309.2*	261.8**
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others (drinking water)	1,788.55	1,505.22
<b>Total volume of water withdrawal (in kilolitres)</b>		
<b>Total volume of water consumption (in kilolitres)</b>	2097.55	1767.22
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover)		
<b>Water intensity (optional)</b> – the relevant metric may be selected by the entity. KL/FTE		
<b>Water discharge by destination and level of treatment (in kilo litres)</b>		
(i) Into Surface water		
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
<b>Total water discharged (in kilolitres)</b>		

Not applicable, as the organization is a microfinance company and operates in the financial services sector.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Assessment of scope 3 emission is not conducted.

Parameter	Unit	FY_23	FY_22
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	-	-
<b>Total Scope 3 emissions per rupee of turnover</b>		-	-
<b>Total Scope 3 emission intensity</b> (optional) – the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, the Company intends to do so as and when the regulation becomes applicable.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

**6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	The company implements measures such as installing low-consumption and energy-efficient fixtures, employing sensor taps.		
2	The company replaced plastic water bottles with glass or steel bottles.		
3	Additionally, the company emphasizes more on digitalization to minimize paper waste.		

The company's implementation of measures such as installing low-consumption and energy-efficient fixtures, as well as employing sensor taps, brings several benefits. Firstly, it helps the company reduce its overall energy consumption and contribute to environmental sustainability. By using energy-efficient fixtures, the company can minimize its carbon footprint, aligning with sustainable practices.

Our encouragement to employees to replace plastic water bottles with glass or steel bottles also yields multiple advantages. It significantly reduces plastic waste and contributes to environmental conservation. Additionally, using glass or steel bottles can be a cost-effective solution in the long run, as they can be reused multiple times, reducing the need for constant repurchasing of single-use plastic bottles.

Moreover, adopting the use of a digital portal, such as FIMO enables the company to minimize paper waste. This not only reduces the environmental impact associated with paper production & transportation but also streamlines internal processes and enhances operational efficiency. Digital portals allow for faster and more accurate data management, reducing the reliance on physical paperwork and facilitating smooth information flow within the company.

Overall, these environmentally conscious measures benefit the company by lowering operational costs, improving sustainability practices, and promoting efficient workflows. By reducing energy consumption, minimizing plastic waste, and embracing digital solutions, the company can be an environmentally responsible organization.

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Spandana Sphoorty has implemented a robust disaster recovery and business continuity plan to ensure preparedness in the face of unforeseen events. The plan incorporates multiple strategies to maintain operations during disruptions. One strategy involves utilizing branches as alternative sites, which allows the company to continue serving its customers even if the main office or certain locations are affected by a disaster. Another important aspect of the plan is enabling work-from-home arrangements. This flexibility ensures that employees can continue their work remotely, minimizing downtime and maintaining productivity during critical situations. By leveraging technology and providing the necessary infrastructure and tools, Spandana Sphoorty ensures that essential functions can continue seamlessly, regardless of physical office accessibility. Additionally, the company has implemented an IT disaster recovery site, which serves as a dedicated facility to restore and resume IT operations in the event of a system failure or disruption. This redundancy ensures that vital systems and data can be quickly recovered, enabling the company to continue its operations with minimal interruption. To validate the effectiveness of the disaster recovery and business continuity plan, Spandana Sphoorty conducts regular testing. These tests are performed as and when required and involve comprehensive evaluations to identify potential weaknesses or areas of improvement. The results and findings from these tests are reviewed and presented to the IT Strategy Committee, allowing for ongoing refinement and enhancement of the plan. By establishing a comprehensive disaster recovery and business continuity plan, Spandana Sphoorty proactively mitigates the impact of potential disruptions. This preparedness not only safeguards the company's operations but also ensures uninterrupted services to its customers. The regular testing, review, and presentations to the IT Strategy Committee further strengthen the plan's effectiveness, enabling Spandana Sphoorty to swiftly recover from any adverse situations and maintain its commitment to delivering reliable financial services. Spandana also has in place a non-IT BCP plan which counters issues like flood, fire or any other natural disaster in the branch area, curfew in the branch area, closure of the branch by an administrative action, software interruption, staff related disruptions. The branch staff and supervisors make the best effort to ensure that the branch operations are carried out as smoothly as possible. Additionally, Standard Operating Process has to be followed in case of occurrence of events impacting normal business activities.

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard**

Not Applicable

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Not Applicable



**Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**



**Essential Indicators**

1. a. **Number of affiliations with trade and industry chambers/ associations.**  
The Company is a member of two trade and industry chambers/ associations.
- b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	MFIN	National
2	Sa-Dhan	National

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities**

Name of authority	Brief of the case	Corrective action taken
	The company was compliant, and it did not receive any orders from regulatory authorities that would have required it to act against any anti-competitive behavior, indicating that there were no instances of such behavior.	

**Leadership Indicators**

1. **Details of public policy positions advocated by the entity.**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web link, if available
1	Yes, As a member of MFIN and Sa-Dhan Spandana participates in MFI industry advocacy and are part of policy making related to MFI Industry. The Company has actively advocated for and supported the advancement of inclusive development policies to address the needs of underserved and unserved customers. We have actively engaged in representing and lobbying for policies that promote equal opportunities and inclusive growth for those who have been traditionally marginalized or overlooked.				

**Principle 8: Business should support inclusive growth and equitable development**



**Essential Indicators**

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name & brief/ details of the project	SIA Notification no.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
<ul style="list-style-type: none"> <li>• The CSR programs are not eligible for Impact assessment.</li> <li>• However, we have conducted the Tailoring program which is a long-term intervention. As a result, we have - conducted impact assessment for this initiative. <a href="https://spandanaspooorty.com/wp-content/uploads/2023/04/SSFL-Impact-Assessment_SA%C4%86IT-Final-Report%20_June%2020-2023.01.pdf">https://spandanaspooorty.com/wp-content/uploads/2023/04/SSFL-Impact-Assessment_SA%C4%86IT-Final-Report%20_June%2020-2023.01.pdf</a></li> </ul>					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

The Grievances related to customers/community are taken up promptly for resolution/ redressal. The Company has a well-defined Customer Grievance Redressal (CGR) mechanism (through toll-free numbers) for ensuring timely redressal. The company also has a whistleblower mechanism in place to address complaints from its stakeholders. They also interact with the communities regularly, physically/virtually, to get their feedback.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 23 Current Financial Year	FY 22 Previous Financial Year
N/A		

#### Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
No negative social impact identified.	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In ₹)
1.	Andhra Pradesh	Kadapa	20,48,949
2.	Andhra Pradesh	Vishakhapatnam	30,85,067
3.	Andhra Pradesh	Vishakhapatnam	10,31,800
4.	Bihar	Jamui	5,32,822
5.	Bihar	Muzaffarpur	21,35,192
6.	Chhattisgarh	Rajnandgaon	15,67,822
7.	Jharkhand	Dumaka	15,67,822
8.	Jharkhand	Giridih	29,48,000
9.	Jharkhand	Hazaribagh	15,67,822
10.	Odisha	Gajapati	15,67,822
11.	Odisha	Kalahandi	38,70,740
12.	Odisha	Koraput	96,09,241
13.	Odisha	Rayagada	6,60,115
14.	Karnataka	Raichur	54,00,000

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)  
 (b) From which marginalized /vulnerable groups do you procure?  
 (c) What percentage of total procurement (by value) does it constitute?

The Company practices responsible resource consumption, limiting it to essential operational needs. Furthermore, it strongly advocates for equal and fair opportunities for all vendors, including those from marginalized or vulnerable backgrounds.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your Company (in the current financial year), based on traditional knowledge.

Not Applicable.

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Not Applicable.

**6. Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects*	% of beneficiaries from vulnerable and marginalized groups*
1	Thematic Area: Skill development and Livelihood Skill training programs in the field of Tailoring, Electrical, Facility Management, Banking, Financial Services and Insurance	6,096	100%
2	Thematic Area: Health Digital dispensary to facilitate Telehealth services to the rural citizen.	13,179	100%
3	Thematic Area: Education School transformation program - Providing WASH facility and Set up Smart classrooms in the govt schools	4,772	100%
4	Thematic Area: Education Project Nanhi kali- Providing educational support to the primary school girls to complete their education	3,000	100%
5	Thematic Area: Promotion of Clean energy Strengthening local livelihoods using Solar Energy	1,355	100%
6	Thematic Area: Financial and Digital Literacy Training on Financial and Digital Literacy to the rural citizens	58,647	100%
7	Thematic Area: Water - Providing safe drinking water by establishing Community water center at the rural household and provide free safe drinking water to the Govt schools.	6,872	100%
8	Free distribution of sewing machine to the needy woman	458	100%
9	Free distribution of Bicycles to the needy person	186	100%
10	Thematic Area: Social Protection Support to underprivileged citizens, to linked with various central and state govt welfare schemes	20,000	100%

**Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner.**



**Essential Indicators**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Spandana adheres to the RBI's Fair Practices Code and SRO's Code of Conduct (MFIN) as part of its Code of Conduct. The Customer Feedback and Grievance Redressal Mechanism is as follows:

**Branch Level:** Each branch prominently displays contact numbers of officials for easy access. A complaints register is maintained in each branch, allowing individuals to register complaints. Cluster managers regularly review and address complaints, escalating unresolved ones to the Zonal Manager. Unsatisfied customers can contact HO-CSS toll-free.

**Head Office Level:** Loan cards and loan application include a toll-free contact number for the Customer Support Service department at the Head Office. Customers can reach out for query resolution.

**Principal Nodal Officer (PO):** If complaints remain unresolved within 15 days, customers can escalate grievances to the Principal Nodal Officer whose contact details are provided.

Industry Associations/ SRO: If resolution is not resolved within seven working days from the Principal Nodal Officer, customers can approach MFI industry associations MFIN/Sa-Dhan.

RBI: If complaints remain unaddressed for one month, customers can appeal to the Officer in Charge of the Regional Office of DNBS of RBI. Complaints can be submitted online, via email, or by physical mail.

Cross Checks: Internal auditors ensure each branch maintains a Complaints Register, with any unresolved complaints reported to senior management and the Audit Committee of the Board. Compliance is monitored by State Heads and Internal Auditors. Contact details are provided at each branch/office for any queries, feedback, or grievances.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not applicable to our products and services
Safe and responsible usage	
Recycling and/or safe disposal	

**3. Number of consumer complaints in respect of the following:**

Category	FY23		Remarks	FY22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0		0	0	
Advertising	0	0		0	0	
Cyber-security	0	0		0	0	
Delivery of essential services	0	0		0	0	
Restrictive Trade Practices	0	0		0	0	
Unfair Trade Practices	0	0		0	0	
Other	3283	53	53 complaints resolved in 1st Quarter of FY 2023-24	1905	306	306 complaints resolved in 1st Quarter of FY 2022-23

**4. Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary Recalls		Not Applicable
Forced Recalls		

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

The company will form a Cyber Security Response (CSR) Team to monitor the threats-landscape covering the current and the emerging trends of the cyberattacks, proactively take the initiative to prevent the attacks and contain them when they occur. The CSR team will focus on preventing the various Information Security Threats and cyberattacks which occur via the Internet.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services**

Not Applicable

## Leadership Indicators

- 1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information on Company products and services is available on Website, at Center meetings & Branches and through Customer Support Service helpline.

Website: <https://spandanaspooorty.com/products.php>
- 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

We educate our customers through Center meetings, Branches, Customer Support Service helpline.
- 3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

We inform consumers of any risk of disruption/discontinuation of essential services through Website, Center meetings, Branches, Customer Support Service helpline.
- 4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Fair Practice Code is displayed in the Branches of the Company and on the company's website.
- 5. Provide the following information relating to data breaches:**
  - a. Number of instances of data breaches along-with impact**
  - b. Percentage of data breaches involving personally identifiable information of customers**

No such instance occurred last year.

## Annexure V

### DISCLOSURES ON MANAGERIAL REMUNERATION

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. No	Requirement	Disclosure
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Ratio of remuneration of Mr. Shalabh Saxena for the FY 2022-2023 is 1:362.86  Ratio of remuneration of Ms. Abanti Mitra, Mr. Ramachandra Kasargod Kamath, Mr. Deepak Calian Vaidya, Mr. Jagdish Capoor and Mr. Bharat Dhirajlal Shah for FY23 is 1:12.10  Ratio of remuneration of Mr. Animesh Chauhan and Mr. Neeraj Swaroop is 1:8.06*
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, or Manager, if any, in the financial year 2022-23	Shalabh Saxena: (MD& CEO)-0.00% Ashish Damani: (President & CFO)-0.00% Ramesh Periasamy: (Company Secretary and CCO)- 15.77%
3.	The Percentage Increase in the Median Remuneration of Employees in the Financial Year.	7.85%
4.	The number of permanent employees on the rolls of the company (as of March 31, 2023)	9,674
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average percentage increased in the remuneration of all employees (other than managerial personnel) for the FY23 stand at 6.99% whereas average percentile increase in the remuneration of managerial personnel stands at 1.10%.  Further, there were no exceptional circumstances for increase in the managerial remuneration during the FY23.
6.	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration is paid as per the remuneration policy of the company.

\* Both appointed as Director w.e.f. August 04, 2022.

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

Sd/-  
**Abanti Mitra**  
Chairperson and Independent Director  
DIN: 02305893

Place: Mumbai  
Date: May 02, 2023

Sd/-  
**Shalabh Saxena**  
Managing Director and Chief Executive Officer  
DIN: 08908237

Place: Mumbai  
Date: May 02, 2023

# Corporate Governance Report

(Pursuant to Section 134 of the Companies Act, 2013 and Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Corporate governance is about promoting fairness, transparency, accountability, disclosure, commitment to values, ethical business conduct. Moreover, it recognises the impact of considering the diverse interest of all stakeholders, trust and striving to maximise long term corporate value while conducting business.

This report outlines compliance with requirements of the Companies Act, 2013, as amended (the 'Act'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto, (the 'SEBI Listing Regulations') and the Master Direction - Non-Banking Financial Companies – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the RBI Master Directions'), as applicable to the Company.

## 1. Company's Philosophy on Code of Governance

Corporate Governance refers to, but not limited to, a set of rules, regulations, processes, and good practices & systems that enable an organisation to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. Sound governance practices and responsible corporate behaviour contribute to superior long-term performance of organisations. Corporate governance is the creation and enhancement of long-term sustainable value for our stakeholders through ethically driven business process. At Spandana, we strongly believe in the practice of conducting the business activities in an ethical manner that ensures high level of accountability and trust for all our stakeholders.

Our principals of Corporate Governance in entrenched in our values and policies and also embedded in our day-to-day business practices, leading to value driven growth. We have adopted the best governance practices and disclosure standards leading to enhanced shareholders' value while protecting the interest of all the stakeholders.

We at Spandana are committed towards achieving highest standards of Corporate Governance through efficient conduct of our business and meeting the obligations towards our stakeholders. We strongly emphasis on transparency, fairness, professionalism, accountability and integrity throughout the organization.

## 2. Board of Directors

The Board plays a pivotal role in ensuring good corporate governance. The Board of Directors is the apex body that governs the overall functioning of the Company. Keeping with the commitment to the principle of integrity and transparency in business operations for

good corporate governance, the Company's policy is to have an appropriate blend of independent and non-independent directors to maintain the independence of the Board and to separate the Board functions of governance and management.

All the Board of Directors are entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

The board has delegated the operational conduct of the day-to-day affairs of the Company to the Managing Director & Chief Executive Officer of the Company.

### a. Composition:

The composition of the Board is in conformity with Regulations 17 of the SEBI Listing Regulations, which stipulates that the Board should have an optimum combination of Executive and Non-Executive directors with at least one woman director and that at least fifty percent (50%) of the Board should consist of Non-Executive directors. It further stipulates that if the chairperson of the Board is a Non-Executive and Non-promoter Director then at least one-third of the board should comprise of Independent Directors.

As on March 31, 2023, the Company is managed and controlled by a professional Board of Directors, which comprised of eleven (11) Directors. Out of eleven Directors, ten are Non-Executive Directors and out of which five are Non-Executive Independent Directors. The Chairperson of the Board is a Non-Executive Independent Director. The profiles of Directors are available at <https://spandanaspooorty.com/board-of-director.php>.

During the financial year 2022-23, the Board on the basis of recommendation of the Nomination and Remuneration Committee, approved the appointment of Mr. Animesh Chauhan (DIN: 02060457) as Non-Executive Independent Director effective Augst 04, 2022 till August 03, 2027 and Mr. Neeraj Swaroop (DIN: 00061170) as Non-Executive Nominee Director liable to retire by rotation. The same was approved by the members of the Company in its Annual General meeting held on September 21, 2022.

Further, Mr. Amit Sobti DIN: 07795874) vacated his office as Non-Executive Nominee Director pursuant to retirement by rotation at the Annual General Meeting held on September 21, 2022, as he did not seek for re-appointment.

Subsequent to closure of the financial year on March 31, 2023 and till the date of this report, Mr. Bharat Dhirajlal Shah (DIN: 00136969), age 76 years, Non-Executive Independent Director of the Company, vacated his office pursuant to retirement, upon completion of his term of office, at the close of business hours on April 12, 2023.

The information relating to the number and category of other directorships and committee chairpersonships/ memberships held by the Directors in other Public Companies as on March 31, 2023, is given herein below:

**Composition and Directorship(s), Committee Membership(s), Chairmanship(s) and number of other Board and Committees as on March 31, 2023:**

Name and Category	DIN	Date of Joining the Board	Number of shares held in the Company	Directorship(s) in other Companies#	Membership(s) of Committee of other Companies##	Chairmanship (s) of Committees of other Companies##
<b>Chairperson- Non-Executive Independent Director</b>						
Ms. Abanti Mitra	02305893	04-05-2017	4,247	2	5	5
<b>Independent Directors</b>						
Mr. Deepak Calian Vaidya	00337276	06-06-2018	-	4	4	-
Mr. Jagdish Capoor	00002516	06-06-2018	-	1	2	-
Mr. Bharat Dhirajlal Shah@	00136969	13-04-2018	-	3	5	1
Mr. Animesh Chauhan	02060457	04-08-2022	-	4	4	1
<b>Non-Executive Non-Independent Director</b>						
Mrs. Padmaja Gangireddy	00004842	19-04-2003	1,02,89,392	4	1	-
<b>Non-Executive Nominee Directors</b>						
Mr. Ramchandra Kasargod Kamath	01715073	04-05-2017	-	3	3	1
Mr. Sunish Sharma	00274432	31-03-2017	-	2	-	-
Mr. Kartikeya Dhruv Kaji	07641723	31-03-2017	-	4	5	-
Mr. Neeraj Swaroop	00061170	04-08-2022	-	3	3	2
Mr. Amit Sobti@@	07795874	29-05-2017	-	-	-	-
<b>Managing Director and Chief Executive Officer</b>						
Mr. Shalabh Saxena	08908237	19-03-2022	-	2	1	-

#Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

##Includes only Audit Committee and Stakeholders' Relationship Committee.

@Mr. Bharat Dhirajlal Shah retired as Director of the Company, upon completion of his term of office, at the close of business hours on April 12, 2023.

@@Mr. Amit Sobti retired by rotation w.e.f. September 21, 2022.

**b. Fit and Proper Criteria:**

All the Directors of the Company have confirmed that they satisfy the fit and proper criteria of Directors at the time of their appointment/re-appointment and on a continues basis as prescribed under the RBI Master Directions.

**Board Meetings**

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other Board businesses. The Board/Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted under the Act, which are noted and confirmed in the subsequent Board/Committee Meeting.

During the financial year ended March 31, 2023, five (5) Board Meetings were held on May 30, 2022; July 11, 2022; August 04, 2022; October 17, 2022 and January 31, 2023. The meetings were held at least once in quarter and the gap between two meetings has been less than one hundred and twenty days. The required quorum was present at all the above meetings. During the year, the Board also transacted some of the business by passing resolutions



by circulation. The details of attendance of the Directors at the Board Meetings held during the financial year 2022-23 and the last Annual General Meeting is given herein below:

S. No.	Name of the Directors	Category of Directorship	No. of Board meetings attended during FY23	Whether attended the Annual General Meeting held on September 21, 2022
1.	Ms. Abanti Mitra	Chairperson & Non-Executive-Independent Director	4/5	Yes
2.	Mr. Bharat Dhirajlal Shah	Non – Executive Independent Director	5/5	Yes
3.	Mr. Deepak Calian Vaidya	Non – Executive Independent Director	5/5	Yes
4.	Mr. Jagdish Capoor	Non – Executive Independent Director	5/5	Yes
5.	Mr. Animesh Chauhan**	Non – Executive Independent Director	2/2	Yes
6.	Mrs. Padmaja Gangireddy	Non-Executive Non-Independent Director	2/5	No
7.	Mr. Ramachandra Kasargod Kamath	Non-Executive Nominee Director	5/5	Yes
8.	Mr. Kartikeya Dhruv Kaji	Non-Executive Nominee Director	5/5	Yes
9.	Mr. Sunish Sharma	Non-Executive Nominee Director	5/5	Yes
10.	Mr. Amit Sobti*	Non-Executive Nominee Director	1/3	NA
11.	Mr. Neeraj Swaroop**	Non-Executive Nominee Director	2/2	Yes
12.	Mr. Shalabh Saxena	Managing Director & Chief Executive Officer	5/5	Yes

Note: Leave of absence was granted to the Directors who could not attend the respective meetings, if any.

\* Mr. Amit Sobti retired by rotation w.e.f. September 21, 2022.

\*\* Mr. Animesh Chauhan appointed as an Non-Executive Independent Director and Mr. Neeraj Swaroop appointed as a Non-Executive Nominee Director w.e.f. August 04, 2022.

### Board Independence

Pursuant to Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Regulation 16(1)(b) of the SEBI Listing Regulations, all the Non-Executive Independent Directors of the Company have provided the declaration to the Board confirming satisfaction of the conditions of their independence.

In the opinion of the Board, the Non-Executive Independent Directors fulfil the conditions as specified in Schedule V of the SEBI LODR Regulations and are independent of the management. None of the Non-Executive Independent Directors had resigned before the expiry of their respective tenures during the financial year 2022-23.

Further, none of the Directors of the Company are related to each other.

### Membership of other Boards

None of the Directors of the Company hold directorships in more than twenty companies including in more than Ten (10) public companies. Pursuant to Regulation 17A of the SEBI Listing Regulations, none of the Directors on the Company hold directorship in more than seven listed companies and independent directorship in more than Seven (7) listed companies. The Managing Director of the Company do not hold

directorship as an Independent Director in any other listed company. Further, pursuant to Regulation 26 of the SEBI Listing Regulations, none of the Directors is serving as a member of more than Ten (10) committees or as the chairperson of more than Five (5) committees.

In compliance with Regulation 17(1A) of the SEBI Listing Regulations, the Members of the Company had approved the continuation of the directorship of Mr. Jagdish Capoor, Mr. Deepak Calian Vaidya and Mr. Bharat Dhirajlal Shah who had attained the age of seventy-five year, by passing a special resolution with requisite majority in the general meeting held on July 11, 2019, July 30, 2019, and September 28, 2021 respectively. Mr. Bharat Dhirajlal Shah retired as Independent Director of the Company, upon completion of his term of office, at the close of business hours on April 12, 2023. The offices held by the directors are in compliance with the Act and the SEBI Listing Regulations.

The Notice of Board/Committee Meetings is given well in advance to all the Directors. Agenda of the Board / Committee Meetings is set by the Company Secretary in consultation with the the Chairperson and Managing Director of the Company. The Agenda is circulated 7 days in advance to the date of the Meeting. The Agenda includes an Action Taken Report comprising of actions emanating from the Board/ Committee

Meetings and status updates thereof. The Agenda for the Board and Committee Meetings cover items set out as per the Act, regulations under SEBI Listing Regulations and Directions issued by RBI to the extent it is relevant and applicable. The Agenda for the Board and Committee Meetings include detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision. The Company also provides an option to its Directors to participate at each of the Board/Committee meetings through audio/video conference.

With reference to the matters, where it is not practicable to circulate any document or the agenda item is of confidential nature, the same is circulated separately or tabled at the meeting, as the case may be. In special and exceptional circumstances, consideration of additional agenda items is taken up with the permission of the Chairperson and with the consent of majority of Directors present at the meeting. Prior approval from the Board is obtained for circulating the agenda items with shorter notice for matters that form part of the Board and Committee Agenda and are considered to be in the nature of Unpublished Price Sensitive Information (UPSI).

At the Board meetings, presentations are made by senior management covering the plans, performance, operations, financial performance, risk management, compliance status and other issues and matters which the Board wants to be appraised of on a periodic basis. The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration and convening of the Board and Committee Meetings. The Company Secretary attends all the Meetings of the Board and its Committees. He advises / assures the Board and its Committees on Compliance and Governance principles and ensures appropriate recording of minutes of the Meetings. With a view to leverage technology and reducing paper consumption, the Company circulates the agenda papers and all the relevant annexures via e-mail and Board Meeting Management tool. The Company meets high standards of security and integrity that are required for storage and transmission of Board / Committee Agenda in electronic form.

The draft minutes of the Board and Committee meetings are circulated amongst the Directors/Members for their perusal and comments in accordance with Secretarial Standard-1 (SS-1) issued by Institute of Company Secretaries of India. Suggestions, if any, received from the Directors/Members are suitably incorporated in the draft minutes, in consultation with the Chairperson of the Board/Committee.

### **Separate Meeting of Independent Directors**

Separate meeting of the Independent Directors was held on May 02, 2023 without the presence of the Non-Executive Non-Independent Directors, Managing Director and the Management team of the Company. The matters considered and discussed thereat, inter-alia included those prescribed in Regulation 25 of the SEBI Listing Regulations and Schedule IV of the Act.

### **Familiarization Programmes for the Independent Directors**

The Company has in place the familiarization program for the Independent Directors appointed from time to time. The program aims to familiarise the Independent Directors with various aspects of the Company including the nature of financial services industry, operations and performance of the Company and its subsidiaries, roles, rights and responsibilities of the Independent Directors; and other relevant information required by Independent Directors to discharge their functions. Periodic presentations are made at the Board and Committee meetings by the senior management of the Company.

The details of familiarization Programme imparted to the Independent Directors of the Company are available on the Company's website at <https://spandanasphoorty.com/investors.php>.

### **Code of Conduct**

The Company has in place a comprehensive Code of Conduct and Code applicable to the Directors and employees (collectively "the Codes"). The Codes give guidance and support needed for ethical conduct of business and compliance of law. The Codes reflect the core values of the Company viz. Customer Value, Ownership Mindset, Respect, Integrity, One Team and Excellence. A copy of the Code of Conduct has been put up on the Company's website at <https://spandanasphoorty.com/code-of-conduct.php>.

The Codes have been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually as per Regulation 26(3) of the SEBI Listing Regulations. A declaration signed by the Company's Managing Director to this effect forms part of the Annual Report.

### **Board Diversity**

The Company has in place a policy on Board Diversity. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities. The current composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

The following table give details of the skills/expertise/competence identified by the Board of Directors pursuant to Regulation 34(3) read with Schedule V Part (C) (2)(h)(ii) of SEBI Listing Regulations and currently available with the Board. However, the absence of mark against a member's name does not necessarily mean that the member does not possess the corresponding qualification or skill.

Directors	Financial Acumen	Legal and Compliance	Corporate Governance	ALM and Risk Management	Strategy and Strategic Planning	Information Technology and Digital	Active Contributor to the Board/ Committee	Understanding of Business/ Industry	Mentor
Ms. Abanti Mitra	✓	-	✓	✓	✓	✓	✓	✓	✓
Mr. Bharat Dhirajlal Shah	✓	-	✓	✓	✓	-	✓	✓	✓
Mr. Deepak Calian Vaidya	✓	✓	✓	-	-	-	✓	✓	✓
Mr. Jagdish Capoor	✓	-	✓	✓	-	-	✓	✓	✓
Mr. Animesh Chauhan	✓	-	✓	✓	✓	✓	✓	✓	✓
Mrs. Padmaja Gangireddy	✓	-	✓	✓	✓	-	✓	✓	-
Mr. Ramachandra Kasargod Kamath	✓	✓	✓	✓	✓	-	✓	✓	✓
Mr. Amit Sobti*	✓	-	✓	-	✓	✓	✓	✓	-
Mr. Kartikeya Dhruv Kaji	✓	-	✓	✓	✓	✓	✓	✓	-
Mr. Sunish Sharma	✓	-	✓	✓	✓	-	✓	✓	✓
Mr. Neeraj Swaroop	✓	-	✓	✓	-	✓	✓	✓	✓
Mr. Shalabh Saxena	✓	✓	✓	✓	✓	✓	✓	✓	✓

\*Mr. Amit Sobti retired by rotation w.e.f. September 21, 2022.

The brief profiles of Directors are also available on the website of the Company <https://spandanaspooorty.com/board-of-directors> and forms part the annual report.

## 1. Committees of the Board

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by applicable regulation; which concern the Company and need a closer review. The Committees of the Board are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board, as a part of good governance practice. The Chairperson of the respective Committee informs the Board about the summary of the discussions held in the Committees Meetings. The minutes of the meetings of all Committees are placed before the Board for review. During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

The composition and functioning of these board committees is in compliance with the applicable provisions of the Act, SEBI Listing Regulations and the corporate governance directions issued by Reserve Bank of India, as applicable.

The Board has established the following statutory and non-statutory Committees:

- A. Audit Committee
- B. Nomination and Remuneration Committee
- C. Corporate Social Responsibility Committee
- D. Stakeholders' Relationship Committee
- E. Risk Management Committee
- F. IT Strategy Committee
- G. Management Committee
- H. Asset-Liability Management Committee
- I. Share Allotment Committee
- J. IT Steering Committee
- A. Audit Committee

### Composition

Pursuant to the Section 177 of the Act read with applicable rules thereto and in accordance with Regulation 18 read with Part D of Schedule II of SEBI Listing Regulations and RBI Master Directions, the Company has an Audit Committee, meeting the composition prescribed thereunder with a minimum

of two-third of its members (including Chairperson) being independent directors. All members are non-executive directors, are financially literate and have accounting or related financial management expertise.

The members of the Audit Committee consist of five (5) Non-Executive Directors of which four (4) are Independent Directors. The Committee is chaired by Ms. Abanti Mitra- Non-Executive Independent Director along with Mr. Kartikeya Dhruv Kaji- Non Executive Nominee Director, Mr. Bharat Dhirajlal Shah- Non Executive Independent Director, Mr. Deepak Calian Vaidya- Non-Executive Independent Director and Mr. Jagdish Capoor- Non-Executive Independent Director as members.

Pursuant to retirement of Mr. Bharat Dhirajlal Shah- Non-Executive Independent Director of the Company on April 12, 2023, the re-constituted Audit Committee consist of four (4) Non-Executive Directors of which three (3) are Non-Executive Independent Directors. The Committee is chaired by Ms. Abanti Mitra- Non-Executive Independent Director along with Mr. Kartikeya Dhruv Kaji- Non-Executive Nominee Director, Mr. Deepak Calian Vaidya- Non-Executive Independent Director and Mr. Jagdish Capoor- Non-Executive Independent Director as members.

The composition of the Committee is in adherence to provisions of the Act, SEBI Listing Regulations and the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

All members of the Committee are financially literate and learned, experienced and well known in their respective fields. The Committee acts as a link between the Statutory Auditors, the Internal Auditors and the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee. The Meetings of the Audit Committee are also attended by the Chief Financial Officer, Internal Auditors and the Statutory Auditors as invitees. The minutes of each Audit Committee meeting are circulated amongst the members for their approval.

#### Terms of Reference

The terms of reference of the Audit Committee, inter alia, includes the following:

- a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor, internal auditor and cost auditor;
- c) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;

- d) Approving payments to the statutory auditors, internal auditor and cost auditor, for any other services rendered by them;
- e) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3) (c) of the Act;
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv) Significant adjustments made in the financial statements arising out of audit findings;
  - (v) Compliance with listing and other legal requirements relating to financial statements;
  - (vi) Disclosure of any related party transactions; and
  - (vii) Qualifications and modified opinions in the draft audit report.
- f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g) Scrutiny of inter-corporate loans and investments;
- h) Valuation of undertakings or assets of the Company, wherever it is necessary;
- i) Evaluation of internal financial controls and risk management systems;
- j) Approval or any subsequent modification of transactions of the Company with related parties;

Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Act.

- k) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and

- making appropriate recommendations to the Board to take up steps in this matter;
- l) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
  - m) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
  - n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - o) Discussion with internal auditors on any significant findings and follow up thereon;
  - p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - q) Discussion with statutory auditors, internal auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - r) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - s) Approval of appointment of the chief financial officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  - t) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
  - u) Carrying out any other functions as provided under the Act, the SEBI Listing Regulations and other applicable laws;
  - v) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;
  - w) To review the financial statement with respect to its subsidiaries, if any, in particular investments made by the unlisted subsidiaries;
  - x) To examine the efficacy of audit functions and systems and suggesting steps on a periodic basis (quarterly, half yearly) for its improvement.
  - y) To facilitate smooth conduct of audits by external agencies, Statutory Auditors, RBI, lenders and any other external auditors as appointed by the Company or any other stakeholders (lenders, shareholders, regulators, government etc.)
  - z) To report, on a quarterly basis, the key findings of the quarter, as well as the action taken report on the same for previous quarters, to the Board of Directors.
  - aa) To review compliance of various inspections and audit reports of internal, concurrent and statutory auditors and commenting on the action taken report prepared by the management and ensuring submission to the Board of the Company from time to time.
  - bb) To monitor and review all frauds that may have occurred in the Company involving an amount of ₹0.1 million and above or as decided from time to time.
  - cc) To report such frauds and other flag-offs to the Board of Directors regulators and other stakeholders, as the case warrants, along with the extent of losses. This would include drafting a calendar of reporting frauds and the remedial measures taken, to the Board of the Company.
  - dd) To conduct a root cause analysis and identify the systemic lacunae, if any, that may have facilitated perpetration of the fraud and put in place measures to rectify the same. Also, to ascertain reasons for delay in detection of such frauds, if any.
  - ee) To ensure the staff accountability is examined at all levels in all the cases of frauds and actions, if required, is completed quickly without loss of time.
  - ff) To review efficacy of remedial actions taken to prevent recurrence of frauds, such as strengthening internal controls and putting in place other measures as may be considered relevant to strengthen preventive mechanism.
  - gg) Reviewing and recommending to the board of directors of the Company potential risks involved in any new business plans and processes; and
  - hh) Framing, devising, monitoring, assessing and reviewing the risk management plan and policy of the Company from time to time and recommend for amendment or modification thereof;

- ii) Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable laws.

The Chairperson of the Audit Committee apprises the Board of Directors about significant discussions and decisions taken at the Audit Committee meetings.

**Attendance of Audit Committee:**

The Audit Committee met five (5) times during the financial year 2022-23. The required quorum was present in all the Audit Committee meetings. The gap between two meetings did not exceed 120 days. The attendance of the Directors at the said meetings were as follows:

Date of Audit Committee meetings	Name of Members				
	Ms. Abanti Mitra	Mr. Kartikeya Dhruv Kaji	Mr. Deepak Calian Vaidya	Mr. Jagdish Capoor	Mr. Bharat Dhirajlal Shah*
May 23, 2022	Present	Present	Present	Present	Present
July 7, 2022	Present	Present	Present	Present	Present
July 11, 2022 (Adjourned)	Present	Present	Present	Present	Present
August 04, 2022	Leave	Present	Present	Present	Present
October 17, 2022	Present	Present	Present	Present	Present
January 31, 2023	Present	Present	Present	Present	Present

\* Mr. Bharat Dhirajlal Shah retired as director of the company on April 12, 2023.

**B. Nomination and Remuneration Committee**

**Composition**

The Nomination and Remuneration Committee (the "NRC") has been constituted by the Company in accordance with Section 178(1) of the Act and applicable ruled thereto and in accordance with Regulation 19 read with Part D of Schedule II of SEBI Listing Regulation. The members of the NRC consist of three (3) Non-Executive Directors of which two (2) are Non-Executive Independent Directors. The Committee is chaired by Mr. Bharat Dhirajlal Shah, Non- Executive Independent Director along with Ms. Abanti Mitra- Non- Executive Independent Director and Mr. Kartikeya Dhruv Kaji- Non- Executive Nominee Director as members.

Subsequent to retirement of Mr. Bharat Dhirajlal Shah on April 12, 2023, the NRC was reconstituted by the Board of Director at its meeting held on April 20, 2023. Thereafter, the members of the NRC consist of three (3) Non-Executive Directors of which two (2) are Non-Executive Independent Directors. The Committee is chaired by Mr. Jagdish Capoor, Non- Executive Independent Director along with Ms. Abanti Mitra- Non- Executive Independent Director and Mr. Kartikeya Dhruv Kaji- Non- Executive Nominee Director as members.

The composition of the NRC is in adherence to provisions of the Act, SEBI Listing Regulations and the Master –Direction - Non-Banking Financia– Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

**Terms of Reference**

The terms of reference of the NRC, inter alia, includes the following:

- 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 the directors, key managerial personnel and other employees in accordance with Section 178(4) of the Act;
- Formulation of criteria for the performance of evaluation of independent directors and the Board;
- Devising a policy on Board diversity;
- Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- To determine key performance indicators of senior executives of the Company and specify deliverables for the executive in line with the business plan of the Company.

"Senior executive to include the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Whole Time Directors, the Head of Departments of various functions and other key managerial personnel as decided from time to time in consultation with the Board of the Company and other stakeholders."

- f) To objectively examine the annual manpower plan in relation to the business plan of the company and to examine management recommendations regarding manpower strategy and suggest corrective actions, if required.
- g) To finalise top tier organization structure including top field level functionaries and direct reportees on a periodical basis or as and when required.
- h) To evaluate and approve the compensation packages of above mentioned persons with particular reference to fixed and variable pay (including bonuses and Employees Stock Options).
- i) To recommend to the Board a policy, relating to remuneration for the Directors and Key Managerial Personnel
- j) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- k) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, including the following:
- (i) administering employee stock option schemes, employee stock purchase schemes, stock appreciation rights schemes, general employee benefits scheme and retirement benefit schemes (the "Schemes");
  - (ii) delegating the administration and superintendence of the Schemes to any trust set up with respect to the Schemes;
  - (iii) formulating detailed terms and conditions for the Schemes including provisions specified by the Board of Directors of the Company in this regard;
  - (iv) determining the eligibility of employees to participate under the Schemes;
- (v) granting options to eligible employees and determining the date of grant;
- (vi) determining the number of options to be granted to an employee;
- (vii) determining the exercise price under of the Schemes; and
- (viii) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Schemes, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Schemes.
- l) Framing suitable policies and systems to ensure that there is no violation of securities laws by, the Company, its employees or trust set up with respect to the Schemes, if any, of any applicable laws in India or overseas, including:
- i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
  - ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;
- m) Determine whether to extend or continue the terms of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors; and
- n) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

The NRC also considers and approves the grant of Stock Options to the employees/directors of the Company and/or its subsidiaries in accordance with the Employee Stock Option Scheme(s) formulated by the Company pursuant to the applicable provisions of the Act and the Regulations issued by Securities and Exchange Board of India (SEBI).

### Meetings and Attendance

The NRC met seven (7) times during the financial year 2022-23. The required quorum was present for all the NRC meetings. The attendance of the Directors at the said meetings were as follows:

Date of NRC meetings	Name of Members		
	Mr. Bharat Dhirajlal Shah	Mr. Kartikeya Dhruv Kaji	Ms. Abanti Mitra
May 23, 2022	Present	Present	Present
July 11, 2022	Present	Present	Present
August 04, 2022	Present	Present	Leave
September 08, 2022	Present	Present	Present
October 17, 2022	Present	Present	Present
January 31, 2023	Present	Present	Present
February 23, 2023	Present	Present	Present

### Criteria for Performance Evaluation of Directors:

In compliance with provisions of SEBI Listing Regulations and pursuant to the provisions of Section 134, 178 of the Act read with Schedule IV (as per section 149) annexed to the Act and the Rules made there under, the Company has framed a Policy on Performance Evaluation of Directors which laid down the criteria of performance evaluation of Board, its Committees and Individual Directors.

An annual performance evaluation for the financial year 2022-23 was carried out in an independent and fair manner in accordance with the Policy, as stated above. The performance evaluation of the Directors and the Board and its committees are conducted through separate structured questionnaires, one each for Independent and Non-Executive Directors, Managing Director, Committees and the Board as a whole. The Evaluation process focused on various aspects of the functioning of the Board and Committees such as composition of the Board, improving Board effectiveness, performance of Board Committees, Board knowledge sessions and time allocation for strategic issues, etc. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgment.

As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body which is well engaged with different perspectives. The Board Members from different backgrounds bring about different complementarities and deliberations in the Board and Committee and the meetings are

enriched by such diversity and complementarities. It was also noted that the Committees are functioning well and besides the Committee's terms of reference as mandated by law, important issues are brought up and discussed in the Committees.

### Policy on Nominations & Remuneration for Directors, Key Managerial Personnel, Senior Management and Other Employees

In terms of the provisions of the Act read with applicable rules and SEBI Listing Regulations, the Board of Directors adopted the 'Remuneration Policy' covering aspects relating to remuneration to be paid to Directors including criteria for making payment to Executive and Non-Executive Directors, senior management including key managerial personnel and other employees of the Company.

The Nomination and Remuneration Policy is adopted to inter-alia ensure that remuneration paid by the Company is in compliance with the requirements of the applicable law(s) and relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Remuneration Policy is available on the website of the Company at <https://spandanaspooarty.com/policies.php>.

Further, in compliance with the RBI guidelines on compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022 the Board of Directors at its meeting held on May 02, 2023 had approved the Compensation Policy for Key Managerial Personnel and Senior Management Personnel as recommended by the NRC.

### Remuneration to Directors

#### (i) Details of remuneration paid / payable to the Directors for the financial year ended March 31, 2023:

Name of the Directors	Salary, Perquisite & Pension	Remuneration	Commission	Stock Options	Total
Ms. Abanti Mitra	-	20,00,000	-	-	20,00,000
Mr. Bharat Dhirajlal Shah	-	20,00,000	-	-	20,00,000
Mr. Deepak Calian Vaidya	-	20,00,000	-	-	20,00,000
Mr. Jagdish Capoor	-	20,00,000	-	-	20,00,000
Mr. Animesh Chauhan	-	13,33,333	-	-	13,33,333
Mrs. Padmaja Gangireddy	-	-	-	-	-
Mr. Ramachandra Kasargod Kamath	-	20,00,000	-	-	20,00,000
Mr. Kartikeya Dhruv Kaji	-	-	-	-	-
Mr. Sunish Sharma	-	-	-	-	-
Mr. Amit Sobti	-	-	-	-	-
Mr. Neeraj Swaroop	-	13,33,333	-	-	13,33,333
Mr. Shalabh Saxena	6,14,90,514	9,49,99,853#	-	-	15,64,90,367

#Represents remuneration in the form of share based payments towards employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model and amortised over vesting schedule.



Remuneration are paid as per the details provided in the Form MGT-7 (annual return) which is available on the website of the Company and can be accessed at <https://spandanasphoorty.com/investors.php>.

**(ii) Criteria of making payments to Non-Executive Directors:**

The criteria for making payment to Non-Executive Directors including Independent Directors are prescribed in the Nomination and Remuneration Policy which is available on the website of the Company at <https://spandanasphoorty.com/policies.php>.

**(iii) Details of fixed components and performance linked incentives along with the Performance Criteria:**

The Board of Directors at its meeting held on March 18, 2022 had approved the following remuneration of Mr. Shalabh Saxena, Managing Director of the Company:

Particular	Mr. Shalabh Saxena
<b>Fixed Salary</b>	₹4,50,00,000/- (Rupees Four Crore Fifty Lakh only) per annum to be paid monthly on a pro-rated basis
<b>Variable Salary</b>	a variable year-end performance-linked bonus of up to ₹1,50,00,000/- (Rupees One Crore Fifty Lakh Only) payable annually on a pro-rated basis
<b>Stock-based compensation</b>	Entitled to a grant of 9,80,000 stock options, equivalent to approximately 1.50% of the shareholding of the Company.
<b>Other Benefits</b>	i. Entitlement of Leave and its encashment as per rules of the Company; ii. Contribution to Provident Fund: As per rules of the Company; iii. Gratuity: As per rules of the Company; iv. Company (owned and maintained) car for official and personal use.

**(iv) Details of service contracts, notice period, severance fees:**

Mr. Shalabh Saxena is eligible for a severance of 3 months' notice or fee of 3 month's pay upon termination of the Employment Agreement by the Board. Service contract and the notice period are as per the terms of agreement entered into by him with the Company. The Current tenure of the Managing Director is valid till March 18, 2027.

Mr. Saxena has been appointed as the Managing Director and Chief Executive Officer w.e.f. March 19, 2022.

**(v) Stock options, details, if any and whether issued at discount as well as the period over which accrued and over which exercisable**

The Company has issued 9,80,000 stock options to Mr. Shalabh Saxena, Managing Director and Chief Executive Officer of the Company on March 30, 2022 governed under Spandana Employee Stock Option Plan, 2021 Series-A and Spandana Employee Stock Option Scheme, 2021 (ESOP 2021 Series-A).

**(vi) Pecuniary relationship or transactions of the Non-Executive Directors with the Company:**

During financial year 2022-23, there were no pecuniary relationship/transactions of any non-executive directors with the Company, apart from remuneration as directors and transactions in the ordinary course of business and on arm's length basis at par with any member of general public. During financial year 2022-23, the Company did not advance any loans to any of its directors.

**C. Corporate Social Responsibility Committee**

**Composition**

The Corporate Social Responsibility ("the CSR") Committee is constituted in accordance with Section 135 of the Act and the members of the CSR consist of five (5) Non-executive Directors of which two (2) are Non-Executive Independent directors. The Committee is chaired by Mr. Ramachandra Kasargod Kamath, Non-Executive Nominee Director along with Ms. Abanti Mitra- Non Executive Independent Director, Mrs. Padmaja Gangireddy-Non Executive Non Independent Director, Mr. Sunish Sharma-Non Executive Nominee Director and Mr. Deepak Vaidya- Non Executive Independent Director as members.

**Terms of Reference**

The broad terms of reference of the CSR, inter alia, includes the following:

Formulate and recommend to the Board, an annual action plan in pursuance of the CSR policy, which includes the following:

- the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- the manner of execution of such projects or programs;
- the modalities of utilization of funds and implementation schedules for the projects or programs;
- monitoring and reporting mechanism for the projects or programs; and

- e. details of need and impact assessment, if any, for the projects undertaken by the Company
- f. Recommend the alteration to annual action plan, if any, to the Board during the financial year
- g. Recommend the amount of expenditure to be incurred on such activities;
- h. Review the periodical progress in implementing the CSR initiatives and ensure completion as per plan;
- i. Assess the impact of the CSR initiatives of the Company including appointment of independent firm/agency to conduct the impact assessment;
- j. Identify the ongoing CSR projects and recommend the CSR spend for such ongoing CSR Projects;
- k. Review the periodical progress in implementing the initiatives of ongoing CSR Projects and recommend modifications, if any, to the Board during the financial year for smooth implementation of such projects.

### Meetings and Attendance

The CSR Committee met four (4) times during the financial year 2022-23. The required quorum was present for all the CSR meetings. The attendance of the Directors at the said meetings were as follows:

Date of CSR committee meetings	Members of the CSR Committee				
	Mr. Ramchandra Kasargod Kamath	Mrs. Padmaja Gangireddy	Ms. Abanti Mitra	Mr. Sunish Sharma	Mr. Deepak Calian Vaidya
May 23, 2022	Present	Leave	Present	Present	Present
August 04, 2022	Present	Leave	Leave	Present	Present
October 14, 2022	Present	Leave	Present	Present	Present
January 30, 2023	Present	Leave	Present	Present	Present

### D. Stakeholders' Relationship Committee

#### Composition

The Stakeholders' Relationship Committee ("the SRC") Committee is constituted in accordance with Section 178 of the Act and the applicable rules thereto and in accordance with Regulation 20 of the SEBI Listing Regulations. The members of the SRC consist of five (5) Non-Executive Directors of which three (3) are Non-Executive Independent director. The Committee is chaired by Ms. Abanti Mitra, Non Executive Independent Director along with Mr. Kartikeya Dhruv Kaji- Non Executive Nominee Director, Mr. Ramachandra Kasargod Kamath- Non Executive Nominee Director, Mr. Deepak Calian Vaidya- Non Executive Independent Director and Mr. Jagdish Capoor- Non Executive Independent Director as the members.

#### Terms of Reference

The terms of reference of the SRC, inter alia, includes the following:

- a. Various aspects of interest of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of annual reports, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, or any other documents or information to be sent by the Company to its shareholders, etc.
- and assisting with quarterly reporting of such complaints;
- b. Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- c. Dematerialisation of shares and re-materialisation of shares, issue of duplicate certificates and new certificates on split/consolidation/renewal;
- d. Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services;
- e. Review of measures taken for effective exercise of voting rights by shareholders.
- f. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- g. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and
- h. Carrying out any other function as prescribed under the SEBI Listing Regulations, Act and the rules and regulations made thereunder, each as amended or other applicable laws.

### Meetings and Attendance

The SRC met four (4) times during the financial year 2022-23. The required quorum was present for all the SRC meetings. The attendance of the Directors at the said meetings were as follows:

Date of SRC Committee meetings	Name of Members				
	Ms. Abanti Mitra	Mr. Jagdish Capoor	Mr. Ramachandra Kasargod Kamath	Mr. Kartikeya Dhruv Kaji	Mr. Deepak Calian Vaidya
May 23, 2022	Present	Present	Present	Present	Present
August 04, 2022	Leave	Present	Present	Present	Present
October 17, 2022	Present	Present	Present	Present	Present
January 31, 2023	Present	Present	Present	Present	Present

### Details of Investor Grievances:

Mr. Ramesh Periasamy, Company Secretary is the Compliance Officer for resolution of Shareholders' /Investors' grievances. During the financial year 2022-23, no complaints were received from investors/shareholders of the Company, as on March 31, 2023.

## E. Risk Management Committee

### Composition

The Risk Management Committee (the "RMC") manages the integrated risk and intimates the Board about the progress made in the risk management system, risk management policy and strategy evaluation of the Policy. The Risk Management Committee of the Board has been constituted as per the requirements of the Act and as per the Regulation 21 of the SEBI Listing Regulations. The members of the RMC consist of four (4) Non-Executive Directors of which two (2) are Non-Executive Independent director. The Committee is chaired by Mr. Ramachandra Kasargod Kamath-Non Executive Nominee Director along with Mr. Kartikeya Dhruv Kaji- Non Executive Nominee Director, Mr. Bharat Dhirajlal Shah- Non Executive Independent Director and Mr. Jagdish Capoor- Non Executive Independent Director as members.

Pursuant to retirement of Mr. Bharat Dhirajlal Shah-Non-Executive Independent Director of the Company on April 12, 2023, the re-constituted RMC consist of three (3) Non-Executive Directors of which one (1) is Non-Executive Independent Director. The Committee is chaired by Mr. Ramachandra Kasargod Kamath-Non Executive Nominee Director along with Mr. Kartikeya Dhruv Kaji- Non Executive Nominee Director and Mr. Jagdish Capoor- Non Executive Independent Director as members.

The composition of the NRC is in adherence to provisions of the Act, SEBI Listing Regulations and the Master –irection - Non-Banking Financia– Company - Systemically Important Non-Deposit taking

Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The Company has a risk management framework duly approved by its Board. The Committee and the Board periodically review the Company's risk assessment and minimisation procedures to ensure that management identifies and controls risk through a properly defined framework.

RBI, vide its circular dated May 16, 2019, mandated NBFCs with asset size of more than ₹5000 crore to appoint a chief risk officer (CRO). Pursuant to that, Mr. Amit Anand has been appointed as Chief Risk Officer with effect from July 18, 2022 for a period of 5 (Five) years.

### Terms of Reference

The terms of reference of the RMC, inter alia, includes the following:

- To review company's risk management policies in relation to various risks (credit, market, liquidity, operational and reputation risk)
- To review the risk return profile of the Company, Capital adequacy based on risk profile of the MFI's balance sheet, business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures and implementations of enterprise risk management.
- To hold such risk reviews to ensure adequate monitoring as may be felt necessary by the internal as well as external stakeholders and to apprise the Board of the Company on a periodic basis.

### Meetings and Attendance

The RMC met four (4) times during the financial year 2022-23. The required quorum was present for all the RMC meetings. The attendance of the Directors at the said meetings were as follows:

Date of RMC committee meetings	Name of Members			
	Mr. Ramachandra Kasargod Kamath	Mr. Bharat Dhirajlal Shah	Mr. Jagdish Capoor	Mr. Kartikeya Dhruv Kaji
July 07, 2022	Present	Present	Present	Present
August 04, 2022	Present	Present	Present	Present
October 17, 2022	Present	Present	Present	Present
January 31, 2023	Present	Present	Present	Present

### F. IT Strategy Committee

#### Composition

The IT Strategy Committee has been constituted pursuant to RBI Master –Direction - Information Technology Framework for the NBFC Sector. The Committee consisted of six (6) members of which one (1) is Non-Executive Independent Director. The Committee is chaired by Ms. Abanti Mitra,- Non Executive Independent Director along with Mr. Kartikeya Dhruv Kaji- Non Executive Nominee Director, Mr. Amit Sobti – Non Executive Nominee Director, Mr. Shalabh Saxena - Managing Director and Chief Executive Director, Mr. Vinoth Sivam- Chief Technology Officer as Members and; Mr Ashish Damani- President and Chief Financial Officer as permanent invitee.

Further, during the year Mr. Amit Sobti vacated his office as Non-Executive Nominee Director pursuant to retirement by rotation at the Annual General Meeting held on September 21, 2022 and Mr. Vinoth Sivam- Erstwhile Chief Technology Officer resigned w.e.f. closing of business hours on January 23, 2023.

Subsequently, the IT Strategy Committee was reconstituted by the Board of Directors at its meeting held on January 31, 2023 consisting of four (4) members of which one (1) is Non-Executive Independent Director. The Committee is chaired by Ms. Abanti Mitra- Non-Executive Independent Director

along with Mr. Kartikeya Dhruv Kaji- Non Executive Nominee Director, Mr. Shalabh Saxena - Managing Director and Chief Executive Director and Mr. Dharmvir Kumar Singh- Chief Information Officer as Members and; Mr. Ashish Kumar Damani- President and Chief Financial Officer as permanent invitee.

#### Terms of Reference

The terms of reference of the IT Strategy Committee, inter alia, includes the following:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

### Meetings and Attendance

The IT Strategy Committee met three (3) time during financial year 2022-23. The required quorum was present for all the IT Strategy Committee meetings. The attendance of the Directors at the said meetings were as follows:

Date of IT Strategy committee meetings	Name of Members					Permanent Invitee
	Ms. Abanti Mitra	Mr. Amit Sobti	Mr. Vinoth Sivam	Mr. Kartikeya Dhruv Kaji	Mr. Shalabh Saxena	Mr. Ashish Kumar Damani
May 16, 2022	Present	Present	NA	Present	NA	NA
October 14, 2022	Present	NA	Present	Present	Present	Present
January 30, 2023	Present	NA	NA	Present	Present	Present

## G. Management Committee

### Composition

The Board of Directors has constituted the Management Committee (the "MC") consisted of three (3) Non-Executive Director of which one (1) is Non-Executive Independent Director. The Committee was chaired by Mr. Ramachandra Kasargod Kamath -Non-executive Nominee Director along with Mr. Kartikeya Dhruv Kaji- Non Executive Nominee Director and Ms. Abanti Mitra- Non Executive Independent Director as member.

During the financial year 2022-23, the Board of Directors at its meeting held on August 04, 2022 reconstituted the MC consisting of three (3) Non-Executive Director of which one (1) is Non-Executive Independent Director. The Committee is chaired by Mr. Shalabh Saxena-Managing Director and Chief Executive Officer along with Mr. Kartikeya Dhruv Kaji-Non Executive Nominee Director and Ms. Abanti Mitra-Non Executive Independent Director as member.

### Terms of Reference

During the financial year 2022-23, the terms of reference for MC were revised w.e.f. August 04, 2022. The terms of reference of the MC, inter alia, includes the following:

- a. to apply for loans and to provide security including hypothecation of book debts of the Company at such terms and conditions as may be decided by the Committee from time to time;
- b. to borrow moneys from time to time subject to an aggregate amount of ₹5,000 crores from the date of passing of this resolution;
- c. to determine the terms of the Issue(s) of Debentures, and finalise the terms and conditions of such Issue(s) including the number of Debentures to be allotted in each Issue, Issue Price, Face Value, Rate of Interest, Redemption Period, the nature of security etc. for the purpose of raising funds in its absolute discretion deem fit and to do all such acts, deeds and things as may be required necessary in this regard;
- d. to sell loan portfolios of the Company upto a limit of ₹1,500 crores per sanction;
- e. to securitise the loan receivables arising from an identified pool of loans ("Rceivables") provided to various persons from time to time standing in the books of the Company upto a limit of ₹1,500 crores per sanction;
- f. to purchase book debts of other micro-finance/ NBFC Companies upto a limit of ₹50 crores per sanction;
- g. to grant loans including inter corporate loans and advances on such terms and conditions as it may deem fit;
- h. to give guarantee or provide security for securing the loans or advances availed or to be availed by its subsidiaries and group companies;
- i. to authorise Company official/s for execution of agreements, deeds and documents on behalf of the Company, including any loan documents;
- j. to change and authorise any officials of the Company to operate the Bank Accounts of the Company;\*
- k. to invest funds of the Company in Fixed Deposits to the extent necessary to avail credit facilities/ loans from the Banks/ Financial Institutions etc. and to invest surplus funds in liquid funds (i.e. mutual funds etc.) for the benefit of the Company;
- l. to approve capital and operational expenditure including any exception thereof as per the Delegation of Authority Matrix as approved by the Board and amended from time to time.
- m. to appoint /authorise Company official/s for execution of documents, agreement, deeds and papers as may be required from time to time in relation to day-to-day operations of the Company;
- n. to make applications for obtaining licenses, registrations, connections, clearances, services etc. and to authorise/appoint directors/ employees/officers for signing applications, returns, forms, bonds, agreements, documents, papers etc. and for representing Company before the authorities under various Laws including but not limited to Corporate Laws, Industrial Laws, Tax Laws, Labour Laws and other Business Laws applicable to the Company in respect of all present and future offices of the Company, for compliance of all provisions, rules, clauses, regulations, directives and other related matters under the said Laws, which may be applicable to the Company;
- o. to review lease, assign, sell, transfer or otherwise dispose of, any fixed assets or investments, whether by one transaction or by a series of transactions (whether related or not).

### Meetings and Attendance

The MC met seven (34) times during the financial year 2022-23. The required quorum was present for all the MC meetings. The attendance of the Directors at the said meetings were as follows:

Date of MC committee meetings	Name of Members			
	Mr. Shalabh Saxena	Ms. Abanti Mitra	Mr. Kartikeya Dhruv Kaji	Mr. Ramachandra Kasargod Kamath
April 21, 2022	NA	Present	Present	Present
May 21, 2022	NA	Present	Present	Present
June 14, 2022	NA	Leave	Present	Present
July 26, 2022	NA	Present	Present	Present
August 29, 2022	Present	Leave	Present	NA
September 07, 2022	Present	Present	Present	NA
September 17, 2022	Present	Leave	Present	NA
September 21, 2022	Present	Present	Present	NA
September 28, 2022	Present	Present	Leave	NA
October 14, 2022	Present	Present	Present	NA
October 27, 2022	Present	Present	Leave	NA
November 02, 2022	Present	Present	Present	NA
November 16, 2022	Present	Leave	Present	NA
November 28, 2022	Present	Leave	Present	NA
November 30, 2022	Present	Leave	Present	NA
December 02, 2022	Leave	Present	Present	NA
December 10, 2022	Present	Leave	Present	NA
December 21, 2022	Present	Leave	Present	NA
December 23, 2022	Present	Leave	Present	NA
December 27, 2022	Present	Leave	Present	NA
December 30, 2022	Present	Present	Present	NA
January 06, 2023	Present	Leave	Present	NA
January 20, 2023	Present	Leave	Present	NA
February 10, 2023	Present	Leave	Present	NA
February 21, 2023	Present	Leave	Present	NA
February 23, 2023	Present	Leave	Present	NA
March 07, 2023	Present	Present	Leave	NA
March 10, 2023	Present	Leave	Present	NA
March 11, 2023	Present	Leave	Present	NA
March 15, 2023	Present	Leave	Present	NA
March 17, 2023	Present	Leave	Present	NA
March 21, 2023	Present	Leave	Present	NA
March 28, 2023	Present	Leave	Present	NA
March 31, 2023	Present	Present	Leave	NA

### H. Asset Liability Management (ALM) Committee

#### Composition

Pursuant to Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("Master Direction"), the ALM committee was reconstituted by the Board of Directors at its meeting held on July 11 2022, by demerging the Management Committee. The ALM Committee consisted of five members and is chaired by Mr. Shalabh Saxena- Managing Director & Chief

Executive Officer and Mr. Ashish Kumar Damani -President & Chief Financial Officer, Mr. Kartikeya Dhruv Kaji- Non Executive Nominee Director, Mr. Tarun Yarlagadda- Senior Manager, Treasury and Mr. Milind Naik- Vice President - Fund Raising acting as members and functions under the supervision of the Board of Directors.

Further, during the financial year 2022-23 the ALM Committee was reconstituted by the Board of Director at its meeting held on January 31, 2023 consisting of five members and is chaired by Mr. Shalabh Saxena-

Managing Director & Chief Executive Officer and Mr. Ashish Kumar Damani -President & Chief Financial Officer, Mr. Kartikeya Dhruv Kaji- Non Executive Nominee Director, Mr. Amit Anand-Chief Risk Officer and Mr. Subhrangsu Chakravarty- Financial Controller as members.

#### Terms of Reference

The terms of reference of the ALM, inter alia, includes the following:

- a. To manage the Balance Sheet of the Company within the risk parameters laid down by the Board of Directors or a Committee thereof, with a view to manage the current income as well as to take steps for enhancing the same;
- b. To review the capital & profit planning and growth projections of the Company in line with the business plan and ensure that the same is reported to the Board of the Company;
- c. To put in place an effective liquidity management policy, including, inter alia, the funding strategies, liquidity planning under alternative crisis scenarios, prudential limits and to review the same periodically.
- d. To articulate the interest rate view of the Company and decide the pricing methodology for advances in line with extant regulatory guidelines;
- e. To oversee the implementation of the ALM system and review the functioning periodically and to ensure that the decisions taken on financial strategy are in line with the objectives of the Committee;
- f. To consider and recommend any other matter related to liquidity and market risk management to the Board of Directors of the Company for suitable action;
- g. To forecast and analyse the 'What if scenario' and preparation of contingency plan.

#### Meetings and Attendance

The ALM Committee met four (4) times during the financial year 2022-23. The required quorum was present for all the NRC meetings. The attendance of the Directors at the said meetings were as follows:

Date of ALM Committee meetings	Name of Members				
	Mr. Shalabh Saxena	Mr. Kartikeya Dhruv Kaji	Mr. Ashish Kumar Damani	Mr. Milind Naik	Mr. Tarun Yarlagadda
August 03, 2022	Present	Present	Present	Leave	Present
October 11, 2022	Present	Present	Present	Present	Present
October 14, 2022	Present	Present	Present	Present	Present
January 30, 2023	Present	Present	Present	Present	Present

#### I. Share Allotment Committee

The Share Allotment Committee has been constituted for approval, issue and allotment of shares under ESOP Schemes. The Share Allotment Committee is entrusted with this authority by the Nomination and Remuneration Committee of the Board of Directors through resolution passed its meeting held on July 11, 2022. The Committee comprises of four (4) members of which Mr. Kartikeya Dhruv Kaji, Member from the Nomination and Remuneration Committee, Mr. Shalabh Saxena, Managing Director & Chief Executive Officer, Mr. Ashish Damani, President & Chief Financial Officer, Mr. Ramesh Periasamy, Company Secretary and Chief Compliance Officer to expedite the process of allotment and issue of shares to eligible employees under the Stock Option Plan of the Company from time to time.

#### J. IT Steering Committee

In compliance with the Master Direction DNBS.PPD. No.04/66.15.001/2016-17 dated June 08, 2017 "Master Direction - Information Technology Framework for the NBFC Sector" the Company has constitute IT Steering Committee as a measure of IT Governance vide a resolution passed by the IT Strategy Committee of

the Board of Directors at its meeting held in January 30, 2023. The IT Steering Committee constitutes of Chief Risk Officer, Chief Business Officer, Chief Information Officer/Chief Technology Officer, Chief Financial Officer, VP- Information Technology and Chief Information Security Officer.

The brief areas of function of an IT Steering Committee includes:

- i. Priority Setting - to provide oversight and monitoring of the progress of the project,
- ii. Resource Allocation - deliverables to be realised at each phase of the project,
- iii. Project Tracking - milestones to be reached according to the project timetable,
- iv. identifying and realign IT systems on a regular basis in line with the changing needs of customers and business,
- v. Defining project priorities and assessing strategic fit for IT proposals;
- vi. Performing portfolio reviews for continuing strategic relevance;

- vii. Reviewing, approving and funding initiatives, after assessing value addition to business process;
- viii. Balancing between investment for support and growth;
- ix. Ensuring that all critical projects have a component for "project risk management";
- x. Sponsoring or assisting in governance, risk and control framework, and also directing and monitoring key IT Governance processes;
- xi. Defining project success measures and following up progress on IT projects;
- xii. Consult and advice on the selection of technology within standards;
- xiii. Advice on infrastructure products;
- xiv. Provide direction relating to technology standards and practices;
- xv. Ensure that vulnerability assessments of new technology are performed;
- xvi. Verify compliance with technology standards and guidelines;
- xvii. Consult and advice on the application of architecture guidelines;
- xviii. Ensure compliance to regulatory and statutory requirements;
- xix. Provide direction to IT architecture design and ensure that the IT architecture reflects the need for legislative and regulatory compliance, the ethical use of information and business continuity.

## 2. General Meetings/Postal Ballot

- (i) The details of Annual General Meeting ("AGM") held during the last 3 years and the special resolutions passed thereat are as under:

Meeting	Day/Date/Time	Location	Summary of Special Resolutions passed
17 <sup>th</sup> Annual General Meeting	<b>Day:</b> Wednesday <b>Date:</b> September 30, 2020 <b>Time:</b> 03.00 P.M.	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) facility	Nil
18 <sup>th</sup> Annual General Meeting	<b>Day:</b> Tuesday <b>Date:</b> September 28, 2021 <b>Time:</b> 11:30 A.M.	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) facility	<ol style="list-style-type: none"> <li>1. Continuation of directorship of Mr. Bharat Dhirajlal Shah, as an Non-Executive Independent Director for the remaining period of the existing term.</li> <li>2. Approval of revision in overall borrowing power of the Company under Secti©180(1) (c) of the Act.</li> <li>3. Approval of creation of charge / mortgage on the asset of the Company under Section 180(1)(a) of the Act.</li> <li>4. Approval of the issue of Non-Convertible Debentures (NCDs) on Private Placement Basis.</li> <li>5. Approve institution of Spandana Employee Stock Option Plan 2021 – Series A and Spandana Employee Stock Option Scheme 2021 – Series A.</li> <li>6. Approval of grant of Employee Stock Options to the employees of Subsidiary Companies of the Company under Spandana Employee Stock Option Plan 2021 – Series A and Spandana Employee Stock Option Scheme 2021 – Series A.</li> <li>7. Approval of grant of Employee Stock Options to the identified employees during any one year, equal to or exceeding one percent of the issued capital of the Company at the time of grant of option.</li> </ol>



Meeting	Day/Date/Time	Location	Summary of Special Resolutions passed
19 <sup>th</sup> Annual General Meeting	<b>Day:</b> Wednesday <b>Date:</b> September 21, 2022 <b>Time:</b> 3:00 P.M.	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) facility	<ol style="list-style-type: none"> <li>Issue of Non-Convertible Debentures (NCDs) on Private Placement Basis.</li> <li>Re-appointment of Ms. Abanti Mitra (DIN: 02305893) as an Non-Executive Independent Director of the Company for the second term.</li> <li>Appointment of Mr. Animesh Chauhan (DIN: 02060457) as an Non-Executive Independent Director of the Company.</li> </ol>

(ii) **The details of Business transacted through Postal Ballot during the financial year 2022-23:**

During the financial year 2022-23, the Company has passed the following Special Businesses through Postal Ballot (including e-voting) on Saturday, June 04, 2022 conducted in accordance with the provisions of Sections 108 and 110 and other applicable provisions of the Act read together with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard (SS-2) on General Meetings and the SEBI Listing Regulations:

**Postal Ballot No 1: Saturday, June 04, 2022:**

S. No.	Description of the Resolution	Type of Resolution	Number of votes polled	Votes cast in favour		Votes cast against	
				No. of votes	%	No. of votes	%
1.	Approve the appointment of Mr. Shalabh Saxena (DIN: 08908237) as a director of the company	Special Resolution	4,79,95,545	4,66,92,294	97.28	13,03,251	2.72
2.	Approve the appointment and remuneration of Mr. Shalabh Saxena (DIN: 08908237) as the managing director and chief executive officer of the company	Special Resolution	4,79,95,545	4,66,92,260	97.28	13,03,285	2.72

The Company had provided the facility to its Members to cast their votes electronically through the e-voting platform of Kfin Technologies Limited as an alternate to casting votes by physical ballot. The Company had appointed Mr. Y. Ravi Prasada Reddy, Proprietor of M/s. RPR & Associates, Practicing Company Secretaries, Hyderabad, for Postal Ballot to conduct the Postal Ballot process in a fair and transparent manner. The Company followed the procedure as prescribed under the Act, the Rules made thereunder, the Secretarial Standard on General Meetings (SS-2) and other applicable statutes, if any, for conducting the Postal Ballot.

The scrutiniser's report for the above postal ballot has been placed on the Company's website and can be accessed at <https://spandanaspooorty.com/investors.php>.

**5. Management Discussion and Analysis Report**

The Management Discussion and Analysis Report for the financial year 2022-23, prepared in accordance with the SEBI Listing Regulations, forms part of the Annual Report.

**6. Due Dates for Transfer of Unclaimed Dividend to Investor Education and Protection Fund**

In terms of Section 125 of the Act, unclaimed dividends are required to be transferred to the Investors

Education and Protection Fund. There is no dividend which remained unclaimed pertaining to previous years and year under review and hence, there is no requirement of transferring the same to the Investors Education and Protection Fund for the year under the review.

**7. Means of Communication**

Effective communication of information is an essential component of Corporate Governance. It is the process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes relations between the management and shareholders. The Company regularly interacts with its stakeholders through multiple channels of communication such as Results Announcements, Investor Releases, Company's Website and Stock Exchanges.

(i) **Quarterly/Annual Financial Results**

The quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the SEBI Listing Regulations and published in Financial Express-English newspaper and in Nava Telangana- Telugu newspaper. The quarterly/annual results, press releases and the presentations made to the Institutional Investors/ Analysts are also uploaded on the website at [www.spandanaspooorty.com](http://www.spandanaspooorty.com).

**(ii) Website**

The Company's website viz., [www.spandanaspooorty.com](http://www.spandanaspooorty.com) provides information about the businesses carried on by the Company. It is the primary source of information to all the stakeholders of the Company and to general public at large. It also contains a separate dedicated section on Investor Relations. Financial Results, Annual Reports, Shareholding Pattern, Quarterly Corporate Governance Report, various policies adopted by the Board and other general information about the Company and such other disclosures as required under the SEBI Listing Regulations, are made available on the Company's website.

**(iii) Annual Report**

Annual Report containing, inter alia, the Standalone and Consolidated Financial Statements, Board's Report, Auditors' Report and other important information is circulated to the shareholders of the Company prior to the AGM. The Report on Management Discussion and Analysis forms part of this Annual Report. The Annual Report of the Company is also available on its website and also on the website of BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

**(iv) Price Sensitive Information**

All price sensitive information and such other matters which in the opinion of the Company are of importance to the shareholders/investors are promptly intimated to the Stock Exchanges in terms of the Company's Policy for Determination of Materiality of Events/Information and the SEBI Listing Regulations.

**(v) Corporate Filings with Stock Exchanges:**

The Company is regular in filing of various reports, certificates, intimations etc. to the BSE and NSE. This includes filing of audited and unaudited results, shareholding patterns, Corporate Governance Report, intimation of Board Meeting/ general meeting and its proceedings.

**(vi) Investor Service**

The Company has appointed Kfin Technologies Limited as Registrar and Transfer Agent and have been authorised to take care of investors' complaints. The secretarial department also assists in resolving various investor complaints. The Company has created a separate e-mail id [secretarial@spandanaspooorty.com](mailto:secretarial@spandanaspooorty.com) exclusively for the investors to communicate their grievances to the Company.

**(vii) SEBI Complaints Redress System (SCORES):**

The investor complaints are processed in a centralised web-based complaints redressal system through SCORES. The Action Taken Reports are uploaded online by the Company for any complaints received on SCORES platform, thereby making it convenient for the investors to view their status online.

**(viii) Press releases/Investor Updates and Investor presentations:**

The Company uploads the investor presentation, press release, earning call details periodically on BSE and NSE and also on the website of the Company for the benefit of all the stakeholders.

**8. General Shareholder Information**

**a) 20<sup>th</sup> Annual General Meeting**

Day and Date	Tuesday, August 01, 2023
Time	3.30 p.m.
Venue	The Company is conducting meeting through video conferencing (VC)/other audio visual means (OAVM) pursuant to the MCA circular. For details please refer to the Notice of 20 <sup>th</sup> AGM.
Financial year	2022-2023
Dividend Payment Date	NA
The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s).	<p><b>BSE Limited</b> P J Towers, Dalal Street, Mumbai – 400 001. Tel: 91 22 2272 1233/4   Fax: 91 22 2272 1919   Website: <a href="http://www.bseindia.com">www.bseindia.com</a></p> <p><b>National Stock Exchange of India Limited</b> Exchange Plaza, 5<sup>th</sup> Floor, Plot no. C/1, G Block, Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051. Tel: 91 22 26598100/14   Fax: 91 22 26598120   Website: <a href="http://www.nseindia.com">www.nseindia.com</a></p>
	The Company has paid the annual listing and custodian fees for the financial year 2022-2023 to the Stock Exchanges and Depositories

<b>Stock Code:</b>	
BSE Limited	542759
National Stock Exchange of India Limited	SPANDANA
Demat ISIN in NSDL & CDSL	INE572J01011

**b) Tentative Schedule for the Meetings for the financial year 2023-24:**

Particulars	Period
<b>For consideration of Unaudited/Audited Financial Results</b>	
First quarter ending June 30, 2023 (Unaudited)	On or before August 14, 2023
Second quarter and half year ending September 30, 2023 (Unaudited)	On or before November 14, 2023
Third quarter and nine months ending December 31, 2023 (Unaudited)	On or before February 14, 2024
Fourth quarter and financial year ending March 31, 2024 (Audited)	On or before May 30, 2024

**c) Book Closure Date:** The Register of Members of the Company shall not be closed as the Company has opted for the Cut Off date for determining the eligibility of e-Voting at the AGM in accordance with the provisions of the Act.

**d) Unpaid/Unclaimed Dividend:** The Company has not declared dividend in last 7 years and hence the provisions of section 124 of the Act are not applicable to the Company.

**e) Details of Securities Listed on Stock Exchanges:**

The Company's Equity Shares are listed on the following Stock Exchanges:

- BSE Limited
- National Stock Exchange of India Limited

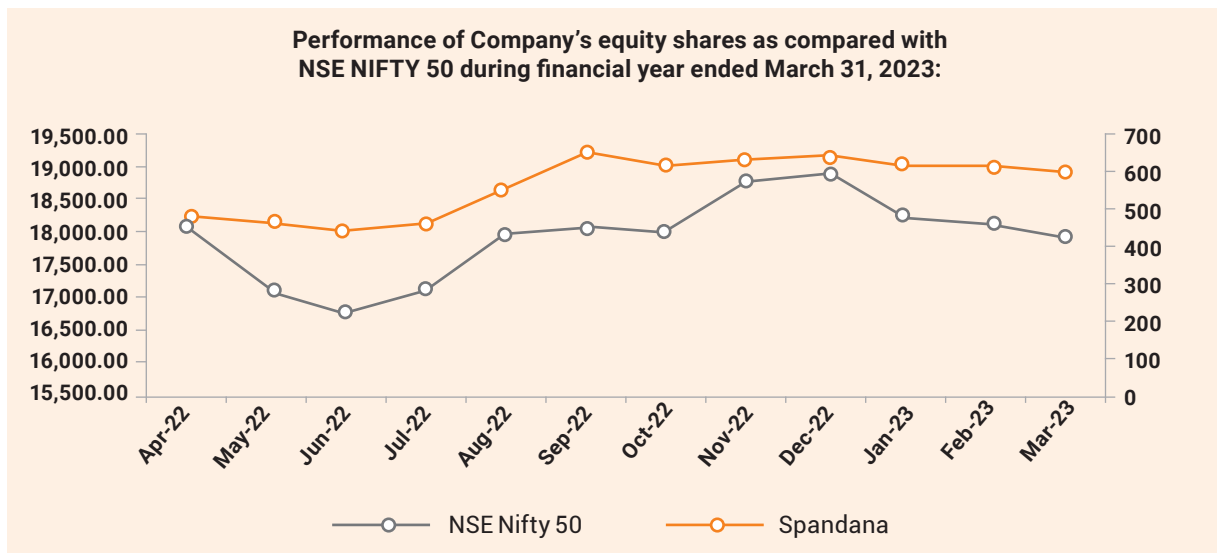
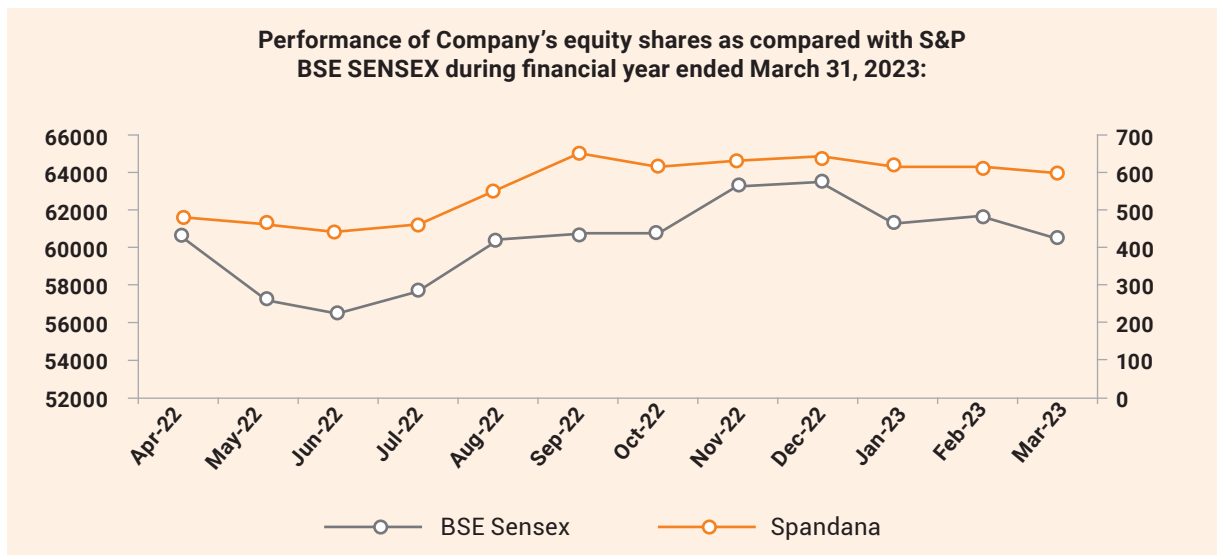
The Company has its various Non-Convertible Debentures which are listed on the following Stock Exchanges and ISIN details for these NCDs as on March 31, 2023 are as under:

S. No	ISIN	Stock Exchange	Payment of Annual Listing Fees (FY 2023-24)
1.	INE572J07117	BSE Limited	Yes
2.	INE572J07133		
3.	INE572J07208		
4.	INE572J07224		
5.	INE572J07299		
6.	INE572J07331		
7.	INE572J07364		
8.	INE572J07372		
9.	INE572J07422		
10.	INE572J07513		
11.	INE572J07521		
12.	INE572J07539		
13.	INE572J07257		
14.	INE572J07281		
15.	INE572J07315		
16.	INE572J07323		
17.	INE572J07299		
18.	INE572J07398		
19.	INE572J07414		
20.	INE572J07448		
21.	INE572J07455		
22.	INE572J07463		
23.	INE572J07471		
24.	INE572J07489		
25.	INE572J07497		
26.	INE572J07471		
27.	INE572J07505		
28.	INE572J07547		

**f) Market Price Data**

Details of monthly open, high, low and close prices and volume of equity shares of the Company traded on BSE and NSE from April 01, 2022 to March 31, 2023 are given herein below:

Month	BSE Limited		National Stock Exchange of India Limited	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
April-22	483	334.05	483.40	332.95
May-22	467.7	370.7	468.00	370.35
June-22	436.4	288.75	436.75	286.65
July-22	452.25	396.15	453.00	399.95
August-22	566.25	401.1	566.65	399.05
September-22	650	518.1	653.95	515.60
October-22	620	518	620.00	516.50
November-22	632	528.6	635.00	519.45
December-22	642	502.05	643.95	495.35
January-23	620.35	512.1	619.00	530.50
February-23	617.35	525.7	618.00	525.00
March-23	592.7	478.85	593.60	470.00



- g) **Registrar & Share Transfer Agent:** The Company has appointed KFin Technologies Limited ("KFinTech") as its Registrar and Transfer Agent. All share transfers and related operations are conducted to KFinTech.

**Kfin Technologies Limited** (Formerly known as "Kfin Technologies Private Limited")

(Unit: Spandana Sphoorty Financial Limited)

Selenium Tower B, Plot 31 & 32,

Financial District, Nanakramguda, Serilingampally Mandal,

Hyderabad - 500 032, Telangana.

Email ID [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

Toll Free/ Phone Number: 1800 309 4001

WhatsApp Number: (91) 910 009 4099

KPRISM (Mobile Application): <https://kprism.kfintech.com/>

KFINTECH Corporate Website: <https://www.kfintech.com>

RTA Website: <https://ris.kfintech.com>

Investor Support Centre (DIY Link): <https://ris.kfintech.com/clientservices/isc>

- h) **Share transfer system:** SEBI vide Notification dated June 8, 2018 had restricted the transfer of shares in physical form with effect from December 5, 2018. As on March 31, 2023, all the shares of the Company are traded in dematerialised mode and are freely tradable. Further, pursuant to Regulation 40(9) and 61(4) of the SEBI Listing Regulations, a half-yearly certificate of compliance with the share/debt transfer formalities is obtained from the Company Secretary in Practice and a copy of the certificate is filed with BSE and NSE within the prescribed time.

- i) **Distribution of Shareholding as on March 31, 2023:**

Category	Shareholders		Equity Shares	
	Number	Percentage (%)	Number	Percentage (%)
1 - 5,000	16,343	94.13	9,04,279	1.27
5,001 - 10,000	404	2.33	3,12,374	0.44
10,001 - 20,000	231	1.33	3,43,535	0.48
20,001 - 30,000	92	0.53	2,32,962	0.33
30,001 - 40,000	44	0.25	1,57,334	0.22
40,001 - 50,000	41	0.24	1,88,006	0.26
50,001 - 100,000	83	0.48	5,96,985	0.84
100,001 & above	124	0.71	6,82,47,794	96.15
<b>Total</b>	<b>17,362</b>	<b>100.00</b>	<b>7,09,83,269</b>	<b>100.00</b>

- j) **Categories of Shareholders as on March 31, 2023**

Category	No. of shareholders	No. of Equity Shares	Holding in Equity Share Capital (%)
Promoter and Promoter Group	4	4,47,22,792	63
Mutual Fund	1	4,54,922	0.64
Alternative Investment Funds	3	23,34,659	3.29
Insurance Companies	1	29,11,455	4.1
Financial Institution/Banks	2	2,83,631	0.4
Individuals	16157	3455805	4.87
NBFC	1	36,359	0.05
Foreign Direct Investment	1	38,48,823	5.42
Foreign Portfolio Investors Category I	61	1,01,70,101	14.33
Foreign Portfolio Investors Category II	5	349785	0.49
Key Managerial Personnel	1	1	0
Non-Resident Indians	357	388049	0.55
Clearing Members	10	3728	0.01
Overseas corporate Bodies	1	652304	0.92
HUF	365	182243	0.26
Bodies Corporate	160	1188612	1.67
<b>Total</b>	<b>17,130</b>	<b>7,09,83,269</b>	<b>100</b>

k) **List of Top Ten Public Shareholders as on March 31, 2023**

S. No.	Name of the Shareholder	No. of shares	Percentage (%)
1.	Kangchenjunga Limited	2,93,03,172	41.28
2.	Mrs. Padmaja Gangireddy	1,02,89,392	14.50
3.	Kedaara Capital Fund III LLP	50,13,295	7.06
4.	Valiant Mauritius Partners FDI Limited	38,48,823	5.42
5.	ICICI Prudential Life Insurance Company Limited	29,11,455	4.10
6.	Valiant Mauritius Partners Offshore Limited	29,10,863	4.10
7.	JM Financial India Trust II-JM Financial India Fund	16,12,313	2.27
8.	Valiant India Opportunities Ltd	14,94,486	2.11
9.	Goldman Sachs Funds - Goldman Sachs India Equity	13,09,991	1.85
10.	Valiant Mauritius Partners Limited	12,25,476	1.73

l) **Plant Locations:** Being a financial services company, Spandana Sphoorty Financial Limited has no plant locations.

m) **Address for correspondence:** Shareholders/ Investors may write to the Company Secretary at the following address:

**Registered office address:**

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

TSIIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Email: [secretarial@spandanaspooorty.com](mailto:secretarial@spandanaspooorty.com)

Phone no: +9140-45474750

n) **Website:** [www.spandanaspooorty.com](http://www.spandanaspooorty.com)

o) **Dematerialisation of Shares and Liquidity:** All shares of the Company are held in Dematerialised form. The entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI. Further, Equity shares of the Company are available for trading in the dematerialised form under both the Depositories i.e., NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's equity shares under the Depository System is INE572J01011. The Company's equity shares are regularly traded on BSE and NSE.

**Number of Shares held in dematerialised and physical form as on March 31, 2023 is as under:**

Particulars	No. of shareholders	No. of shares	Holding in Equity Share capital (%)
Held in dematerialised form with NSDL	6,811	6,02,23,496	84.84
Held in dematerialised form with CDSL	10,551	1,07,59,773	15.16
Physical	-	-	-
<b>Total</b>	<b>17,362</b>	<b>7,09,83,269</b>	<b>100.00</b>

**Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion and Likely Impact on Equity Capital:** The Company approved the issue of 1,852,739 (Eighteen Lakh Fifty-Two Thousand Seven Hundred and Thirty Nine) fully convertible warrants carrying a right to apply for, get issued and allotted, one (1) Equity Share of face value of ₹10.00 (Rupee Ten only) at a price of ₹458.78 (Rupees Four Hundred and Fifty-Eight and Seventy Eight Paise only) per Equity Share of the Company, which includes a premium of ₹448.78 (Indian Rupees Four Hundred and Forty Eight and Seventy Eight Paise only) per Equity Share, to Kedaara Capital Fund III LLP, being a promoter group entity.

Subsequently, such warrants were converted into equivalent number of shares upon exercising of rights to convert the warrants attached to it upon payment of the consideration on May 21, 2022.

- o) Credit Rating of the Company:** The Company has ratings assigned from ICRA Limited, India Ratings and Research Private Limited and CRISIL Rating Limited during the financial year 2022-23, the details of the same are as follows:

Instrument	Rating Agency	Rating Action	Rated Amount (₹ Million)
Bank Facilities	CRISIL	CRISIL A; Stable	35,000
	ICRA Limited	[ICRA] A-; Positive	21,050
	India Ratings	IND A; Stable	20,000
Market-linked Debentures	ICRA Limited	PP-MLD [ICRA] A-; Positive	1,200
	India Ratings	IND PP-MLD Aemr; Stable	18,000
Non-Convertible Debentures	ICRA Limited	[ICRA] A-; Positive	5,636
	India Ratings	IND A; Stable	11,300
Pass Through Certificate (PTCs)	ICRA Limited	[ICRA]A+(SO)	4,291.17
		[ICRA]A-(SO)	526.84
		[ICRA]AA(SO)	2,735.80
		[ICRA]AA(SO) and [ICRA]A-(SO)	321.49
	India Ratings	India Rating A+(SO)	471.30
	CARE Limited	CARE AA-(SO)	3646.48
Commercial Paper	India Ratings	IND A Stable	5,000

**i. Other Disclosures:**

- a) Policies Determining Material Subsidiaries and Related Party Transactions:** Pursuant to requirements of Regulation 16 and Regulation 23 of the SEBI Listing Regulations, the Board of Directors of the Company has adopted the policies for determining material subsidiaries and on related party transactions and the said policies is available on the Company's website at <https://spandanaspooorty.com/policies.php>.

- b) Disclosure on Material Related Party Transactions:** There were no material related party transactions entered by the Company during financial year 2022-23 which may have potential conflict with the interest of the Company. The related party transactions constitute contracts or arrangements, made by the Company from time to time, with Companies in which Directors are interested. The Audit Committee reviews periodically the significant related party transactions and the Committee provided omnibus approval for related party transactions which are in ordinary course of business (repetitive in nature) and are on Arm's Length basis. All transactions covered under the related party transactions are regularly ratified and / or approved by the Board.

Related party transactions as per requirements of Indian Accounting Standard (IND-AS 24) "Related Party Disclosures" are disclosed in the Notes to the Financial Statements of the Company for the financial year ended March 31, 2023.

- c) Penalty or Strictures:** Penalty was imposed by National Stock Exchange of India Limited and BSE Limited for non-compliance of following Regulation of SEBI Listing Regulations due to delay in publishing financial results of the Company for the quarter ended March 31, 2022 and various disclosures under the SEBI Listing Regulations:

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation
					Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.	
1	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine	Delay in submission of the notice of Record Date for ISIN: INE572J07117 for the month of March, 2021
2	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine	Delay in submission of the notice of Record Date for ISIN: INE572J07117 for the month of June, 2021

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation
					Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.	
3	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine	Delay in submission of the notice of Record Date for ISIN: INE572J07125 for the month of Sep, 2021
4	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine	Delay in submission of the notice of Record Date for ISIN: INE572J07240 for the month of February, 2022
5	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Furnishing prior intimation with respect to date of payment of interest / redemption amount	Regulation 50(1)	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount	BSE Limited	Fine	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount for ISIN: INE572J07158 for the month of February, 2021
6	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Furnishing prior intimation with respect to date of payment of interest / redemption amount	Regulation 50(1)	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount	BSE Limited	Fine	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount for ISIN: INE572J07158 for the month of Aug, 2021
7	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Disclosure of information related to payment obligations	Regulation 57(1)	Delay in disclosure of information related to payment obligations	BSE Limited	Fine	Delay in disclosure of information related to payment obligations for ISIN: INE572J07117 for the month of January, 2021
8	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-submission of statement indicating the utilisation of issue proceeds/ material deviation in the use of proceeds.	Regulation 52(7)	Delay in submission of statement indicating the utilisation of issue proceeds/ material deviation in the use of proceeds.	BSE Limited	Fine	Delay in submission of statement indicating the utilisation of issue proceeds/ material deviation in the use of proceeds for the quarter ended March, 2022



Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation
					Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.	
9	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- submission of statement indicating the utilisation of issue proceeds/ material deviation in the use of proceeds.	Regulation 52(7)	Delay in submission of statement indicating the utilisation of issue proceeds/ material deviation in the use of proceeds.	National Stock Exchange of India Limited	Fine	Delay in submission of statement indicating the utilisation of issue proceeds/ material deviation in the use of proceeds for the quarter ended March, 2022
10	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	National Stock Exchange of India Limited	Fine	Delay in submission of the notice of Record Date for the month of October, 2021
11	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results	Regulation 52(4)	Delay in disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results	BSE Limited	Fine	Delay in disclosure of line items prescribed under Regulation 52(4) along with the financial results for the half year ended March, 2022
12	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- submission of the financial results within the period prescribed under this regulation	Regulation 33	Delay in submission of the financial results within the period prescribed under this regulation	BSE Limited	Fine	Delay in submission of the financial results for the quarter and year ended March 31, 2022
13	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results	Regulation 52(4)	Delay in disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results	National Stock Exchange of India Limited	Fine	Delay in disclosure of line items prescribed under Regulation 52(4) along with the financial results for the half year ended March, 2022

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation
					Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.	
14	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- submission of the financial results within the period prescribed under this regulation	Regulation 33	Delay in submission of the financial results within the period prescribed under this regulation	National Stock Exchange of India Limited	Fine	Delay in submission of the financial results for the quarter and year ended March 31, 2022
15	Application was filed voluntarily to SEBI for contravention with the SEBI Circular no. CIR/CFD/CMD1/114/29 issued under Section 11(1) of the SEBI Act, 1992 and Regulations 18(3), 30(2) and 36(5) of the SEBI LODR.  Final order was passed by SEBI on October 25, 2022 upon payment of ₹25,00,000/- (Rupees Twenty Five Lakhs only).	SEBI Circular no. CIR/CFD/CMD1/114/29 issued under Section 11(1) of the SEBI Act, 1992 and Regulations 18(3), 30(2) and 36(5) of the SEBI Listing Regulation.	Compliance with the RBI Directions resulted in contravention of the SEBI Circular and the SEBI Listing Regulations	Nil (Application was filed voluntarily to SEBI)	Fine	LRR had not been issued by the resigning auditor for the Q3FY2022

Apart from the above, The Reserve Bank of India (RBI), by an order dated August 05, 2022, imposed a monetary penalty of ₹2.33 crore (Rupees Two Crore Thirty-Three lakh only) for non-compliance with certain provisions of the 'Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Company has paid the said penalty amount.

- d) **Vigil Mechanism/Whistle Blower Policy:** The Company established Vigil Mechanism/Whistle Blower Policy for the directors and employees to report their genuine concerns about any unethical behaviour, financial irregularities including fraud or suspected fraud, which is against the interest of the Company. Further, the mechanism adopted by the Company encourages the employees to report genuine concerns or grievances and provides for adequate safeguards against victimisation of employees who avail such a mechanism, and also provides for direct access to the Chairperson of the Audit Committee, in exceptional cases. Furthermore, no employee has been denied access to the Chairperson of the Audit Committee.

The Policy provides that no adverse action shall be taken or recommended against a director or an employee in retaliation to his/her disclosure in good faith of any unethical and improper practices or alleged wrongful conduct. This mechanism protects such directors and employees from any unfair or prejudicial treatment by anyone within the Company.

- e) **Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:** This is not applicable since the Company does not have any derivatives or liabilities denominated in foreign currency.
- f) **Company Secretary in Practice Certification:** In accordance with the SEBI Listing Regulations, the Company has obtained the certificate from a practicing company secretary confirming that as on March 31, 2023, none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such authority and the same is appended to this Report.
- g) **Total Fees Paid to Statutory Auditors:** The total amount of fees paid to the Statutory Auditors of the Company and its subsidiaries during the financial year 2022-23 is stated in Notes to financial statements, which forms part of this Annual Report. Details pertaining to fees paid to Statutory Auditors of the Company is covered in the notes to accounts of standalone financials statements forming part of the Annual Report.

- h) Disclosures related to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaint Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder for reporting and conducting inquiry into the complaints made by the victim on the harassments at the workplace. The Company has not received any complaints relating to sexual harassment of women during the financial year 2022-23. The Company had also conducted several awareness programs for the employees during the financial year 2022-23.
- i) Code of Conduct for Prevention of Insider Trading:** The Board of Directors of the Company has adopted the code of conduct for prevention of insider trading with a view to regulate trading in securities by the Directors and employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of the Company's shares by the Directors and employees while in possession of unpublished price sensitive information in relation to the Company or its securities.
- The Company has appointed the Company Secretary as the Compliance Officer to ensure compliance of the said Code by all the Directors and employees likely to have access to unpublished price sensitive information.
- j) Compliance with Mandatory/Non-Mandatory Requirements:** The Company has complied with all the mandatory requirements of corporate governance specified in SEBI Listing Regulations. The Board has taken cognizance of the discretionary requirements as specified in Part E of Schedule II to the SEBI Listing Regulations and are being reviewed from time to time.

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

Sd/-  
**Ms. Abanti Mitra**  
 Chairperson and Independent Director  
 DIN: 02305893

Place: Mumbai  
 Date: May 02, 2023

Sd/-  
**Mr. Shalabh Saxena**  
 Managing Director and Chief Executive Officer  
 DIN: 08908237

Place: Mumbai  
 Date: May 02, 2023



## COMPLIANCE CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER FOR THE FINANCIAL YEAR 2022-23

((Pursuant to Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part-B of Schedule –II)

We hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept our responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
  - a) significant changes in internal control over financial reporting during the year;
  - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

### For Spandana Sphoorty Financial Limited

Sd/-  
**Shalabh Saxena**  
Managing Director and Chief Executive Officer  
DIN: 02305893

Place: Mumbai  
Date: May 02, 2023

### For Spandana Sphoorty Financial Limited

Sd/-  
**Ashish Damani**  
President and Chief Financial Officer

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## DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT PERSONNEL:

I, hereby declare that the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct for the Board and Senior Management Personnel for the financial year 2022-23.

### For Spandana Sphoorty Financial Limited

Sd/-  
**Shalabh Saxena**  
Managing Director and Chief Executive Officer

Place: Mumbai  
Date: May 02, 2023

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members,  
**M/s. Spandana Sphoorty Financial Limited**  
Galaxy, Wing B, 16<sup>th</sup> Floor, Plot No.1, Sy No 83/1,  
Hyderabad Knowledge City, TSIC, Raidurg Panmaktha,  
Hyderabad - 500081.

We have examined the compliance of conditions of Corporate Governance of **Spandana Sphoorty Financial Limited** ("the Company") for the year ended on March 31, 2023 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and Part C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 collectively referred as ("SEBI Listing Regulations").

### Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in SEBI Listing Regulations.

### Auditors' Responsibility

1. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
2. We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
3. We conducted our examination in accordance with the Guidance Note on Corporate Governance Certificate and the Guidance Manual on Quality of Audit & Attestation Services issued by the Institute of Company Secretaries of India.

### Opinion

1. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI Listing Regulations except in respect of matters specified in our secretarial audit report dated May 02, 2023 for the financial year ended March 31, 2023.
2. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For RPR & Associates**  
**Company Secretaries**

Sd/-

**Y Ravi Prasada Reddy**

Proprietor

FCS: 5783, CP. No.: 5360

Peer Review Certificate No. 1425/2021

UDIN: F005783E000241029

Place: Hyderabad  
Date: May 02, 2023



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Part C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,  
The Members,  
**M/s. Spandana Sphoorty Financial Limited**  
Galaxy, Wing B, 16<sup>th</sup> Floor, Plot No.1, Sy No 83/1,  
Hyderabad Knowledge City, TSIC, Raidurg Panmaktha,  
Hyderabad - 500081

We have examined all the relevant registers, records, forms, returns and disclosures received from the Directors of **Spandana Sphoorty Financial Limited** having **CIN: L65929TG2003PLC040648** (hereinafter referred to as "the Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Part C Clause (10) Sub Clause (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as further amended.

In our opinion and to the best of our information and according to the verification (including Director Identification Number (DIN) status on the portal of MCA ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officials, We certify that none of the Directors on the Board of the Company as stated below in Table A for the financial year ended **on March 31, 2023**, have been debarred or disqualified, from being appointed or continuing as Directors of Companies, by the Securities and Exchange Board of India, Ministry of Corporate Affairs and Reserve Bank of India or any other Statutory Authority:

**Table A**

S No.	Name of the Directors	Director Identification Number	Date of appointment in Company
1	Ms. Abanti Mitra	02305893	04/05/2017
2	Mr. Bharat Dhirajlal Shah	00136969	13/04/2018
3	Mr. Deepak Calian Vaidya	00337276	06/06/2018
4	Mr. Jagdish Capoor	00002516	06/06/2018
5	Mr. Kartikeya Dhruv Kaji	07641723	31/03/2017
6	Mrs. Padmaja Gangireddy	00004842	19/04/2003
7	Mr. Ramchandra Kasargod Kamath	01715073	04/05/2017
8	Mr. Sunish Sharma	00274432	31/03/2017
9	Mr. Shalabh Saxena	08908237	19/03/2022
10	Mr. Animesh Chauhan	02060457	04/08/2022
11	Mr. Neeraj Swaroop	00061170	04/08/2022

**For RPR & Associates  
Company Secretaries**

Sd/-

**Y Ravi Prasada Reddy**  
Proprietor

FCS: 5783, CP. No.: 5360

Peer Review Certificate No. 1425/2021

UDIN: F005783E000241073

Place: Hyderabad  
Date: May 02, 2023

## Secretarial Compliance Report of Spandana Sphoorty Financial Limited for the Financial Year ended March 31, 2023

[Pursuant to Regulation 24A of the SEBI (LODR) Regulations, 2015 read with SEBI Circular CIR/CFD/CMD1/27/2019 dated 08th February, 2019 and amendments thereof]

We, M/s. RPR and Associates, Company Secretaries, Hyderabad, have examined:

- (a) all the documents and records made available to us and explanation provided by **M/s. Spandana Sphoorty Financial Limited**, having its registered office at Galaxy, Wing B, 16<sup>th</sup> Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City, TSIC, Raidurg Panmaktha, Hyderabad-500081 ("**the listed entity**");
- (b) the filings/ submissions made by the listed entity to the **stock exchanges**;
- (c) website of the listed entity; and
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification/report, for the year ended 31<sup>st</sup> March, 2023 ("**Review Period**") in respect of compliance with the provisions of:
  - (a) the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") and the Regulations, circulars, guidelines issued thereunder; and
  - (b) the Securities Contracts (Regulation) Act, 1956 ("**SCRA**"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("**SEBI**");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - No Buyback of securities during the review period.
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- (h) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021;
- (i) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
- (j) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations, 2018 regarding the Companies Act and dealing with client;

and circulars/ guidelines issued thereunder, and the additional affirmations as required by the circulars issued by the stock exchanges on 16<sup>th</sup> March 2023 and subsequent amendments thereon;

We hereby report that, during the Review Period the compliance status of the listed entity is appended as below:

S No.	Particulars	Compliance status (Yes/No/NA)	Observations / Remarks by PCS
1	<b>Secretarial Standards:</b> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under section 118(10) of the Companies Act, 2013 and mandatorily applicable.	Yes	-
	<b>Adoption and timely updation of the Policies:</b> <ul style="list-style-type: none"> <li>• All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities.</li> <li>• All the policies are in conformity with SEBI Regulations and have been reviewed &amp; updated on time, as per the regulations/ circulars/guidelines issued by SEBI</li> </ul>	Yes	-

S No.	Particulars	Compliance status (Yes/No/NA)	Observations / Remarks by PCS
3.	<b>Maintenance and disclosures on Website:</b> <ul style="list-style-type: none"> <li>The Listed entity is maintaining a functional website</li> <li>Timely dissemination of the documents/ information under a separate section on the website</li> <li>Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s)/ section of the website</li> </ul>	Yes	-
4.	<b>Disqualification of Director:</b> None of the Director(s) of the Company is/are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	-
5.	<b>Details related to Subsidiaries of listed entities have been examined w.r.t.:</b> <ol style="list-style-type: none"> <li>Identification of material subsidiary companies</li> <li>Disclosure requirement of material as well as other subsidiaries</li> </ol>	Yes	-
6.	<b>Preservation of Documents:</b> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	-
7.	<b>Performance Evaluation:</b> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/ during the financial year as prescribed in SEBI Regulations.	Yes	-
8.	<b>Related Party Transactions:</b> <ol style="list-style-type: none"> <li>The listed entity has obtained prior approval of Audit Committee for all related party transactions; or</li> <li>The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.</li> </ol>	Yes	-
9.	<b>Disclosure of events or information:</b> The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	-
10.	<b>Prohibition of Insider Trading:</b> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	-
11.	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b> No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except in respect of matters specified in Annexure A & B.	No	Refer Annexures A and B of this Report
12.	<b>Additional Non-compliances, if any:</b> No additional non-compliance observed for any SEBI regulation/circular/ guidance note etc.	Yes	-

Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18<sup>th</sup> October 2019: Not applicable during the review period.

**For RPR & ASSOCIATES**  
 Company Secretaries

Sd/-  
**Y Ravi Prasada Reddy**  
 Proprietor

FCS: 5783, CP. No.: 5360

Peer Review Certificate No. 1425/2021

UDIN: F005783E000240952

Place: Hyderabad  
 Date: May 02, 2023



## Annexure A

The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action		Details of Violation	Fine Amount (₹)	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
					Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.						
1	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine		Delay in submission of the notice of Record Date for ISIN: INE572J07117 for the month of March, 2021	10000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
2	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine		Delay in submission of the notice of Record Date for ISIN: INE572J07117 for the month of June, 2021	20000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
3	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine		Delay in submission of the notice of Record Date for ISIN: INE572J07125 for the month of Sep, 2021	10000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
4	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	BSE Limited	Fine		Delay in submission of the notice of Record Date for ISIN: INE572J07240 for the month of Feb, 2022	20000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
5	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-Furnishing prior intimation with respect to date of payment of interest / redemption amount	Regulation 50(1)	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount	BSE Limited	Fine		Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount for ISIN: INE572J07158 for the month of Feb, 2021	1000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.	Details of Violation	Fine Amount (₹)	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
6	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Furnishing prior intimation with respect to date of payment of interest / redemption amount	Regulation 50(1)	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount	BSE Limited	Fine	Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount for ISIN: INE572J07158 for the month of Aug, 2021	1000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
7	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Disclosure of information related to payment obligations	Regulation 57(1)	Delay in disclosure of information related to payment obligations	BSE Limited	Fine	Delay in disclosure of information related to payment obligations for ISIN: INE572J07117 for the month of Jan, 2021	2000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
8	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- submission of statement indicating	Regulation 52(7)	Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds.	BSE Limited	Fine	Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds for the quarter ended March, 2022	56000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
9	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- submission of statement indicating	Regulation 52(7)	Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds.	National Stock Exchange of India Limited	Fine	Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds for the quarter ended March, 2022	56000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action		Details of Violation	Fine Amount (₹)	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
					Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.						
10	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Notice of Record Date	Regulation 60(2)	Delay in submission of the notice of Record Date	National Stock Exchange of India Limited	Fine		Delay in submission of the notice of Record Date for the month of Oct, 2021	10000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
11	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results	Regulation 52(4)	Delay in disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results	BSE Limited	Fine		Delay in disclosure of line items prescribed under Regulation 52(4) along with the financial results for the half year ended March, 2022	42000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
12	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- submission of the financial results within the period prescribed under this regulation	Regulation 33	Delay in submission of the financial results within the period prescribed under this regulation	BSE Limited	Fine		Delay in submission of the financial results for the quarter and year ended March 31, 2022	210000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
13	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results	Regulation 52(4)	Delay in disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results	National Stock Exchange of India Limited	Fine		Delay in disclosure of line items prescribed under Regulation 52(4) along with the financial results for the half year ended March, 2022	42000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil
14	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- submission of the financial results within the period prescribed under this regulation	Regulation 33	Delay in submission of the financial results within the period prescribed under this regulation	National Stock Exchange of India Limited	Fine		Delay in submission of the financial results for the quarter and year ended March 31, 2022	210000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.	Details of Violation	Fine Amount (₹)	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
15	Application was filed voluntarily to SEBI for contravention with the SEBI Circular no. CIR/CFD/ CMD1/114/29 issued under Section 11(1) of the SEBI Act, 1992 and Regulations 18(3), 30(2) and 36(5) of the SEBI LODR.	Application was filed voluntarily to SEBI for contravention with the SEBI Circular no. CIR/CFD/ CMD1/114/29 issued under Section 11(1) of the SEBI Act, 1992 and Regulations 18(3), 30(2) and 36(5) of the SEBI LODR. Final order was passed by SEBI on October 25, 2022 upon payment of Rs.25,00,000/- (Rupees Twenty Five Lakhs only).	Compliance with the RBI Directions resulted in contravention of the SEBI Circular and the SEBI LODR	Nil (Application was filed voluntarily to SEBI)	Fine	LRR has not been issued by the resigning auditor for the Q3FY2022	2500000	The listed entity paid the fine amount	The Company has paid the required fine amount	Nil

## Annexure B

The listed entity has taken the following actions to comply with the observations made in previous reports:

Sl. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Regulation/Circular No.	Deviations	Action Taken by	Type of Action		Details of Violation	Fine Amount (₹)	Observations/Remarks of the Practicing Company Secretary	Management Response	Remarks
					Advisory/Clarification/Fine/Show Cause Notice/Warning, etc.	Fine/Show Cause Notice/Warning, etc.					
1	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- disclosure under Regulation 52(4)	Regulation 52(4)	Delay in disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results	National Stock Exchange of India Limited	Fine	Fine	Delay in disclosure under Regulation 52(4) for the quarter ended September 30, 2022	5000	The listed entity paid the fine amount	The Company has paid the required fine amount.	Nil
2	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results	Regulation 52(4)	Delay in disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results	National Stock Exchange of India Limited	Fine	Fine	Delay in disclosure of line items prescribed under Regulation 52(4) along with the financial results for the half year ended September 30, 2022	51000	The listed entity paid the fine amount	The Company has paid the required fine amount.	Nil
3	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- submission of the financial results within the period prescribed under this regulation	Regulation 33	Delay in submission of the financial results within the period prescribed under this regulation	National Stock Exchange of India Limited	Fine	Fine	Delay in submission of the financial results for the quarter and year ended September 30, 2022	255000	The listed entity paid the fine amount	The Company has paid the required fine amount.	Nil
4	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- disclosure under Regulation 52(4)	Regulation 54(2)	Delay in disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results	BSE Limited	Fine	Fine	Delay in disclosure under Regulation 52(4) for the quarter ended September 30, 2022	5000	The listed entity paid the fine amount	The Company has paid the required fine amount.	Nil
5	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results	Regulation 52(4)	Delay in disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results	BSE Limited	Fine	Fine	Delay in disclosure of line items prescribed under Regulation 52(4) along with the financial results for the half year ended September 30, 2022	51000	The listed entity paid the fine amount	The Company has paid the required fine amount.	Nil

Sl. No.	Compliance Requirement (Regulations/circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action		Details of Violation	Fine Amount (₹)	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
					Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.						
6	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- submission of the financial results within the period prescribed under this regulation	Regulation 33	Delay in submission of the financial results within the period prescribed under this regulation	BSE Limited	Fine		Delay in submission of the financial results for the quarter and year ended September 30, 2022	255000	The listed entity paid the fine amount	The Company has paid the required fine amount.	Nil
7	Para 6 of SEBI Circular No.CIR /CFD/CMD1/114/2019 dated October 18, 2019	Circular No.CIR /CFD/ CMD1/114/2019 dated October 18, 2019	S. R. Batliboi & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company, who resigned on January 28, 2022 had not issued Limited Review Report for the Q3FY22.	Nil (Application was filed voluntarily to SEBI)	Fine		S. R. Batliboi & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company, who resigned on January 28, 2022 had not issued Limited Review Report for the Q3FY22.	2500000	The listed entity paid the fine amount	The Company has paid the required fine amount.	Nil

**For RPR & ASSOCIATES**  
Company Secretaries

Sd/-

**Y Ravi Prasada Reddy**

Proprietor

FCS: 5783, CP. No.: 5360

Peer Review Certificate No. 1425/2021

UDIN: F005783E000240952

Place: Hyderabad

Date: May 02, 2023

# Independent Auditor's Report

To the Members of  
Spandana Sphoorty Financial Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of Spandana Sphoorty Financial Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>(a) Impairment losses on loan portfolio</b></p> <p>Refer note 3(e) for significant accounting policies, note 6 for impairment disclosures and note 40.1 for credit risk disclosures.</p> <p>The Company has gross loan assets of ₹ 76,958.11 million outstanding as at 31 March 2023, against which an impairment of ₹ 2,155.18 million has been recorded as at reporting date, which is measured in accordance with Ind AS 109, Financial Instruments, using 'Expected Credit Loss' (ECL) method. The Company has written off loans of ₹ 8,260.80 million during the year ended 31 March 2023.</p> <p>The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets in accordance with the accounting policy adopted by the Company.</p>	<p>Our audit procedures were focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Examined the Board Policy approving methodology for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109.</li> <li>• Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>Significant management judgements are involved in measuring ECL with respect to:</p> <ul style="list-style-type: none"> <li>determining the criteria for significant increase in credit risk and default risk i.e. staging of loans</li> <li>factoring in forward-looking information (including macroeconomic factors on a portfolio level)</li> <li>techniques used to determine probability of default, loss given default and exposure at default.</li> </ul> <p>These parameters are derived from the Company's internally developed statistical models, historical data, macro-economic factors. Any change in such models or assumptions could have a material impact on the accompanying financial statements.</p> <p>Similarly, the Company is also required to make judgements to identify the loans and advances which are non-recoverable and thereby determined to be written off.</p> <p>Considering the significance of the above matter to the financial statements, degree of estimation uncertainty and significant management judgment involved, this area required significant auditor attention to test such complex accounting estimates, and accordingly, this matter has been identified as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> <li>Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals.</li> <li>Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages by evaluating management's assessment of parameters such as probability of default (PD) or loss given default (LGD), including the adjustments made to such estimates on account of COVID-19 impact.</li> <li>Evaluated the appropriateness of the methodology and policy laid down and implemented by the Company for the loan portfolio written-off during the year and tested its compliance on a sample basis.</li> <li>Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying standalone financial statements in accordance with the applicable accounting standards and related RBI Circulars.</li> </ul>
<p><b>(b) Information Technology Systems and Controls for the financial reporting process</b></p>	
<p>The Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Among other things, management also uses the information produced by the IT systems for accounting, preparation and presentation of the financial statements.</p> <p>The Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.</p> <p>Since our audit strategy focused on audit of key IT systems and controls due to the pervasive impact of such systems and controls on the financial statements, we have determined the same as a key audit matter for current year audit.</p>	<p>Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit.</li> <li>Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above.</li> <li>On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: <ul style="list-style-type: none"> <li>a) Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments.</li> <li>b) User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties;</li> <li>c) Other areas that were assessed under the IT control environment included user interfaces, configuration and other application controls.</li> </ul> </li> </ul>



Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing of configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy.</li> <li>• Where deficiencies were identified, tested compensating controls or performed alternative procedures.</li> </ul>

**Information other than the Financial Statements and Auditor’s Report thereon**

6. The Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Director’s Report but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

7. The accompanying standalone financial statements have been approved by the Company’s Board of Directors. The Company’s Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and

completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Standalone Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that

a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its Directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us
    - i. The Company, as detailed in note 33(a) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;
- iv.
  - a. The management has represented that, to the best of its knowledge and belief as disclosed in note 43(a) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
  - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 43(b) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2023.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Manish Gujral**  
Partner  
Membership No.: 105117  
UDIN: 23105117BGRNLX6617

Place: Mumbai  
Date: 02 May 2023

## Annexure I referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Spandana Sphoorty Financial Limited on the standalone financial statements for the year ended 31 March 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment and right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 11 to the standalone financial statements are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.
- (c) The Company is a Non-Banking Finance Company ('NBFC'), registered under section 45-IA of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular, except for the following instances:

### Overdue outstanding as on 31 March 2023

Particulars – Days past due	₹ in millions)	
	As at March 31, 2023	No of cases
1-30 Days	33.41	17,858
31-60 Days	78.66	21,247
61-90 Days	93.81	16,962
90 or more days	708.43	103,958
<b>Total</b>	<b>914.31</b>	<b>160,025</b>

- (d) The total amount which is overdue for more than 90 days in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties aggregates to ₹ 708.43 million as at 31 March 2023 in respect of 103,958 number of loans. Further reasonable steps have been taken by the Company for recovery of such principal and interest amounts overdue.
- (e) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has granted loan which are repayable on demand, as per details below:

(₹ in millions)			
Particulars	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan	2,296.08	-	2,296.08
- Repayable on demand (A)			
- Agreement does not specify any terms or period of repayment (B)	-	-	-
<b>Total (A+B)</b>	<b>2,296.08</b>	<b>-</b>	<b>2,296.08</b>
Percentage of loans/advances in nature of loan to the total loans	2.98%		2.98%

- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments made, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of loans, guarantees and security.
- (v) The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being a non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's services. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

(₹ in millions)					
Name of the statute	Nature of dues	Gross Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service tax	56.85 *	9.93	Financial year from 2006-07 to 2014-15	Customs, Excise & Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	8.72	-	Assessment Year (AY)	Commissioner of Income Tax (Appeals)
		346.12 *	69.22	A.Y 2017-18	
		8.96	-	A.Y 2018-19	
		18.35	3.67	A.Y 2020-21	

\*Excluding interest and penalty, as applicable

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) During the year, the Company has made preferential allotment of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the Rules framed thereunder with respect to the same. Further, the amounts so raised have been utilized by the Company for the purposes for which these funds were raised. Further, the Company has not made preferential allotment or private placement of fully or partially or optionally convertible debentures.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit, except for in some cases as identified by the management relating to cash embezzlement amounting to ₹38.40 million as stated under Note 46(U) to the accompanying standalone financial statements. The Company has ensured recovery of these amounts to the extent possible. The unrecovered amount of ₹35.18 million has been provided for during the current year.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.
- (b) According to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets

and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

- (xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Manish Gujral**  
Partner

Place: Mumbai  
Date: 02 May 2023

Membership No.: 105117  
UDIN: 23105117BGRNLX6617

## Annexure II

### Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Spandana Sphoorty Financial Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial

statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk



that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023 based on the internal financial control with reference to financial statements criteria established by the company considering the essential components of internal control stated in the

Guidance note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI").

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Manish Gujral**  
Partner

Place: Mumbai  
Date: 02 May 2023

Membership No.: 105117  
UDIN: 23105117BGRNLX6617



# Standalone Balance Sheet

As at March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	8,103.64	7,239.95
Bank balances other than cash and cash equivalents	5	1,911.62	4,750.72
Derivative financial instruments		-	0.46
Loans	6	74,802.93	52,637.39
Investments	7	3,063.58	1,146.24
Other financial assets	8	1,212.54	523.84
<b>Subtotal - Financial assets</b>		<b>89,094.31</b>	<b>66,298.60</b>
<b>Non-Financial assets</b>			
Current tax assets (net)	9	378.71	149.38
Deferred tax assets (net)	10	1,889.38	1,812.28
Property, plant and equipment	11	246.26	64.24
Other intangible assets	11A	46.83	70.96
Other non-financial assets	12	200.95	241.46
<b>Subtotal - Non-Financial assets</b>		<b>2,762.13</b>	<b>2,338.32</b>
<b>Total Assets</b>		<b>91,856.44</b>	<b>68,636.92</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Debt securities	13	33,539.15	17,584.36
Borrowings (other than debt securities)	13	25,603.09	18,528.31
Subordinated liabilities	13	199.77	201.87
Other financial liabilities	14	1,518.14	1,285.64
<b>Subtotal - Financial liabilities</b>		<b>60,860.15</b>	<b>37,600.18</b>
<b>Non-Financial liabilities</b>			
Current tax liabilities (net)	15	40.22	177.53
Provisions	16	62.10	39.47
Other non-financial liabilities	17	462.14	504.42
<b>Subtotal - Non-Financial liabilities</b>		<b>564.46</b>	<b>721.42</b>
<b>EQUITY</b>			
Equity share capital	18	709.83	690.95
Other equity	19	29,722.00	29,624.37
<b>Subtotal - Equity</b>		<b>30,431.83</b>	<b>30,315.32</b>
<b>Total Liabilities and Equity</b>		<b>91,856.44</b>	<b>68,636.92</b>

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

As per our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

**Manish Gujral**

Partner

Membership No.: 105117

For and on behalf of the Board of Directors of

**Spandana Sphoorty Financial Limited**

**Abanti Mitra**

Chairperson

DIN: 02305893

**Ashish Damani**

President & Chief

Financial Officer

**Shalabh Saxena**

Managing Director & CEO

DIN: 08908237

**Ramesh Periasamy**

Company Secretary & Chief

Compliance Officer

Membership No.: A26247

Place: Mumbai

Date: May 02, 2023

Place: Mumbai

Date: May 02, 2023

# Standalone Profit and Loss Statement

For the year ended March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	Notes	For year ended March 31, 2023	For year ended March 31, 2022
<b>Revenue from operations</b>			
Interest income	20	12,055.71	12,509.45
Fees and Commission income		-	64.68
Net gain on fair value changes	21	844.13	781.33
Recovery against loans written-off	22	386.76	407.92
<b>Total revenue from operations</b>		<b>13,286.60</b>	<b>13,763.38</b>
Other income	23	657.93	152.62
<b>Total income</b>		<b>13,944.53</b>	<b>13,916.00</b>
<b>Expenses</b>			
Finance cost	24	4,450.52	5,140.98
Impairment on financial instruments	25	4,997.64	4,658.31
Employee benefits expense	26	2,954.39	2,168.40
Depreciation and amortization expense	27	106.78	85.46
Other expenses	28	1,252.73	1,216.99
<b>Total expenses</b>		<b>13,762.06</b>	<b>13,270.14</b>
<b>Profit before tax</b>		<b>182.47</b>	<b>645.86</b>
<b>Tax expense:</b>			
Current tax	29	-	812.71
Taxes of prior period		-	17.05
Deferred tax		59.10	(650.28)
<b>Income tax expense</b>		<b>59.10</b>	<b>179.48</b>
<b>Profit for the year</b>		<b>123.37</b>	<b>466.38</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement gains/(losses) on defined benefit plans		(10.89)	(14.37)
Income tax effect		2.74	3.62
<b>Items that will be reclassified subsequently to profit or loss</b>			
Fair value loss on loans		(530.22)	(448.77)
Income tax effect		133.45	112.95
<b>Other comprehensive (loss)</b>		<b>(404.92)</b>	<b>(346.57)</b>
<b>Total comprehensive loss for the year</b>		<b>(281.55)</b>	<b>119.81</b>
Earnings per equity share	30		
Nominal value per equity share (₹)		10.00	10.00
Basic (₹)		1.74	7.22
Diluted (₹)		1.74	7.20

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

As per our report of even date

For **Walker Chandiook & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

**Manish Gujral**

Partner

Membership No.: 105117

For and on behalf of the Board of Directors of

**Spandana Sphoorty Financial Limited**

**Abanti Mitra**

Chairperson

DIN: 02305893

**Ashish Damani**

President & Chief

Financial Officer

**Shalabh Saxena**

Managing Director & CEO

DIN: 08908237

**Ramesh Periasamy**

Company Secretary & Chief

Compliance Officer

Membership No.: A26247

Place: Mumbai

Date: May 02, 2023

Place: Mumbai

Date: May 02, 2023

# Standalone Cash Flow Statement

For the year ended March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	For year ended March 31, 2023	For year ended March 31, 2022
<b>Cash flow from operating activities</b>		
Profit before tax	182.47	645.86
<b>Adjustments for:</b>		
Depreciation and amortization	106.78	85.46
Interest on income tax	0.16	69.69
Share based payment to employees	288.59	112.18
Provision for employee benefits	20.17	18.82
Finance cost on lease liability	9.60	17.81
Impairment on financial instruments and other provisions	4,997.64	4,658.31
Net gain on adjustment on account of termination of leases	-	(52.44)
Net gain on financial assets / (liabilities) designated at fair value through profit or loss	(316.69)	(522.07)
Other provisions and write offs	44.34	14.53
<b>Operating profit before working capital changes</b>	<b>5,333.06</b>	<b>5,048.15</b>
Movements in working capital :		
Changes in other financial liabilities	105.81	(1,123.69)
Changes in other non-financial liabilities	(42.28)	94.07
Changes in bank balances other than cash and cash equivalents	2,839.10	(2,297.45)
Changes in provisions	(8.43)	(9.80)
Changes in loans	(27,693.05)	8,418.67
Changes in other financial assets	(733.04)	325.36
Changes in other non financial assets	40.51	(195.52)
<b>Cash used in operations</b>	<b>(20,158.32)</b>	<b>10,259.79</b>
Income taxes paid	(366.80)	(2,060.76)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>(20,525.12)</b>	<b>8,199.02</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(126.62)	(115.41)
Proceeds from derecognition of property, plant and equipment	-	4.44
Transfer of loan portfolio	-	80.57
Investment in Subsidiary	(24.80)	-
Purchase of investments	(61,900.00)	(1,08,624.01)
Sale of investments	60,275.17	1,09,103.07
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>(1,776.25)</b>	<b>448.66</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (including securities premium)	109.47	2,924.27
Long-term borrowings availed	51,096.08	17,011.60
Long-term borrowings repaid	(28,019.17)	(32,628.37)
Interest payment of lease liabilities	(9.60)	(17.81)
Principal payment of lease liabilities	(11.72)	(5.25)
<b>Net generated from / (used in) financing activities (C)</b>	<b>23,165.06</b>	<b>(12,715.56)</b>

# Standalone Cash Flow Statement

For the year ended March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	For year ended March 31, 2023	For year ended March 31, 2022
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>863.69</b>	<b>(4,067.88)</b>
Cash and cash equivalents at the beginning of the year	7,239.95	11,307.83
<b>Cash and cash equivalents at the end of the year (refer note 4)</b>	<b>8,103.64</b>	<b>7,239.95</b>
<b>Components of cash and cash equivalents as at the end of year</b>		
Cash on hand	3.88	1.53
Balance with banks - on current account	7,899.72	7,037.89
Deposits with original maturity of less than or equal to 3 months	200.04	200.53
<b>Total cash and cash equivalents</b>	<b>8,103.64</b>	<b>7,239.95</b>

(₹ in millions unless otherwise stated)

Cash flow from operating activities	For year ended March 31, 2023	For year ended March 31, 2022
Interest received	12,053.12	12,200.66
Interest paid	(3,694.57)	(4,223.32)

As per our report of even date  
For **Walker Chandiook & Co LLP**  
Chartered Accountants  
ICAI Firm registration number: 001076N/N500013

**Manish Gujral**  
Partner  
Membership No.: 105117

Place: Mumbai  
Date: May 02, 2023

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

**Abanti Mitra**  
Chairperson  
DIN: 02305893

**Ashish Damani**  
President & Chief  
Financial Officer

Place: Mumbai  
Date: May 02, 2023

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Ramesh Periasamy**  
Company Secretary & Chief  
Compliance Officer  
Membership No.: A26247

# Standalone Statement of Changes in Equity

For the year ended March 31, 2023

## A. Equity Shares

(₹ in millions unless otherwise stated)

Particulars	No. of Shares	Amount
<b>As at April 1, 2021</b>	<b>6,43,15,483</b>	<b>643.15</b>
Issue of equity share capital during the year ended March 31, 2022 (refer note 18)	47,79,047	47.79
<b>As at March 31, 2022</b>	<b>6,90,94,530</b>	<b>690.95</b>
Issue of equity share capital during the year ended March 31, 2023 (refer note 18)	18,88,739	18.88
<b>As at March 31, 2023</b>	<b>7,09,83,269</b>	<b>709.83</b>

## B. Other Equity

(₹ in millions unless otherwise stated)

Particulars	Reserves & Surplus						Share options outstanding reserve	Balance	Other items of comprehensive income (fair valuation on loans)	Money received against Share Warrants	Total
	Securities Premium	Retained Earnings	General Reserve	Statutory Reserve	Capital Redemption Reserve						
<b>Balance as at April 01, 2021</b>	<b>19,199.91</b>	<b>1,974.14</b>	<b>23.28</b>	<b>3,497.51</b>	<b>1,526.92</b>	<b>151.55</b>	<b>26,373.31</b>	<b>142.59</b>	<b>-</b>	<b>-</b>	<b>26,515.90</b>
Profit for the year ended March 31, 2022	-	466.38	-	-	-	-	466.38	-	-	-	466.38
Impairment allowance on loans reclassified to profit and loss	-	-	-	-	-	-	-	4,658.31	-	-	4,658.31
Fair value change during the year	-	-	-	-	-	-	-	(4,994.13)	-	-	(4,994.13)
Remeasurement gain or loss on actuarial valuation	-	(10.75)	-	-	-	-	(10.75)	-	-	-	(10.75)
Transfer to Statutory Reserve	-	(93.28)	-	93.28	-	-	-	-	-	-	-
Premium on issue of equity shares, net of issue expenses	2,139.38	-	-	-	-	-	2,139.38	-	-	-	2,139.38
Issue of Share Warrants	-	-	-	-	-	-	-	-	750.00	750.00	750.00
Add: Share based payment to employees	-	-	-	-	-	112.18	112.18	-	-	-	112.18
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	49.96	-	-	(62.85)	(12.89)	-	-	-	(12.89)
<b>Balance as at March 31, 2022</b>	<b>21,339.29</b>	<b>2,336.49</b>	<b>73.24</b>	<b>3,590.79</b>	<b>1,526.92</b>	<b>200.88</b>	<b>29,067.61</b>	<b>(193.23)</b>	<b>750.00</b>	<b>750.00</b>	<b>29,624.37</b>

# Standalone Statement of Changes in Equity

For the year ended March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	Reserves & Surplus						Share options outstanding reserve	Balance	Other items of comprehensive income (fair valuation on loans)	Money received against Share Warrants	Total
	Securities Premium	Retained Earnings	General Reserve	Statutory Reserve	Capital Redemption Reserve	Share options outstanding reserve					
Profit for the year ended March 31, 2023	-	123.37	-	-	-	-	-	123.37	-	-	123.37
Impairment allowance on loans reclassified to profit and loss	-	-	-	-	-	-	-	-	4,397.65	-	4,397.65
Fair value change during the year	-	-	-	-	-	-	-	-	(4,794.42)	-	(4,794.42)
Remeasurement gain or loss on actuarial valuation	-	(8.15)	-	-	-	-	-	(8.15)	-	-	(8.15)
Transfer to Statutory Reserve	-	(24.67)	-	24.67	-	-	-	-	-	-	-
Conversion of share warrants into equity shares	-	-	-	-	-	-	-	-	-	(750.00)	(750.00)
Premium on issue of equity shares, net of issue expenses	845.83	-	-	-	-	-	-	845.83	-	-	845.83
Add: Share based payment to employees	-	-	-	-	-	-	288.59	288.59	-	-	288.59
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	37.06	-	-	-	(42.30)	(5.24)	-	-	(5.24)
<b>Balance as at March 31, 2023</b>	<b>22,185.12</b>	<b>2,427.04</b>	<b>110.30</b>	<b>3,615.46</b>	<b>1,526.92</b>	<b>447.17</b>	<b>30,312.01</b>	<b>(590.00)</b>	<b>-</b>	<b>-</b>	<b>29,722.00</b>

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

As per our report of even date  
For **Walker Chandlok & Co LLP**  
Chartered Accountants  
ICAI Firm registration number: 001076N/N500013

**Manish Gujral**  
Partner  
Membership No.: 105117

Place: Mumbai  
Date: May 02, 2023

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

**Abanti Mitra**  
Chairperson  
DIN: 02305893

**Ashish Damani**  
President & Chief  
Financial Officer

Place: Mumbai  
Date: May 02, 2023

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Ramesh Periasamy**  
Company Secretary & Chief  
Compliance Officer  
Membership No.: A26247

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 1. Corporate information

Spandana Sphoorty Financial Limited ('SSFL' or the 'Company') is a public company domiciled in India and incorporated under the provisions of erstwhile Companies Act, 1956 on March 10, 2003. The Company was registered as a non-deposit accepting non-banking financial company ('NBFC-ND') with the Reserve Bank of India ('RBI') and got classified as a non-banking financial company – micro finance institution (NBFC – MFI) effective April 13, 2015. The Company's shares are listed on BSE Limited ('BSE') and National Stock Exchange of India Ltd ('NSE'). The registered office of the Company is located at Galaxy, Wing B, 16<sup>th</sup> floor, Plot No.1, SY no 83/1, Hyderabad knowledge city, TSIIIC, Raidurg Panmaktha, Hyderabad Rangareddy, Telangana, India.

The Company is primarily engaged in the business of micro finance providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

## 2. Basis of preparation

### a) Statement of compliance in preparation of standalone financial statements

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, 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'), notification for Implementation of Indian Accounting Standards issued by RBI vide circular RBI/2019-20/170 DOR(NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI notification for Implementation of Ind AS') and other applicable RBI circulars/notifications. The Company uses accrual basis of accounting.

The functional currency of the Company is the Indian rupee. These standalone financial statements are presented in Indian rupees ("Rs. or "INR") and all values / amounts are rounded off to nearest millions, unless otherwise stated.

The financial statements are prepared on a going concern basis as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment,

the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial assets held for trading and all of which have been measured at fair value.

These financial statements were authorised for issue by the Board of Directors on May 02, 2023.

### b) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- a. The normal course of business
- b. The event of default
- c. The event of insolvency or bankruptcy of the Group and/or its counterparties

### 3. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of this standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated

#### a) Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.



# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- i) **Defined employee benefit assets and liabilities**  
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- ii) **Fair value measurement**  
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.
- iii) **Impairment of loan portfolio**  
Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.
- iv) **Provisions other than impairment on loan portfolio**  
Provisions are held in respect of a range of future obligations. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments

that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

- v) **Other estimates**  
These include contingent liabilities, useful lives of tangible and intangible assets etc.
- b) **Recognition of income and expense**  
The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:
  - (i) **Interest income and expense**  
Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.  
  
The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.  
  
Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

(ii) **Dividend income**

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iii) **Other income and expense**

All Other income and expense are recognized in the period they occur.

The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis

**c) Property, plant and equipment (PPE) and intangible asset**

**PPE**

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

**Intangible asset**

Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.

**d) Depreciation and amortization**

**Depreciation**

i. Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.

ii. Property, plant and equipment costing up to Rs.5,000 individually are fully depreciated in the year of purchase.

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

Asset Category	Useful Life (in years)
Furniture & Fixtures	10
Computers & Printers	3
Office Equipment	5
Leasehold Improvements	3
Vehicles	8
Land & Buildings	60

**Amortization**

Intangible assets are amortized at a rate of 40% per annum on a "Written Down Value" method, from the date that they are available for use.

**e) Impairment**

**i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.**

In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognize credit losses over next 12-month period. The Company has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Company has a process to assess credit risk of all exposures at each year end as follows:

**Stage I**

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over next 12 months.

**Stage II**

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

## Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

## Methodology for calculating ECL

The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Key factors applied to determine ECL are outlined as follows:

**Probability of default (PD)** - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).

**Exposure at default (EAD)** - It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

**Loss given default (LGD)** - It represents an estimate of the loss expected to be incurred when the event of default occurs.

## Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

## Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

## ii) Non financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

## f) Revenue from Contracts with Customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(a) Commission is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

- (b) The Company recognizes revenue from advertisement activities upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers

## g) Leases

### Measurement of lease liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payment discounted using the Company's incremental cost of borrowing rate. Subsequently, the lease liability is (a) increased by interest on lease liability; and (b) reduce by lease payment made.

### Measurement of Right-of-Use asset

At the time of initial recognition, the Company measures 'Right-of-Use assets' as present value of all lease payment discounted using the Company's incremental cost of borrowing rate w.r.t said lease contract. Subsequently, 'Right-of-Use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-Use assets' is provided on straight line basis over the lease period

### Short-term leases:

Short term leases not covered under Ind AS 116 are classified as operating lease. Lease payments during the year are charged to statement of profit and loss.

## h) Retirement and employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company operates following employee benefit plans:

### i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

### ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

### iii) Leaves

The service rules of the Company do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## iv) Employee Stock Option Plan

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## i) Income taxes

### Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

### Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Company also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

## j) Earnings per share (EPS)

The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

## k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate" for accounting policy of provisions

## l) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not have any contingent assets in the financial statements.

## m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.

**Financial Assets** - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

### Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

### Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

**Business model:** The business model reflects how the Company manages the assets in order to generate cash flows. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

**Effective interest method** - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest

income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL

## Equity instruments and Mutual Funds

Equity instruments in other than subsidiaries, associates and joint ventures and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

## Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

## Financial liabilities

### Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

### Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## De-recognition

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

## n) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## o) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- **Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- **Level 3 financial instruments** - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

## p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

## q) Cash flow statements

The standalone cash flow statement is prepared in accordance with the Indirect method. Standalone cash flow statement presents the cash flows by operating, financing and investing activities of the Company. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

## r) Proposed dividend

As per Ind AS -10, 'Events after the Reporting period', the Company disclose the dividend proposed by board of directors after the balance sheet date in the notes to these standalone financial statements. The liability to pay dividend is recognised when the declaration of dividend is approved by the shareholders.



# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 4: Cash and cash equivalents

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Cash on hand	3.88	1.53
Balances with banks in current accounts	7,899.72	7,037.89
Bank deposit with original maturity of less than three months	200.04	200.53
	<b>8,103.64</b>	<b>7,239.95</b>

## 5: Bank balances other than cash and cash equivalents

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Fixed deposit with banks not considered as cash and cash equivalents	20.00	1,609.00
Restricted bank balance	-	234.95
Deposits held as margin money or security against the borrowings	1,891.62	2,906.77
	<b>1,911.62</b>	<b>4,750.72</b>

## 6: Loans

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
(a) Loans (at fair value through OCI)	74,662.03	57,761.73
(b) Inter corporate advances to related parties (repayable on demand) (at amortized cost)	2,296.08	1,194.81
<b>Total - Gross</b>	<b>76,958.11</b>	<b>58,956.54</b>
Less: Impairment loss allowance	(2,155.18)	(6,319.15)
<b>Total - Net</b>	<b>74,802.93</b>	<b>52,637.39</b>
<b>Break-up of loans</b>		
(a) Secured by tangible assets (Property including land and building)	45.31	81.03
(b) Unsecured	76,912.80	58,875.51
<b>Total - Gross</b>	<b>76,958.11</b>	<b>58,956.54</b>
Less: Impairment loss allowance	(2,155.18)	(6,319.15)
<b>Total - Net</b>	<b>74,802.93</b>	<b>52,637.39</b>
(a) Public sector	-	-
(b) Others	76,958.11	58,956.54
<b>Total - Gross</b>	<b>76,958.11</b>	<b>58,956.54</b>
Less: Impairment loss allowance	(2,155.18)	(6,319.15)
<b>Total - Net</b>	<b>74,802.93</b>	<b>52,637.39</b>
(a) Within India	76,958.11	58,956.54
(b) Outside India	-	-
<b>Total - Gross</b>	<b>76,958.11</b>	<b>58,956.54</b>
Less: Impairment loss allowance	(2,155.18)	(6,319.15)
<b>Total - Net</b>	<b>74,802.93</b>	<b>52,637.39</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

**Note 1:** The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Act), either severally or jointly that are (a) repayable on demand or (b) without specifying any terms or period of repayment, except for the loans extended to related parties, which are repayable on demand as under:

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Outstanding balance	2,296.08	1,194.81
Percentage to the total gross loan portfolio	2.98%	2.03%

Inter corporate advances are provided to Subsidiaries of SSFL which is i.e. Criss Financial Limited ('CFL') and Caspian Financial Services Limited ('CFSL').

CFL is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI'). The Company is engaged in the business of finance by providing Individual Loans, Small Business Loans and Loan Against Property Loans. CFSL is a 100 % subsidiary of SSFL incorporated under the provisions of the Companies Act, 1956. Inter corporate advances are provided to assist these companies for their working capital requirement and day-to-day business activities.

**Note 2:** The table below discloses the credit quality of Company's exposures on loan portfolio (excluding inter-corporate advances) as at the reporting date:

## Gross loan portfolio movement for the year ended March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2022 ^	41,150.84	5,471.85	11,139.04	57,761.73
New assets originated or purchased	76,242.12	-	-	76,242.12
Asset derecognised or repaid (excluding write offs) #	(42,775.11)	(4,324.37)	(2,717.25)	(49,816.72)
Assets written off during the year ^	-	-	(8,994.88)	(8,994.88)
Inter-stage movements				
Stage I	236.83	(60.79)	(176.03)	-
Stage II	(609.38)	620.10	(10.72)	-
Stage III	(1,280.54)	(1,046.12)	2,326.66	-
Fair Value on loans	(538.94)	8.72	-	(530.22)
<b>Gross carrying amount as at March 31, 2023</b>	<b>72,425.83</b>	<b>669.39</b>	<b>1,566.81</b>	<b>74,662.03</b>

# Represents balancing figure

^ Gross carrying amount includes total accrued interest. Accordingly, assets written off during the year includes total accrued interest reversal against loan written off during FY22-23, while this interest reversal is net of impairment allowance in the statement of profit and loss under the head "interest income".

## Gross loan portfolio movement for the year ended March 31, 2022

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2022 ^	58,847.13	6,455.42	4,049.89	69,352.44
New assets originated or purchased	30,629.87	-	-	30,629.87
Asset derecognised or repaid (excluding write offs) #	(35,872.95)	(4,116.56)	(67.61)	(40,057.12)
Assets written off during the year ^	-	-	(1,995.21)	(1,995.21)
Inter-stage movements				
Stage I	327.48	(313.81)	(13.67)	-
Stage II	(4,294.86)	4,301.78	(6.92)	-
Stage III	(8,337.33)	(835.23)	9,172.56	-
Fair Value on loans	(148.50)	(19.75)	-	(168.25)
<b>Gross carrying amount as at March 31, 2023</b>	<b>41,150.84</b>	<b>5,471.85</b>	<b>11,139.04</b>	<b>57,761.73</b>

# Represents balancing figure

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## Movement of impairment allowance (ECL) during the year ended March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Balances as at the beginning of the year	334.13	1,056.82	4,928.20	6,319.15
Provision made/ (reversed) during the year	376.38	(579.10)	5,033.63	4,830.91
Inter-stage movements				
Stage I	89.62	(11.74)	(77.88)	-
Stage II	(4.95)	9.69	(4.74)	-
Stage III	(10.40)	(202.04)	212.44	-
Write off	-	-	(8,994.88)	(8,994.88)
<b>Balances as at the end of the year</b>	<b>784.78</b>	<b>273.63</b>	<b>1,096.77</b>	<b>2,155.18</b>

## Movement of impairment allowance (ECL) during the year ended March 31, 2022

Particulars	Stage I	Stage II	Stage III	Total
Balances as at the beginning of the year	464.36	962.28	1,893.33	3,319.97
Provision made/ (reversed) during the year	417.00	275.35	4,302.04	4,994.39
Inter-stage movements				
Stage I	147.45	(112.75)	(34.70)	-
Stage II	(185.24)	191.06	(5.82)	-
Stage III	(509.44)	(259.12)	768.56	-
Write off	-	-	(1,995.21)	(1,995.21)
<b>Balances as at the end of the year</b>	<b>334.13</b>	<b>1,056.82</b>	<b>4,928.20</b>	<b>6,319.15</b>

**Note 3:** The Company product programme guideline allows disbursement to borrowers which are in SMA buckets subject to fulfilment of other eligibility criteria as applicable. While product guidelines allow such disbursement, the decision to disburse to these specific clients (by preclosing existing loan and give top-up loans) are taken based on inputs received from the customer and the field staff. In a joint liability group model (JLG), the fellow group / centre members understand the financial position and their intent to pay. Inputs on product guideline are driven basis feedback received during interactions between the customers (group members attending centre meetings) and our field staff. Recommendations basis these interactions are then given to the supervisory hierarchy including the Chief Business Officer who in turn evaluates and recommends for approval to the COO. In determining whether lending to these customers has any significant increase in credit risk or impairment of such loans and potential future loss estimate, the Company takes into consideration the borrowers' vintage, past repayment behaviour and viability of their businesses, as a separate cohort. Accordingly, the company has classified such loans as follows:

- The loans which are disbursed to stage II borrowers are classified based on their latest repayment schedule as on March 31, 2023 in the respective stage buckets.
- The loans which are disbursed to stage III borrowers are either classified under "stage III" or in respective staging bucket as per the latest repayment schedule, depending upon management's assessment of the customer repayment behaviour.

**Note 4:** No impairment allowance has been recognized on the outstanding inter-corporate advances to related parties as at March 31, 2023 and March 31, 2022.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 7: Investments

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<i>Measured at cost</i>		
<b>Investment in subsidiaries</b>		
2,000,000 (March 31, 2022: 2,000,000) equity shares of ₹ 10 each fully paid up in Caspian Financial Services Limited, representing 100% stake in the entity	20.00	20.00
7,659,392 (March 31, 2022: 7,552,210) equity shares of ₹ 10 each fully paid up in Criss Financial Limited, representing 99.85% stake in the entity	1,150.04	1,125.24
<i>Measured at fair value through profit &amp; loss</i>		
Investment in Security Receipts	1,892.54	-
<b>Others</b>		
100,000 (March 31, 2022: 100,000) equity shares of ₹ 10 each fully paid up in Alpha Micro Finance Consultants Private Limited	1.00	1.00
	<b>3,063.58</b>	<b>1,146.24</b>
Less: Impairment loss allowance	-	-
	<b>3,063.58</b>	<b>1,146.24</b>

Note: All investments are held within India.

## 8: Other financial assets

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Security deposits	52.40	22.38
Retained interest on direct assignment	437.81	300.47
Receivable from advertisement income	187.43	200.81
Receivable from assignment of portfolio (Unsecured, considered good)	522.81	-
Other assets	12.09	0.18
	<b>1,212.54</b>	<b>523.84</b>

## 9: Current Tax Assets (net)

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Advance income tax (net of provision)	378.71	149.38
	<b>378.71</b>	<b>149.38</b>

## 10: Deferred tax assets (net)

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<b>Effects of deferred tax assets / (liabilities):</b>		
Impairment loss allowance and other provision	692.84	1,712.26
Accumulated tax losses	944.56	-
Property, plant and equipment	41.70	36.09
Share options outstanding account (ESOP)	112.54	50.56

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Financial assets at fair value through OCI	175.79	42.34
Net gain on derecognition of financial assets	(110.19)	(75.62)
Others	32.14	46.65
<b>Net deferred tax assets</b>	<b>1,889.38</b>	<b>1,812.28</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

## 10.1: Deferred tax assets (net)

### Movement in deferred tax balances for the year ended March 31, 2023

Particulars	Net Balance April 1, 2022	(Charge) / credit in profit & loss	Recognised in OCI	Net Balance March 31, 2023
<b>Deferred tax assets / (liabilities)</b>				
Impairment loss allowance and other provision	1,712.26	(1,019.42)	-	692.84
Accumulated tax losses	-	944.56	-	944.56
Property, plant and equipment	36.09	5.61	-	41.70
Share options outstanding account (ESOP)	50.56	61.98	-	112.54
Financial assets at fair value through OCI	42.34	-	133.45	175.79
Net gain on derecognition of financial assets	(75.62)	(34.57)	-	(110.19)
Others	46.65	(17.26)	2.74	32.14
<b>Net Deferred tax assets / (liabilities)</b>	<b>1,812.28</b>	<b>(59.10)</b>	<b>136.19</b>	<b>1,889.38</b>

### Movement in deferred tax balances for the year ended March 31, 2022

Particulars	Net Balance April 1, 2021	(Charge) / credit in profit & loss	Recognised in OCI	Net Balance March 31, 2022
<b>Deferred tax assets / (liabilities)</b>				
Impairment loss allowance and other provision	1,150.04	562.22	-	1,712.26
Property, plant and equipment	44.26	(8.17)	-	36.09
Share options outstanding account (ESOP)	38.31	12.25	-	50.56
Financial assets at fair value through OCI	(70.60)	-	112.95	42.34
Net gain on derecognition of financial assets	(156.88)	81.25	-	(75.62)
Others	40.29	2.74	3.62	46.65
<b>Net Deferred tax assets / (liabilities)</b>	<b>1,045.42</b>	<b>650.29</b>	<b>116.57</b>	<b>1,812.28</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 11: Property, plant and equipment

(₹ in millions unless otherwise stated)

	Land and Building	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Vehicles	Computers	Right of use asset	Total
<b>Gross block</b>								
At April 1, 2021	2.01	95.40	90.58	38.46	34.58	192.58	179.21	632.82
Addition	-	-	9.40	17.71	9.07	8.43	-	44.61
Disposals	-	-	(1.90)	(3.58)	-	(25.79)	(179.21)	(210.48)
<b>At March 31, 2022</b>	<b>2.01</b>	<b>95.40</b>	<b>98.08</b>	<b>52.59</b>	<b>43.65</b>	<b>175.22</b>	<b>-</b>	<b>466.95</b>
Addition	-	77.67	4.08	15.05	-	25.28	138.41	260.50
Disposals	-	(95.55)	-	-	-	-	-	(95.55)
<b>At March 31, 2023</b>	<b>2.01</b>	<b>77.52</b>	<b>102.16</b>	<b>67.64</b>	<b>43.65</b>	<b>200.50</b>	<b>138.41</b>	<b>631.90</b>
<b>Depreciation</b>								
At April 1, 2021	0.32	94.80	76.35	28.30	12.57	173.61	49.95	435.90
Charge for the year	0.08	0.38	8.95	10.83	8.70	14.65	34.30	77.89
Disposals	-	-	(1.52)	(0.02)	-	(25.31)	(84.25)	(111.10)
<b>At March 31, 2022</b>	<b>0.40</b>	<b>95.18</b>	<b>83.78</b>	<b>39.11</b>	<b>21.27</b>	<b>162.95</b>	<b>-</b>	<b>402.69</b>
Charge for the year	0.08	22.90	4.09	11.43	6.99	14.63	18.01	78.12
Disposals	-	(95.20)	-	-	-	-	-	(95.20)
<b>At March 31, 2023</b>	<b>0.48</b>	<b>22.88</b>	<b>87.87</b>	<b>50.54</b>	<b>28.26</b>	<b>177.58</b>	<b>18.01</b>	<b>385.61</b>
<b>Net carrying amount</b>								
<b>At March 31, 2022</b>	<b>1.61</b>	<b>0.22</b>	<b>14.30</b>	<b>13.48</b>	<b>22.38</b>	<b>12.27</b>	<b>-</b>	<b>64.24</b>
<b>At March 31, 2023</b>	<b>1.53</b>	<b>54.64</b>	<b>14.29</b>	<b>17.10</b>	<b>15.39</b>	<b>22.92</b>	<b>120.40</b>	<b>246.26</b>

The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), are held in the name of the Company.

## 11A: Other Intangible assets

Particulars	Computer software	Total
<b>Gross block</b>		
At April 1, 2021	103.98	103.98
Addition	70.80	70.80
<b>At March 31, 2022</b>	<b>174.78</b>	<b>174.78</b>
Addition	4.52	4.52
<b>At March 31, 2023</b>	<b>179.30</b>	<b>179.30</b>
<b>Amortization</b>		
At April 1, 2021	96.23	96.23
Charge for the year	7.58	7.58
<b>At March 31, 2022</b>	<b>103.81</b>	<b>103.81</b>
Charge for the year	28.66	28.66
<b>At March 31, 2023</b>	<b>132.47</b>	<b>132.47</b>
<b>Net carrying amount</b>		
<b>At March 31, 2022</b>	<b>70.96</b>	<b>70.96</b>
<b>At March 31, 2023</b>	<b>46.83</b>	<b>46.83</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 12: Other non-financial assets

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good</b>		
Prepaid expenses	25.26	21.15
Capital advances	13.27	13.61
Receivable from insurance company	111.42	140.33
Other advances	51.00	66.37
	<b>200.95</b>	<b>241.46</b>
<b>Unsecured, considered doubtful</b>		
Amounts deposited with courts	6.24	6.24
Provision for doubtful debts - claims	15.33	22.72
Less: Provision for doubtful debts	(21.57)	(28.96)
	-	-
	<b>200.95</b>	<b>241.46</b>

## 13: (a) Debt Securities (at amortised cost)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (₹ in millions)	As at March 31, 2023	As at March 31, 2022
	March 31, 2023	March 31, 2022			
<b>(i) Debentures (Secured)</b>					
12.75% Secured, Redeemable, Non-convertible Debentures Redeemable at Half Yearly intervals in no. of 8 instalments.	1,000	500	1.00	166.66	515.20
11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of twenty four months from the date of allotment i.e. April 29, 2021.	11,000	11,000	0.10	1,354.58	1,232.03
12% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twenty four months from the date of allotment i.e. October 20, 2022. Redeemable at quarterly intervals in no. of 8 instalments.	600	-	1.00	517.86	-
11.50% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e.(subject to exercise of put option by the lender at November 10, 2023 i.e. at the end of twenty one months from date of allotment) November 9, 2022. Redeemable at quarterly intervals in no. of 12 instalments.	500	-	1.00	414.14	-
10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures each redeemable at par at the end of twenty two months from the date of allotment i.e. July 14, 2021.	3,000	3,000	0.10	357.89	330.09
11.25% Secured, Senior, Redeemable, Transferable, Listed, Principal protected, Market Linked, Rated Non Convertible Debentures, redeemable at par at the end of twenty six months from the date of allotment i.e. March 16, 2021 (subject to exercise of put option by the lender at the end of eighteen months from the date of allotment). Redeemable on maturity if option not exercised from the investor.	5,000	5,000	0.10	621.19	544.13

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost) (Contd.)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (₹ in millions)	As at	As at
	March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022
10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirty months from the date of allotment i.e. July 22, 2021.	12,500	12,500	0.10	1,485.65	1,374.04
12.5% Secured, Redeemable, Non-convertible Debentures redeemable at quarterly intervals in no. of 2 instalments.	12,000	800	0.10	399.55	795.94
11.35% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twenty one months from the date of allotment i.e.(subject to exercise of put option by the lender at April 08, 2024 i.e. at the end of twenty one months from date of allotment) December 8, 2022.Redemable at quarterly intervals in no. of 7 instalments.	1,000	-	1.00	855.39	-
10.50% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. March 17, 2023. Redeemable at quarterly intervals in no. of 8 instalments.	12,500	-	0.10	1,228.15	-
13.15% Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1 million each redeemable at par at the end of seventy two months from the date of allotment i.e. October 31, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of thirty six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	325	325	1.00	171.40	339.92
12.29% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Seventy Two months from the date of allotment i.e. August 01, 2022.Redemable at Half Yearly intervals in no. of 8 instalments.	400	-	1.00	257.85	-
11.34% (net of with-holding tax), Secured, Redeemable, Non-convertible Debentures, 50% of which is redeemable at par at the end of sixth month from September 18, 2017 i.e. the date of allotment and balance 50% to be redeemable on maturity i.e. June 30, 2023 (subject to exercise of put option by the lender at March 18, 2022 i.e. at the end of fifty four months from date of allotment). Redeemable at Principal repayment frequency as per repayment schedule intervals in no. of 3 instalments.	850	850	1.00	426.96	854.12
11.50% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twelve months from the date of allotment i.e. December 15, 2022.Redemable at Principal repayment frequency as per repayment schedule intervals in no. of 5 instalments.	500	-	1.00	398.56	-



# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost) (Contd.)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (₹ in millions)	As at March 31, 2023	As at March 31, 2022
	March 31, 2023	March 31, 2022			
12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. November 24, 2020 (subject to exercise of put option by the lender at the end of twenty four months from the date of allotment). Redeemable on maturity if option not exercised by the investor.	10,000	10,000	0.10	1,003.70	1,014.50
11% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of thirty months from the date of allotment i.e. June 16, 2021.	33,750	33,750	0.10	4,038.56	3,592.43
11.95% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. (subject to exercise of put option by the lender at the end of October 20, 2023 i.e. September 30, 2022. Redeemable at Principal repayment frequency as per repayment schedule intervals in no. of 2 instalments.	2,500	-	0.10	248.11	-
11.49% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. December 24, 2020 (subject to exercise of put option by the lender at the end of eighteen months from the date of allotment). Redeemable on maturity if option not exercised by the investor.	215	215	1.00	166.07	221.85
11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. December 29, 2020 (subject to exercise of put option by the lender at the end of twenty four months from the date of allotment). Redeemable on maturity if option not exercised from the investor.	2,740	8,275	0.10	348.03	929.43
11.35% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Thirty Six months from the date of allotment i.e.(subject to exercise of put option by the lender at August 20, 2024 i.e. at the end of twenty months from date of allotment). December 30, 2022. Redeemable at Half Yearly intervals in no. of 5 instalments.	1,000	-	1.00	984.01	-
12.5% Rated, unlisted, senior, secured, redeemable, taxable, non convertible Debentures of face value ₹ 0.1 million each.	4,500	4,500	0.10	366.05	448.50
11.35% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Fourteen months from the date of allotment i.e. December 30, 2022.	1,000	-	1.00	10.00	-

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost) (Contd.)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (₹ in millions)	As at March 31, 2023	As at March 31, 2022
	March 31, 2023	March 31, 2022			
11.35% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Fourteen months from the date of allotment i.e.(subject to exercise of put option by the lender at August 20, 2024 i.e. at the end of twenty months from date of allotment) December 30, 2022. Redeemable at Half Yearly intervals in no. of 5 instalments.	1,000	-	1.00	845.99	-
11.50% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twenty four months from the date of allotment i.e.(subject to exercise of put option by the lender i.e. at the end of Fifteen months from date of allotment) December 20, 2022. Redeemable at quarterly intervals in no. of 4 instalments.	650	-	1.00	642.86	-
10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e.(subject to exercise of put option by the lender at March 09, 2024) i.e. September 09, 2022.	600	-	1.00	617.46	-
10.75% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e.(subject to exercise of put option by the lender at March 09, 2024) September 23, 2022.	402	-	1.00	413.25	-
11.15% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. November 22, 2022.	2,000	-	1.00	2,019.09	-
10.83% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Seventeen months from the date of allotment i.e. December 16, 2022.	2,000	-	1.00	2,017.90	-
14.80% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of forty four months from the date of allotment i.e. October 28, 2020 (subject to exercise of put option by the lender at the end of Thirty months from the date of allotment). Redeemable on maturity if option not exercised by the investor.	2,000	2,000	0.10	285.08	244.99
12% Secured, Rated, Listed, Redeemable, Transferable, Non Convertible Debentures of face value of ₹ 1 million each. Redeemable at Principal repayment frequency as per repayment schedule intervals in no. of 2 instalments.	350	350	1.00	264.09	351.12
10.5% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Thirteen months from the date of allotment i.e. March 24, 2022.	350	350	1.00	350.85	350.70
12.60% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 16, 2022.	230	-	1.00	234.52	-

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost) (Contd.)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (₹ in millions)	As at March 31, 2023	As at March 31, 2022
	March 31, 2023	March 31, 2022			
12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. October 20, 2020.	-	800	0.10	-	94.52
10.00% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. October 29, 2020.	-	1,000	1.00	-	1,041.87
10.80% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. November 19, 2020.	-	350	1.00	-	352.57
12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of twenty one months from the date of allotment i.e. October 20, 2020.	-	800	0.10	-	94.52
14.00% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of twenty four months from the date of allotment i.e. September 08, 2020 (subject to exercise of put option by the lender at the end of six months from the date of allotment). Redeemable on maturity if option not exercised by the investor.	-	250	1.00	-	251.81
14.8% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of twenty three months from the date of allotment i.e. October 28, 2020.	-	1,740	0.10	-	224.12
12.75% Secured, Redeemable, Non-convertible Debentures redeemable in twenty four equal monthly installments from the date of allotment i.e. September 29, 2020.	-	250	1.00	-	62.17
12.20% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of twenty four months from the date of allotment i.e. December 19, 2020.	-	500	1.00	-	502.54
11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of Twenty Four months from the date of allotment i.e. December 16, 2020.	-	6,360	0.10	-	725.96
11.50% Secured, Redeemable, Non-convertible Debentures redeemable at quarterly intervals.	-	2,000	0.10	-	204.14
10.5% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Thirteen months from the date of allotment i.e. August 03, 2021.	-	150	1.00	-	149.99
<b>Sub - Total</b>				<b>23,511.44</b>	<b>16,843.20</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost) (Contd.)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (₹ in millions)	As at	As at
	March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022
<b>(ii) Borrowing under securitisation arrangement (secured)</b>					
From Banks				8,304.71	741.16
From non-banking financial companies				1,723.00	-
<b>Sub - Total</b>				<b>10,027.71</b>	<b>741.16</b>
<b>Total Debt Securities</b>				<b>33,539.15</b>	<b>17,584.36</b>
<b>Nature of security</b>					
The above debt securities are secured by the way of first and exclusive charge over eligible specified book debts and margin money deposits					
<b>Out of the above debt securities</b>					
Debt securities in India				33,539.15	17,584.36
Debt securities outside India				-	-
<b>Total</b>				<b>33,539.15</b>	<b>17,584.36</b>
<b>(b) Borrowings (Other than Debt Securities)</b>					
<b>Secured, measured at amortised cost</b>					
Term loan from banks				16,069.65	15,249.67
Term loan from non-banking financial companies				7,887.44	3,278.64
External Commercial Borrowings				1,646.00	-
<b>Total</b>				<b>25,603.09</b>	<b>18,528.31</b>
<b>Out of the above</b>					
Borrowings in India				23,957.09	18,528.31
Borrowings outside India				1,646.00	-
<b>Total</b>				<b>25,603.09</b>	<b>18,528.31</b>
<b>Nature of security</b>					
Borrowings (other than debt securities) are secured by the way of hypothecation of book debts and margin money deposits.					
Refer Note 13A for terms of principal repayment and the applicable interest rate on the borrowings (other than debt securities).					
<b>(c) Subordinated Liabilities (at amortised cost)</b>					
<b>Unsecured term loan</b>					
Term loan from banks				199.77	201.87
<b>Total Subordinated Liabilities</b>				<b>199.77</b>	<b>201.87</b>
<b>Out of the above</b>					
Borrowings in India				199.77	201.87
Borrowings outside India				-	-
<b>Total</b>				<b>199.77</b>	<b>201.87</b>

Subordinate debt is unsecured and carries an interest rate @ 15% per annum. The Subordinate debt is due for maturity on June 08, 2024.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 13A. Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than debt securities)

### (i) As at March 31, 2023

(₹ in millions unless otherwise stated)

Original maturity of loan	Frequency of repayment	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Total
			No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
<b>Borrowings (Other than Debt Securities)</b>									
1-3 years	Monthly	9.15%-11.00%	206	5,367.30	104	2,491.96	-	-	7,859.26
		11.01%-12.00%	277	8,014.39	182	3,303.75	12	77.64	11,395.78
		12.01%-13.50%	89	1,485.19	12	251.88	-	-	1,737.07
	Quarterly	10.75%-12.00%	25	1,869.17	3	93.75	-	-	1,962.92
		12.01%-13.25%	9	1,017.86	2	62.50	-	-	1,080.36
	Bullet payment	12.53%	-	-	-	-	1	1,646.00	1,646.00
<b>Total</b>				<b>17,753.91</b>		<b>6,203.84</b>		<b>1,723.64</b>	<b>25,681.39</b>
Impact of EIR									(132.72)
Interest accrued on borrowings									54.42
<b>Total</b>									<b>25,603.09</b>

### (ii) As at March 31, 2022

(₹ in millions unless otherwise stated)

Original maturity of loan	Frequency of repayment	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Total
			No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
<b>Borrowings (Other than Debt Securities)</b>									
1-3 years	Monthly	8.50%-10.50%	167	5,095.79	63	2,008.55	15	458.33	7,562.67
		10.51%-12.00%	178	5,208.79	53	1,733.07	-	-	6,941.86
		12.01%-14.00%	67	985.72	9	79.15	-	-	1,064.87
	Quarterly	10.51%-12.00%	11	354.17	4	116.67	-	-	470.84
	Half yearly	7.00%-10.00%	1	500.00	-	-	-	-	500.00
		10.01%-11.00%	2	600.00	-	-	-	-	600.00
	Annually	7.00%-8.00%	1	300.00	-	-	-	-	300.00
	Bullet payment	8.50%-10.50%	3	985.00	-	-	-	-	985.00
<b>Total</b>				<b>14,029.47</b>		<b>3,937.44</b>		<b>458.33</b>	<b>18,425.24</b>
Impact of EIR									1.36
Interest accrued on borrowings									101.71
<b>Total</b>									<b>18,528.31</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 13B. Compliance with the loan covenants

The Company has been regular in serving all its borrowings though there has been breach of some of the covenants relating to borrowings during the year ended and as at March 31, 2023. Given the large scale Covid-19 induced disruptions, many of the borrowers across the microfinance industry were unable to service their loans on-time resulting in significantly elevated PAR, GNPA, NPA etc., Spandana was not immune to this industry trend and witnessed breach of some of the covenants due to elevated portfolio stress levels.

Based on the discussions with the lenders, the Company has no reason to believe that any adverse action, such as levy of higher interest or a recall of the facility, will be invoked by the lenders on account of such breach; and as of the date of these financial statements, none of the lenders have intimated about initiation of any remedial action. Accordingly, no adjustment are required in these financial statements.

## 13C. Changes in liabilities arising from financing activities

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2022	Cash flows	Others	As at March 31, 2023
Debt securities	17,584.36	15,560.08	394.71	33,539.15
Borrowings (other than debt securities)	18,528.31	6,942.34	132.44	25,603.09
Subordinated liabilities	201.87	-	(2.10)	199.77
	<b>36,314.54</b>	<b>22,502.42</b>	<b>525.05</b>	<b>59,342.01</b>

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2021	Cash flows	Others	As at March 31, 2022
Debt securities	20,347.14	(3,498.81)	736.03	17,584.36
Borrowings (other than debt securities)	31,425.34	(12,921.12)	24.09	18,528.31
Subordinated liabilities	201.83	-	0.04	201.87
	<b>51,974.31</b>	<b>(16,419.93)</b>	<b>760.16</b>	<b>36,314.54</b>

## 14: Other Financial liabilities

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Employee benefits payable	244.59	151.75
Expenses payable	33.58	457.95
Lease liability	126.69	-
Provision towards refund of excess interest collected (Refer note 47)	388.74	454.81
Assignment and other payables	724.54	221.13
	<b>1,518.14</b>	<b>1,285.64</b>

## 15: Current Tax Liabilities (net)

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax)	40.22	177.53
	<b>40.22</b>	<b>177.53</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 16: Provisions

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Gratuity, net of contribution (Refer note 37)	55.23	39.47
Leave encashment	6.87	-
	<b>62.10</b>	<b>39.47</b>

## 17: Other Non-Financial liabilities

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Unfructified service tax liability [net of amount paid under protest ₹ 9.93 million]	175.47	166.94
Statutory dues payable	128.37	82.50
Other payables	158.30	254.98
	<b>462.14</b>	<b>504.42</b>

## 18: Share capital

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<b>Authorized</b>		
900,000,000 (March 31, 2022: 900,000,000) equity shares of ₹ 10 each	9,000.00	9,000.00
1,250,000,000 (March 31, 2022: 1,250,000,000) preference shares of ₹ 10 each	12,500.00	12,500.00
	<b>21,500.00</b>	<b>21,500.00</b>
<b>Issued, subscribed and paid-up</b>		
70,983,269 (March 31, 2022: 69,094,530) equity shares of ₹ 10 each fully paid up	709.83	690.95
	<b>709.83</b>	<b>690.95</b>

### (a) Terms / rights attached to equity shares

The Company has only one class of equity shares of par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees. During the current financial year no dividend has been proposed by the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	6,90,94,530	690.95	6,43,15,483	643.15
Issued during the year - Preferential Allotment	18,52,739	18.52	46,86,342	46.87
Issued during the year - ESOP	36,000	0.36	92,705	0.93
Outstanding at the end of the year	<b>7,09,83,269</b>	<b>709.83</b>	<b>6,90,94,530</b>	<b>690.95</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## Note:

- (i) During the year, the Company has allotted 18,52,739 equity shares of ₹ 10 each at issue price of ₹ 458.78 per share including premium of ₹ 448.78 per share to Kedaara Capital Fund III LLP on conversion of 18,52,739 fully convertible warrants allotted on preferential basis, in terms of Regulation 169(4) of Chapter V of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI Regulations") and the Companies Act, 2013, to the extent applicable.
- (ii) During the year, the Company has allotted 36,000 equity shares to eligible employees under Employee stock Option Plan at a price of ₹ 263.35 per equity share including premium of ₹ 253.35 per equity share.

### (c) Details of shareholders holding more than 5% in the Company:

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

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity shares of ₹ 10 each</b>				
Kangchenjunga Limited	2,93,03,172	41.28%	2,93,03,172	42.41%
Padmaja Gangireddy	1,02,89,392	14.50%	1,03,00,953	14.91%
Valiant Mauritius Partners FDI Limited	38,48,823	5.42%	38,48,823	5.57%
Kedaara Capital Fund III LLP	50,13,295	7.06%	NA	NA

### (d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:

Promoter name	As at March 31, 2023		As at March 31, 2022		% Change during the year
	No. of Shares	%	No. of Shares	%	
Padmaja Gangireddy	1,02,89,392	14.50%	1,03,00,953	14.91%	-0.41%
Vijaya Sivarami Reddy Vendidand	1,16,933	0.16%	4,99,960	0.72%	-0.56%
Kangchenjunga Limited	2,93,03,172	41.28%	2,93,03,172	42.41%	-1.13%
Kedaara Capital Fund III LLP	50,13,295	7.06%	31,60,556	4.57%	2.49%

### (d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:

Promoter name	As at March 31, 2022		As at March 31, 2021		% Change during the year
	No. of Shares	%	No. of Shares	%	
Padmaja Gangireddy	1,03,00,953	14.91%	1,03,00,953	16.02%	-1.11%
Vijaya Sivarami Reddy Vendidand	4,99,960	0.72%	5,14,974	0.80%	-0.08%
Kangchenjunga Limited	2,93,03,172	42.41%	2,93,03,172	45.56%	-3.15%
Kedaara Capital Fund III LLP	31,60,556	4.57%	-	0.00%	4.57%

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 42.

(f) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date:

Nature of instrument / convertible security	No of convertible securities	No of equity shares issued upon conversion
Class B 0.001% Compulsory Convertible Preference Shares of ₹ 10 each	79,10,07,721	89,48,425



# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 19: Other Equity

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Securities premium	22,185.12	21,339.29
General reserve	110.30	73.24
Capital redemption reserve	1,526.92	1,526.92
Share options outstanding account	447.17	200.88
Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934]	3,615.46	3,590.79
Money received against share warrants	-	750.00
Retained earnings	2,427.04	2,336.49
Fair valuation on loans through other comprehensive income	(590.00)	(193.23)
<b>Total other equity</b>	<b>29,722.00</b>	<b>29,624.37</b>

For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2023.

### Nature and purpose of other equity

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

#### General reserve

Amount set aside from retained profits as a general reserve to be utilised in accordance with provisions of the Companies Act, 2013.

#### Capital redemption reserve

In accordance with section 55 of the Companies Act, 2013, the Company had transferred an amount equivalent of the nominal value of OCCRPS redeemed during previous years, to the Capital Redemption Reserve. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

#### Share options outstanding account

The share option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

#### Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45-IC of Reserve Bank of India Act 1934.

#### Money received against share warrants

During the year ended March 31, 2022, the Company had allotted 18,52,739 fully convertible warrants of ₹ 10 each at issue price of ₹ 458.78 per warrant including premium of ₹ 448.78 per warrant on preferential basis to Kedaara Capital Fund III LLP, against receipt of upfront money amounting to ₹ 750 million, in compliance with the SEBI Regulations and the Companies Act, 2013, to the extent applicable. Subsequently on May 21, 2022, these warrants have been exercised and are converted into 18,52,739 equity shares of ₹ 10 each at issue price of ₹ 458.78 per share including premium of ₹ 448.78 per share.

#### Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve, general reserve or any other such other appropriations to specific reserves.

#### Fair valuation on loans through other comprehensive income

The Company has elected to recognize changes in the fair value of loans in other comprehensive income. These changes are accumulated as reserve within equity. The Company transfers amount from this reserve to retained earnings when the relevant loans are derecognized.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 20: Interest Income

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<b>Measured at fair value through OCI</b>		
Interest on loans	11,677.85	12,220.50
<b>Measured at amortised cost</b>		
Interest on inter corporate advances	283.32	141.96
Interest on deposits with banks and financial institutions	94.54	146.99
	<b>12,055.71</b>	<b>12,509.45</b>

## 21: Net gain on fair value changes

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<b>(A) Net gain / (loss) on fair value instruments at fair value through profit or loss</b>		
(i) On trading portfolio – Investments	267.71	479.06
(ii) On market linked debentures	48.98	43.01
<b>(B) Others</b>		
(i) Gain on derecognition of loans designated at FVTOCI	527.44	259.26
	<b>844.13</b>	<b>781.33</b>

## 22: Others

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Recovery against loans written-off	386.76	407.92
	<b>386.76</b>	<b>407.92</b>

## 23: Other income

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Advertisement income	639.38	146.47
Profit on sale of property, plant and equipment	-	1.96
Miscellaneous income	18.55	4.19
	<b>657.93</b>	<b>152.62</b>

## 24: Finance cost

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
On financial liabilities measured at amortised cost		
Interest on debt securities	2,309.35	2,382.55
Interest on borrowings (other than debt securities)	1,958.23	2,612.22
Interest on subordinated liabilities	30.00	29.99
Interest on lease liabilities	9.60	17.81
Interest on income tax	0.16	69.69
Other finance cost	143.19	28.72
	<b>4,450.52</b>	<b>5,140.98</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 25: Impairment on financial instruments

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<b>a) Measured at fair value through OCI</b>		
Impairment allowance	(3,863.16)	2,751.12
Loans written-off	8,260.80	1,907.19
<b>b) Measured at amortized cost</b>		
Amount receivable from assignment of portfolio charged off	404.31	-
Retained asset written-off	195.69	-
	<b>4,997.64</b>	<b>4,658.31</b>

## 26: Employee benefits expense

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Salaries, wages and bonus	2,466.97	1,867.92
Contribution to provident and other funds	117.78	88.78
Gratuity benefits (refer note 37)	13.30	18.82
Leave benefits	22.74	32.95
Share based payments to employees (refer note 42)	288.59	112.18
Staff welfare expenses	45.01	47.75
	<b>2,954.39</b>	<b>2,168.40</b>

## 27: Depreciation and amortization expense

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
On property, plant and equipment	60.11	43.58
On right of use assets	18.01	34.30
On intangible assets	28.66	7.58
	<b>106.78</b>	<b>85.46</b>

## 28: Other expenses

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Rent	187.95	97.54
Rates and taxes	32.82	2.43
Bank charges	14.72	11.97
Office maintenance	56.14	44.71
Computers and network maintenance	135.03	32.52
Electricity charges	13.40	18.93
Travelling Expenses	371.25	296.30
Communication expenses	8.24	11.21
Printing and stationery	22.69	15.56
Legal and professional charges	214.71	155.45
Directors Remuneration fees	13.81	10.45
Auditors' remuneration (refer note 28.1 below)	14.55	11.82
Recruitment and training	0.83	2.92

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 28: Other expenses (Contd.)

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Settlement expenses	-	376.05
Other provisions and write off	79.52	43.15
Loss on sale of property, plant and equipment	0.30	-
CSR expenditure (refer note 28.2 below)	56.16	83.00
Miscellaneous Expenses	30.61	2.99
	<b>1,252.73</b>	<b>1,216.99</b>

## 28.1 Details of payments to auditors:

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Audit fee	13.73	11.39
Certification fee	0.44	-
Out of pocket expenses	0.38	0.43
	<b>14.55</b>	<b>11.82</b>

## 28.2 Details of CSR expenditure:

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Gross amount required to be spent during the year	56.16	83.00
Amount approved by the Board to be spent during the year	56.16	83.00
Amount spent during the year		
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	56.16	38.21
Shortfall at the end of the year	-	44.79
Total of previous years shortfall	118.27	73.48
Reason for shortfall	NA	Note: 1
Nature of CSR activities	1. Skill development and Livelihoods 2. Health 3.Education 4.Water 5. Digital and Financial Literacy and 6. Promotion of Clean energy	
Details of related party transactions	Refer Note: 32	
Provision made during the year	-	44.79
<b>Disclosure under section 135 (5) of the Companies Act, 2013</b>		
<b>Particulars</b>		
Unspent balances as at the beginning of the year	118.27	73.48
Amount deposited in Specified Fund of Sch. VII within 6 months *	118.27	73.48
Amount required to be spent during the year	56.16	83.00
Amount spent during the year	174.43	38.21
Unspent balances as at the closing of the year	-	118.27

\* Out of ₹ 118.27 million, an amount of ₹ 75.9 million was transferred in the month of April, 2022 and balance amount was already transferred in FY21-22.

### Note: 1

Since the implementation of CSR programs are directly handled by the Company, COVID-19 pandemic prevented the employees to reach out to the beneficiaries directly on the CSR approved projects.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 29: Tax expense

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Current tax	-	812.71
Adjustment in respect of current income tax of prior years	-	17.05
Deferred tax credit	59.10	(650.28)
<b>Total tax charge</b>	<b>59.10</b>	<b>179.48</b>
<b>Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate</b>		
Accounting profit before tax	182.47	645.86
Expected tax expense at the Indian tax rate 25.168% (March 31, 2022: 25.168%)	<b>45.92</b>	<b>162.55</b>
<i>Tax effect of amounts which are not deductible/taxable in calculating taxable income:</i>		
Effect of expenses not deductible under the IT Act, 1961	10.44	38.40
Effect of additional allowance deductible under the IT Act, 1961	-	(40.67)
Adjustment in respect of prior year tax expense	-	17.05
Others	2.74	2.15
<b>Income tax expense reported in the statement of profit and loss</b>	<b>59.10</b>	<b>179.48</b>

## 30: Earning per Share

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Net profit after tax as per statement of profit and loss	123.37	466.38
Net profit as above for calculation of basic EPS and diluted EPS	123.37	466.38
Weighted average number of equity shares in calculating basic EPS	7,07,13,014	6,46,24,714
Stock options granted under ESOP	2,14,619	1,60,706
Weighted average number of equity shares for diluted EPS	7,09,27,634	6,47,85,420
Basic earnings per share (In rupees)	1.74	7.22
Diluted earnings per share (In rupees)	1.74	7.20

## 31: Segment Reporting

The Company operates in a single business segment i.e. financing, as the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment as per Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic, and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer aggregates to 10% or more of the Company's total revenue during the year ended March 31, 2023 or March 31, 2022.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 32: Related party disclosures (As per Ind AS 24)

### I. Subsidiary Company

- a) Caspian Financial Services Limited
- b) Criss Financial Limited (formerly Criss Financial Holdings Limited)

### II. Entities in which Key Management Personnel and their relatives have significant influence

- a) Spandana Employee Welfare Trust
- b) Spandana Rural and Urban Development Organization (upto November 02, 2021)
- c) Abhiram Marketing Services Limited (upto November 02, 2021)

### III. Key Management Personnel ("KMP")

- a) Mr. Shalabh Saxena - Managing Director & Chief Executive Officer
- b) Mr. Ashish Damani - President and Chief Financial Officer
- c) Mr. Ramesh Periasamy - Company Secretary & Chief Compliance Officer
- d) Mr. Bharat Shah (Independent Director)
- e) Mr. Deepak Vaidya (Independent Director)
- f) Mr. Jagdish Capoor (Independent Director)
- g) Mrs. Abanti Mitra (Non-Executive Chairman and Independent Director)
- h) Mr. Sunish Sharma (Nominee Director)
- i) Mr. Kartikeya Dhruv Kaji (Nominee Director)
- j) Mr. Amit Sobti (Nominee Director upto September 21, 2022)
- k) Mr. Ramachandra Kasargod Kamath (Nominee Director)
- l) Mr. Animesh Chauhan - Independent Director (w.e.f August 4, 2022)
- m) Mr. Neeraj Swaroop - Nominee Director (w.e.f August 4, 2022)
- n) Mrs. Padmaja Gangireddy - Managing Director upto November 2, 2021 and Director w.e.f November 3, 2021
- o) Mr. Abdul Feroz Khan – Chief Strategy Officer (upto November 02, 2021)
- p) Mr. Satish Kottakota - Chief Financial Officer (upto October 01, 2021)

### IV. Relatives of Key Management Personnel

- a) Mr. Revan Saahith (upto November 02, 2021)
- b) Mr. Vijaya Sivarami Reddy Vendidandi (upto November 02, 2021)

### V. Related parties in accordance with RBI Master directions

- a) Spandana Mutual Benefit Trust (upto November 02, 2021)

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 32: Related party disclosures (As per Ind AS 24) (Contd.)

### (b) Transactions with related parties

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<b>(i) Criss Financial Limited</b>		
Interest income on Inter corporate advances	262.11	128.37
Rental income	0.76	-
Rental expense	0.28	-
Inter-corporate advances granted (gross)	3,682.77	2,765.54
Expense reimbursement claimed from the Company	60.44	59.80
Expense reimbursement claimed by the Company	30.69	29.82
<b>(ii) Abhiram Marketing Services Limited</b>		
Incentive income	-	64.68
Interest income	1.91	12.94
Inter-corporate advances granted (gross)	-	126.00
Purchase of loan portfolio	105.27	-
Expense reimbursement claimed from the Company	-	0.30
Loan collections on behalf of Abhiram	-	278.03
Purchase of fixed assets & goods	-	9.74
<b>(iii) Caspian Financial Services Limited</b>		
Inter-corporate advances granted (gross)	315.00	-
Interest income on Inter corporate advances	19.30	-
Expense reimbursement claimed from the Company	1.89	-
Rental income	0.06	-
Commission expense	28.51	-
CSR expenses	5.76	-
Disbursement proceeds transferred	74.92	-
<b>(iv) Spandana Mutual Benefit Trust</b>		
Sale of fixed assets	-	0.20
<b>(v) Spandana Rural and Urban Development Organization</b>		
Sale of fixed assets	-	3.66
Rent expenses	3.87	28.47
Expense reimbursement claimed from the Company	-	0.04
<b>(vi) Remuneration paid to KMP's</b>		
Mr. Shalabh Saxena ^	156.49	1.57
Mr. Ashish Damani ^	95.13	1.22
Mr. Ramesh Periasamy ^	14.52	7.85
Mr. Abdul Feroz Khan	-	7.34
Mrs. Padmaja Gangireddy	-	373.20
Mr. Satish Kottakota	-	4.36
<b>(vii) Mr. Revan Saahith</b>		
Remuneration paid	-	1.92

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 32: Related party disclosures (As per Ind AS 24) (Contd.)

### (b) Transactions with related parties (Contd.)

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<b>(vii) Mr. Vijaya Sivarami Reddy Vendidandi</b>		
Rent expenses	3.01	12.95
Sale of fixed assets	-	1.35
<b>(ix) Transactions with Non-Executive Director</b>		
Annual fees	12.67	10.00

\* KMP's are covered by the Company's leave policy and are eligible for gratuity along with other employees of the Company. The provision made towards gratuity and leave encashment pertaining to the KMP's has not been included in the aforementioned disclosures as these are not determined on an individual basis.

^ Include cost towards share based payment to employees of ₹ 150.76 million (March 31, 2022: ₹ 2.48 million).

### (c) Balance receivable / (payable)

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<b>Loans</b>		
Criss Financial Limited	2,240.64	1,130.21
Abhiram Marketing Services Limited	-	64.60
Caspian Financial Services Limited	55.44	-
<b>Other financial liabilities</b>		
Spandana Rural and Urban Development Organization	-	(1.21)
Criss Financial Limited	(0.63)	(0.06)
Abhiram Marketing Services Limited	-	(25.17)
Caspian Financial Services Limited	(40.60)	-
Mrs. Padmaja Gangireddy	-	(407.10)
Mr. Vijaya Sivarami Reddy Vendidandi	-	(0.77)
Mr. Satish Kottakota	-	(5.48)
Mr. Shalabh Saxena	(16.87)	(1.57)
Mr. Ashish Damani	(10.02)	(1.22)
Mr. Ramesh Periasamy	(2.60)	(3.49)
<b>Other financial assets</b>		
Criss Financial Limited	2.98	-
Abhiram Marketing Services Limited	-	69.85
Caspian Financial Services Limited	0.17	-

#### Notes:

- Refer note 33 (b) for guarantee given for the borrowings availed by Criss Financial Limited.
- All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.



# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 33: Contingent Liabilities

### a. Claims against the Company not acknowledged as debt:

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Service tax open assessments	48.67	48.67
Income tax open assessments	486.60	445.07
<b>Total</b>	<b>535.27</b>	<b>493.74</b>

- i) The Commissioner, Service Tax Commissionerate, Hyderabad ("CST"), through two orders dated August 7, 2012 and October 9, 2013, levied service tax, interest and penalty on pre-closure interest charged by the Company on loans preclosed during FY 2006-07 to FY 2011-12. The CST also issued an order dated March 27, 2015, levying service tax, interest and penalty on a part of profit on portfolio sale during FY 2007-08 to FY 2010-11, deeming it to be consideration for collection and remittance of loan instalments. The Company filed an appeal against these orders before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT) which is pending for hearing on March 31, 2023. The service tax and interest thereon in respect of these matters have been provided for in earlier years based on Company's assessment. However, given the facts of these cases, legal precedents, and general opinion, the penalty indicated in these orders aggregating ₹ 48.66 million is considered as a contingent liability as at March 31, 2023.
- ii) The Company received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of ₹ 477.64 million (including accrued interest) under section 69A read with section 115BBE of the Income Tax Act, 1961 ("IT Act"). The Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the Company confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2023. The Company has deposited ₹ 69.22 million against such demand.
- iii) The Company received an income tax assessment-cum-demand order for FY 2017-18, disallowing deduction of ₹ 13.45 million claimed under section 80JJAA. While, the addition has not resulted in any additional tax demand (since during FY 2017-18), the Company had paid income tax under section 115JB of the IT Act. However, the assessing officer has levied a penalty of ₹ 8.96 million under section 270A of the IT Act. SSFL has filed an appeal before the CIT(A) against the levy of penalty.

Based on the internal assessment and / or legal opinion, the Management is confident that, for the aforesaid mentioned contingent liabilities under paragraph (i) to (iii) above, no further provision is required to be made as at March 31, 2023.

### b. Others

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Corporate Guarantee for the term loans availed by Criss Financial Limited	1,001.98	1,165.76
<b>Total</b>	<b>1,001.98</b>	<b>1,165.76</b>

## 34: Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques. This note describes the fair value measurement.

### Valuation framework

The Company will assess the fair values for assets qualifying for fair valuation. The Company's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 34: Fair Value (Contd.)

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

1. Fair values of investments held under FVTPL have been determined under level 1 using quoted Net Asset Value of the underlying instruments;
2. Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and selling the loans are measured at FVOCI. The fair value of these loans has been determined under level 2.

## 35: Fair Value Hierarchy of assets and liabilities

### Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

Level 3 - If one or more of the significant inputs is not based on observable market data (unobservable), the instrument is included in level 3.

### I. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

	Fair value measurement using		
	Level -1	Level -2	Level -3
<b>Assets measured at fair value as at March 31, 2023</b>			
Loans (measured at FVOCI)	-	72,506.85	-
Investments in Security Receipts	-	1,892.54	-
Investments in equity shares (measured at FVTPL)	-	-	1.00
	-	<b>74,399.39</b>	<b>1.00</b>
<b>Assets measured at fair value as at March 31, 2022</b>			
Loans (measured at FVOCI)	-	51,442.58	-
Derivative financial instruments (measured at FVTPL)	-	0.46	-
Investments in equity shares (measured at FVTPL)	-	-	1.00
	-	<b>51,443.04</b>	<b>1.00</b>

### II. The following table shows an analysis of financial assets that are not carried at fair value

	Amortized cost	Fair value measurement using		
		Level -1	Level -2	Level -3
<b>Assets measured at fair value as at March 31, 2023</b>				
Loans	2,296.08	-	2,296.08	-
Investments in equity shares	1,170.04	-	-	1,793.76
	<b>3,466.13</b>	-	<b>2,296.08</b>	<b>1,793.76</b>
<b>Assets measured at fair value as at March 31, 2022</b>				
Loans	1,194.81	-	1,194.81	-
Investments in equity shares	1,145.24	-	-	1,356.74
	<b>2,340.05</b>	-	<b>1,194.81</b>	<b>1,356.74</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 35: Fair Value Hierarchy of assets and liabilities (Contd.)

III. The following table shows an analysis of financial liabilities that are not carried at fair value

	Amortized cost	Fair value measurement using		
		Level -1	Level -2	Level -3
<b>Liabilities measured at fair value as at March 31, 2023</b>				
Debt securities	33,539.15	-	33,899.65	-
Borrowings (other than debt securities)	25,603.09	-	25,649.39	-
Subordinated liabilities	199.77	-	199.33	-
Lease Liabilities	126.69	-	126.69	-
	<b>59,468.70</b>	<b>-</b>	<b>59,875.05</b>	<b>-</b>
<b>Liabilities measured at fair value as at March 31, 2022</b>				
Debt securities	17,584.36	-	17,850.47	-
Borrowings (other than debt securities)	18,528.31	-	18,726.07	-
Subordinated liabilities	201.87	-	224.88	-
	<b>36,314.54</b>	<b>-</b>	<b>36,801.42</b>	<b>-</b>

### Note:

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents and other financial assets / liabilities approximate the fair value because of their short-term nature.

### Valuation technique used

#### For Loans

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fairvalue of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

#### For derivative financial instruments

For derivative financial instruments, the Company has assessed the fair value under Monte Carlo Simulation model which involves input parameters like discount rate, volatility, expected tenure, risk-free rates, coupon payment date, time steps and iterations.

#### For investment in equity instruments

For investments, the Company has assessed the fair value on the basis of using a market comparable book value multiple.

#### For investment in security receipts

For investments in security receipts, the Company has considered the net asset value declared by the trust.

### Financial liabilities measured at amortised cost

#### For Borrowings

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2023 and March 31, 2022.

## 36: Capital Management

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 36: Capital Management (Contd.)

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on its Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

### Regulatory Capital

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Tier I Capital	25,699.65	27,809.45
Tier II Capital	-	105.23
<b>Total Capital</b>	<b>25,699.65</b>	<b>27,914.68</b>
Risk weighted assets	69,710.93	55,009.87
Tier I CRAR	36.87%	50.55%
Tier II CRAR	0.00%	0.19%
<b>Total CRAR</b>	<b>36.87%</b>	<b>50.74%</b>

## 37: Employee Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of ₹ 2 million per the Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

### Movement in defined benefit obligations

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Defined benefit obligation as at the beginning of the year	41.85	40.74
Current service cost	10.86	8.08
Interest on defined benefit obligation	2.59	2.36
Remeasurements- Actuarial (gain) / loss	10.89	15.46
Benefits paid	(9.66)	(24.79)
<b>Defined benefit obligation as at the end of the year</b>	<b>56.53</b>	<b>41.85</b>

### Movement in plan assets

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Fair value of plan assets as at the beginning of the year	2.38	24.66
Actual return on plan assets	0.15	2.51
Actuarial gains	-	-
Employer contributions	8.43	-
Benefits paid	(9.66)	(24.79)
<b>Fair value of plan assets as at the end of the year</b>	<b>1.30</b>	<b>2.38</b>

The Company expects to contribute ₹ 16.34 million (March 31, 2022 ₹ 11.08 million) to gratuity in the next financial year.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 37: Employee Benefit Plans (Contd.)

### Reconciliation of net liability/ asset

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Net defined benefit liability as at the beginning of the year	39.46	16.08
Expense charged to statement of profit & loss	13.30	9.01
Amount recognised in other comprehensive income	10.89	14.37
Employer contributions	(8.43)	-
<b>Net defined benefit liability as at the end of the year</b>	<b>55.23</b>	<b>39.46</b>

### Expenses charged to the statement of profit and loss

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Current service cost	10.86	8.08
Interest cost	2.44	0.93
<b>Total</b>	<b>13.30</b>	<b>9.01</b>

### Remeasurement gains/(losses) in the other comprehensive income

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Actuarial Gain / (Loss) on Liabilities		
- due to change in financial assumptions	(5.30)	0.44
- due to experience variance	(5.59)	(15.89)
<b>Total -A</b>	<b>(10.89)</b>	<b>(15.45)</b>
Actuarial Gain / (Loss) on assets		
- Expected Interest Income	0.15	1.43
- Actual Income on Plan Asset	0.15	2.51
<b>Total -B</b>	<b>(0.00)</b>	<b>1.08</b>
<b>Amount recognised under OCI (A+B)</b>	<b>(10.89)</b>	<b>(14.37)</b>

### The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

(₹ in millions unless otherwise stated)

Category of Assets	March 31, 2023	March 31, 2022
Fund managed by Insurer	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Summary of Actuarial Assumptions

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.30%	6.19%
Expected return on plan assets	6.19%	5.79%
Rate of Increase in compensation levels	7.50%-12.50%	5.00%
Retirement age (years)	58	58

**Discount rate:** The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

**Expected rate of return on plan assets:** This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 37: Employee Benefit Plans (Contd.)

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Discount rate (+0.5%)	(0.74)	(0.53)
Discount rate (-0.5%)	0.76	0.54
Salary Inflation (+1%)	1.49	1.11
Salary Inflation (-1%)	(1.42)	(1.06)
Withdrawal Rate (+5%)	(2.84)	(1.80)
Withdrawal Rate (-5%)	3.20	1.95

## Projected plan cash flow

The weighted average duration of the defined benefit obligation of Company is ~ 5 years

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Year 1	11.72	9.23
Year 2	11.38	8.40
Year 3	10.22	7.59
Year 4	9.14	6.31
Year 5	7.60	5.31
After year 5	20.49	13.18

## The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

## 38: Leases

### Company as a lessee

The Company's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch offices). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreements carries non-cancellable lease periods. The head office premises have been obtained on a lease term of five years with an annual escalation clause of five percent. The Company has applied short term lease exemption for leasing arrangements where the period of lease is less than 12 months.

### Amounts recognised in statement of profit or loss:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	18.01	34.30
Interest expense on lease liabilities	9.60	17.81
Expense relating to short-term leases *	187.95	97.54
<b>Total amount recognised in profit or loss</b>	<b>215.56</b>	<b>149.65</b>

\*net of gain of Nil (March 31, 2022: ₹ 43.72 million), recognized on cancellation of lease agreements pursuant to the execution of Settlement Agreement.

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Total commitments for short term leases	48.68	42.43

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 38: Leases (Contd.)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Balances as at the beginning of the year	-	129.26
Addition	138.41	-
Deletion	-	(94.96)
Depreciation	(18.01)	(34.30)
Balances as at the end of the year	120.40	-

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Balances as at the beginning of the year	-	152.66
Addition	138.41	-
Accretion of interest	9.60	17.81
Deletion	-	(147.41)
Payments	(21.33)	(23.06)
Balances as at the end of the year	126.69	-

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Less than one year	33.88	-
One to five years	126.07	-
More than five years	-	-
<b>Total</b>	<b>159.95</b>	<b>-</b>

## 39: Amount payable to micro small and medium enterprises

Based on information available with the Company, as at the reporting period, there are no dues payable to suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

## 40: Risk Management and financial objectives

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

### 40.1 Credit Risk

Credit risk is the risk that the counterparty shall not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of the creditworthiness as well as concentration of risks. Credit risk arises primarily from financial assets such as loan receivables, investment in equity shares, balances with banks and other receivables.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 40: Risk Management and financial objectives (Contd.)

Financial instruments that are subject to concentration of credit risk principally consist of investments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

### Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including fixed deposits, were either past due or impaired as at March 31, 2023 and March 31, 2022. The Company has diversified its portfolio of investment in cash and cash equivalents and term deposits with various banks with sound credit ratings, hence the risk is reduced.

### Loans

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Company is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing micro-loans in Rural Areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Company creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The criteria of default, significant increase in credit risk and stage assessment is mentioned in note 3 (e) of the significant accounting policies. The below discussion describes the Company's approach for assessing impairment.

#### A) Probability of default (PD)

The Company determines PD on a collective basis by stratifying the entire portfolio into meaningful categories. The Company uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the Company bifurcates the entire portfolio into different states. Further the Company performs analysis of its defaults in various states over different observation period. In determining the PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Company determines PD for each stage depending upon the underlying classification of asset (i.e., Stage I or Stage II). The PD rates for Stage I and II have been further bifurcated based on the days-past-due (DPD) status of the loans (i.e., current, 1-30 DPD, 31-60 DPD and 61-90 DPD) to incorporate adequate granularity. PD rate for stage 3 is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days."

#### B) Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

#### C) Loss given default

The Company determines its expectation of lifetime loss by estimating recoveries towards its loan through analysis of historical information. The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. LGD is the difference between the exposure at default and its recovery rate. Similar to PDs, the LGD rates have also been reassessed for COVID-19 affected portfolio by comparing past recovery experience from less frequent / non-recurring default events. Appropriate adjustments have also been made for recoveries observed during the post-pandemic period which are considered as an appropriate representation of expected post-default recoveries.



# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 40: Risk Management and financial objectives (Contd.)

### Analysis of concentration risk:

The Company's loan book consists of a large number of customers spread over diverse geographical area. The following tables show the geographical concentrations of loans:

(₹ in millions unless otherwise stated)

States	March 31, 2023	March 31, 2022
Madhya Pradesh	16.75%	18.58%
Odisha	14.76%	16.96%
Maharashtra	9.68%	10.43%
Karnataka	10.57%	12.01%
Chhattisgarh	5.32%	6.93%
Kerala	0.35%	1.86%
Rajasthan	4.75%	4.66%
Bihar	8.39%	6.39%
Jharkhand	6.64%	5.05%
Andhra Pradesh	11.12%	8.53%
Gujarat	5.17%	3.99%
Others	6.49%	4.61%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Collateral and other credit enhancement

The Company's secured portfolio consists of loans against property (including land and building). Although collateral is an important mitigant credit risk, the Company's practice is to lend on the basis of its assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of the product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral.

**40.1.a** Inter-corporate advance given by the Company to related parties are repayable on demand and governed by Company's policy on demand loans approved by the board of directors. Such policy requires credit appraisal of the financial and operational performance of the counter parties, to be performed by the Company before renewing/rolling over of the advance.

### 40.2 Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Company has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

### Maturity pattern of financial liabilities:

(₹ in millions unless otherwise stated)

Particulars	Borrowings *		Other financial liabilities	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Upto 1 month	3,885.80	4,837.73	877.10	406.98
1 to 2 months	5,448.21	2,038.91	123.88	-
2 to 3 months	3,835.08	1,804.57	9.94	423.85

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 40: Risk Management and financial objectives (Contd.)

(₹ in millions unless otherwise stated)

Particulars	Borrowings *		Other financial liabilities	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
3 to 6 months	9,411.88	5,734.49	8.47	-
6 months to 1 year	22,633.74	9,286.00	405.95	454.81
1 to 3 years	19,232.21	17,340.64	108.81	-
3 to 5 years	785.92	405.41	17.26	-
Over 5 years	14.89	391.54	-	-
<b>Total</b>	<b>65,247.73</b>	<b>41,839.29</b>	<b>1,551.40</b>	<b>1,285.64</b>

\*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities and includes interest payable as per agreed repayment schedule

### Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered and settled.

(₹ in millions unless otherwise stated)

	March 31, 2023			March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	8,103.64	-	8,103.64	7,239.95	-	7,239.95
Bank balances other than cash and cash equivalents	852.57	1,059.05	1,911.62	3,340.89	1,409.83	4,750.72
Derivative financial instrument	-	-	-	0.46	-	0.46
Loans	45,912.68	28,890.25	74,802.93	35,406.36	17,231.03	52,637.39
Investments	767.39	2,296.19	3,063.58	-	1,146.24	1,146.24
Other Financial Assets	1,069.79	142.75	1,212.54	498.28	25.56	523.84
<b>Subtotal- Total Financial Assets</b>	<b>56,706.07</b>	<b>32,388.24</b>	<b>89,094.31</b>	<b>46,485.94</b>	<b>19,812.66</b>	<b>66,298.60</b>
<b>Non Financial Assets</b>						
current tax asset(net)	140.11	238.60	378.71	149.38	-	149.38
Deferred tax asset (net)	-	1,889.38	1,889.38	-	1,812.28	1,812.28
Property, Plant and equipment	-	246.26	246.26	-	64.24	64.24
Intangible assets	-	46.83	46.83	-	70.96	70.96
Other Non financial assets	162.42	38.53	200.95	241.46	-	241.46
<b>Subtotal-Total Non Financial Assets</b>	<b>302.53</b>	<b>2,459.60</b>	<b>2,762.13</b>	<b>390.84</b>	<b>1,947.48</b>	<b>2,338.32</b>
<b>Total Assets</b>	<b>57,008.60</b>	<b>34,847.84</b>	<b>91,856.44</b>	<b>46,876.78</b>	<b>21,760.14</b>	<b>68,636.92</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Debt securities	23,560.60	9,978.55	33,539.15	6,381.17	11,203.19	17,584.36
Borrowings (other than debt securities)	17,806.69	7,796.40	25,603.09	14,778.26	3,750.05	18,528.31
Subordinated liabilities	-	199.77	199.77	2.38	199.49	201.87
other financial liabilities	1,412.74	105.40	1,518.14	1,285.64	-	1,285.64
<b>Subtotal-Total financial Liabilities</b>	<b>42,780.02</b>	<b>18,080.13</b>	<b>60,860.15</b>	<b>22,447.45</b>	<b>15,152.73</b>	<b>37,600.18</b>
<b>Non Financial liabilities</b>						
Current tax liabilities(net)	-	40.22	40.22	177.53	-	177.53
Provisions	13.82	48.28	62.10	39.47	-	39.47
Other non financial liabilities	286.67	175.47	462.14	504.42	-	504.42
<b>Subtotal - Total non-financial liabilities</b>	<b>300.49</b>	<b>263.97</b>	<b>564.46</b>	<b>721.42</b>	<b>-</b>	<b>721.42</b>
<b>Total Liabilities</b>	<b>43,080.51</b>	<b>18,344.10</b>	<b>61,424.61</b>	<b>23,168.87</b>	<b>15,152.73</b>	<b>38,321.60</b>
<b>Net</b>	<b>13,928.09</b>	<b>16,503.74</b>	<b>30,431.83</b>	<b>23,707.91</b>	<b>6,607.41</b>	<b>30,315.32</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 40: Risk Management and financial objectives (Contd.)

### 40.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to two types of market risks as follows:"

#### 40.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates."

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax / equity is affected through the impact on floating rate borrowings, as follows:

(₹ in millions unless otherwise stated)

Finance Cost	March 31, 2023	March 31, 2022
0.50 % Increase	(169.53)	(89.86)
0.50 % Decrease	169.53	89.86

#### 40.3b Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

#### 40.3c Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contract.

Particulars	March 31, 2023	March 31, 2022
	USD	USD
Liability External Commercial Borrowing	2,00,00,000	-
Assets – Cross Currency Interest rate Swap Contract	2,00,00,000	-

## 41: Transfer of Financial assets

### a. Securitisation Transaction:

The Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loans, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Company has concluded that risk and rewards with respect to these assets are not substantially transferred. Following such transfer, the Company's involvement in these assets is as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties



# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 42: Employee stock option plan (ESOP) (Contd.)

Particulars	Grant XI	Grant XII ESOP Plan 2018 and ESOP Scheme 2021	Grant I ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant II ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant III ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant IV ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant V ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant VI ESOP Plan 2021 and ESOP Scheme 2021-Series A
Date of grant	21-May-21	14-Aug-21	2-Nov-21	30-Mar-22	11-Jul-22	8-Sep-22	17-Oct-22	31-Jan-23
Date of Board / Compensation/ Committee Approval	21-May-21	14-Aug-21	2-Nov-21	30-Mar-22	11-Jul-22	8-Sep-22	17-Oct-22	31-Jan-23
Number of options granted	20,000	12,28,000	1,23,000	16,60,000	2,15,000	1,60,000	50,000	6,38,000
Exercise price	584.56	636.46	532.35	371.07	415.59	554.88	553.1	569.18
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period	20 % equally at the end of each year	20 % equally at the end of each year	20 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year
Exercise period	9 years from the grant date (or) one year from the date of separation after vesting, whichever is earlier.		9 years from the grant date (or) before separation after vesting, whichever is earlier.					
Name of the plan	ESOP Plan 2018 and ESOP Scheme 2018	ESOP Plan 2018 and ESOP Scheme 2021	ESOP Plan 2021 and ESOP Scheme 2021-Series A	ESOP Plan 2021 and ESOP Scheme 2021-Series A	ESOP Plan 2021 and ESOP Scheme 2021-Series A	ESOP Plan 2021 and ESOP Scheme 2021-Series A	ESOP Plan 2021 and ESOP Scheme 2021-Series A	ESOP Plan 2021 and ESOP Scheme 2021-Series A

### b. The details of all grants in operation during financial year 2021-22 have been summarised below:

Plan	Grant Date	Exercise Price	Outstanding at the beginning of the year	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding at the end of the year	Weighted average remaining contractual life of options (in years)
Grant I	13-Aug-18	263.35	45,600	-	6,320	21,280	18,000	5.37
Grant II	13-Aug-18	263.35	3,63,550	-	84,585	1,07,910	1,71,055	5.37
Grant III	7-Feb-19	263.35	3,000	-	1,800	1,200	-	5.85
Grant IV	28-Jan-20	1,077.37	55,500	-	-	23,500	32,000	6.83
Grant V	28-Jan-20	1,077.37	2,71,000	-	-	90,500	1,80,500	6.83
Grant VI	3-Mar-20	1,091.58	36,500	-	-	36,500	-	6.92
Grant IX	31-Aug-20	608.74	28,000	-	-	-	28,000	7.42
Grant X	12-Nov-20	565.72	1,25,000	-	-	70,000	55,000	7.62
Grant XI	21-May-21	584.56	-	20,000	-	-	20,000	8.14
Grant XII ESOP Plan 2018 and ESOP Scheme 2021	14-Aug-21	636.46	-	12,28,000	-	2,03,500	10,24,500	8.37
Grant I ESOP Plan 2021 and ESOP Scheme 2021-Series A	2-Nov-21	532.35	-	1,23,000	-	12,000	1,11,000	8.59
Grant II ESOP Plan 2021 and ESOP Scheme 2021-Series A	30-Mar-22	371.07	-	16,60,000	-	-	16,60,000	9.00
<b>Total</b>			<b>9,28,150</b>	<b>30,31,000</b>	<b>92,705</b>	<b>5,66,390</b>	<b>33,00,055</b>	

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 42: Employee stock option plan (ESOP) (Contd.)

b. The details of all grants in operation during financial year 2022-23 have been summarised below:

Plan	Grant Date	Exercise Price	Outstanding at the beginning of the year	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding at the end of the year	Weighted average remaining contractual life of options (in years)
Grant I	13-Aug-18	263.35	18,000	-	6,000	-	12,000	4.37
Grant II	13-Aug-18	263.35	1,71,055	-	30,000	1,058	1,39,997	4.37
Grant IV	28-Jan-20	1,077.37	32,000	-	-	4,800	27,200	5.83
Grant V	28-Jan-20	1,077.37	1,80,500	-	-	13,400	1,67,100	5.83
Grant IX	31-Aug-20	608.74	28,000	-	-	4,800	23,200	6.42
Grant X	12-Nov-20	565.72	55,000	-	-	55,000	-	6.62
Grant XI	21-May-21	584.56	20,000	-	-	20,000	-	7.14
Grant XII ESOP Plan 2018 and ESOP Scheme 2021	14-Aug-21	636.46	10,24,500	-	-	2,10,200	8,14,300	7.37
Grant I ESOP Plan 2021 and ESOP Scheme 2021-Series A	2-Nov-21	532.35	1,11,000	-	-	24,000	87,000	7.59
Grant II ESOP Plan 2021 and ESOP Scheme 2021-Series A	30-Mar-22	371.07	16,60,000	-	-	1,60,000	15,00,000	8.00
Grant III ESOP Plan 2021 and ESOP Scheme 2021-Series A	11-Jul-22	415.59	-	2,15,000	-	1,58,000	57,000	8.28
Grant IV ESOP Plan 2021 and ESOP Scheme 2021-Series A	8-Sep-22	554.88	-	1,60,000	-	-	1,60,000	8.44
Grant V ESOP Plan 2021 and ESOP Scheme 2021-Series A	17-Oct-22	553.10	-	50,000	-	-	50,000	8.55
Grant VI ESOP Plan 2021 and ESOP Scheme 2021-Series A	31-Jan-23	569.18	-	6,38,000	-	-	6,38,000	8.84
<b>Total</b>			<b>33,00,055</b>	<b>10,63,000</b>	<b>36,000</b>	<b>6,51,258</b>	<b>36,75,797</b>	

<sup>1</sup>The expense recognised for employee services received during the year is ₹ 288.59 million. (March 31, 2022: ₹ 112.18 million)

c) The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2023

Plan	Grant III ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant IV ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant V ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant VI ESOP Plan 2021 and ESOP Scheme 2021-Series A
Date of Grant	11-Jul-22	8-Sep-22	17-Oct-22	31-Jan-23
No of ESOPs	2,15,000	1,60,000	50,000	6,38,000
Stock Price on the date of grant (₹)	416.25	576.10	551.53	559.30
Exercise Price (₹)	415.59	554.88	553.10	569.18
Expected Volatility	57.70%	57.14%	55.67%	59.03%
Dividend Yield	0.00%	0.00%	0.00%	0.00%
Risk Free Interest Rate	7.18% - 7.30%	6.98% - 7.04%	6.96% - 7.19%	7.09% - 7.22%
<b>Fair value of option</b>				
Vest-1	238.83	332.41	219.27	252.08
Vest-2	249.39	346.53	248.08	265.00
Vest-3	259.15	359.57	264.80	283.16
Vest-4	268.19	371.64	282.72	299.78
<b>Weighted average fair value</b>	<b>253.89</b>	<b>352.54</b>	<b>253.72</b>	<b>275.01</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

d) The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2022

Plan	Grant XI	Grant XII ESOP Plan 2018 and ESOP Scheme 2021	Grant I ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant II ESOP Plan 2021 and ESOP Scheme 2021-Series A
Date of Grant	21-May-21	14-Aug-21	2-Nov-21	30-Mar-22
No of ESOPs	20,000	12,28,000	1,23,000	16,60,000
Stock Price on the date of grant (₹)				
Exercise Price (₹)	584.56	636.46	532.35	371.07
Expected Volatility	55.27%	55.24%	53.05%	55.83%
Dividend Yield	0.00%	0.00%	0.00%	0.00%
Risk Free Interest Rate	5.65% - 6.12%	5.80% - 6.32%	5.76% - 6.28%	6.20% - 6.58%
<b>Fair value of option</b>				
Vest-1	303.16	353.64	264.34	178.30
Vest-2	317.96	370.27	277.79	187.51
Vest-3	331.75	385.85	290.36	196.12
Vest-4	344.68	400.37	302.26	204.15
Vest-5	356.80	413.99	313.37	
<b>Weighted average fair value</b>	<b>330.87</b>	<b>384.82</b>	<b>289.62</b>	<b>191.52</b>

Spandana Employee Stock Option Plan 2018 and Spandana Employee Stock Option Scheme, 2018 ('ESOP Plan 2018 and ESOP Scheme 2018')

Spandana Employee Stock Option Plan 2018 and Spandana Employee Stock Option Scheme, 2021 ('ESOP Plan 2018 and ESOP Scheme 2021')

Spandana Employee Stock Option Plan 2021 and Spandana Employee Stock Option Scheme, 2021-Series A ('ESOP Plan 2021 and ESOP Scheme 2021 Series A')

## 43: Utilisation of Borrowed funds and share premium

- (a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (b) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 44. Revenue from contracts with customers

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Type of services		
Service fees for management of assigned portfolio of loans	16.72	0.19
Commission and other income	639.38	211.15
<b>Total</b>	<b>656.10</b>	<b>211.34</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 44. Revenue from contracts with customers (Contd.)

### Geographical markets

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
India	656.10	211.34
Outside india	-	-
<b>Total</b>	<b>656.10</b>	<b>211.34</b>

### Timing of revenue recognition

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Services transferred at a point in time	656.10	211.34
Services transferred over time	-	-
<b>Total</b>	<b>656.10</b>	<b>211.34</b>

### Receivables

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Commission and other income	195.36	200.81
Impairment allowance recognised on receivables	-	-

## 45 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023		March 31, 2022	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<b>1) Liabilities side:</b>				
<b>Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:</b>				
(a) Debentures : Secured	23,511.44	-	16,843.20	-
: Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	25,802.86	-	18,730.18	-
(d) Inter-Corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans - Borrowing under securitisation arrangement (secured)	10,027.71	-	741.16	-



# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 45 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended: (Contd.)

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
	Amount outstanding	Amount outstanding
<b>2) Assets side:</b>		
<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below):</b>		
(a) Secured	37.27	79.58
(b) Unsecured	74,765.66	52,557.81
<b>3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sudry debtors:		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
<b>4) Break-up of Investments:</b>		
<b>Current Investments:</b>		
<b>1. Quoted:</b>		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
<b>2. Unquoted:</b>		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Certificate of Deposits and Commercial Paper)	-	-
<b>Long Term Investments:</b>		
<b>1. Quoted:</b>		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
<b>2. Unquoted:</b>		
(i) Shares: (a) Equity	1,171.04	1,146.24
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Security receipts	1,892.54	-

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 45 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended: (Contd.)

### 5) Borrower group-wise classification of assets financed as in (2) and (3) above:

(₹ in millions unless otherwise stated)

Category	March 31, 2023			March 31, 2022		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	2,296.08	2,296.08	-	1,130.21	1,130.21
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	37.27	72,469.58	72,506.85	79.58	51,427.60	51,507.18
<b>Total</b>	<b>37.27</b>	<b>74,765.66</b>	<b>74,802.93</b>	<b>79.58</b>	<b>52,557.81</b>	<b>52,637.39</b>

### 6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in millions unless otherwise stated)

Category	March 31, 2023		March 31, 2022	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	1,793.76	1,170.04	1,356.74	1,145.24
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	1,893.54	1,893.54	1.00	1.00
<b>Total</b>	<b>3,687.30</b>	<b>3,063.58</b>	<b>1,357.74</b>	<b>1,146.24</b>

### 7) Other Information

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
<b>(i) Gross Non-Performing Assets</b>		
(a) Related parties	-	-
(b) Other than related parties	1,566.81	11,139.04
<b>(ii) Net Non-Performing Assets</b>		
(a) Related parties	-	-
(b) Other than related parties	470.04	6,210.84
<b>(iii) Assets acquired in satisfaction of debt</b>	-	-

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

**46:** Additional information required by Master Direction- Non-Banking Financial Company-Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time ('the Master Directions') issued by the RBI.

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

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
CRAR (%)	36.87%	50.74%
CRAR-Tier I Capital (%)	36.87%	50.55%
CRAR-Tier II Capital (%)	0.00%	0.19%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

CRAR as at March 31, 2023 and March 31, 2022 has been determined in accordance with the RBI Master Directions read with RBI notification RBI/2019-20/170, DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards.

## B. Investments:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
1. Value of investments		
(i) Gross value of investments		
(a) In India	3,063.58	1,146.24
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	3,063.58	1,146.24
(b) Outside India	-	-
2. Movement of provisions held towards depreciation		
Opening balance	-	-
Add: Provision made during the year	-	-
Less: Write off/ write back	-	-
Closing balance	-	-

## C. Derivatives:

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

The Company has no unhedged foreign currency exposure as on March 31, 2023 (March 31, 2022: Nil).

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## D. Asset liability management - Maturity Pattern of certain items of assets and liabilities:

Maturity pattern	March 31, 2023			March 31, 2022		
	Assets		Liabilities	Assets		Liabilities
	Advances	Investments	Borrowings	Advances	Investments	Borrowings
0-7 Days	2,893.24	-	413.84	3,453.30	-	525.70
8-14 Days	1,359.44	-	155.24	1,609.70	-	389.80
15-30/31 Days	42.06	62	3,111.73	51.80	-	3,344.50
Over 1 month to 2 months	3,623.48	62.28	4,960.00	3,063.05	-	1,832.54
Over 2 months upto 3 months	3,728.12	62.28	3,440.87	3,075.86	-	1,613.10
Over 3 months to 6 months	11,436.97	206.85	8,337.13	8,980.58	-	5,114.61
Over 6 months to 1 year	22,829.36	373.69	20,962.29	15,172.03	-	8,341.59
Over 1 year to 3 years	27,918.09	1,145.15	17,354.59	13,424.05	-	14,540.58
Over 3 years to 5 years	972.17	-	606.32	12.65	-	262.16
Over 5 years	-	1,151.04	-	3,794.37	1,146.24	349.96
<b>Total</b>	<b>74,802.93</b>	<b>3,063.58</b>	<b>59,342.01</b>	<b>52,637.39</b>	<b>1,146.24</b>	<b>36,314.54</b>

## E. Exposure to real estate sector

(₹ in millions unless otherwise stated)

Category	March 31, 2023	March 31, 2022
<b>A. Direct exposure</b>		
<b>I. Residential Mortgages</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	45.31	81.03
<b>II. Commercial Real Estate</b>		
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.	-	-
<b>III. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
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>45.31</b>	<b>81.03</b>

F. The Company has no exposure to capital market during current and previous year.

G. The Company does not have any parent company, hence disclosure relating to product financed by parent company is not applicable.

H. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC

The Company has not exceeded the prudential exposure limits for Single Borrower Limit / Group Borrower Limit during current and previous year.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## I. Unsecured Advances – Refer note 6

### J. 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).

### K. Disclosure of Penalties imposed by RBI and Other Regulators:

- (i) Reserve Bank of India in exercise of powers under the provisions of clause (b) of sub-section (1) of section 58 G read with clause (aa) of sub-section (5) of section 58 B of the Reserve Bank of India Act, 1934, by an order dated August 05, 2022 (notified on August 08, 2022), based on the observations of statutory inspections for FY2019 and FY2020, has imposed a monetary penalty of ₹ 23.30 millions on the Company for non-adherence to the pricing of credit guidelines as applicable to Non-Banking Financial Company- Micro Finance Institutions for that period.
- (ii) Pursuant to the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 (the "RBI Guidelines") and in line with the specific instructions received from the RBI, the predecessor auditor's had resigned on January 28, 2022, after completion of limited review on the financial results of the Company for the quarter and half year ended September 30, 2021. Such resignation and subsequent appointment of new statutory auditors, being contrary to the provisions of para 6(A) of SEBI guidelines on "Resignation of statutory auditors from listed entities and their material subsidiaries" issued vide circular no. CIR/CFD/CMD1/114/2019 dated October 18, 2019, the Company has submitted application dated February 3, 2022 with SEBI, seeking settlement in this matter. Further, the Company vide letter dated June 3, 2022, has paid ₹ 2.5 million to settle the matter as directed by SEBI vide the Settlement Order no. SO/EFD-2/SD/429/OCTOBER/2022 dated October 25, 2022.

### L. Disclosure under Master Direction - Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
1. No. of SPVs sponsored by the NBFC for securitisation transactions during the year	13	4
2. Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date	10,040.93	1,564.20
3. Total amount of exposures retained to comply with minimum retention requirement ('MRR')		
a) On balance sheet exposures		
- First loss (MRR)	1,708.06	837.90
- Others	-	-
4. Amount of exposures to securitization transactions other than MRR:		
a) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	1,072.70	449.74
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

**Note:** The above transactions do not fulfill the test of de-recognition under Ind AS-109 and are recorded back on the balance sheet.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## M. Details of loans transferred / acquired during the year ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below :

- (i). Details of loan transfer through direct assignment in respect of loans not in default during the year ended March 31, 2023. (₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Number of Loans	1,42,832	12,626
Aggregate amount (In millions)	5,596.49	603.24
Sale consideration (In millions)	5,596.49	603.24
Number of transactions	3	1
Weighted average remaining maturity (in months)	20	20
Weighted average holding period after origination (in months)	4	4
Retention of beneficial economic interest (MRR) (in millions)	622	67
Coverage of tangible security coverage	NA	NA
Rating wise distribution of rated loans	NA	NA
Number of instances (transactions) where transferred as agreed to replace the transferred loans	Nil	Nil
Number of transferred loans replaced	Nil	Nil

- (i) The company has not transferred any non-performing assets (NPAs) except as disclosed above in note 46 M (ii) below.
- (ii) The Company has not acquired any loans through assignment.
- (iii) The Company has not acquired any stressed loan.
- (ii). The details of stressed loans transferred and Investment made in Security Receipts during year ended March 31, 2023 to ARCs are as under:

Particulars	To ARC	To Permitted transferes	To Other transferes
i) No. of accounts	3,07,580	-	-
ii) Aggregate principal outstanding of loans transferred (₹ in million) ^	6,953.92	-	-
iii) Weighted average residual tenor of the loans transferred (months)	4.30	-	-
iv) Net book value of loans transferred (at the time of transfer)	1,221.49	-	-
v) Aggregate consideration	2,280.00	-	-
vi) Additional consideration realised in respect of accounts transferred in earlier years	-	-	-
vii) Excess provisions reversed to the profit and loss account on sale of stressed loans	948.71	-	-
viii) Investment in Security Receipts (SR)#	1,982.60	-	-

^ includes written-off loans aggregating to ₹ 4,375.12 million for the year ended March 31, 2023, respectively.

# SRs currently not rated, to be rated within timelines as per RBI guidelines.

During the year ended March 31, 2022, the Company had not transferred any stressed loans to ARC's.

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

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

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

(₹ in millions unless otherwise stated)

Sr. No.	Instrument	Rating agency	Date of Rating	Rating assigned	Valid up to	Borrowing limit
1	Long term Bank facilities	ICRA	27-Mar-23	ICRA A- Positive	Note 1	21,050
2	Non convertible debentures	ICRA	27-Mar-23	ICRA A- Positive		5,636
3	Market Linked Debentures	ICRA	27-Mar-23	ICRA PP-MLD[ICRA]A- Positive		1,200
4	Non convertible debentures	India Rating	15-Feb-23	IND A Stable		11,300
5	Market Linked Debentures	India Rating	15-Feb-23	IND PP MLD Aemr Stable		18,000
6	Long term Bank facilities	India Rating	15-Feb-23	IND A Stable		20,000
7	Commercial Paper	India Rating	15-Feb-23	IND A Stable		5,000
8	Long term Bank facilities	Crisil	30-Sep-22	CRISIL A Stable		35,000
9	Securitisation	ICRA	30-Aug-22	[ICRA]A+(SO)	21-May-24	970.61
10	Securitisation	CARE	29-Sep-22	CARE AA-(SO)	1-Mar-24	968.78
11	Securitisation	ICRA	28-Oct-22	[ICRA]AA(SO)	24-Jun-24	464.87
12	Securitisation	ICRA	28-Oct-22	[ICRA]A+(SO)	14-Jul-24	1,993.42
13	Securitisation	ICRA	30-Dec-22	[ICRA]A+(SO)	12-Sep-24	739.79
14	Securitisation	ICRA	29-Dec-22	[ICRA]A-(SO)	17-Aug-24	526.84
15	Securitisation	CARE	28-Dec-22	CARE AA-(SO)	17-Aug-24	988.41
16	Securitisation	ICRA	17-Feb-23	[ICRA]A+(SO)	17-Aug-24	587.35
17	Securitisation	CARE	8-Mar-23	CARE AA-(SO)	15-Nov-24	410.12
18	Securitisation	ICRA	23-Mar-23	[ICRA]AA(SO) and [ICRA] A-(SO)	17-Nov-24	321.49
19	Securitisation	CARE	24-Mar-23	CARE AA-(SO)	17-Nov-24	1,279.17
20	Securitisation	ICRA	23-Mar-23	[ICRA]AA(SO)	19-Dec-24	2,270.93
21	Securitisation	India Rating	30-Mar-23	India Rating A+(SO)	1-Dec-24	471.30

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities.

## Ratings assigned by credit rating agencies and migration of ratings during Previous year:

(₹ in millions unless otherwise stated)

Sr. No.	Instrument	Rating agency	Date of Rating	Rating assigned	Valid up to	Borrowing limit
1	Long term Bank facilities	CRISIL	15-Nov-21	Crisil A/Watch developing (Placed on rating watch with developing implications)	Note 1	35,000.00
2	Non Convertible Debentures	India Rating	10-Mar-22	IND A/RWN		3,400.00
3	Market Linked Debentures	India Rating	10-Mar-22	IND PP -MLD Aemr/RWN		13,750.00
4	Long term Bank facilities	India Rating	15-Dec-22	IND A/RWN		5,000.00
5	Long term Bank facilities	ICRA	10-Mar-22	ICRA A-, rating under watch with developing implications		35,000.00
6	Non Convertible Debentures	ICRA	10-Mar-22	ICRA A-, rating under watch with developing implications		7,176.20
7	Market Linked Debentures	ICRA	3-Mar-22	PP-MLD ICRA A-, rating under watch with developing implications		4,000.00

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

(₹ in millions unless otherwise stated)

Sr. No.	Instrument	Rating agency	Date of Rating	Rating assigned	Valid up to	Borrowing limit
8	Securitisation	ICRA	27-May-21	ICRA A+(SO); provisional rating confirmed as final	10-Nov-22	1,999.80
9	Securitisation	ICRA	27-May-21	ICRA A+(SO); provisional rating confirmed as final	20-Nov-22	474.20
10	Securitisation	ICRA	29-Nov-21	ICRA AA+(SO); upgraded from ICRA A+(SO)	17-Jul-22	499.30
11	Securitisation	ICRA	28-Jan-22	ICRA A+(SO); upgraded from ICRA A(SO)	17-Aug-22	719.20
12	Securitisation	ICRA	28-Jan-22	ICRA A+(SO); upgraded from ICRA A(SO)	17-Oct-22	548.00
13	Securitisation	ICRA	28-Jan-22	ICRA A+(SO); reaffirmed	17-Oct-22	499.50

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities

## P. Provisions and contingencies (shown under expenditure in statement of profit and loss)

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Provision for income tax (net)	59.10	179.48
Provision for non-performing assets (impairment allowance on stage III loans)	(3,544.83)	3,034.87
Provision for standard assets (impairment allowance on stage I and stage II loans)	(318.33)	(283.75)
Provision for unfructified service tax liability	8.53	8.53
Provision for theft & fraud (net of recoveries)	35.18	28.62
Provision for gratuity	13.30	18.82
Provision for leave benefits	22.74	32.95
Provision for insurance claims (net of recoveries and write-off)	(7.40)	6.04

Q. There has been no drawdown from reserves during the current year and previous year.

## R. Concentration of Advances, Exposures and NPAs

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
<b>Concentration of Advances</b>		
Total advances to twenty largest borrowers #	14.10	20.94
(%) of advances to twenty largest borrowers to total advances	0.02%	0.04%
<b>Concentration of Exposures</b>		
Total exposure to twenty largest borrowers #	15.00	20.94
(%) of exposure to twenty largest borrowers to total exposure	0.02%	0.04%
<b>Concentration of NPAs *</b>		
Total exposure to top four NPA accounts	4.11	4.59

# excludes inter-corporate deposits extended to related parties

\* Represents stage III loans including interest



# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## S. Sector wise NPAs\*

(₹ in millions unless otherwise stated)

Sector	Percentage of NPAs to total advances in that sector	
	As at March 31, 2023	As at March 31, 2022
Agriculture and allied activities	1.90%	8.66%
MSME	1.99%	4.25%
Corporate borrowers	0.00%	0.00%
Services	0.00%	2.23%
Unsecured personal loans	9.53%	0.00%
Auto Loans	0.00%	0.16%
Other personal loans	17.73%	0.38%

\* Represents amount of principal outstanding for stage III loans

The above sector wise classification is based on the Company's determination of the purpose/activity for which the loan was granted.

## T. Movement of NPAs\*

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Net NPAs to net advances (%)	0.63%	11.80%
Movement of NPAs (gross)		
1. Opening balance	11,139.05	4,049.90
2. Additions during the year	3,349.75	9,151.97
3. Reductions/ write off during the year	(12,921.99)	(2,062.82)
4. Closing balance	1,566.81	11,139.05
Movement of Net NPAs		
1. Opening balance	6,210.85	2,156.57
2. Additions during the year	(1,813.69)	4,121.89
3. Reductions/ write off during the year	(3,927.11)	(67.61)
4. Closing balance	470.04	6,210.85
Movement of provision for NPAs		
1. Opening balance	4,928.20	1,893.33
2. Additions during the year	5,163.44	5,030.08
3. Reductions/ write off during the year	(8,994.88)	(1,995.21)
4. Closing balance	1,096.77	4,928.20

\* NPA loans and related provision considered in the above table represent loans classified as stage III in accordance with Ind AS 109 and the related ECL provision. Also refer note 6.

## U. Overseas assets

The Company does not have any subsidiary / joint venture abroad.

## V. Off Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have SPVs sponsored (which are required to be consolidated as per accounting norms).

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## W. Information on instances of fraud

Instances of fraud reported during the year ended March 31, 2023:

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement - For the year ended March 31, 2023	651	38.40	3.22	35.18
Cash Embezzlement - For the year ended March 31, 2022	1,385	52.72	24.10	28.62

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

## X. Sectoral Exposure\*

### i) Sectoral Exposure

(₹ in millions unless otherwise stated)

Sectors	Current Year (As at March 31, 2023)			Previous Year (As at March 31, 2022)		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
Agriculture and allied activities	44,230.73	2,463.14	5.57%	38,913.11	6,452.71	16.58%
Industry (Micro and small)	38,568.36	2,233.12	5.79%	20,359.08	5,173.47	25.41%
Personal Loans	303.01	60.79	20.06%	2,716.50	426.81	15.71%
<b>Total</b>	<b>83,102.10</b>	<b>4,757.04</b>	<b>5.72%</b>	<b>61,988.68</b>	<b>12,052.98</b>	<b>19.44%</b>

i) Sectoral Exposure (excluding direct assignment transactions executed prior to June-21 and outstanding as on March 31, 2023):

(₹ in millions unless otherwise stated)

	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
Agriculture and allied activities	42,564.41	810.01	1.90%	38,913.11	6,452.71	16.58%
Industry (Micro and small)	36,960.13	637.47	1.72%	20,359.08	5,173.47	25.41%
Personal Loans	271.40	29.43	10.84%	2,716.50	426.81	15.71%
<b>Total</b>	<b>79,795.94</b>	<b>1,476.91</b>	<b>1.85%</b>	<b>61,988.68</b>	<b>12,052.98</b>	<b>19.44%</b>

\* Represents amount of principal outstanding

## Y. Intra-group exposures

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
(i) Total amount of intra-group exposures	2,296.08	1,194.81
(ii) Total amount of top 20 intra-group exposures	2,296.08	1,194.81
(iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	2.98%	2.03%

## Z. Related party transactions – Refer note 32.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## AA. Disclosure of complaints

(i) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No.	Particulars	March 31, 2023	March 31, 2022
<b>Complaints received by the Company from its customers</b>			
1.	No. of complaints pending at the beginning of the year	306	41
2.	No. of complaints received during the year	3,283	1,905
3.	No. of complaints disposed during the year	3,536	1,640
3.1	Of Which, no. of complaints rejected during the year	8	-
4.	No. of complaints pending at the end of the year	53	306
<b>Maintainable complaints received from Office of Ombudsman</b>			
5.	No. of maintainable complaints received from Office of Ombudsman	8	-
5.1	Of 5, no. of complaints resolved in favour of the Company by Office of Ombudsman	-	-
5.2	Of 5, no. of maintainable complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	8	-
5.3	Of 5, no. of complaints resolved after passing of Awards by Office of Ombudsman against the Company	-	-
6.	No. of Awards unimplemented within the stipulated time (other than those appealed)	-	-

(ii) Top five grounds of complaints received by the Company from customers

(₹ in millions unless otherwise stated)

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Number of complaints pending beyond 30 days
<b>Current year</b>					
Ground - 1: OD Issues	71	738	162%	-	-
Ground - 2: Insurance claim settlements	160	1,608	493%	3	1
Ground - 3: New loan request	21	233	-58%	2	1
Ground - 4: Interest related enquiries	7	39	-35%	1	1
Others	47	665	-10%	47	14
<b>Total</b>	<b>306</b>	<b>3,283</b>		<b>53</b>	<b>17</b>
<b>Previous year</b>					
Ground - 1: OD Issues	-	282	43%	71	61
Ground - 2: Insurance claim settlements	41	271	-17%	160	150
Ground - 3: related new loan request	-	557	194%	21	6
Ground - 4: Interest related enquiries	-	60	-59%	7	-
Others	-	735	212%	47	26
<b>Total</b>	<b>41</b>	<b>1,905</b>		<b>306</b>	<b>243</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

**AB: Comparison between provisions required under Income Recognition and Asset Classification and Provision norms as per RBI master directions and impairment allowances made under Ind AS 109 for the year ended March 31, 2023:**

(₹ in millions unless otherwise stated)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowances (Provisions) as required as per Ind AS 109	Net Carrying Amount	Provisions as per IRACP norms #	Difference between Ind AS 109 Provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
<b>Performing Assets</b>						
Loans	Stage 1	72,425.83	784.78	71,641.05	292.29	492.50
	Stage 2	669.39	273.63	395.76	2.62	271.01
<b>Subtotal</b>		<b>73,095.22</b>	<b>1,058.41</b>	<b>72,036.81</b>	<b>294.91</b>	<b>763.50</b>
<b>Non Performing Assets (NPA)</b>						
Substandard	Stage 3	<b>1,566.81</b>	<b>1,096.77</b>	<b>470.04</b>	<b>615.35</b>	<b>481.41</b>
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
<b>Subtotal for Doubtful</b>		-	-	-	-	-
<b>Loss</b>	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>1,566.81</b>	<b>1,096.77</b>	<b>470.04</b>	<b>615.35</b>	<b>481.41</b>
Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal</b>		-	-	-	-	-
Total	Stage 1	72,425.83	784.78	71,641.05	292.29	492.50
	Stage 2	669.39	273.63	395.76	2.62	271.01
	Stage 3	1,566.81	1,096.77	470.04	615.35	481.41
	<b>Total</b>	<b>74,662.03</b>	<b>2,155.18</b>	<b>72,506.85</b>	<b>910.26</b>	<b>1,244.92</b>

## Notes to the Standalone Financial Statements

For the year ended March 31, 2023

Comparison between provisions required under Income Recognition and Asset Classification and Provision norms as per RBI master directions and impairment allowances made under Ind AS 109 for the year ended March 31, 2022:

(₹ in millions unless otherwise stated)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowances (Provisions) as required as per Ind AS 109	Net Carrying Amount	Provisions as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
<b>Performing Assets</b>						
Loans	Stage 1	41,150.84	334.13	40,816.71	172.12	162.01
	Stage 2	5,471.85	1,056.82	4,415.03	18.72	1,038.10
<b>Subtotal</b>		<b>46,622.69</b>	<b>1,390.95</b>	<b>45,231.74</b>	<b>190.84</b>	<b>1,200.11</b>
<b>Non Performing Assets (NPA)</b>						
Doubtful - up to 1 year	Stage 3	10,899.12	4,808.56	6,090.56	2,263.73	2,544.83
1 to 3 years	Stage 3	224.41	111.85	112.56	187.87	(76.02)
More than 3 years	Stage 3	15.51	7.79	7.72	13.29	(5.50)
	Stage 3	-	-	-	-	-
<b>Subtotal for Doubtful</b>		<b>239.92</b>	<b>119.64</b>	<b>120.28</b>	<b>201.16</b>	<b>(81.52)</b>
<b>Loss</b>	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>11,139.04</b>	<b>4,928.20</b>	<b>6,210.84</b>	<b>2,464.89</b>	<b>2,463.31</b>
Other provisions		-	-	-	-	-
Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	Stage 1	41,150.84	334.13	40,816.71	172.12	162.01
	Stage 2	5,471.85	1,056.82	4,415.03	18.72	1,038.10
	Stage 3	11,139.04	4,928.20	6,210.84	2,464.89	2,463.31
	<b>Total</b>	<b>57,761.73</b>	<b>6,319.15</b>	<b>51,442.58</b>	<b>2,655.73</b>	<b>3,663.42</b>

1. Interest on NPA loans is required to be de-recognised under IRACP norms. However, interest on Stage III loans is required to be recognised on the credit impaired (net of ECL) loan balance. Such income de-recognition is not considered as a provision for the purpose of above comparison.

# Figures under this columns Represents provisions determined in accordance with the Asset classification and provisioning norms as stipulated under Master Directions

### AC: Liquidity coverage ratio

The RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019. As per the said guidelines, LCR requirement shall be binding on all non-deposit taking systemically important NBFCs with asset size of ₹ 5000 crore and above but less than ₹ 10,000 crs from December 1, 2020, with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

The Company follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises cash and balance with other banks in current account. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

The disclosure on Liquidity Coverage Ratio of the Company for the year ended March 31, 2023 is as under:

(₹ in millions unless otherwise stated)

Sr. No.	Particulars	Q1FY22-23		Q2FY22-23		Q3FY22-23		Q4FY22-23	
		Total unweighted value @	Total weighted value (average) #	Total unweighted value @	Total weighted value (average) #	Total unweighted value @	Total weighted value (average) #	Total unweighted value @	Total weighted value (average) #
<b>High Quality Liquid Assets</b>									
1	Total High Quality Liquid Assets (HQLA)	4,360.66	4,360.66	8,648.05	8,648.05	10,232.10	10,232.10	8,103.64	8,103.64
<b>Cash outflows</b>									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
i	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii	Credit and liquidity facilities	1,918.40	2,206.16	2,215.02	2,547.28	2,469.40	2,839.81	3,885.25	4,468.04
6	Other contractual funding obligations	212.50	244.38	29.68	34.13	719.03	826.88	1,162.63	1,337.03
7	Other Contingent Funding Obligations	-	-	-	-	-	-	-	-
8	<b>Total cash outflows</b>	<b>2,130.90</b>	<b>2,450.53</b>	<b>2,244.70</b>	<b>2,581.41</b>	<b>3,188.42</b>	<b>3,666.69</b>	<b>5,047.88</b>	<b>5,805.07</b>
<b>Cash inflows</b>									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	4,850.00	3,637.50	4,900.00	3,675.00	3,871.87	2,903.90	4,500.03	3,375.02
11	Other cash inflows	494.69	371.02	1,120.75	840.56	116.50	87.38	132.43	99.32
12	<b>Total cash inflows</b>	<b>5,344.70</b>	<b>4,008.52</b>	<b>6,020.75</b>	<b>4,515.56</b>	<b>3,988.37</b>	<b>2,991.28</b>	<b>4,632.46</b>	<b>3,474.35</b>
13	<b>Total HQLA</b>		<b>4,360.66</b>		<b>8,648.05</b>		<b>10,232.10</b>		<b>8,103.64</b>
14	<b>Total net cash outflow</b>		<b>612.63</b>		<b>645.35</b>		<b>916.67</b>		<b>2,330.72</b>
15	<b>Liquidity coverage ratio (%)</b>		<b>712%</b>		<b>1340%</b>		<b>1116%</b>		<b>348%</b>

@ Unweighted values is calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).  
# Weighted values is calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

The disclosure on Liquidity Coverage Ratio of the Company for the year ended March 31, 2022 is as under:

(₹ in millions unless otherwise stated)

Sr. No.	Particulars	Q1FY21-22		Q2FY21-22		Q3FY21-22		Q4FY21-22	
		Total unweighted value	Total weighted value (average)	Total unweighted value	Total weighted value (average)	Total unweighted value	Total weighted value (average)	Total unweighted value	Total weighted value (average)
<b>High Quality Liquid Assets</b>									
1	Total High Quality Liquid Assets (HQLA)	6,150.63	6,150.63	5,788.91	5,788.91	10,103.82	10,103.82	7,828.88	7,828.88
<b>Cash outflows</b>									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
i	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii	Credit and liquidity facilities	3,506.24	4,032.17	3,406.87	3,917.90	3,782.47	4,349.84	3,261.54	3,750.78
6	Other contractual funding obligations	49.03	56.39	110.48	127.05	185.27	213.06	283.84	326.42
7	Other Contingent Funding Obligations	-	-	-	-	-	-	-	-
8	<b>Total cash outflows</b>	<b>3,555.27</b>	<b>4,088.56</b>	<b>3,517.35</b>	<b>4,044.95</b>	<b>3,967.73</b>	<b>4,562.89</b>	<b>3,545.39</b>	<b>4,077.19</b>
<b>Cash inflows</b>									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	4,142.44	3,106.83	4,975.53	3,731.65	4,459.23	3,344.42	4,801.87	3,601.40
11	Other cash inflows	408.24	306.18	376.59	282.44	455.47	341.60	507.49	380.62
12	<b>Total cash inflows</b>	<b>4,550.67</b>	<b>3,413.00</b>	<b>5,352.12</b>	<b>4,014.09</b>	<b>4,914.69</b>	<b>3,686.02</b>	<b>5,309.36</b>	<b>3,982.02</b>
13	<b>Total HQLA</b>		<b>6,150.63</b>		<b>5,788.91</b>		<b>10,103.82</b>		<b>7,828.88</b>
14	<b>Total net cash outflow</b>		<b>1,022.14</b>		<b>1,011.24</b>		<b>1,140.72</b>		<b>1,019.30</b>
15	<b>Liquidity coverage ratio (%)</b>		<b>601.74%</b>		<b>572.46%</b>		<b>885.74%</b>		<b>768.07%</b>

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## AD. Information on Net Interest Margin

The Reserve Bank of India, issued Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 on March 14, 2022. The Master Direction harmonized Microfinance lending across all regulated entities under the purview of the RBI. While implementation was to be effective from April 1, 2022, in view of difficulties expressed by some regulated entities (REs), RBI deferred the implementation to October 1, 2022. The company was in compliance with these regulations from July 11, 2022 including having a board approved product pricing policy in place. The policy is disclosed on the company's website.

## AE. Public Disclosure on liquidity risk

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

As at March 31, 2023

(₹ in millions unless otherwise stated)

Number of significant counterparties	Amount	% of Total Liabilities
28 (Twenty Eight)	49,570.12	80.70%

As at March 31, 2022

(₹ in millions unless otherwise stated)

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

## 2. Top 20 Large Deposits : Not Applicable

## 3. Top 10 borrowings

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Amount of top 10 borrowings Amount	30,735.80	22,906.06
% of Total Borrowings	51.79%	63.08%

## 4. Funding concentration based on significant instrument/product\*

As at March 31, 2023

(₹ in millions unless otherwise stated)

Name of Instrument/product	Amount	% of Total Liabilities
Term Loans	25,603.09	41.68%
Borrowings under securitization arrangement	10,027.71	16.33%
Non convertible Debentures	23,511.44	38.28%
<b>Total Liabilities*</b>	<b>61,424.61</b>	

As at March 31, 2022

(₹ in millions unless otherwise stated)

Name of Instrument/product	Amount	% of Total Liabilities
Term Loans	18,528.31	48.35%
Borrowings under securitization arrangement	741.16	1.93%
Non convertible Debentures	16,843.20	43.95%
<b>Total Liabilities*</b>	<b>38,321.60</b>	



# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## 5. Stock Ratios

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Commercial Papers to Total Public Funds	Nil	Nil
Commercial Papers to Total Liabilities	Nil	Nil
Commercial Papers to Total Assets	Nil	Nil
NCDs (Original Maturity <1 yrs.) to Total Public Funds	Nil	Nil
NCDs (Original Maturity <1 yrs.) to Total Liabilities	Nil	Nil
NCDs (Original Maturity <1 yrs.) to Total Assets	Nil	Nil
Other Short Term Liabilities to Total Public Funds	72.60%	63.80%
Other Short Term Liabilities to Total Liabilities	70.14%	60.46%
Other Short Term Liabilities to Total Assets	46.90%	33.76%

## 6. Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Committee (RC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

### \*Notes:

- Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
- Short term liabilities includes all financial and non-financial liabilities expected to be paid within one year.
- Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

**47:** The Company in respect of the observation made by the RBI in its inspection report for the years ended March 31, 2018 and March 31, 2019 and subsequent correspondence with Reserve Bank of India ("RBI") with respect to the compliance with the pricing of credit guidelines prescribed under paragraph 56 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016, as amended had adequately recognised the impact of excess interest collected on loans disbursed during the period from Oct 2017 to Feb 2020, in the financial statements for the year ended March 31, 2021. During the year ended March 31, 2023, the Company had refunded ₹ 66.07 million by way of credit into customers bank accounts. Given the profile of the customers and accessibility issues, the company is unable to trace borrower / bank account of borrower for remaining balances of ₹ 388.74 million and has sought advice from Reserve bank of India on the refund of balance amount (for which bank account details are not available with the Company) and will act as per directive from Reserve bank of India.

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Provision in the books	454.81	1,336.53
Less: Amount refunded / adjusted to credit of borrowers	66.07	877.10
Amount to be refunded to borrowers	388.74	454.81

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

**48:** During the year, to relieve COVID-19 pandemic related stress, the Company had invoked and implemented resolution plans for eligible borrowers based on the parameters laid down in accordance with the one-time restructuring policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI vide its circular dated May 5, 2021 (Resolution Framework – 2.0).

Type of borrower	A	B	C	D	E
	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end previous year i.e. March 31, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the year @	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year i.e. March 31, 2023.
Personal Loans					
Corporate persons					
Of which, MSMEs					
Others *	4,821.84	837.78	521.43	2,339.41	65.70

\* Includes joint liability group loan (JLG) and individual Loan (IL)

@ Represents aggregate debt that slipped into NPA during the year excluding written-off portion of debt

**Note 1:** Loans transferred by way of direct assignment, which have been de-recognised as per Ind AS 109, have not been considered in the above disclosure.

**Note 2:** The Company has not restructured any loan accounts under RBI's Resolution Framework 1.0 dated August 6, 2020.

**Note 3:** Portfolio amounting to ₹ 1,057.52 millions has been reclassified to non-restructured category during the period, in accordance with the RBI guidelines.

**49:** Pursuant to the RBI circular dated November 12, 2021 on "Prudential norms on Income Recognition, Asset Classification and Provisioning ('IRAC') pertaining to Advances-Clarifications" to be read with circular dated February 15, 2022, the Company has changed its NPA definition to comply with the applicable norms effective from October 1, 2022.

**50:** The Company has settled the differences that arose between the Company and its Board of Directors with the erstwhile Managing Director Ms. Padmaja Gangireddy and other entities, amicably in terms of a settlement agreement and other related agreements subject to terms and conditions stated therein In June, 2022. As a result, the Company has made all the required payments which were fully provided for in the financial statement for year ended March 31, 2022, under 'Other expenses'.

## 51: Additional Regulatory Information

- There is no such immovable properties held whose title deeds are not held in the name of the Company.
- There are no investment property as on March 31, 2023 and March 31, 2022.
- The Company has not revalued its Property, Plant and Equipment (including Right-of Use Assets) and intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.
- No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- The Company has not taken borrowings from banks or financial institutions on the basis of security of current assets.
- The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.
- No transactions were carried out during the year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- No charges or satisfaction yet to be registered with ROC beyond the statutory period.

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

- (i) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017
- (j) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (k) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**52:** Previous year figures have been regrouped/ reclassified wherever applicable. The impact of such restatements/ regroupings are not material to Financial Statements.

As per our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

**Manish Gujral**

Partner

Membership No.: 105117

Place: Mumbai

Date: May 02, 2023

For and on behalf of the Board of Directors of

**Spandana Sphoorty Financial Limited**

**Abanti Mitra**

Chairperson

DIN: 02305893

**Ashish Damani**

President & Chief

Financial Officer

Place: Mumbai

Date: May 02, 2023

**Shalabh Saxena**

Managing Director & CEO

DIN: 08908237

**Ramesh Periasamy**

Company Secretary & Chief

Compliance Officer

Membership No.: A26247

# Independent Auditor's Report

To the Members of **Spandana Sphoorty Financial Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Spandana Sphoorty Financial Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure A, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2023, and their consolidated profit (including other comprehensive income),

consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. **We have determined the matters described below to be the key audit matters to be communicated in our report.**

Key audit matter	How our audit addressed the key audit matter
<p><b>(a) Impairment losses on loan portfolio</b></p> <p>Refer note 3(e) for significant accounting policies, note 6 for impairment disclosures and note 40.1 for credit risk disclosures.</p> <p>The Holding Company has gross loan assets of ₹ 76,958.11 million outstanding as at 31 March 2023, against which an impairment of ₹ 2,155.18 million has been recorded as at reporting date, which is measured in accordance with Ind AS 109, Financial Instruments, using 'Expected Credit Loss' (ECL) method. The Holding Company has written off loans of ₹ 8,260.80 million during the year ended 31 March 2023.</p>	<p>Our audit procedures were focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Examined the Board Policy approving methodology for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Holding Company in accordance with the requirements of Ind AS 109.</li> <li>• Obtained an understanding of the modelling techniques adopted by the Holding Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets in accordance with the accounting policy adopted by the Holding Company.</p> <p>Significant management judgements are involved in measuring ECL with respect to:</p> <ul style="list-style-type: none"> <li>determining the criteria for significant increase in credit risk and default risk i.e. staging of loans;</li> <li>factoring in forward-looking information (including macroeconomic factors on a portfolio level);</li> <li>techniques used to determine probability of default, loss given default and exposure at default.</li> </ul> <p>These parameters are derived from the Holding Company's internally developed statistical models, historical data, macro-economic factors. Any change in such models or assumptions could have a material impact on the accompanying financial statements.</p> <p>Similarly, the Holding Company is also required to make judgements to identify the loans and advances which are non-recoverable and thereby determined to be written off.</p> <p>Considering the significance of the above matter to the financial statements, degree of estimation uncertainty and significant management judgment involved, this area required significant auditor attention to test such complex accounting estimates, and accordingly, this matter has been identified as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> <li>Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals.</li> <li>Evaluated the appropriateness of the Holding Company's determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Holding Company's categorization across various stages by evaluating management's assessment of parameters such as probability of default (PD) or loss given default (LGD), including the adjustments made to such estimates on account of COVID-19 impact.</li> <li>Evaluated the appropriateness of the methodology and policy laid down and implemented by the Holding Company for the loan portfolio written-off during the year and tested its compliance on a sample basis.</li> <li>Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying consolidated financial statements in accordance with the applicable accounting standards and related RBI Circulars.</li> </ul>
<p><b>(b) Information Technology Systems and Controls for the financial reporting process</b></p> <p>The Holding Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Among other things, management also uses the information produced by the IT systems for accounting, preparation and presentation of the financial statements.</p> <p>The Holding Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Holding Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.</p> <p>Since our audit strategy focused on audit of key IT systems and controls due to the pervasive impact of such systems and controls on the financial statements, we have determined the same as a key audit matter for current year audit.</p>	<p>Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the Holding Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit.</li> <li>Tested the design and operating effectiveness of the Holding Company's IT controls over the IT applications as identified above.</li> <li>On such in-scope IT systems, we have tested key IT general controls with respect to the following domains:                         <ol style="list-style-type: none"> <li>Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments.</li> <li>User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties;</li> <li>Other areas that were assessed under the IT control environment included user interfaces, configuration and other application controls.</li> </ol> </li> </ul>

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing of configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy.</li> <li>• Where deficiencies were identified, tested compensating controls or performed alternative procedures.</li> </ul>

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting

policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation and
- Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the

financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

15. We did not audit the financial statements of two subsidiaries, whose financial statements reflects total assets of ₹ 5,304.43 million and net assets of ₹ 1,556.32 million as at 31 March 2023, total revenues of ₹ 1,133.35 million and net cash outflows amounting to ₹ 1.62 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, we report that the Holding Company has paid remuneration to their directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that 2 subsidiary companies incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
  - e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies and taken on record by the Board of Directors of the Holding Company and its subsidiary companies, respectively, and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 33 to the consolidated financial statements;
    - ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies covered under the Act, during the year ended 31 March 2023;
    - iv. a. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries that, to the best of their knowledge and belief, as disclosed in note 43(a) to the consolidated financial statements, no funds have been



- advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 43(b) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party
- (‘Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors’ notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Holding Company and its subsidiary companies have not declared or paid any dividend during the year ended 31 March 2023.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Manish Gujral**  
Partner

Place: Mumbai  
Date: 02 May 2023

Membership No.: 105117  
UDIN: 23105117BGRNLY7329

## Annexure – A

### List of subsidiaries included in the Consolidated Financial Statements

1. Criss Financial Limited (formerly known as “Criss Financial Holdings Limited”)
2. Caspian Financial Services Limited



## **Annexure I to the Independent Auditor's Report of even date to the members of Spandana Sphoorty Financial Limited on the consolidated financial statements for the year ended 31 March 2023**

### **Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of Spandana Sphoorty Financial Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

#### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate

internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

#### **Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or

disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023 based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to two subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 5,304.43 million and net assets of ₹ 1,556.32 million as at 31 March 2023, total revenues of ₹ 1,113.35 million and net cash outflows amounting to ₹ 1.62 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Manish Gujral**  
Partner

Place: Mumbai  
Date: 02 May 2023

Membership No.: 105117  
UDIN: 23105117BGRNLY7329

# Consolidated Balance Sheet

As at March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	8,133.76	7,271.70
Bank balances other than cash and cash equivalents	5	1,911.62	4,750.72
Derivative financial instruments		-	0.46
Loans	6	77,598.06	55,183.83
Investments	7	1,893.54	24.44
Other financial assets	8	1,221.03	946.07
<b>Subtotal - Financial assets</b>		<b>90,758.01</b>	<b>68,177.22</b>
<b>Non-financial assets</b>			
Inventories	9	12.66	-
Current tax assets (net)		394.51	188.13
Deferred tax assets (net)	10	1,969.11	1,842.05
Property, plant and equipment	11	248.79	67.87
Goodwill		173.89	173.89
Other Intangible assets	11A	46.83	70.96
Other non-financial assets	12	222.21	243.25
<b>Subtotal - Non-Financial assets</b>		<b>3,068.00</b>	<b>2,586.15</b>
<b>Total assets</b>		<b>93,826.01</b>	<b>70,763.37</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Debt securities	13	33,687.94	17,782.40
Borrowings (other than debt securities)	13	26,854.98	19,736.80
Subordinated liabilities	13	199.77	201.87
Other financial liabilities	14	1,553.06	1,312.32
<b>Subtotal - Financial Liabilities</b>		<b>62,295.75</b>	<b>39,033.39</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	15	40.23	281.62
Provisions	16	62.76	40.15
Other non-financial liabilities	17	434.79	508.76
<b>Subtotal - Non-financial liabilities</b>		<b>537.78</b>	<b>830.53</b>
<b>EQUITY</b>			
<b>EQUITY</b>			
Equity share capital	18	709.83	690.95
Other equity	19	30,280.33	30,184.73
Equity attributable to shareholders of the company		30,990.16	30,875.68
Non controlling interest		2.32	23.77
<b>Subtotal - Equity</b>		<b>30,992.48</b>	<b>30,899.45</b>
<b>Total Liabilities and Equity</b>		<b>93,826.01</b>	<b>70,763.37</b>

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date  
For **Walker Chandiook & Co LLP**  
Chartered Accountants  
ICAI Firm registration number: 001076N/N500013

**Manish Gujral**  
Partner  
Membership No.: 105117

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

**Abanti Mitra**  
Chairperson  
DIN: 02305893

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Ashish Damani**  
President & Chief  
Financial Officer

**Ramesh Periasamy**  
Company Secretary & Chief  
Compliance Officer  
Membership No.: A26247

Place: Mumbai  
Date: May 02, 2023

Place: Mumbai  
Date: May 02, 2023

# Consolidated Profit and Loss Statement

For the year ended March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	Notes	For year ended March 31, 2023	For year ended March 31, 2022
<b>Revenue from operations</b>			
Interest income	20	12,774.94	13,365.36
Fees and Commission income		-	64.68
Net gain on fair value changes	21	845.16	782.09
Recovery against loans written-off	22	387.44	415.79
<b>Total revenue from operations</b>		<b>14,007.54</b>	<b>14,627.92</b>
Other income	23	762.78	172.43
<b>Total income</b>		<b>14,770.32</b>	<b>14,800.35</b>
<b>Expenses</b>			
Finance cost	24	4,578.76	5,401.00
Net loss on fair value changes		0.10	0.86
Impairment on financial instruments	25	5,443.15	4,805.70
Employee benefits expense	26	3,057.21	2,272.00
Depreciation and amortization expense	27	108.66	91.77
Other expenses	28	1,404.16	1,260.30
<b>Total expenses</b>		<b>14,592.04</b>	<b>13,831.63</b>
<b>Profit before tax</b>		<b>178.28</b>	<b>968.72</b>
<b>Tax expense:</b>			
Current tax expense	29	45.29	930.65
Taxes of prior period		1.14	17.05
Deferred tax expense/ (credit)		7.91	(677.25)
<b>Income tax expense</b>		<b>54.34</b>	<b>270.45</b>
<b>Profit for the year</b>		<b>123.94</b>	<b>698.27</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement gains/(losses) on defined benefit plans		(10.50)	(14.23)
Income tax effect		2.64	3.59
<b>Items that will be reclassified subsequently to profit or loss</b>			
Fair value loss on loans		(530.22)	(448.77)
Income tax effect		133.45	112.95
<b>Other comprehensive (loss)</b>		<b>(404.63)</b>	<b>(346.46)</b>
<b>Total comprehensive loss for the year</b>		<b>(280.69)</b>	<b>351.81</b>
<b>Profit/loss for the year attributable to:</b>			
Owners of the company		123.15	694.68
Non-controlling interests		0.79	3.59
		<b>123.94</b>	<b>698.27</b>
<b>Other comprehensive income for the year attributable to:</b>			
Owners of the company		(404.63)	694.68
Non-controlling interests		-	3.59
		<b>(404.63)</b>	<b>698.27</b>
<b>Total comprehensive income for the year attributable to :</b>			
Owners of the company		(281.48)	348.22
Non-controlling interests		0.79	3.59
		<b>(280.69)</b>	<b>351.81</b>
<b>Earnings per equity share</b>			
Basic (₹)	30	1.74	10.75
Diluted (₹)		1.74	10.72
Nominal value per equity share (₹)		10.00	10.00

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date  
For **Walker Chandio & Co LLP**  
Chartered Accountants  
ICAI Firm registration number: 001076N/N500013

**Manish Gujral**  
Partner  
Membership No.: 105117

Place: Mumbai  
Date: May 02, 2023

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

**Abanti Mitra**  
Chairperson  
DIN: 02305893

**Ashish Damani**  
President & Chief  
Financial Officer

Place: Mumbai  
Date: May 02, 2023

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Ramesh Periasamy**  
Company Secretary & Chief  
Compliance Officer  
Membership No.: A26247



# Consolidated Cash Flow Statement

For the year ended March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	For year ended March 31, 2023	For year ended March 31, 2022
<b>Cash flow from operating activities</b>		
Profit before tax	178.28	968.72
<b>Adjustments for:</b>		
Depreciation and amortization	108.66	91.77
Interest on income tax	0.17	71.85
Share based payment to employees	288.59	112.18
Provision for employee benefits	20.15	18.82
Finance cost on lease liability	9.60	17.81
Impairment on financial instruments and other provisions	5,130.35	4,805.70
Net gain on adjustment on account of termination of leases	-	(52.44)
Net gain on financial assets / (liabilities) designated at fair value through profit or loss	(317.62)	(521.97)
Other provisions and write offs	46.35	14.67
<b>Operating profit before working capital changes</b>	<b>5,464.53</b>	<b>5,527.11</b>
Movements in working capital :		
Changes in inventories	(12.66)	-
Changes in other financial liabilities	114.47	(1,231.77)
Changes in other non-financial liabilities	(33.36)	94.51
Changes in bank balances other than cash and cash equivalents	2,839.10	(2,292.46)
Changes in provisions	(8.04)	(9.40)
Changes in loans	(29,239.18)	8,889.20
Changes in other financial assets	(443.19)	(83.42)
Changes in other non financial assets	21.04	(96.87)
<b>Cash generated from/ (used in) operations</b>	<b>(21,297.29)</b>	<b>10,796.90</b>
Income taxes paid	(413.23)	(2,171.09)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>(21,710.52)</b>	<b>8,625.81</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(127.37)	(140.43)
Proceeds from derecognition of property, plant and equipment	-	22.79
Purchase of investments	(61,924.80)	(1,08,622.06)
Sale of investments	60,299.65	1,09,101.88
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>(1,752.52)</b>	<b>362.18</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (including securities premium)	109.47	2,924.27
Long-term borrowings availed	52,249.92	18,151.60
Long-term borrowings repaid	(28,012.97)	(34,121.05)
Interest payment of lease liabilities	(9.60)	(17.81)
Principal payment of lease liabilities	(11.72)	(5.25)
<b>Net generated from / (used in) financing activities (C)</b>	<b>24,325.10</b>	<b>(13,068.24)</b>

# Consolidated Cash Flow Statement

For the year ended March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	For year ended March 31, 2023	For year ended March 31, 2022
<b>Net change in cash and cash equivalents (A + B + C)</b>	<b>862.06</b>	<b>(4,080.25)</b>
Cash and cash equivalents at the beginning of the year	7,271.70	11,351.95
<b>Cash and cash equivalents at the end of the year</b>	<b>8,133.76</b>	<b>7,271.70</b>
<b>Components of cash and cash equivalents as at the end of year</b>		
Cash on hand	4.78	1.61
Balance with banks - on current account	7,928.94	7,069.56
Deposits with original maturity of less than or equal to 3 months	200.04	200.53
<b>Total cash and cash equivalents</b>	<b>8,133.76</b>	<b>7,271.70</b>

(₹ in millions unless otherwise stated)

Cash flow from operating activities	For year ended March 31, 2023	For year ended March 31, 2022
Interest received	13,045.22	13,147.13
Interest paid	(4,077.59)	(4,443.61)

As per our report of even date  
For **Walker Chandiok & Co LLP**  
Chartered Accountants  
ICAI Firm registration number: 001076N/N500013

**Manish Gujral**  
Partner  
Membership No.: 105117

Place: Mumbai  
Date: May 02, 2023

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

**Abanti Mitra**  
Chairperson  
DIN: 02305893

**Ashish Damani**  
President & Chief  
Financial Officer

Place: Mumbai  
Date: May 02, 2023

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Ramesh Periasamy**  
Company Secretary & Chief  
Compliance Officer  
Membership No.: A26247

# Consolidated Statement of Changes in Equity

For the year ended March 31, 2023

## A. Equity Shares Equity Share of ₹ 10 each issued, subscribed and fully paid

Particulars	(₹ in millions unless otherwise stated)	
	No. of Shares	Amount
<b>As at April 1, 2021</b>	<b>6,43,15,483</b>	<b>643.16</b>
Issue of equity share capital during the year (Note 18)	47,79,047	47.79
<b>As at March 31, 2022</b>	<b>6,90,94,530</b>	<b>690.95</b>
Issue of equity share capital during the year (Note 18)	18,88,739	18.88
<b>As at March 31, 2023</b>	<b>7,09,83,269</b>	<b>709.83</b>

## B. Other Equity (Note 19)

Particulars	(₹ in millions unless otherwise stated)										
	Securities premium	Retained earnings	General reserve	Statutory reserve	Capital redemption reserve	Share options outstanding reserve	Other items of comprehensive income (fair valuation on loans)	Money received against Share Warrants A/c	Other Equity	Non-Controlling Interest	Total
<b>Balance as at April 01, 2021</b>	<b>19,199.91</b>	<b>2,271.95</b>	<b>23.28</b>	<b>3,531.43</b>	<b>1,526.93</b>	<b>151.55</b>	<b>142.59</b>	<b>-</b>	<b>26,847.64</b>	<b>20.18</b>	<b>26,867.82</b>
Profit for the year ended March 31, 2022	-	694.68	-	-	-	-	-	-	694.68	3.59	698.27
Impairment allowance on other provisions reclassified to profit and loss	-	-	-	-	-	-	4,658.31	-	4,658.31	-	4,658.31
Fair value change during the year	-	-	-	-	-	-	(4,994.13)	-	(4,994.13)	-	(4,994.13)
Remeasurement gain or loss on actuarial valuation	-	(10.42)	-	-	-	-	-	-	(10.42)	-	(10.42)
Transfer to Statutory Reserve	-	(139.56)	-	139.56	-	-	-	-	-	-	-
Premium on issue of equity shares, net of issue expenses	2,139.38	-	-	-	-	-	-	-	2,139.38	-	2,139.38
Issue of Share Warrants	-	-	-	-	-	-	-	750.00	-	-	750.00
Share based payment to employees	-	-	-	-	-	112.18	-	-	-	-	112.18
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	49.94	-	-	(62.85)	-	-	(12.91)	-	(12.91)



# Consolidated Statement of Changes in Equity

For the year ended March 31, 2023

(₹ in millions unless otherwise stated)

Particulars	Reserves & Surplus					Share options outstanding reserve	Other items of comprehensive income (fair valuation on loans)	Money received against Share Warrants A/c	Other Equity	Non-Controlling Interest	Total
	Securities premium	Retained earnings	General reserve	Statutory reserve	Capital redemption reserve						
<b>Balance as at March 31, 2022</b>	21,339.29	2,816.65	73.22	3,670.99	1,526.93	200.88	(193.23)	750.00	30,184.73	23.77	30,208.50
Profit for the year ended March 31, 2023	-	123.15	-	-	-	-	-	-	123.15	0.79	123.94
Impairment allowance on other provisions reclassified to profit and loss	-	-	-	-	-	-	4,397.65	-	4,397.65	-	4,397.65
Fair value change during the year	-	-	-	-	-	-	(4,794.42)	-	(4,794.42)	-	(4,794.42)
Remeasurement gain or loss on actuarial valuation	-	(7.86)	-	-	-	-	-	-	(7.86)	-	(7.86)
Transfer to Statutory Reserve	-	(27.49)	-	27.49	-	-	-	-	-	-	-
Conversion of share warrants into equity shares	-	-	-	-	-	-	(750.00)	(750.00)	(750.00)	-	(750.00)
Premium on issue of equity shares, net of issue expenses	845.83	-	-	-	-	-	-	-	845.83	-	845.83
Issue of Share Warrants	-	-	-	-	-	-	-	-	-	-	-
Purchase of NCI stake	-	(2.09)	-	-	-	-	-	-	(2.09)	(22.24)	(24.33)
Share based payment to employees	-	-	-	-	-	288.59	-	-	288.59	-	288.59
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	37.06	-	-	(42.30)	-	-	(5.24)	-	(5.24)
<b>Balance as at March 31, 2023</b>	22,185.12	2,902.34	110.28	3,698.49	1,526.93	447.17	(590.00)	-	30,280.33	2.32	30,282.65

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date  
For **Walker Chandlok & Co LLP**  
Chartered Accountants  
ICAI Firm registration number: 001076N/N500013

**Manish Gujral**  
Partner  
Membership No.: 105117

Place: Mumbai  
Date: May 02, 2023

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

**Abanti Mitra**  
Chairperson  
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President & Chief  
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Place: Mumbai  
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**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Ramesh Periasamy**  
Company Secretary & Chief  
Compliance Officer  
Membership No.: A26247

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 1. Corporate information

Spandana Sphoorty Financial Limited ('the Company' or 'Holding Company' or 'Parent Company') is a public Company domiciled in India and incorporated under the provisions of erstwhile Companies Act, 1956 on March 10, 2003. The Company was registered as a non-deposit accepting non-banking financial company ('NBFC-ND') with the Reserve Bank of India ('RBI') and got classified as non-banking financial company – micro finance institution (NBFC – MFI) effective April 13, 2015. The Holding Company's shares are listed on BSE Limited ('BSE') and National Stock Exchange of India Ltd ('NSE'). The registered office of the Holding Company is located at Galaxy, Wing B, 16<sup>th</sup> floor, Plot No.1, SY no 83/1, Hyderabad knowledge city, TSIC, Raidurg Panmaktha, Hyderabad Rangareddy, Telangana, India.

The Holding Company together with its subsidiaries listed below hereinafter collectively referred to as the 'the Group'.

The Company is primarily engaged in the business of lending, providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

Caspian Financial Services Limited ('CFSL') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of marketing the consumer products.

Criss Financial Limited (formerly Criss Financial Holdings Limited) ('CFL') is a public company limited by shares domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company is registered as a non-deposit accepting non-banking financial company ('NBFC-ND') with the Reserve Bank of India ('RBI'). The Company is engaged in the business of finance by providing individual loans, small business loans, mortgage loans.

CFSL and CFL have been collectively referred to as "the Subsidiaries".

## 2. Basis of preparation

### a) Statement of compliance in preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, 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'), notification for Implementation of Indian Accounting Standards issued by RBI vide circular RBI/2019-20/170 DOR(NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI notification for Implementation of Ind AS') and other applicable RBI circulars/notifications. The Company uses accrual basis of accounting.

The functional currency of the Company is the Indian rupee. These consolidated financial statements are presented in Indian rupees ("₹" or "INR") and all values / amounts are rounded off to nearest millions, unless otherwise stated.

The financial statements are prepared on a going concern basis as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial assets held for trading and all of which have been measured at fair value.

These financial statements were authorised for issue by the Board of Directors on May 02, 2023.

### b) Presentation of Financial Statements

The Group presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

### c) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements

of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

The Consolidated financial statements include results of the subsidiaries of Spandana Sphoorty Financial Limited (Holding Company), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

Name of the Company	Country of Incorporation	Proportion of ownership as at (March 31, 2023)	Proportion of ownership as at (March 31, 2022)	Consolidated as
Criss Financial Limited	India	99.85%	98.45%	Subsidiary
Caspian Financial Services Limited	India	100.00%	100.00%	Subsidiary

### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Company (profits or losses resulting from intracompany transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intracompany losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intracompany transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Company's accounting policies. All intracompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

### 3. Significant accounting policies

#### a) Use of estimates, judgments, and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

**i) Defined employee benefit assets and liabilities**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**ii) Fair value measurement**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**iii) Impairment of loan portfolio**

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Group makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

**iv) Provisions other than impairment on loan portfolio**

Provisions are held in respect of a range of future obligations such as employee entitlements and litigation provisions. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

**v) Other estimates**

These include contingent liabilities, useful lives of tangible and intangible assets etc.

**b) Recognition of income and expense**

The Group earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

**(i) Interest income and expense**

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of financial liability.

**(ii) Dividend income**

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

**(iii) Other income and expense**

All Other income and expense are recognized in the period they occur.

The Group recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

**c) Property, plant and equipment (PPE) and intangible asset**

**PPE**

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

**Intangible asset**

Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.

**d) Depreciation and amortization**

**Depreciation**

- i. Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.
- ii. Property, plant and equipment costing up to ₹ 5,000 individually are fully depreciated in the year of purchase.

The Group has used the following useful lives to provide depreciation on its Property, plant and equipment:

Asset Category	Useful Life (in years)
Furniture & Fixtures	10
Computers & Printers	3
Office Equipment	5
Leasehold Improvements	3
Vehicles	8
Land & Buildings	60

**Amortization**

Intangible assets are amortized at a rate of 40% per annum on a "Written Down Value" method, from the date that they are available for use.

**e) Impairment**

**i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.**

In accordance with Ind AS 109, the Group is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Group is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Group is required to recognize credit losses over next 12-month period. The Group has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Group has a process to assess credit risk of all exposures at each year end as follows:

**Stage I**

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Group has assessed that all standard exposures (i.e., exposures with no overdues) and exposure upto 30day overdues fall under this category. In accordance with Ind AS 109, the Group measures ECL on such assets over next 12 months.

**Stage II**

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Group classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Group measures lifetime ECL on stage II loans.

## Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Group measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

## Methodology for calculating ECL

The Group determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows.

The Group does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) - It represents an estimate of the exposure of the Group at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) - It represents an estimate of the loss expected to be incurred when the event of default occurs.

## Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays are embedded

in the methodology to reflect such macro-economic trends reasonably.

## Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

## ii) Non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

## f) Business combination and Goodwill:

Goodwill is initially recognized at cost and is subsequently measured at cost plus any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that unit's value may be impaired. If the recoverable amount of the cash generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to carrying value of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent period. On disposal of the subsidiary, the attributable amount of goodwill is

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

included in the determination of profit or loss on disposal.

## g) Revenue from contracts with customers

The Group recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(a) Commission and incentive income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognized on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

(b) Revenue from advertisement activity is recognized upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers.

## h) Inventories

Inventories consisting of stock-in-trade are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Cost includes purchase price excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost is determined using the weighted average cost method.

## i) Leases

### Measurement of lease liability

At the time of initial recognition, the Group measures lease liability as present value of all lease payment discounted using the Group's incremental cost of borrowing rate. Subsequently, the lease liability is (a) increased by interest on lease liability; and (b) reduce by lease payment made.

### Measurement of Right-of-Use asset

At the time of initial recognition, the Group measures 'Right-of-Use assets' as present value of all lease payment discounted using the Group's incremental cost of borrowing rate w.r.t said lease contract. Subsequently, 'Right-of-Use assets' is measured using cost model i.e., at cost less any accumulated depreciation and any accumulated impairment losses

adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-Use assets' is provided on straight line basis over the lease period.

### Short-term leases:

Short term leases not covered under Ind AS 116 are classified as operating lease. Lease payments during the year are charged to statement of profit and loss.

## j) Foreign currency transactions

### Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (INR), which are the functional currency of the Group and the currency of the primary economic environment in which the Group operates.

### Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

## k) Retirement and Employee benefits

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Group operates following employee benefit plans:

### i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

has no obligation other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

## ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

## iii) Leaves

The service rules of the Group do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

## iv) Employee Stock Option Plan

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## I) Income taxes

### Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

### Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries,



# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Group also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Group's intention to settle on a net basis.

## m) Earnings per equity share (EPS)

The Group reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

## n) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate" for accounting policy of provisions

## o) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not have any contingent assets in the financial statements.

## p) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.

Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

## Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

### Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

### Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

**Business model:** The business model reflects how the Group manages the assets in order to generate cash flows. That is, where the Group's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Group's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Group assesses whether the financial instruments' cash flows represent solely

payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

**Effective interest method** - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Group revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL.

## Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

## Financial liabilities

### Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

## Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

## De-recognition

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

## Securitization and Assignment

In case of transfer of loans through securitization and direct assignment transactions, the transferred loans are de-recognised and gain/losses are accounted for, only if the company transfers substantially all risks and rewards specified in the underlying assigned loan contract.

In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the statement of profit and loss.

## q) Derivative financial instrument

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## r) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Group's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring

basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Group is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

## s) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

## t) Cash flow statements

The consolidated cash flow statement is prepared in accordance with the Indirect method. Consolidated cash flow statement presents the cash flows by operating, financing and investing activities of the Group. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

**u) Proposed dividend**

As per Ind AS –10, 'Events after the Reporting period', the Group disclose the dividend proposed by board of directors after the balance sheet date in the notes to these consolidated financial statements. The liability to pay dividend is recognized when the declaration of dividend is approved by the shareholders.

**v) Standards and recent pronouncements issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to

influence decisions of primary users of general-purpose financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Company is in the process of evaluating the impact of these amendments on the financial statements.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 4: Cash and cash equivalents

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Cash on hand	4.78	1.61
Balances with banks in current accounts	7,928.94	7,069.56
Bank Deposit with original maturity of less than three months	200.04	200.53
	<b>8,133.76</b>	<b>7,271.70</b>

## 5: Bank balances other than cash and cash equivalents

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Fixed deposit with banks not considered as cash and cash equivalents	20.00	1,609.00
Restricted bank balance	-	234.95
Deposits held as margin money or security against the borrowings	1,891.62	2,906.77
	<b>1,911.62</b>	<b>4,750.72</b>

## 6: Loans

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
(a) Loans (at fair value through OCI)	74,662.03	57,761.73
(b) Loans (at amortised cost)	5,384.09	3,836.82
(c) Inter-corporate advances to related parties [repayable on demand] (at amortised cost)	-	64.60
<b>Total - Gross</b>	<b>80,046.12</b>	<b>61,663.15</b>
Less: Impairment loss allowance	(2,448.06)	(6,479.32)
<b>Total - Net</b>	<b>77,598.06</b>	<b>55,183.83</b>
<b>Break-up of loans</b>		
(a) Secured by tangible assets (Property including land and building)	603.76	1,032.53
(b) Unsecured	79,442.36	60,630.62
<b>Total - Gross</b>	<b>80,046.12</b>	<b>61,663.15</b>
Less: Impairment loss allowance	(2,448.06)	(6,479.32)
<b>Total - Net</b>	<b>77,598.06</b>	<b>55,183.83</b>
(a) Public sector	-	-
(b) Others	80,046.12	61,663.15
<b>Total - Gross</b>	<b>80,046.12</b>	<b>61,663.15</b>
Less: Impairment loss allowance	(2,448.06)	(6,479.32)
<b>Total - Net</b>	<b>77,598.06</b>	<b>55,183.83</b>
(a) Within India	80,046.12	61,663.15
(b) Outside India	-	-
<b>Total - Gross</b>	<b>80,046.12</b>	<b>61,663.15</b>
Less: Impairment loss allowance	(2,448.06)	(6,479.32)
<b>Total - Net</b>	<b>77,598.06</b>	<b>55,183.83</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

**Note 1:** The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Act), either severally or jointly that are (a) repayable on demand or (b) without specifying any terms or period of repayment, except for the loans extended to related parties, which are repayable on demand as under:

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Outstanding balance	-	64.60
Percentage to the total gross loan portfolio	-	0.10%

**Note 2:** The table below discloses the credit quality of Group exposures on loan portfolio (excluding inter-corporate advances) as at the reporting date:

## Gross loan portfolio movement for the year ended March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2022 ^	44,391.92	5,717.28	11,489.35	61,598.55
New assets originated or purchased	81,251.89	-	-	81,251.89
Asset derecognised or repaid (excluding write offs) #	(45,720.98)	(4,432.43)	(2,767.28)	(52,920.68)
Assets written off during the year ^	-	-	(9,353.42)	(9,353.42)
Inter-stage movements				
Stage I	239.88	(63.57)	(176.30)	-
Stage II	(712.62)	723.55	(10.93)	-
Stage III	(1,426.11)	(1,167.31)	2,593.42	-
Fair value on loans	(538.94)	8.72	-	(530.22)
<b>Gross carrying amount as at March 31, 2023</b>	<b>77,485.04</b>	<b>786.24</b>	<b>1,774.84</b>	<b>80,046.12</b>

#Represents balancing figure

^Gross carrying amount includes total accrued interest. Accordingly, assets written off during the year includes total accrued interest reversal against loan written off during FY22-23, while this interest reversal is net of impairment allowance in the statement of profit and loss under the head "interest income".

## Gross loan portfolio movement for the year ended March 31, 2022

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2021	62,658.70	6,530.75	4,095.37	73,284.82
New assets originated or purchased	33,732.86	-	-	33,732.86
Asset derecognised or repaid (excluding write offs) #	(39,066.80)	(4,138.60)	(41.69)	(43,247.09)
Assets written off during the year	-	-	(2,003.79)	(2,003.79)
Inter-stage movements				
Stage I	327.75	(314.00)	(13.75)	-
Stage II	(4,529.40)	4,536.32	(6.92)	-
Stage III	(8,582.69)	(877.44)	9,460.13	-
Fair Value on loans	(148.50)	(19.75)	-	(168.25)
<b>Gross carrying amount as at March 31, 2022</b>	<b>44,391.92</b>	<b>5,717.28</b>	<b>11,489.35</b>	<b>61,598.55</b>

# Represents balancing figure

## Movement of impairment allowance (ECL) during the year ended March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Balances as at the beginning of the year	343.59	1,089.11	5,046.62	6,479.32
Provision made/ (reversed) during the year	493.21	(557.52)	5,386.47	5,322.16
Inter-stage movements				
Stage I	90.08	(12.11)	(77.97)	-
Stage II	(5.25)	10.06	(4.81)	-
Stage III	(10.82)	(217.99)	228.81	-
Write off	-	-	(9,353.42)	(9,353.42)
<b>Balances as at the end of the year</b>	<b>910.81</b>	<b>311.56</b>	<b>1,225.70</b>	<b>2,448.06</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## Movement of impairment allowance (ECL) during the year ended March 31, 2022

Particulars	Stage I	Stage II	Stage III	Total
Balances as at the beginning of the year	469.29	973.73	1,901.57	3,344.59
Provision made/ (reversed) during the year	421.53	296.19	4,420.80	5,138.52
Inter-stage movements				
Stage I	148.27	(106.04)	(42.23)	-
Stage II	(185.68)	191.50	(5.82)	-
Stage III	(509.82)	(266.27)	776.09	-
Write off	-	-	(2,003.79)	(2,003.79)
<b>Balances as at the end of the year</b>	<b>343.59</b>	<b>1,089.11</b>	<b>5,046.62</b>	<b>6,479.32</b>

**Note 3:** The Holding Company product programme guideline allows disbursement to borrowers which are in SMA buckets subject to fulfilment of other eligibility criteria as applicable. While product guidelines allow such disbursement, the decision to disburse to these specific clients (by preclosing existing loan and give top-up loans) are taken based on inputs received from the customer and the field staff. In a joint liability group model (JLG), the fellow group / centre members understand the financial position and their intent to pay. Inputs on product guideline are driven basis feedback received during interactions between the customers (group members attending centre meetings) and our field staff. Recommendations basis these interactions are then given to the supervisory hierarchy including the Chief Business Officer who in turn evaluates and recommends for approval to the COO. In determining whether lending to these customers has any significant increase in credit risk or impairment of such loans and potential future loss estimate, the Company takes into consideration the borrowers' vintage, past repayment behaviour and viability of their businesses, as a separate cohort. Accordingly, the company has classified such loans as follows:

- The loans which are disbursed to stage II borrowers are classified based on their latest repayment schedule as on March 31, 2023 in the respective stage buckets.
- The loans which are disbursed to stage III borrowers are either classified under "stage III" or in respective staging bucket as per the latest repayment schedule, depending upon management's assessment of the customer repayment behaviour.

**Note 4:** No impairment allowance has been recognized on the outstanding inter-corporate advances to related parties as at March 31, 2022.

## 7: Investments

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<i>Measured at fair value through profit &amp; loss</i>		
Investments in liquid / debt mutual funds	-	23.44
Investment in Security Receipts	1,892.54	-
100,000 (March 31, 2022: 100,000) equity shares of ₹ 10 each fully paid up in Alpha Micro Finance Consultants Private Limited	1.00	1.00
	<b>1,893.54</b>	<b>24.44</b>
Less: Impairment loss allowance	-	-
	<b>1,893.54</b>	<b>24.44</b>

**Note:** All investments are held within India.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 8: Other financial assets

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Security deposits	54.05	24.49
Retained interest on direct assignment	437.81	301.00
Receivable from advertisement income	187.43	200.81
Receivable from assignment of portfolio	522.81	-
Other assets	18.93	419.77
	<b>1,221.03</b>	<b>946.07</b>

## 9: Inventories

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Stock-in-trade	12.66	-
	<b>12.66</b>	<b>-</b>

## 10: Deferred tax assets (net)

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<b>Effects of deferred tax assets / (liabilities):</b>		
Impairment loss allowance and other provision	766.56	1,752.57
Accumulated tax losses	949.09	-
Property, plant and equipment	42.43	37.21
Share options outstanding account (ESOP)	112.54	50.56
Financial assets at fair value through OCI	175.79	42.35
Net gain on derecognition of financial assets	(110.19)	(75.62)
Others	32.88	34.98
<b>Net deferred tax assets</b>	<b>1,969.11</b>	<b>1,842.05</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

### 10.1: Deferred tax assets (net)

#### Movement in deferred tax balances for the year ended March 31, 2023

Particulars	Net Balance April 1, 2022	(Charge) / credit in profit & loss	Recognised in OCI	Net Balance March 31, 2023
<b>Deferred tax assets/ (liabilities)</b>				
Impairment loss allowance and other provision	1,752.57	(986.02)	-	766.56
Accumulated tax losses	-	949.09	-	949.09
Property, plant and equipment	37.21	5.23	-	42.43
Share options outstanding account (ESOP)	50.56	61.98	-	112.54
Financial assets at fair value through OCI	42.35	-	133.45	175.79
Net gain on derecognition of financial assets	(75.62)	(34.57)	-	(110.19)
Others	34.98	(4.74)	2.64	32.88
<b>Net Deferred tax assets / (liabilities)</b>	<b>1,842.05</b>	<b>(9.03)</b>	<b>136.09</b>	<b>1,969.11</b>



# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## Movement in deferred tax balances for the year ended March 31, 2022

Particulars	Net Balance April 1, 2021	(Charge) / credit in profit & loss	Recognised in OCI	Net Balance March 31, 2022
<b>Deferred tax assets / (liabilities)</b>				
Impairment loss allowance and other provision	1,156.23	596.34	-	1,752.57
Property, plant and equipment	44.90	(7.69)	-	37.21
Share options outstanding account (ESOP)	38.31	12.25	-	50.56
Financial assets at fair value through OCI	(70.60)	-	112.95	42.35
Net gain on derecognition of financial assets	(156.88)	81.25	-	(75.62)
Others	36.30	(4.90)	3.59	34.98
<b>Net Deferred tax assets / (liabilities)</b>	<b>1,048.26</b>	<b>677.25</b>	<b>116.54</b>	<b>1,842.05</b>

## 11: Property, plant & equipment

(₹ in millions unless otherwise stated)

	Land and Building	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Vehicles	Computers	Right of use asset/ office premises	Total
<b>Gross block</b>								
At April 1, 2021	2.01	95.40	93.33	39.17	34.58	196.21	179.21	639.91
Addition	-	-	18.39	30.89	9.07	10.15	2.37	70.87
Disposals	-	-	(9.88)	(13.99)	-	(27.64)	(179.21)	(230.72)
<b>At March 31, 2022</b>	<b>2.01</b>	<b>95.40</b>	<b>101.84</b>	<b>56.07</b>	<b>43.65</b>	<b>178.72</b>	<b>2.37</b>	<b>480.06</b>
Addition	-	77.67	4.49	15.87	-	25.47	138.41	261.92
Disposals	-	(95.55)	(0.35)	(0.44)	-	(0.15)	(2.37)	(98.86)
<b>At March 31, 2023</b>	<b>2.01</b>	<b>77.52</b>	<b>105.99</b>	<b>71.50</b>	<b>43.65</b>	<b>204.04</b>	<b>138.41</b>	<b>643.12</b>
<b>Depreciation</b>								
At April 1, 2021	0.32	94.80	78.62	28.80	12.57	175.89	49.95	440.95
Charge for the year	0.08	0.38	10.52	12.74	8.70	15.79	35.98	84.19
Disposals	-	-	(2.14)	(0.90)	-	(25.66)	(84.25)	(112.95)
<b>At March 31, 2022</b>	<b>0.40</b>	<b>95.18</b>	<b>87.00</b>	<b>40.64</b>	<b>21.27</b>	<b>166.02</b>	<b>1.68</b>	<b>412.19</b>
Charge for the year	0.08	22.90	4.57	12.43	6.99	15.02	18.01	80.00
Disposals	-	(95.20)	(0.69)	(0.09)	-	(0.20)	(1.68)	(97.86)
<b>At March 31, 2023</b>	<b>0.48</b>	<b>22.88</b>	<b>90.88</b>	<b>52.98</b>	<b>28.26</b>	<b>180.84</b>	<b>18.01</b>	<b>394.33</b>
<b>Net carrying amount</b>								
<b>At March 31, 2022</b>	<b>1.61</b>	<b>0.22</b>	<b>14.84</b>	<b>15.43</b>	<b>22.38</b>	<b>12.70</b>	<b>0.69</b>	<b>67.87</b>
<b>At March 31, 2023</b>	<b>1.53</b>	<b>54.64</b>	<b>15.11</b>	<b>18.52</b>	<b>15.39</b>	<b>23.20</b>	<b>120.40</b>	<b>248.79</b>

The title deeds of all the immovable properties held by the Group (other than properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee), are held in the name of the Group.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 11A: Other Intangible assets

Particulars	Computer software	Total
<b>Gross block</b>		
At April 1, 2021	105.43	105.43
Addition	70.77	70.77
<b>At March 31, 2022</b>	<b>176.20</b>	<b>176.20</b>
Addition	4.52	4.52
<b>At March 31, 2023</b>	<b>180.72</b>	<b>180.72</b>
<b>Amortization</b>		
At April 1, 2021	97.66	97.66
Charge for the year	7.58	7.58
<b>At March 31, 2022</b>	<b>105.24</b>	<b>105.24</b>
Charge for the year	28.66	28.66
<b>At March 31, 2023</b>	<b>133.90</b>	<b>133.90</b>
<b>Net carrying amount</b>		
<b>At March 31, 2022</b>	<b>70.96</b>	<b>70.96</b>
<b>At March 31, 2023</b>	<b>46.83</b>	<b>46.83</b>

## 12: Other non-financial assets

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good</b>		
Prepaid expenses	25.71	21.27
Capital advances	13.27	13.61
Receivable from insurance company	120.74	141.75
Other advances	62.49	66.62
	<b>222.21</b>	<b>243.25</b>
<b>Unsecured, considered doubtful</b>		
Amounts deposited with courts	6.24	6.24
Provision for doubtful debts - claims	15.33	22.72
Less: Provision for doubtful debts	(21.57)	(28.96)
	-	-
	<b>222.21</b>	<b>243.25</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (Rupees in millions)	As at March 31, 2023	As at March 31, 2022
	March 31, 2023	March 31, 2022			
<b>(i) Debentures (Secured)</b>					
12.75% Secured, Redeemable, Non-convertible Debentures Redeemable at Half Yearly intervals in no. of 8 instalments.	1,000	500	1.00	166.66	515.20
11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of twenty four months from the date of allotment i.e. April 29, 2021.	11,000	11,000	0.10	1,354.58	1,232.03
12% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twenty four months from the date of allotment i.e. October 20, 2022. Redeemable at quarterly intervals in no. of 8 instalments.	600	-	1.00	517.86	-
11.50% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. (subject to exercise of put option by the lender at November 10, 2023 i.e. at the end of twenty one months from date of allotment) November 9, 2022. Redeemable at quarterly intervals in no. of 12 instalments.	500	-	1.00	414.14	-
10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures each redeemable at par at the end of twenty two months from the date of allotment i.e. July 14, 2021.	3,000	3,000	0.10	357.89	330.09
11.25% Secured, Senior, Redeemable, Transferable, Listed, Principal protected, Market Linked, Rated Non Convertible Debentures, redeemable at par at the end of twenty six months from the date of allotment i.e. March 16, 2021 (subject to exercise of put option by the lender at the end of eighteen months from the date of allotment). Redeemable on maturity if option not exercised from the investor.	5,000	5,000	0.10	621.19	544.13
10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirty months from the date of allotment i.e. July 22, 2021.	12,500	12,500	0.10	1,485.65	1,374.04
12.5% Secured, Redeemable, Non-convertible Debentures redeemable at quarterly intervals in no. of 2 instalments.	12,000	800	0.10	399.55	795.94
11.35% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twenty one months from the date of allotment i.e. (subject to exercise of put option by the lender at April 08, 2024 i.e. at the end of twenty one months from date of allotment) December 8, 2022. Redeemable at quarterly intervals in no. of 7 instalments.	1,000	-	1.00	855.39	-
10.50% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. March 17, 2023. Redeemable at quarterly intervals in no. of 8 instalments.	12,500	-	0.10	1,228.15	-

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost) (Contd.)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (Rupees in millions)	As at March 31, 2023	As at March 31, 2022
	March 31, 2023	March 31, 2022			
13.15% Secured, Redeemable, Non-convertible Debentures of face value of ₹ 1 million each redeemable at par at the end of seventy two months from the date of allotment i.e. October 31, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of thirty six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	325	325	1.00	171.40	339.92
12.29% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Seventy Two months from the date of allotment i.e. August 01, 2022. Redeemable at Half Yearly intervals in no. of 8 instalments.	400	-	1.00	257.85	-
11.34% (net of with-holding tax), Secured, Redeemable, Non-convertible Debentures, 50% of which is redeemable at par at the end of sixth month from September 18, 2017 i.e. the date of allotment and balance 50% to be redeemable on maturity i.e. June 30, 2023 (subject to exercise of put option by the lender at March 18, 2022 i.e. at the end of fifty four months from date of allotment). Redeemable at Principal repayment frequency as per repayment schedule intervals in no. of 3 instalments.	850	850	1.00	426.96	854.12
11.50% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twelve months from the date of allotment i.e. December 15, 2022. Redeemable at Principal repayment frequency as per repayment schedule intervals in no. of 5 instalments.	500	-	1.00	398.56	-
12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. November 24, 2020 (subject to exercise of put option by the lender at the end of twenty four months from the date of allotment). Redeemable on maturity if option not exercised by the investor.	10,000	10,000	0.10	1,003.70	1,014.50
11% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of thirty months from the date of allotment i.e. June 16, 2021.	33,750	33,750	0.10	4,038.56	3,592.43
11.95% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. (subject to exercise of put option by the lender at the end of October 20, 2023 i.e. September 30, 2022. Redeemable at Principal repayment frequency as per repayment schedule intervals in no. of 2 instalments.	2,500	-	0.10	248.11	-

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost) (Contd.)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (Rupees in millions)	As at	As at
	March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022
11.49% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. December 24, 2020 (subject to exercise of put option by the lender at the end of eighteen months from the date of allotment). Redeemable on maturity if option not exercised by the investor.	215	215	1.00	166.07	221.85
11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of thirty six months from the date of allotment i.e. December 29, 2020 (subject to exercise of put option by the lender at the end of twenty four months from the date of allotment). Redeemable on maturity if option not exercised from the investor.	2,740	8,275	0.10	348.03	929.43
11.35% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Thirty Six months from the date of allotment i.e.(subject to exercise of put option by the lender at August 20, 2024 i.e. at the end of twenty months from date of allotment). December 30, 2022. Redeemable at Half Yearly intervals in no. of 5 instalments.	1,000	-	1.00	984.01	-
12.5% Rated, unlisted, senior, secured, redeemable, taxable, non convertible Debentures of face value ₹ 0.1 million each.	4,500	4,500	0.10	366.05	448.50
11.35% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Fourteen months from the date of allotment i.e. December 30, 2022.	1,000	-	1.00	10.00	-
11.35% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Fourteen months from the date of allotment i.e.(subject to exercise of put option by the lender at August 20, 2024 i.e. at the end of twenty months from date of allotment) December 30, 2022. Redeemable at Half Yearly intervals in no. of 5 instalments.	1,000	-	1.00	845.99	-
11.50% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twenty four months from the date of allotment i.e.(subject to exercise of put option by the lender i.e. at the end of Fifteen months from date of allotment) December 20, 2022. Redeemable at quarterly intervals in no. of 4 instalments.	650	-	1.00	642.86	-
10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e.(subject to exercise of put option by the lender at March 09, 2024) i.e. September 09, 2022.	600	-	1.00	617.46	-

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost) (Contd.)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (Rupees in millions)	As at March 31, 2023	As at March 31, 2022
	March 31, 2023	March 31, 2022			
10.75% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. (subject to exercise of put option by the lender at March 09, 2024) September 23, 2022.	402	-	1.00	413.25	-
11.15% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. November 22, 2022.	2,000	-	1.00	2,019.09	-
10.83% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Seventeen months from the date of allotment i.e. December 16, 2022.	2,000	-	1.00	2,017.90	-
14.80% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of forty four months from the date of allotment i.e. October 28, 2020 (subject to exercise of put option by the lender at the end of Thirty months from the date of allotment). Redeemable on maturity if option not exercised by the investor.	2,000	2,000	0.10	285.08	244.99
12% Secured, Rated, Listed, Redeemable, Transferable, Non Convertible Debentures of face value of ₹ 1 million each. Redeemable at Principal repayment frequency as per repayment schedule intervals in no. of 2 instalments.	350	350	1.00	264.09	351.12
10.5% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Thirteen months from the date of allotment i.e. March 24, 2022.	350	350	1.00	350.85	350.70
12.60% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 16, 2022.	230	-	1.00	234.52	-
12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. October 20, 2020.	-	800	0.10	-	94.52
10.00% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. October 29, 2020.	-	1,000	1.00	-	1,041.87
10.80% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of eighteen months from the date of allotment i.e. November 19, 2020.	-	350	1.00	-	352.57
12.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of twenty one months from the date of allotment i.e. October 20, 2020.	-	800	0.10	-	94.52

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost) (Contd.)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (Rupees in millions)	As at March 31, 2023	As at March 31, 2022
	March 31, 2023	March 31, 2022			
14.00% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of twenty four months from the date of allotment i.e. September 08, 2020 (subject to exercise of put option by the lender at the end of six months from the date of allotment). Redeemable on maturity if option not exercised by the investor.	-	250	1.00	-	251.81
14.8% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of twenty three months from the date of allotment i.e. October 28, 2020.	-	1,740	0.10	-	224.12
12.75% Secured, Redeemable, Non-convertible Debentures redeemable in twenty four equal monthly installments from the date of allotment i.e. September 29, 2020.	-	250	1.00	-	62.17
12.20% Secured, Redeemable, Non-convertible Debentures redeemable at par at the end of twenty four months from the date of allotment i.e. December 19, 2020.	-	500	1.00	-	502.54
11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures redeemable at par at the end of Twenty Four months from the date of allotment i.e. December 16, 2020.	-	6,360	0.10	-	725.96
11.50% Secured, Redeemable, Non-convertible Debentures redeemable at quarterly intervals.	-	2,000	0.10	-	204.14
10.5% Secured, Redeemable, Principal Protected Non-convertible Debentures, redeemable at par at the end of Thirteen months from the date of allotment i.e. August 03, 2021.	-	150	1.00	-	149.99
12.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty Five months from the date of allotment i.e. June 15, 2021.	1,200	1,200	0.10	148.79	131.98
12.65% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Nineteen months from the date of allotment i.e. June 15, 2021.	-	600	0.10	-	66.07
<b>Sub - Total</b>				<b>23,660.23</b>	<b>17,041.24</b>
<b>(ii) Borrowing under securitisation arrangement (secured)</b>					
From Banks				8,304.71	741.16
From non-banking financial companies				1,723.00	-
<b>Sub - Total</b>				<b>10,027.71</b>	<b>741.16</b>
<b>Total Debt Securities</b>				<b>33,687.94</b>	<b>17,782.40</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 13: (a) Debt Securities (at amortised cost) (Contd.)

(₹ in millions unless otherwise stated)

	No. of debentures outstanding		Face Value (Rupees in millions)	As at March 31, 2023	As at March 31, 2022
	March 31, 2023	March 31, 2022			
<b>Nature of security</b>					
The above debt securities are secured by the way of first and exclusive charge over eligible specified book debts and margin money deposits					
<b>Out of the above debt securities</b>					
Debt securities in India				33,687.94	17,782.40
Debt securities outside India				-	-
<b>Total</b>				<b>33,687.94</b>	<b>17,782.40</b>
<b>(b) Borrowings (Other than Debt Securities)</b>					
<b>Secured, measured at amortised cost</b>					
Term loan from banks				16,084.16	16,458.16
Term loan from non-banking financial companies				9,124.82	3,278.64
External Commercial Borrowings				1,646.00	-
<b>Total</b>				<b>26,854.98</b>	<b>19,736.80</b>
<b>Out of the above</b>					
Borrowings in India				25,208.98	19,736.80
Borrowings outside India				1,646.00	-
<b>Total</b>				<b>26,854.98</b>	<b>19,736.80</b>
<b>Nature of security</b>					
Borrowings (other than debt securities) are secured by the way of hypothecation of book debts and margin money deposits.					
Refer Note 13A for terms of principal repayment and the applicable interest rate on the borrowings (other than debt securities).					
<b>(c) Subordinated Liabilities (at amortised cost)</b>					
<b>Unsecured term loan</b>					
Term loan from banks				199.77	201.87
<b>Total Subordinated Liabilities</b>				<b>199.77</b>	<b>201.87</b>
<b>Out of the above</b>					
Borrowings in India				199.77	201.87
Borrowings outside India				-	-
<b>Total</b>				<b>199.77</b>	<b>201.87</b>

Subordinate debt is unsecured and carries an interest rate @ 15% per annum. The Subordinate debt is due for maturity on June 08, 2024.



# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 13A. Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than debt securities)

### (i) As at March 31, 2023

(₹ in millions unless otherwise stated)

Original maturity of loan	Frequency of repayment	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Total
			No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
<b>Borrowings (Other than Debt Securities)</b>									
1-3 years	Monthly	9.15%-11.00%	206	5,367.30	104	2,491.96	-	-	7,859.26
		11.01%-12.00%	277	8,014.39	182	3,303.75	12	77.64	11,395.78
		12.01%-13.50%	92	1,501.56	12	251.88	-	-	1,753.44
		13%-14%	68	491.03	48	527.63	5	51.52	1,070.18
		15.25%	3	14.34	-	-	-	-	14.34
	Quarterly	10.75%-12.00%	25	1,869.17	3	93.75	-	-	1,962.92
		12.01%-13.25%	9	1,017.86	2	62.50	-	-	1,080.36
	Half Yearly	13%-14%	4	151.09	-	-	-	-	151.09
Bullet payment	12.53%	-	-	-	-	1	1,646.00	1,646.00	
<b>Total</b>				<b>18,426.74</b>		<b>6,731.47</b>		<b>1,775.16</b>	<b>26,933.37</b>
Impact of EIR									(140.03)
Interest accrued on borrowings									61.64
<b>Total</b>									<b>26,854.98</b>

### (ii) As at March 31, 2022

(₹ in millions unless otherwise stated)

Original maturity of loan	Frequency of repayment	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Total
			No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
<b>Borrowings (Other than Debt Securities)</b>									
1-3 years	Monthly	8.50%-10.50%	167	5,095.79	63	2,008.55	15	458.33	7,562.67
		10.51%-12.00%	178	5,208.79	53	1,733.07	-	-	6,941.86
		12.01%-14.00%	251	1,759.80	39	142.71	-	-	1,902.51
	Quarterly	10.51%-12.00%	11	354.17	4	116.67	-	-	470.84
		12%-12.99%	4	50.00	-	-	-	-	50.00
	Half yearly	7.00%-10.00%	1	500.00	-	-	-	-	500.00
		10.01%-11.00%	2	600.00	-	-	-	-	600.00
		12%-12.99%	4	83.33	2	234.42	-	-	317.75
Annually	7.00%-8.00%	1	300.00	-	-	-	-	300.00	
Bullet payment	8.50%-10.50%	3	985.00	-	-	-	-	985.00	
<b>Total</b>				<b>14,936.88</b>		<b>4,235.42</b>		<b>458.33</b>	<b>19,630.63</b>
Impact of EIR									4.70
Interest accrued on borrowings									101.47
<b>Total</b>									<b>19,736.80</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 13B. Compliance with the loan covenants

The Holding Company has been regular in serving all its borrowings though there has been breach of some of the covenants relating to borrowings during the year ended and as at March 31, 2023. Given the large scale Covid-19 induced disruptions, many of the borrowers across the microfinance industry were unable to service their loans on-time resulting in significantly elevated PAR, GNPA, NPA etc., Spandana was not immune to this industry trend and witnessed breach of some of the covenants due to elevated portfolio stress levels.

Based on the discussions with the lenders, the Holding Company has no reason to believe that any adverse action, such as levy of higher interest or a recall of the facility, will be invoked by the lenders on account of such breach; and as of the date of these financial statements, none of the lenders have intimated about initiation of any remedial action. Accordingly, no adjustment are required in these financial statements.

## 13C. Changes in liabilities arising from financing activities

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2022	Cash flows (net)	Others	As at March 31, 2023
Debt securities	17,782.40	15,500.08	405.46	33,687.94
Borrowings (other than debt securities)	19,736.80	6,988.93	129.25	26,854.98
Subordinated liabilities	201.87	-	(2.10)	199.77
	<b>37,721.07</b>	<b>22,489.02</b>	<b>532.61</b>	<b>60,742.69</b>

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2021	Cash flows (net)	Others	As at March 31, 2022
Debt securities	20,347.14	(3,318.81)	754.07	17,782.40
Borrowings (other than debt securities)	33,183.69	(13,481.32)	34.43	19,736.80
Subordinated liabilities	201.83	-	0.04	201.87
	<b>53,732.66</b>	<b>(16,800.13)</b>	<b>788.54</b>	<b>37,721.07</b>

## 14: Other financial liabilities

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Employee benefits payable	251.21	154.95
Expenses payable	35.79	470.37
Lease liability	126.69	1.48
Provision towards refund of excess interest collected (Refer note 47)	388.74	454.81
Assignment and other payables	750.63	230.71
	<b>1,553.06</b>	<b>1,312.32</b>

## 15: Current Tax Liabilities (net)

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax)	40.23	281.62
	<b>40.23</b>	<b>281.62</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 16: Provisions

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Gratuity, net of contribution (Refer note 37)	55.89	40.15
Leave encashment	6.87	-
	<b>62.76</b>	<b>40.15</b>

## 17: Other non-financial liabilities

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Unfructified service tax liability [net of amount paid under protest ₹ 9.93 million]	175.47	166.94
Statutory dues payable	141.59	86.64
Other payables	117.73	255.18
	<b>434.79</b>	<b>508.76</b>

## 18: Share capital

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<b>Authorized</b>		
900,000,000 (March 31, 2022: 900,000,000) equity shares of ₹ 10 each	9,000.00	9,000.00
1,250,000,000 (March 31, 2022: 1,250,000,000) preference shares of ₹ 10 each	12,500.00	12,500.00
	<b>21,500.00</b>	<b>21,500.00</b>
<b>Issued, subscribed and paid-up</b>		
70,983,269 (March 31, 2022: 69,094,530) equity shares of ₹ 10 each fully paid up	709.83	690.95
	<b>709.83</b>	<b>690.95</b>

### (a) Terms / rights attached to equity shares

The Holding Company has only one class of equity shares of par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Holding Company declares and pays dividends in Indian rupees. During the current financial year no dividend has been proposed by the Holding Company.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	6,90,94,530	690.95	6,43,15,483	643.15
Issued during the year - Preferential Allotment	18,52,739	18.52	46,86,342	46.87
Issued during the year - ESOP	36,000	0.36	92,705	0.93
Outstanding at the end of the year	<b>7,09,83,269</b>	<b>709.83</b>	<b>6,90,94,530</b>	<b>690.95</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## Note:

- (i) During the year, the Holding Company has allotted 18,52,739 equity shares of ₹ 10 each at issue price of ₹ 458.78 per share including premium of ₹ 448.78 per share to Kedaara Capital Fund III LLP on conversion of 18,52,739 fully convertible warrants allotted on preferential basis, in terms of Regulation 169(4) of Chapter V of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI Regulations") and the Companies Act, 2013, to the extent applicable.
- (ii) During the year, the Holding Company has allotted 36,000 equity shares to eligible employees under Employee stock Option Plan at a price of ₹ 263.35 per equity share including premium of ₹ 253.35 per equity share.

### (c) Details of shareholders holding more than 5% in the Company:

As per the records maintained, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity shares of ₹ 10 each</b>				
Kangchenjunga Limited	2,93,03,172	41.28%	2,93,03,172	42.41%
Padmaja Gangireddy	1,02,89,392	14.50%	1,03,00,953	14.91%
Valiant Mauritius Partners FDI Limited	38,48,823	5.42%	38,48,823	5.57%
Kedaara Capital Fund III LLP	50,13,295	7.06%	NA	NA

### (d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:

Promoter name	As at March 31, 2023		As at March 31, 2022		% Change during the year
	No. of Shares	%	No. of Shares	%	
Padmaja Gangireddy	1,02,89,392	14.50%	1,03,00,953	14.91%	-0.41%
Vijaya Sivarami Reddy Vendidand	1,16,933	0.16%	4,99,960	0.72%	-0.56%
Kangchenjunga Limited	2,93,03,172	41.28%	2,93,03,172	42.41%	-1.13%
Kedaara Capital Fund III LLP	50,13,295	7.06%	31,60,556	4.57%	2.49%

### (d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:

Promoter name	As at March 31, 2022		As at March 31, 2021		% Change during the year
	No. of Shares	%	No. of Shares	%	
Padmaja Gangireddy	1,03,00,953	14.91%	1,03,00,953	16.02%	-1.11%
Vijaya Sivarami Reddy Vendidand	4,99,960	0.72%	5,14,974	0.80%	-0.08%
Kangchenjunga Limited	2,93,03,172	42.41%	2,93,03,172	45.56%	-3.15%
Kedaara Capital Fund III LLP	31,60,556	4.57%	-	0.00%	4.57%

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Group refer Note 42.

(f) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date:

Nature of instrument / convertible security	Number of convertible securities	Number of equity shares issued upon conversion
Class B 0.001% Compulsory Convertible Preference Shares (CCPS) of ₹ 10 each	79,10,07,721	89,48,425

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 19: Other Equity

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Securities premium	22,185.12	21,339.29
General reserve	110.28	73.22
Capital redemption reserve	1,526.93	1,526.93
Share options outstanding reserve	447.17	200.88
Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934]	3,698.49	3,670.99
Money received against Share Warrants A/c	-	750.00
Retained earnings	2,902.34	2,816.65
Fair valuation on loans through other comprehensive income	(590.00)	(193.23)
<b>Total other equity</b>	<b>30,280.33</b>	<b>30,184.73</b>

For detailed movement of reserves, refer consolidated statement of changes in equity for the year ended March 31, 2023

### Nature and purpose of other equity

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

#### General reserve

Amounts set aside from retained profits as a general reserve to be utilised in accordance with provision of the Companies Act, 2013.

#### Capital redemption reserve

In accordance with section 55 of the Companies Act, 2013, the Holding Company has transferred an amount equivalent of the nominal value of OCCRPS redeemed during previous years, to the Capital Redemption Reserve. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

#### Share options outstanding account

The share option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

#### Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45-IC of Reserve Bank of India Act 1934.

#### During Money received against share warrants

During the year, the Holding Company has allotted 18,52,739 fully convertible warrants of 10 each at issue price of ₹ 458.78 per warrant including premium of ₹ 448.78 per warrant on preferential basis to Kedaara Capital Fund III LLP, against receipt of upfront money amounting to ₹ 750 million, in compliance with the SEBI Regulations and the Companies Act, 2013, to the extent applicable. Subsequently on May 21, 2022, these warrants have been exercised and are converted into 18,52,739 equity shares of ₹ 10 each at issue price of ₹ 458.78 per share including premium of ₹ 448.78 per share.

#### Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve, general reserve or any other such other appropriations to specific reserves.

#### Fair valuation on loans through other comprehensive income

The Holding Company has elected to recognize changes in the fair value of loans in other comprehensive income. These changes are accumulated as reserve within equity. The Holding Company transfers amount from this reserve to retained earnings when the relevant loans are derecognized.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 20: Interest Income

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<b>Measured at fair value through OCI</b>		
Interest on loans	11,677.85	12,220.50
<b>Measured at amortised cost</b>		
Interest on loans	1,000.36	983.95
Interest on inter corporate advances	1.91	12.94
Interest on deposits with banks and financial institutions	94.81	147.97
	<b>12,774.94</b>	<b>13,365.36</b>

## 21: Net gain on fair value changes

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<i>(A) Net gain / (loss) on fair value instruments at fair value through profit or loss</i>		
(i) On trading portfolio – Investments	268.74	479.82
(ii) On market linked debentures	48.98	43.01
<i>(B) Others</i>		
(i) Gain on derecognition of loans designated at FVTOCI	527.44	259.26
	<b>845.16</b>	<b>782.09</b>

## 22: Others

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Recovery against loans written-off	387.44	415.79
	<b>387.44</b>	<b>415.79</b>

## 23: Other income

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Advertisement income	651.12	162.29
Sale of traded goods	89.13	-
Profit on sale of property, plant and equipment	-	1.96
Miscellaneous income	22.53	8.18
	<b>762.78</b>	<b>172.43</b>

## 24: Finance cost

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<i>On financial liabilities measured at amortised cost</i>		
Interest on debt securities	2,332.59	2,418.13
Interest on borrowings (other than debt securities)	2,063.21	2,834.18
Interest on subordinated liabilities	30.00	29.99
Interest on lease liabilities	9.60	17.81
Interest on income tax	0.17	71.85
Other finance cost	143.19	29.04
	<b>4,578.76</b>	<b>5,401.00</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 25: Impairment on financial instruments

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<b>a) Measured at fair value through OCI</b>		
Impairment allowance	(3,863.16)	2,751.12
Loans written-off	8,260.80	1,907.19
<b>b) Measured at amortized cost</b>		
Impairment allowance	132.71	138.81
Loans written-off	312.80	8.58
Amount receivable from assignment of portfolio charged off	404.31	-
Retained asset written-off	195.69	-
	<b>5,443.15</b>	<b>4,805.70</b>

## 26: Employee benefits expense

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Salaries, wages and bonus	2,562.41	1,963.25
Contribution to provident and other funds	123.21	93.80
Gratuity benefits (refer note 37)	13.67	19.22
Leave benefits	24.08	34.38
Share based payments to employees (refer note 42)	288.59	112.18
Staff welfare expenses	45.25	49.18
	<b>3,057.21</b>	<b>2,272.00</b>

## 27: Depreciation and amortization expense

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
On property, plant and equipment	61.99	48.21
On right of use assets	18.01	35.98
On intangible assets	28.66	7.58
	<b>108.66</b>	<b>91.77</b>

## 28: Other expenses

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Rent	198.96	106.77
Purchase of traded goods	118.17	-
Rates and taxes	33.28	3.02
Bank charges	17.32	14.41
Office maintenance	59.41	50.83
Computers and network maintenance	137.65	32.55
Electricity charges	14.21	19.81
Travelling Expenses	386.57	308.80
Communication expenses	8.34	11.35
Printing and stationery	24.22	16.41
Legal and professional charges	221.56	157.38
Directors Remuneration fees	13.81	10.45
Auditors' remuneration (refer note 28.1 below)	15.44	12.67
Recruitment and training	0.83	2.92

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 28: Other expenses (Contd.)

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Settlement expenses	-	376.05
Other provisions and write off	58.63	45.41
Loss on sale of property, plant and equipment	0.30	-
CSR expenditure (refer note 28.2 below)	61.20	87.20
Miscellaneous expenses	34.27	4.27
	<b>1,404.16</b>	<b>1,260.30</b>

### 28.1 Details of payments to auditors:

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Audit fee	14.59	8.78
Certification fee	0.44	0.22
Out of pocket expenses	0.41	0.28
	<b>15.44</b>	<b>9.28</b>

### 28.2 Details of CSR expenditure:

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Gross amount required to be spent during the year	61.20	87.20
Amount approved by the Board to be spent during the year	61.20	87.20
Amount spent during the year	-	-
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	61.20	38.97
Shortfall at the end of the year	-	48.23
Total of previous years shortfall	124.01	75.78
Reason for shortfall	NA	Note: 2
Nature of CSR activities	1. Skill development and Livelihoods 2. Health 3. Education 4. Water 5. Digital and Financial Literacy and 6. Promotion of Clean energy	
Details of related party transactions	Refer Note: 32	
Provision made during the year	-	48.23
<b>Disclosure under section 135 (5) of the Companies Act, 2013</b>		
<b>Particulars</b>		
Unspent balances as at the beginning of the year	124.01	75.78
Amount deposited in Specified Fund of Sch. VII within 6 months *	124.01	75.78
Amount required to be spent during the year	61.20	87.20
Amount spent during the year	185.21	38.97
Unspent balances as at the closing of the year	-	124.01

\* Out of ₹ 124.01 million, an amount of ₹ 80.10 million was transferred in the month of April, 2022 and balance amount was already transferred during FY 21-22.

#### Note: 1

Since the implementation of CSR programs are directly handled by the Group, COVID-19 pandemic prevented the employees to reach out to the beneficiaries directly on the CSR approved projects.



# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 29: Tax expense

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Current tax expense	45.29	930.65
Adjustment in respect of current income tax of prior years	1.14	17.05
Deferred tax expense/credit	7.91	(677.25)
<b>Total tax Charge</b>	<b>54.34</b>	<b>270.45</b>
<b>Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate</b>		
Accounting profit before tax	178.28	968.72
Expected tax expense at the Indian tax rate 25.168% (March 31, 2022: 25.168%)	<b>44.87</b>	<b>243.81</b>
<i>Tax effect of amounts which are not deductible/taxable in calculating taxable income:</i>		
Effect of expenses not deductible under the IT Act, 1961	11.71	43.30
Effect of additional allowance deductible under the IT Act, 1961	-	(40.67)
Adjustment in respect of prior year tax expense	1.14	17.05
Others	(3.38)	6.96
<b>Income tax expense reported in the statement of profit and loss</b>	<b>54.34</b>	<b>270.45</b>

## 30: Earning per Share

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
Net profit after tax as per Statement of Profit and Loss	123.15	694.68
Net profit as above for calculation of basic EPS and diluted EPS	123.15	694.68
Weighted average number of equity shares in calculating basic EPS	7,07,13,014	6,46,24,714
Stock options granted under ESOP	2,14,619	1,60,706
Weighted average number of equity shares for diluted EPS	7,09,27,634	6,47,85,420
Basic earnings per share (In rupees)	1.74	10.75
Diluted earnings per share (In rupees)	1.74	10.72

## 31: Segment Reporting

The Group operates in a single business segment i.e. financing, as the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment as per Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic, and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer aggregates to 10% or more of the Company's total revenue during the year ended March 31, 2023 or March 31, 2022.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 32: Related party disclosures (As per Ind AS 24)

### I. Entities in which Key Management Personnel and their relatives have significant influence

- a) Spandana Employee Welfare Trust
- b) Spandana Rural and Urban Development Organization (upto November 02, 2021)
- c) Abhiram Marketing Services Limited (upto November 02, 2021)

### II. Key Management Personnel ("KMP")

- a) Mr. Shalabh Saxena - Managing Director & Chief Executive Officer
- b) Mr. Ashish Damani - President and Chief Financial Officer
- c) Mr. Ramesh Periasamy - Company Secretary & Chief Compliance Officer
- d) Mr. Bharat Shah (Independent Director)
- e) Mr. Deepak Vaidya (Independent Director)
- f) Mr. Jagdish Capoor (Independent Director)
- g) Mrs. Abanti Mitra (Non-Executive Chairman and Independent Director)
- h) Mr. Sunish Sharma (Nominee Director)
- i) Mr. Kartikeya Dhruv Kaji (Nominee Director)
- j) Mr. Amit Sobti (Nominee Director upto September 21, 2022)
- k) Mr. Ramachandra Kasargod Kamath (Nominee Director)
- l) Mr. Animesh Chauhan - Independent Director (w.e.f August 4, 2022)
- m) Mr. Neeraj Swaroop - Nominee Director (w.e.f August 4, 2022)
- n) Mrs. Padmaja Gangireddy - Managing Director upto November 2, 2021 and Director w.e.f November 3, 2021
- o) Mr. Abdul Feroz Khan – Chief Strategy Officer (upto November 02, 2021)
- p) Mr. Satish Kottakota - Chief Financial Officer (upto October 01, 2021)

### III. Relatives of Key Management Personnel

- a) Mr. Revan Saahith (upto November 02, 2021)
- b) Mr. Vijaya Sivarami Reddy Vendidandi (upto November 02, 2021)

### IV. Related parties in accordance with RBI Master directions

- a) Spandana Mutual Benefit Trust (upto November 02, 2021)

### (b) Transactions with related parties

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<b>(i) Abhiram Marketing Services Limited</b>		
Incentive income	-	64.68
Interest income	1.91	12.94
Inter-corporate advances granted (gross)	-	126.00
Purchase of loan portfolio	105.27	
Expense reimbursement	-	0.30
Loan collections on behalf of Abhiram	-	278.03
Purchase of fixed assets & goods	-	9.74
<b>(ii) Spandana Mutual Benefit Trust</b>		
Sale of fixed assets	-	0.20
Gold Loan Portfolio amount	414.22	930.56
Transfer of fixed assets pertaining to gold loan branches	-	22.64
Transfer of rental deposits pertaining to gold loan branches	0.15	3.36

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 32: Related party disclosures (As per Ind AS 24) (Contd.)

(₹ in millions unless otherwise stated)

	For year ended March 31, 2023	For year ended March 31, 2022
<b>(iii) Spandana Rural and Urban Development Organization</b>		
Rent expenses	3.87	28.47
Expense reimbursement claimed from the Company		0.04
Sale of fixed assets	-	3.66
<b>(vi) Remuneration paid to KMP's</b>		
Mr. Shalabh Saxena ^	156.49	1.57
Mr. Ashish Damani ^	95.13	1.22
Mr. Ramesh Periasamy ^	14.52	7.85
Mr. Abdul Feroz Khan	-	7.34
Mrs. Padmaja Gangireddy	-	373.20
Mr. Satish Kottakota	-	4.36
<b>(v) Mr. Revan Saahith</b>		
Remuneration paid	-	1.92
<b>(vi) Mr. Vijaya Sivarami Reddy Vendidandi</b>		
Rent expenses	3.22	19.18
Sale of fixed assets	-	1.35
<b>(vii) Transactions with Non-Executive Director</b>		
Annual fee	12.67	10.00

\* KMP's are covered by the Company's leave policy and are eligible for gratuity along with other employees of the Company. The provision made towards gratuity and leave encashment pertaining to the KMP's has not been included in the aforementioned disclosures as these are not determined on an individual basis.

^ Include cost towards share based payment to employees of ₹ 150.76 million (March 31, 2022: ₹ 2.48 million)

### (c) Balance receivable / (payable)

(₹ in millions unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<b>Loans</b>		
Abhiram Marketing Services Limited	-	64.60
<b>Other financial liabilities</b>		
Spandana Rural and Urban Development Organization	-	(1.21)
Abhiram Marketing Services Limited	-	(25.17)
Mrs. Padmaja Gangireddy	-	(407.10)
Mr. Vijaya Sivarami Reddy Vendidandi	-	(0.83)
Mr. Satish Kottakota	-	(5.48)
Mr. Shalabh Saxena	(16.87)	(1.57)
Mr. Ashish Damani	(10.02)	(1.22)
Mr. Ramesh Periasamy	(2.60)	(3.49)
<b>Other financial assets</b>		
Spandana Rural and Urban Development Organization	-	0.01
Abhiram Marketing Services Limited	-	134.45
Spandana Mutual Benefit Trust	-	414.37

#### Notes:

- (a) All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 33: Contingent liabilities

### Claims against the Company not acknowledged as debt:

(₹ in millions unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Service tax open assessments	48.67	48.67
Income tax open assessments	505.34	463.81
<b>Total</b>	<b>554.01</b>	<b>512.47</b>

- i) The Commissioner, Service Tax Commissionerate, Hyderabad ("CST"), through two orders dated August 7, 2012 and October 9, 2013, levied service tax, interest and penalty on pre-closure interest charged by the Holding Company on loans preclosed during FY 2006-07 to FY 2011-12. The CST also issued an order dated March 27, 2015, levying service tax, interest and penalty on a part of profit on portfolio sale during FY 2007-08 to FY 2010-11, deeming it to be consideration for collection and remittance of loan instalments. The Holding Company filed an appeal against these orders before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT) which is pending for hearing on March 31, 2023. The service tax and interest thereon in respect of these matters have been provided for in earlier years based on Company's assessment. However, given the facts of these cases, legal precedents, and general opinion, the penalty indicated in these orders aggregating ₹ 48.66 million is considered as a contingent liability as at March 31, 2023.
- ii) The Holding Company received an income tax assessment-cum-demand order for FY2016-17, inter alia, raising a demand of ₹ 477.64 million (including accrued interest) under section 69A read with section 115BBE of the Income Tax Act, 1961 ("IT Act"). The Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the Company confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2023. The Company has deposited ₹ 69.22 million against such demand.
- iii) The Holding Company received an income tax assessment-cum-demand order for FY2017-18, disallowing deduction of ₹ 13.45 million claimed under section 80JJAA. While, the addition has not resulted in any additional tax demand (since during FY 2017-18), the Company had paid income tax under section 115JB of the IT Act. However, the assessing officer has levied a penalty of ₹ 8.96 million under section 270A of the IT Act. SSFL has filed an appeal before the CIT(A) against the levy of penalty.
- iv) Criss Financial Limited ("CFL") received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of ₹ 18.74 millions (including interest) under section 69A read with section 115BBE of the Income Tax Act, 1961. The Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the CFL is confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2023. The CFL has deposited ₹ 3.75 millions against such demand in the process of filling the aforesaid appeal.

Based on the internal assessment and / or legal opinion, the Management is confident that, for the aforesaid mentioned contingent liabilities under paragraph (i) to (iv) above, no further provision is required to be made as at March 31, 2023.

## 34: Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques. This note describes the fair value measurement.

### Valuation framework

The Group will assess the fair values for assets qualifying for fair valuation. The Group's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 34: Fair Value (Contd.)

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

1. Fair values of investments held under FVTPL have been determined under level 1 using quoted Net Asset Value of the underlying instruments;
2. Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and selling the loans are measured at FVOCI. The fair value of these loans has been determined under level 2.

## 35: Fair Value Hierarchy of assets and liabilities

### Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

Level 3 - If one or more of the significant inputs is not based on observable market data (unobservable), the instrument is included in level 3.

### I. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

	Fair value measurement using		
	Level -1	Level -2	Level -3
<b>Assets measured at fair value as at March 31, 2023</b>			
Loans (measured at FVOCI)	-	72,506.85	-
Investments in Security Receipts	-	1,892.54	-
Investments in equity shares (measured at FVTPL)	-	-	1.00
	<b>-</b>	<b>74,399.39</b>	<b>1.00</b>
<b>Assets measured at fair value as at March 31, 2022</b>			
Loans (measured at FVOCI)	-	51,442.58	-
Derivative financial instruments (measured at FVTPL)	-	0.46	-
Investments in equity shares (measured at FVTPL)	-	-	1.00
Investments in liquid/debt mutual funds (measured at FVTPL)	23.44	-	-
	<b>23.44</b>	<b>51,443.04</b>	<b>1.00</b>

### II. The following table shows an analysis of financial assets that are not carried at fair value

	Amortized cost	Fair value measurement using		
		Level -1	Level -2	Level -3
<b>Assets measured at fair value as at March 31, 2023</b>				
Loans	5,091.21	-	5,091.21	-
	<b>5,091.21</b>	<b>-</b>	<b>5,091.21</b>	<b>-</b>
<b>Assets measured at fair value as at March 31, 2022</b>				
Loans	3,741.25	-	3,741.25	-
	<b>3,741.25</b>	<b>-</b>	<b>3,741.25</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 35: Fair Value Hierarchy of assets and liabilities (Contd.)

III. The following table shows an analysis of financial liabilities that are not carried at fair value

	Amortized cost	Fair value measurement using		
		Level -1	Level -2	Level -3
<b>Liabilities measured at fair value as at March 31, 2023</b>				
Debt securities	33,687.94	-	34,048.44	-
Borrowings (other than debt securities)	26,854.98	-	26,922.57	-
Subordinated liabilities	199.77	-	199.33	-
Lease Liabilities	126.69	-	126.69	-
	<b>60,869.38</b>	<b>-</b>	<b>61,297.02</b>	<b>-</b>
<b>Liabilities measured at fair value as at March 31, 2022</b>				
Debt securities	17,782.40	-	17,850.47	-
Borrowings (other than debt securities)	19,736.80	-	19,959.22	-
Subordinated liabilities	201.87	-	224.88	-
	<b>37,721.07</b>	<b>-</b>	<b>38,034.57</b>	<b>-</b>

### Note:

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents and other financial assets / liabilities approximate the fair value because of their short-term nature.

### Valuation technique used

#### For Loans

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fairvalue of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

#### For Derivative financial instruments

For derivative financial instruments, the Group has assessed the fair value under Monte Carlo Simulation model which involves input parameters like discount rate, volatility, expected tenure, risk-free rates, coupon payment date, time steps and iterations.

#### For investment in security receipts

For investments in security receipts, the Company has considered the net asset value declared by the trust.

### Financial liabilities measured at amortised cost

#### For Borrowings

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2023 and March 31, 2022.

## 36: Capital Management

The Group's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Holding Company ensures to maintain a healthy CRAR at all the times.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 36: Capital Management (Contd.)

The Group has a board approved policy on resource planning which states that the resource planning of the Group shall be based on its Asset Liability Management (ALM) requirement. The policy of the Group on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

### Regulatory Capital

#### Spandana Sphoorty Financial Limited. (Parent Company)

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Tier I Capital	25,699.65	27,809.45
Tier II Capital	-	105.23
<b>Total Capital</b>	<b>25,699.65</b>	<b>27,914.68</b>
Risk weighted assets	69,710.93	55,009.87
Tier I CRAR	36.87%	50.55%
Tier II CRAR	0.00%	0.19%
<b>Total CRAR</b>	<b>36.87%</b>	<b>50.74%</b>

#### Criss Financial Holdings Limited. (Subsidiary Company)

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Tier I Capital	1,471.76	1,503.35
Tier II Capital	65.62	9.09
<b>Total Capital</b>	<b>1,537.37</b>	<b>1,512.44</b>
Risk weighted assets	5,249.36	4,124.18
Tier I CRAR	28.04%	36.45%
Tier II CRAR	1.25%	0.22%
<b>Total CRAR</b>	<b>29.29%</b>	<b>36.67%</b>

## 37: Employee Benefit Plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of ₹ 2 million per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

### Movement in defined benefit obligations

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Defined benefit obligation as at the beginning of the year	42.53	41.16
Current service cost	11.18	8.45
Interest on defined benefit obligation	2.64	2.39
Remeasurements- Actuarial (gain) / loss	10.50	15.32
Benefits paid	(9.66)	(24.79)
<b>Defined benefit obligation as at the end of the year</b>	<b>57.19</b>	<b>42.53</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 37: Employee Benefit Plans (Contd.)

### Movement in plan assets

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Fair value of plan assets as at the beginning of the year	2.38	24.66
Actual return on plan assets	0.15	2.51
Actuarial gains	-	-
Employer contributions	8.43	-
Benefits paid	(9.66)	(24.79)
<b>Fair value of plan assets as at the end of the year</b>	<b>1.30</b>	<b>2.38</b>

The Group expects to contribute ₹ 16.34 million (March 31, 2022; ₹ 11.08 million) to gratuity in the next financial year.

### Reconciliation of net liability/ asset

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Net defined benefit liability as at the beginning of the year	40.14	16.50
Expense charged to statement of profit & loss	13.67	9.41
Amount recognised in other comprehensive income	10.50	14.23
Employer contributions	(8.43)	-
<b>Net defined benefit liability as at the end of the year</b>	<b>55.89</b>	<b>40.14</b>

### Expenses charged to the statement of profit and loss

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Current service cost	11.18	8.45
Interest cost	2.49	0.96
<b>Total</b>	<b>13.67</b>	<b>9.41</b>

### Remeasurement gains/(losses) in the other comprehensive income

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Actuarial Gain / (Loss) on Liabilities		
- due to change in financial assumptions	(4.91)	0.58
- due to experience variance	(5.59)	(15.89)
<b>Total -A</b>	<b>(10.50)</b>	<b>(15.31)</b>
Actuarial Gain / (Loss) on assets		
- Expected Interest Income	0.15	1.43
- Actual Income on Plan Asset	0.15	2.51
<b>Total -B</b>	<b>0.01</b>	<b>1.08</b>
	<b>(10.49)</b>	<b>(14.23)</b>

### The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

(₹ in millions unless otherwise stated)

Category of Assets	March 31, 2023	March 31, 2022
Fund managed by Insurer	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>



# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 37: Employee Benefit Plans (Contd.)

### Summary of Actuarial Assumptions

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.30%-7.47%	6.19%-6.81%
Expected return on plan assets	6.19%	5.79%
Rate of Increase in compensation levels	7.50%-12.50%	5.00%
Retirement age (years)	58	58

**Discount rate:** The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

**Expected rate of return on plan assets:** This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

**A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:**

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Discount rate (+0.5%)	(0.76)	(0.55)
Discount rate (-0.5%)	0.78	0.56
<b>Salary Inflation (+1%)</b>	1.54	1.15
Salary Inflation (-1%)	(1.47)	(1.10)
<b>Withdrawal Rate (+5%)</b>	(2.90)	(1.88)
Withdrawal Rate (-5%)	3.24	2.03

### Projected plan cash flow

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Year 1	11.74	9.26
Year 2	11.41	8.44
Year 3	10.26	7.65
Year 4	9.22	6.39
Year 5	7.70	5.44
After year 5	21.50	13.92

The weighted average duration of the defined benefit obligation of Company is ~ 5 years

### The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 38: Leases

### Company as a lessee

The Group's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch offices). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreements carries non-cancellable lease periods. The Group has applied short term lease exemption for leasing arrangements where the period of lease is less than 12 months. The head office premises have been obtained on a lease term of five years with an annual escalation clause of five percent

### Amounts recognised in statement of profit or loss:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	18.01	35.98
Interest expense on lease liabilities	9.60	18.14
Expense relating to short-term leases *	198.96	106.77
<b>Total amount recognised in profit or loss</b>	<b>226.57</b>	<b>160.89</b>

\*net of gain of Nil (March 31, 2022: ₹ 43.72 million), recognized on cancellation of lease agreements pursuant to the execution of Settlement Agreement.

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Total commitments for short term leases	52.41	43.91

### Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Balances as at the beginning of the year	0.69	129.26
Addition	138.41	2.37
Deletion	(0.69)	(94.96)
Depreciation	(18.01)	(35.98)
Balances as at the end of the year	120.40	0.69

### Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Balances as at the beginning of the year	1.48	152.66
Addition	138.41	2.37
Accretion of interest	9.60	18.14
Deletion	(1.48)	(147.41)
Payments/ Total cash outflow for leases	(21.33)	(24.28)
<b>Balances as at the end of the year</b>	<b>126.69</b>	<b>1.48</b>

### The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Less than one year	33.88	0.98
One to five years	126.07	0.67
More than five years	-	-
<b>Total</b>	<b>159.95</b>	<b>1.65</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 39: Amount payable to micro small and medium enterprises

Based on information available with the Group, as at the reporting period, there are no dues payable to suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

## 40: Risk Management and financial objectives

Risk is an integral part of the Group business and sound risk management is critical to the success. As a financial intermediary, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Group has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Group has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

### 40.1 Credit Risk

Credit risk is the risk that the counterparty shall not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of the creditworthiness as well as concentration of risks. Credit risk arises primarily from financial assets such as loan receivables, investment in equity shares, balances with banks and other receivables.

Financial instruments that are subject to concentration of credit risk principally consist of investments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

### Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including fixed deposits, were either past due or impaired as at March 31, 2023 and March 31, 2022. The Group has diversified its portfolio of investment in cash and cash equivalents and term deposits with various banks with sound credit ratings, hence the risk is reduced.

### Loans

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Holding Company is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing micro-loans in rural areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Group creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The criteria of default, significant increase in credit risk and stage assessment is mentioned in note 3(e) of the significant accounting policies. The below discussion describes the Group approach for assessing impairment.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 40: Risk Management and financial objectives (Contd.)

### A) Probability of default (PD)

The Group determines PD on a collective basis by stratifying the entire portfolio into meaningful categories. The Group uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the Group bifurcates the entire portfolio into different states. Further the Group performs analysis of its defaults in various states over different observation period. In determining the PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Group determines PD for each stage depending upon the underlying classification of asset (i.e., Stage I or Stage II). The PD rates for Stage I and II have been further bifurcated based on the days-past-due (DPD) status of the loans (i.e., current, 1-30 DPD, 31-60 DPD and 61-90 DPD) to incorporate adequate granularity. PD rate for stage 3 is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days."

### B) Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

### C) Loss given default

The Group determines its expectation of lifetime loss by estimating recoveries towards its loan through analysis of historical information. The Group determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. LGD is the difference between the exposure at default and its recovery rate. Similar to PDs, the LGD rates have also been reassessed for COVID-19 affected portfolio by comparing past recovery experience from less frequent / non-recurring default events. Appropriate adjustments have also been made for recoveries observed during the post-pandemic period which are considered as an appropriate representation of expected post-default recoveries.

#### Analysis of concentration risk:

The Group loan book consists of a large number of customers spread over diverse geographical area. The following tables show the geographical concentrations of loans:

(₹ in millions unless otherwise stated)

States	Holding Company		Subsidiary Company (Criss Financial Limited)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Madhya Pradesh	16.75%	18.58%	-	-
Odisha	14.76%	16.96%	-	-
Maharashtra	9.68%	10.43%	-	-
Karnataka	10.57%	12.01%	-	-
Chhattisgarh	5.32%	6.93%	-	-
Kerala	0.35%	1.86%	-	-
Rajasthan	4.75%	4.66%	-	-
Bihar	8.39%	6.39%	-	-
Jharkhand	6.64%	5.05%	-	-
Telangana	0.00%	1.01%	25.72%	13.65%
Andhra Pradesh	11.12%	8.53%	74.28%	86.35%
Gujarat	5.17%	3.99%	-	-
Others	6.49%	3.60%	-	-
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

#### Collateral and other credit enhancement

The Group secured portfolio consists of loans against property (including land and building). Although collateral is an important mitigant credit risk, the Group practice is to lend on the basis of its assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of the product and the Group assessment of the customer's credit risk, a loan may be offered with suitable collateral.

**40.1.a** Inter-corporate advance given by the Group to related parties are repayable on demand and governed by Group's policy on demand loans approved by the board of directors. Such policy requires credit appraisal of the financial and operational performance of the counter parties, to be performed by the Group before renewing/rolling over of the advance.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 40: Risk Management and financial objectives (Contd.)

### 40.2 Liquidity Risk

Liquidity risk refers to the risk that the Group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Group has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Group has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

#### Maturity pattern of financial liabilities:

(₹ in millions unless otherwise stated)

Particulars	Borrowings *		Other financial liabilities	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Upto 1 month	4,031.88	5,003.76	910.25	419.13
1 to 2 months	5,526.55	2,250.24	123.88	-
2 to 3 months	3,906.75	2,252.16	9.94	424.50
3 to 6 months	9,828.95	6,323.94	8.47	1.43
6 months to 1 year	23,048.67	10,096.93	407.72	467.23
1 to 3 years	19,843.64	17,781.30	108.81	-
3 to 5 years	785.92	405.41	17.26	-
Over 5 years	14.89	391.54	-	-
<b>Total</b>	<b>66,987.25</b>	<b>44,505.27</b>	<b>1,586.32</b>	<b>1,312.29</b>

\*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities and includes interest payable as per agreed repayment schedule

#### Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered and settled.

(₹ in millions unless otherwise stated)

	March 31, 2023			March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and Cash Equivalents	8,133.76	-	8,133.76	7,271.70	-	7,271.70
Bank balances other than cash and cash equivalents	852.57	1,059.05	1,911.62	3,340.89	1,409.83	4,750.72
Derivative financial instrument	-	-	-	0.46	-	0.46
Loans	46,590.55	31,007.51	77,598.06	37,716.72	17,467.11	55,183.83
Investments	747.39	1,146.15	1,893.54	-	24.44	24.44
Other Financial Assets	1,078.28	142.75	1,221.03	918.40	27.67	946.07
<b>Subtotal- Total Financial Assets</b>	<b>57,402.55</b>	<b>33,355.46</b>	<b>90,758.01</b>	<b>49,248.16</b>	<b>18,929.06</b>	<b>68,177.22</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 40: Risk Management and financial objectives (Contd.)

(₹ in millions unless otherwise stated)

	March 31, 2023			March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>Non Financial Assets</b>						
Inventories	12.66	-	12.66	-	-	-
current tax asset(net)	152.16	242.35	394.51	149.38	38.75	188.13
Deferred tax asset (net)	-	1,969.11	1,969.11	-	1,842.05	1,842.05
Property, Plant and equipment	-	248.79	248.79	-	67.87	67.87
Intangible assets	-	46.83	46.83	-	70.96	70.96
Goodwill	-	173.89	173.89	-	173.89	173.89
Other Non financial assets	183.66	38.55	222.21	243.11	0.14	243.25
<b>Subtotal-Total Non Financial Assets</b>	<b>348.48</b>	<b>2,719.51</b>	<b>3,067.99</b>	<b>392.49</b>	<b>2,193.66</b>	<b>2,586.15</b>
<b>Total Assets</b>	<b>57,751.03</b>	<b>36,074.97</b>	<b>93,826.00</b>	<b>49,640.65</b>	<b>21,122.72</b>	<b>70,763.37</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Debt securities	23,709.39	9,978.55	33,687.94	6,381.17	11,401.23	17,782.40
Borrowings (other than debt securities)	17,829.21	9,025.77	26,854.98	15,765.43	3,971.37	19,736.80
Subordinated liabilities	-	199.77	199.77	2.38	199.49	201.87
Other financial liabilities	1,447.67	105.39	1,553.06	1,312.32	-	1,312.32
<b>Subtotal-Total financial Liabilities</b>	<b>42,986.26</b>	<b>19,309.48</b>	<b>62,295.75</b>	<b>23,461.30</b>	<b>15,572.09</b>	<b>39,033.39</b>
<b>Non Financial liabilities</b>						
Current tax liabilities(net)	0.01	40.22	40.23	281.62	-	281.62
Provisions	13.82	48.94	62.76	39.47	0.68	40.15
Other non financial liabilities	259.28	175.51	434.79	508.76	-	508.76
<b>Subtotal - Total non-financial liabilities</b>	<b>273.11</b>	<b>264.67</b>	<b>537.78</b>	<b>829.85</b>	<b>0.68</b>	<b>830.53</b>
<b>Total Liabilities</b>	<b>43,259.37</b>	<b>19,574.15</b>	<b>62,833.53</b>	<b>24,291.15</b>	<b>15,572.77</b>	<b>39,863.92</b>
<b>Net</b>	<b>14,491.66</b>	<b>16,500.82</b>	<b>30,992.47</b>	<b>25,349.50</b>	<b>5,549.95</b>	<b>30,899.45</b>

### 40.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Group is exposed to three types of market risks as follows:

#### 40.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Group has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 40: Risk Management and financial objectives (Contd.)

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax / equity is affected through the impact on floating rate borrowings, as follows:

	₹ in millions unless otherwise stated	
Finance Cost	March 31, 2023	March 31, 2022
0.50 % Increase	(175.74)	(91.96)
0.50 % Decrease	175.74	91.96

### 40.3b Price Risk

The Group's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Group has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

### 40.3c Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contract.

	₹ in millions unless otherwise stated	
Particulars	March 31, 2023 USD	March 31, 2022 USD
Liability External Commercial Borrowing	2,00,00,000	-
Assets – Cross Currency Interest rate Swap Contract	2,00,00,000	-

## 41: Transfer of Financial assets

### a. Securitisation Transaction:

The Holding Company has entered into securitisation arrangement with various parties. Under such arrangement, the Holding Company has transferred a pool of loans, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Holding Company has concluded that risk and rewards with respect to these assets are not substantially transferred. Following such transfer, the Holding Company's involvement in these assets is as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties

### The value of Financial assets and liabilities as on :-

	₹ in millions unless otherwise stated	
Particulars	March 31, 2023	March 31, 2022
Carrying amount of assets	10,923.21	684.76
Carrying amount of associated liabilities	10,027.71	741.16
Fair value of assets	10,757.13	686.23
Fair value of associated liabilities	10,067.82	744.04

The shortfall of fair value of associated liabilities over fair value of assets is ₹ Nil (March 31, 2022: ₹ 57.82 millions)

### b. Assignment Transaction:

The group has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets to the buyer being met, the assets have been derecognised.





# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 42: Employee stock option plan (ESOP) (Contd.)

Particulars	Grant XI	Grant XII ESOP Plan 2018 and ESOP Scheme 2021	Grant I ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant II ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant III ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant IV ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant V ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant VI ESOP Plan 2021 and ESOP Scheme 2021-Series A
Vesting period	20 % equally at the end of each year	20 % equally at the end of each year	20 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year
Exercise period	9 years from the grant date (or) one year from the date of separation after vesting, whichever is earlier.		9 years from the grant date (or) before separation after vesting, whichever is earlier.					
Name of the plan	ESOP Plan 2018 and ESOP Scheme 2018	ESOP Plan 2018 and ESOP Scheme 2021	ESOP Plan 2021 and ESOP Scheme 2021-Series A	ESOP Plan 2021 and ESOP Scheme 2021-Series A	ESOP Plan 2021 and ESOP Scheme 2021-Series A	ESOP Plan 2021 and ESOP Scheme 2021-Series A	ESOP Plan 2021 and ESOP Scheme 2021-Series A	ESOP Plan 2021 and ESOP Scheme 2021-Series A

b) The details of all grants in operation during financial year 2021-22 have been summarised below:

Plan	Grant Date	Exercise Price	Outstanding at the beginning of the year	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding at the end of the year	Weighted average remaining contractual life of options (in years)
Grant I	13-Aug-18	263.35	45,600	-	6,320	21,280	18,000	5.37
Grant II	13-Aug-18	263.35	3,63,550	-	84,585	1,07,910	1,71,055	5.37
Grant III	7-Feb-19	263.35	3,000	-	1,800	1,200	-	5.85
Grant IV	28-Jan-20	1,077.37	55,500	-	-	23,500	32,000	6.83
Grant V	28-Jan-20	1,077.37	2,71,000	-	-	90,500	1,80,500	6.83
Grant VI	3-Mar-20	1,091.58	36,500	-	-	36,500	-	6.92
Grant IX	31-Aug-20	608.74	28,000	-	-	-	28,000	7.42
Grant X	12-Nov-20	565.72	1,25,000	-	-	70,000	55,000	7.62
Grant XI	21-May-21	584.56	-	20,000	-	-	20,000	8.14
Grant XII ESOP Plan 2018 and ESOP Scheme 2021	14-Aug-21	636.46	-	12,28,000	-	2,03,500	10,24,500	8.37
Grant I ESOP Plan 2021 and ESOP Scheme 2021-Series A	2-Nov-21	532.35	-	1,23,000	-	12,000	1,11,000	8.59
Grant II ESOP Plan 2021 and ESOP Scheme 2021-Series A	30-Mar-22	371.07	-	16,60,000	-	-	16,60,000	9.00
<b>Total</b>			<b>9,28,150</b>	<b>30,31,000</b>	<b>92,705</b>	<b>5,66,390</b>	<b>33,00,055</b>	

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 42: Employee stock option plan (ESOP) (Contd.)

b. The details of all grants in operation during financial year 2022-23 have been summarised below:

Plan	Grant Date	Exercise Price	Outstanding at the beginning of the year	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding at the end of the year	Weighted average remaining contractual life of options (in years)
Grant I	13-Aug-18	263.35	18,000	-	6,000	-	12,000	4.37
Grant II	13-Aug-18	263.35	1,71,055	-	30,000	1,058	1,39,997	4.37
Grant IV	28-Jan-20	1,077.37	32,000	-	-	4,800	27,200	5.83
Grant V	28-Jan-20	1,077.37	1,80,500	-	-	13,400	1,67,100	5.83
Grant IX	31-Aug-20	608.74	28,000	-	-	4,800	23,200	6.42
Grant X	12-Nov-20	565.72	55,000	-	-	55,000	-	6.62
Grant XI	21-May-21	584.56	20,000	-	-	20,000	-	7.14
Grant XII ESOP Plan 2018 and ESOP Scheme 2021	14-Aug-21	636.46	10,24,500	-	-	2,10,200	8,14,300	7.37
Grant I ESOP Plan 2021 and ESOP Scheme 2021-Series A	2-Nov-21	532.35	1,11,000	-	-	24,000	87,000	7.59
Grant II ESOP Plan 2021 and ESOP Scheme 2021-Series A	30-Mar-22	371.07	16,60,000	-	-	1,60,000	15,00,000	8.00
Grant III ESOP Plan 2021 and ESOP Scheme 2021-Series A	11-Jul-22	415.59	-	2,15,000	-	1,58,000	57,000	8.28
Grant IV ESOP Plan 2021 and ESOP Scheme 2021-Series A	8-Sep-22	554.88	-	1,60,000	-	-	1,60,000	8.44
Grant V ESOP Plan 2021 and ESOP Scheme 2021-Series A	17-Oct-22	553.10	-	50,000	-	-	50,000	8.55
Grant VI ESOP Plan 2021 and ESOP Scheme 2021-Series A	31-Jan-23	569.18	-	6,38,000	-	-	6,38,000	8.84
<b>Total</b>			<b>33,00,055</b>	<b>10,63,000</b>	<b>36,000</b>	<b>6,51,258</b>	<b>36,75,797</b>	

The expense recognised for employee services received during the year is ₹ 288.59 million. (March 31, 2022: ₹ 112.18 million)

c) The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2023

Plan	Grant III ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant IV ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant V ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant VI ESOP Plan 2021 and ESOP Scheme 2021-Series A
Date of Grant	11-Jul-22	8-Sep-22	17-Oct-22	31-Jan-23
No of ESOPs	2,15,000	1,60,000	50,000	6,38,000
Stock Price on the date of grant (₹)	416.25	576.10	551.53	559.30
Exercise Price (₹)	415.59	554.88	553.10	569.18
Expected Volatility	57.70%	57.14%	55.67%	59.03%
Dividend Yield	0.00%	0.00%	0.00%	0.00%
Risk Free Interest Rate	7.18% - 7.30%	6.98% - 7.04%	6.96% - 7.19%	7.09% - 7.22%
<b>Fair value of option</b>				
Vest-1	238.83	332.41	219.27	252.08
Vest-2	249.39	346.53	248.08	265.00
Vest-3	259.15	359.57	264.80	283.16
Vest-4	268.19	371.64	282.72	299.78
<b>Weighted average fair value</b>	<b>253.89</b>	<b>352.54</b>	<b>253.72</b>	<b>275.01</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 42: Employee stock option plan (ESOP) (Contd.)

d) The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2022

Plan	Grant XI	Grant XII ESOP Plan 2018 and ESOP Scheme 2021	Grant I ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant II ESOP Plan 2021 and ESOP Scheme 2021-Series A
Date of Grant	21-May-21	14-Aug-21	2-Nov-21	30-Mar-22
No of ESOPs	20,000	12,28,000	1,23,000	16,60,000
Stock Price on the date of grant (₹)				
Exercise Price (₹)	584.56	636.46	532.35	371.07
Expected Volatility	55.27%	55.24%	53.05%	55.83%
Dividend Yield	0.00%	0.00%	0.00%	0.00%
Risk Free Interest Rate	5.65% - 6.12%	5.80% - 6.32%	5.76% - 6.28%	6.20% - 6.58%
<b>Fair value of option</b>				
Vest-1	303.16	353.64	264.34	178.30
Vest-2	317.96	370.27	277.79	187.51
Vest-3	331.75	385.85	290.36	196.12
Vest-4	344.68	400.37	302.26	204.15
Vest-5	356.80	413.99	313.37	
<b>Weighted average fair value</b>	<b>330.87</b>	<b>384.82</b>	<b>289.62</b>	<b>191.52</b>

Spandana Employee Stock Option Plan 2018 and Spandana Employee Stock Option Scheme, 2018 ('ESOP Plan 2018 and ESOP Scheme 2018')

Spandana Employee Stock Option Plan 2018 and Spandana Employee Stock Option Scheme, 2021 ('ESOP Plan 2018 and ESOP Scheme 2021')

Spandana Employee Stock Option Plan 2021 and Spandana Employee Stock Option Scheme, 2021-Series A ('ESOP Plan 2021 and ESOP Scheme 2021 Series A')

## 43: Utilisation of Borrowed funds and share premium

- (a) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (b) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 44. Revenue from contracts with customers

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Type of services		
Service fees for management of assigned portfolio of loans	16.72	0.19
Commission and other income	651.12	226.97
Advertisement income		
<b>Total</b>	<b>667.84</b>	<b>227.16</b>

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 44. Revenue from contracts with customers (Contd.)

### Geographical markets

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
India	667.84	227.16
Outside india	-	-
<b>Total</b>	<b>667.84</b>	<b>227.16</b>

### Timing of revenue recognition

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Services transferred at a point in time	667.84	227.16
Services transferred over time	-	-
<b>Total</b>	<b>667.84</b>	<b>227.16</b>

### Receivables

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Receivables outstanding as at the end of the reporting period	195.36	200.92
Impairment allowance recognised on receivables	-	-

## 45: Business Combinations

On December 27, 2018, the Group had acquired controlling stake in Criss Financial Limited (formerly Criss Financial Holdings Limited), an NBFC based in India. Goodwill has been recorded since the Group considers equity interest in Criss Financial Limited as long term strategic business with no intention to liquidate in the near future. Non-controlling interest has been calculated based on the proportionate share in fair value of net assets acquired.

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. Based upon the assessment performed with respect to Holding Company's investment in Subsidiary, no adjustment on account of impairment is required to be effected to the carrying value of goodwill.

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Gross carrying value as at beginning of the year	173.89	173.74
Addition relating to acquisition of subsidiary	-	0.15
Gross carrying value as at end of the year	173.89	173.89
Impairment as at beginning of the year	-	-
Charges for the year	-	-
Impairment as at end of the year	-	-
Net carrying value as at beginning of the year	173.89	173.74
Net carrying value as at end of the year	173.89	173.89

The Group has considered the entire subsidiary as a cash generating unit for the purpose of testing impairment of goodwill. The recoverable amounts which exceed the carrying value has been determined based on value in use calculations taking into consideration the operating results, business plans and future cashflows of the subsidiary. Based upon the assessment performed with respect to the parent company's investment in subsidiary, no adjustment on account of impairment is required to be made to the carrying value of goodwill. Goodwill is not deductible for tax purposes.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## 46: Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act

### (i) As at and for the year ended 31 March 2023:

(₹ in millions unless otherwise stated)

Name of the entity	Net assets		Share in profit or loss		Share of OCI		Share of total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
<b>Parent Company</b>								
Spandana Sphoorty Financial Limited	98.19%	30,431.83	100.18%	123.37	100.07%	(404.92)	100.02%	(281.55)
<b>India Subsidiaries</b>								
Criss Financial Limited	4.99%	1,546.96	11.47%	14.12	-0.07%	0.29	-5.12%	14.41
Caspian Financial Services Limited	0.03%	9.37	-11.01%	(13.56)	0.00%	-	4.82%	(13.56)
Non-controlling interest	0.01%	2.32	-0.64%	(0.79)	0.00%	-	0.28%	(0.79)
<b>Total</b>	<b>103.22%</b>	<b>31,990.47</b>	<b>100.00%</b>	<b>123.15</b>	<b>100.00%</b>	<b>(404.63)</b>	<b>100.00%</b>	<b>(281.50)</b>
Consolidation adjustments	-3.22%	(997.99)	0.00%	-	0.00%	-	-0.01%	0.02
<b>Net amount</b>	<b>100.00%</b>	<b>30,992.48</b>	<b>100.00%</b>	<b>123.15</b>	<b>100.00%</b>	<b>(404.63)</b>	<b>99.99%</b>	<b>(281.48)</b>

### (ii) As at and for the year ended 31 March 2022:

(₹ in millions unless otherwise stated)

Name of the entity	Net assets		Share in profit or loss		Share of OCI		Share of total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
<b>Parent Company</b>								
Spandana Sphoorty Financial Limited	98.11%	30,315.32	67.14%	466.38	100.03%	(346.57)	34.41%	119.81
<b>India Subsidiaries</b>								
Criss Financial Limited	4.96%	1,532.55	33.30%	231.30	-0.03%	0.11	66.46%	231.41
Caspian Financial Services Limited	0.07%	22.94	0.09%	0.60	0.00%	-	0.17%	0.60
Non-controlling interest	0.08%	23.77	-0.52%	(3.59)	0.00%	-	-1.03%	(3.59)
<b>Total</b>	<b>103.22%</b>	<b>31,894.58</b>	<b>100.00%</b>	<b>694.68</b>	<b>100.00%</b>	<b>(346.46)</b>	<b>100.00%</b>	<b>348.22</b>
Consolidation adjustments	-3.22%	(995.13)	0.00%	-	0.00%	-	0.00%	-
<b>Net amount</b>	<b>100.00%</b>	<b>30,899.45</b>	<b>100.00%</b>	<b>694.68</b>	<b>100.00%</b>	<b>(346.46)</b>	<b>100.00%</b>	<b>348.22</b>

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impacts on elimination of inter-company transactions/profits or (losses)/consolidation adjustments have been disclosed separately. Based on the Group structure, the management is of the view that the above disclosure is appropriate under the requirements of the Act.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

**47:** The Holding Company in respect of the observation made by the RBI in its inspection report for the years ended March 31, 2018 and March 31, 2019 and subsequent correspondence with Reserve Bank of India ("RBI") with respect to the compliance with the pricing of credit guidelines prescribed under paragraph 56 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016, as amended had adequately recognised the impact of excess interest collected on loans disbursed during the period from Oct 2017 to Feb 2020, in the financial statements for the year ended March 31, 2021. During the year ended March 31, 2023, the Holding Company had refunded ₹ 66.07 million by way of credit into customers bank accounts. Given the profile of the customers and accessibility issues, the company is unable to trace borrower / bank account of borrower for remaining balances of ₹ 388.74 million and has sought advice from Reserve bank of India on the refund of balance amount (for which bank account details are not available with the Company) and will act as per directive from Reserve bank of India.

(₹ in millions unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
Provision in the books	454.81	1,336.53
Less: Amount refunded / adjusted to credit of borrowers	66.07	877.10
Amount to be refunded to borrowers	388.74	454.81

## 48: Additional Regulatory Information

- (a) There is no such immovable properties held whose title deeds are not held in the name of the Group.
- (b) There are no investment property as on March 31, 2023 and March 31, 2022.
- (c) The Group has not revalued its Property, Plant and Equipment (including Right-of Use Assets) and intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.
- (d) No proceeding has been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder
- (e) The Group has not taken borrowings from banks or financial institutions on the basis of security of current assets.
- (f) The Group has not been declared wilful defaulter by any bank or financial Institution or other lender.
- (g) No transactions were carried out during the year with Group's struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (h) No charges or satisfaction yet to be registered with ROC beyond the statutory period.
- (i) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (j) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (k) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

**49:** The Group has settled the differences that arose between the Group and its Board of Directors with the erstwhile Managing Director Ms. Padmaja Gangireddy and other entities, amicably in terms of a settlement agreement and other related agreements subject to terms and conditions stated therein In June, 2022. As a result, the Holding Company has made all the required payments which were fully provided for in the financial statement for year ended March 31, 2022, under 'Other expenses'.

**50:** Previous year figures have been regrouped/ reclassified wherever applicable. The impact of such restatements/ regroupings are not material to Financial Statements.

As per our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

**Manish Gujral**

Partner

Membership No.: 105117

Place: Mumbai

Date: May 02, 2023

For and on behalf of the Board of Directors of

**Spandana Sphoorty Financial Limited**

**Abanti Mitra**

Chairperson

DIN: 02305893

**Ashish Damani**

President & Chief  
Financial Officer

Place: Mumbai

Date: May 02, 2023

**Shalabh Saxena**

Chairperson

DIN: 08908237

**Ramesh Periasamy**

Company Secretary & Chief  
Compliance Officer

Membership No.: A26247



**SPANDANA**

**SPANDANA SPHOORTY FINANCIAL LIMITED**

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