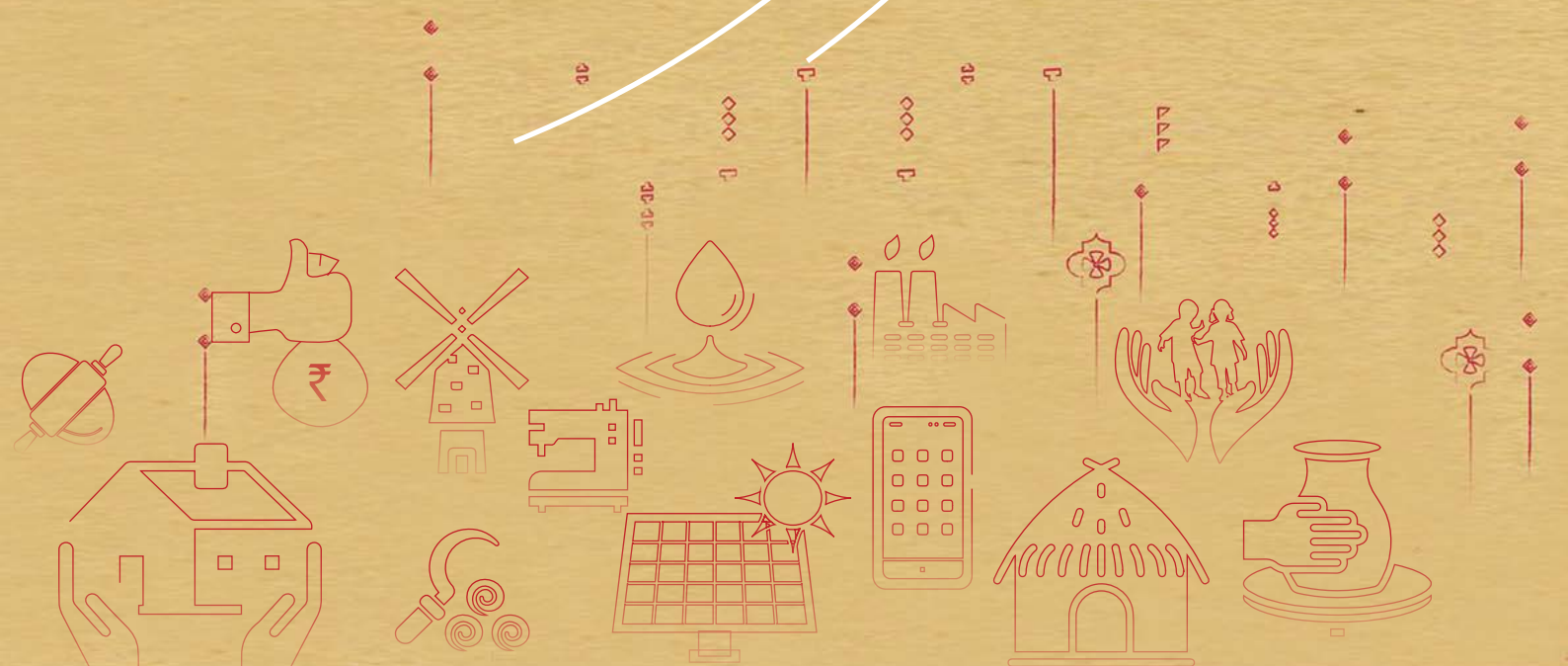


Annual Report  
2023-24



# Powering the Aspirational Bharat



# Content

## 02-15

### Business Review

- 02 Prelude
- 04 Highlights of FY24
- 06 Our edge
- 08 Corporate identity
- 10 Key performance indicators
- 12 Managing Director's insight

## 16-33

### Building for the Long Term

- 16 Vision 2028
- 18 Presence
- 22 Portfolio
- 26 Partners
- 28 Productivity
- 30 People
- 32 Customer testimonials

## 34-57

### Approach to Sustainability

- 34 Materiality assessment
- 38 Social commitments
- 44 Risk management
- 46 Governance
- 50 Board of Directors
- 54 Leadership team

## 58-166

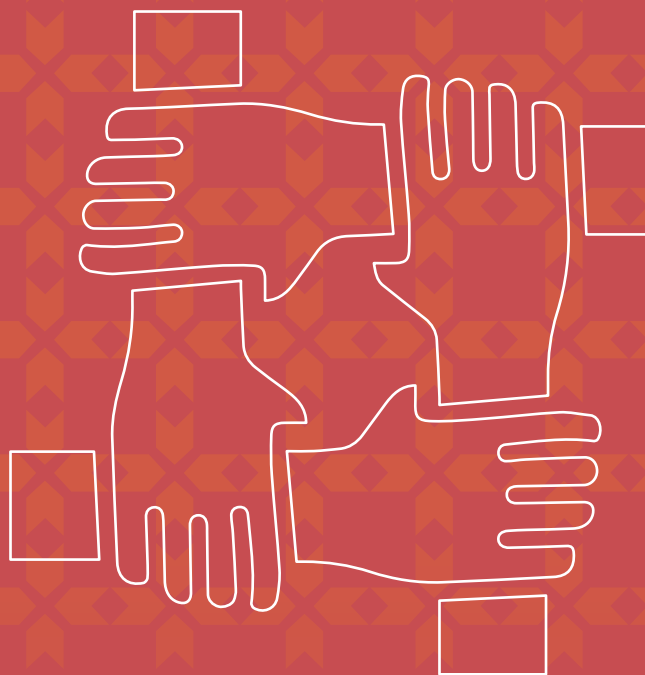
### Statutory Reports

- 58 Management Discussion & Analysis
- 71 Board's Report
- 107 Corporate Governance Report
- 136 Business Responsibility and Sustainability Report

## 167-319

### Financial Statements

- 167 Standalone financial statements
- 253 Consolidated financial statements



## Giving wings to aspirations

We, at Spandana Sphoorty Financial Limited (Spandana), consistently uphold the belief that India's economic growth must be accentuated by inclusivity for it to be sustainable. It is this unflinching vision that fuels our tireless efforts to empower millions at the grassroots level, bridge existing gaps, and seamlessly integrate them into the mainstream of opportunities and well-being.

We continue to aspire to be the driving force behind the dreams of our women entrepreneurs, providing support along their journey.

# Corporate Information

## Company Name

Spandana Sphoorty Financial Limited

## Corporate Identity Number

L65929TG2003PLC040648

## RBI Registration Number

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

## Website

www.spandanaspchoorty.com

## Registered and Corporate Office

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

## Managing Director and Chief Executive Officer

Mr. Shalabh Saxena

## President and Chief Financial Officer

Mr. Ashish Damani

## Company Secretary

Mr. Vinay Prakash Tripathi

## 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, Rangareddy,  
Hyderabad - 500 032, Telangana

## Board of Directors

**Ms. Abanti Mitra**  
Chairperson and Independent Director  
DIN: 02305893

**Mr. Animesh Chauhan**  
Independent Director  
DIN: 02060457

**Mr. Deepak Calian Vaidya**  
Independent Director  
DIN: 00337276

**Ms. Dipali Hemant Sheth**  
Independent Director  
DIN: 07556685

**Mr. Vinayak Prasad**  
Independent Director  
DIN: 05310658

**Mr. Kartikeya Dhruv Kaji**  
Non-Executive Nominee Director\*  
DIN: 07641723  
(Resigned and ceased to be a Non-Executive Nominee Director w.e.f. May 21, 2024)

**Mr. Neeraj Swaroop**  
Non-Executive Nominee Director\*  
DIN: 00061170

**Mr. Ramachandra K. Kamath**  
Non-Executive Nominee Director\*  
DIN: 01715073

**Ms. Saakshi Gera**  
Non-Executive Nominee Director\*  
DIN: 08737182  
(Appointed as Non-Executive Nominee Director w.e.f. May 22, 2024)

**Mr. Sunish Sharma**  
Non-Executive Nominee Director\*  
DIN: 00274432

**Mr. Shalabh Saxena**  
Managing Director and Chief Executive Officer  
DIN: 08908237

\* Nominee of Kedaara Capital Limited

## Investor Grievance

E-mail: einward.ris@kfintech.com  
Website: www.karisma.karvy.com  
Ph: 18003094001  
WhatsApp: 9100094099  
KPRISM (Mobile Application):  
www.kprism.kfintech.com  
KFINTECH Corporate Website:  
www.kfintech.com

## Investor Information

**Market Capitalisation as at March 31, 2024: ₹6,006.10 crore**  
BSE Code : 542759  
NSE Symbol : SPANDANA  
AGM Date : Tuesday, July 30, 2024  
AGM Time : 03:00 P.M.(IST)  
AGM Mode : Video Conferencing (VC) and Other Audio-Visual Means (OAVM)

# Powering the Aspirational Bharat



In the heartlands of India, where the pulse of life resonates with the ethos of tradition and resilience, lies Bharat—the soulful essence of our nation. Amidst the rustic landscapes and bustling communities, Bharat stands as a land of opportunity, where dreams take flight and aspirations find their wings.

In these semi-urban and rural landscapes, individuals—driven by the desire to carve out a better tomorrow—embark on a journey of self-improvement and growth. As they seek to improve their quality of life, these areas continue to witness a wave of socio-economic development, empowering communities to advance with newfound capacity and confidence.

Drawing strength from this evolution, Spandana has developed a deep understanding of the pulse of this vast landscape. With over two decades of experience, we have evolved as a catalyst in this unfolding saga of transformation. Our engagement in the rural upliftment is active and deliberate, facilitated by our products in the sphere of microfinance. We place the aspirations of Bharat at the forefront, nurturing trust-based relationships with our customers and continuously refining our business model to meet their needs.

We have remained true to our fundamentals, nurturing bonds that transcend simple transactions.

As one of the leading microfinance Institution of India, we stay committed to expanding our branch network, and sustaining customer acquisition momentum, while strengthening processes and improving efficiency. Furthermore, we continue to upskill our teams, enhancing our technology framework, and fortifying our risk and governance mechanisms.

Our mission is to 'Deliver quality financial services for securing the prosperity of communities in Bharat.' With revitalised purpose and strategic initiatives, we are the catalysts for meaningful change, uplifting lives and contributing to the inclusive growth narrative of India.

Emboldened by our refreshed vision, mission, and core values, we remain committed to our cause, steering Spandana towards sustainable growth and enduring value creation. And as we journey onward, we carry with us the spirit of Bharat, infusing every step with purpose, every connection with meaning, and every endeavour with resolve.

# Mission

Deliver quality financial services for securing the prosperity of communities in Bharat.



# Vision

- To be the preferred choice for customers and employees in fulfilling their aspirations.
- To positively impact the livelihoods of more than 60 lakh households by 2028 with an AUM of ₹28,000 crore.
- To be the standard of excellence in the financial services industry delivering equitable value for all stakeholders.



# Values

## Integrity

We believe in fairness and doing the right things

## Agility

We execute fast and efficiently

## Empathy

We respect and care for all our stakeholders

## Collaboration

We put collective success before individual achievement

## Receptive


We believe in open and honest communication






Highlights of FY24

# Delivering on our commitments



In the dynamic landscape of India's microfinance sector, abundant opportunities await. Positioned as a leading player with a nationwide presence, our persistent commitment to sustainable progress shines through every aspect of our financial and operational metrics. We remain dedicated to driving positive impact and cultivating financial inclusion for communities across the nation.



## Reported financial progress

₹2,534 CRORE Total Income	72%	₹1,289 CRORE Net Interest Income	59%	₹953 CRORE Pre-Provision Operating Profit (PPOP)	70%
₹501 CRORE Profit after Tax	+488 Cr	14.1% Net Interest Margin	+106 bps	12.2% Cost of Borrowings	+58 bps

## Maintained growth momentum

33.2 LAKH Client Base	47%	₹10,688 CRORE Disbursement	32%	₹11,973 CRORE Asset under Management (AUM)	41%
₹9.2 CRORE AUM/Branch@	15%	2,021 Active Borrowers/Branch	6%	₹1.2 CRORE AUM/Loan Officer	

## Improved portfolio quality

1.5% Gross Non-Performing Assets (GNPA)	(57) bps	0.3% Net Non-Performing Assets (NNPA)	(34) bps
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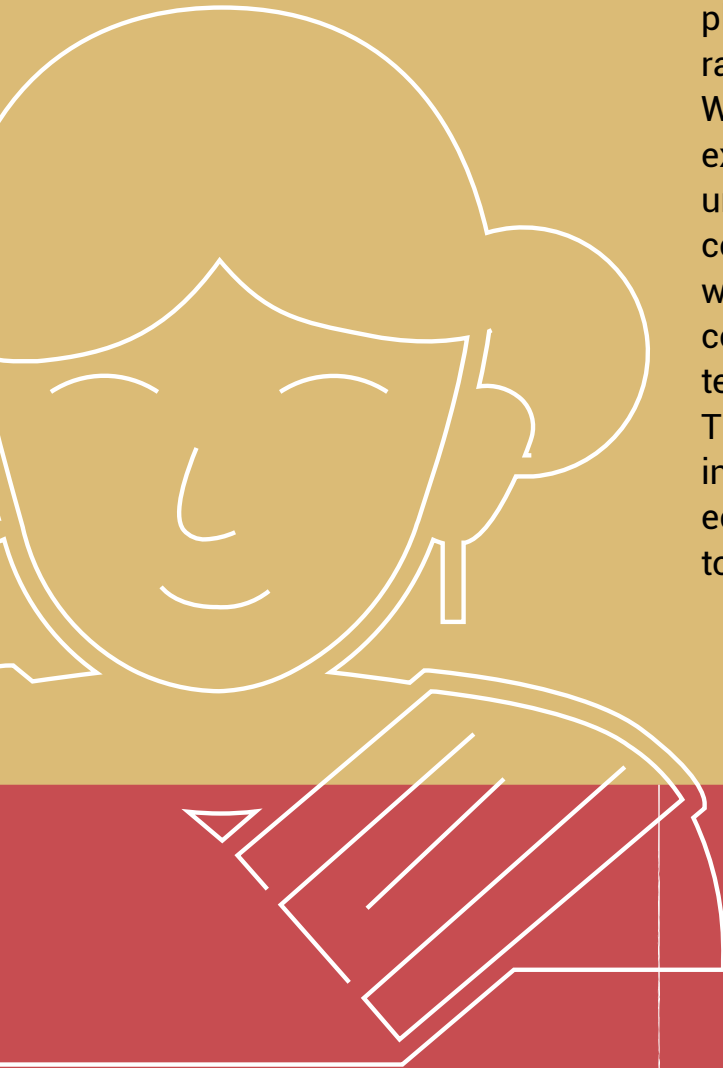
## Strengthened lender relationships

60 Total Lenders	₹10,441 CRORE Funds Raised	81%	₹1,894 CRORE Cash and Bank Balance
---------------------	-------------------------------	-----	---------------------------------------

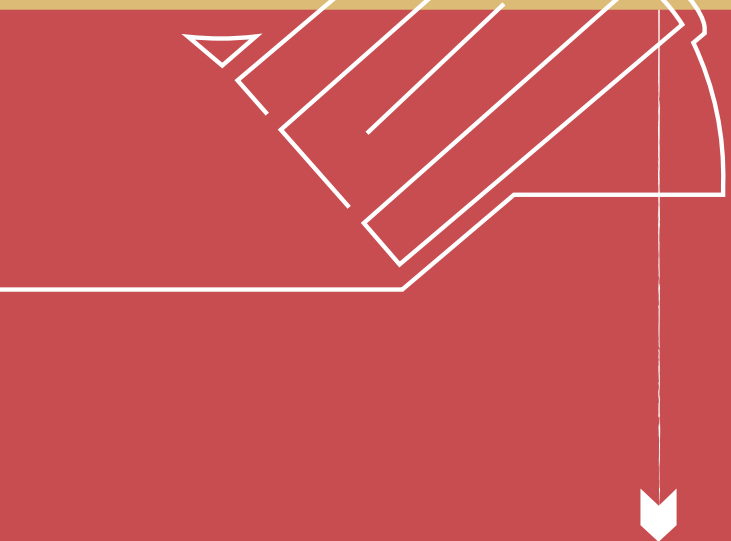
@ For branches with tenure >1 year | Note: All figures are on consolidated basis.

## Our edge

# Sharpening our strengths



Drawing upon a legacy spanning over two decades, we stand as one of the strongest players in the microfinance industry, continually ramping up our influence and impact nationwide. With our deep-rooted expertise, we consistently expand our scale and scope to serve the underserved better. Grounded in a steadfast commitment to customer-centric principles, we persist to cultivate a robust infrastructure comprising an extensive branch network, technology integration, and a diverse team. This foundation empowers us to drive financial inclusion, foster entrepreneurship, and propel economic growth, cementing our position as a torchbearer of progress in the sector.



Our innate competitive strengths empower us to extend financial products and services to individuals who often find themselves on the margins of formal finance channels in India. We strive to ensure no one is left behind in their pursuit of financial stability and opportunity.

Here, we outline some of the capabilities that fuel our growth trajectory.



### We are ensuring a seamless experience

We ensure a hassle-free loan documentation process with our streamlined approach. We prioritise simplicity and efficiency, ensuring a trustworthy journey for borrowers in semi-urban and rural markets. Our simplified customer journey ensures peace of mind and reinforces trust, comfort, and confidence.

—  
**One of the largest microfinance institutions (MFIs) in India.**

### We are broad-basing customer base

We take pride in our all-woman microfinance customer base, which stands as a testament to our unwavering dedication to financial inclusion and the empowerment of women in India. Our new loan products, including LAP and Nano Enterprise Loans, are designed with the evolving needs of our customers in mind, while further broadening our customer base.

—  
**33.2 LAKH**  
 Customer base

### We are building on our governance framework

We leverage our strong corporate governance practices that reinforce our core values and steer our strategic course. The Board of Directors is instrumental in securing our Company's long-term sustainability. They define our strategic path, aligning it with our vision, mission, and goals, while safeguarding stakeholder interests.

—  
**50%**  
 Independent Directors on our Board

### We are strengthening local connect

We derive a dual advantage by recruiting local talent for our branch offices bolstering employability within the community and cultivating strong customer engagement through our extensive team of loan officers.

—  
**9,653**  
 Loan officers

### We are creating a winning team

We consider our dedicated and hardworking colleagues as central to our success. We aim to cultivate a team that embodies the organisations' values, while maintaining a strong connection with customers. Our strategies are shaped by feedback from our team, who leverage their local connect and deep understanding of customer needs.

—  
**14,243**  
 Employee base

### We are deepening our reach across Bharat

We continue to steadily expand our network of branches, now operational across 20 States and Union Territories. Rural and Semi-urban India constitutes 85% of our customer base, while urban India represent 15%. Our commitment lies in integrating the underbanked and unbanked rural population into the formal financial system, prioritising doorstep access to financial services.

—  
**1,642**  
 Branches

### We are consistently investing in technology

We identify technology to be significantly crucial in achieving our goal of running seamless operations, making real-time decisions, and delivering on-time service. We continuously invest in IT infrastructure aligned with our growth ambitions.

—  
**CONSISTENT**  
 Investments in technology in the last few years



## Corporate identity

# Building on our belief

We, at Spandana—as a rural-focussed Non-Banking Financial Company Microfinance Institution (NBFC-MFI) operating nationwide—have established a strong presence across diverse geographical regions. Our core expertise lies in providing income-generating loans through the Joint Liability Group (JLG) model with a primary focus on empowering women from low-income households in rural areas. We strive to catalyse economic growth and financial inclusion across India, thus building on our belief in the transformative power of microfinance. Our progress continues to be driven by technology platforms, efficient systems, and streamlined processes. Additionally, our robust governance framework, risk management framework and a seasoned management team with extensive industry expertise have played pivotal role in our journey.

Our lending approach is rooted in a commitment to improve the socio-economic status of low-income households, with a special focus on empowering women. By offering consistent financial services, we aim to:

Improve livelihoods

Establish identity

Enhance opportunities

Our loan products are crafted, considering the ever-evolving needs of our customers. We also prioritise strong customer relationships by offering easy finance solutions, with hassle-free documentation through a speedy and transparent process. Our team meets loan applicants in-person and oversees the entire disbursement process to deepen the relationship. Through our efforts, we strive to empower individuals, bridging gaps and fostering economic well-being.

### Our background

Spandana originated as a Non-Governmental Organisation (NGO) in 1998 in Guntur. Subsequently, it transitioned into a Non-Banking Financial Company (NBFC) in 2004. In 2015, it further evolved into a NBFC-MFI.



## Our business segments

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

Our flagship product comprises JLG-based micro-loans, meticulously designed for women entrepreneurs. Their dedication to securing financial stability for their families inspires us. With trust in their abilities, we create accessible, transparent loan products, aligned with their aspirations. These loans empower women to nurture their dreams, symbolising the confidence and support needed for entrepreneurial success.

#### KEY FEATURES

**Target audience**  
Women entrepreneurs from low-income households

**Accessibility**  
Group-based loans provided at the customers' doorstep

**Flexible repayment**  
Weekly/monthly with no prepayment penalty

Loan tenure

**12 to 30 months**

Loan amount

**Upto ₹80,000**

**93%**

of Consolidated FY24 AUM



### Loan Against Property (LAP)\*

Our Loan Against Property is crafted to cater to the varied requirements of small entrepreneurs, be it acquiring equipment, renovating or expanding office space, or utilising funds for working capital. It provides a smooth and convenient avenue for them to access funds and embark on their pivotal next phase in the entrepreneurial journey.

#### KEY FEATURES

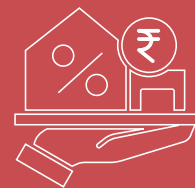
**Target audience**  
Self-employed individuals (manufacturers/traders/retailers) in the daily income category, predominantly from semi-urban and rural areas

Loan amount

**₹2-10 lakh**

**0.6%**

of Consolidated FY24 AUM



### Nano Enterprise Loans\*

Our nano enterprises loans are custom-designed for micro and small business owners, providing unsecured financing. Our goal is to foster the growth of small shopkeepers by enabling them with funds for expansion, inventory, equipment, and essential financial needs.

#### KEY FEATURES

**Target audience**  
Self-employed individuals (manufacturers/traders/retailers) in the daily income category, predominantly from semi-urban and rural areas

Loan amount

**₹50,000-  
₹1,00,000**

**0.1%**

of Consolidated FY24 AUM



### Individual Loans\*

Loans designed to meet the financing needs of small entrepreneurs and individuals. These small loans with tenure of 12, 18 or 24 months help meet the financing needs of borrowers.

#### KEY FEATURES

**Target audience**  
Women borrower, majorly in rural areas

Loan amount

**₹35,000-  
₹80,000**

**6%**

of Consolidated FY24 AUM



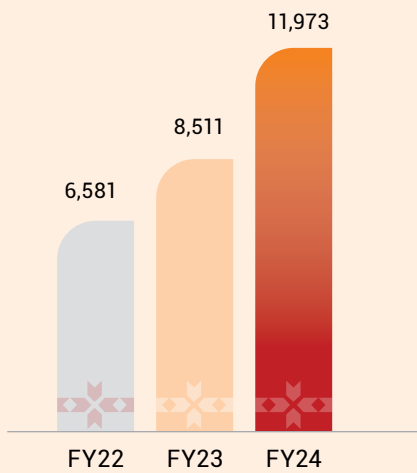
\*Offered through our subsidiary company, Criss Financial Limited.

## Key performance indicators (Consolidated)

# Reporting a robust performance

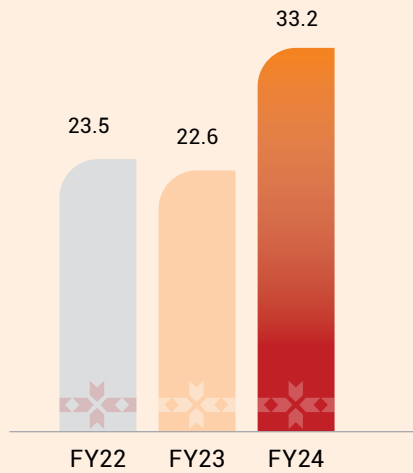
### Assets under Management

(₹ in crore)



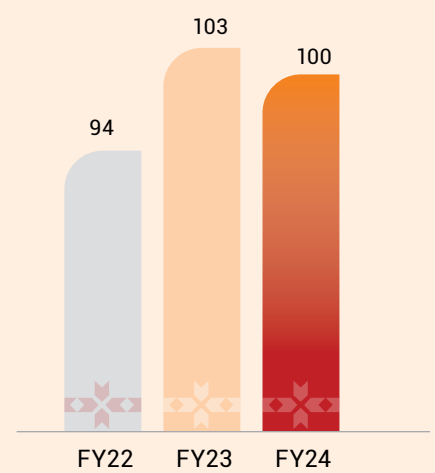
### Borrowers

(No. in Lakh)



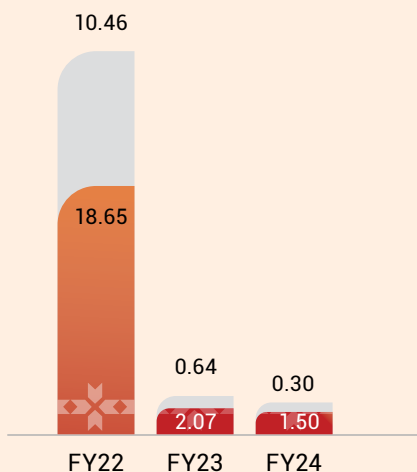
### Collection Efficiency

(%)



### Non Performing Assets (NPA)

(%)

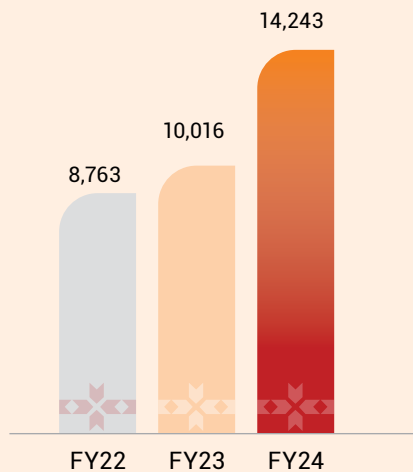


Gross NPA (%)

Net NPA (%)

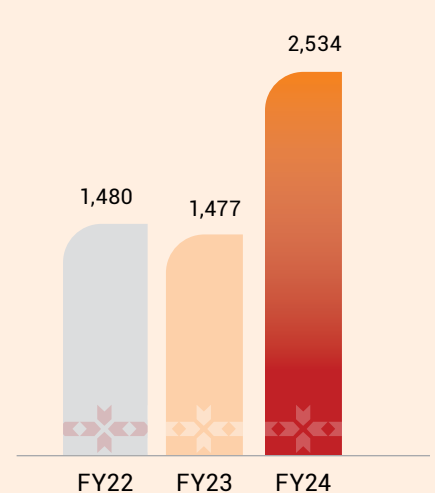
### Employees

(No.)



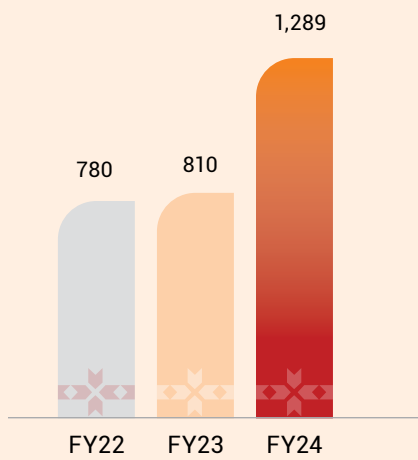
### Total Income

(₹ in crore)

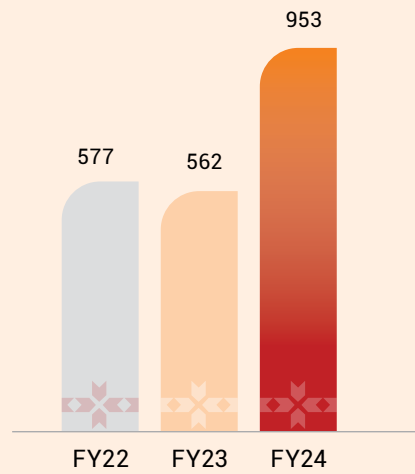


**Net Interest Income (NII)**

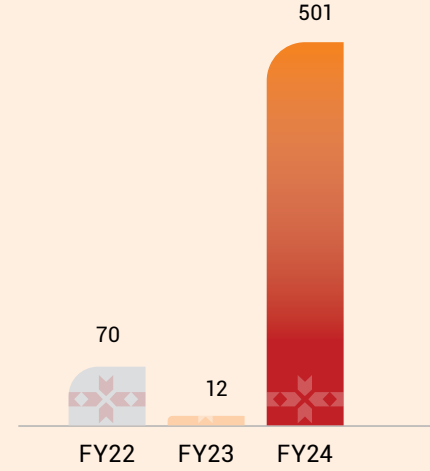
₹ in crore)

**Pre-Provision Operating Profit (PPOP)**

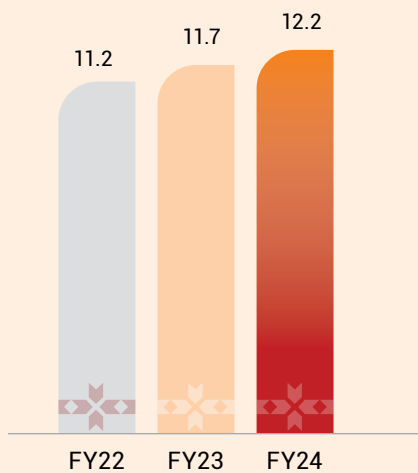
₹ in crore)

**Profit after Tax**

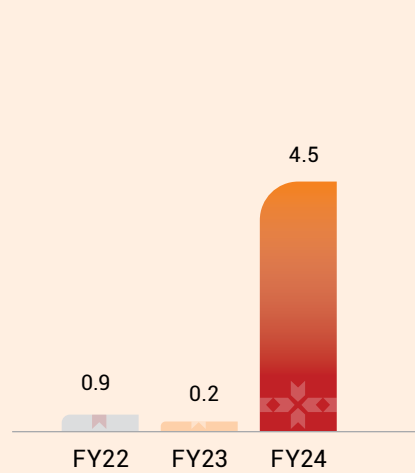
₹ in crore)

**Cost of Borrowings**

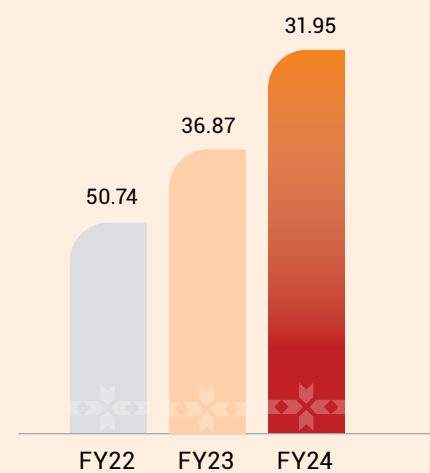
%)

**Return on Asset**

%)

**Capital Adequacy Ratio (Standalone)**

%)



Managing Director's insight

# Instep with aspirational Bharat



**Dear Shareholder,**

It is our pleasure to present to you the Annual Report of your company for fiscal year 2024. This year, like its predecessors, stands as the symbol of our continued commitment to empowering individuals and communities through financial inclusion, and I am happy to share the remarkable progress we have made together in this direction.

Microfinance remains pivotal in extending financial services to areas overlooked by traditional banking systems, fostering inclusion and grassroots development in India. By providing credit to marginalised communities, it actively contributes to poverty alleviation, women's empowerment, and rural progress.

As India advances on the global stage, microfinance plays a crucial role in ensuring equitable growth reaches all segments of society, economically empowering individuals and driving socio-economic progress.

Taking our commitment to serving the financially unserved and underserved population a step forward, Spandana through its subsidiary Criss Financial Limited introduced two new products of Loan Against Property (LAP) and Nano Enterprise Loans during FY24. These loans will help small entrepreneurs i.e., the missing middle, meet their funding needs as they take the next big step in their entrepreneurial journey.

Our focus remains on serving Aspirational Bharat, addressing the needs of the unserved and underserved segments of society.

### Oncourse with Vision 2025

In July 2022, we outlined a strategic roadmap for the next three years, spanning until FY25. As we now stand at the end of two of those 3 years, our team is pleased to inform that we are progressing as planned, poised to achieve the majority of the targets we set for ourselves.

#### Distribution scale-up

Our aim was to establish 1,500 branches by the close of FY25. We currently operate 1,642 branches, surpassing our goal by 142 branches. This accelerated branch network expansion was undertaken to give the new branches one full year's time to scale up. The focus in the current year would be on improving productivity of the entire branch network.

#### Customer acquisition focus

Our projections were geared towards achieving a 40 lakh customer base by FY25, emphasising the importance of new customer acquisition. Currently, we have reached a customer base of 33.2 lakh, aligning with our projections and maintaining our trajectory towards meeting our targets.



**Our aim was to establish 1,500 branches by the close of FY25. We currently operate 1,642 branches, surpassing our goal by 142 branches. This accelerated branch network expansion was undertaken to give the new branches one full year's time to scale up. The focus in the current year would be on improving productivity of the entire branch network.**

## 40 lakh

Customer base projected to achieve by FY25

## 1,642

Branches across India

#### Geographical concentration mitigation

Our strategy to mitigate geographical concentration risk involves expanding distribution in underserved areas, while maintaining focus in existing ones. Two years ago, our top two states Odisha and Madhya Pradesh each accounted for about 17% of our operations. However, they now represent just under 14% each, in alignment with our risk mitigation strategy. We aspire to not have any state corner over 13% of AUM.

#### Roll out of weekly model

Our initiative to transition to a weekly-based Joint Liability Group (JLG) model for microfinance facilitated the establishment of 365 new branches with a weekly repayment structure over the past year, taking the total weekly branch count to 429 branches. In the fourth quarter of FY24, 21% of disbursements were made through these weekly branches, with collection efficiency consistently maintained over 99%.

#### Focus on smaller ticket sizes and shorter tenure loans

Since the inception of our journey, we adhered to a philosophy rooted in - modest ticket sizes, shorter tenures, and vigilant monitoring of customer indebtedness levels. Our data from the past fiscal validates the effectiveness of this approach. Our ticket sizes range from 8% to 16% lower than the industry average, with a maximum offering of ₹80,000 per customer, among the lowest in the industry. Upholding our commitment to responsible lending, we ensure that our loans are sustainable for borrowers. Our average customer indebtedness stands at ~ ₹36,000, significantly below the industry average by about 35%.

#### Technology as a key enabler

We prioritise investments in technology to optimise growth and efficiency. This includes digitalising our processes, minimising interruptions in customer interactions, and establishing a fully digital environment for our loan officers, thereby ensuring seamless and efficient customer service.



## Managing Director's insight

Moreover, our dedication to enhancing our workforce and refining processes remains consistent.

### Reported robust performance

Overall, our performance in the fiscal year has been strong, marked by achieving many milestones and robust growth across various key metrics. We recorded steady growth in our loan portfolio and demonstrated strong capabilities in managing multiple organisational priorities, including branch expansion, portfolio quality improvement, process enhancement, governance, and the initiation of new business lines. Our sustained focus on technology adoption further amplified operational efficiency and improved the overall customer experience. In FY24, we achieved a 72% growth in consolidated total income compared to the previous fiscal, attaining ₹2,534 crore as opposed to ₹1,477 crore in FY23. Additionally, our consolidated profit after tax surged by ₹488 crore to ₹501 crore in FY24 from ₹12 crore in FY23.

As on March 31, 2024, our AUM reached ₹11,973 crore, reflecting a 41% growth compared to the ₹8,511 crore reported on March 31, 2023. Additionally, in terms of our disbursements, we disbursed ₹10,688 crore for FY24, a growth of 32% compared to ₹8,125 crore disbursed in the previous year. Over the past couple of years, customer acquisition-led growth remained the focal point of our strategy. In FY24 alone, we added nearly 14 lakh new customers, marking a 59% increase over FY23. Notably, approximately 55% of the borrowers who received loans during the year were new to Spandana, reflecting the effectiveness of our customer acquisition initiatives.

We have raised incremental borrowings of ₹10,441 crore during FY24, reflecting 81% increase over previous year. Over the past two years, the management team has

focused its efforts in building strong relationships with lenders ending the year with active relationship with about 60 lenders. Our cost of borrowing for FY24 stood at 12.2%, representing a +58-bps increase compared to the 11.7% for FY23. Looking ahead, our strategic imperative revolves around efforts to optimise the cost associated with incremental borrowings. This focus is set to directly bolster our competitiveness within the market.

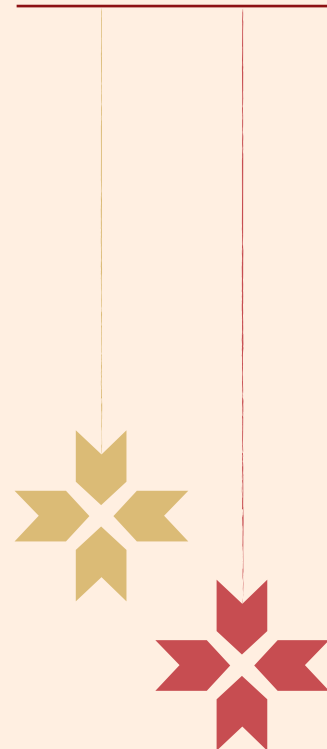
We continue to maintain a well-capitalised position with a strong balance sheet. Our Capital Adequacy Ratio (CAR) stood at 31.3%, and our Networth amounted to ₹3,645 crore. Additionally, as on March 31, 2024, we held a closing cash and bank balance of ₹1,894 crore.

Over the period spanning the last two fiscal years, we have made significant strides in enhancing the quality of our portfolio. We increased our Provision Coverage Ratio (PCR) to 80% in the fourth quarter of FY24. Our Gross Non-Performing Assets (GNPA) decreased to 1.5% in March 2024 compared to 2.1% in March 2023, while Net Non-Performing Assets (NNPA) stood at 0.3% as opposed to 0.6% in March 2023. Moreover, our 1 to 90 book was at to 2.85% as on March 31, 2024.

In alignment with our strategic focus on diversifying our business offerings, we introduced two new product lines, namely, Loan Against Property (LAP) and Nano Enterprise Loans, through our subsidiary, Criss Financial Limited. While Loan Against Property provides secured loans, Nano Enterprise Loans target small shopkeepers in specific geographies, with loan amounts ranging from ₹50,000 to ₹1,00,000. Our focus in the past year revolved around piloting these products and processes within a single state. This involved establishing technological infrastructure, recruiting talent, and establishing an efficient distribution



Our sustained focus on technology adoption further amplified operational efficiency and improved the overall customer experience. In FY24, we achieved a 72% growth in consolidated total income compared to the previous fiscal, attaining ₹2,534 crore as opposed to ₹1,477 crore in FY23. Additionally, our consolidated profit after tax surged by ₹488 crore to ₹501 crore in FY24 from ₹12 crore in FY23.





network before expanding into other regions. In FY24, we made strides in five states – Rajasthan, Madhya Pradesh, Andhra Pradesh, Karnataka, and Tamil Nadu – with the setting up of 56 branches. This expansion facilitated the building up of an AUM of ₹52 crore.

### Strategic priorities for future growth

Aligned with Vision 2028, we have outlined a strategic roadmap aimed at boosting our business towards achieving an AUM target of ₹28,000 crore. Our priorities to realise this ambitious objective are identified below:

#### Presence

We are strategically broadening our geographic footprint by expanding into six focus states. Our objective is to limit the concentration of AUM within any single state, aiming to cap it at a maximum of 12%-13% by the end of FY25.

#### Portfolio

We remain focussed on promoting financial inclusion and driving growth in microfinance by expanding our reach and boosting customer acquisition. Additionally, we plan to scale up LAP and Nano Enterprise Loans this year, capitalising on the emerging opportunities in the market.

#### Partnerships

We continuously enhance the quality of our liability mix and work towards reducing our cost of funds.

#### Productivity

We aim to accelerate and expand these efforts across the board for improving productivity.

#### Risk mitigation

We continue to identify various risks and implement mitigation measures to ensure the smooth execution of our strategy and enhance our capacity to create sustainable value.



We have raised incremental borrowings amounted to ₹10,441 crore, reflecting a 81% increase over previous year and having a strong relationship with about 60 lenders. Our cost of borrowing for FY24 stood at 12.2%, representing a +58-bps increase compared to the 11.7% for FY23. Looking ahead, our strategic imperative revolves around efforts to optimise the cost associated with incremental borrowings. This focus is set to directly enhance our margins and bolster our competitiveness within the market.

#### People

We cultivate a meritocratic environment where all the employees are treated equally. Our workplace culture fosters openness, prioritises safety, and inspires motivation, enabling individuals to develop their skills through self-learning and growth opportunities.

#### Responsible steps

Sustainability is the bedrock of our organisation, anchoring our ethos and guiding our actions. Committed to continuous improvement, we proactively invest in our systems, processes, and technologies to boost our sustainability performance. In FY24, we initiated a comprehensive ESG materiality assessment. This initiative encompassed the evolution of our business, the dynamic landscape of the global and domestic corporate sustainability, changing investor and stakeholder expectations regarding ESG, and the ongoing refinement of reporting standards.

#### Closing notes

My sincere gratitude goes out to our dedicated workforce for their spirit

and determination that form the very essence of our success. I am equally thankful to our esteemed Board, lenders, shareholders, customers, and other key stakeholders for their trust and willingness to collaborate with us on our journey towards long-term growth. As we strive to transform and build a future-ready and sustainable enterprise, your support and partnership remain our invaluable assets.

As we move forward, we continue to prioritise enhancing the efficiency and productivity of our distribution channels. With the significant progress achieved thus far and the continued support of all stakeholders, we are confident in our ability to achieve the milestones we have set and exceed the expectations of our stakeholders.

Warm regards,  
**Shalabh Saxena**  
Managing Director and CEO

Vision 2028

# Advancing with

We embarked in July 2022 with an ambitious goal: to expand our microfinance portfolio and attain an AUM of ₹15,000 crore by FY25, while advancing with a renewed purpose to seize emerging opportunities. We are well on course to achieve significant progress towards this target. With a clear vision and strategic roadmap in place, we are well-positioned to establish a new objective to harness the future potential of the microfinance landscape.

We worked on several priorities, including geographic expansion, improving productivity and efficiency, refining products, scaling and upskilling employees, and building and strengthening new lender relationships. Additionally, we focussed on mitigating risk, enhancing internal controls and bolstering audit processes, all while continuing to strengthen the mid-level and senior management team. Moreover, leveraging technology remained instrumental in driving further efficiency and productivity gains across our operations.

# new purpose



Now, we have set a roadmap extending beyond 2025.

## Unveiling the New Vision: 28 by 28

With a clear ambition, we have outlined our Vision for 2028 i.e., 28 by 28 to guide our trajectory beyond 2025. As part of our action plan, we aim to grow our business to an AUM of ₹28,000 crore within the next four years. We are actively taking steps each day to advance towards realising the objectives outlined in our Vision 2028.

The growth of our AUM is to be primarily propelled by microfinance as our core offering, with additional contributions from new products such as Loan Against Property and Nano Enterprise Loans. As we progress, we aim to mitigate the risk of geographical concentration by balancing growth aspirations across each geography with the potential that it offers and the risk of expanding in the geography.

### Enablers of Vision 2028



#### Presence

Read more on page no. 18



#### Productivity

Read more on page no. 28



#### Portfolio

Read more on page no. 22



#### People

Read more on page no. 30



#### Partners

Read more on page no. 26

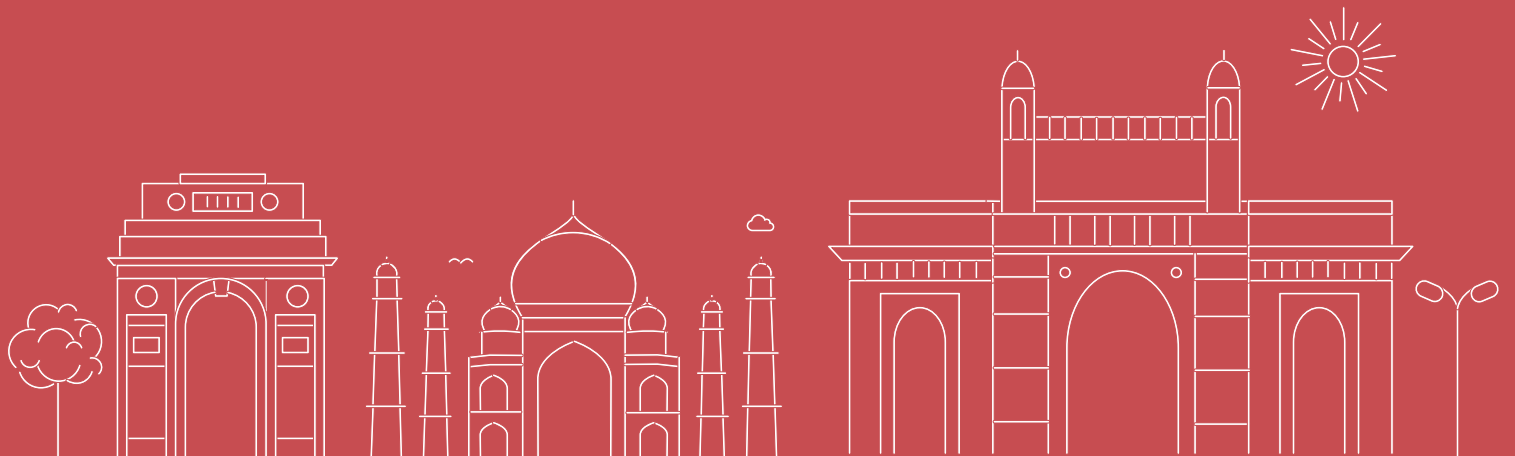


Presence

Widening presence

# across Bharat

At Spandana, we consider it both a privilege and a responsibility to catalyse transformative change in individuals' lives through financial inclusion. This mission gains heightened significance amidst the backdrop of continued limited access to financial services in rural and semi-urban India. Our extensive branch network, stretching across 416 districts and thousands of villages, serves as an affirmation of our commitment, transcending geographic, linguistic, and cultural barriers to empower communities across the nation.





We have a well-diversified operation that extends our reach to 20 States and Union Territories across India. Further, we have implemented 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.

Navigating India's linguistic diversity is a puzzle for numerous industry participants. At Spandana, we tackle this by forming teams consisting of people from local communities. Through a strategic fusion of technology and human

capital, we have been able to extend our reach to every corner. Our dedication to transforming lives persists, notwithstanding economic fluctuations and business adversities.

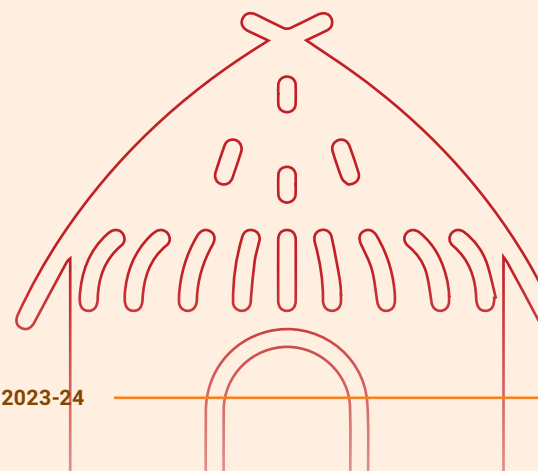
We are strategically diversifying our portfolio geographically by expanding our business presence in six focus states. Our goal is to limit the concentration of AUM in any single state to a maximum of 12%-13% by the end of FY25.

## 460

New branches added during the fiscal

## ~51%

AUM concentration across top four states (57% in FY23)



Presence

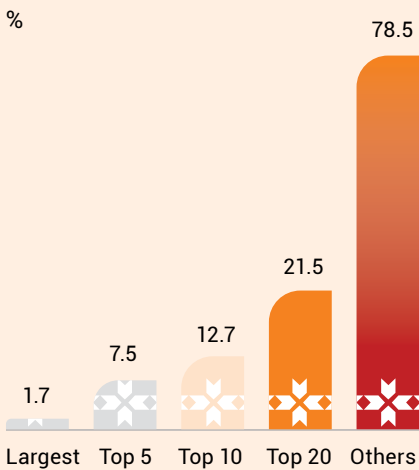
# Pan-India AUM profile (Standalone)



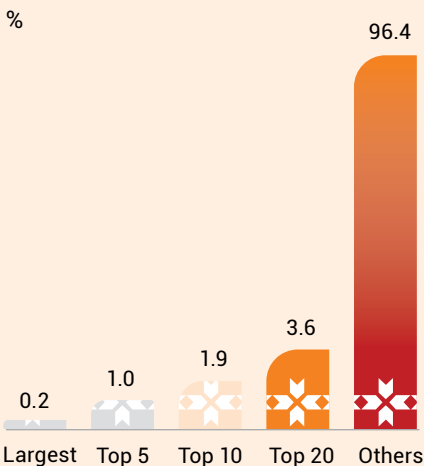


**Prudent balance of district and branch concentration**

**District-level concentration\***



**Branch-level concentration\***



\* Standalone

**Growing across focus states**

Our primary focus is on driving growth and broadening our reach to better serve our customers. As we progress, our dedication lies in maintaining and accelerating our growth trajectory, especially in the 'growth' states where substantial expansion opportunities have been identified. Notably, we have achieved a ~39% customer acquisition rate from six focus states and hold an AUM share of 28% of the total AUM from these states in FY24.

We are continuously striving to expand our branch network and augment our team size in our growth states. This strategic initiative is poised to bolster customer acquisition and augment the growth of our portfolio.

**Core vs non-core state mix in FY24**

**Focus states\***

**28%**


**Other states**

**72%**

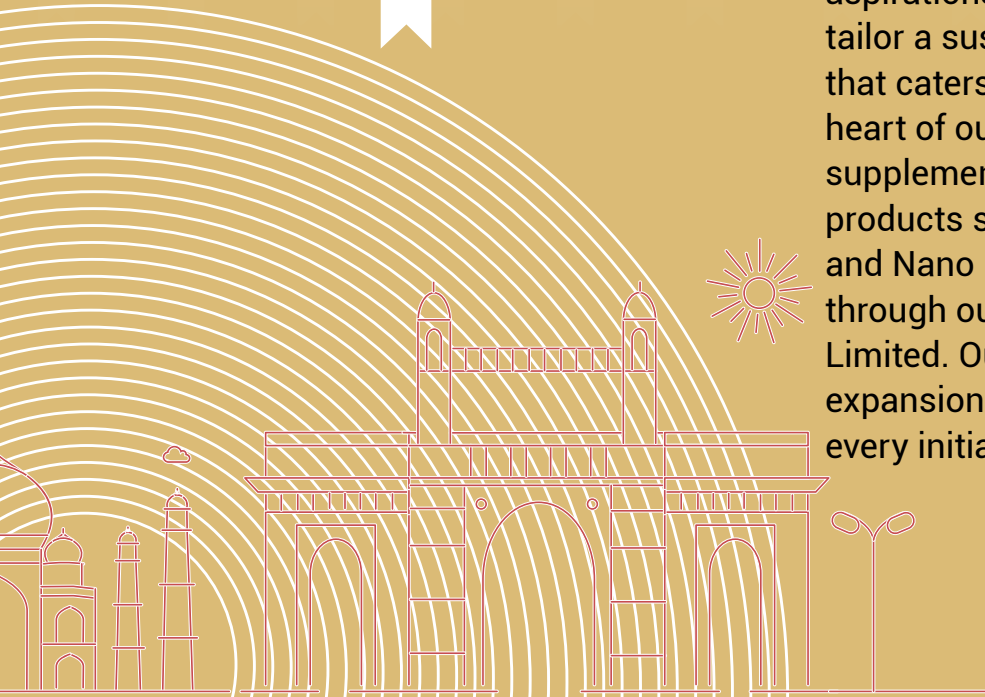
\*Focus states: Bihar, Rajasthan, Uttar Pradesh, West Bengal, Tamil Nadu and Gujarat

## Portfolio

# Focussing on expansion for sustainable progress



We leverage our extensive market knowledge to build a strong portfolio spanning our operational regions. Through direct engagement with our clientele, we understand their aspirations, cultivate deeper trust, and tailor a sustainable business model that caters to their requirements. At the heart of our portfolio lies microfinance, supplemented by the scaling of new products such as Loan Against Property and Nano Enterprise Loans offered through our subsidiary Criss Financial Limited. Our focus remains on strategic expansion, ensuring lasting impact with every initiative.





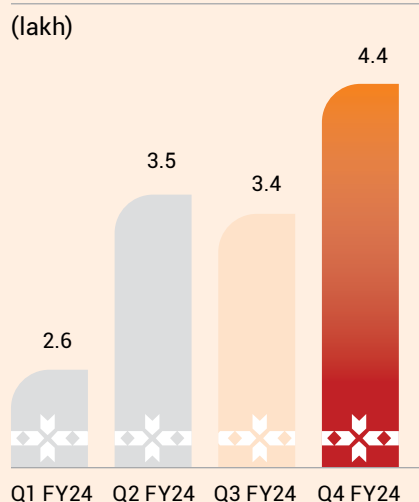
## Consolidating our microfinance business

We provide income-generating microloans primarily to women from low-income households through the Joint Liability Group (JLG) model. This model is pivotal as it enhances financial inclusion, distributes risk, cultivates social capital, stimulates community development, empowers women, and plays a crucial role in economic growth. The JLG model has demonstrated its effectiveness in addressing the barriers faced by marginalised populations in accessing formal credit and uplifting their socio-economic status.

### Staying true to our core philosophy

Our strategy of driving growth through customer acquisition continues to gain traction, maintaining a steadfast focus on attracting new clientele. Leveraging the potential of this approach, we are pleased to report an 59% year-on-year increase in borrower additions, onboarding of 13.9 lakh new customers in FY24.

### New customer acquisition trend



### Weekly model

In our effort to transition to a weekly-based JLG model of microfinance, we opened 365 new branches throughout the year, each operating on a weekly repayment schedule. While we persist in advancing towards a weekly model, the progress thus far has been steady. Additionally, we are transitioning from a monthly to a weekly repayment model, aiming to enhance the speed and deepen the customer connect.

### Building scale for stable growth

We are proud of the role we play in bridging financial disparities and empowering rural communities throughout India. Concurrently, we acknowledge the untapped opportunities within this landscape, which inspire us to further expand our presence. With a primary focus on rural regions, ~85% of our operations are dedicated to serving these communities, and we continue to strive towards bringing financial security to a broader spectrum of rural population. We are consistently fine-tuning our operations to boost efficiency and productivity, with a focus on steadily increasing the borrower-to-branch and borrower-to-loan officer ratios. Additionally, we are constantly monitoring our AUM per branch and AUM per loan officer.

### Weekly model achievements in FY24

₹1,451 crore

Weekly branch disbursement

429

Weekly branch count

₹1,199 crore

Weekly branches AUM

> 99%

Weekly branches net collection efficiency

### Borrowers to Branch and Loan Officer (No.)

	FY22	FY23	FY24
Borrowers per branch	2,097	1,914	2,021
Borrowers per loan officer	382	343	344

### AUM to Branch and Loan Officer (₹ crore)

	FY22	FY23	FY24
AUM per branch	5.9	7.2	7.3
AUM per loan officer	1.1	1.2	1.2

## Portfolio

## Building the Loan Against Property (LAP) and Nano Enterprise Loans portfolio through Subsidiary

To meet the life cycle needs and to empower small entrepreneurs, we are embarking on scaling up our LAP product. Recognising its potential, we charted a strategic plan in FY23, focussing on developing robust technology infrastructure.

We have also introduced Nano Enterprise Loans, designed for micro and small business owners, offering unsecured loans to support their growth. Our goal is to empower these entrepreneurs with funds for expansion, inventory, equipment, or other financial needs.

Starting off with Rajasthan, we now have expanded our presence to the states of Andhra Pradesh, Karnataka, Madhya Pradesh and Tamil Nadu. These new products are offered through our subsidiary Criss Financial Limited. Entire branch set-up and hierarchy of these business lines is independent of our microfinance offering. We aim to capitalise on the untapped potential of LAP and tailor offerings to client needs. Multiple branches across regions will offer LAP and nano enterprises loans, meeting growing demand effectively.

Similar customer journeys for LAP and Nano Enterprise Loans ensures seamless delivery through a unified technology platform and distribution network, maximising operational synergies.

### Quarter-on-quarter progress for LAP and nano enterprises loans

#### Quarter 1

##### April to June

- Established processes and systems for Loan Against Property (LAP) and Nano Enterprise Loan.
- Launched LAP in Rajasthan.

#### Quarter 2

##### July to September

- Unveiled Nano Enterprise Loan with a digital journey.
- Started disbursing LAP and Nano Enterprise Loans across operational branches in Rajasthan.

#### Quarter 3

##### October to December

- Operationalised 11 branches (Total: 21).
- Activated disbursements in 4 branches in Andhra Pradesh.
- Initiated expansion in Madhya Pradesh, Karnataka, and Tamil Nadu.

#### Quarter 4

##### January to March

- Expanded further into untapped areas of Madhya Pradesh, Karnataka, and Tamil Nadu as part of new state expansion, now operating a total of 56 branches.
- Launched esign, facilitating enhanced digitalisation.



## Strengthening operational excellence

### Standardising processes for seamless execution

We have implemented a streamlined organisational structure designed for efficient operations. This structure includes supervisory layers dedicated to monitoring and control. By establishing clear lines of oversight, we ensure effective supervision of processes and resources, enabling us to maintain high standards of performance and compliance. This framework facilitates agile decision-making and swift responses to challenges, ultimately contributing to overall efficiency and seamless operations.

### Accelerating a data-driven culture

At the heart of our operations lies a data-driven culture, where we leverage advanced data analytics to inform strategic decisions and drive business growth. Through automated Management Information System (MIS) and comprehensive reports on key business parameters, we gain valuable insights into market trends, customer behaviour, and operational efficiency. Additionally, our rule-engine-based credit decision-making process ensures swift and accurate assessments, allowing us to effectively manage risk, while maximising growth opportunities.

### Stronger customer centricity

#### Customer feedback and grievance redressal mechanism

We implemented a new Grievance Redressal Mechanism on September 1, 2023. For branches, the Turnaround Time (TAT) is 0-15 days for information gathering and sharing. If the grievance is not resolved within 15 days, it must be escalated to the Nodal officer by the 16<sup>th</sup> day, then to the CXOs by the 18<sup>th</sup> day, and eventually to the MD & CEO by the 20<sup>th</sup> day. This information has been published on our websites, ensuring consumers are well-informed about the TAT and escalation procedure. Consumers can escalate their grievances to MFIN and RBI in case they are dissatisfied with the resolution provided. This initiative has instilled a sense of transparency among consumers, assuring them that their grievances will be heard and addressed effectively.

#### Escalation matrix

The Consumer Service Support (CSS)/Branch Service Support (BSS) now fully adheres to the escalation matrix, promptly escalating cases where no response is received or delayed to the next level and beyond. Cross-functional teams have also begun following the escalation matrix, assisting the CSS/BSS team in addressing

both customer and employee grievances effectively. As a result of these efforts, the average TAT for resolving complaints has seen a drastic decrease, demonstrating the effectiveness of the implemented measures.

#### Process Service Level Agreements (SLA) and Turnaround Time (TAT) adherence mapping programme

Our Process Excellence Initiative for CSS/BSS aims to enhance customer and employee grievance resolution processes. It also focusses on identifying and eliminating bottlenecks between departments that may cause delays in addressing grievances. The project involved critical mapping of SLAs between departments. The project is active now with close monitoring of progress and dashboard reporting underway.

## Partners

# Fortifying lending capacity

# through lasting relationships



We take pride in our commitment to ensuring seamless access to high-quality capital, a key factor driving our sustainable lending capacity. Our focus is on securing adequate capital at optimal pricing. We have been working on building enduring partnerships with banks - both public and private, financial institutions and capital markets.

Securing sufficient capital to fulfil our lending needs is one of the key pillars for realising Vision 2028. We continuously strive to diversify our borrowing sources and forge strong relationships with both existing and new lenders. Additionally, we aim to diversify our borrowing instruments as well as borrowing tenures to ensure a consistently positive Asset-Liability Management (ALM) across various tenure buckets.

# 52%

Borrowings from banks or financial institutions

# ₹10,441 crore

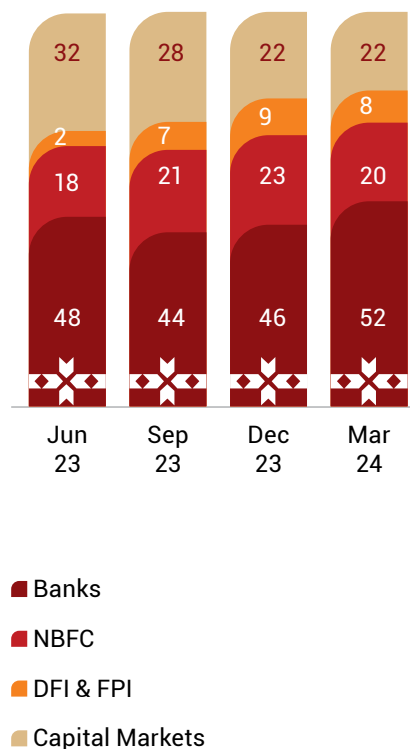
Funds mobilised during FY24

# 81%

Y-o-Y growth in fund mobilisation

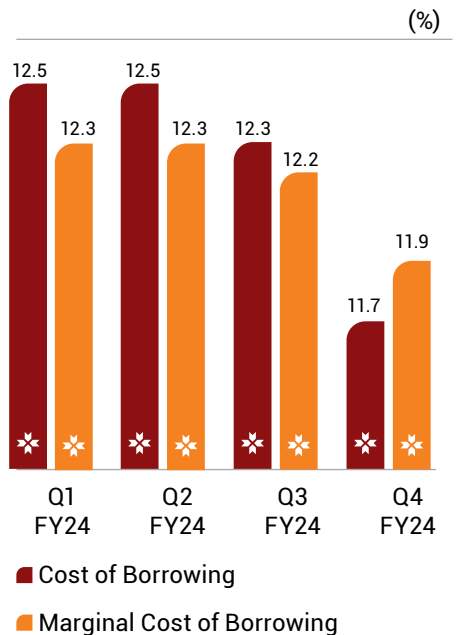
### Diversified borrowing mix

Our diversified funding mix includes borrowing from banks, NBFCs, DFIs, capital markets, and foreign sources such as External Commercial Borrowings (ECB), Foreign Portfolio Investment (FPI), and others. We intend to increase the bank borrowings in the overall borrowing pie.



### Cost of funds

To stay competitive, it is imperative for Spandana to have an optimal cost of borrowing. Our marginal cost of borrowing gradually decreased from 12.6% in Q4 of FY23 to 11.9% in Q4 of FY24.



### Credit ratings

We strive for top-tier credit ratings, reflecting our commitment to sound fiscal management and credit worthiness.

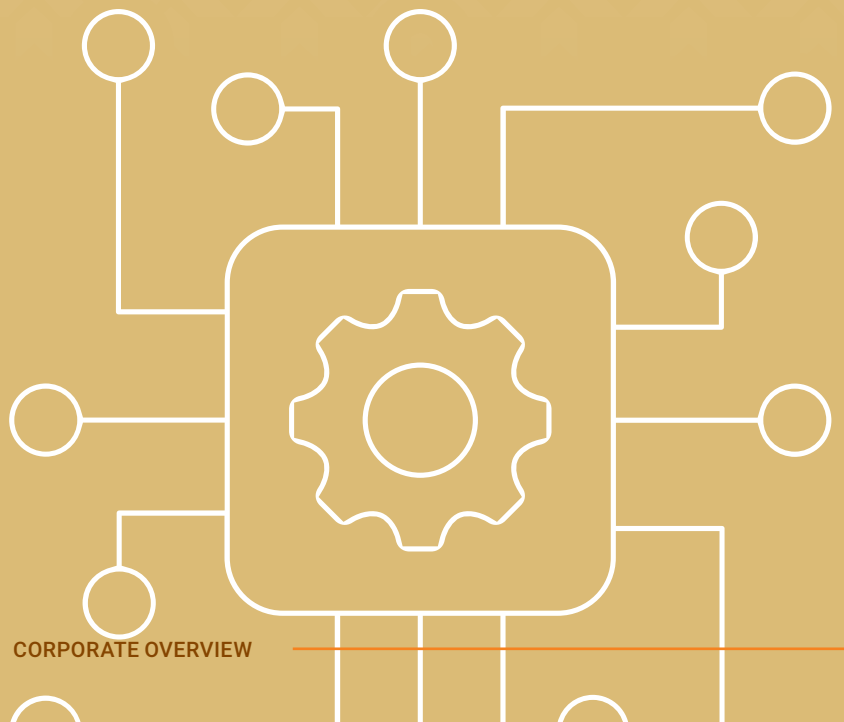
Rating Instrument	Rating Agency	Rating
Bank Facilities / NCD's / CPs	CARE	A+ / Stable; A1+
Bank Facilities / NCD's / MLD's	ICRA	A / Positive
Bank Facilities / NCD's / MLD's	India-Ra	A+/Stable*
Bank Facilities	CRISIL	A / Positive

\*rating upgraded from A/Stable to A+/Stable w.e.f. June 24, 2024

## Productivity

# Advancing with a tech-edge

We are embracing new-age technologies to position ourselves at the forefront of the evolutionary changes reshaping the NBFC sector in recent years. Our journey of advancement is propelled by the emergence of newer operating and distribution models. To fully harness the potential of the tech-edge, we are investing in the latest technology across all functions. This investment is aimed at enhancing convenience for our customers, scaling operations and rationalising costs.



## Major IT initiatives

### IT Infra migration

We have completed the migration of our IT infrastructure to a new set-up. This transition promises improved operational efficiency and significant cost rationalisation.

### Higher cross-sell application

We have launched multiple products aimed at enhancing cross-selling efforts. Each introduced product helps ease our customers' lives and improve customer engagement across various platforms.

### Rolling out eSign

We have successfully implemented an e-signature solution, a step towards digitisation that not only reduces our carbon footprint by minimising paper waste but also optimises costs and improves convenience for customers. This transition aligns with our commitment to sustainable practices and operational efficiency.

### Introduced Interactive Voice Response (IVR)

We have introduced IVR during the year to improve customer experience with Spandana. Skill-based call routing, utilising regional languages and categorising queries ensures efficient handling. Additionally, we have introduced an auto-dialer facility for outbound

calling campaigns and real-time performance monitoring for agents through a live dashboard.

Our strengthened IVR platform has significantly improved both customer and employee experiences, leading to a reduction in turnaround time (TAT). Our average call duration now has come down supported by comprehensive call recordings for further analysis and improvement.

### Strengthening cyber security

We have substantially bolstered our IT infrastructure defences and effectively mitigated security risks with the enhanced cybersecurity measures implemented across our diverse systems. This proactive approach ensures comprehensive protection against evolving cyber threats, safeguarding our data and maintaining the integrity of our customers.

### Streamlining shared services

We have executed an enterprise service bus (ESB) for a standardised integration model, promoting shared services and reducing turnaround time for new integrations. This facilitates cross-selling and integrates LMDs, HRMS, Credit bureau for streamlined operations.

### Enhancing ticketing support

We have achieved a service-level agreement (SLA) of over 80% for queries within the defined turnaround time, ensuring efficient resolution and improved satisfaction. Our enhanced ticketing support system helps to better serve all functions across the organisation.

### Employee route mapping

We have undertaken an employee route mapping system aimed at optimising routes and reducing travel expenses. This transparent system allows for efficient monitoring of employee movements, enabling us to make informed decisions and streamline our costs effectively.

### CRM Application

The proposed CRM is designed to consist of three modules: Customer Queries, Complaints, and Service Requests. It will be fully integrated with our Loan Management System and Interactive Voice Response system in the backend to provide real-time customer data visibility for more effective customer service. In addition to auto-escalation

and auto-trigger alerts through workflow, the CRM is slated to generate reports showcasing cases pending with the actual stakeholders and their duration. BOT and other automation tools are also to be integrated to assist agents in handling live customer interactions more efficiently, reducing the need to navigate multiple screens for information.

### Compliance culture and strong IT governance

All our application ecosystems are in the process of key upgrades and enhancements resulting in stronger compliance, system controls and IT governance.

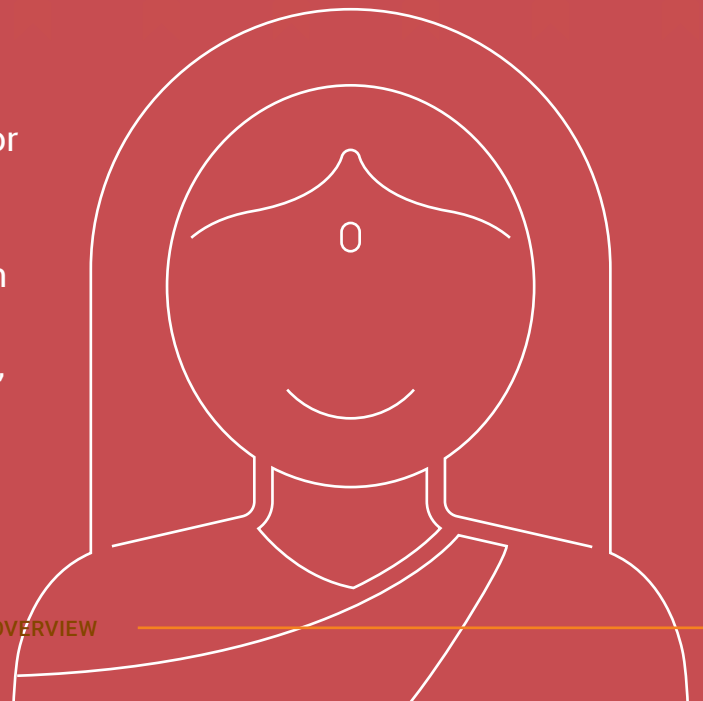
People

Empowering

# People with purpose



We firmly believe that our people are the driving force behind our progress. Thus, we are dedicated to cultivating an empowering and engaging workplace environment wherein our team members are encouraged to realise their fullest potential. Our aim is for our staff to embody our values and culture, find satisfaction in their roles and embrace their uniqueness within a collaborative team environment. Together, we strive to create an ecosystem where each individual thrives, contributing to our collective success and making an impactful imprint in the communities we serve.





### Growing our team strength

Our organisation, over the past three years, has undergone a significant professional transformation, bolstering our top management with experienced CXOs and senior professionals who oversee all key departments and business functions. During this period, our workforce has expanded from 8,763 employees in FY22 to over 14,200 in FY24, underscoring our commitment to sustainable growth.

### Conducted employee engagement survey

Our organisation, which prioritises its employees and considers 'Employee First' as a cornerstone in understanding stakeholders, has undertaken the initiative to conduct a comprehensive employee engagement dipstick survey. To initiate this process, we have collaborated with a partner agency to conduct several Focus Group Discussions (FGDs). These discussions have provided valuable insights, forming the basis for structuring the summary and employee survey process. The employee survey is meticulously crafted in the form of multiple-choice questions (MCQs) to ensure thorough feedback. The final survey report is expected to be available in Q1FY25, allowing us to analyse the findings and implement proactive measures to enhance employee engagement and satisfaction within our organisation.

### Performance-driven culture

Our Performance Management System (PMS) ensures fairness and transparency, assessing employees' performance and skills on a defined scale. With a commitment to cultivating a robust organisational culture and adopting best practices during FY24, we transitioned from a manual to an automated PMS. In this system, all employees set their goals and competencies, including behavioural qualities. These are then reviewed and approved by reporting managers and reviewers. Subsequently, employees conduct a self-appraisal, which is carefully reviewed, leading to the final performance rating along with relevant feedback.

### Nurturing critical talent

Our organisation firmly believes in the talent and potential of our employees, which is why we actively promote internal talent for senior-level roles. To facilitate merit-based career growth, we conduct periodic comprehensive training and mentoring programmes across various levels within our Company. Additionally, we have implemented Internal Job Postings (IJP) to provide opportunities for employees with the requisite skills or those eager to learn through cross-functional experiences. Since the inception of the IJP initiative in FY24, we are proud to report that over 100 employees from field operations and various

back-end roles have successfully transitioned to middle management positions and the IT-Analytics department at our head office.

### Consistent culture of learning and development

Our training and development initiatives in the past year have yielded significant accomplishments aligned with our organisational goals. We crafted a comprehensive training plan addressing key objectives with a team of 35 members. Standardising content for policies and processes resulted in a centralised master resource. The introduction of a Learning Management System (LMS) fostered self-paced learning, with a noteworthy 69% adoption rate across 19 available modules in the first year itself.

These efforts translated into tangible benefits, including reduced dropout rates for Loan Officers, seamless transitions from Trainee to Loan Officer roles, and heightened productivity among previously underperforming employees. Our focus on compliance led to comprehensive training on modules mandated by regulatory authorities, underscoring our commitment to building a resilient workforce.

Looking ahead to the next fiscal year, our primary objective is to empower employees through targeted training programmes aimed at enhancing their skill sets. We are dedicated to implementing initiatives that promote the identification and recognition of talent within our workforce. By doing so, we seek to foster an environment that not only nurtures professional growth but also celebrates the unique strengths and abilities of our team members. Through these endeavours, we aspire to cultivate a workplace culture that values continuous learning and acknowledges the diverse talents contributing to the overall success of our organisation.



## Customer testimonials

# Inspiring stories of our patrons



### Scripting a story of empowerment

**Kote Malleswari** dared to dream big. Three years ago, she secured a loan of ₹72,000 from Spandana and invested in a photocopying machine. It was the beginning of something special. As the machine whirred and printed, her aspirations took form. Today, her shop is a hub of activity, offering not just photocopying services but also lamination and a variety of kirana items. Her monthly income now ranges between ₹20,000 and ₹25,000, a testament to their hard work and the community's support. Malleswari's story is one of resilience, a narrative that resonates with the heartbeat of their bustling town.



### Overcoming challenges and building prosperity

**T. Lakshmi Devi** embodies resilience and determination. In 2020, amidst uncertainty, she bravely acquired her first loan of ₹40,000 from Spandana, wisely investing it in a buffalo to kickstart a local milk business.

Her husband, Mallikarjun, worked as a hospital security guard, but when COVID-19 halted his income, Lakshmi's prudent loan usage became crucial. Despite challenges, she ensured her son's education and daughter's marriage were secured.

Today, their family thrives with income from Mallikarjun, their son, and Lakshmi herself. Starting with one buffalo, Lakshmi now manages four, supplying milk to local dairies. Her journey exemplifies resilience and resourcefulness, demonstrating that with determination, one can triumph over adversity and forge a prosperous future.



## A journey of determination and resilience

**Gangiri Ratnam** embarked on a venture that would not only fulfill her dreams but also cater to the daily needs of her community. With a loan of ₹44,000 from Spandana in 2023, she established a humble kirana and vegetable shop. This wasn't just a business; it was a beacon of self-reliance and empowerment. Her shop, brimming with fresh produce and essential goods, soon became a cornerstone of the neighborhood. Despite the modest income, Ratnam's determination and hard work paid off, turning her loan into a lifeline that nurtured her family's future and served the community with dedication.



## Empowering her family through entrepreneurship

**Sandhya Rani**, a determined mother, sought to secure a brighter future for her family. Despite her husband's monthly income covering household expenses and their first child's education, she envisioned providing the same opportunities for their second child.

Sandhya Rani turned to Spandana and obtained a loan of ₹40,000. Encouraged by her initial progress, she took another interim loan five months later. With the combined funds, Sandhya Rani launched a fruit-selling business in her local community.

Today, with her second child preparing for school, Sandhya Rani is confident that their family can now comfortably manage both children's education and household expenses.

Sandhya Rani's journey exemplifies the transformative power of determination and entrepreneurship in creating a brighter future for her family.

## Materiality assessment

# Prioritising sustainable growth

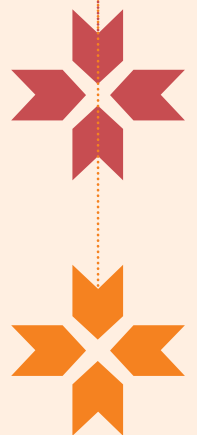
We are deeply committed to weaving sustainability into the fabric of our growth strategy. As a conscientious corporate citizen, we understand our responsibility towards society and strive to lead by tackling critical aspects. Our conviction lies in the belief that the most successful business in our industry is going to be the one that prioritises sustainability. Hence, we lead the charge towards a future where sustainability is not just a goal but a fundamental aspect of our success and impact.

Material topics are pivotal factors that can greatly influence our ability to execute our strategy and generate sustainable value for our Company over the short, medium, and long term. By systematically identifying material environmental, social, and governance (ESG) topics, we ensure that we do not overlook significant issues that are important to our business and stakeholders. In sync with this objective, we conducted materiality assessments that enable us to promptly address ESG concerns within our sector, facilitating proactive action and alignment with stakeholder expectations.

In FY24, we initiated a comprehensive ESG materiality assessment focussed on quantifying impacts. This initiative encompassed the evolution of our business, shifts in the global and domestic corporate sustainability reporting environment, changing expectations of ESG information from investors and stakeholders, and the ongoing refinement of reporting standards influenced by bodies such as the Securities and Exchange Board of India (SEBI).

The outcome of this rigorous assessment is a Materiality Matrix, a visual representation that clearly identifies issues at the intersection of our interests, stakeholder concerns, and the broader ESG landscape. This matrix serves as a strategic compass, pinpointing key areas where our Company's actions and disclosures have created the most significant impact. Leveraging this Materiality Matrix, we will efficiently allocate resources, prioritise ESG objectives, enhance transparency, and fortify credibility with investors, clients, employees, and the wider community.

Our commitment to ESG materiality assessment underscores our dedication to responsible and sustainable business practices, empowering us to navigate the complex ESG landscape with integrity, ultimately contributing to long-term success and positive societal impact.





Spandana Sphoorty | Materiality Matrix 2023

Topics most material to either business or stakeholders

IMPORTANCE TO STAKEHOLDERS	SIGNIFICANT			<ul style="list-style-type: none"> <li>● Customer Centricity</li> <li>● Commitment to Employees</li> <li>● Positive Social Impact of Products and Services</li> <li>● Brand and Reputation Management</li> <li>● Regulatory Compliance and Ethical Business Practices</li> <li>● Data Security and Customer Privacy</li> <li>● Responsible Lending</li> </ul>	
	HIGH	<ul style="list-style-type: none"> <li>● Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>● Energy Management</li> <li>● Social Credit Rating</li> <li>● Financial Literacy</li> <li>● Community Engagement</li> <li>● Human Rights</li> <li>● Equality and Diversity</li> <li>● Responsible Data Use</li> <li>● Governance Risk Management</li> <li>● Innovative Products and Services</li> </ul>	<ul style="list-style-type: none"> <li>● Climate Change and GHG Emissions</li> <li>● Employee Training and Development</li> <li>● Stakeholder Engagement</li> <li>● Financial and Digital Inclusion</li> </ul>	
	MODERATE	<ul style="list-style-type: none"> <li>● Physical and Transition Risks of Climate Change</li> <li>● Sales Practices and Product Labelling</li> </ul>	<ul style="list-style-type: none"> <li>● Financing Transition to Low Carbon Economy</li> <li>● Digitisation</li> <li>● Government Initiatives and Agendas</li> <li>● Investment and Procurement Practices</li> </ul>		
	LOW				
		LOW	MODERATE	HIGH	SIGNIFICANT
IMPORTANCE TO BUSINESS					

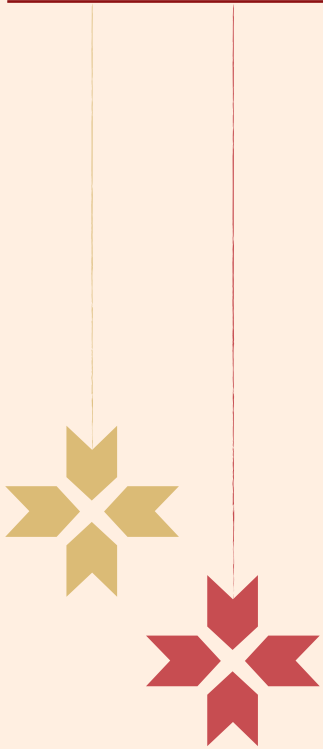
● Environment    ● Social    ● Governance

# Materiality assessment

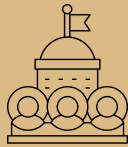
## Key material topics for Spandana

The table below outlines Spandana's top 11 critical material topics, providing a comprehensive view of ESG matters and their potential impacts on the organisation.

<p><b>Environmental</b></p>  <p><b>ESG Topic :</b> Climate Change and GHG Emissions</p> <p><b>Why are these topics material?</b> We, as a microfinance institution, are susceptible to operational risks arising from climate change-induced events. These events can undermine the repayment capacity of borrowers in affected regions, compelling us to adapt our lending strategies accordingly. Additionally, climate change can inflict damage on infrastructure and disrupt our operations.</p>	<p><b>Social</b></p>  <p><b>ESG Topic:</b> Customer Centricity</p> <p><b>Why are these topics material?</b> We define customer centricity by putting our customers first and providing outstanding service and financial solutions directly to their doorstep. This commitment extends beyond meeting the needs of individual clients to ensuring that even marginalised or less educated customers receive the support and services they require. Our dedication to customer centricity is fundamental to our mission of empowering financially underserved rural women through microfinance, promoting financial inclusion, nurturing entrepreneurship, and building trust within communities.</p> <hr/> <p><b>ESG Topic:</b> Commitment to Employees</p> <p><b>Why are these topics material?</b> We prioritise ensuring fair wages, benefits, and a supportive work environment for employees as integral components of Spandana's social mission. This plays a significant role in employee retention.</p>	<p><b>ESG Topic:</b> Positive Social Impact of Products and Services</p> <p><b>Why are these topics material?</b> We offer microloans that serve as a cornerstone in the financial and social progress of financially excluded female borrowers in rural areas. These small-scale loans play a crucial role in poverty alleviation by empowering women, facilitating income generation, fostering entrepreneurship, and driving economic and social development within their communities.</p> <hr/> <p><b>ESG Topic:</b> Employee Trainings and Development</p> <p><b>Why are these topics material?</b> We believe that a skilled and motivated workforce is essential for delivering quality financial services to a large section of society, particularly in rural India, where formal financing channels are lacking. This workforce plays a pivotal role in ensuring operational excellence and extending financial services to underserved populations.</p> <hr/> <p><b>ESG Topic:</b> Stakeholder Engagement</p> <p><b>Why are these topics material?</b> We place a strong emphasis on engaging with stakeholders, including borrowers, investors, employees, lenders, and regulators, as crucial for Spandana to effectively navigate challenges and align our operations with stakeholder expectations.</p>
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## Governance



**ESG Topic:** Regulatory Compliance and Ethical Business Practices

**Why are these topics material?**

We ensure adherence to financial regulations and ethical business conduct which is vital to maintain the institution's credibility and sustainability.

**ESG Topic:** Data Security and Customer Privacy

**Why are these topics material?**

We understand that in the digital era, safeguarding borrower

information is crucial for maintaining trust and ensuring regulatory compliance, especially considering our vast clientele who may not be well-versed in the digital economy.

**ESG Topic:** Responsible Lending

**Why are these topics material?**

We acknowledge that offering loans responsibly and aligning them with borrowers' needs is essential to prevent over-indebtedness and promote financial well-being.

**ESG Topic:** Financial and Digital Inclusion

**Why are these topics material?**

We extend initiatives to provide formal financial services to

previously unbanked communities which contribute to economic development and reduce inequality.

**ESG Topic:** Brand and Reputation Management

**Why are these topics material?**

We recognise that effective brand and reputation management can indeed elevate an organisation's financial value and future business prospects. In the context of Spandana's mission to provide financial services to underserved communities, we can play a crucial role in stimulating demand and driving sales growth. This, in turn, enhances financial inclusion and aids in reducing economic inequality.

## Spandana's commitment to UNSDG

We refer the UN Sustainable Development Goals (SDGs) as a guiding framework to address global challenges effectively. By aligning our activities with the SDGs, we ensure our efforts contribute positively to global sustainability goals.

### Mapping of the UNSDGs to Spandana's Initiatives

It is crucial to emphasise that the 17 Sustainable Development Goals (SDGs) are interconnected, recognising that efforts made in one area can have significant ripple effect in other spheres. These goals highlight the critical importance of pursuing development that effectively tackles social, economic, and environmental sustainability concurrently. The essence of SDG mapping lies in the understanding that actions aligned with one SDG can exert a far-reaching influence

on global sustainability. This underscores a holistic approach that acknowledges the interdependence of these goals and the imperative of simultaneously addressing multiple challenges.

Spandana's policies and initiatives are contributing to the 16 SDGs. However, Spandana has classified the SDGs into Core, and Non-Core depending on our Company's activities and their outcome/impact on stakeholders.

### Core SDGs



### Non-Core SDGs



## Social commitments

# Transforming lives through impactful initiatives

We actively contribute to the economic and social well-being of communities through our dedicated CSR initiatives. As part of our comprehensive community well-being strategy, we actively uplift marginalised groups, positively influencing their lives. With our community-focussed endeavours, we extend our reach across 6 states and 15 locations.

### Our key focus areas

- 1 Health
- 2 Education
- 3 Financial and digital literacy
- 4 Skill development and livelihood

### Our impact

**39,440**

Beneficiaries

**70%**

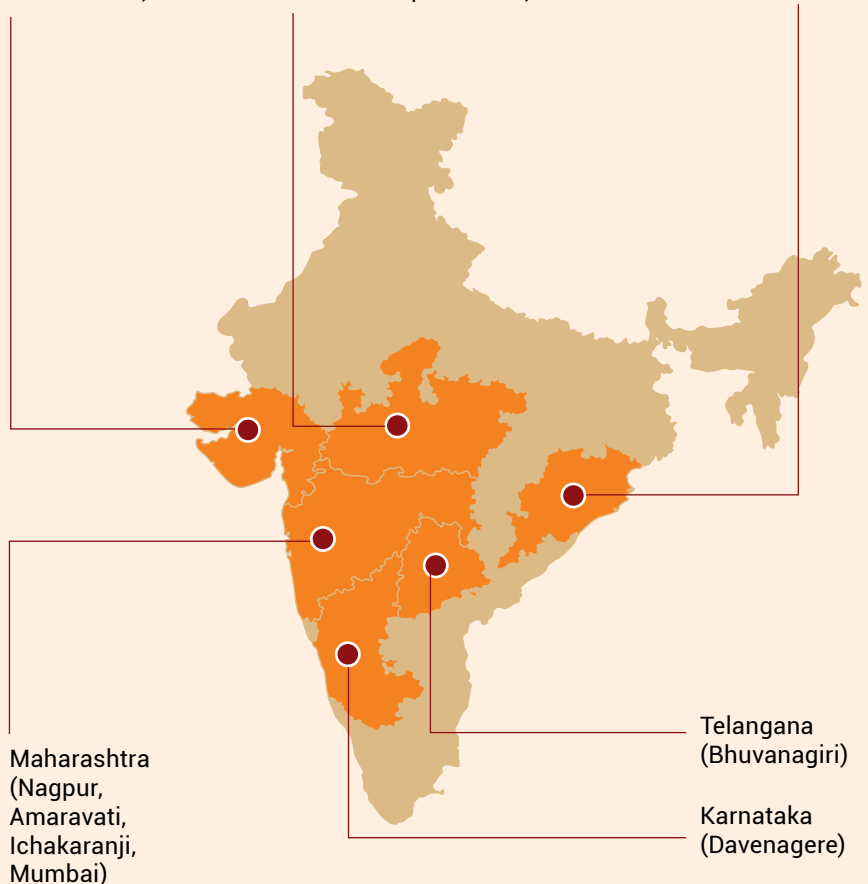
Of our beneficiaries are women

### Our geographic reach

Gujarat  
(Modasa and  
Ahmedabad)

Madhya Pradesh  
(Sagar, Balaghat,  
Ratlam, Bhopal, Indore)

Odisha (Koraput  
and Berhampur)



Maharashtra  
(Nagpur,  
Amaravati,  
Ichakaranji,  
Mumbai)

Telangana  
(Bhuvanagiri)

Karnataka  
(Davenagere)





## Health

### Digital dispensary

**5,769**

Primary consultations

**867**

Specialty consultations

**3,557**

Lab tests

**5,946**

Medicines distributed

**2,239**

Non-communicable diseases addressed

**1,292**

Fundus screening

**3,075**

Eye screening and spectacles distributed

**22,745**

Total beneficiaries

Access to healthcare is a fundamental right, yet remains elusive for many. Our fully equipped digital dispensary aim to bridge these gaps and provide essential medical services to underserved communities of Koraput District of Odisha. We aimed at providing telemedicine services to the community, ensuring affordable and accessible healthcare. Our services include:

- Primary teleconsultations
- Specialty consultations
- Lab tests
- Medicine dispensation
- Non-communicable disease screening
- Fundus screening
- Eye screening

In addition to these services, we conduct outreach activities by organising Non-Communicable Disease (NCD) camps in nearby villages. These camps not only provide access to quality healthcare but also serve to raise awareness about the digital dispensary among the local population.

### Case study



#### Healing with care

On October 20, 2023, a 24-year-old man arrived at our digital dispensary, burdened by painful facial lesions persisting for six months. Initial assessments by our paramedics revealed no underlying health issues, instilling hope for a solution.

A teleconsultation with a dermatologist swiftly ensued, unravelling the diagnosis of folliculitis. Treatment commenced promptly. Upon the follow-up on October 30, 2023, significant improvement was evident, prompting adjustments to the treatment plan through further teleconsultation. Delighted with the results, the patient commended the efficacy of our remote healthcare provision, finding solace in the healing journey.

## Social commitments

### Case study



#### Enabling a clear vision

In the village of Upparkanti, Koraput District, Mr. Krista Santa, a diligent farmer, toiled despite his declining vision, to cope with his financial constraints. January 2024 brought hope as our digital dispensary hosted a medical camp, offering screenings and eye examinations. Mr. Santa, long overdue for vision care, underwent examination, revealing his urgent need for spectacles.

Following the check-up, he received a pair of glasses. With newly acquired clarity, daily tasks became effortless for him. Expressing sincere gratitude, Mr. Santa praised the dispensary's impact on his village, recognising the invaluable service it provides to its residents. Through compassion and care, his vision was improved, paving the way for a brighter future, equipping him adequately to tackle life's challenges.

### Case study



#### Calming care for troubled skin

An 11-year-old schoolboy found himself troubled by itchy lesions on his buttocks, disrupting his daily routine and impacting his attendance at school. Seeking help, he arrived at our digital dispensary, where compassionate care awaited.

With thoroughness and care, our paramedical staff examined him, quickly arranging a teleconsultation with a dermatologist. After a detailed assessment, a tentative diagnosis was made, and treatment began promptly. Regular follow-up consultations ensured that his treatment plan was tailored to his specific needs.

Finally, on August 22, 2023, the boy returned for his last check-up, bearing good news. His symptoms had significantly improved, prompting the doctor to advise discontinuing medication, while emphasising the importance of hygiene. Grateful for the accurate diagnosis and effective treatment, the family thanked the facility for its invaluable support. With a sense of relief, the boy happily resumed his school activities, back to his normal routine, free from discomfort.



## Education

### School Transformation Programme

**1,450**

Beneficiaries

Our 'School Transformation Programme' emphasises not only the accessibility of facilities but also the quality of access, ensuring that students have equitable learning opportunities. The School Transformation Programme, ongoing since the last financial year, has reached a milestone this year by impacting 10 government schools across Bhuvangere (Telangana), Indore (Madhya Pradesh), and Modasa (Gujarat). Interventions include the construction of separate washrooms for girls and boys, midday meal shades, Bala paintings, sessions on WASH and behavioural change, and installation of smart classrooms and also providing the training for teachers.

To offer a holistic learning experience, smart classrooms are equipped with essential tools like smart boards, technical toolkits, large screen display devices, CPUs, speakers, and curriculum materials. Additionally, each classroom receives 15 units of desks and benches, along with colourful enhancements.

The programme aims to enhance hygiene practices through sanitation units and handwashing areas, decrease school dropouts among adolescent girls, and mitigate the risk of waterborne diseases. Additionally, it seeks to increase student engagement and enrollment, and ultimately improve academic performance.





### Play on Game on

## 2,217

Beneficiaries

The 'Play on Game on' programme has been successfully implemented in 5 government schools. Interventions include providing indoor and outdoor sports equipment to create a fun and supportive atmosphere within schools. Outdoor equipment such as air walkers, seesaws, double swings, merry-go-rounds, chest presses, seated pullers, and football kits enhance recreational opportunities for students. Additionally, indoor game kits including chess and carrom are provided to further enrich their recreational experiences.

The programme aims to strengthen sports activities, promote healthy well-being, and encourage sports participation within the school and community. Furthermore, it targets improving student engagement, enrollment rates, and academic performance. Implemented in Mumbai, Maharashtra, and Ahmadabad, Gujarat, it catalyses holistic development among schoolchildren.



## Financial and Digital Literacy

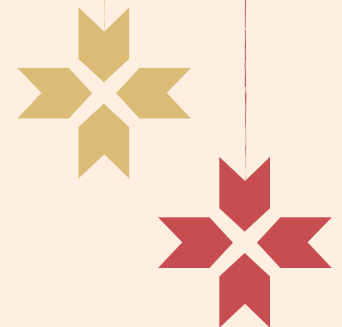
### Financial and digital literacy training programme

## 12,428

Beneficiaries

We support rural women in their journey of financial and digital literacy, equipping them with essential skills to manage finances and navigate the digital realm. Through hands-on training, they delve into the intricacies of financial management, mastering basic transactions and digital skills crucial to their daily lives.

From understanding the nuances of banking to navigating digital transactions and safeguarding against fraud, a wide range of topics enriches their knowledge. They learn about savings, investments, government schemes, and the essentials of microfinance, empowering them to make informed financial decisions. With lessons on risk management, loan agreements, and interest rates, they navigate the complexities of borrowing with confidence. Armed with newfound knowledge and skills, these women chart a course towards financial independence, transforming their lives and communities for the better.



## Social commitments

### Case study



#### Supporting entrepreneurial aspirations

Sonu from Navegaon in Nagpur District, Maharashtra nurtured dreams of entrepreneurship but lacked guidance to take the first step. Attending a digital and financial literacy session in her village proved to be a turning point. Sonu imbibed invaluable lessons on distinguishing needs from wants and learned about various government schemes.

Eager to secure her financial future, Sonu opened a recurring deposit account at the nearby Ramtek Post Office, inculcating the habit of regular savings. With determination and some savings in hand, she secured a loan from the Self-Help Group, establishing a general daily needs shop in the village. Today, Sonu earns a monthly income of ₹6000 to 8000, diligently repaying her loan.

Maintaining a financial transaction diary, Sonu navigates her finances with precision, investing in her children's education and relishing her recently acquired independence. Grateful for the guidance received, she extends heartfelt thanks to Spandana Sphoorty Financial Limited for their support.

### Case study



#### Journey of entrepreneurial empowerment

In a humble household, 24-year-old Mrs. Anitha Sahu and her fruit-seller husband dreamed of a brighter tomorrow. Anitha's life took a turn when she embarked on a tailoring journey at a local centre, eventually reaching the Spandana CSR Centre in Bhopal.

With unshakable resolve and her husband's persistent support, Anitha honed her skills. She envisioned a boutique, not just to display her talent, but to uplift her community. However, realising this dream demanded more than skill—it required financial backing.

Anitha turned to friends and well-wishers, whose belief fuelled her boutique's inception. With their support, 'Jhalak Boutique' bloomed into a beacon of prosperity, enriching the fabric of the community with its vibrant presence. Anitha's journey from fruit seller's wife to esteemed boutique owner exemplifies the potency of passion, perseverance, and community support—proving dreams are achievable with determination and kindness.



278

Employees participated, collectively clocking 696 hours of their time in volunteering

## Employee Volunteering

In FY24, we organised employee volunteering activities to foster social awareness and commitment. Key initiatives included tree planting and lake cleaning at Nekkampur Lake, a blood donation camp, donation drives for flood affected areas, greeting card making for government school children, and assisting with food pre-processing at Akshay Patra Kitchen. We also hosted sports and

drawing competitions at government schools and sessions on effective learning skills at youth skilling centres. Our employees conducted life skills and behaviour change sessions covering goal setting, time management, emotional intelligence, effective listening, cyber security, and relationship management to the youth undergoing skill development training at various training centers.

## Skill development and livelihood

### Tailoring training programme

# 600

Beneficiaries

The importance of training for women's empowerment has garnered increased attention from policymakers in our country. Women constitute a significant portion of India's workforce, yet many face challenges due to poor-quality work. With rapid advancements in technology across various sectors, training has emerged as a vital tool to uplift women and improve their standard of living.

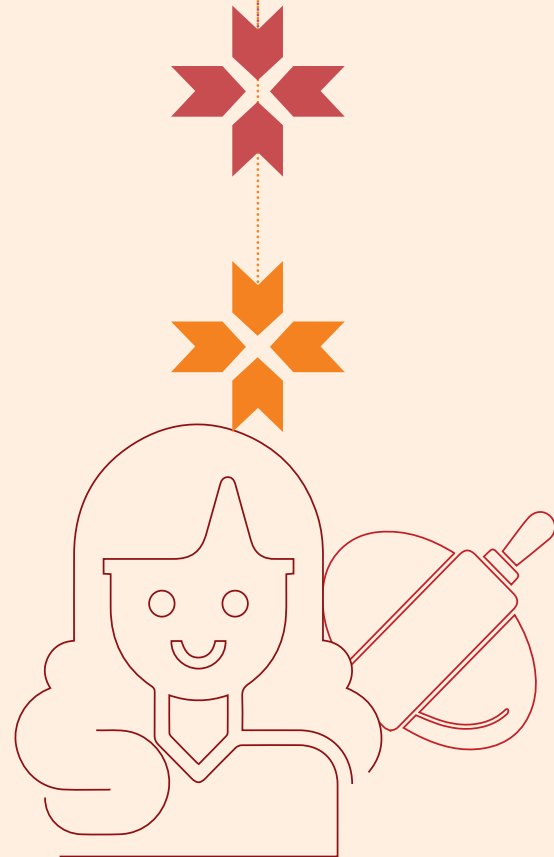
For a nation's overall development and economic growth, it is imperative to equip rural masses, especially women, with appropriate knowledge and skills. Vocational education, focussing on occupation-specific training, is crucial in this regard, particularly in a country like India.

Aligned with national mandates, we have initiated a vocational training programme aimed at empowering women from marginalised communities. Through this programme, we provide training

in tailoring and stitching, enabling women to gain valuable skills for employment and self-sufficiency.

Our three-month tailoring course linked to placement or self-employment is offered to rural women and aims to create livelihood opportunities within their communities. The programme follows the syllabus outlined by 'Singer India' for assessment and certification. Continuing from the previous financial year, this year's programme has seen 600 women completing the training, 286 have embarked on self-employment ventures, while 215 have secured wage employment.

The programme operates in Maharashtra, Madhya Pradesh, Odisha, and Karnataka. Moreover, alongside the tailoring course, sessions on Financial and Digital Literacy (FDL) and Entrepreneurship Development Programme (EDP) are integrated, offering participants a comprehensive learning experience.



## Risk Management

# Managing risks with resolve

We deployed an efficient Enterprise Risk Management (ERM) framework that facilitates proactive risk management strategies to mitigate potential uncertainties beyond expected parameters, affecting our organisation's objectives. The ERM framework encompasses our vision, mission, annual plans, projects, and stakeholders. They play a crucial role in preserving our inherent strengths and help adding to it year-on-year thereby sustaining and growing our reputation among employees, regulators, borrowers, shareholders and other stakeholders. With a steadfast focus on business objectives and a sense of innovation, our team endeavours to address complex issues, ensuring smooth operations and satisfaction among stakeholders.

Our approach entails a cohesive, enterprise-wide framework, defining our risk response, fostering a risk-aware culture, and delineating hierarchical responsibilities for comprehensive risk management. Through this systematic approach, we aim to optimise opportunities, while effectively managing risks across the organisation.

### Risk framework

The Board sets overarching guidelines based on risk appetite, shaping annual plans and strategies. The Risk Management Committee (RMC) then formulates a detailed risk policy, determining how various risks

will be managed—whether accepted, transferred, or avoided, or through a combination of approaches. The Board's Risk Framework and Appetite, alongside Risk Policy, guide day-to-day actions for achieving objectives. At Spandana, the Board provides the risk framework,

policy and appetite and the RMC ensures their implementation. The management is responsible to execute the directions from the RMC which ensures alignment of risk management with organisational goals and objectives.

### Outline of responsibilities

#### The Board

##### Responsibilities

- Establish the risk management framework for Spandana
- Set out the Risk Appetite for the Company
- Approve Risk Management policy
- Foster a culture of risk-informed decision-making in Spandana
- Ensure alignment of long-term business plans and strategies with ERM fundamentals and approved risk appetite
- Align Key Risk Indicators with business performance indicators to ensure a sustainable growth across all business vectors
- Define the charter for the Risk Management Committee of the Board

#### Risk Management Committee

##### Responsibilities

- Adhere to the charter provided by the Board
- Offer guidance to the Management team regarding the Board's intentions concerning risk matters
- Recommend the Risk Management policy to the Board for approval, aligning with the approved Risk Management Framework and Risk Appetite
- Provide the Board with assurance on adherence to best practices in risk management
- Evaluate Management's recommendations for managing identified risks, approving them if they align with the risk appetite or are adequately mitigated
- Ensure that the Management possesses the necessary resources to address identified risks
- Approve and monitor the Key Risk Indicators (KRIs) for all identified risks
- Maintain an aggregated view on risk profile of the Company covering all types of risks
- Advise the Management team on emerging risk issues

#### Management Team

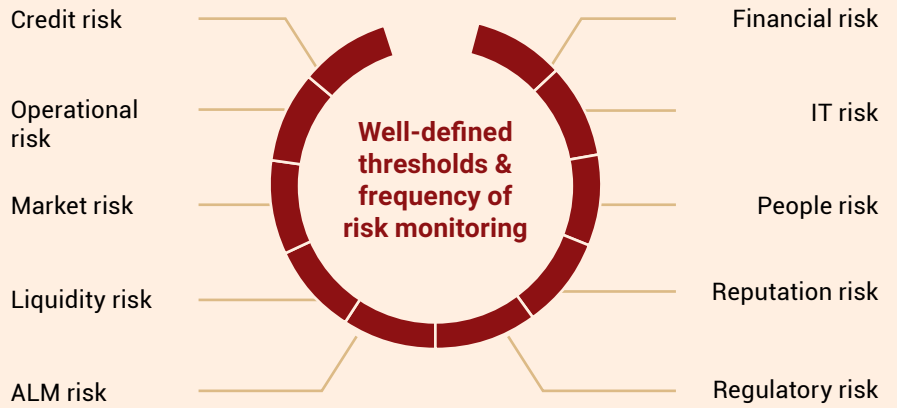
##### Responsibilities

- Adhere to the Risk Management Framework, Policy, and Appetite
- Cultivate a risk-based culture within the organisation
- Inform the RMC/Board of any excess in defined KRIs
- Keep the RMC/Board updated on emerging risks
- Recommend necessary changes to the risk framework, policy, or appetite to the RMC/Board based on market factors, regulatory guidelines, or business needs
- Promote the role of risk manager as part of the first line of defence across all functions
- Ensure adoption of various risk management tools across functions to maximise benefits from the ERM framework
- Engage the risk function early in business decisions regarding plans, strategies, and processes
- Provide adequate resources to support the risk function in managing risks
- Maintain a robust corporate memory of encountered risks through loss incidence reports, loss databases, and risk registers

**Risk monitoring mechanism**

We integrate well-defined thresholds and frequencies into our risk management framework to monitor risks through a series of processes, checks, and controls. Regular reviews and early warning signals are integral to our approach, enabling timely intervention when deviations occur. Leveraging advanced technology, we enhance supervision capabilities, allowing for real-time monitoring and response to emerging risks.

**Enterprise level risk monitoring**



**Focussing on analytics-based decisions**

We leverage a robust risk scoring model to evaluate potential locations for our branch expansion. Drawing strength from cutting-edge technology for risk assessment and underwriting, we streamline processes, while maintaining rigorous standards. Utilising a rules based 'Go/No-Go' credit engine, we ensure thorough assessment before proceeding. We plan leveraging scorecard-based credit decisioning and allowing for efficient and data driven evaluations. Additionally, we are exploring propensity modelling for collections, aiming to optimise strategies for recovery and minimise associated risks.



**Risk governance**

We, as an organisation, prioritise effective risk management, with the Board overseeing this critical function through the Risk Management Committee (RMC). The Board establishes our Company's risk appetite by defining limits and standards, aligning individual and departmental targets with approved policies. Operating with three lines of defence, we maintain a strong risk culture to safeguard our operations and uphold our commitment to excellence. These include the following:

The 1<sup>st</sup> Line of Defence (Business Units) bears primary responsibility for daily control execution, policy adherence, and regulatory compliance. Department heads, including frontline business and control functions, manage risks, implement corrective actions, and maintain effective internal controls.

The 2<sup>nd</sup> Line of Defence (Risk Management & Compliance Functions) owns risk management policies, ensures assessment, management, and reporting of risks, monitors risk limits, and provides relevant information to the Board/management. It oversees the first line's internal controls and compliance with risk management policies and regulatory requirements.

The 3<sup>rd</sup> Line of Defence (Internal Audit) independently oversees the institution's internal control framework, including risk control and compliance functions, assuring risk management effectiveness to the Board.

Day-to-day risk management occurs within departments, supported by the Chief Risk Officer reporting to the RMC. The RMC, aided by the Chief Risk Officer, assures the Board and stakeholders through risk oversight, compliance, and policy development. Internal and external audits provide additional compliance assurance. Individual business functions monitor different risks, sharing reports with the Chief Risk Officer.

We also conduct comprehensive assessments of controls at the branch level, utilising audit digitisation and active monitoring. This approach enables us to efficiently evaluate various aspects including branch-level checks and compliances. This proactive approach not only ensures compliance with regulations but also strengthens our risk management framework, bolstering confidence in the integrity and effectiveness of our operations at the branch level.

## Governance

# Leading with prudence and integrity

We thrive in upholding the highest standards of corporate governance, remaining committed to achieving sustainable and profitable growth. Our corporate governance culture is deeply ingrained in our fundamentals. This inspires us to responsibly and transparently focus on meeting our strategic goals, while being accountable to our stakeholders. Our principles and beliefs, ensuring good governance, are the bedrocks of our organisation and are evident across all our business operations. Embodying the essence of prudence in every decision, we engage openly and transparently with all stakeholders and conduct our business with fairness and integrity.

Our organisation's corporate governance structure relies on a collaborative partnership between our Board and Management. It is bolstered by a comprehensive framework of policies, guidelines, and processes, governing our decision-making and ensuring accountability. We conduct regular evaluations and revisions of our governance approach to maintain relevance, currency, and alignment with industry best practices.

Comprising three key groups - the Board, the Committees and the Management – our governance body plays a crucial role in ensuring the effectiveness of corporate governance and alignment with organisational objectives. Together, these groups provide strategic guidance and oversight, establish policies and procedures, and ensure transparency and adherence to our values and goals in our operations and decision-making processes.



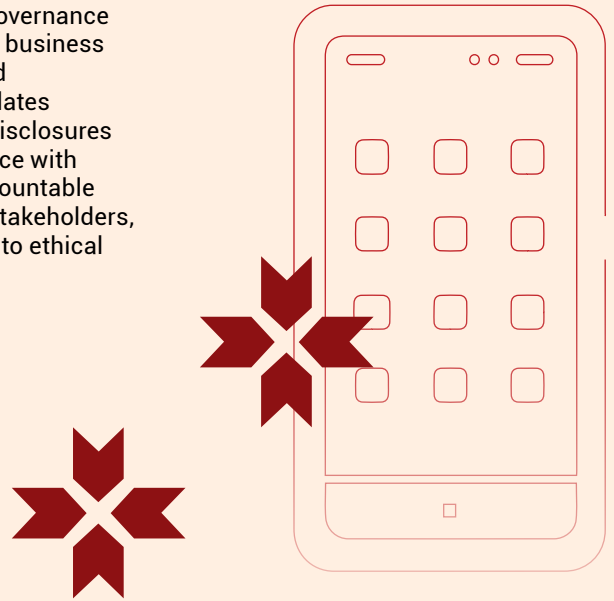


### Our Board of Directors

Our Board is represented by 10 individuals with diverse backgrounds, each possessing the necessary qualifications and experience to contribute effectively to our growth and decision-making processes. Among these individuals, five are Independent Directors, ensuring a balance between internal expertise and external perspectives.

The Board meets regularly to review strategic, operational, and financial matters. The established policies and charters for various committees clearly define their roles, responsibilities, composition, and authority.

Guided by our corporate governance principles, we conduct our business with integrity, fairness, and transparency. These mandates include making requisite disclosures and decisions in accordance with applicable laws, being accountable and responsible towards stakeholders, and consistently adhering to ethical business practices.



### Governance framework

Recognising the ever-changing dynamics of today's business landscape, we understand the importance of agility and responsiveness to evolving market and regulatory conditions. To ensure our ability to swiftly adapt, we continue to implement a governance framework that is both robust and flexible. Our Board, executive management, and employees are deeply committed to upholding our core purpose and maintaining the highest standards of corporate governance and accountability.

#### Board of Directors

The Board of Directors is entrusted with the responsibility of upholding and improving corporate governance standards. They play an active role in formulating and reviewing policies, providing strategic direction to management, and evaluating the performance of the executive team.

#### Board Committees

Through in-depth scrutiny and focussed attention on specific subject matters, the Board Committees facilitate more efficient management of the Board's time. These committees derive their authority from powers delegated by the Board and operate by the terms of reference outlined in their charter.

#### Leadership Team

The Leadership Team is responsible for ensuring the effective implementation of strategic and policy decisions approved by the Board/Committees, while remaining updated on key developments.

## Governance



### Role of our Board

Our Board of Directors possesses a comprehensive understanding of the business dynamics and operational environment. They are cognizant of both the challenges and opportunities inherent in our business operations. Our corporate governance framework ensures strategic guidance for our organisation, effective management oversight, and accountability to our Company and its shareholders.

The Management presents business strategies to the Board annually, with periodic reviews of progress

towards strategic goals. The Board consistently acts in good faith, exercising due diligence and care, always prioritising the best interests of shareholders. A diverse Board consolidates and leverages multiple viewpoints, perspectives, knowledge, skills, and industry experiences of its Directors, thereby enhancing its competitive edge.

The Board is deeply committed to delivering reliable and comprehensive financial and non-financial reporting, supported by a robust feedback mechanism. In our dedication to serving the best interests of our

shareholders, we adhere to industry best practices regarding disclosures. Furthermore, we subject ourselves to internal and/or external assurance and governance procedures to ensure transparency and accountability.

Furthermore, a diverse Board plays a crucial role in achieving strategic and commercial objectives, including improving business results, strengthening corporate governance, and enhancing the quality and responsibility of decision-making processes.



### Stronger policies and codes

In our organisation, we understand the importance of effective policies and codes in fostering ethical and responsible behaviour.

We have implemented a comprehensive array of policies and codes that offer guiding principles to our Board of Directors, senior management personnel, and employees. These include our Code of Conduct for Board of Directors and Senior Management Personnel, Whistleblower Policy, Risk Management Policy, Related Party Transactions Policy, Policy on Prevention of Sexual Harassment at the Workplace and Code on

unpublished price sensitive information and dealing in securities of the Company.

Each of these policies and codes plays a pivotal role in shaping our organisational culture, ensuring that we maintain the utmost levels of professionalism, ethics, and compliance. We regularly review and update our policies and codes to ensure their continued relevance, effectiveness, and alignment with evolving best practices and regulatory requirements.

For a complete list of our policies, please visit our website at <https://www.spandanaspooorty.com/policies>

### Effective Board Committees

In order to streamline governance and decision-making processes, our Board has instituted 8 Board Committees. Each committee is assigned distinct responsibilities and comprises a blend of Board members and subject matter experts. These committees offer invaluable guidance and assistance to the Board, while their actions are closely supervised to ensure alignment with our overarching governance framework and goals. The Chairperson of each committee provides the Board with a summary of discussions from committee meetings, and the minutes of these meetings are regularly presented to the Board for review.

## Board of Directors



### **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 with Micro-Credit-Ratings International Limited and ICICI Bank Limited, focussed on rural and micro-banking businesses. She also serves as a Director on the Board of Positron Consulting Services Private Limited and Positron Capital Services LLP. In Positron, she works closely with private equity and NBFC clients. She is an Independent Director on the Boards of Criss Financial Limited and Vedant Fashions Limited. She served as a Director on our Board from 2012 to 2016 and has been a Director on our Board since May 4, 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 a Direct Recruited Officer in Bank of Baroda and was elevated to General Manager in February 2010. He joined Central Bank of India as Executive Director in August 2013, overseeing 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 has also served on the Boards of Canara HSBC Life Insurance Co. Limited, India

Infrastructure Finance Company Limited, the Indian Institute of Banking & Finance, and as a member of the Indian Banks' Association and the National Institute of Banking Studies and Corporate Management. He presently serves as a Director on the Boards of 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 4, 2022.



### **Mr. Deepak Calian Vaidya**

#### **Independent Director**

**Mr. Deepak Calian Vaidya** has been a fellow of the Institute of Chartered Accountants in England and Wales since 1979. He serves as a Director on the Boards of Marudhar Hotels Private 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 6, 2018.



### **Ms. Dipali Hemant Sheth** Independent Director

**Ms. Dipali Hemant Sheth** holds a Bachelor's Degree in Arts (Honours) from the University of Delhi, an Honours Degree in Economics, and was part of the Senior Management Trainee cohort of the DCM Group, Batch of 1988. She serves as an Independent Director on the Boards of UTI AMC, Latent View Analytics Limited, Bharat Foxconn India Holdings Limited, Advent International (a US-based private equity firm) acquired DFM Foods Limited, Adani Wilmar Limited, UTI Retirement Solutions Limited, Welspun Corp Limited, and Adani Airport Holdings Limited. She advises on strategy, mergers & acquisitions, sales/distribution, human resources areas, and international growth and expansion. She served as the country head of Human Resources at the Royal Bank of Scotland, India (RBS) from 2008 to 2017. She also led the Human Resource function across all businesses and locations in India, leading a team of 230 HR professionals and 15,000 employees. Prior to RBS, she was with Standard Chartered Bank for 12 years during the Bank's most significant expansion and growth. Her last role was Head of HR South Asia, where she supervised HR across South Asia, supported the growth of the Wholesale Bank, and gained valuable strategy and change experience in several acquisitions, namely the Standard Chartered acquisition of Grindlays and the American Express acquisition. Before this, she was also associated with Procter & Gamble in the Sales and Marketing division for six years. She is an accredited Gallup and ICF, USA Coach. She has been a Director on our Board since May 2, 2023.



### **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. He has been a Director on our Board since May 2, 2023.



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

**Mr. Kaji** holds a Master of Business Administration from The Wharton School of the University of Pennsylvania and a Bachelor of Arts in Economics from Dartmouth College. He served as a Nominee Director of Kedaara Capital on the Board of Spandana Sphoorty Financial Limited until May 21, 2024. Joining the start-up team of Kedaara Capital in 2013, a \$5bn AUM operationally oriented Indian private equity firm, he led the firm's investments in the financial services sector. His last role at Kedaara Capital was as a Managing Director until May 2024. Mr. Kaji advised on Kedaara Capital's investments in AU Small Finance Bank, Aavas Financiers, Spandana Sphoorty Financial Limited, Care Health Insurance, Avanse Financial, and Perfios Software, and represented Kedaara on the Boards of Aavas, Spandana, Care, Avanse, and Perfios, including serving on various key board committees. Additionally, Mr. Kaji spent a year on secondment to the London office of Kedaara Capital's global partner, Clayton Dublier & Rice, where he advised on CD&R's investment in the German industrial packaging business Mauter. Prior to joining Kedaara Capital, Mr. Kaji served as an Associate Director in the Mumbai office of Temasek, where he focussed on public and private market investments in the financial services, telecom, and technology sectors. Previously, Mr. Kaji worked as an investment banker in New York, first at Merrill Lynch & Co., and then at the leading boutique firm Perella Weinberg Partners. He has also worked as a Summer Associate at the global private equity firm Warburg Pincus. He is also a member of the Mumbai chapter of the Entrepreneurs' Organisation.

\*Resigned and ceased to be a Non-Executive Nominee Director w.e.f. May 21, 2024

## Board of Directors



### **Mr. Neeraj Swaroop**

**Non-Executive Nominee Director**

**Mr. Neeraj Swaroop** is an experienced professional with over 40 years in the FMCG and Financial Services industry. He has built and led businesses across geographies in India and Asia. Currently, he is an operating partner at Kedaara Capital and serves on the Boards of a few companies. His last full-time role was 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 and Chairperson on the Boards of Avanse Financial Services Limited, HDFC Securities Limited, and SBFC Finance Limited. He has been a Director on our board since August 4, 2022.



### **Mr. Ramachandra Kasargod Kamath**

**Non-Executive Nominee Director**

**Mr. Ramachandra Kasargod Kamath** holds a Bachelor's Degree in Commerce from the University of Mysore. He has been an honorary fellow of the Indian Institute of Banking & Finance since 2009 and was certified as an associate of the Indian Institute of Bankers in 1994. He previously worked with Corporation Bank for 28 years, where his last held position was general manager. He served as Chairman and Managing Director with Punjab National Bank for five years. Additionally, he held the position of Executive Director at Bank of India for five years and served as Chairman and Managing Director at Allahabad Bank for five years. He also held the post of Chairman of the Indian Banks Association for two years. Currently, he serves as a Director on the Boards of Aavas Financiers Limited, Ashimara Housing Private Limited, Centrum Capital Limited, Manipal Technologies Limited, Conatus Finserve Private Limited, and New Opportunity Consultancy Private Limited. He has been a Director on our Board since May 4, 2017.



### **Ms. Saakshi Gera\*\***

**Non-Executive Nominee Director**

**Ms. Saakshi Gera** has over 14 years of investment experience, encompassing the full lifecycle of private equity in India across a variety of industries such as Tech Services, Financial Services, and Healthcare. At Kedaara, Ms. Gera oversees the investments in Tech Services. She has also been involved in leading/advising Kedaara on ASG, Universal Nutriscience, GS Lab-GAVS, and Spandana.

Prior to joining Kedaara Capital, Saakshi served as an Executive Director at Goldman Sachs, Principal Investing Arm (India office), where she focussed on investments in financial services, IT services, and the energy sector. Some of the investments she worked on include Max Financial, ReNew Power, Noveltech Feeds, and BPL Medical.

Previously, she was part of the investment team at Providence Equity Partners and GTI Capital. She started her career with investment banking at Nomura. Ms. Gera has completed all levels of the CFA programme (USA). She earned a BA in Economics from Delhi University, where she was a rank holder.

\*\*Appointed as a Non-Executive Nominee Director w.e.f. May 22, 2024



### Mr. Sunish Sharma

#### Non-Executive Nominee Director

Mr. Sunish Sharma is the Founder and Managing Partner of Kedaara Capital. Prior to co-founding Kedaara, Mr. Sharma served as a Managing Director at the global private equity firm, General Atlantic (GA). With 25 years of industry experience, he primarily focusses on the full life-cycle of private equity in India across sectors. Before GA, he worked as a management consultant at McKinsey in India for over 6 years.

Mr. Sharma earned a gold medal from the Indian Institute of Management, Calcutta, where he completed his Master of Business Administration after graduating with honours from Delhi University. Additionally, he holds a cost accounting degree.

Currently, Mr. Sharma serves on the Boards of/led investments in companies such as Lenskart, Dairy Day, Vedant/Manyavar, K12 Technologies, Avanse, Purple, GS Lab, GAVs Technologies, Care Health Insurance Ajax, and Spandana. In the past, he has served on several other boards/led investments in Mahindra Logistics, Manjushree, Bill Forge, Hexaware Limited, IndusInd Bank, Jubilant Lifesciences, Genpact, Cyient Limited, and IBS Software Services, among others.

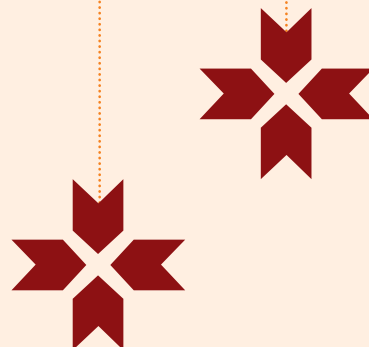
Mr. Sharma strongly believes in giving back to society through education and is one of the Founders of Ashoka University. He is also a founder of the Young India Fellowship, launched in 2011. He has been recognised as one of the '25 hottest young executives below 40 in India' by Business Today, and in the 20<sup>th</sup> anniversary issue of Business Today, he was profiled as one of the Top 20 professionals representing the future of Indian Business, 'The Next Big Guns'. He has also been profiled as one of 'Asia's 25 most influential people in private equity' by Asian Investor.



### Mr. Shalabh Saxena

#### Managing Director and Chief Executive Officer

Mr. Shalabh Saxena has over 25 years of strong retail financial experience in the Consumer Banking and Life Insurance industry. Throughout his career, he has managed large profit centres and SBUs across various business lines in Life Insurance and Consumer Banking. His core competencies and exposure revolve around distribution, sales management in large business environments, marketing, strategy, information technology, planning, alliances, and acquisitions. He holds an MBA in Marketing from B K School of Management, Ahmedabad. Previously, he has worked with Bharat Financial Inclusion Limited as MD & CEO, HSBC Life Insurance, ING Life Insurance, and Standard Chartered Bank. He has been a Managing Director & CEO on the Board of the Company since March 19, 2022.



## Leadership Team



**Mr. Ashish Damani**

**President and Chief Financial Officer (CFO)**

Mr. Damani has over 24 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 programme of close to ₹12,000 crore. He holds AGMP from IIM Ahmedabad and PGDBA from Symbiosis Pune.



**Mr. Amit Anand**

**Chief Risk Officer**

Mr. Amit 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. Amit 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 Bank of Baroda, Bank of India and CRISIL in his previous assignments.



**Mr. Dharmvir Kumar Singh**

**Chief Information Officer**

Mr. Dharmvir has over 16 years' 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 held 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.



**Mr. Prashant Rai**

**Chief People Officer**

Mr. Prashant 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 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.





### **Mr. Ramesh Periasamy**

#### **Chief Compliance Officer**

Mr. Periasamy has over 18 years of experience across sectors viz. Financial Services, REIT, IT/ITES, Manufacturing, Jewellery, Insurance Broking & Real Estate. He is a Graduate in Law from Bangalore University and qualified Company Secretary. Through his career, he has handled IPO's, private & public debt, acquisition of a large commercial office park and other M&A transactions of companies. He has a successful track record across Legal, Regulatory Compliance, Listing, Debt issuance, M&A, IPR, FEMA, Employment laws, Corporate Restructuring in India & Overseas. He is associating with Spandana since August 2020. Prior to Spandana he was associated with Embassy Office Parks REIT, Manappuram Finance Limited, Kalyan Jewellers, NeST Technologies and has also practiced Law at Madras High Court.



### **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 lending business including Sales, Credit, Policy, Collection and Control functions. Mr. Sunand'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 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.



### **Mr. Vinay Prakash Tripathi**

#### **Company Secretary**

Mr. Tripathi has over 20 years of experience in the areas of Secretarial, Governance & Compliance. Mr. Tripathi's experience spans a variety of NBFCs and Banks's including L&T Finance Limited, ECL Finance Limited, YES Bank and RBL Bank Limited. He has vast expertise in establishing governance structure and implementation of secretarial and compliance frameworks. In his career, he has handled multiple public issues and private placement of equity/debt as well as M&A of companies. He is also a guest speaker on corporate laws at various forums.



### **Mr. Vishal Sharma**

#### **Chief Operating Officer**

With over 27 years of experience in Financial services and e-commerce industry, Mr. Sharma has been responsible for building, managing & leading business and operations teams. 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.

## Leadership Team



**Mr. Ajay Ganotra**

**Chief Business Officer (North)**

Mr. Ganotra is a seasoned professional with over 26 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. Ganotra was the Chief Operating Officer-Central in Bharat Financial Inclusion Limited.



**Mr. Deepak Varma**

**Chief Business Officer (South)**

Mr. Varma has an experience of over 24 years across Banking, NBFC's and FMCG industries in Sales, Distribution, Marketing and Strategy. He has experience of launching business 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. Varma is an MBA from Strathclyde Business School, Glasgow and holds a Bachelor's Degree in Economics from Mahatma Gandhi University, Kottayam.



**Mr. Narayana Reddy**

**Chief Business Officer – Partnerships, Receivables & New Initiatives**

Mr. Reddy is an experienced microfinance and banking professional with 20+ years of domain expertise, and has been responsible for the overall business management, ensuring operational and financial performance, recruiting, and developing talents. Mr. Reddy has rich experience through his association with organisations like Professional Assistance and Development Action (PRADAN), SKS Microfinance, BASIX Group companies in India, Bhutan, Tanzania and Bangladesh. In his last stint, Mr. Reddy was associated with Bharat Financial Inclusion Limited (BFIL) for about 9 years with his last role being Chief Operating Officer - South Zone. Instrumental in streamlining processes and systems for business expansion with adequate controls, he has played a key role in moving from cash to cashless disbursements, collections including NPA recovery, Cross-Sell Business, Insurance operations.



**Ms. Shilpa Jain**

**Chief of Financial Reporting and Assurance**

As an established finance professional, Shilpa 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. Shilpa was with Bharat Financial Inclusion Limited and Shriram Finance. She is MBA, CS, and holds Bachelor's Degree in Commerce.



### Mr. Shirraj Vedsen

#### Chief Business Officer (East)

Mr. Shirraj 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, and 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 a MBA from Gujarat University.



### Mr. Subhrangsu Chakravarty

#### Chief 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 Institute of Chartered Accountants of India and a Cost Accountant from the Institute of Cost and Works Accountants of India.



### Mr. Sushanta Tripathy

#### Chief Business Officer, Secured Lending\*

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

\*Acting as Chief Operating Officer of Criss Financial Limited, Subsidiary Company w.e.f. April 01, 2024.




### Mr. Venkata Ramana Ratnakaram

#### Chief Information Security Officer (CISO)

Mr. Venkata Ramana Ratnakaram brings 25 years of progressive experience in Information Technology and Information Security, having held various leadership roles such as Head of IT Dept for APAC, CISO, GM OpsTech, and VP of Product. His career spans prestigious organisations including L&T, TATA, SKS Microfinance, Manappuram, and ARSLAN SRS.

A renowned technology leader, Mr. Ratnakaram has received numerous national and international accolades, including NEXT 100 CIO, TOP 200 CIO, TOP 1000 CIO APAC, TOP 100 CISO, and CISO of the Year. He holds certifications in ISO 27001 internal audit, Artificial Intelligence/Machine Learning, and CISO executive education. Mr. Ratnakaram earned his B. Tech in Computer Science and Engineering from Andhra University.

# Management Discussion and Analysis



Spandana Sphoorty Financial Limited (Spandana) is a rural-focused non-banking financial company and microfinance lender (NBFC-MFI) with a widespread presence across India. Our core mission revolves around providing income-generating loans through joint liability group (JLG) model, primarily targeted at empowering women from low-income rural households. As part of our growth strategy, we are diversifying our product offerings to include LAP and Nano loans through our subsidiary.

The microfinance landscape in India offers substantial opportunities for nationwide players, and as a prominent participant, we are cautiously optimistic about our trajectory. Our robust distribution network and liability franchise, complemented by technology and a skilled workforce, continue to develop positively. We are proactively taking strategic measures to fortify our sustainable journey.

Our renewed vision, mission, and values underscore our dedication to fostering financial inclusion and catalysing the socio-economic advancement of the nation.

## 1. MACRO-ECONOMIC OVERVIEW

The global economy has demonstrated resilience and adaptability, maintained steady growth while curbed inflation. This resilience highlights the world's collective strength in overcoming post-pandemic supply chain issues, geopolitical tensions, and inflationary pressures.

In 2023, the global economy grew by 3.2%, indicating stability and future potential. Although slightly below the long-term average, this growth results from prudent monetary policies, reduced fiscal stimulus, and sustainable productivity improvements. Inflation is expected to moderate, with rates projected to decrease from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, signalling a return to stable economic conditions. Advanced economies, especially in the Euro area, are set for recovery, while emerging markets continue to show strong growth, despite regional differences.

In this environment of gradual recovery, the global economy is confidently moving forward. With proactive policy interventions, there is a solid foundation for sustaining positive momentum and fostering inclusive growth worldwide. The future looks promising, and through continued collaboration and innovation, the global economy is well-equipped to prosper.

### Global Economic Growth (in %)

	Year-on-Year		
	Estimate	Projections	
	2023	2024	2025
World	3.2%	3.2%	3.2%
Advanced Economies	1.6%	1.7%	1.8%
Emerging Market and Developing Economies	4.3%	4.2%	4.2%

Source: World Economic Outlook - April 2024, IMF

### Way forward

The global economic landscape is marked by a delicate balance of risks amidst lingering uncertainties. Geopolitical tensions, illustrated by conflicts in regions like Ukraine and Gaza, loom over the horizon, threatening to trigger price spikes and potentially unsettling interest rate expectations, thereby impacting asset values. Moreover, varying rates of disinflation across major economies could induce currency fluctuations, posing challenges to financial sectors worldwide. Additionally, the convergence of high interest rates, mounting household debt, and adjustments in fixed-rate mortgages poses risks to financial stability.

Central banks across the world assume a pivotal role as the global economy transitions towards a soft landing, demanding meticulous management of inflation. Additionally, there's a critical need to refocus on medium-term fiscal consolidation to create room for

essential investments and ensure debt sustainability. Tailored policy responses, coupled with reforms aimed at boosting supply, are imperative to address inflation, reduce debt levels, promote higher growth rates, and narrow income disparities. Multilateral cooperation is essential to tackle challenges like geo-economic fragmentation, climate change, and debt restructuring, laying the groundwork for a sustainable and inclusive economic recovery and a brighter future.

### Indian Economy

Indian economy maintains a healthy growth trajectory. Despite global economic headwinds, India's GDP grew at 8.2% in FY 2023-24, marking the third consecutive year of over 7% growth. This robust performance is attributed to increased public sector investment, a resilient financial sector, and substantial expansion in non-food credit.

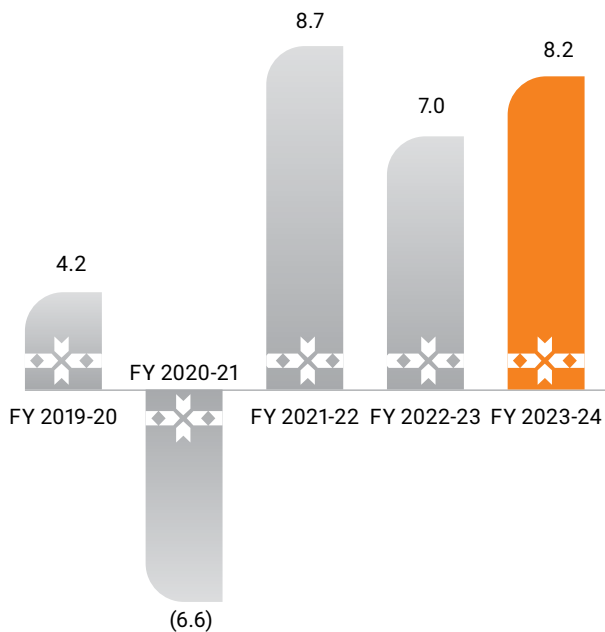
India has cemented its position as the world's third largest fintech economy, trailing only the USA and the UK. Moreover, it has surpassed Hong Kong to claim the fourth spot in global stock markets. This achievement is owed to both domestic and international investor confidence, buoyed by sustained IPO activity. Initiatives such as the Skill India Mission, Start-Up India, and Stand-Up India have catalysed greater female participation in human capital development.

The government's economic policy agenda has been centred on revitalising India's growth potential. This involves reinvigorating the financial sector, streamlining business conditions to spur economic activity, and significantly enhancing both physical and digital infrastructure to bolster connectivity and thereby boost the competitiveness of the manufacturing sector. Guided by this vision, the government has implemented a range of economic reforms aimed at fostering a business-friendly environment, enhancing ease of living, and fortifying governance systems and processes.

India has embarked on establishing digital infrastructure as a public good, leveraging it to enhance service delivery by private enterprises to citizens. This approach has facilitated efficient access to various services, spanning from financial system access to government subsidies and COVID vaccines, reaching even the most marginalised populations effectively. Central to this infrastructure is the Aadhar system, launched in 2009, providing a universal Biometric ID to 1.4 billion Indians. Aadhar authentication was pivotal in approximately 2.2 billion transactions in March 2023, including around 300 million Know Your Customer (KYC) verifications, reducing the cost of bank account openings and enabling 500 million new accounts in the past decade. Moreover, the Unified Payments Interface (UPI), introduced in 2016, has catalysed formalisation in the economy by making mobile payments seamless.

## Indian Economy GDP Growth Rate

(in %)



Source: Press Information Bureau, Government of India

### Way forward

India aspires to become a US\$7 trillion economy by 2030. In the next three years, the country is expected to reach the milestone of a US\$5 trillion economy, making it the third largest in the world. Additionally, the government has set an ambitious goal of transforming India into a developed country by 2047. India will sustain its upward growth trajectory, propelled by stable and robust domestic demand, expanding private consumption and investments, and ongoing structural reforms.

## 2. INDUSTRY OVERVIEW

Financial inclusion is a pivotal driver of economic growth, aiming to alleviate poverty across the nation. Banking services are becoming increasingly accessible to both privileged and disadvantaged individuals under favourable terms. However, a segment of society in developing economies remains excluded from financial services. Microfinance institutions play a crucial role in bridging this gap, thus becoming a vital priority for the country's economic advancement and societal progress. By reducing the disparity between the rich and poor, financial inclusion contributes significantly to societal equilibrium.

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 micro-credit, small consumer durable loans and micro-insurance. 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 local 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.

The Indian microfinance industry witnessed a substantial expansion in its loan portfolio during FY24. This growth underscores the sector's resilience and its pivotal role in providing financial access to underserved segments of the population. The sector's gross loan portfolio (GLP) or portfolio outstanding surged by 24.5% to ₹4.34 lakh crore as of 31 March, 2024, up from ₹3.48 lakh crore on 31 March, 2023. The total number of active loans accounts were 14.9 Crore with 7.8 Crore unique borrowers as on 31 March 2024.

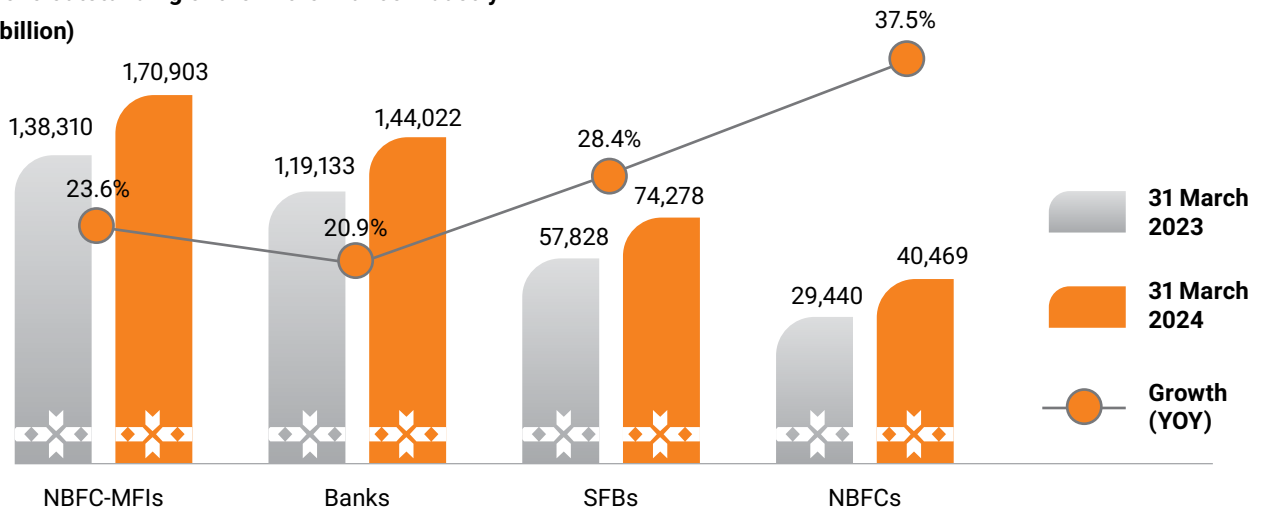
NBFC-MFIs are the largest providers of micro-credit, with an outstanding loan amount of ₹1.7 lakh crore, accounting for 39.4% of the total industry portfolio. Fourteen banks hold the second-largest share of the portfolio in micro-credit, with a total outstanding loan of ₹1.4 lakh crore, which is 33.2% of the total micro-credit universe.

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

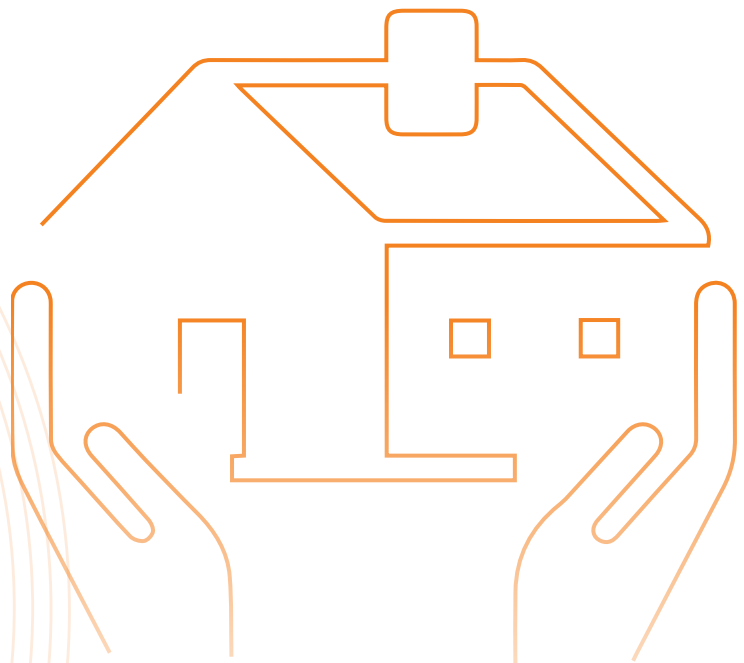
Entity	31 March 2023			31 March 2024		
	Unique Borrowers (Cr)	Active loan accounts (Cr)	Portfolio O/s (Cr)	Unique Borrowers (Cr)	Active loan accounts (Cr)	Portfolio O/s (Cr)
NBFC-MFIs	2.9	5.1	1,38,310	3.9	6.0	1,70,903
Banks	3.2	4.7	1,19,133	3.4	5.2	1,44,022
SFBs	1.6	2.0	57,828	2.0	2.4	74,278
NBFCs	0.9	1.0	29,440	1.1	1.3	40,469
Others	0.1	0.2	3,629	0.1	0.1	4,026
<b>Total</b>	<b>6.64</b>	<b>13.0</b>	<b>3,48,339</b>	<b>7.8</b>	<b>14.9</b>	<b>4,33,697</b>

Source: Mfin Micrometer

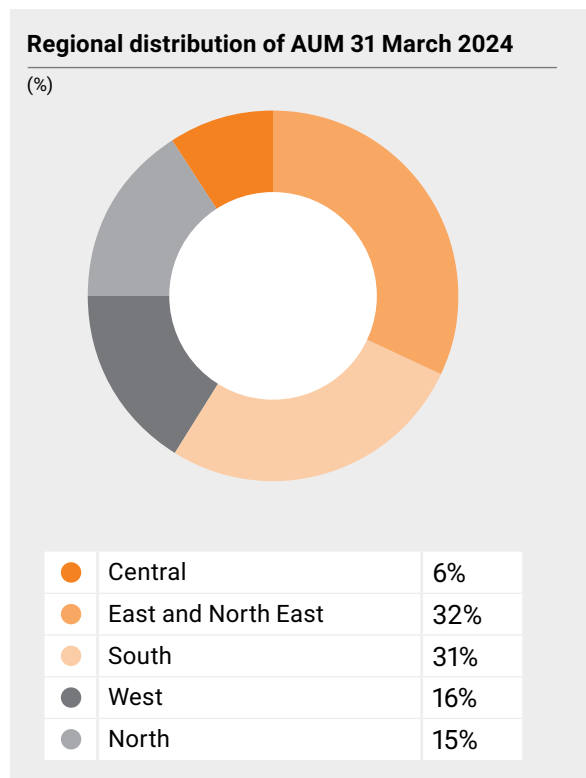
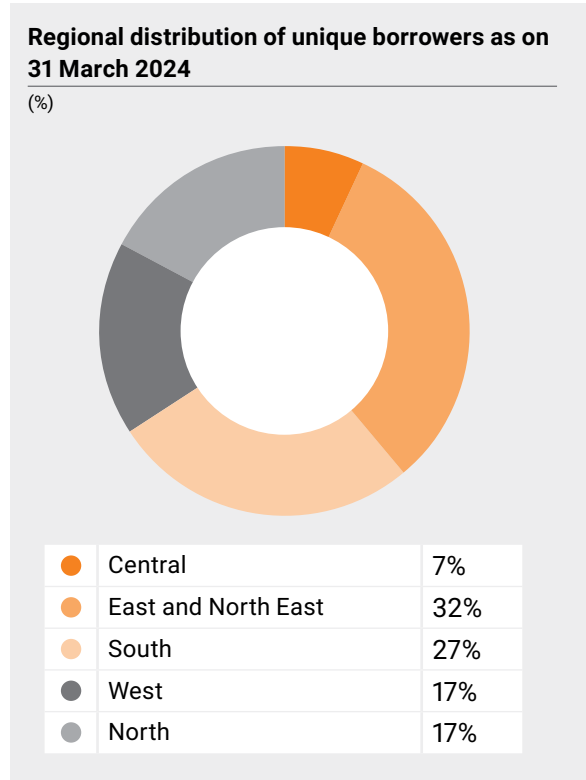
### Portfolio outstanding of the microfinance industry (₹ in billion)



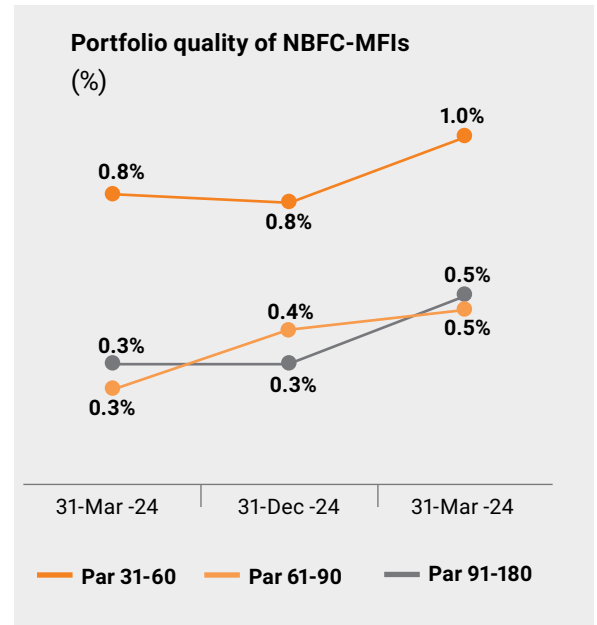
Source: Mfin Micrometer



As of March 31, 2024, microfinance operations were present in 720 districts across 29 states and 7 union territories (UTs). The top 10 states, based on universe data, constitute 84.4% of the Gross Loan Portfolio (GLP). Bihar continues to be the largest state in terms of portfolio outstanding followed by Tamil Nadu and Uttar Pradesh.



Overall health of portfolio (PAR 31-180 days) has slightly deteriorated to 2.0% as on March 31, 2024 in comparison to 1.5% as on March 31, 2023.



Since the RBI implemented the new harmonised MFI framework on April 1<sup>st</sup>, 2022, non-banking microfinance companies have seen a significant increase in market share. We anticipate this trend to continue going forward, driven by higher loan amounts for individual borrowers and the introduction of new products to meet evolving customer needs.

The shift from interest rate caps to risk-based pricing, the redefinition of household income, and the implementation of the 50% maximum financial-obligation-to-income ratio (FOIR) will support financial inclusion and limit borrower indebtedness. These measures will enhance the sector by improving yields, asset quality, and ultimately increasing profit margins.

Technology will play a crucial role in boosting efficiency within the microfinance sector. While not disruptive, technology will streamline processes. Many microfinance companies are leveraging technology to create seamless customer experiences and reduce service times for individual customers. Looking ahead, companies are exploring the use of AI and ML in customer profiling and credit decision-making.

The MFI sector is expected to maintain stable growth, supported by robust demand within the industry, increased economic activity, and a revival in consumer demand.



### 3. OPERATIONAL GROWTH

#### Expanding our reach

During FY24, Spandana solidified its footprint by extending its reach to 1,559 branches spanning across 20 States and Union Territories, encompassing 408 districts. Our operations exhibit robust diversification at the branch, district, and state levels, fostering ample growth prospects for expanding our business in these regions and venturing into new territories. Throughout the year, we augmented our branch network by 35%, leveraging our extensive presence across India to connect with a broader customer base and extend our services to diverse communities. Notably, we operationalised 406 additional branches during this period, further enhancing our accessibility and outreach.

#### Growing customer base

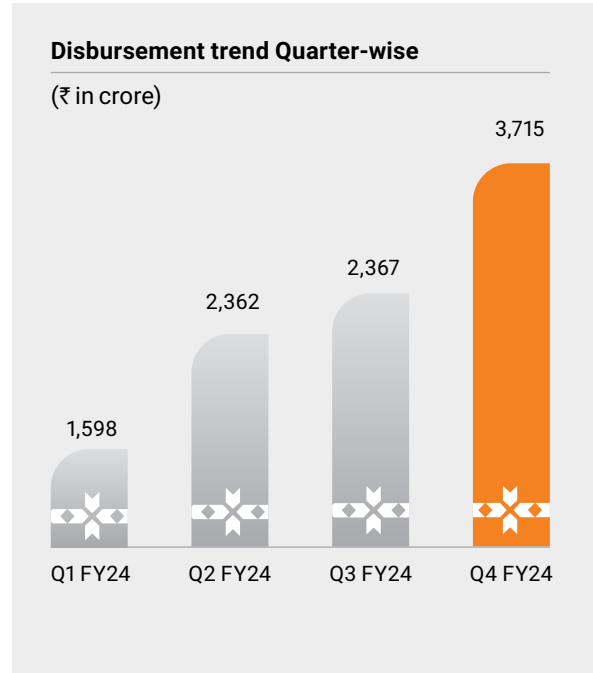
With a consistent focus on customer acquisition-driven growth, we added approximately 13.12 lakh new borrowers during the year, taking our total customer base to 31.28 lakh as of March 31, 2024. We have been consolidating our presence in tier 3 – 5 geographies by taking our financial services to deep rural and semi-urban locations where the presence of formal financing is sparse.

#### Improvement in disbursement

The total disbursement for the year amounted to ₹10,042 crore, an increase of 32% from the ₹7,624 crore disbursed in FY23. Over 50% of the total loans disbursed during FY24 was to borrowers new to Spandana. The market opportunity for microfinance remains strong and Spandana is well positioned to make the best of this opportunity by reaching out to many more unserved and underserved borrowers.

#### Strengthening our technology architecture

We are strengthening our cloud-native IT infrastructure to improve the user experience, facilitate insights-driven operations, fortify platform stability and security, embrace digital transformation, and enhance automation capabilities. Additionally, we are implementing advanced analytics to derive valuable insights and optimising our operations for efficiency. Security remains a top priority, ensuring that our systems operate in a secure environment.

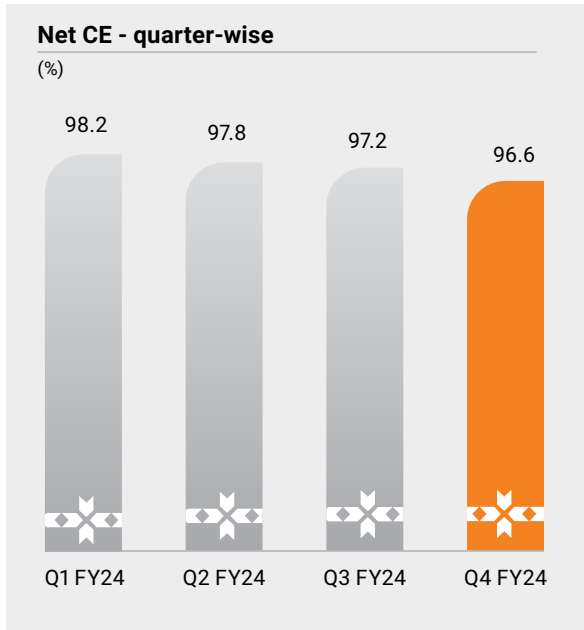


#### Consistent Improvement in asset quality

We have reported a improvement in the quality of our portfolio over the quarters. Our Gross Non-Performing Assets (GNPA) decreased to 1.43% in March 2024 compared to 1.97% at the end of March 2023, while our Net Non-Performing Assets (NNPA) reduced to 0.29% in March 2024 from 0.59% at the end of March 2023. Our management of credit risks, coupled with our focus on enhancing the health of the loan portfolio, has yielded positive results. By the end of Q4FY24, our current book stood at 95.8%, decline from 96.9% reported at the end of Q4FY23. During the year, we launched Project Parivartan through which we intend to change a large portion of our microfinance business from monthly repayment model to a weekly repayment model. The project's footprint by the end of the year was in 750 branches covering about 17 Lakh borrowers (54% of borrower base) and 54% of AUM. Because of the scale of implementation of this project and the customer base impacted, there was a decline in Collection efficiency during the year which also resulted in flows into SMA buckets. We expect reduction in Spandana's delinquent books in the current fiscal year.

#### Bettering our Collection efficiency (CE)

We consistently promote timely repayments among our customers. The sustained improvement in our collection efficiency is attributed to our dedicated focus on staff training, incentive structures designed to incentivise adherence to processes and maintaining asset quality, as well as our regular client engagement initiatives. Our efficient processes and technology are further underscored by our gross collection efficiency reaching 100.1%, complemented by a net collection efficiency of 97.4% for FY24.

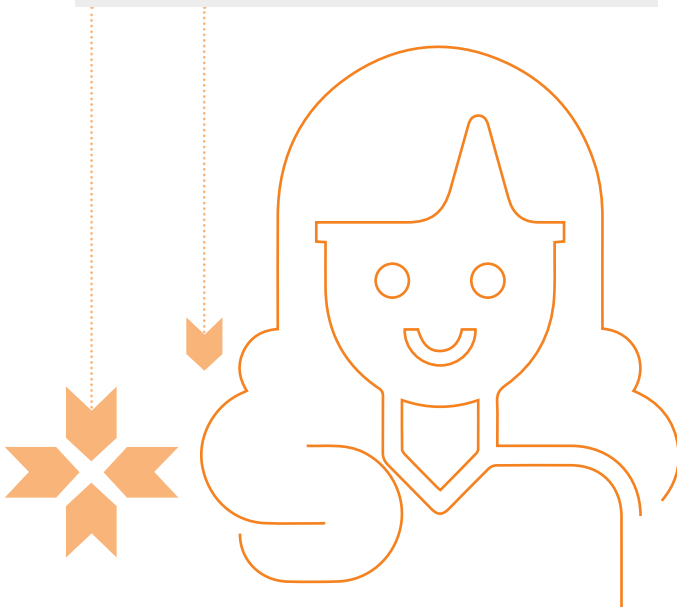
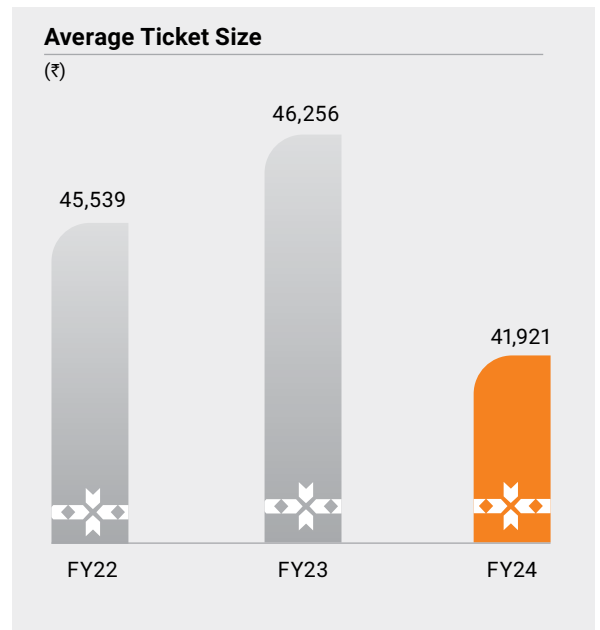
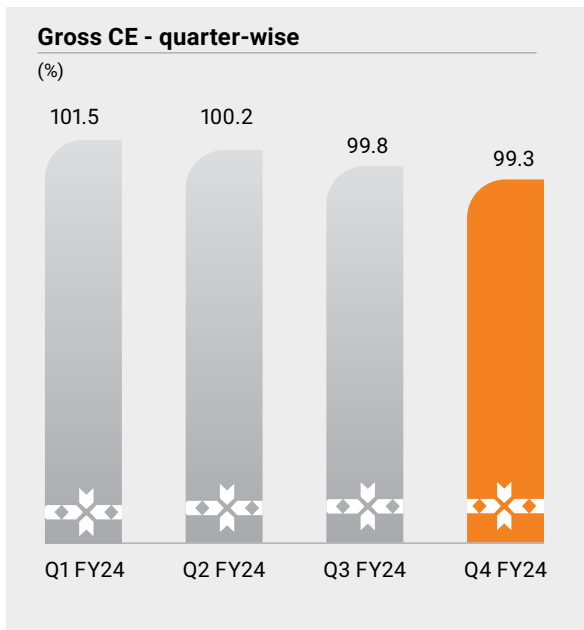


**4. PORTFOLIO MIX**

Managing portfolio risks is integral to the operations of a lending institution. To mitigate concentration risks, we have diversified across various ticket sizes and loan cycles. Our portfolio is carefully balanced, with a significant number of customers having advanced loan cycles, demonstrating our capacity to maintain long-term customer relationships. Additionally, our robust asset quality across different loan cycles underscores the effectiveness of our credit risk management practices.

**Ticket size**

In FY24, the average loan disbursement ticket size stood at ₹41,921 against ₹46,256 during FY23, reduction of 10% compared to the preceding year. We diligently strive to meet the needs of borrowers while upholding stringent controls on lending thresholds.



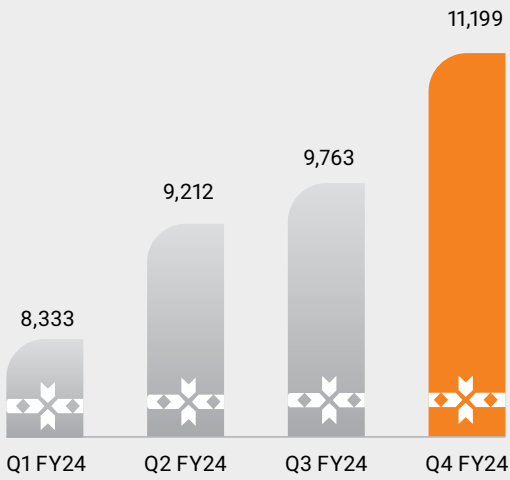
**Loan outstanding**

We ended the year with a new milestone in Assets Under Management (AUM), witnessing a 40% surge to ₹11,199 crore at the end of March 31, 2024, up from ₹7,980 crore recorded at the end of March 31, 2023. Moreover, the average loan outstanding per borrower decreased to ₹35,805 by the end of FY24, compared to ₹37,528 reported at the conclusion of FY23.

## Growth in AUM

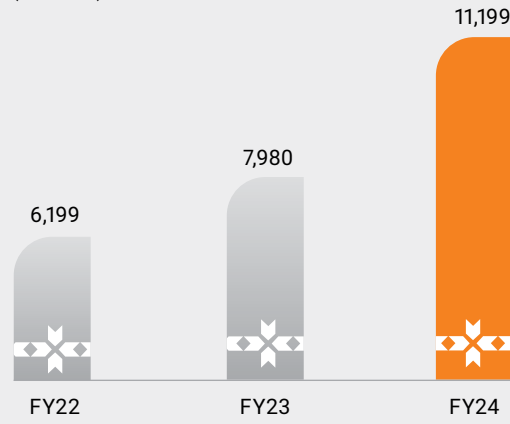
### Quarter-wise

(₹ in crore)



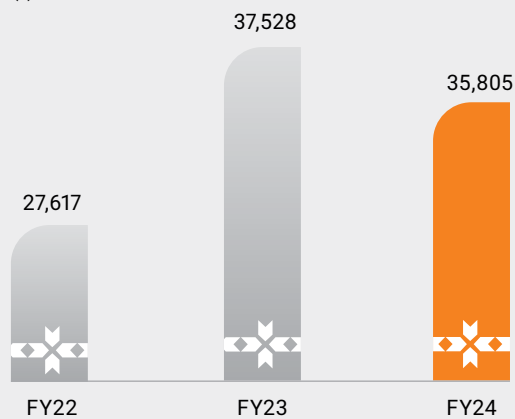
### Year-wise

(₹ in crore)



### Average AUM per Borrower

(₹)



### Increasing share of 6 Focus states

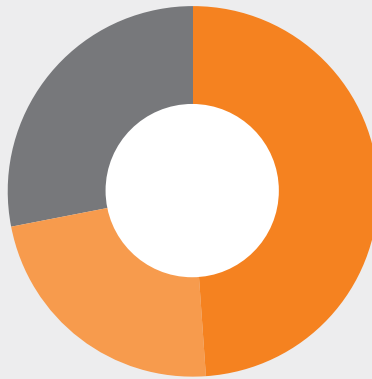
As part of Vision 2025, the management had identified states of Bihar, Uttar Pradesh, Rajasthan, West Bengal, Tamil Nadu and Gujarat as key states for the next phase of growth for the Organisation. The share of AUM of these focus states increased to 28% on a consolidated basis from 21% at the end of FY23. Disbursement and Customer addition share of these states was 30% and 39% respectively as against 21% disbursement and 29% customer addition during FY23.

### Cycle-wise mix

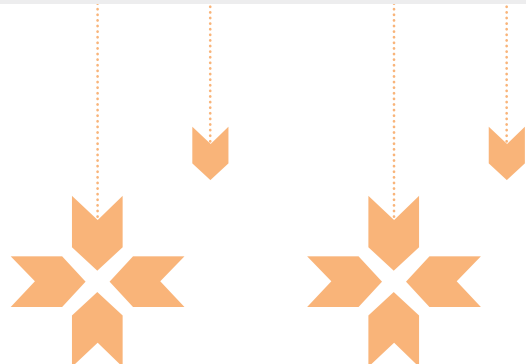
We maintain a diversified loan portfolio spanning various loan cycles. Our loan offerings and procedures are meticulously crafted to facilitate easy borrowing and regular repayments for our customers. We remain dedicated to ensuring that our loan products consistently align with our customers' needs. Approximately 51% of our borrowers are in their second cycle or beyond, underscoring the enduring value they find in our loan products and services. Through our customer-centric approach, we have cultivated sustainable relationships with our borrowers and laid a strong groundwork for new borrower connections.

### Cycle-wise AUM mix

(%)

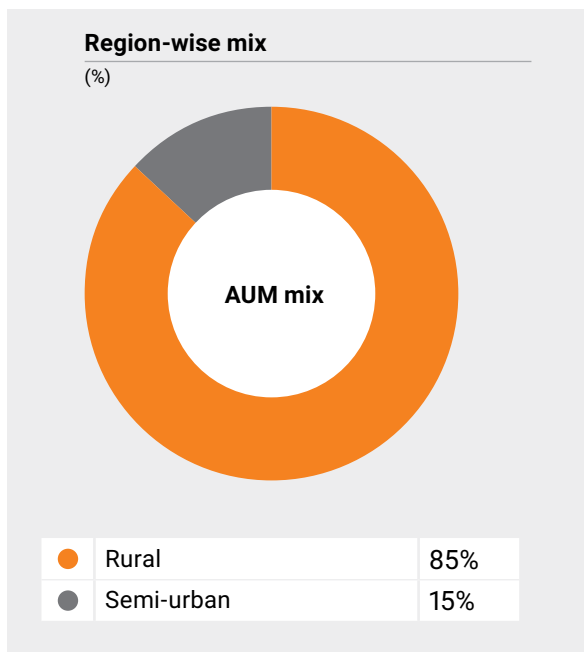


1 <sup>st</sup> cycle	49%
2 <sup>nd</sup> cycle	23%
3 <sup>rd</sup> cycle and above loans	28%



### Maintaining rural focus

Rural India presents significant opportunities for microfinance lending, particularly with the Government's heightened focus on rural development. Infrastructure projects tailored to rural areas and initiatives aimed at bolstering medium and small enterprises reflect growing confidence in microfinance lending within these underserved segments. At Spandana, our loan exposure is distributed as 85% in rural and 15% in urban areas, underscoring our active engagement in these regions. Our extensive experience with rural clients has demonstrated that the rural loan portfolio maintains healthy asset quality, characterised by timely repayments.



### 5. Product mix

At Spandana, our commitment lies in empowering women from low-income rural backgrounds through our diverse range of loan offerings. Among our flagship products is the Joint Liability Group (JLG) based micro-loans, tailored specifically to support Women Entrepreneurs. These small-scale loans, exclusively provided to women borrowers through Joint Liability Groups, serve as catalysts for envisioning a brighter future for themselves and their families. Beyond financial assistance, our loans cultivate trust, empowering these women to initiate or expand their entrepreneurial endeavours. We take immense pride in catalysing positive transformations in the lives of millions of our customers.

Furthermore, our Loan Against Property product (offered through subsidiary Criss Financial Limited)

streamlines access to funds for small entrepreneurs as they embark on their next ventures. Whether it involves acquiring equipment, renovating or expanding office space, or investing in working capital, our loan facility allows entrepreneurs to leverage the value of their property and fulfil their business aspirations.

Our Nano Enterprises Loans (offered through subsidiary Criss Financial Limited) to micro and small business owners in mind, provides them with unsecured financing options. Our goal with these loans is to foster the growth and advancement of small-scale shopkeepers. Through these lending initiatives, we aspire to equip these entrepreneurs with the financial resources they need to scale and develop their businesses.

### 6. PORTFOLIO DIVERSIFICATION

Over the years, the microfinance industry has encountered numerous external events unfolding across various states, leading to transient periods of stress in industry portfolios. Risks include customer concentration, particularly when economic activities of customers overlap, as well as natural disasters like cyclones and floods. Industry participants, including Spandana, now appreciate the importance of diversification. Insights gleaned from experience and market knowledge have enabled major players to fortify themselves against external shocks by expanding their presence nationwide. At Spandana, we've implemented portfolio caps at branch, district, and state levels to shield the organisation from such high-impact events.

#### State level

Our loan portfolio spans across 20 states and union territories, ensuring a diversified exposure. At the end of FY24, none of these states held an exposure exceeding 14% of our Assets Under Management (AUM) at a consolidated level. To effectively manage concentration risk, we maintain internal benchmarks and limits to monitor our portfolio. The AUM concentration of top 4 states reduced from 57% at the end of FY22 to 51% at the end of FY24.

Additionally, we have implemented a cap on concentration risk relative to our total net worth. State-wise disbursements in FY24 also remained within the 15% limit.

#### District Level

In addition to managing risk concentration at the state level, we have established internal caps at the district level within each state to prevent any single district from exceeding 2% of the total Assets Under Management (AUM). 85.5% of our districts individually contribute less than 0.5% to the total AUM, signifying a minimised concentration risk. Our exposure to the top 10 districts accounts for just 12.7% of the AUM.

Exposure of Districts	As of March, 2024	
% Contribution to Gross AUM	No. of Districts	% of Total Districts
< 0.5%	349	85.5%
0.5% - 1%	50	12.3%
1% - 2%	9	2.2%
>2%	-	-
<b>Total</b>	<b>408</b>	

Exposure of Districts	As of March, 2024	
Proportion of Total Disbursements	No. of Districts	% of Total Districts
< 0.5%	354	86.8%
0.5% - 1%	46	11.3%
1% - 2%	8	2.0%
>2%	-	-
<b>Total</b>	<b>408</b>	<b>100%</b>

Exposure of Districts	As of March, 2024	
Buckets	AUM (₹ crore)	Proportion of Total AUM
Top 5 Districts	839	7.5%
Top 10 Districts	1,427	12.7%
Top 50 Districts	4,634	41.4%
Other Districts excluding top 50 districts	6,565	58.6%

#### Branch Level

We've extended our risk management efforts down to the branch level, ensuring that no single branch surpasses 0.50% of the total Assets Under Management (AUM). With a proactive stance, we've remained vigilant in managing concentration risk and enhancing performance consistently. Our dynamic and ongoing risk management approach underscores the diversification of our loan portfolio. Notably, in FY24, 1,521 branches out of a total of 1,559 maintained exposure levels of less than 0.15% of the total AUM, showcasing our commitment to risk mitigation.

#### Exposure of Branch in FY24

Proportion of Gross AUM	No. of Branches	Proportion of Total Branches
<0.15%	1,521	97.6%
0.15%-0.25%	38	2.4%
>0.25%	-	-
<b>Total</b>	<b>1,559</b>	<b>100%</b>

## 7. PRODUCTIVITY METRICS

Enhancing productivity throughout our organisation remains one of the central pillar of our growth strategy. As of March 31, 2024, we maintain a strong presence in India with 1,559 branches, with an average AUM per branch of ₹7.18 crore. Average AUM for branches with a tenure of over 1 year was ₹9.2 crore at the end of FY24 vs. ₹8.0 crore at the end of FY23. Our opex to AUM ratio was flat at 6.76% in FY24 vs. 6.82% in FY23 on consolidated basis, attributed to various factors such as streamlined operations, standardised processes, increased technological integration, and enhanced productivity. All these efforts were partially offset by investments made in operationalising 460 new branches during the year and the manpower recruited for manning these branches.

Looking forward, we anticipate significant potential for improvement in our opex levels as we focus on augmenting AUM per branch and maximising employee productivity as the newly operationalised branches attain certain vintage. We remain focused in upholding a lean and efficient cost structure, enabling us to better serve our customers and generate sustainable long-term value for our stakeholders.

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

During FY24, we successfully raised a total of ₹10,441 crore from a diverse group of lenders, encompassing multiple new banks, NBFCs, other institutions, and even retail investors. We concluded the year with cash and bank balances totalling ₹1,894 crore. Our cost of borrowing for the year stood at 12.2% in FY24.

In our commitment to operational excellence, we concentrated on optimising the utilisation of our existing infrastructure. Our operating expense ratio, denoted as opex to AUM ratio, was 6.7% in FY24.

#### Credit ratings

Rating Instrument	Rating Agency	Rating
Bank Facilities / NCD's/ CPs	Care	A+/ Stable; A1+
Bank Facilities / NCD's / MLD's	ICRA	A/ Positive
Bank Facilities / NCD's/ MLD's	India-Ra	A+/ Stable*
Bank Facilities	CRISIL	A/ Positive

\*rating is upgraded from A/Stable to A+/Stable w.e.f. June 24, 2024

### Fund sources

We have been proactively diversifying our borrowing sources and fostering robust relationships with both our existing and new lenders. To fulfil our current funding needs, we have secured loans from a range of entities including public and private banks, financial institutions, and capital markets. As of the end of the year, we had a total of 58 lenders in our network.

### 9. Key Ratio (On a consolidated basis)

(Explanations where the change in the ratios is more than 25%) For explanation refer point no. 10.

- a) Asset Under Management (AUM): ₹11,973 crore
- b) Net Interest Income: ₹1,289 crore
- c) Net Profit Margin: 19.8%
- d) Cost to Income Ratio: 42.8%
- e) Opex to AUM Ratio: 6.7%
- f) Interest Coverage Ratio: 1.7 times
- g) Debt Equity Ratio: 2.6 times
- h) Pre - Provision Operating Profit (PPOP) Margin: 37.6%
- i) Pre - Provision Operating Profit (PPOP)/Average Total Assets: 8.4%
- j) Return on Equity (ROE): 14.9%
- k) Operating Profit Margin 74.2%

### 10. DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF.

Customer acquisition led growth was one of the main pillars of the organization's strategy that was announced as part of management's key priorities under Vision 2025. During FY24, SSFL added close to 13.9 lakh new borrowers (+59% over previous year) taking its total borrower base to 33.2 lakh which was a growth of 47% over the borrower base reported at the end of FY23. This along with continued engagement with our existing borrowers reflected in growth of AUM (+41%), NII (+59%), PPOP (70%), Net profit margin (+1,892 bps) & ROE (+1,445 bps). Improvement in Asset quality during the year led to lower credit costs which also helped Spandana report stronger profitability during the year as compared to FY23.

### 11. HUMAN RESOURCE MANAGEMENT

We are committed to cultivating and retaining diverse and talented teams, ensuring the long-term sustainability of our business.

Our consistent endeavour is to enhance the workplace experience for our employees and foster robust connections. We ensure that our employees are heard, valued, and treated equitably. Moreover, we strategically implement various training programmes to bolster the overall growth of our workforce. Ensuring a safe and healthy environment is paramount across all our business operations, underscoring our commitment to employee well-being.

Our HR practices are dedicated to nurturing an inclusive and performance-driven work environment, where cooperation and mutual respect thrive. We provide competitive remuneration packages coupled with an empowering culture that fosters personal and professional growth. Upholding principles of honesty, openness, responsibility, and accountability, we are committed to sustaining a culture of integrity within our organisation.

As of FY24, our workforce comprised a total of 13,097 employees, including our field staff. During the year, our workforce grew by 3,423 employees, building a robust team to propel our growth.

More details refer to page no. 30.

### 12. CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate enterprise, our primary commitment is to generate economic and social value for all our stakeholders. We are deeply focused on driving social transformation through targeted, consistent, and sustainable initiatives. To achieve this, we have devised a comprehensive strategy that embraces an integrated development approach for our community programs.

We firmly believe that the fundamental pillars for fostering stability and growth within communities encompass skill development, livelihood enhancement, healthcare, education, as well as fostering financial and digital literacy. Our endeavours have already yielded significant results, with over ~ 39,440 beneficiaries benefiting from our initiatives in FY24 alone, notably with 70% of them being women.

More details refer to page no. 38.

### 13. Outlook

#### SWOT analysis

S	W	O	T
<b>Strengths</b> <ul style="list-style-type: none"> <li>• Decades of industry experience</li> <li>• Strong market presence across India</li> <li>• Extensive customer base</li> <li>• Quality loan portfolio</li> <li>• Broad-based fund sources</li> <li>• Technological integration</li> <li>• Active risk management</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Dependency on external funding</li> <li>• Vulnerability to economic downturns</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Rural India offers immense potential for microfinance lending, with the government emphasising rural development.</li> <li>• Newer synergic products</li> <li>• Digital financial services</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• Rising inflation</li> <li>• Increasing geopolitical instability</li> <li>• Competition from other MFIs &amp; local financiers</li> <li>• Increase in borrowing costs</li> </ul>

#### Key priorities for FY25

Embarking on our journey into the future, we have cast our gaze towards the horizon, envisioning our path until 2028 with an audacious aim: to elevate our business to new heights, reaching an Assets Under Management (AUM) milestone of ₹28,000 crore. United under the banner of Spandana, our team is resolute in our commitment to manifesting the aspirations outlined in our Vision 2028.

#### Our journey forward is propelled by several key levers:

**Expanding our Footprint:** We are consistent in our focus to deepen our presence across our focus states of Bihar, Rajasthan, Uttar Pradesh, West Bengal, Tamil Nadu, and Gujarat, forging stronger connections and extending our reach to every corner of these regions.

**Diversifying our Portfolio:** To fuel our growth, we are focused on consolidating our microfinance business while simultaneously nurturing the growth of our loan against property (LAP) and nano-enterprise loans portfolio through our subsidiary, broadening our offerings to meet the diverse life-cycle needs of our clientele.

**Strengthening our Foundation:** At the core of our strategy lies the fortification of our liability franchise, fostering robust relationships and instilling trust among them, ensuring a solid foundation for sustainable growth.

**Driving Operational Excellence:** Through strategic investments in cutting-edge technology across all facets of our operations, we are committed to enhancing

customer convenience, optimising processes, and streamlining costs, thereby enhancing efficiency and maximising value for our customers.

**Empowering our People:** Central to our success is our dedicated team, empowered with a sense of purpose and driven by a collective vision. Together, we strive to make a meaningful impact not only in the business realm but also in the communities we serve, leaving an indelible imprint of positive change.

As we embark on this transformative journey, we are guided by a resolve to unlock new possibilities, overcome challenges, and realise our shared vision of a brighter future for Spandana and all those we touch along the way.

### 14. RISK AND MITIGATION

Risks are an inherent and unavoidable aspect of any business. Effective risk management is vital for safeguarding stakeholder interests, ensuring compliance with regulatory standards, and securing the long-term sustainability of the enterprise. At Spandana, Risk Management is a fundamental and integral component of our business model, aimed at mitigating adverse impacts on our business objectives and capitalising on market opportunities. Drawing on over two decades of market expertise, we strengthen viability and enhance growth prospects.

As a financial institution, we face risks unique to our lending activities and operating environment. We continually identify and implement comprehensive policies and procedures to assess, monitor, and mitigate

these risks. Our risk management process comprises three key components: business risk assessment, operational controls assessment, and compliance processes. Our Risk Management Committee regularly reviews our risk management policy.

The key risks being assessed are as follows:

- Credit risk
- Operations risk,
- Market risk
- Financial risk
- Liquidity risk
- ALM risk
- IT risk
- People risk
- Reputation risk
- Regulatory risk
- Political risk

For each risk, we have corresponding mitigation plans that undergo regular review and refinement to ensure their effectiveness.

More details refer to page no. 44.

## 15. INTERNAL CONTROL SYSTEMS

Effective internal control is paramount in mitigating the risk of financial loss, ensuring the accuracy, completeness, and reliability of financial statements. At Spandana, our internal control measures are crafted to safeguard our assets, uphold regulatory compliance, and deter fraud and misconduct. Taking a comprehensive approach to information security, we prioritise maintaining the confidentiality, integrity, and availability of consumer data and our company's information assets.

In our commitment to fortify our internal control framework, we employ a multi-faceted approach that includes concurrent internal audits and frequent management reviews. Our internal audit department assumes a central role in sanctioning, documenting, overseeing, and ensuring adherence to processes across all branches, while also actively identifying any potential financial irregularities. Furthermore, our organisation upholds robust internal controls concerning both financial statements and operational procedures.

With a dedicated team of 186 auditors strategically stationed across branches, we ensure vigilant oversight of our portfolio. In addition to regular audits, we conduct specialised audits prompted by internal indicators, swiftly resolving any potential deficiencies. We meticulously audit branches with significant disbursements, ensuring adherence to operational standards. Our robust mechanism

validates KYC documentation, with monthly audits across 550 branches. Findings are discussed for enhanced monitoring and compliance, highlighting our commitment to transparency and operational excellence.

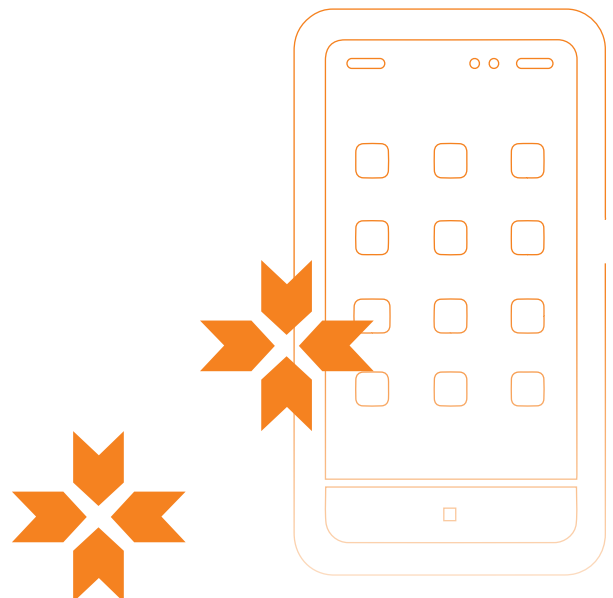
We are currently in the process of implementing software that seamlessly integrates with our loan management system (LMS), enabling us to monitor and generate real-time triggers. This latest software will improve our operational efficiency by providing instant insights into loan performance, risk indicators, and compliance measures. By leveraging advanced technology, we aim to enhance our ability to identify potential issues promptly and proactively address them, thereby reducing the risk of fraud in the future.

## 16. DISCLOSURE OF ACCOUNTING TREATMENT:

The 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), the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("the RBI guidelines") and other accounting principles generally accepted in India.

### 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, 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 future based on subsequent developments, information or events.





# Board's Report

Dear Members,

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report of the Company together with the audited financial statements for the financial year ended March 31, 2024.

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

The standalone and consolidated financial statements for the financial year ended March 31, 2024 ('FY24'), 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 summarized below:

Particulars	Standalone		Consolidated	
	FY23-24	FY22-23	FY23-24	FY22-23
Income from Operations	2,299.76	1,328.66	2,423.71	1,400.75
Other Income	107.15	65.79	110.24	76.28
<b>Profit Before Depreciation, Interest and Tax (PBDIT)</b>	<b>1,543.13</b>	<b>473.99</b>	<b>1,617.76</b>	<b>486.57</b>
Depreciation	19.73	10.68	20.41	10.87
Financial charges	897.38	445.06	926.78	457.88
<b>Profit Before Tax</b>	<b>626.02</b>	<b>18.25</b>	<b>670.57</b>	<b>17.82</b>
Tax expenses	158.14	5.91	169.85	5.43
<b>Profit/(Loss) After Tax</b>	<b>467.88</b>	<b>12.34</b>	<b>500.72</b>	<b>12.39</b>
Transfer to Statutory Reserves	93.58	2.47		
<b>Balance carried to Balance sheet</b>	<b>374.30</b>	<b>9.87</b>		

(₹ in crore)

During the year, the Income from operations of the Company was ₹2,299.76 crore. The Asset Under Management (AUM) of the Company was ₹11,198.72 crore as on March 31, 2024 as compared to ₹7,979.59 crore as on March 31, 2023 and the Profit before Tax in FY24 was ₹626.02 crore as compared to ₹18.25 crore in FY23 driven by AUM growth and improvement in asset quality. Profit before Tax was lower in FY23 primarily due to higher impairment cost SMA and NPA bucket at the beginning of the year i.e. Apr-22.

During FY24, disbursements reached highest of ₹3,714.69 crore during Q4/FY 2023-24. Return on Asset ("RoA") stood at 5.46 % and Return on Equity ("RoE") stood at 14.20 % for FY24 on standalone basis. Capital Adequacy Ratio was at 31.95 % on standalone basis. Your Company has generated pre-provision operating profit ("PPOP") of ₹953.15 crore and Profit Before Tax ("PBT") of ₹670.57 crore in FY24 on a consolidated basis.

Your Company has strong distribution network of 1,559 branches spread across 408 Districts of 19 states and 1 union territory. On portfolio quality the

Collection Efficiency of portfolio was 99.27 % for the quarter ended March 31, 2024.

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

### 1.1 Resource Mobilization

Your Company has raised ₹10,017.83 crore of debt during FY24. With the diversified lender base, your Company has raised ₹1,304.10 crore through issue of debentures, ₹5,177.99 crore through term loan, ₹2,682.15 crore through securitization and ₹853.58 crore through direct assignment. Your Company has a strong funding access with adequate cash and bank balances of ₹1,870.00 crore as on March 31, 2024. The issue proceeds from non-convertible debentures have been fully utilised as per the objects of the issue.

### 2. DIVIDENDS:

Considering your Company's growth, future strategy and plans, your Directors consider it prudent to conserve resources and do not recommend any dividend on equity shares for FY24.

### 3. OPERATIONAL HIGHLIGHTS AND FUNDRAISE:

The operational highlights of your company are as follows:

(₹ in crore)			
Details	Mar-24	Mar-23	Mar-22
No. of States and UT	20	18	18
No. of Branches	1,559	1,153	1,049
No. of Districts	408	314	294
No. of Employees	13,097	9,674	8,379
No. of Borrowers (in million)	3.13	2.13	2.27
Gross Disbursements (₹ in crore)	10,042.14	7,624.21	3,065.65
Loan Portfolio (₹ in crore) on Balance Sheet	10,566.91	7,466.20	5,776.17
Asset Under Management- AUM (₹ in crore)	11,198.72	7,979.59	6,198.87

- During FY24, the Company continued its operations in 19 states and 1 union territory (viz. Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal and Pondicherry).
- During FY24, the number of borrowers has increased from 22.57 lakhs to 33.19 lakhs on a consolidated basis. The number of branches grew from 1,227 to 1,642 across the states on a consolidated basis.
- Total disbursements is ₹10,688 crore for FY24 on consolidated basis.
- During Q4/FY24, on a consolidated basis total disbursement reached highest of ₹3,970 crore.

#### 3.1 Securitization:

Your Company has used securitization to improve its asset and liability mix in line with extant guidelines of RBI on securitization. As of March 31, 2024, out of total AUM, securitized portfolio was ₹2,115.66 crore on a standalone basis.

#### 3.2 Direct Assignment

During the year, your Company has sold loan portfolio of ₹853.58 crore through Direct Assignment. Assigned portfolio was ₹686.12 crore out of total AUM of ₹11,198.72 crore as of March 31, 2024 on a standalone basis.

#### 3.3 Public Deposits:

Your Company is registered with the Reserve Bank of India (RBI), as a non-deposit accepting NBFC under section 45-1A of the Reserve Bank of India Act, 1934, (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 and it continues to be a non-deposit taking non-banking financial company in conformity with the RBI guidelines.

### 3.4 RBI Guidelines:

As on March 31, 2024, 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 RBI Act, 1934, to carry on the business of a Non-Banking Financial Institution ('NBFI'). Your Company's Capital Adequacy Ratio is as follows:

(₹ in crore)			
Capital Adequacy Ratio	Mar-24	Mar-23	Mar-22
i) CAR – Tier I Capital (%)	31.95	36.87	50.55
ii) CAR – Tier II Capital (%)	-	-	0.19
Capital Adequacy Ratio	31.95	36.87	50.74

#### 3.5 Statutory Reserve Fund:

As per section 45IC of RBI Act 1934, your Company has transferred ₹93.58 crore in Statutory Reserve Fund i.e. aggregating 20 % of its standalone net profit.

#### 3.6 Asset Liability Management:

Your Company has a strong funding access with high quality liquid assets (HQLA) which covered the net cash outflow during FY24 in compliance with the RBI Circular on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies dated November 04, 2019.

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 FY24 are given below:

(₹ in crore)				
	June 30, 2023	Sep 30, 2023	Dec 31, 2023	March 31, 2024
High Quality Liquid Assets (HQLA) - comprises of cash and bank balances	826.17	1,462.15	1,243.11	1,385.55
Liquidity Coverage Ratio	678%	2286%	991%	706%

### 4. SHARE CAPITAL/DEBENTURES:

During FY24, the Paid-Up Equity Share Capital of the Company has increased from ₹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 the face value of ₹10/- each to ₹71,29,74,440/- (Rupees seventy-one crore twenty-nine lakh seventy-four thousand four hundred and forty) consisting of 7,12,97,444 (Seven crore twelve lakh ninety-Seven thousand four hundred forty-four) Equity shares of 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 Scheme 2018 (ESOP Scheme

2018) and Spandana Employee Stock Option Scheme, 2021 (ESOP Scheme 2021) under Spandana Employee Stock Option Plan 2018 (ESOP Plan 2018); and under Spandana Employees Stock Option Scheme 2021-Series A under Spandana Employees Stock Option Plan 2021- Series A (ESOP 2021-Series A), the Company has allotted 3,14,175 (Three lakh fourteen thousand one hundred and seventy-five) Equity Shares of the face value of ₹10/- each during FY24.

#### Preferential issue of shares and warrants

During FY24, the Company has not made any issue of shares or warrants under preferential basis and 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 of the Company.

#### Details of Secured Debt Securities as on March 31, 2024:

Sr. No.	ISIN	Date of Debenture Trust Deed	Facility@	Type of charge created	Sanctioned Amount (₹ in crore)	Outstanding (₹ in crore)	Status (Listed/ Unlisted)	Stock Exchange (BSE/NSE)	Date of Maturity
1.	INE572J07208	25-Jan-21	MLD	Exclusive	20.00	20.00	Listed	BSE	27-Jun-24
2.	INE572J07349	31-Mar-21	NCD	Exclusive	25.00	8.33	Unlisted	Unlisted	31-Dec-24
3.	INE572J07356	31-Mar-21	NCD	Exclusive	20.00	20.00	Unlisted	Unlisted	15-Sep-24
4.	INE572J07398	22-Mar-22	NCD	Exclusive	35.00	35.00	Listed	NSE	24-Mar-28
5.	INE572J07406	16-Jun-22	NCD	Exclusive	40.00	5.00	Unlisted	Unlisted	30-Jun-24
6.	INE572J07414	28-Jul-22	NCD	Exclusive	23.00	23.00	Listed	NSE	01-Aug-28
7.	INE572J07448	19-Oct-22	NCD	Exclusive	60.00	22.50	Listed	NSE	20-Oct-24
8.	INE572J07455	07-Nov-22	NCD	Exclusive	25.00	4.07	Listed	NSE	09-May-24
9.	INE572J07463	07-Nov-22	NCD	Exclusive	25.00	4.17	Listed	NSE	09-May-24
10.	INE572J07471	22-Nov-22, 16-Dec-22 (Reissuance)	MLD	Exclusive	200.00 200.00	400.00	Listed	NSE	22-May-24
11.	INE572J07489	07-Dec-22	NCD	Exclusive	100.00	27.60	Listed	NSE	08-Sep-24
12.	INE572J07505	21-Dec-22	NCD	Exclusive	65.00	48.75	Listed	NSE	20-Dec-24
13.	INE572J07513	29-Dec-22	NCD	Exclusive	100.00	78.00	Listed	BSE	30-Dec-25
14.	INE572J07547	16-Mar-23	NCD	Exclusive	125.00	62.5	Listed	NSE	17-Mar-25
15.	INE572J07554	10-Apr-23	NCD	Exclusive	25.00	25.00	Listed	NSE	25-May-26
16.	INE572J07562	21-Apr-23	NCD	Exclusive	100.00	62.5	Listed	BSE	24-Apr-25
17.	INE572J07570	21-Apr-23	NCD	Exclusive	5.00	5.00	Listed	BSE	24-Apr-26
18.	INE572J07588	09-Jun-23	NCD	Exclusive	75.00	46.88	Listed	BSE	12-Jun-25
19.	INE572J07596	19-Jun-23	NCD	Exclusive	125.00	78.13	Listed	NSE	20-Jun-25
20.	INE572J07604	23-Aug-23 11-Oct-23 (Reissuance)	NCD	Exclusive	50.00 30.00	53.33	Listed	BSE	24-Feb-25
21.	INE572J07612	01-Sep-23 27-Sep-23 (Reissuance) 25-Oct-23 (Reissuance)	NCD	Exclusive	30.00 30.00 40.00	100.00	Listed	BSE	04-Sep-26
22.	INE572J07620	06-Sep-23	NCD	Exclusive	100.00	100.00	Listed	BSE	07-Mar-25
23.	INE572J07638	05-Oct-23	NCD	Exclusive	50.00	50.00	Listed	BSE	22-Sep-25
24.	INE572J07646	05-Oct-23	NCD	Exclusive	75.00	75.00	Listed	BSE	24-Mar-25
25.	INE572J07653	15-Dec-23 18-Jan-24 (Reissuance)	NCD	Exclusive	100.00 100.00	200.00	Listed	BSE	18-Dec-25
26.	INE572J07661	12-Feb-24	NCD	Exclusive	100.00	100.00	Listed	BSE	13-Aug-25
27.	INE572J07679	06-Mar-24	NCD	Exclusive	70.00	70.00	Listed	BSE	03-Apr-26
28.	INE572J07687	29-Dec-22	NCD	Exclusive	100.00	100.00	Listed	BSE	30-Apr-25
29.	INE572J07695	20-Mar-24	NCD	Exclusive	50.00	50.00	Listed	BSE	21-Dec-26
30.	INE572J07703	27-Mar-24	NCD	Exclusive	50.00	50.00	Listed	BSE	02-Apr-26

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

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

Your 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 approved the ESOP Plan 2018 and ESOP Scheme 2018 by passing a special resolution at their Meeting held on June 14, 2018. ESOP

Scheme 2021 (under ESOP Plan 2018) was approved by the Members on March 26, 2021 by passing a special resolution through Postal Ballot. ESOP Scheme 2021 – Series A (under ESOP Plan 2021) was approved by the Members at the 18<sup>th</sup> Annual General Meeting (“AGM”) of the Company held on September 28, 2021.

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. 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 is being placed 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://spandanaspooorty.com/investors>.

## 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, had appointed Walker Chandiook & Co. LLP (Firm Registration No. 001076N/N500013), Chartered Accountants, as the Statutory Auditors of the Company for 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.

The Audit Reports given by the Statutory Auditors on the Annual Audited Consolidated and Standalone Financial Statements of the Company for FY24 is unmodified and the same forms 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 clarifications under Section 134(3) (f) of the Act.

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

During FY24, 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.

Term of the existing Statutory Auditors, M/s Walker Chandiook & Co. LLP, Chartered Accountants will end on the conclusion of 21<sup>st</sup> Annual General Meeting to be held on July 30, 2024. Therefore, the Board of Directors upon recommendation of the Audit Committee has further recommended appointment of BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company for a term of three (3) years commencing from conclusion of 21<sup>st</sup> Annual General Meeting till the conclusion of 24<sup>th</sup> Annual General Meeting of the Company subject to the approval of the Members of

the Company. A proposal on the same forms part of the AGM Notice.

### 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, M/s RPR & Associates, Practicing Company Secretaries, (CP No. 5360), were appointed as the Secretarial Auditor of the Company for FY24.

During FY24, 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.

Further, in accordance with Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), M/s RPR & Associates, Practicing Company Secretaries, has issued the Annual Secretarial Compliance Report, confirming compliance of the applicable SEBI regulations and circulars / guidelines issued thereunder by the Company. The Secretarial Audit Report and Annual Secretarial Compliance Report for the financial year ended March 31, 2024, are annexed to this report as “**Annexure I and Annexure II**” respectively.

During FY24, 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 A of Annual Secretarial Compliance Report along with the Company's response as mentioned therein.

### 6.3 Internal Auditors:

Your Company has its in-house Internal Audit team to conduct audits and also has a full-fledged audit team based out of Zonal and Regional/state offices. Each state has a State Audit Head, 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 all the branches are audited once a quarter which has operations till the previous quarter. The High-risk rated branches are audited twice in a quarter.

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 May 02, 2023, upon recommendation of the Audit Committee, had appointed Laxminiwas & Co., as Internal Auditors of the Company, for the FY24, 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, 2024:

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 III".

During FY24, none of the Company ceased to be the Company's subsidiaries, joint ventures, or associate companies.

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 financial year. None of the subsidiaries mentioned hereinabove is a material subsidiary as per the thresholds laid down under the SEBI Listing Regulations.

Pursuant to the approval of the Members of the Company on March 25, 2024, during FY24, the Company had invested Rupees one hundred crore in Criss Financial Limited by subscribing to the equity shares offered by Criss Financial Limited.

The Audited Financial Statements, the Auditors Reports thereon and the Board's Reports for the year ended March 31, 2024, of the subsidiary companies, shall be available for inspection by the Members of the Company at the registered office, during business hours on all working days up to the date of the ensuing 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 Secretary of the Company at [secretarial@spandanasphoorty.com](mailto:secretarial@spandanasphoorty.com). Further, 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>.

## 8. 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), the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("the RBI guidelines") and other accounting principles generally accepted in India.

## 9. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The composition of the Board is in accordance with the provisions of Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations, with an optimum combination of Non-Executive Directors and Independent Directors. The 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. Details (including changes) of the Directors of your Company during FY 24 and till the date of this report are as below:

Name of Director	Designation
Ms. Abanti Mitra (DIN: 02305893)	Chairperson and Independent Director
Mr. Animesh Chauhan (DIN: 02060457)	Independent Director
Mr. Bharat Dhirajlal Shah* (DIN: 00136969)	Independent Director
Mr. Deepak Calian Vaidya <sup>^</sup> (DIN: 00337276)	Independent Director
Ms. Dipali Hemant Sheth** (DIN: 07556685)	Independent Director
Mr. Jagdish Capoor <sup>§</sup> (DIN: 00002516)	Independent Director
Mr. Vinayak Prasad <sup>^^</sup> (DIN: 05310658)	Independent Director
Ms. Padmaja Gangireddy <sup>#</sup> (DIN: 00004842)	Non-Independent Non-Executive Director
Mr. Kartikeya Dhruv Kaji <sup>^^^</sup> (DIN: 07641723)	Non-Executive Nominee Director
Mr. Neeraj Swaroop (DIN: 00061170)	Non-Executive Nominee Director
Mr. Ramachandra Kasargod Kamath (DIN: 01715073)	Non-Executive Nominee Director
Ms. Saakshi Gera <sup>^^^</sup> (DIN: 08737182)	Non-Executive Nominee Director
Mr. Sunish Sharma (DIN: 00274432)	Non-Executive Nominee Director
Mr. Shalabh Saxena (DIN: 08908237)	Managing Director & Chief Executive Officer

\*Mr. Bharat Dhirajlal Shah, Independent Director of the Company retired w.e.f. April 12, 2023, upon completion of his term of office.

<sup>^</sup>Mr. Deepak Calian Vaidya was re-appointed as an Independent Director for a second term of 3 (three) years with effect from June 06, 2023. This appointment was approved by the Members of the Company on August 01, 2023.

\*\*Ms. Dipali Hemant Sheth was appointed as an Independent Director of the Company for a period of 5 (five) years with effect from May 02, 2023. This appointment was approved by the Members of the Company on August 01, 2023.

<sup>§</sup> Mr. Jagdish Capoor, Independent Director of the Company retired w.e.f. June 05, 2023, upon completion of his term of office.

<sup>^^</sup>Mr. Vinayak Prasad was appointed as an Independent Director of the Company for a period of 5 years (five) years with effect from May 02, 2023. This appointment was approved by the Members of the Company on August 01 2023.

<sup>#</sup>Ms. Padmaja Gangireddy, Non-Independent Non-Executive Director of the Company resigned and ceased to be a director of the Company w.e.f. May 27, 2023.

<sup>^^^</sup>Mr. Kartikeya Dhruv Kaji resigned and ceased to be a Non-Executive Nominee Director at the close of business hours on May 21, 2024. Ms. Saakshi Gera was appointed as Non-Executive Nominee Director with effect from May 22, 2024.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at <https://spandanasphoorty.com/investors>. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise and hold highest standards of integrity.

The profile of the Directors is provided in the beginning of the Annual Report. For more details of the Directors, please refer the Corporate Governance Report.

#### 9.1 Rotation of Directors:

In terms of the provisions of Section 152 of the Act, Mr. Neeraj Swaroop and Mr. Sunish Sharma Non-Executive Nominee Directors of the Company, being longest in the office are liable to retire by rotation at the 21<sup>st</sup> Annual General Meeting and being eligible for reappointment, the Board of Director's at their meeting held on April 29, 2024 recommended the reappointment of Mr. Neeraj Swaroop and Mr. Sunish Sharma as the Non-Executive Nominee Directors to the Members of the Company.

Brief profile of Mr. Sharma and Mr. Swaroop along with Information as required under Regulation 36 of the SEBI Listing Regulations and SS-2 -Secretarial Standard on General Meetings with respect to Director's appointment forms part of the AGM Notice.

#### 9.2 Regularisation of Directors:

Mr. Kartikeya Kaji resigned as the Non-Executive Nominee Director of the Company with effect from closure of business hours of May 21, 2024 due to personal reasons and preoccupations. In view of the same, Kedaara Capital I Limited, holding company of Corporate Promoter of the Company i.e. Kangchenjunga Limited proposed the candidature of Ms. Saakshi Gera to be appointed as a Non-Executive Nominee Director on the Board of the Company to fill the vacancy arising pursuant to resignation of Mr. Kaji. The Nomination and Remuneration Committee reviewed her eligibility and 'fit and proper' status for proposed appointment, and further recommended the said appointment to the Board of Directors. The Board vide its resolution approved the appointment of Ms. Gera as an Additional Director under the category of Non-Executive Nominee Director of the Company, with effect from May 22, 2024, subject to the approval of the Members of the Company.

Brief profile of Ms. Gera along with Information as required under Regulation 36 of the SEBI Listing Regulations and SS-2 - Secretarial Standard on General Meetings with respect to Director's appointment forms part of the AGM Notice.

#### 9.3 Declaration by Independent Directors:

The Company has received a declaration from all the Independent Directors of the Company, confirming that they meet the criteria of independence as prescribed under section 149 of the Act and have complied with the Code for Independent Directors as prescribed in Schedule IV to the Act.

#### 9.4 Change in the Key Managerial Personnel of the Company:

During FY24, the following changes have taken place:

- Mr. Vinay Prakash Tripathi (ACS-18976) has been appointed as the Company Secretary of the Company w.e.f. January 23, 2024, in place of Mr. Ramesh Periasamy (ACS-26247).

Mr. Ramesh Periasamy continues to hold his office as Chief Compliance Officer as per RBI notification on Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs vide circular No. Ref.No.DoS.CO.PPG./SEC.01/11.01.005/2022-23 dated April 11, 2022

As of March 31, 2024, your company has following Key Managerial Personnels:

- Mr. Shalabh Saxena- Managing Director and Chief Executive Officer
- Mr. Ashish Damani- President and Chief Financial Officer
- Mr. Vinay Prakash Tripathi- Company Secretary

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

During FY24, 07 (Seven) Board Meetings were convened out of which 03 (Three) Board Meetings were convened thorough Audio-Visual Electronic Communication Means (AVEC) and 04 (Four) 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 of the meeting is circulated to all Directors sufficiently well in advance. 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 made available to the Board of Directors.

#### 11. 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 (Code). The Codes provides 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. The Code is available at the website of the Company at Code of Conduct|| Spandana Sphoorty.

The Code has been circulated to Directors and Senior Management Personnel, and its compliance is affirmed by them 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 this Report as **Annexure IV**.

## 12. 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 composition of the Committee is provided in the Corporate Governance Report forming part of this Report.

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

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

## 13. DETAILS OF COMMITTEES OF THE BOARD OF DIRECTORS OF COMPANY:

The Committees of the Board of Directors focuses on certain specific areas and make informed decisions in line with the delegated authority. They facilitate debate on important issues and can be effective forums for decision making. The following Board Committees, constituted by the Board of Directors functions as per their respective roles and defined scope:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholders' Relationship Committee
5. Risk Management Committee
6. IT Strategy Committee
7. Management Committee
8. Asset Liability Management Committee

The details of Committee's composition, terms of reference, number of meetings held including attendance for respective committee meetings are elaborated in the Report on Corporate Governance which forms a part of this Report.

## 14. 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 compliance of Corporate Governance conditions, received from Mr. Y Ravi Prasada Reddy, Practicing Company Secretary, Hyderabad, forms part of this report as "Annexure VIII".

## 15. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

## 16. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

In pursuance of Regulation 34 of SEBI Listing Regulations, the Business Responsibility and Sustainability Report for FY24 is annexed to this report as "Annexure IX".

## 17. 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, a copy of Annual Return as at March 31, 2024 is available on the website of the Company at the link: <https://spandanaspfoorty.com/investors>.

## 18. 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, 2024, are as follows:

### 18.1 Conservation of Energy:

Your Company operations are not energy intensive. However, measures are being undertaken to reduce energy consumption by using energy-efficient computers and electrical equipment. The Company believes in the optimum utilization of resources to reduce usage and conserve energy. Your Company is also exploring products to promote the use of renewable energy sources among clients in their households.

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

Research and Development (R&D) remains a perpetual endeavour for our company, encompassing social research and the creation of novel products and methodologies. This endeavour serves to elevate our service quality and bolster borrower satisfaction by fostering continuous innovation. Within the framework of Microfinance Institution (MFI) norms, your company has been tailoring diverse lending product versions to fulfil customer needs and thus reinforcing our commitment to serving our customers effectively.

### 18.3 Technology absorption, adaptation, and innovation:

As we continue to evolve in the digital age, it is imperative that we embrace technology to drive efficiency, enhance customer experience and maintain our competitive edge. Your company is focused on modernizing core business solutions coupled with digitization and automation, leverage transformation solutions to drive cost and process efficiencies, enable analytics to reduce NPA, minimize credit loss, increase profitability, leverage insights driven data to upsell / cross sell products, manage risks effectively, design and deliver a scalable infrastructure to address expansion, build a secured environment to ensure no data breaches and comply with regulatory requirements.

To ensure successful technology absorption, the company prioritizes continuous learning and training for our team members. By investing in their skill development and providing access to relevant resources, we empower our workforce to adapt to new technologies and drive innovation within the organization.

In adapting technology and innovations to support business needs, the company focuses on implementing solutions that are specifically tailored to meet the unique needs and challenges of our industry and bring efficiency in the ecosystem. The Company is in the process of developing micro-services-based architecture to make all applications fully capable of becoming agile in change management processes as per continuously changing business needs of the industry.

The Company additionally recognizes the importance of customizing and integrating technology solutions to seamlessly fit into our existing processes and infrastructure. By working closely with technology partners and vendors, we ensure that the solutions we implement enhance efficiency and effectiveness across the Organization.

#### 18.4 Foreign exchange earnings and outgo:

During the year under review, the foreign exchange outgo was equivalent to ₹19.71 crore towards term loan interest payments to foreign lenders, procurement of software license and travelling expenses etc.

#### 19. 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 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 VI" to this Report.

The details of employee remuneration as required under Section 197(12) of the Act, read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and second proviso to Section 136 of the Act are available for inspection without any fee, up to the date of the ensuing AGM and shall also be made available to any Member upon 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.

#### 20. 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 FY24, 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.

#### 21. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:

The details of Vigil mechanism are covered in the Corporate Governance Report forming part of this Report.

#### 22. 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 informs the National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE) regarding earnings call, investors meet, 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.

#### 23. BORROWER GRIEVANCES:

Your Company has a dedicated Borrower Grievance Cell to receive and handle the day-to-day grievances of the borrowers. Further, details of the Customer Support Service, Grievance Redressal Officer of MFIN (Microfinance Institution Network), Grievance Redressal Officer of Sa-dhan 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 to the grievance redressal cell through the tollfree number to raise their concerns. 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.CEPPD.PRS. NO.S874/13-01-008/2021-2022 dated November 15, 2021.

#### 24. CODE OF CONDUCT FOR INSIDER TRADING:

Your Company has duly formulated and adopted a 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 the Stakeholders at large.

This Code of Conduct is available on the Company's website at <https://spandanasphoorty.com/code-of-conduct>.

#### 25. 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 the borrowers by maintaining highest levels of transparency and integrity. It also aims to provide valuable information to the borrowers for making an informed decision. The FPC (in English, Hindi, Oriya, Gujarati, Kannada, Bengali, Malayalam, Marathi, Tamil, Telugu Version) is available on the Company's website at <https://spandanasphoorty.com/code-of-conduct>.

## 26. 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 a Risk Management Policy, wherein risk management practices are integrated into governance and operations and has developed a strong risk culture within the Organization. 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 the Risk Management Committee and its terms of reference are elaborated in the Report on Corporate Governance which forms a part of this Report.

## 27. DIVIDEND DISTRIBUTION POLICY:

Your Company has formulated a 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://spandanasphoorty.com/policies>.

## 28. 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 w.r.t. particulars of loans given, investments made or guarantee given or securities provided is not applicable to the Company.

## 29. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

Your Company has formulated a policy on Related Party Transactions (RPT Policy) and is available on Company's website at <https://spandanasphoorty.com/policies>.

This Policy deals with the review and approval of Related Party Transactions. The Board of Directors of the Company has approved the criteria for granting

the omnibus approval by the Audit Committee within the overall framework of the RPT Policy. 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.

As per Regulation 23 of the SEBI Listing Regulations, any transaction with a Related Party shall be considered material, if the transaction(s) entered into/ to be entered into individually or taken together with the previous transactions during a financial year, exceeds ₹1,000 crore or 10% of annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower, and the same requires prior approval of Members by means of an ordinary resolution. The said limits are applicable, even if the transactions are in the ordinary course of business of the concerned company and undertaken on an arm's length basis. The annual consolidated turnover of the Company for the Financial Year 2022-23 was ₹1,477.03 crore and accordingly, the limit applicable to the Company is ₹147.70 crore ('applicable threshold for Material RPTs').

Accordingly, during FY24, the Company obtained approval from the Members of the Company for entering into certain material Related Party Transactions and the details of the postal ballot and business transacted thereto are mentioned in the Corporate Governance Report forming part of this Report.

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 notes to the Financial Statements forming part of this annual report.

Particulars of contracts/ arrangements with Related Parties under Section 188 of the Act in Form AOC-2 is annexed with this report as "Annexure VII".

## 30. 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, authorized 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.

### 31. DEBENTURE TRUSTEE:

To protect the Interest of the Debenture Holders of the Company, your Company has appointed the below mentioned Debenture Trustees:

#### **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

Website: www.catalysttrustee.com

#### **IDBI Trusteeship Services Limited**

Registered Office: Ground Floor, Universal Insurance Building, Sir Phirozshah Mehta Road, Fort, Bazargate, Mumbai, Maharashtra – 400001

Tel: +(91) (22) 40807068

naresh.sachwani@idbitrustee.com

Website: www.idbitrustee.com

### 32. INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

Your Company has constituted an Internal 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. The Company had also conducted several awareness programs for the employees during the year. During FY24, no complaints were received by the Committee under the aforesaid Act. The policy on Prevention of Sexual Harassment at

workplace is available on the website of the Company at <https://spandanasphoorty.com/policies>.

### 33. 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, 2024; 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, 2024 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 Act, 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, 2024 have been prepared on a going concern basis;
- e) that the proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- 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.

**34. CREDIT RATING (INCLUDING REVISION):**

During FY24, your Company has obtained credit ratings for Bank facilities and debt instruments. The details of the same as on March 31, 2024, are provided below:

Instrument	Rating Agency	Rating Action	Rated Amount (₹ Crore)
Bank Facilities	CARE Ratings Limited	CARE A+; Stable	1,000.00
	ICRA Limited	[ICRA]A (Positive)	2,105.00
	CRISIL Ratings Limited	CRISIL A /Positive	3,500.00
	India Rating and Research Private Limited	IND A Stable	2,000.00
Non- Convertible Debentures	CARE Ratings Limited	CARE A+; Stable	500.00
	ICRA Limited	[ICRA]A (Positive)	358.00
	India Rating and Research Private Limited	IND A Stable	2,080.00
Market Linked Debentures	ICRA Limited	PP-MLD[ICRA]A (Positive);	20.00
	India Rating and Research Private Limited	IND PP-MLD A /Stable	500.00
Commercial Paper	CARE Ratings Limited	CARE A1+	100.00
Pass Through Certificates	CARE Ratings Limited	CARE A+(SO)	79.07
		CARE AA-(SO)	721.42
		CARE AA(SO)	75.00
	CRISIL Ratings Limited	CRISIL AA-(SO)	150.00
		CRISIL AA(SO)	691.77
		CRISIL AA+(SO)	100.00
	ICRA Limited	[ICRA]A-(SO)	48.52
		[ICRA]AA(SO) and [ICRA]A-(SO)	30.11
		[ICRA]AA-(SO)	101.74
	India Rating and Research Private Limited	India Rating A+ and A-(SO)	53.44
		India Rating A+(SO)	98.48
		India Rating AA-(SO)	201.66
		India Rating AA(SO) and India Rating A-(SO)	90.31
India Rating AA(SO) and India Rating A+(SO)		87.73	
	India Rating AA(SO)	152.89	

During the year, ICRA Limited and CRISIL reaffirmed the rating and revised outlook to Positive from Stable. Further, the Company was assigned a new rating of A+ Stable by CARE Ratings Limited. This is the highest credit rating that has been assigned to the Company amongst all the Rating Agencies.

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

The Company has not made any application under the Insolvency and Bankruptcy Code, 2016 during FY 2023-24.

**36. 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 FY 2023-24.

**37. OTHER DISCLOSURES:**

- The Company has not revised Financial Statements as mentioned under Section 131 of the Act during FY24.
- There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

- The information on the affairs of the Company has been provided in the Management Discussion and Analysis Report forming part of this Report.
- Details of Penalty or Strictures are disclosed in Corporate Governance Report forming part of this Report.

and other Business Constituents during the year. 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**

**38. GRATITUDE AND ACKNOWLEDGEMENT:**

Your 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

**Abanti Mitra**  
Chairperson and  
Independent Director

DIN: 02305893

Date: June 4, 2024  
Place: Mumbai

**Shalabh Saxena**  
Managing Director and Chief  
Executive Officer

DIN: 08908237

Date: June 4, 2024  
Place: Mumbai

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

**For the Financial Year ended March 31, 2024**

[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 authorized 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, 2024, (i.e. from April 01, 2023 to March 31, 2024)** 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, 2024 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. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- E. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); including amendment/ re-enactment made thereto to the extent applicable to the Company:-:
  - (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;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR)];
- (g) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);
- (h) 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;
- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018; (Not applicable to the Company during the Audit Period)
- (j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the Audit Period)

- F. Reserve Bank of India Act, 1934 including RBI Directions and Guidelines as applicable to the NBFCs.

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 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.

We further report that,

The Board of Directors of the Company is duly constituted with a 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.

The 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.	April 25, 2023	3	1,50,000
2.	May 02, 2023	1	60,000
3.	November 03, 2023	1	10,000
4.	January 20, 2024	1	7,000
5.	February 17, 2024	35	1,87,135

- b) passed a resolution pursuant to Section 42 of the Companies Act, 2013 in its Annual General Meeting held on August 01, 2023 for approval of issue of non-convertible debentures up to an aggregate amount of ₹4000,00,00,000/- (Rupees four thousand crores only) under private placement basis in one or more series or tranches.
- c) obtained an approval from the Shareholders of the Company on March 25, 2024 for material related party transactions through Postal Ballot dated February 23, 2024.
- d) obtained an approval from the Shareholders of the Company on March 25, 2024 for material related party transactions for next financial year i.e. FY 2024-25 through Postal Ballot dated February 23, 2024.
- e) issued and allotted a total of 1,30,990 (One lakh thirty thousand thousand nine hundred and ninety) Non-Convertible Debentures aggregating to ₹1304,00,00,000/- (Thirteen crore and four lakh rupees only) on private placement basis in multiple tranches. Details are as follows:

S. No	Details of Debentures	Date of Allotment	No of Securities	Face Value	Amount	Name of the stock exchange on which listed
1	ISIN: INE572J07554 Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures	10-04-2023	2,500	1,00,000.00	25,00,00,000.00	NSE
2	ISIN: INE572J07562 Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures	24-04-2023	10,000	1,00,000.00	100,00,00,000.00	BSE

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: INE572J07570</b> Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures	24-04-2023	10,000	5,000.00	5,00,00,000.00	BSE
4	<b>ISIN: INE572J07588</b> Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures	12-06-2023	7,500	1,00,000.00	75,00,00,000.00	BSE
5	<b>ISIN: INE572J07596</b> Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures	20-06-2023	12,500	1,00,000.00	125,00,00,000.00	NSE
6	<b>ISIN: INE572J07604</b> listed, rated, senior, secured, transferable, redeemable, non-convertible debentures	24-07-2023	5,000	1,00,000.00	50,00,00,000.00	BSE
7	<b>ISIN: INE572J07604</b> listed, rated, senior, secured, transferable, redeemable, non-convertible debentures	12-08-2023	3,000	1,00,000.00	30,00,00,000.00	BSE
8	<b>ISIN: INE572J07612</b> listed, rated, senior, secured, transferable, redeemable, non-convertible debentures	04-09-2023	3,000	1,00,000.00	30,00,00,000.00	BSE
9	<b>ISIN: INE572J07612</b> listed, rated, senior, secured, transferable, redeemable, non-convertible debentures	28-09-2023	3,000	1,00,000.00	30,00,00,000.00	BSE
10	<b>ISIN: INE572J07612</b> listed, rated, senior, secured, transferable, redeemable, non-convertible debentures	26-09-2023	4,000	1,00,000.00	40,00,00,000.00	BSE
11	<b>ISIN: INE572J07620</b> secured, senior, redeemable, transferable, listed, rated non-convertible debentures	07-09-2023	10,000	1,00,000.00	100,00,00,000.00	BSE
12	<b>ISIN: INE572J07638</b> listed, rated, senior, secured, transferable, redeemable, non-convertible debentures	06-09-2023	5,000	1,00,000.00	50,00,00,000.00	BSE
13	<b>ISIN: INE572J07646</b> listed, rated, senior, secured, transferable, redeemable, non-convertible debentures	06-09-2023	7,500	1,00,000.00	75,00,00,000.00	BSE
14	<b>ISIN: INE572J07653</b> secured, senior, redeemable, transferable, listed, rated non-convertible debentures	18-12-2023	10,000	1,00,000.00	100,00,00,000.00	BSE
15	<b>ISIN: INE572J07653</b> secured, senior, redeemable, transferable, listed, rated non-convertible debentures	19-01-2024	10,000	1,00,000.00	100,00,00,000.00	BSE

S. No	Details of Debentures	Date of Allotment	No of Securities	Face Value	Amount	Name of the stock exchange on which listed
16	<b>ISIN: INE572J07661</b> secured, senior, redeemable, transferable, listed, rated, non-convertible debentures	13-02-2024	10,000	1,00,000.00	100,00,00,000.00	BSE
17	<b>ISIN: INE572J07679</b> rated, listed, unsubordinated, secured, transferable, redeemable, non-convertible debentures	07-03-2024	7,000	1,00,000.00	70,00,00,000.00	BSE
18	<b>ISIN: INE572J07687</b> Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures	01-03-2024	990	10,00,000.00	99,00,00,000.00	BSE
19	<b>ISIN: INE572J07695</b> secured, senior, redeemable, transferable, listed, rated, non-convertible debentures	21-03-2024	5,000	1,00,000.00	50,00,00,000.00	BSE
20	<b>ISIN: INE572J07703</b> secured, senior, redeemable, transferable, listed, rated non-convertible debentures	28-03-2024	5,000	1,00,000.00	50,00,00,000.00	BSE

f) partially redeemed or amortized or fully redeemed the following Non-Convertible Debentures:

S. No.	Details of Debentures	Date of amortization/ full redemption
1	<b>ISIN: INE572J07117</b> Rated, Listed, Secured, Redeemable Non-Convertible Debentures	21-04-2023 (Full Redemption)
2	<b>ISIN: INE572J07133</b> Secured, Rated Listed, Redeemable, Transferable, Non-Convertible Debentures	30-06-2023 (Full Redemption)
3	<b>ISIN: INE572J07224</b> Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures	02-05-2023 30-06-2023 (Full Redemption)
4	<b>ISIN: INE572J07257</b> Secured, Rated, Listed, Redeemable, Transferable, Taxable Principal Protected Market Linked (PP-MLD) Non-convertible Debentures	24-11-2023 (Full Redemption)
5	<b>ISIN: INE572J07281</b> Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures	22-12-2023 (Full Redemption)
6	<b>ISIN: INE572J07299</b> Senior, Secured, Rated, Listed, Redeemable, Principal Protected Market Linked, Non-Convertible Debentures	29-12-2023 (Full Redemption)
7	<b>ISIN: INE572J07315</b> Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures	26-05-2023 26-08-2023 26-11-2023 26-02-2024 Full Redemption
8	<b>ISIN: INE572J07323</b> Secured, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures	12-03-2024 (Full Redemption and exercised call option)
9	<b>ISIN: INE572J07331</b> Senior, Rated, Listed, Secured, Redeemable, Principal Protected Market Linked, Non-Convertible Debentures	16-05-2023 (Full Redemption)



S. No.	Details of Debentures	Date of amortization/ full redemption
10	<b>ISIN: INE572J07349</b> Rated, Unlisted, Senior, Transferable, Redeemable, Taxable, Non-Convertible Debentures	31-12-2023 (Full Redemption)
11	<b>ISIN: INE572J07364</b> Senior, Rated, Listed, Secured, Redeemable, Principal Protected Market Linked, Non-Convertible Debentures	29-04-2023 (Full Redemption)
12	<b>ISIN: INE572J07372</b> Senior, Secured, Rated, Listed, Transferable, Redeemable, Taxable, Principal Protected Market Linked, Non-Convertible Debentures	16-12-2023 (Full Redemption)
13	<b>ISIN: INE572J07406</b> Rated, Unlisted, Senior, Transferable, Redeemable, Taxable, Non-Convertible Debentures	30-06-2023 30-09-2023 31-12-2023 31-03-2024 (Amortization)
14	<b>ISIN: INE572J07422</b> Secured, Senior, Redeemable, Transferable, Listed, Principal Protected Market Linked Rated, Non-Convertible	28-03-2024 (Full Redemption)
15	<b>INE572J07430</b> Fixed, Secured, Unlisted, Redeemable, Non-Convertible Debentures	20-12-2023 30-03-2024 Full Redemption
16	<b>ISIN: INE572J07448</b> Secured, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures	30-04-2023 31-07-2023 31-10-2023 31-01-2024 (Amortization)
17	<b>ISIN: INE572J07455</b> Senior, Secured, Rated, Listed, Redeemable Non-Convertible	09-05-2023 09-08-2023 31-10-2023 09-11-2023 09-02-2024 (Amortization)
18	<b>ISIN: INE572J07463</b> Senior, Secured, Rated, Listed, Redeemable Non-Convertible Debentures	09-05-2023 09-08-2023 09-11-2023 09-02-2024 (Amortization)
19	<b>ISIN: INE572J07489</b> Senior, Secured, Rated, Listed, Redeemable, Non-Convertible Debentures	08-06-2023 09-08-2023 08-09-2023 31-10-2023 08-12-2023 29-02-2024 08-03-2024 (Amortization)
20	<b>ISIN: INE572J07497</b> Rated, Listed, Unsubordinated, Secured, Transferable, Redeemable Non-Convertible Debentures	29-09-2023 31-10-2023 30-11-2023 18-12-2023 (Full Redemption)
21	<b>ISIN: INE572J07505</b> Secured, Senior, Redeemable, Transferable, Listed, Rated, Non-Convertible Debentures	22-03-2024 (Amortization)
22	<b>ISIN: INE572J07513</b> Secured, Senior, Redeemable, Listed, Rated, Non-Convertible Debentures	09-08-2023 31-10-2023 31-12-2023 29-02-2024 (Amortization)

S. No.	Details of Debentures	Date of amortization/ full redemption
23	<b>ISIN: INE572J07521</b> Secured, Senior, Redeemable, Listed, Rated, Non-Convertible Debentures	09-08-2023 01-03-2024 (Full Redemption)
24	<b>ISIN: INE572J07547</b> Secured, Senior, Redeemable, Transferable, Listed, Rated, Non-Convertible Debentures	17-06-2023 17-09-2023 17-12-2023 17-03-2024 (Amortization)
25	<b>INE572J07562</b> Secured, Senior, Redeemable, Listed, Rated Non-Convertible Debentures	24-07-2023 24-10-2023 24-01-2024 (Amortization)
26	<b>ISIN: INE572J07588</b> Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures	12-09-2023 12-12-2023 12-03-2024 (Amortization)
27	<b>ISIN: INE572J07596</b> Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures	20-09-2023 20-12-2023 20-03-2024 (Amortization)
28	<b>ISIN: INE572J07604</b> listed, rated, senior, secured, transferable, redeemable, non-convertible debentures	24-02-2024 24-02-2024 (Amortization)

**For RPR & Associates  
Company Secretaries**

**Y Ravi Prasada Reddy**  
Proprietor

FCS: 5783, CP. No.: 5360

Peer Review Certificate No. 1425/2021

UDIN: F005783F000263117

Place: Hyderabad  
Date: April 29, 2024

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 to MR-3

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		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 notice of Record Date	National Stock Exchange of India Limited	Fine		Delay in submission of the notice of Record Date for ISIN: INE572J07455 for the period ended October 31, 2023	10,000	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 notice of Record Date	National Stock Exchange of India Limited	Fine		Delay in submission of the notice of Record Date for ISIN: INE572J07489 for the period ended October 31, 2023	10,000	The listed entity paid the fine amount	The Company has paid the required fine amount.	Nil

**Annexure II to MR-3**

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**

**Y Ravi Prasada Reddy**

Proprietor

FCS: 5783, CP. No.: 5360

Peer Review Certificate No. 1425/2021

UDIN: F005783F000263117

Place: Hyderabad

Date: April 29, 2024

## Annual Secretarial Compliance Report of Spandana Sphoorty Financial Limited for the financial year ended March 31, 2024

**[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 (CIN: L65929TG2003PLC040648), 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 March 31, 2024 ("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 (Buy-back 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 Non-Convertible Securities) Regulations, 2021;
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations, 1993;
- (i) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);

and circulars/ guidelines issued thereunder and the additional affirmations as per the circulars issued by the stock exchanges on March 16, 2023, and subsequent amendments thereon;

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

The listed entity has taken the following actions to comply with the observations made in previous reports as given in Annexure "B":

We hereby report that, during the Review Period the compliance status of the listed entity is appended as below:

Sr. No.	Particulars	Compliance status (Yes/No/)	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	-
2.	<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	-
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> (a) Identification of material subsidiary companies (b) Disclosure requirement of material as well as other subsidiaries	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> (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or (b) 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.	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	-

Sr. No.	Particulars	Compliance status (Yes/No/)	Observations / Remarks by PCS
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	-
11.	Actions taken by SEBI or Stock Exchange(s), if any: 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.	Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulation/circular/ guidance note etc.	Yes	Refer Note.1

**Note:**

- The Company was in non-confirmation of certain financial covenants agreed with the debenture holders in relation to a few ISINs. However, the Company has been regular in serving all its borrowings. Necessary disclosures in this regard were made by the Company along with the Financial Results for respective quarters during the year.

The 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**

**Y Ravi Prasada Reddy**  
Proprietor

FCS: 5783, CP. No.: 5360

Peer Review Certificate No. 1425/2021

UDIN: F005783F000263117

Place: Hyderabad

Date: April 29, 2024

### Annexure A to Annual Secretarial Compliance Report

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		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 notice of Record Date	National Stock Exchange of India Limited	Fine		Delay in submission of the notice of Record Date for ISIN: INE572J07455 for the period ended October 31, 2023	10,000	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 notice of Record Date	National Stock Exchange of India Limited	Fine		Delay in submission of the notice of Record Date for ISIN: INE572J07489 for the period ended October 31, 2023	10,000	The listed entity paid the fine amount	The Company has paid the required fine amount.	Nil



### Annexure B to Annual Secretarial Compliance Report

The listed entity has taken the following actions to comply with the observations made in previous reports:

S. 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	10,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	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	20,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	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	10,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	Nil

S. 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.						
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	20,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	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	1,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	Nil
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	1,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	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	2,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	Nil

S. 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.						
8.	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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	56,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	Nil
9.	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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	56,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	Nil
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	10,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	Nil

S. 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.						
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	42,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	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	21,0000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	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	42,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	Nil

S. 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.						
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	2,10,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	Nil
15.	Application was filed voluntarily to SEBI for contravention with the SEBI Circular no. CIR/CFD/ CMD1/14/29 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/ CMD1/14/29 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	25,00,000	The listed entity paid the fine amount	The Company has paid the required fine amount and necessary controls have been put in place to avoid such instances in future.	Nil

For RPR & Associates  
Company Secretaries

**Y Ravi Prasada Reddy**

Proprietor

FCS No. 5783, C P No. 5360

Peer Review Certificate No. 1425/2021

UDIN: F005783F000263007

Place: Hyderabad

Date: April 29, 2024

**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)

(₹ in Crore)

S No.	Particulars	Details	
		Caspian Financial Services Limited	Criss Financial Limited
1.	Name of the subsidiary	March 31, 2024	March 31, 2024
2.	Financial Year ended on		
3.	Reporting Currency	₹	₹
4.	Share Capital	2.00	11.67
5.	Reserves & Surplus	(1.72)	276.51
6.	Total Assets	0.28	785.82
7.	Total Liabilities (Other than Net worth)	0.00	497.64
8.	Investments	0.00	-
9.	Turnover	1.39	149.07
10.	Profit before taxation	(0.21)	44.74
11.	Provision for taxation	0.45	11.25
12.	Profit after taxation	(0.66)	33.49
13.	Proposed Dividend	0	0
14.	% of shareholding	100%	99.90%

**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**

**Abanti Mitra**

Chairperson and Independent Director  
DIN: 02305893

**Shalabh Saxena**

Managing Director and Chief Executive Officer  
DIN: 08908237

Date: April 29, 2024

Place: Hyderabad

## 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 2023-24.

**For Spandana Sphoorty Financial Limited**

**Shalabh Saxena**

Managing Director and Chief Executive Officer

DIN: 08908237

Date: April 29, 2024

Place: Hyderabad

## Annual Report on CSR Activities for the year ended March 31, 2024

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

As part of our mission to become a leading microfinance service provider in the nation, we are dedicated to offering a comprehensive range of financial and non-financial products and services to individuals and households with low income. Our goal is to enhance their quality of life while ensuring the delivery of superior services to our clients and attractive returns to our investors. We uphold the highest standards of transparency and integrity in all our operations.

We are committed to being an active and responsive corporate citizen in the communities where we operate. This commitment is reflected in our strategic approach to design and implement impactful programs that contribute positively to society.

We focus on empowering marginalized communities through various programs in skill development and livelihoods, education, health, and enhancing financial and digital literacy. This approach contributes to sustainable development in the communities we serve.

### 2. Composition of CSR Committee:

The current composition of the Committee is as below:

1. Mr. Ramachandra Kasargod Kamath - Chairperson
2. Mr. Neeraj Swaroop - Member
3. Ms. Dipali Hemant Sheth - Member
4. Mr. Shalabh Saxena - Member

For more details of the Committee, its terms of reference etc, refer the Corporate Governance Report forming part of this Annual Report

### 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://www.spandanaspooorty.com/board-committees>

CSR Policy Weblink: [https://www.spandanaspooorty.com/images\\_gallery/1691155093-996868-20230408060813-0302296001691155093.pdf](https://www.spandanaspooorty.com/images_gallery/1691155093-996868-20230408060813-0302296001691155093.pdf)

CSR Project Weblink: <https://www.spandanaspooorty.com/programs-Impact>

### 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).

<https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks/rules.html>



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).

- Two percent of average net profit of the company as per section 135(5) – ₹1,73,64,467
- Surplus arising out of the CSR projects, programmes, or activities of the previous financial years. -0
- Amount required to be set off for the financial year, if any - 0
- Total CSR obligation for the financial year (7a+7b-7c) - ₹1,73,64,467

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

Total Amount Spent for the Financial Year.	Amount Unspent (₹ in crores)				
	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	Date of transfer	Name of the Fund	Amount	Date of transfer.
2.10	Nil	NA	NA	NA	NA

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

Amount spent (₹ in crores)											
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		Location of the project.	Project duration.	Amount allocated for the project	Amount transferred to Unspent CSR Account for the project as per section 135(6)	Amount transferred to Unspent CSR Account for the project as per section 135(6)	Mode of Implementation – Director (Yes/No).	
			State	district						Name	CSR Registration number
	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.	Amount Unspent (₹ in crores)				
	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	Date of transfer	Name of the Fund	Amount	Date of transfer
2.05	0	NA	NA	NA	NA

(d) Amount spent in Administrative overheads – ₹0.05 crores

(e) Amount spent on Impact Assessment, if applicable - 0

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹2.10 crores

(g) Excess amount for set off, if any- 0.36

Sl. No.	Particular	Amount (₹ in crores)
(i)	Two percent of average net profit of the company as per section 135(5)	1.74
(ii)	Total amount spent for the Financial Year	2.10
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.36
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.36

**8. Details of Unspent CSR amount for the preceding three financial years:**

Sl. 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	2020-21	0	0	NA	NA	NA	NA
2	2021-22	0	0	NA	NA	NA	NA
3	2022-23	0	0	NA	NA	NA	NA
	<b>Total</b>	0	0	NA	NA	NA	NA

**9. 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	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year.	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).

- Date of creation or acquisition of the capital asset(s). Not Applicable
- Amount of CSR spent for creation or acquisition of capital asset. Not Applicable
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Not Applicable
- 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****Ramachandra Kasargod Kamath**

Chairperson - CSR Committee

DIN: 01715073

**Shalabh Saxena**

Member

DIN: 08908237

Date: April 29, 2024

Place: Hyderabad

## Disclosures on Managerial Remuneration

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of subsection 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;	Mr. Shalabh Saxena 1:349.56. Non-Executive Directors (including Independent Directors)* 1:15.89
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 2023-24;	Mr. Shalabh Saxena (MD & CEO): 10.00% Non-Executive Directors (Including Independent Directors)*: 50%  Mr. Ashish Damani (President & CFO): 10.00% Mr. Ramesh Periasamy (Company Secretary till January 22, 2024): 10.00% Mr. Vinay Prakash Tripathi (Company Secretary w.e.f. January 23, 2024): N.A.
3	The Percentage Increase in the Median Remuneration of Employees in the Financial Year;	15.55%
4	The number of permanent employees on the rolls of the company (as of March 31, 2024)	13,097
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 percentile increased in the remuneration of all employees (other than managerial personnel) for the FY 24 stand at 19.58% whereas average percentile increased in the remuneration of managerial personnel stands at 10%. Further, there were no exceptional circumstances for increase in the managerial remuneration during the FY24.
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

\* Pursuant to approval accorded by the Members of the Company at its meeting held on August 01, 2023, remuneration payable to Non-Executive Directors (including Independent Director) was revised from 20 lakh to 30 lakh per annum per Director. This amounts to an overall increase of 50%. There was no increase in remuneration of Ms. Dipali Hemant Sheth and Mr. Vinayak Prasad. Mr. Sunish Sharma and Ms. Saakshi Gera are not paid remuneration by the Company.

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

#### Abanti Mitra

Chairperson and Independent Director  
DIN: 02305893

#### Shalabh Saxena

Managing Director and Chief Executive Officer  
DIN: 08908237

Date: June 4, 2024

Place: Mumbai

**Form AOC-2**

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

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

**1. Details of contracts or arrangements or transactions not at arm's length basis: Nil****2. Details of material contracts or arrangement or transactions at arm's length basis:**

(a)	Name(s) of the related party and nature of relationship:	Criss Financial Limited (CFL), Subsidiary Company
(b)	Nature of contracts/arrangements/transactions:	Inter-corporate advances
(c)	Duration of the contracts / arrangements/ transactions:	FY 23-24 (One Year)
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	<p>₹417.01 Crore (Gross)</p> <p>While the funding requirements of CFL are met through various external sources such as Term Loans, Non-Convertible Debentures, Pass Through Certificates, Direct Assignments etc, as the holding company, the Company has also supported Criss's growth plan by providing financial support from time to time through Inter-Corporate Advances.</p> <p>The interest income is the consequential transaction flowing out of the principal transaction in the form of Inter-Corporate Advances and the same is not included in the aforesaid amount. The Company has also entered into certain other Related Party Transactions with Criss Financial Limited and for more details of the same, refer to Note no 32 of the Financial Statements.</p>
(e)	Date of approval by the Board	February 15, 2024
(f)	Amount paid as advances, if any:	NA

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

**Abanti Mitra**

Chairperson and Independent Director  
DIN: 02305893

**Shalabh Saxena**

Managing Director and Chief Executive Officer  
DIN: 08908237

Date: April 29, 2024

Place: Hyderabad

# 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 ethical business conduct and values. Moreover, it recognizes the impact of considering the diverse interests of all stakeholders, fostering trust and striving to maximize long-term corporate value throughout business operations.

This report outlines compliance with various requirements under 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 - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ('the RBI Master Direction'), as applicable to the Company.

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance encompasses a comprehensive framework of rules, regulations, processes and good practices & systems that enables an organisation to perform efficiently and ethically to generate long term wealth and create value for its stakeholders. Sound governance practices and responsible corporate behaviour are pivotal in fostering superior long-term performance of organisations. At Spandana, we strongly believe in the practice of conducting the business activities with unwavering ethical standards, ensuring high level of accountability and trust for all our stakeholders. Our commitment lies in the creation and sustenance of long-term, sustainable value through ethically driven business processes.

Our principals of Corporate Governance are deeply rooted in our values and policies; and also embedded in our day-to-day business practices, leading to value driven growth. We have embraced the best governance practices and disclosure standards, leading to enhanced shareholders' value while safeguarding the interest of all the stakeholders.

At Spandana, we are committed towards achieving highest standards of Corporate Governance through efficient conduct of our business and fulfilling our responsibilities 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.

As stewards of corporate governance, the Board ensures that the Company operates with integrity, transparency, and adherence to legal and ethical standards. They oversee the formulation and implementation of effective policies, risk management strategies, and long-term strategic plans. Through their collective wisdom and experience, they provide guidance to the management team, offering valuable insights and oversight to steer the organization towards sustainable growth.

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) Board 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.

The Company is managed and controlled by a professional Board of Directors, which comprised of ten (10) Directors drawn from diverse fields/ profession. Out of ten Directors, one (1) is Executive Director and nine (9) are Non-Executive Directors and out of which five (5) are Independent Directors. The Chairperson of the Board is an Independent Director. The profiles of Directors are available at <https://spandanaspooorty.com/board-of-director.php> and also provided in this Report.

During the Financial Year 2023-24 (FY24), the Board on the recommendations of the Nomination and Remuneration Committee, approved the appointment of Mr. Vinayak Prasad (DIN: 05310658) and Ms. Dipali Hemant Sheth (DIN: 07556685) as Independent Director for a period of five (5) years w.e.f. May 02, 2023 till May 01, 2028. 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. Deepak Calian Vaidya who had attained the age of seventy-five year, by passing a special resolution in the general meeting held on August 01, 2023 for a second term of three (3) years with effect from June 06, 2023 up to June 05, 2026. Mr. Ramchandra Kasargod Kamath (DIN: 01715073) and Mr. Kartikeya Dhruv Kaji (DIN: 07641723) retired by rotation and were re-appointed as Non-Executive Nominee Directors at the Annual General Meeting held on August 01, 2023.

During FY24, Mr. Bharat Dhirajlal Shah (DIN: 00136969), Independent Director and Mr. Jagdish Capoor (DIN: 00002516), Independent Director, retired upon completion of their term of office, at the close of business hours on April 12, 2023, and June 05, 2023, respectively. Ms. Padmaja Gangireddy (DIN: 0004842) resigned and ceased to be a Non-Executive Non-Independent Director at the close of business hours on May 27, 2023.

Mr. Kartikeya Dhruv Kaji (DIN: 07641723), Non-Executive Nominee Director of the Company, resigned from the directorship of the Company with effect from closure of business hours on May 21, 2024, due to personal reasons. Accordingly, the Company received a fresh nomination notice and Ms. Saakshi Gera (DIN: 08737182) was appointed as a Non-Executive Nominee Director on the Board of the Company with effect from May 22, 2024, to fill the vacancy arising pursuant to resignation of Mr. Kaji.

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 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 Independent Directors fulfil the conditions as specified in Schedule V of the SEBI Listing Regulations and are independent of the management. None of the Independent Directors had resigned before the expiry of their respective tenures during FY24. As per RBI Master Directions, none of the Independent Directors are on the Board of more than three NBFCs.

All the Directors of the Company meet the fit and proper criteria as stipulated by RBI. Further, none of the Directors of the Company are related to each other.

**b) Board Procedures:**

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.

The Notice of Board/Committee Meetings is given well in advance to all the Directors. The agenda of the Board / Committee Meetings is set by the Company Secretary in consultation with the Chairperson and Managing Director of the Company. The agenda is circulated seven (7) days in advance to the date of the Meeting. 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).

The agenda includes an Action Taken Report comprising of actions emanating from the previous Board/Committee Meetings and status updates thereof. The agenda for the Board and Committee Meetings cover items set out as per the Act, SEBI 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.

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 apprised 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 also uploads the same in the Board Meeting management application.

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 the Institute of Company Secretaries of India. Suggestions, if any, received from the Directors/Committee Members are suitably incorporated in the draft minutes, in consultation with the Chairperson of the Board/Committee.

**c) Membership of other Boards:**

None of the Directors of the Company hold directorships in more than twenty companies including not more than ten (10) public companies. Pursuant to Regulation 17A of the SEBI Listing Regulations, none of the Directors of 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. The offices held by the Directors are in compliance with the Act and the SEBI Listing Regulations. For more information on the same refer the table under the next section i.e. 'Meeting and attendance'.

**d) Meeting and attendance:**

During FY24, a total of seven (7) Board Meetings were held on April 20, 2023, May 2, 2023, June 5, 2023, July 24, 2023, October 30, 2023, January 22, 2024 and February 15, 2024. The meetings are generally held at the Registered Office of the Company situated at Hyderabad. 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 members of the Board at the meetings held during the year and also the number of other Directorships and Memberships / Chairmanships of Committees held by them as on March 31, 2024, are as follows:

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- Independent Director</b>						
Ms. Abanti Mitra	02305893	04-05-2017	4,247	4	3	3
<b>Independent Directors</b>						
Mr. Animesh Chauhan	02060457	04-08-2022	-	6	5	1
Mr. Deepak Calian Vaidya	00337276	06-06-2018	-	4	4	1
Ms. Dipali Hemant Sheth	05310658	02-05-2023	-	8	-	-
Mr. Vinayak Prasad	07556685	02-05-2023	-	-	-	-
<b>Non-Executive Nominee Directors</b>						
Mr. Kartikeya Dhruv Kaji	07641723	31-03-2017	-	6	3	-
Mr. Neeraj Swaroop	00061170	04-08-2022	-	3	3	1
Mr. Ramchandra Kasargod Kamath	01715073	04-05-2017	-	6	3	1
Mr . Sunish Sharma	00274432	31-03-2017	-	2	-	-
<b>Managing Director and Chief Executive Officer</b>						
Mr . Shalabh Saxena	08908237	19-03-2022	-	2	1	-

##Includes only Audit Committee and Stakeholders' Relationship Committee. Membership includes Chairmanship.

Sr. No.	Name of the Directors	Category of Directorship	April 20, 2023	May 02, 2023	June 05, 2023	July 24, 2023	October 30, 2023	January 22, 2024	February 15, 2024	Attendance	Whether attended the Annual General Meeting held on August 01, 2023
1.	Ms. Abanti Mitra	Chairperson & Independent Director	No	Yes	Yes	Yes	Yes	Yes	Yes	6/7	Yes
2.	Mr. Animesh Chauhan	Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7	Yes
3.	Mr. Deepak Calian Vaidya	Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7	Yes
4.	Ms. Dipali Hemant Sheth*	Independent Director	NA	NA	Yes	Yes	Yes	Yes	Yes	5/5	Yes
5.	Mr. Jagadish Capoor**	Independent Director	No	Yes	Yes	NA	NA	NA	NA	2/3	NA
6.	Mr. Vinayak Prasad†	Independent Director	NA	NA	Yes	Yes	Yes	Yes	Yes	5/5	Yes
7.	Ms. Padmaja Gangireddy***	Non-Executive Non-Independent Director	No	Yes	NA	NA	NA	NA	NA	1/2	NA
8.	Mr. Kartikeya Dhruv Kaji§	Non-Executive Nominee Director	Yes	Yes	No	Yes	Yes	Yes	Yes	6/7	Yes
9.	Mr. Neeraj Swaroop	Non-Executive Nominee Director	Yes	No	Yes	Yes	No	Yes	Yes	5/7	Yes
10.	Mr. Ramachandra Kasargod Kamath	Non-Executive Nominee Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7	Yes
11.	Mr. Sunish Sharma	Non-Executive Nominee Director	No	Yes	Yes	Yes	Yes	Yes	Yes	6/7	Yes
12.	Mr. Shalabh Saxena	Managing Director & Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7	Yes

Note: Leave of absence was granted to the Directors who could not attend the respective meetings, if any.

\*Appointed as Independent Director effective May 02, 2023.

\*\*Ceased to be a Director, upon completion of his term of office, at the close of business hours on June 05, 2023.

\*\*\* Resigned and ceased to be as Non-Executive Non-Independent Director at the close of business hours on May 27, 2023.

§ Resigned and ceased to be a Non-Executive Nominee Director at the close of business hours on May 21, 2024.



The details pertaining to the directorships held by directors in listed companies other than the Company as on March 31, 2024, is as follows:

Name of the Director	Name of the listed entity	Nature of Directorship
Ms. Abanti Mitra	Vedant Fashions Limited	Independent Director
Mr. Deepak Calian Vaidya	Indraprastha Medical Corporation Limited	Independent Director
Ms. Dipali Hemant Sheth	1. Adani Wilmar Limited 2. DFM Foods Limited 3. UTI Asset Management Company Limited 4. Latent View Analytics Limited 5. Welspun Corp Limited	Independent Director
Mr. Ramachandra Kasargod Kamath	1. Aavas financiers limited 2. Centrum Capital Limited	Non-Executive - Nominee Director Non-Executive - Non-Independent Director

**e) Separate Meeting of Independent Directors**

Section 149(8) of the Act read with Schedule IV of the Act and Regulation 25(3) of SEBI Listing Regulations require the Independent Directors of the Company to hold at least one meeting as per regulatory requirements without the attendance of non-independent directors and members of the management. In view of the aforesaid requirements, the Independent Directors of the Company met on May 2, 2023 (FY 2022-23) and April 29, 2024 (FY 2023-24). The matters considered and discussed thereat, inter-alia included matters pertaining to the Company's affairs and those prescribed in Regulation 25 of the SEBI Listing Regulations and Schedule IV of the Act.

**f) 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 familiarize 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 as well as with the nature of industry and business model of the Company. The Director is also explained in detail the compliance required from him/her under the Companies Act, 2013, the SEBI (LODR) Regulations and other relevant regulations and affirmation are taken with respect to the same.

**The familiarization programme includes:**

- 1) For each Director, a one-to-one discussion with the Managing Director & CEO and the Chief Financial Officer to familiarize 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 familiarization Programme imparted to the Independent Directors of the Company are available on the Company's website at <https://www.spandanasphoorty.com/investors>.

**g) Board Diversity and skills/expertise/competencies:**

Your Company has in place a policy on Board Diversity. Diversity is ensured through consideration of several 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. Animesh Chauhan	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Deepak Calian Vaidya	✓	✓	✓	-	✓	-	✓	✓	✓
Ms. Dipali Hemant Sheth	✓	-	✓	-	✓	✓	✓	✓	✓
Mr. Vinayak Prasad	✓	-	✓	-	✓	✓	✓	✓	✓
Mr. Kartikeya Dhruv Kaji*	✓	-	✓	✓	✓	✓	✓	✓	-
Mr. Neeraj Swaroop	✓	-	✓	✓	✓	✓	✓	✓	✓
Mr. Ramachandra Kasargod Kamath	✓	✓	✓	✓	✓	-	✓	✓	✓
Ms. Saakshi Gera®	✓	-	✓	✓	✓	✓	✓	✓	-
Mr. Sunish Sharma	✓	-	✓	✓	✓	-	✓	✓	✓
Mr. Shalabh Saxena	✓	✓	✓	✓	✓	✓	✓	✓	✓

\* resigned and ceased to be a Non-Executive Nominee Director at the close of business hours on May 21, 2024.

®appointed as Non-Executive Nominee Director with effect from May 22, 2024.

### 3. COMMITTEES OF THE BOARD OF DIRECTORS

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 regulations, 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 the 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 during 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 Committee(s) is in compliance with the applicable provisions of the Act, SEBI Listing Regulations and the

corporate governance directions issued by the Reserve Bank of India, as applicable.

The Board has established the following Statutory and Non-Statutory Board 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

The Company Secretary of the Company act as the Secretary to all the aforesaid Committees constituted by the Board.

**a) Audit Committee:**

Pursuant to 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. All members of the Committee are financially literate and have accounting or related financial management expertise.

Composition of the Committee is in adherence to provisions of the Act, SEBI Listing Regulations and the Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023.

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 Secretarial 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.

**Current Composition**

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Animesh Chauhan	Independent Director	Chairperson
2.	Ms. Abanti Mitra	Independent Director	Member
3.	Ms. Saakshi Gera	Non-Executive Nominee Director	Member
4.	Mr. Deepak Calian Vaidya	Independent Director	Member

**Terms of Reference**

The terms of reference of the Audit Committee, inter alia, includes the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the Statutory Auditor, Internal Auditor and Cost Auditor;
- Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;

- Approving payments to the Statutory Auditors, Internal Auditor and Cost Auditor, for any other services rendered by them;
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - 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;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Qualifications and modified opinions in the draft audit report.
- Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- 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.
- 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 utilized 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 ₹1 lakhs 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;
  - 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; and
  - 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.

### Attendance of Audit Committee:

The Audit Committee met six (6) times during the financial year 2023-24. The required quorum was present in all the Audit Committee Meetings. The gap between two meetings did not exceed one hundred and twenties (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 <sup>^</sup>	Mr. Deepak Calian Vaidya	Mr. Jagdish Capoor <sup>*</sup>	Mr. Animesh Chauhan <sup>**</sup>
May 02, 2023	Yes	Yes	Yes	Yes	NA
July 24, 2023	Yes	Yes	Yes	NA	Yes
September 15, 2023	Yes	Yes	No	NA	Yes
October 30, 2023	Yes	Yes	Yes	NA	Yes
January 22, 2024	Yes	Yes	Yes	NA	Yes
February 15, 2024	Yes	Yes	Yes	NA	Yes

Note: Leave of absence was granted to the Directors who could not attend the respective meetings, if any.

<sup>^</sup>Resigned and ceased to be a Non-Executive Nominee Director at the close of business hours on May 21, 2024. The Committee was reconstituted on May 21, 2024, pursuant to which Ms. Saakshi Gera was appointed as a Members of the Committee.

<sup>\*</sup>Ceased to be a Director as well as a member of the Committee, upon completion of his term of office, at the close of business hours on June 05, 2023.

<sup>\*\*</sup>Pursuant to retirement of Mr. Jagdish Capoor, the Committee was reconstituted on July 12, 2023, and Mr. Animesh Chauhan was elected as the Chairperson of the Audit Committee.

### b) Nomination and Remuneration Committee:

The Nomination and Remuneration Committee ("NRC") has been constituted by the Company in accordance with Section 178(1) of the Act and applicable rules thereto and in accordance with Regulation 19 read with Part D of Schedule II of SEBI Listing Regulations.

The composition of the NRC is in adherence to provisions of the Act, SEBI Listing Regulations and the Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023

### Current Composition

Sr. No.	Name of the Director	Designation	Category
1.	Ms. Dipali Hemant Sheth	Independent Director	Chairperson
2.	Mr. Deepak Calian Vaidya	Independent Director	Member
3.	Mr. Sunish Sharma	Nominee Non-Executive Director	Member

### Terms of Reference

The terms of reference of the NRC, inter alia, includes the following:

a) 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;

b) Formulation of criteria for the performance of evaluation of Independent Directors and the Board;

c) Devising a policy on Board diversity;

d) 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;

e) 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 regulations issued by Securities and Exchange Board of India.

### Meetings and Attendance

The NRC met five (5) times during the financial year 2023-24. The required quorum was present for all the NRC Meetings. The attendance of the Directors at the said Meetings were as follows:

	Name of Members				
	Ms. Dipali Hemant Sheth*	Mr. Kartikeya Dhruv Kaji <sup>^</sup>	Ms. Abanti Mitra*	Mr. Jagdish Capoor**	Mr. Deepak Calian Vaidya*
April 25, 2023	NA	Yes	Yes	Yes	NA
May 02, 2023	NA	Yes	Yes	Yes	NA
July 24, 2023	Yes	Yes	NA	NA	Yes
October 30, 2023	Yes	Yes	NA	NA	Yes
January 20, 2024	Yes	Yes	NA	NA	Yes

Note: Leave of absence was granted to the Directors who could not attend the respective meetings, if any.

\*The committee was reconstituted with effect from July 12, 2023, with Ms. Dipali Hemant Sheth as Chairperson, Mr. Deepak Calian Vaidya as a member and Ms. Abanti Mitra ceased to be a member of the Committee.

\*\*Ceased to be a Director as well as a member of the Committee, upon completion of his term of office, at the close of business hours on June 05, 2023.

<sup>^</sup>Resigned and ceased to be a Non-Executive Nominee Director at the close of business hours on May 21, 2024. The Committee was reconstituted on May 21, 2024, pursuant to which Mr. Sunish Sharma was appointed as a Members of the Committee.

### Criteria for Performance Evaluation of Directors:

In compliance with the provisions of SEBI Listing Regulations and pursuant to the provisions of Section 134, 149 and 178 of the Act read with Schedule IV of the Act and the Rules made there under, the Company has a Board approved framework on Performance Evaluation of Directors providing the criteria of performance evaluation of Board, its Committees, its Chairperson and Individual Directors.

An annual performance evaluation for the financial year 2023-24 was carried out in an independent and fair manner in accordance with the framework, as stated above. The performance evaluation of the Board, Board Chairperson, Managing Director & CEO, Board Committees, Non-Executive Directors and Independent Directors was conducted through separate structured questionnaires, one each for Independent and Non-Executive Directors, Managing Director, Board Chairperson, Board Committees and the Board as a whole. These questionnaires were uploaded into an IT tool, to enable the directors to complete the survey online. 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 Directors on parameters, inter-alia, such as attendance, contribution and independent judgment.

A formal performance evaluation was carried out at the meeting of NRC held on April 23, 2024, Meeting of Independent Directors held on April 29, 2024, and Board Meeting held on April 29, 2024. 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.

The Directors have expressed their satisfaction with the evaluation process.

### 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 'Nomination & 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 Nomination & Remuneration Policy is available on the website of the Company at <https://www.spandanaspshoorty.com/policies>.

Further, in compliance with the RBI guidelines on compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022, the Company has a Board approved Compensation Policy for KMPs & SMT as recommended by the NRC.

### Details of Remuneration paid to Directors for FY2023-24

Remuneration is paid as per the details provided in the Form MGT-7 (annual return) which is hosted on the website of the Company and can be accessed at <https://www.spandanaspshoorty.com/investors>.

#### (i) Remuneration paid to Non-Executive Directors including Independent Directors for FY2023-24:

The Members vide resolution dated August 01, 2023, approved revised remuneration pursuant to recommendation of Nomination and Remuneration Committee and Board of Directors. Accordingly, the revised remuneration payable to Non-Executive Directors (Including Independent Directors) w.e.f. April 01, 2023, for attending the Meetings of the Board or any Committee thereof, shall be subject to a limit of ₹30,00,000/- per annum, for each Non-Executive Directors (including Independent Directors), which may exceed 1% or 3% of the net profits of the Company computed as per Section 198 of the Act. The details of remuneration paid to Non-Executive Directors are as below:

Name of the Directors	Salary, Perquisite & Pension	Remuneration	Commission	Stock Options	Total
Ms. Abanti Mitra	-	30,00,000	-	-	30,00,000
Mr. Animesh Chauhan	-	30,00,000	-	-	30,00,000
Mr. Deepak Calian Vaidya	-	30,00,000	-	-	30,00,000
Ms. Dipali Hemant Sheth	-	27,50,000	-	-	27,50,000
Mr. Jagdish Capoor*	-	5,00,000	-	-	5,00,000
Mr. Vinayak Prasad	-	27,50,000	-	-	27,50,000
Ms. Padmaja Gangireddy**	-	-	-	-	-
Mr. Kartikeya Dhruv Kaji §	-	-	-	-	-

Name of the Directors	Salary, Perquisite & Pension	Remuneration	Commission	Stock Options	Total
Mr. Neeraj Swaroop	-	30,00,000	-	-	30,00,000
Mr. Ramachandra Kasargod Kamath	-	30,00,000	-	-	30,00,000
Mr. Sunish Sharma	-	-	-	-	-

\* Ceased to be a Director, upon completion of his term of office, at the close of business hours on June 05, 2023.

\*\* resigned and ceased to be a Non-Executive Non-Independent Director at the close of business hours on May 27, 2023.

§ resigned and ceased to be a Non-Executive Nominee Director at the close of business hours on May 21, 2024.

**(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://www.spandanaphoorty.com/policies>.

**(iii) Remuneration paid to Executive Directors for FY2023-24 along with details of fixed components and performance linked incentives along with the Performance Criteria:**

Remuneration to Mr. Shalabh Saxena, MD & CEO for FY23-24:

Name of the Directors	Salary, Perquisite & Pension	Remuneration	Commission	Stock Options <sup>#</sup>	Total
Mr. Shalabh Saxena	7,35,00,000	-	-	5,30,49,774	12,65,49,774

<sup>#</sup>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 amortized over vesting schedule.

**(iv) Details of service contracts, notice period, severance fees:**

Mr. Shalabh Saxena is eligible for a severance of three (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).

Further, on February 17, 2024 the Company had issued 48,127 stock options under Spandana Employee Stock Option Plan, 2018 and Spandana Employee Stock Option Scheme, 2021.

**(vi) Pecuniary relationship or transactions of the Non-Executive Directors with the Company:**

During FY24, 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 FY24, the Company did not advance any loans to any of its directors.

**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 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. Actions taken by this Committee are placed in the NRC meetings.

**Change in Senior Management Personnels**

The details of Senior Management Personnels have been provided under 'Leadership Team' section of the Annual Report.

During the year, Mr. Vinay Prakash Tripathi was appointed as the Company Secretary of the Company as per SEBI Regulations w.e.f. January 23, 2024 in place of Mr. Ramesh Periasamy, who continues to hold his office as Chief Compliance Officer as per RBI notification on Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs vide circular No. Ref.No.DoS.CO.PPG./SEC.01/11.01.005/2022-23 dated April 11, 2022.

Further, Mr. Sushanta Tripathy, Chief Business Officer- Secured Lending, was transferred to Criss Financial Limited, Subsidiary of the Company w.e.f. November 01, 2023 and Mr. Narayana Reddy was appointed as Chief Business Officer – Partnerships, Receivables & New Initiatives w.e.f. April 22, 2024.



**c) Corporate Social Responsibility Committee:**

The Corporate Social Responsibility ("the CSR") Committee is constituted in accordance with Section 135 of the Act and the applicable rules thereto.

**Current Composition**

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Ramachandra Kasargod Kamath	Nominee Non-Executive Director	Chairperson
2.	Ms. Dipali Hemant Sheth	Independent Director	Member
3.	Mr. Neeraj Swaroop	Non-Executive Nominee Director	Member
4.	Mr. Shalabh Saxena	Managing Director and Chief Executive Officer	Member

**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;
- details of need and impact assessment, if any, for the projects undertaken by the Company;
- Recommend the alteration to annual action plan, if any, to the Board during the financial year;
- Recommend the amount of expenditure to be incurred on such activities;
- Review the periodical progress in implementing the CSR initiatives and ensure completion as per plan;
- Assess the impact of the CSR initiatives of the Company including appointment of independent firm/agency to conduct the impact assessment;
- Identify the ongoing CSR projects and recommend the CSR spend for such ongoing CSR Projects; and
- 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 2023-24. 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 *							
	Ms. Dipali Hemant Sheth	Ms. Padmaja Gangireddy	Ms. Abanti Mitra	Mr. Sunish Sharma	Mr. Deepak Calian Vaidya	Mr. Shalabh Saxena	Mr. Neeraj Swaroop	Mr. Ramchandra Kasargod Kamath
April 28, 2023	NA	No	No	No	Yes	NA	NA	Yes
July 21, 2023	Yes	NA	NA	NA	NA	Yes	Yes	Yes
October 28, 2023	Yes	NA	NA	NA	NA	Yes	Yes	Yes
January 20, 2024	Yes	NA	NA	NA	NA	Yes	Yes	Yes

Note: Leave of absence was granted to the Directors who could not attend the respective meetings, if any.

\*The Committee was reconstituted on July 12, 2023, pursuant to which Ms. Padmaja Gangireddy, Ms. Abanti Mitra and Mr. Sunish Sharma ceased to be the members of the Committee and Mr. Shalabh Saxena, Mr. Neeraj Swaroop and Ms. Dipali Hemant Sheth became the Members of the Committee. Mr. Ramachandra Kasargod Kamath continues to be the members and Chairperson of the Committee.

**d) Stakeholders' Relationship Committee:**

The Stakeholders' Relationship Committee ("the SRC") 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.

**Current Composition**

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Ramachandra Kasargod Kamath	Nominee Non-Executive Director	Chairperson
2.	Mr. Vinayak Prasad	Independent Director	Member
3.	Mr. Deepak Calian Vaidya	Independent Director	Member
4.	Mr. Shalabh Saxena	Managing Director and Chief Executive Officer	Member

**Terms of Reference**

The terms of reference of the SRC, inter alia, includes the following:

- 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;
- Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Dematerialisation of shares and re-materialisation of shares, issue of duplicate certificates and new certificates on split/consolidation/renewal;
- 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;
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- 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
- 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 2023-24. 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 Meetings	Members of the SRC Committee <sup>^</sup>						
	Mr. Ramachandra Kasargod Kamath	Mr. Jagdish Capoor*	Ms. Abanti Mitra <sup>^</sup>	Mr. Kartikeya Dhruv Kaji <sup>^</sup>	Mr. Deepak Calian Vaidya	Mr. Shalabh Saxena	Mr. Vinayak Prasad
May 02, 2023	Yes	Yes	Yes	Yes	Yes	NA	NA
July 24, 2023	Yes	NA	NA	NA	Yes	Yes	Yes
October 30, 2023	Yes	NA	NA	NA	Yes	Yes	Yes
January 22, 2024	Yes	NA	NA	NA	Yes	Yes	Yes

Note: Leave of absence was granted to the Directors who could not attend the respective meetings, if any.

<sup>^</sup>The Committee was reconstituted on July 12, 2023, pursuant to which Ms. Abanti Mitra and Mr. Kartikeya Dhruv Kaji ceased to be the Members of the Committee and Mr. Shalabh Saxena and Mr. Vinayak Prasad were appointed as members of the Committee. Mr. Ramachandra Kasargod Kamath continues to be the members and Chairperson of the Committee. Mr. Deepak Vaidya continues to be a member of the Committee.

\*Ceased to be a Director as well as a member of the Committee, upon completion of his term of office, at the close of business hours on June 05, 2023.

**Details of Investor Grievances:**

Mr. Vinay Prakash Tripathi, Company Secretary is the Compliance Officer for resolution of Shareholders' /Investors' grievances. During the financial year 2023-24, no complaints were received from investors/shareholders of the Company.

**e) Risk Management Committee:**

The Risk Management Committee of the Board has been constituted as per the provisions of the Act, SEBI Listing Regulations and the Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023.

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 the Management identifies and controls risk through a properly defined framework.

**Current Composition**

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Neeraj Swaroop	Non-Executive Nominee Director	Chairperson
2.	Mr. Animesh Chauhan	Independent Director	Member
3.	Ms. Saakshi Gera	Non-Executive Nominee Director	Member
4.	Mr. Shalabh Saxena	Managing Director and Chief Executive Officer	Member

**Meetings and Attendance**

The RMC met four (4) times during the financial year 2023-24. 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 meetings	Name of Members					
	Mr. Neeraj Swaroop <sup>^</sup>	Mr. Jagdish Capoor <sup>*</sup>	Mr. Kartikeya Dhruv Kaji <sup>**</sup>	Mr. Ramachandra Kasargod Kamath <sup>^</sup>	Mr. Animesh Chauhan <sup>^</sup>	Mr. Shalabh Saxena <sup>^</sup>
May 02, 2023	NA	Yes	Yes	Yes	NA	NA
July 24, 2023	Yes	NA	Yes	NA	Yes	Yes
October 30, 2023	Yes	NA	Yes	NA	Yes	Yes
January 22, 2024	Yes	NA	Yes	NA	Yes	Yes

Note: Leave of absence was granted to the Directors who could not attend the respective meetings, if any.

<sup>^</sup>Pursuant to retirement of Mr. Jagdish Capoor, the Committee was reconstituted on July 12, 2023, wherein Mr. Animesh Chauhan and Mr. Shalabh Saxena were appointed as Members of the Committee; and Mr. Neeraj Swaroop was appointed as the Chairperson of the Committee. Mr. Ramachandra Kamath ceased to be a member of the Committee.

<sup>\*</sup> Ceased to be a Director as well as a member of the Committee, upon completion of his term of office, at the close of business hours on June 05, 2023.

<sup>\*\*</sup> resigned and ceased to be a Non-Executive Nominee Director at the close of business hours on May 21, 2024. The Committee was reconstituted on May 21, 2024, pursuant to which Ms. Saakshi Gera was appointed as a Members of the Committee.

**f) IT Strategy Committee:**

The IT Strategy Committee has been constituted pursuant to RBI Master –Direction - Information Technology Framework for the NBFC Sector.

**Current Composition**

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Vinayak Prasad	Independent Director	Chairperson
2.	Ms. Saakshi Gera	Non-Executive Nominee Director	Member
3.	Mr. Shalabh Saxena	Managing Director and Chief Executive Officer	Member

**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.

Sr. No.	Name of the Director	Designation	Category
4.	Mr. Ashish Damani	President and Chief Financial Officer	Member
5.	Mr. Dharmvir Kumar Singh	Chief Information Officer	Member

**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;

- b. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- c. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- d. 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; and
- e. 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 four (4) times during financial year 2023-24. 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					
	Mr. Vinayak Prasad*	Ms. Abanti Mitra*	Mr. Dharamvir Kumar Singh	Mr. Kartikeya Dhruv Kaji^	Mr. Shalabh Saxena	Mr. Ashish Damani
April 28, 2023	NA	Leave	Present	Present	Present	Present
July 21, 2023	Present	NA	Present	Present	Present	Present
October 28, 2023	Present	NA	Present	Present	Present	Present
January 18, 2024	Present	NA	Present	Present	Present	Present

Note: Leave of absence was granted to the Directors who could not attend the respective meetings, if any.

\*The Committee was reconstituted on July 12, 2023, pursuant to which Ms. Abanti Mitra ceases to be the Members of the Committee and Mr. Vinayak Prasad was elected as the Chairperson of the Committee.

^ resigned and ceased to be a Director and Member of the Committee at the close of business hours on May 21, 2024. The Committee was reconstituted on May 21, 2024, pursuant to which Ms. Saakshi Gera was appointed as a Members of the Committee.

### g) Management Committee:

The Board of Directors has constituted a Management Committee for execution of transactions inter-alia related to borrowings, investments, managing various bank accounts and other day to day business transactions.

#### Current Composition

Sr. No.	Name of the Director	Designation	Category
1.	Ms. Saakshi Gera	Non-Executive Nominee Director	Chairperson
2.	Mr. Shalabh Saxena	Managing Director and Chief Executive Officer	Member
3.	Mr. Ashish Damani	President and Chief Financial Officer	Member

#### Terms of Reference

During the financial year 2023-24, the terms of reference for the Management Committee (MC) were revised w.e.f. October 30, 2023. The revised 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 as approved by the Shareholders of the Company;
- 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
- d. to determine the terms of the Issue(s) of Commercial Papers, and finalise the terms and conditions of such Issue(s) including the quantum of Commercial Papers to be allotted in each Issue, Issue Price, Face Value, Rate of Interest, Redemption Period, etc. for the purpose of raising funds in its absolute discretion as deemed fit and to do all such acts, deeds and things as may be required necessary in this regard;
- e. to sell loan portfolios of the Company up to a limit of ₹1,500 Crore per sanction;
- f. to securitize the loan receivables arising from an identified pool of loans ("Receivables") provided to various persons from time to time standing in the books of the Company up to a limit of ₹1,500 Crore per sanction;
- g. to purchase book debts of other micro-finance/ NBFC Companies up to a limit of ₹50 Crore per sanction;
- h. to grant loans including inter corporate loans and advances on such terms and conditions as it may deem fit;
- i. to give guarantee or provide security for securing the loans or advances availed or to be availed by its subsidiaries.
- j. to authorize Company official/s for execution of any agreements, deeds and documents on behalf of the Company, including any loan documents;

- k. to change and authorise any officials of the Company to open, operate and close the Bank Accounts and Demat Accounts of the Company.
- l. 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 including authorising the officials of the Company for such investments;
- m. 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.
- n. to appoint /authorize Company official/s for execution of documents, agreement, deeds and papers as may be required from time to time in relation to day-to-day operations of the Company;
- o. to make applications for obtaining licenses, registrations, connections, clearances, services etc. and to authorize/appoint directors/ employees/officers for signing applications, returns, forms, bonds, agreements, documents, papers etc. and for representing Company before the authorities under various Laws including but not limited to Corporate Laws, Industrial Laws, Tax Laws, Labour Laws and other Business Laws applicable to the Company in respect of all present and future offices of the Company, for compliance of all provisions, rules, clauses, regulations, directives and other related matters under the said Laws, which may be applicable to the Company;
- p. 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);
- q. any proposal relating to borrowings including issue of debt securities or commercial papers to be placed before the Committee should be pre-approved by the two Directors who are Members of the Committee.
- r. to consider, determine and approve entering into arrangements such as business correspondence, co-lending, partnership agreements under various schemes of Banks/ Financial Institutions etc., and finalizing the terms and conditions of such arrangement including the quantum in each such arrangement, etc. and as deemed fit and to do all such acts, deeds and things as may be required necessary in this regard including but not limited to authorization of official of the Company to execute the transaction related document as may be necessary.\*

#### Meetings and Attendance

The Management committee (MC) met forty-five (45) times during the financial year 2023-24. The required quorum was present for all the MC meetings.

#### h) Asset Liability Management (ALM) Committee:

The ALM Committee has been constituted pursuant to RBI Master – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, consisting of the Senior Management including Chief Executive Officer.

#### Current Composition

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Shalabh Saxena	Managing Director and Chief Executive Officer	Chairperson
2.	Ms. Abanti Mitra	Independent Director	Member
3.	Mr. Ashish Damani	President and Chief Financial Officer	Member
4.	Mr. Subhrangsu Chakravarty	Financial Controller	Member
5.	Mr. Amit Anand	Chief Risk Officer	Member

#### 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; and
- 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 2023-24. 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 Damani	Mr. Amit Anand	Mr. Subhrangsu Chakravarty	Ms. Abanti Mitra*
April 28, 2023	Yes	Yes	Yes	Yes	Yes	NA
July 21, 2023	Yes	NA	Yes	Yes	Yes	Yes
October 28, 2023	Yes	NA	Yes	Yes	Yes	Yes
January 20, 2024	Yes	NA	Yes	Yes	Yes	Yes

Note: Leave of absence was granted to the Directors who could not attend the respective meetings, if any.

\* The Committee was reconstituted on July 12, 2023, pursuant to which Mr. Kartikeya Dhruv Kaji ceases to be the member of the Committee and Ms. Abanti Mitra was appointed as a member of the Committee.

## 4. OTHER DISCLOSURES

### a) Directors and Officers Insurance

The Company has in place a Directors and Officers Liability Insurance Policy in line with the requirements of Regulation 25(10) of the SEBI Listing Regulations.

### b) 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
18 <sup>th</sup> Annual General Meeting	Day: Tuesday Date: September 28, 2021 Time: 11:30 A.M.	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) facility	<ol style="list-style-type: none"> <li>Continuation of directorship of Mr. Bharat Dhirajlal Shah, as an Independent Director for the remaining period of the existing term.</li> <li>Approval of revision in overall borrowing power of the Company under Section 180(1) (c) of the Act.</li> <li>Approval of creation of charge / mortgage on the asset of the Company under Section 180(1) (a) of the Act.</li> <li>Approval of the issue of Non-Convertible Debentures (NCDs) on Private Placement Basis.</li> <li>Approve institution of Spandana Employee Stock Option Plan 2021 – Series A and Spandana Employee Stock Option Scheme 2021 – Series A.</li> <li>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>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>
19 <sup>th</sup> Annual General Meeting	Day: Wednesday Date: September 21, 2022 Time: 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 Independent Director of the Company for the second term.</li> <li>Appointment of Mr. Animesh Chauhan (DIN: 02060457) as an Independent Director of the Company.</li> </ol>

Meeting	Day/Date/Time	Location	Summary of Special Resolutions passed
20 <sup>th</sup> Annual General Meeting	Day: Tuesday Date: August 01, 2023 Time: 3:30 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>Appointment of Ms. Dipali Hemant Sheth (DIN: 07556685) as an Independent Director of the Company.</li> <li>Appointment of Mr. Vinayak Prasad (DIN: 05310658) as an Independent Director of the Company.</li> <li>Re-appointment of Mr. Deepak Calian Vaidya (DIN: 00337276) as an Independent Director of the Company for the second term of 3 years i.e., from June 06, 2023, up to June 05, 2026.</li> <li>To approve payment of remuneration to Non-Executive Director (including Independent Directors) of the Company.</li> </ol>

**(ii) The details of Business transacted through Postal Ballot during the Financial Year 2023-24:**

During the Financial Year 2023-24, the Company has passed the following special businesses through Postal Ballot on March 26, 2024, 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:

Sr. No.	Description of the Resolution	Type of the Resolution	Number of votes polled	Votes cast in favour		Votes cast against	
				No. of votes	%	No. of votes	%
1.	Approval of RPT with Criss Financial Limited	Ordinary Resolution	1,76,93,836	1,66,12,495	93.89	10,81,341	6.11
2.	Approval of RPT with Criss Financial Limited for Financial Year 2024-25	Ordinary Resolution	1,76,93,836	1,76,93,057	99.99	779	0.01

**Procedure adopted for postal ballot:**

In accordance with the requirements prescribed by the Ministry of Corporate Affairs ('MCA') for holding general meetings/conducting postal ballot process through e-Voting vide General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, and 09/2023 dated September 25, 2023, (collectively the 'MCA Circulars'), resolutions were proposed to be passed by means of Postal Ballot, to transact the aforesaid special business by passing Ordinary Resolutions by way of postal ballot, only by voting through electronic means ('remote e-Voting').

The Company had provided the facility to its members to cast their votes electronically through the e-voting platform of Kfin Technologies Limited. The Company had appointed Mr. Y. Ravi Prasada Reddy, Company Secretary, Proprietor of M/s. RPR & Associates, Company Secretaries, Hyderabad, as Scrutinizer 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://www.spandanaspchoorty.com/investors>.

**c) 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 the 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.

**d) 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.

**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 <https://spandanaspchoorty.com/investors>

**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.

**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.

**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.

**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.

**e) Investor Service**

The Company has appointed KFin Technologies Limited as Registrar and Transfer Agent and they have been authorised to attend/address 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. Shareholders/ Investors may write to the Company Secretary at the following address:

**g) General Shareholder Information****21st Annual General Meeting**

Day and Date	Tuesday, July 30, 2024
Time	3.00 p.m.
Venue	The Company will conduct meeting through video conferencing (VC)/other audiovisual means (OAVM) pursuant to the MCA circular. For details, please refer to the Notice of 21 <sup>st</sup> AGM.
Financial year	2023-2024
Dividend Payment Date	NA

**Registered office address:**

Galaxy, Wing B, 16<sup>th</sup> Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City, TSIIIC, Raidurg Panmaktha, Hyderabad, Rangareddi TG 500081 IN

Email: [secretarial@spandanaspooorty.com](mailto:secretarial@spandanaspooorty.com)

Phone no: +9140-45474750

Shareholders/ Investors may write to the Registrar & Transfer Agent at the following address:

**Kfin Technologies Limited** (Formerly known as "Kfin Technologies Private Limited")

(Unit: Spandana Spooorty 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>

**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, 2024, all the shares of the Company are traded in dematerialized 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.

**f) SEBI Complaints Redress System (SCORES) and SMART ODR:**

The investor complaints are processed in a centralized web-based complaints redressal system through SCORES and SMART ODR portal. The Action Taken Reports are uploaded online by the Company for any complaints received on the said platforms, thereby making it convenient for the investors to view their status online.



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).

**BSE Limited**

P J Towers, Dalal Street, Mumbai – 400 001.  
Tel: 91 22 2272 1233/4  
Fax: 91 22 2272 1919  
Website: www.bseindia.com

**National Stock Exchange of India Limited**

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: www.nseindia.com

The Company has paid the annual listing fees for (Equity and Debt) and custodian fees for the financial year 2023-24 and financial year 2024-2025 to the Stock Exchanges and Depositories.

**Stock Code:**

BSE Limited	542759
National Stock Exchange of India Limited	SPANDANA
Demat ISIN in NSDL & CDSL	INE572J01011

Tentative Schedule for the Meetings for the financial year 2024-25:

Particulars	Period
<b>For consideration of Unaudited/Audited Financial Results</b>	
First quarter ending June 30, 2024 (Unaudited)	On or before August 14, 2024
Second quarter and half year ending September 30, 2024 (Unaudited)	On or before November 14, 2024
Third quarter and nine months ending December 31, 2024 (Unaudited)	On or before February 14, 2025
Fourth quarter and financial year ending March 31, 2025 (Audited)	On or before May 30, 2025

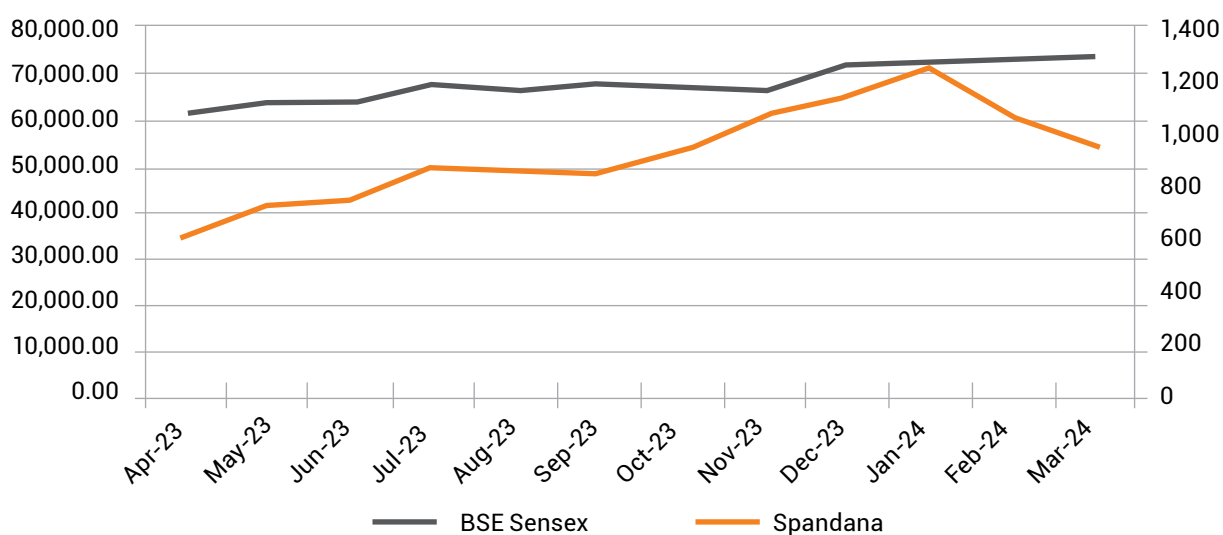
Book Closure Date: The Register of Members of the Company shall not be closed as the Company has opted for the Cut-off date for determining the eligibility of e-Voting at the AGM in accordance with the provisions of the Act.

### Market Price Data

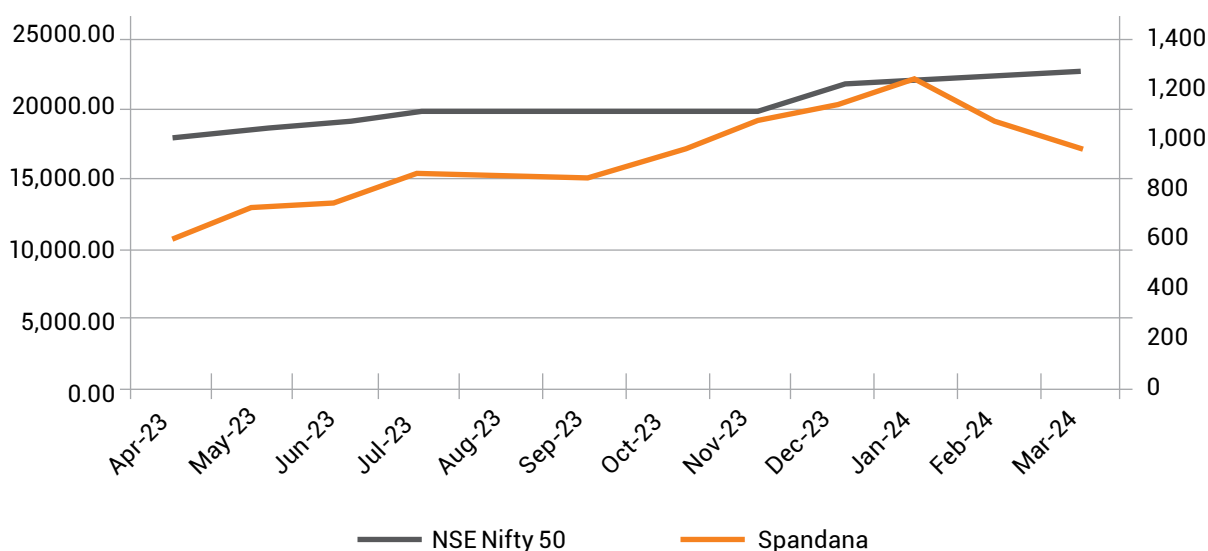
Details of monthly open, high, low and close prices and volume of equity shares of the Company traded on BSE and NSE from April 01, 2023 to March 31, 2024 are given herein below:

Month	BSE Limited		National Stock Exchange of India Limited	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
April-23	600.30	528.20	605.40	528.00
May-23	719.80	594.20	721.10	600.00
June-23	750.95	658.70	749.00	658.15
July-23	863.00	687.80	863.90	689.85
August-23	859.45	765.00	859.50	768.00
September-23	844.50	739.70	848.00	739.05
October-23	934.95	752.20	925.00	769.55
November-23	1,062.90	862.35	1,063.30	862.35
December-23	1,133.95	971.20	1,135.55	971.70
January-24	1,243.10	1,007.30	1,243.20	1,008.00
February-24	1,056.85	905.00	1,069.00	903.75
March-24	956.35	784.80	961.00	786.35

Performance of Company's equity shares as compared with S&P BSE SENSEX during financial year ended March 31, 2024:



Performance of Company's equity shares as compared with NSE NIFTY 50 during financial year ended March 31, 2024:



**Distribution of Shareholding as on March 31, 2024:**

Category	Shareholders		Equity Shares	
	Number	Percentage (%)	Number	Percentage (%)
1 - 5,000	34,250	95.93	19,83,364	2.78
5,001 - 10,000	706	1.98	5,16,985	0.73
10,001 - 20,000	324	0.91	4,68,195	0.66
20,001 - 30,000	125	0.35	3,13,896	0.44
30,001 - 40,000	54	0.15	1,90,976	0.27
40,001 - 50,000	42	0.12	1,92,256	0.27
50,001 - 100,000	85	0.24	6,20,711	0.87
100,001 & above	118	0.33	6,70,11,061	93.99
<b>Total</b>	<b>35,704</b>	<b>100.00</b>	<b>7,12,97,444</b>	<b>100.00</b>

**Categories of Shareholders as on March 31, 2024**

Category	No. of shareholders	No. of Equity Shares	Holding in Equity Share Capital (%)
<b>(A) Promoter and Promoter Group</b>			
Indian	3	1,32,96,384	18.65
Foreign	1	2,93,03,172	41.10
Total Shareholding of Promoter and Promoter Group	4	4,25,99,556	59.75
<b>(B) Public Shareholding</b>			
Institutions	20	75,12,799	10.54
Institutions (Foreign)	86	1,55,36,961	21.79
Non-Institutions	35,594	56,48,128	7.92
<b>Total</b>	<b>35,704</b>	<b>7,12,97,444</b>	<b>100.00</b>

**List of Top Ten Public Shareholders as on March 31, 2024**

S. No.	Name of the Shareholder	No. of shares	Percentage (%)
1.	Kangchenjunga Limited	2,93,03,172	41.1
2.	Padmaja Gangireddy	81,73,938	11.46
3.	Kedaara Capital Fund III LLP	50,13,295	7.03
4.	SG India Alpha Holdings LLC	25,44,954	3.57
5.	Valiant Mauritius Partners FDI Limited	22,41,823	3.14
6.	Valiant Mauritius Partners Offshore Limited	20,30,363	2.85
7.	ICICI Prudential Life Insurance Company Limited	17,41,969	2.44
8.	Goldman Sachs Funds - Goldman Sachs India Equity Portfolio	14,52,416	2.04
9.	Max Life Insurance Co Ltd A/C Participating Fund	13,33,603	1.87
10.	ACM Global Fund VCC	11,30,621	1.59

**h) Plant Locations :**

Being a financial services company, Spandana Sphoorty Financial Limited has no plant locations.

- i) **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, 2024, is as under:

Particulars	No. of shareholders	No. of shares	Holding in Equity Share capital (%)
Held in dematerialised form with NSDL	16,397	6,30,14,542	88.38
Held in dematerialised form with CDSL	19,517	82,82,902	11.62
Physical	-	-	-
<b>Total</b>	<b>35,704</b>	<b>7,12,97,444</b>	<b>100.00</b>

- j) **Credit Rating of the Company:** The details of the Credit Ratings along with revisions thereto have been provided in the Board's Report.
- k) **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://www.spandanaspooorty.com/policies>.
- l) **Disclosure on Material Related Party Transactions:** There were no material related party transactions entered by the Company during financial year 2023-24 which may have potential conflict with the interest of the Company. The details of related party transactions have been provided the Directors' Report.
- m) **Penalty or Strictures:** Details of fine imposed by the Stock Exchanges are as 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 (₹)
					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	National Stock Exchange of India Limited	Fine	Delay in submission of the notice of Record Date for ISIN: INE572J07455 for the period ended October 31, 2023	10,000
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	National Stock Exchange of India Limited	Fine	Delay in submission of the notice of Record Date for ISIN: INE572J07489 for the period ended October 31, 2023	10,000

**Breach of Covenants:** The Company was in breach of a few specific covenant with respect to Non-Convertible Debt Securities issued by the Company. The detail of such breach is as below:

ISIN	Stock Exchange	Financial Covenant	Current status
INE572J07539 INE572J07513 INE572J07521	BSE Limited	Maintain a minimum tangible net worth of ₹2,800 crore	INE572J07539 - The Company upon receipt of consent from the debenture holders, amended relevant clauses of the debenture trust deed and is in conformity with the covenant from the quarter ended September 30, 2023. Further, the debentures under the said ISIN were converted into fully paid debentures upon receipt of call money on March 01, 2024 and the ISIN was changed to INE572J07687. INE572J07513 and INE572J07521 - The Company is in conformity with this covenant from the quarter ended December 31, 2023.

ISIN	Stock Exchange	Financial Covenant	Current status
INE572J07463 INE572J07455 INE572J07489	National Stock Exchange of India Limited	Minimum liquidity amount equivalent to next 3 months liabilities in the form of unencumbered cash & cash equivalents (assuming 100% haircut in collection).	<p>INE572J07463 - The Company upon receipt of consent from the debenture holders, amended relevant clauses of the debenture trust deed and was in conformity with the covenant from the quarter ended September 30, 2023.</p> <p>INE572J07455 and INE572J07489- The two ISINs (having three months liquidity covenant) continue to be non-compliant due to the reasons as explained below:</p> <p>a) Significant increase in borrowings from ₹5,934.20 crore as of March 31, 2023 to ₹9,012.16 crore as of March 31, 2024; and</p> <p>b) An increase in liabilities leads to a higher amount of cash and bank balance to be maintained in accordance with the covenant related to three months liquidity. As of March 31, 2024, the Company is holding cash and cash equivalents aggregating ₹1,385.55 crore, against the required liquidity amount of ₹2,415.10 crore as per the term of the debenture trust deed and does not have any cumulative mismatch across all the ALM buckets. The maintenance of such higher level of cash and bank balances adversely impact the qualifying assets criteria as applicable to NBFC-MFIs pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions 2023' ("RBI Master Direction").</p> <p>The Company had cash and cash equivalents of ₹1,385.55 crore as on March 31, 2024 and did not have any cumulative mismatch across all ALM buckets.</p>

Aforementioned breach of covenants was disclosed by the Company to the Stock Exchanges respective quarter. Your Company had received a Show Cause Notice from SEBI dated January 04, 2024 for non-disclosure of breach of certain financial covenants of debenture trust deed in relation to certain debentures issued by the Company to the Stock Exchange and delayed disclosure in case of early redemption of debenture to the stock exchange and corresponding disclosure on the Company's website. The Company is taking suitable actions in this regard.

**n) Vigil Mechanism/Whistle Blower Policy:** The Company has 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 victimization 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. The Whistle Blower Policy/Vigil Mechanism is uploaded on the Company's website: <https://spandanasphoorty.com/policies>.

**o) 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.

**p) 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, 2024, none of the Directors 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 as Annexure B to the Corporate Governance Report.

**q) 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 2023-24 is stated in Notes to financial statements, which forms part of this Annual Report.

- r) **Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:**  
Other than the loans and advances granted to the Subsidiary Company i.e. Criss Financial Limited as stated in the notes to account, the Company has not granted any loans and advances in the nature of loans to firms / companies in which directors are interested.
- s) **Disclosures related to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal ) Act, 2013:** The details have been provided in the Directors' Report.
- t) **Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:** The Company does not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments as on March 31, 2024.
- u) **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 Spandana Sphoorty Financial Limited**

**Abanti Mitra**

Chairperson and Independent Director  
DIN: 02305893

**Shalabh Saxena**

Managing Director and Chief Executive Officer  
DIN: 08908237

Date: June 4, 2024

Place: Mumbai

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of

**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, 2024 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**

4. 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 April 29, 2024 for the financial year ended March 31, 2024.
5. 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**

**Y Ravi Prasada Reddy**  
Proprietor

FCS: 5783, CP. No.: 5360  
Peer Review Certificate No. 1425/2021  
UDIN: F005783F000263117

Place: Hyderabad  
Date: April 29, 2024

**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 as on the date of this certificate, none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Company by Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority.

**For RPR & Associates  
Company Secretaries**

**Y Ravi Prasada Reddy**

Proprietor

FCS: 5783, CP. No.: 5360

Peer Review Certificate No. 1425/2021

UDIN: F005783F000263117

Place: Hyderabad

Date: April 29, 2024



## COMPLIANCE CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER FOR THE FINANCIAL YEAR 2023-24

(Pursuant to Regulation 17(8) read with Regulation 33 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 our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. 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:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. 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**

**Shalabh Saxena**

Managing Director and Chief Executive Officer

Place: Hyderabad

Date: April 29, 2024

**For Spandana Sphoorty Financial Limited**

**Ashish Damani**

President and Chief Financial Officer

# Business Responsibility & Sustainability Report 2023-24

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Entity	L65929TG2003PLC040648
2.	Name of the Entity	Spandana Sphoorty Financial Limited ("SSFL or Company")
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, TSIC, Raidurg, Panmaktha, Rangareddi, Hyderabad, Telangana, India, 500081
5.	Corporate address	Galaxy, Wing B, 16 <sup>th</sup> Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City, TSIC, Raidurg, Panmaktha, Rangareddi, Hyderabad, Telangana, India, 500081
6.	E-mail	secretarial@spandanasphoorty.com
7.	Telephone	+9140-45474750
8.	Website	www.spandanasphoorty.com
9.	Financial year for which reporting is being done	01 April 2023 to 31 March 2024
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited (BSE); and National Stock Exchange of India Ltd. (NSE)
11.	Paid-up Capital	₹71,29,74,440
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. A. Bhanu Prakash Vice President - CSR & Sustainability 040-45474750
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 BRSR report are on a standalone basis.
14.	Name of assurance provider	-
15.	Type of assurance obtained	-

### II. Products/Services

#### 16. 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 Limited is a non-banking finance company- microfinance institution (NBFC-MFI) in India which provides micro loans to women borrowers from low-income households for income generation. The loans are offered at affordable interest rates to help bring underserved population into the formal financial system. These loans become a catalyst in promoting entrepreneurship in remote parts of India with the to aim to improve livelihoods and uplift communities.	99.95%

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

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Microfinance	64990	99.95%

### III. OPERATIONS

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

Location	Number of plants	Number of offices	Total
National	1559	4	1563
International	-	-	-

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

##### a. Number of locations

Locations	Number
National (No. of States and Union Territories)	20
International (No. of Countries)	-

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

0%

##### c. A brief on the 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.

We lend under the Joint Liability Group (JLG) model to women only borrowers. These women often lack access to traditional banking services. The small loans we provide give a steady drift to help our borrowers soar higher in their entrepreneurial flight while also giving them a strong chance to dream of a better life for their families and themselves. 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

#### 20. Details as at the end of Financial Year

##### a. Employees (including differently abled)

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	13097	12852	98%	245	2%
2.	Other than Permanent (E)		Not Applicable			
3.	Total Employees (D+E)	13097	12852	98%	245	2%
WORKERS						
4.	Permanent (F)		Not Applicable			
5.	Other than Permanent (G)		Not Applicable			
6.	Total workers (F+G)		Not Applicable			

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

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	-	0	-
2.	Other than Permanent (E)		Not Applicable			
3.	Total Employees (D+E)	0	0	-	0	-
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)		Not Applicable			
5.	Other than Permanent (G)		Not Applicable			
6.	Total workers (F+G)		Not Applicable			

## 21. Participation/Inclusion/Representation of Women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	10	3	30%
Key Management Personnel	3	0	-

## 22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2024			FY 2023			FY 2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	48.49%	31.39%	48.14%	50.98%	55.27%	51.09%	67.02%	90.0%	67.55%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

## V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

### 23. (a) Names of holding/subsidiary/associate companies/joint ventures

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 Limited)	Subsidiary company	99.90%	Yes

## VI. CSR DETAILS

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013 (Yes/No): Yes

(ii) Turnover (in ₹): ₹2406.91 Crore

(iii) Net worth (in ₹): ₹3555.99 Crore

## VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

25. 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 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		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	Yes <a href="https://spandanasphoorty.com/customer-support">https://spandanasphoorty.com/customer-support</a>	0	0	No complaint received	-	-	-
Investors (other than shareholders)	Yes <a href="https://spandanasphoorty.com/customer-support">https://spandanasphoorty.com/customer-support</a>	0	0	No complaint received	-	-	-
Shareholders	Yes <a href="https://spandanasphoorty.com/customer-support">https://spandanasphoorty.com/customer-support</a>	0	0	No complaint received	-	-	-
Employees	Yes <a href="https://spandanasphoorty.com/customer-support">https://spandanasphoorty.com/customer-support</a>	1802	31	31 tickets closed during 1st Quarter of FY 2024-25	2976	377	377 tickets closed during 1st quarter of FY 2023-24

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 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		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
Customers	Yes <a href="https://spandanasphoorty.com/customer-support">https://spandanasphoorty.com/customer-support</a>	1821	8	8 complaints resolved during 1st Quarter of FY 2024-25	3283	53	53 complaints resolved during 1st Quarter of FY 2023-24
Value Chain Partners	Yes <a href="https://spandanasphoorty.com/customer-support">https://spandanasphoorty.com/customer-support</a>	0	0	No complaint received	-	-	-
Others (please specify)							

## 26. 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 or 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.	Customer Centricity	Opportunity	Opportunity The company's commitment to customer centricity is central to its mission of empowering the financially unserved and underserved rural women. Customer centricity enables building stronger customer loyalty, driving increased sales and market share. It also promotes innovation by tailoring products and services to customer needs, enhancing brand reputation and trust.	-	Positive It leads to higher customer retention and increased sales, boosting overall revenue. It also reduces marketing and acquisition costs, as satisfied customers are more likely to provide referrals and repeat business.
2.	Commitment to Employees	Opportunity	Opportunity Commitment to employees enhances job satisfaction and loyalty, reducing turnover and associated recruitment costs. It also fosters a positive work environment, driving productivity and innovation, which contribute to the company's overall success. Ensuring fair wages, benefits, and a supportive work environment for employees contributes to the company's social mission and employee retention.	-	Positive Commitment to employees reduces turnover and recruitment costs, leading to significant savings. Additionally, it boosts productivity and innovation, driving revenue growth and improving the company's financial performance.

S. No.	Material Issue Identified	Indicate whether risk or 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)
3.	Positive Social Impact of Products and Services	Opportunity	Opportunity Emphasizing the positive social impact of company's products and services of providing microloans to financially unserved and undeserved groups enhance customer loyalty and brand reputation. It also attracts socially conscious investors, thereby contributing to long-term financial success.	-	Positive It leads to building a broad customer base and enhances brand value, thereby increasing revenue and sales.
4.	Brand and Reputation Management	Opportunity	Opportunity Brand and reputation management provide opportunities for companies to build trust and credibility with customers, enhancing brand loyalty and repeat business. It also enables companies to differentiate themselves in the market, thereby attracting new customers.	-	Positive Brand reputation and management can significantly enhance an organization's financial value and future business prospects. In the context of the company's mission to provide financial services to underserved communities, it can play a pivotal role in driving demand and sales growth.
5.	Regulatory Compliance and Ethical Business Practices		Opportunity Adhering to relevant rules and regulations bolsters investor confidence and enhances client and customer trust, leading to reputational and financial gains. Aligning business practices with the highest standards of ethics and governance ensures transparency and accountability, facilitating responsible and ethical decision-making. This approach helps prevent corporate scandals and fraud.	-	Positive It leads to cost savings that otherwise might be incurred due to noncompliance. These costs include fines, penalties, and legal fees. Practicing ethical behaviour leads to improved customer loyalty, thereby resulting in increased sales and revenue. It also leads to cost savings as the company will not be at risk of running into financial loss due to unethical or irresponsible behaviour.

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

The National Guidelines on Responsible Business Conduct (NGRBC) were prescribed by the Ministry of Corporate Affairs (MCA), Government of India, in 2018. They are built over the National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business (NVGs) released by the MCA in 2011. The NGRBC have been designed to guide businesses to perform beyond the requirements of regulatory compliance and contribute towards wider developmental goals including environmental and social.

The NGRBC advocates for nine principles referred as P1-P9 as given below:

- P1** Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
- P2** Businesses should provide goods and services in a manner that is sustainable and safe.
- P3** Businesses should respect and promote the well-being of all employees, including those in their value chains.
- P4** Businesses should respect the interests of and be responsive to all its stakeholders.
- P5** Businesses should respect and promote human rights.
- P6** Businesses should respect and make efforts to protect and restore the environment.
- P7** Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- P8** Businesses should promote inclusive growth and equitable development.
- P9** Businesses should engage with and provide value to their consumers in a responsible manner.

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. Weblink to the policies, if available. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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, Trustee) 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.	<p>The company acknowledges its role in creating a positive impact by focusing on investor awareness and corporate social responsibility (CSR).</p> <p>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.</p> <p>The Company continuously takes measures to align its processes and controls with the principles of sustainable business practices.</p> <p>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.</p>								
6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	<p>The company actively monitors and assesses the implementation of its action plan to ensure strict compliance with established norms.</p> <p>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.</p>								

### Governance, Leadership and Oversight

**7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure).**

Recognizing the impact sustainability plays in the long-term success of organizations, Spandana took concrete steps in its journey of being a sustainability conscious organization. While serving the financial needs of the communities has been our core commitment, we are now taking steps to ensure that we have a positive impact on the environment and society while maintaining high ethical and governance standards. Spandana's value system ICARE - Integrity, Collaboration, Agility, Receptiveness and Empathy clearly define that as an organization, we are committed to employee well being and growth. We value ethics, integrity & transparency towards all our stakeholders in our daily conduct & operations. Our policies and governance ensure that these value systems are adhered to. During FY23-24, Spandana codified its commitments to ESG principles through adoption of policies like ESG Governance Framework, Environment and Social Policy and Policy on Environment and Social Management Systems. The Board of Directors, Committees of the Board and MD & CEO annually assess the business responsibility and sustainability performance of the company. As we move forward, Spandana will continue to innovate and adapt, ensuring that our growth is both inclusive and sustainable. We are dedicated to our role as a catalyst for positive change, empowering women and communities while protecting our planet for future generations.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Mr. Shalabh Saxena Managing Director & CEO Telephone number: 040-45474750 E-mail address: secretarial@spandanaspooorty.com
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, The company's Sustainability Committee will identify initiatives, set targets and manages sustainability risks and opportunities. The Board of Directors will oversee the organization's sustainability strategy and vision. This governance structure ensures that sustainability practices are integrated effectively into the organization and that goals are met. The Head of Sustainability will drive oversee sustainability related actions and progress on key performance indicators. The Sustainability Working Group shall consist of Sr. members from various departments and the group facilitates the implementation of the policy and various initiatives across the organisation.

**10. Details of Review of the NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Performance against above policies and follow up action	All policies are approved by the Board and signed by the official who oversees the implementation of such policies. 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.																
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	The company has internal control measures that ensure adherence to applicable laws and compliances and give guidance and support needed for ethical conduct. The Codes are circulated to Directors and Management Personnel, and its compliance is undertaken by them annually as per Regulation 26(3) of the SEBI Listing Regulations.																	

**11. Has the Company carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.**

P1	P2	P3	P4	P5	P6	P7	P8	P9
No	No	No	No	No	No	No	No	No



12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated.

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Not Applicable

### SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURES

**Principle 1: Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent, and accountable.**

#### 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	4	Regulatory updates under Companies Act, 2013	100%
Key Managerial Personnel	4	& SEBI Regulations, RBI Master Directions & Circulars on NBFCs, Outsourcing of Information Technology Services, Fair Lending Practices, Risk Management, Business strategy, financial reporting	100%
Employees other than BoD and KMPs	1063	POSH	100%
Workers	Not Applicable		

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	-	-	-	-	-
Settlement			0		
Compounding Fee					

	Non-monetary			
	NGRBC Principle	Name of the regulatory/enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment			0	
Punishment				

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
	Not Applicable

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's 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 on 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.

	FY 2023-24 (Current Financial year)	FY 2022-23 (Previous Financial year)
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

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

	FY 2023-24 (Current Financial year)		FY 2022-23 (Previous Financial year)	
	Number	Remarks	Number	Remarks
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.

No corrective action was necessitated in FY 23-24.

8. Number of days of accounts payable ((Accounts payable \*365) / Cost of goods and services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	Not Applicable	Not Applicable

### 9. Open-ness of business.

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format

Parameter	Metrics	FY 2023-24	FY 2022-23	
Concentration of Purchases	a. i) Purchases from trading houses	0.00	0.00	
	ii) Total purchases	0.00	0.00	
	iii) Purchases from trading houses as % of total purchases			
	b. Number of trading houses where purchases are made	0	0	
	c. i) Purchases from top 10 trading houses	0.00	0.00	
	ii) Total purchases from trading houses	0.00	0.00	
	iii) Purchases from top 10 trading houses as % of total purchases from trading houses			
	Concentration of Sales	a. i) Sales to dealer / distributors	0.00	0.00
		ii) Total Sales	0.00	0.00
iii) Sales to dealer / distributors as % of total sales				
b. Number of dealers / distributors to whom sales are made		0	0	
c. i) Sales to top 10 dealers / distributors		0.00	0.00	
ii) Total Sales to dealer / distributors		0.00	0.00	
iii) Sales to top 10 dealers / distributors as % of total sales to dealer / distributors				
Share of RPTs in		a. i) Purchases (Purchases with related parties)	0.00	0.00
		ii) Total Purchases	0.00	0.00
	iii) Purchases (Purchases with related parties as % of Total Purchases)			
	b. i) Sales (Sales to related parties)	0.00	0.00	
	ii) Total Sales	0.00	0.00	
	iii) Sales (Sales to related parties as % of Total Sales)			
	c. i) Loans & advances given to related parties	73.60	229.61	
	ii) Total loans & advances	10556.91	7466.20	
	iii) Loans & advances given to related parties as % of Total loans & advances	0.70%	3.08%	
	d. i) Investments in related parties	100.00	0.00	
	ii) Total Investments made	328.78	306.35	
	iii) Investments in related parties as % of Total Investments made	30.42%	0.00%	

#### LEADERSHIP INDICATORS

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

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
No such awareness programmes were conducted for value chain partners in FY 23-24.		

##### 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.**

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	Not Applicable	Not Applicable	Not Applicable
Capex	₹11.54 Crore	₹2.98 Crore	IT Capex

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**  
No, All our procurement at branches, except for laptops and desktops, are met through local businesses and suppliers. We, whenever feasible, procure from small businesses, women led businesses, and MSMEs. We, whenever feasible (dependent on availability, adequate information on green claims), procure from businesses offering sustainable products and services.
- b. **If yes, what percentage of inputs were sourced sustainably?**  
Not applicable.
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 a web link.
Not Applicable					

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 the Product/Service	Description of the risk/concern	Action Taken
Not Applicable		

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate Input Material	Recycled or re-used input material to total material	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Not Applicable		

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2023-24			FY 2022-23		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)	Not Applicable			Not Applicable		
E-waste						
Hazardous Waste						
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate Product Category	Reclaimed products and their packaging materials as % of total products sold in respective category
	Not Applicable

Principle 3: Businesses should respect and promote the wellbeing of all employees, including those in their value chains.

#### ESSENTIAL INDICATORS

1. a. Details of the measures for the well-being of employees.

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
<b>Permanent Employees</b>											
Male	12852	12852	100%	12852	100%	-	-	12852	100%	0	-
Female	245	245	100%	245	100%	245	100%	-	-	-	-
<b>Total</b>	<b>13097</b>	<b>13097</b>	<b>100%</b>	<b>13097</b>	<b>100%</b>	<b>245</b>	<b>1.87%</b>	<b>12852</b>	<b>98.13%</b>	<b>0</b>	<b>-</b>
<b>Other than Permanent Employees</b>											
Male	Not Applicable										
Female	Not Applicable										
<b>Total</b>	Not Applicable										

- b. Details of measures for the well-being of workers.

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
<b>Permanent Employees</b>											
Male	Not Applicable										
Female	Not Applicable										
<b>Total</b>	Not Applicable										
<b>Other than Permanent Employees</b>											
Male	Not Applicable										
Female	Not Applicable										
<b>Total</b>	Not Applicable										

- c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format.

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the company	₹5.16 Crore	₹1.51 Crore

2. Details of retirement benefits for the current and previous financial year.

Category	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%		Y	100%		Y
Gratuity	100%	Not	Y	100%	Not	Y
ESI	100%	Applicable	Y	100%	Applicable	Y
Others – please specify						

3. Accessibility of workplaces

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, head office of the company provides accessibility to differently abled people.

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, Policy is available at company's website. [https://spandanasphoorty.com/images\\_gallery/1714739367-617277-20240305050527-0848352001714739367.pdf](https://spandanasphoorty.com/images_gallery/1714739367-617277-20240305050527-0848352001714739367.pdf)

5. Return to work and retention rates of permanent employees that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	Not Applicable	
Female	100%	100%		
<b>Total</b>	100%	100%		

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.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Not Applicable
Other than Permanent Workers	Not Applicable
Permanent Employees	Yes, We regularly interact with the employees to understand their concerns. Employees can submit their grievances via a designated phone number and email. Any grievances related to POSH are addressed through internal committee. We also have a Vigil Mechanism and Whistle Blower Policy ( <a href="https://spandanasphoorty.com/policies">https://spandanasphoorty.com/policies</a> ).
Other than Permanent Employees	Not Applicable

## 7. Membership of employees and worker in association(s) or Unions recognized by the entity.

Category	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
<b>Total Permanent Employees</b>	13097	0	-	9674	0	-
Male	12852	0	-	9470	0	-
Female	245	0	-	204	0	-
<b>Total Permanent Workers</b>	Not Applicable			Not Applicable		
Male	Not Applicable			Not Applicable		
Female	Not Applicable			Not Applicable		

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

Category	FY 2023-24 Current Financial Year					FY 2022-23 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation Total (D)		Total (D)	On Health and safety measures		On Skill upgradation	
		Number (B)	% (B / A)	No. (C)	% (C/A)		No. (D)	No. (E)	% (E/D)	No. (F)
Employees	13097	11465	87.54%	8397	64.11%	9674	6774	70.02%	4201	43.43%
Male	12852	11357	88.37%	8313	64.68%	9470	6738	71.15%	4121	43.52%
Female	245	108	44.08%	84	34.29%	204	36	17.65%	80	39.22%
Workers	Not Applicable					Not Applicable				
Male	Not Applicable					Not Applicable				
Female	Not Applicable					Not Applicable				

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

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	12852	9,968	77.56%	9470	8454	89.27%
Female	245	203	82.86%	204	199	97.55%
<b>Total</b>	<b>13097</b>	<b>10,171</b>	<b>77.66%</b>	<b>9674</b>	<b>8653</b>	<b>89.55%</b>
<b>Workers</b>						
Male	Not Applicable			Not Applicable		
Female	Not Applicable			Not Applicable		
<b>Total</b>	Not Applicable			Not Applicable		

## 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. We acknowledge the significance of prioritizing the well-being the 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. 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?

All offices are equipped with necessary measures for fire safety. At head office, a designated team is entrusted to identify any potential work-related hazards and implement preventive measures.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)

Not Applicable

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

All employees are covered by health insurance, group life insurance and accident insurance.

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

Safety Incident/Number	Category*	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	Not Applicable
	Workers	Not Applicable	
Total recordable work-related injuries	Employees	0	
	Workers	Not Applicable	
No. of fatalities	Employees	0	
	Workers	Not Applicable	
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	
	Workers	Not Applicable	

\*Including in the contract workforce

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

Company has a health & safety policy.

- 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:**

Category	FY 2023- 2024			FY 2022-23		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	0	0		0	0	
Health and Safety	0	0		0	0	

**14. Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and Safety practices	100%.
Working Conditions	All offices were assessed in FY 23-24 by internal team.

**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.**

No corrective action was necessitated in FY 23-24



## LEADERSHIP INDICATORS

1. 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.

2. Provide the measures undertaken by the Company to ensure that statutory dues have been deducted and deposited by the value chain partners.

Not applicable

3. 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 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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)	FY 2023-24 (Current Financial Year)	FY 2022-23 (Current Financial Year)
Employees	0	0	0	0
Workers	Not Applicable		Not Applicable	

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No).

Yes, the 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.

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Not Assessed
Working conditions	

6. 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.

No corrective action was necessitated in FY 23-24.

**Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.**

## 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. Key stakeholders are employees, customers, CSR partners, community benefitting from CSR initiatives, investors, lenders, media, credit rating agencies and relevant government bodies.

We 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>
CSR Partners	No	Email, SMS, Phone, Meetings		<ul style="list-style-type: none"> <li>Community development initiatives</li> <li>Volunteering activities in local communities</li> </ul>
Receiver of CSR initiatives	Yes	Meetings, Phone		
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 & Regulatory bodies	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 analyse customer complaints/interactions to improve our services. This analysis not only identifies the underlying causes but also presents an opportunity for service enhancement.

1. Stakeholder interactions and insights from consultants and experts help us understand and meet expectations.
2. The company has conducted materiality assessment of key ESG related risks in consultation with its relevant stakeholders.
3. 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.
4. 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 endeavour to strengthen the socio-economic wellbeing of low-income households by providing financing on a sustainable basis 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.

1. The Company conducts financial literacy programs, skill development programs and vocational training programs for low-income households.
2. 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 endeavour to strengthen the socio-economic wellbeing of low-income households by providing finance that is sustainable for the borrowers and helps improve livelihoods.
3. We have initiated tailoring training centres for rural women and girls. These centres offer a comprehensive 90-day skill development program in tailoring along with Financial and Digital literacy module. We have trained 600 women across 05 tailoring centres in FY 2023-24. As a result of Spandana's efforts, 215 women have secured job placements, while 286 women have successfully become self-employed. In addition, we have also provided financial and digital literacy training to more than 12,428 women during the year.
4. 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 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: Businesses 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 2023- 2024			FY 2022-23		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (A)	No. of employees/ workers covered (B)	% (B/A)
<b>Employees</b>						
Permanent	13097	12830	97.96%	9674	4201	43.43%
Other than permanent	Not Applicable					
<b>Total</b>	<b>13097</b>	<b>12830</b>	<b>97.96%</b>	<b>9674</b>	<b>4201</b>	<b>43.43%</b>
<b>Workers</b>						
Permanent	Not Applicable			Not Applicable		
Other than permanent	Not Applicable			Not Applicable		
<b>Total</b>	Not Applicable			Not Applicable		

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

Category	FY 2023- 2024 Current Financial Year					FY 2022-23 Previous Financial Year				
	Total (A)	Equal to Minimum wage		More than minimum wage		Total (D)	Equal to Minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>	13097	0	0%	13097	100%	9674	0	0%	9674	100%
Male	12852	0	0%	12852	100%	9470	0	0%	9470	100%
Female	245	0	0%	245	100%	204	0	0%	204	100%
<b>Other than Permanent</b>	Not Applicable					Not Applicable				
Male	Not Applicable					Not Applicable				
Female	Not Applicable					Not Applicable				
<b>Workers</b>										
<b>Permanent</b>	Not Applicable					Not Applicable				
Male	Not Applicable					Not Applicable				
Female	Not Applicable					Not Applicable				
<b>Other than Permanent</b>	Not Applicable					Not Applicable				
Male	Not Applicable					Not Applicable				
Female	Not Applicable					Not Applicable				

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

- a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors	5	30,00,000	2	30,00,000
Key Managerial Personnel (KMPs)	3	2,90,40,000		
Employees other than BoDs and KMP	12,849	1,88,807	245	1,87,307
Workers	Not Applicable			

## b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24	FY 2022-23
Gross wages paid to females	71381984.00	36923953.00
Total wages	3253422001.00	1758002817.00
Gross wages paid to females (Gross wages paid to females as % of total wages)	2.19%	2.10%

## 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:

Category	FY 2023- 2024			FY 2022-23		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	0	0	No such cases reported	0	0	
Discrimination at the workplace	0	0	No such cases reported	0	0	
Child Labor	0	0	No such cases reported	0	0	
Forced Labor/Involuntary Labor	0	0	No such incidents reported	0	0	
Wages	0	0	No such cases reported	0	0	
Other human rights related issues	0	0	No such incidents reported	0	0	

## 7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023- 2024	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees/workers	0	0
Complaints on POSH upheld	0	0

## 8. 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.

**9. 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.

**10. Assessments for the year:**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Child Labor	100%
Forced/Involuntary Labor	100%
Sexual Harassment	100%
Discrimination at Workplace	100%
Wages	100%
Others- please specify	-

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

No corrective action was necessitated in FY 23-24.

**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.**

Not Assessed

**3. Is the premise/office of the Company 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**

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Sexual Harassment	Not Assessed
Discrimination at Workplace	
Child Labor	
Forced/Involuntary Labor	
Wages	
Others- please specify	

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

No corrective action was necessitated in FY 23-24.

## Principle 6: Businesses 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 2023- 2024 Current Financial Year	FY 2022- 2023 Previous Financial Year
<b>From renewable sources</b>		
Total Electricity Consumption (A)	0	-
Total Fuel Consumption (B)	0	-
Energy Consumption through other sources (C)	0	-
<b>Total Energy Consumed from renewable sources (A+B+C)</b>	<b>0</b>	<b>-</b>
<b>From non-renewable sources</b>		
<b>Total Electricity Consumption (D)</b>	<b>13738.05 GJ</b>	<b>8395.56 GJ</b>
Total Fuel Consumption (E)	2514.14 GJ	2930.41 GJ
Energy Consumption through other sources (F)	0	0
Total Energy consumed through non-renewable energy sources (D+E+F) *	16252.19 GJ	11325.97 GJ
<b>Total Energy consumed (A+B+C+D+E+F)</b>	<b>16252.19 GJ</b>	<b>11325.97 GJ</b>
Energy Intensity per rupee of turnover* (Total energy consumed/Revenue from operations)	0.67 KJ/₹	0.81 KJ/₹
Energy Intensity per rupee of turnover adjusted from Purchasing Power Parity (Total energy consumed/Revenue from operations adjusted for PPP)	Not Applicable	-
Energy intensity in terms of physical output	Not Applicable	-
Energy intensity (optional)- the relevant metric may be selected by the entity	1.24 GJ/FTE	1.17 GJ/FTE

\* Head Office Only.

-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

#### 2. Does the Company 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. No

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

Parameter	FY 2023- 2024 Current Financial Year	FY 2022- 2023 Previous Financial Year
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface Water	0	-
(ii) Groundwater	655.26* KL	309.2* KL
(iii) Third party water	0	-
(iv) Seawater/desalinated water	0	-
(v) Others (Drinking Water)	2737.93 KL	1,788.55 KL
<b>Total volume of water withdrawal (i + ii + iii + iv + v)</b>	<b>3393.19 KL</b>	<b>2097.75 KL</b>
<b>Total volume of water consumption (in kiloliters)</b>	<b>3393.19 KL</b>	<b>2097.75 KL</b>
Water intensity per rupee of Turnover (Total water consumption / Revenue from operations)	1.41 KL/Crore ₹	1.5 KL/ Crore ₹
Water Intensity per rupee of turnover adjusted from Purchasing Power Parity (Total water consumption/Revenue from operations adjusted for PPP)	Not Applicable	-
Water intensity in terms of physical output	Not Applicable	-
Water intensity (optional)- the relevant metric may be selected by the entity	0.25 KL/FTE	0.21 KL /FTE

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

\* Head Office Only.

## 4. Provide the following details related to water discharged

Parameter	FY 2024- 2023 Current Financial Year	FY 2022-23 Previous Financial Year
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
<b>(i) To Surface Water</b>	All water is used for human consumption (drinking and sanitation) only. All water discharge is managed through a centralized building/facility management system.	
- No treatment		
- With treatment- please specify the level of treatment		
<b>(ii) To Groundwater</b>		
- No treatment		
- With treatment- please specify the level of treatment		
<b>(iii) Sent to Third parties</b>		
- No treatment		
- With treatment- please specify the level of treatment		
<b>(iv) To Seawater</b>		
- No treatment		
- With treatment- please specify the level of treatment		
<b>(v) Others</b>		
- No treatment		
- With treatment- please specify the level of treatment		
<b>Total water discharged (in kiloliters)</b>		

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

## 5. Has the entity implemented a mechanism for Zero Liquid Discharge?

Not Applicable.

All water is used for human consumption (drinking and sanitation) only. All water discharge is managed through a centralized building/facility management system.

## 6. Please provide details of air emissions (other than GHG emissions) by the entity in the following format:

	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
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.

## 7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) &amp; its intensity.

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tonnes of CO2 equivalent	178.165 tCO2e CO2: 168.76 Methane: 2.056 N2O: 2.155 Refrigerants: 5.195*	220.35 tCO2e CO2: 199.32 Methane: 0.21 N2O: 1.05 Refrigerants: 19.77
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs SF6, NF3, if available)	tonnes of CO2 equivalent	3140.67 tCO2e**	1865.76 tCO2e
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Gram/₹	0.125 gram CO2e/ ₹	0.15 gram CO2e/₹



Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted from PPP)		Not Applicable	-
Total Scope 1 and Scope 2 emission intensity in terms of physical output		Not Applicable	-
Total Scope 1 and Scope 2 emission intensity (optional)- the relevant metric may be selected by the entity	Tonnes CO2e/FTE	0.2534 tCO2e/FTE	0.22 tCO2e/FTE

**\* Assumptions:**

- o The leakage factor of refrigerant from air conditioners is based on 255 working days, with 8 hours of daily operation.
- o The leakage factor of refrigerant from air conditioners in UPS and server rooms is based on 365 working days, with 24 hours of daily operation.

**\*\*Scope 2 Emissions are:**

- o Emissions from electricity Consumption: 2637.24 tCO2e
- o Emissions from electricity Consumption for Airconditioners:503.42 tCO2e

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

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

There are no projects related to reducing GHG emissions in FY 23-24.

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

Parameter	FY 2023- 2024 Current Financial Year	FY 2022-23 Previous Financial Year
<b>Total waste generated (in metric tonnes)</b>		
Plastic Waste (A)		-
E-waste (B)		-
Biomedical waste (C)		-
Construction and demolition waste (D)		
Battery waste (E)	The offices generate wet/organic waste, dry waste (paper and plastic) and some E-waste.	
Radioactive waste (F)		
Other Hazardous Waste, if any. Please specify. (G)		
Other non-hazardous waste generated. Please specify, if any. (H)		
(Break-up by composition i.e. by materials relevant to the sector)		
<b>Total (A+B+C+D+E+F+G+H)</b>	Quantitative data on waste generation is currently not available.	-
Waste intensity per rupee of	Company has initiated data collection on these parameters. It will be provided in FY 24-25 Report.	-
Turnover (Total waste generated/ Revenue from operations)		
Waste Intensity per rupee of turnover adjusted from Purchasing Power Parity (Total waste generated/Revenue from operations adjusted for PPP)		-
<b>Waste intensity in terms of physical output</b>		-
Waste intensity (optional)- the relevant metric may be selected by the entity		-
<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>Category of Waste</b>		
(i) Incineration		
(ii) Landfilling		
(ii) Other disposal operations		
<b>Total</b>		

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.

**10. 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.

**11. 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.**

S. No.	Location of operations/offices	Types 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.
	Spandana conducts its operations from leased office spaces and none of these offices are in ecologically sensitive areas.		

**12. 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					

**13. Is 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
The company complies with applicable environmental regulations.				

**LEADERSHIP INDICATORS**

**1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

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 to empower individuals and promote financial inclusion.
- Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface Water	0	-
(ii) Groundwater	655.26*KL	309.2*KL
(iii) Third party water	0	-
(iv) Seawater/desalinated water	0	-
(v) Others (Drinking Water)	2737.93 KL	1788.55 KL
<b>Total volume of water withdrawal (in kilolitres)</b>	<b>3393.19 KL</b>	<b>2097.75 KL</b>

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Total volume of water consumption (in kilolitres)</b>	3393.19 KL	2097.75 KL
Water intensity per rupee of turnover (water consumed/turnover)	1.41 KL/ Crore ₹	1.5 KL/Crore ₹
Water intensity (optional)- the relevant metric may be selected by the entity	0.25 KL/FTE	0.21 KL/FTE
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water		
- No treatment		
- With treatment- please specify the level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment- please specify the level of treatment		
(iii) Into seawater		
- No treatment		
- With treatment- please specify the level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment- please specify the level of treatment		
(v) Others		
- No treatment		
- With treatment- please specify the level of treatment		
<b>Total water discharged (in kilolitres)</b>		

The company provides financial services only. All water is used for human consumption (drinking and sanitation). All water discharge is managed through a centralized building/facility management system.

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

**2. Please provide details of total Scope 3 emissions & its intensity.**

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCsm SF6, NF3, if available)	Metric tonnes of CO2 equivalent		-
Total Scope 3 emissions per rupee of turnover		Not Assessed	-
Total Scope 3 emissions intensity (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.

**3. With respect to the ecologically sensitive areas reported at Question 11 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

**4. 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:**

Sr. No.	Initiative Undertaken and 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.	<ul style="list-style-type: none"> <li>Reduction in energy consumption</li> <li>Reduction in Scope-2 GHG Emissions</li> </ul>
2	The company replaced plastic water bottles with glass or steel bottles.	<ul style="list-style-type: none"> <li>Reduction in Single Use Plastic (SUPs) consumption</li> <li>Reduction in overall plastic waste</li> </ul>
3	The company emphasizes more on digitalization to minimize paper waste.	<ul style="list-style-type: none"> <li>Reduction in paper consumption</li> </ul>

5. **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.
6. **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 Assessed
7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**  
Not Assessed

**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 five 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, <a href="https://mfinindia.org/">https://mfinindia.org/</a>	National
2	Sa-Dhan, <a href="https://www.sa-dhan.net/">https://www.sa-dhan.net/</a>	National
3	Association of Karnataka Microfinance Institutions	State
4	Odisha State Association of Financial Inclusion Institutions	State
5	Association of Microfinance Institution West Bengal	State

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
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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 behaviour, indicating that there were no instances of such behaviour. No corrective action was necessitated in FY 23-24.

#### 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
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Spandana participates in MFI industry advocacy and is part of policy making related to MFI Industry. The Company actively advocates for and supports 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: Businesses should promote 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 and brief details of project	SIA Notificaiton No.	Date of Notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
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- The CSR programs are not eligible for Impact assessment.

##### 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

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 ₹)
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Not Applicable

##### 3. Describe the mechanisms to receive and redress grievances of the community.

Community members can submit their grievances through a toll-free number (1800-120-5519). Any grievances related to customers/community are taken up promptly for resolution/ redressal.

We have a Vigil Mechanism and Whistle Blower Policy (<https://spandanaspooorty.com/policies>)

to address complaints from its stakeholders including community members.

We also regularly interact with the communities to get their feedback.

##### 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023- 2024 Current Financial Year	FY 2022-23 Previous Financial Year
Directly sourced from MSMEs/small producers	Not Assessed	
Directly from within India		

##### 5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost.

Location	FY 2023- 2024 Current Financial Year	FY 2022-23 Previous Financial Year
Rural	7634	5084
Semi-urban	18	18
Urban	5445	4572
Metropolitan	-	

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

## 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
Not Applicable	

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.	Odisha	Koraput	50,00,000

3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

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.

- b. From which marginalized /vulnerable groups do you procure?

Not Assessed

- c. What percentage of total procurement (by value) does it constitute?

Not Assessed

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
There are no intellectual properties owned or acquired by the company.				

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.

Name of authority	Brief of the Case	Corrective action taken
No corrective action was necessitated in FY 23-24.		

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 Tailoring training program	600	100%
2	Thematic area: Health Digital Dispensary to facilitate Telehealth services to the rural citizen	22745	100%
3	Thematic area: Education School transformation program & Play on Game On program	3667	100%
4	Thematic area: Financial and Digital Literacy Training on Financial and digital literacy to rural women	12428	100%

**Principle 9: Businesses should engage with and provide value to their 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.

Grievance redressal mechanism and associated contact form, toll free number, and email address for registering grievances is displayed on company's website, <https://spandanaspooorty.com/customer-support>.

Internal auditors conduct quarterly audits in each branch of the company to 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 of total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	
Recycling and/or safe disposal	

**3. Number of consumer complaints in respect of the following:**

Category	FY 2023- 2024 Current Financial Year			FY 2022-23 Previous Financial Year		
	Received during the year	Pending resolution at the end of the year	Remarks	Received during the year	Pending resolution at the end of the year	Remarks
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 Related to non-credit of loan amount, insurance claim settlement, information about instalments, etc.	1821	8	8 complaints resolved during Q1 of FY24 - 25	3283	53	53 complaints resolved in 1st Quarter of FY 2023-24

**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.**

Yes.

The company has a Cyber Security and Data Privacy Policy. It is displayed on company's website, [https://spandanasphoorty.com/images\\_gallery/1717742912-554836-20240706120632-0844821001717742912.pdf](https://spandanasphoorty.com/images_gallery/1717742912-554836-20240706120632-0844821001717742912.pdf)

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.**

No corrective action was necessitated in FY 23-24.

7. **Provide the following information relating to data breaches:**

- a. Number of instances of data breaches: 0
- b. Percentage of data breaches involving personally identifiable information of customers: 0
- c. Impact, if any, of the data breaches: 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's products and services are available on

1. Website, <https://www.spandanasphoorty.com/products>
2. Meetings at Centre and Branches: As a microfinance institution we follow JLG model, all our customer interactions happen at the Centre meetings and Branches. Our Loan officers inform the customers about the essential features of the loan products including the amount, tenure, interest rate, instalment amount and the terms and conditions of the loans.
3. Through Customer Support Service helpline given on company's website, <https://spandanasphoorty.com/customer-support>.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The following mediums are used to educate customers about safe and responsible use of products and services offered by Spandana:

1. Meetings at Centre and Branches: Weekly and monthly meetings are undertaken with consumers/customers depending on repayment frequency. These meetings are conducted to collect instalments from borrowers and to disburse new loans to existing or prospective borrowers. The customers are informed about the loan products and associated terms and conditions in detail. They are also educated about over-leveraging. There is system level check that also ensure that the borrowers are not over leveraged. In addition, the loans are given expressly for income generating purposes. There are customers house visits done post disbursement to ensure that the loans are used for the purposes specified.
2. Customer Support Service helpline, given on company's website, <https://spandanasphoorty.com/customer-support>.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

Consumers are informed via the following channels: company website, meetings at centre and branches, and customer support service helpline.

The field employees can also call the centre leader on the registered mobile number in case there is some disruption expected. Centre leader is the SPOC for the group of women borrowers at the Centre.

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 all branches of the company and the company's website, <https://spandanasphoorty.com/code-of-conduct>



# Independent Auditor's Report

To the Members of  
Spandana Sphoorty Financial Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

- We have audited the accompanying standalone financial statements of Spandana Sphoorty Financial Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2024, 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 material accounting policy information and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('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 2024, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

- 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
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<b>(a) Impairment losses and write off on loan portfolio</b>	
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<p>Refer note 3(d) for significant accounting policies, note 6 for impairment disclosures and note 40.1 for credit risk disclosures. The Company has gross loan assets of 10,640.51 crores outstanding as at 31 March 2024, against which an impairment of ₹296.67 crores 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 ₹86.21 crores during the year ended 31 March 2024.</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>
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<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>
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<p>Significant management judgements are involved in measuring ECL with respect to:</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>
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### Basis for Opinion

- 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

- 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
<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 standalone 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).</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>
<b>(b) Information Technology Systems and Controls for the financial reporting process</b>	
<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>
	<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 Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. The Board of Directors is 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 standalone 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 A, 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 A, 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, except for the matters stated in paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

- 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 2024 from being appointed as a director in terms of section 164(2) of the Act;
- f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 17(b) above on reporting under section 143(3)(b) of the Act and paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2024 and the operating effectiveness of such controls, refer to our separate report in Annexure B wherein we have expressed unmodified opinion; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, 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 2024.;
  - 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 2024;
  - 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 2024;
  - iv.
    - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 43 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 of the Ultimate Beneficiaries;
- b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 44 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 2024.
- vi. As stated in note 50 to the standalone financial statements and based on our examination which included test checks, except for instances mentioned below, the Company, in respect of financial year commencing on 1 April 2023, has used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below:

Particulars	Details of Exceptions noted
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software.	The audit trail feature was not enabled at the database level for accounting software FIMO to log any direct data changes, used for maintenance of all relevant accounting records by the Company.
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature	The accounting software (Adrenalin Max) used for maintenance of books of account of the Company is operated by third party software service provider. In the absence of the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization), we are unable to comment whether the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Place: Hyderabad  
Date: April 29, 2024

**Manish Gujral**  
Partner  
Membership No.: 105117  
UDIN: 24105117BKDANK2787

## Annexure A 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 2024

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 relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment and relevant details of 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 (including 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 Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans are, prima facie, not prejudicial to the interest of the Company.
- (c) The Company is a Non-Banking Financial Company ('NBFC'), registered under provisions 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 instances as below, as also disclosed under Note 6 to the standalone financial statements:

(₹ in crores)

Particulars – Days Past Due	Aggregate amount outstanding for overdue loans as at 31 March 2024	No of cases
SMA 0 (upto 30 days)	9.82	48,565
SMA 1 (31-60 days)	13.56	32,443
SMA 2 (61 - 90 days)	15.19	22,441
More than 90 days	95.87	62,824

Having regard to the nature of business of the Company and volume of the transactions, it is impractical to furnish the item-wise listing for the above-mentioned cases of delay in repayment of principal and interest.

- (d) According to the information and explanations given to us, the total amount which is overdue for 90 days or more in respect of loans and advances in the nature of loans given in the course of the business operations of the Company aggregates to ₹95.87 crores as at 31 March 2024 in respect of 62,824 number of loans. Further, reasonable steps as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.
- (e) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

- (f) The Company has granted loans which are repayable on demand or without specifying any terms or period of repayment, as per details below:

(₹ in crores)

Particulars	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan			
- Repayable on demand (A)	73.60	-	73.60
- Agreement does not specify any terms or period of repayment (B)	-	-	-
<b>Total (A+B)</b>	<b>73.60</b>	<b>-</b>	<b>73.60</b>
Percentage of loans/advances in nature of loan to the total loans	0.69%		0.69%

- (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 granted, guarantees and security provided by it.
- (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:

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	1.81*	0.33	Financial year from 2007-08 to 2011-12	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	8.72	-	Assessment Year (AY) 2011-12	Commissioner of Income Tax (Appeals)
		34.61*	6.92	AY 2017-18	
		0.89	-	AY 2018-19	
		1.84	0.37	AY 2020-21	
Goods and Services Tax Act, 2017	Goods and Services Tax	4.93	-	FY 2017-18	Additional Commissioner (Appeals)
		0.34	-	FY 2017-18	Joint Commissioner (Appeals)

\*Excluding interest and penalty, as applicable

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been 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 the 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 government or any government authority.
- (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/surplus 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanation 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 multiple instances of misappropriation of cash by its employees as identified by the management during the year, aggregating to ₹10.79 crores as mentioned in note 46(W) to the accompanying standalone financial statements. The Company has initiated necessary action against the employees connected to such instances including termination of their employment contracts and recovery of these amounts to the extent possible. The Company has recovered ₹2.77 crores from its employees and written off the unrecovered amount of ₹8.02 crores during the year ended 31 March 2024.
- (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 which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
- (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) (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 in 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

Membership No.: 105117

UDIN: 24105117BKDANK2787

Place: Hyderabad  
Date: April 29, 2024

## Annexure B to 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 2024

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 2024, 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 2024 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.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Manish Gujral**

Partner

Membership No.: 105117

UDIN: 24105117BKDANK2787

Place: Hyderabad

Date: April 29, 2024

# Standalone Balance Sheet

as at March 31, 2024

(₹ in crores unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	1,385.55	810.36
Bank balances other than cash and cash equivalents	5	484.45	191.16
Loans	6	10,343.84	7,480.29
Investments	7	328.78	306.35
Other financial assets	8	82.67	132.40
<b>Subtotal - Financial assets</b>		<b>12,625.29</b>	<b>8,920.56</b>
<b>Non-Financial assets</b>			
Current tax assets (net)	9	47.64	38.24
Deferred tax assets (net)	10	122.18	188.93
Property, plant and equipment	11	27.83	24.64
Intangible assets	11A	4.35	4.68
Other non-financial assets	12	42.29	8.59
<b>Subtotal - Non-Financial assets</b>		<b>244.29</b>	<b>265.08</b>
<b>Total Assets</b>		<b>12,869.58</b>	<b>9,185.64</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Debt securities	13	3,867.66	3,353.91
Borrowings (other than debt securities)	13	5,124.50	2,560.31
Subordinated liabilities	13	20.00	19.98
Other financial liabilities	14	243.88	161.67
<b>Subtotal - Financial liabilities</b>		<b>9,256.04</b>	<b>6,095.87</b>
<b>Non-Financial liabilities</b>			
Current tax liabilities (net)	15	5.59	4.02
Provisions	16	16.60	6.21
Other non-financial liabilities	17	35.36	36.37
<b>Subtotal - Non-Financial liabilities</b>		<b>57.55</b>	<b>46.60</b>
<b>EQUITY</b>			
Equity share capital	18	71.30	70.98
Other equity	19	3,484.69	2,972.19
<b>Subtotal - Equity</b>		<b>3,555.99</b>	<b>3,043.17</b>
<b>Total Liabilities and Equity</b>		<b>12,869.58</b>	<b>9,185.64</b>

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

Place: Hyderabad  
Date: April 29, 2024

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: Hyderabad  
Date: April 29, 2024

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Vinay Prakash Tripathi**  
Company Secretary  
Membership No.: ACS-18976

# Standalone Statement of Profit and Loss

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

	Notes	For year ended March 31, 2024	For year ended March 31, 2023
<b>Revenue from operations</b>			
Interest income	20	2,117.05	1,205.57
Net gain on fair value changes	21	162.47	84.41
Recovery against loans written-off	22	20.24	38.68
<b>Total revenue from operations</b>		<b>2,299.76</b>	<b>1,328.66</b>
Other income	23	107.15	65.79
<b>Total income</b>		<b>2,406.91</b>	<b>1,394.45</b>
<b>Expenses</b>			
Finance costs	24	897.38	445.06
Impairment on financial instruments	25	263.26	499.76
Employee benefits expenses	26	450.94	293.84
Depreciation and amortization expenses	27	19.73	10.68
Other expenses	28	149.58	126.86
<b>Total expenses</b>		<b>1,780.89</b>	<b>1,376.20</b>
<b>Profit before tax</b>		<b>626.02</b>	<b>18.25</b>
<b>Tax expense:</b>			
Current tax	29	92.88	-
Deferred tax		65.26	5.91
<b>Income tax expense</b>		<b>158.14</b>	<b>5.91</b>
<b>Profit for the year</b>		<b>467.88</b>	<b>12.34</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		(4.49)	(1.09)
Income tax effect		1.13	0.27
<b>Items that will be reclassified subsequently to profit or loss</b>			
Fair value loss on loans		10.40	(53.02)
Income tax effect		(2.62)	13.34
<b>Other comprehensive income / (loss)</b>		<b>4.42</b>	<b>(40.50)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>472.30</b>	<b>(28.16)</b>
<b>Earnings per equity share</b>			
Nominal value per equity share (₹)	30	10.00	10.00
Basic (₹)		65.81	1.74
Diluted (₹)		64.84	1.74

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

**Vinay Prakash Tripathi**  
Company Secretary  
Membership No.: ACS-18976

Place: Hyderabad  
Date: April 29, 2024

Place: Hyderabad  
Date: April 29, 2024

# Standalone Cash Flow Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
<b>Cash flow from operating activities</b>		
Profit before tax	626.02	18.25
<b>Adjustments for:</b>		
Depreciation and amortization	19.73	10.68
Interest on income tax	-	0.02
Share based payment to employees	26.09	28.86
Provision for employee benefits	5.90	2.02
Finance cost on lease liability	1.26	0.96
Impairment on financial instruments	263.26	499.76
Net gain on financial assets / (liabilities) designated at fair value through profit or loss	(68.52)	(31.67)
Other provisions and write offs	7.65	4.43
<b>Operating profit before working capital changes</b>	<b>881.39</b>	<b>533.31</b>
Movements in working capital :		
Changes in other financial liabilities	84.34	13.42
Changes in other non-financial liabilities	(1.01)	(7.07)
Changes in bank balances other than cash and cash equivalents	(293.29)	283.91
Changes in provisions	-	(0.84)
Changes in loans	(3,012.53)	(2,769.32)
Changes in other financial assets	(27.93)	(70.41)
Changes in other non financial assets	(33.70)	1.16
<b>Cash used in operations</b>	<b>(2,402.73)</b>	<b>(2,015.84)</b>
Income taxes paid	(100.71)	(36.68)
<b>Net cash used in operating activities (A)</b>	<b>(2,503.44)</b>	<b>(2,052.52)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(22.79)	(12.66)
Proceeds from derecognition of property, plant and equipment	0.35	-
Investment in subsidiary	(100.00)	(2.48)
Investment in security receipts	-	(198.26)
Proceeds from redemption of security receipts	43.55	9.01
Purchase of investments	(12,085.00)	(5,991.74)
Sale of investments	12,153.52	6,018.51
<b>Net cash used in investing activities (B)</b>	<b>(10.37)</b>	<b>(177.62)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (including securities premium)	14.43	10.95
Long-term borrowings availed	9,164.25	5,109.61
Long-term borrowings repaid	(6,086.29)	(2,801.92)
Interest payment of lease liabilities	(1.26)	(0.96)
Principal payment of lease liabilities	(2.13)	(1.17)
<b>Net generated from financing activities (C)</b>	<b>3,089.00</b>	<b>2,316.51</b>

# Standalone Cash Flow Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
<b>Net change in cash and cash equivalents (A + B + C)</b>	<b>575.19</b>	<b>86.37</b>
Cash and cash equivalents at the beginning of the year	810.36	723.99
<b>Cash and cash equivalents at the end of the year</b>	<b>1,385.55</b>	<b>810.36</b>
<b>Components of cash and cash equivalents as at the end of year</b>		
Cash on hand	7.16	0.39
Balance with banks - on current account	788.07	789.97
Deposits with original maturity of less than or equal to 3 months	590.32	20.00
<b>Total cash and cash equivalents</b>	<b>1,385.55</b>	<b>810.36</b>
<b>Cash flow from operating activities</b>	<b>For year ended March 31, 2024</b>	<b>For year ended March 31, 2023</b>
Interest received	2,051.88	1,205.31
Interest paid	(955.16)	(369.46)

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: Hyderabad  
Date: April 29, 2024

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: Hyderabad  
Date: April 29, 2024

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Vinay Prakash Tripathi**  
Company Secretary  
Membership No.: ACS-18976

# Standalone Statement of Changes in Equity

for the year ended on March 31, 2024

(₹ in crores unless otherwise stated)

## A. Equity Shares

Equity Share of ₹10 each issued, subscribed and fully paid

Particulars	No. of Shares	Amount
<b>As at April 1, 2022</b>	<b>6,90,94,530</b>	<b>69.09</b>
Issue of equity share capital during the year ended March 31, 2023 (refer note 18)	18,88,739	1.89
<b>As at March 31, 2023</b>	<b>7,09,83,269</b>	<b>70.98</b>
Issue of equity share capital during the year ended March 31, 2024 (refer note 18)	3,14,175	0.32
<b>As at March 31, 2024</b>	<b>7,12,97,444</b>	<b>71.30</b>

## B. Other Equity

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	Statutory Reserve					
<b>Balance as at April 01, 2022</b>	<b>2,133.93</b>	<b>233.65</b>	<b>7.32</b>	<b>359.08</b>	<b>152.69</b>	<b>20.09</b>	<b>2,906.76</b>	<b>(19.33)</b>	<b>75.00</b>	<b>2,962.43</b>	
Profit for the year ended March 31, 2023	-	12.34	-	-	-	-	12.34	-	-	12.34	
Impairment allowance on loans reclassified to profit and loss	-	-	-	-	-	-	-	439.77	-	439.77	
Fair value change during the year	-	-	-	-	-	-	-	(479.45)	-	(479.45)	
Remeasurement gain or loss on actuarial valuation	-	(0.82)	-	-	-	-	(0.82)	-	-	(0.82)	
Transfer to Statutory Reserve	-	(2.47)	-	2.47	-	-	-	-	-	-	
Conversion of share warrants into equity shares	-	-	-	-	-	-	-	-	(75.00)	(75.00)	
Premium on issue of equity shares, net of issue expenses	84.58	-	-	-	-	-	84.58	-	-	84.58	
Add: Share based payment to employees	-	-	-	-	-	28.86	28.86	-	-	28.86	
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	3.71	-	-	(4.23)	(0.52)	-	-	(0.52)	
<b>Balance as at March 31, 2023</b>	<b>2,218.51</b>	<b>242.70</b>	<b>11.03</b>	<b>361.55</b>	<b>152.69</b>	<b>44.72</b>	<b>3,031.20</b>	<b>(59.01)</b>	<b>-</b>	<b>2,972.19</b>	



# Standalone Statement of Changes in Equity

for the year ended on March 31, 2024

(₹ in crores 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						
Profit for the year ended March 31, 2024	-	467.88	-	-	-	-	-	467.88	-	-	467.88
Impairment allowance on loans reclassified to profit and loss	-	-	-	-	-	-	-	-	159.38	-	159.38
Fair value change during the year	-	-	-	-	-	-	-	-	(151.60)	-	(151.60)
Remeasurement gain or loss on actuarial valuation	-	(3.36)	-	-	-	-	-	(3.36)	-	-	(3.36)
Transfer to Statutory Reserve	-	(93.58)	-	93.58	-	-	-	-	-	-	-
Premium on issue of equity shares, net of issue expenses	21.92	-	-	-	-	-	-	21.92	-	-	21.92
Add: Share based payment to employees	-	-	-	-	-	-	26.09	26.09	-	-	26.09
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	0.84	-	-	-	(8.65)	(7.81)	-	-	(7.81)
<b>Balance as at March 31, 2024</b>	<b>2,240.43</b>	<b>613.64</b>	<b>11.87</b>	<b>455.13</b>	<b>152.69</b>	<b>62.16</b>	<b>3,535.92</b>	<b>(51.23)</b>	<b>-</b>	<b>-</b>	<b>3,484.69</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

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

**Vinay Prakash Tripathi**

Company Secretary

Membership No.: ACS-18976

Place: Hyderabad

Date: April 29, 2024

Place: Hyderabad

Date: April 29, 2024

# Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 1. Corporate information

Spandana Sphoorty Financial Limited ('SSFL' or the 'Company') is a public company domiciled in India and incorporated under the provisions of 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. As per the "Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023" ("the SBR Regulations") dated 19 October 2023 issued by the RBI the Company is classified as non-banking financial company – middle layer ('NBFC – ML'). 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), the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("the RBI guidelines") and other accounting principles generally accepted in India.

The functional currency of the Company is the Indian rupee. These standalone financial statements are presented in Indian rupees ("₹ or "INR") and all values / amounts are rounded off to nearest crores, 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 April 29, 2024.

### b) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

### c) Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

#### i) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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.

## 3. Material accounting policy information

This note provides a list of the material 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) Recognition of income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

### (i) Interest income and expense

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

### (ii) 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

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## b) Property, plant and equipment (PPE)

### 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.

## c) 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 (amount in full) 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

## d) Impairment

### i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.

In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive

income. Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognize credit losses over next 12-month period. The Company has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Company has a process to assess credit risk of all exposures at each year end as follows:

### Stage I

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over next 12 months.

### Stage II

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

### Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

### Methodology for calculating ECL

The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The 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

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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.

## e) 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.

The Company recognizes revenue from advertisement activities upon satisfaction of performance obligation (at a point in time) by rendering of services underlying the contract with third party customers.

## f) 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.

## g) 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.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## h) 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.

## i) Earnings per share (EPS)

The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

## j) 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

## k) 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

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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.

## I) 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, except trade receivables which is recorded at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

### Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and

- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

### Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

**Business model:** The business model reflects how the Company manages the assets in order to generate cash flows. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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.

### 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.

### m) 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.

### n) 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:



# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

- **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.
- o) 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.
- p) 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.
- q) 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.
- r) New and amended standards**
- i) Disclosure of Accounting Policies-** Amendments to Ind AS 1, Presentation of financial statements  
The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is material accounting policy information and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.  
The amendment have had an impact on the Company's disclosure of accounting policy, but not on the measurement, recognition or presentation of any item in the financial statements
  - ii) Amendments to Ind AS 8, Accounting policies, changes in accounting estimates and errors**  
The amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendment have no impact on the financial statements.
  - iii) Deferred tax related to assets and liabilities transaction - Amendments to Ind AS 12, Income taxes**  
The amendment requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and decommissioning restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The amendment have no impact on the financial statements.
- s) Recent Accounting pronouncements**  
Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 4: Cash and cash equivalents

	As at March 31, 2024	As at March 31, 2023
Cash on hand	7.16	0.39
Balances with banks in current accounts	788.07	789.97
Bank deposit with original maturity of less than three months	590.32	20.00
	<b>1,385.55</b>	<b>810.36</b>

## 5: Bank balances other than cash and cash equivalents

	As at March 31, 2024	As at March 31, 2023
Fixed deposit with banks not considered as cash and cash equivalents	12.66	2.00
Restricted bank balance	0.03	-
Deposits held as margin money or security against the borrowings	471.76	189.16
	<b>484.45</b>	<b>191.16</b>

## 6: Loans

	As at March 31, 2024	As at March 31, 2023
(a) Term Loans (at fair value through OCI)	10,566.91	7,466.20
(b) Loans repayable on demand - Inter corporate advances to related parties - (at amortized cost)	73.60	229.61
<b>Total - Gross</b>	<b>10,640.51</b>	<b>7,695.81</b>
Less: Impairment loss allowance (refer note 4)	(296.67)	(215.52)
<b>Total - Net</b>	<b>10,343.84</b>	<b>7,480.29</b>
<b>Break-up of loans</b>		
(a) Secured by tangible assets (Property including land and building)	2.21	4.53
(b) Unsecured	10,638.30	7,691.28
<b>Total - Gross</b>	<b>10,640.51</b>	<b>7,695.81</b>
Less: Impairment loss allowance	(296.67)	(215.52)
<b>Total - Net</b>	<b>10,343.84</b>	<b>7,480.29</b>
(a) Public sector	-	-
(b) Others	10,640.51	7,695.81
<b>Total - Gross</b>	<b>10,640.51</b>	<b>7,695.81</b>
Less: Impairment loss allowance	(296.67)	(215.52)
<b>Total - Net</b>	<b>10,343.84</b>	<b>7,480.29</b>
(a) Within India	10,640.51	7,695.81
(b) Outside India	-	-
<b>Total - Gross</b>	<b>10,640.51</b>	<b>7,695.81</b>
Less: Impairment loss allowance	(296.67)	(215.52)
<b>Total - Net</b>	<b>10,343.84</b>	<b>7,480.29</b>

## Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

### 6: Loans (Contd.)

**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:

	As at March 31, 2024	As at March 31, 2023
Outstanding balance	73.60	229.61
Percentage to the total gross loan portfolio	0.69%	2.98%

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, 2024

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount at the beginning of the year ^	7,242.58	66.94	156.68	7,466.20
New assets originated or purchased	10,042.14	-	-	10,042.14
Asset derecognised or repaid (excluding write offs) #	(6,801.15)	(35.26)	(19.92)	(6,856.33)
Assets written off during the year ^	-	-	(95.50)	(95.50)
Inter-stage movements	-	-	-	-
Stage I	13.22	(0.21)	(13.01)	-
Stage II	(162.33)	162.91	(0.58)	-
Stage III	(117.37)	(23.03)	140.40	-
Fair Value on loans	10.72	(0.32)	-	10.40
<b>Gross carrying amount at the end of the year</b>	<b>10,227.81</b>	<b>171.03</b>	<b>168.07</b>	<b>10,566.91</b>

#### Gross loan portfolio movement for the year ended March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount at the beginning of the year ^	4,115.08	547.19	1,113.90	5,776.17
New assets originated or purchased	7,624.21	-	-	7,624.21
Asset derecognised or repaid (excluding write offs) #	(4,277.51)	(432.44)	(271.72)	(4,981.67)
Assets written off during the year ^	-	-	(899.49)	(899.49)
Inter-stage movements	-	-	-	-
Stage I	23.68	(6.08)	(17.60)	-
Stage II	(60.94)	62.01	(1.07)	-
Stage III	(128.05)	(104.61)	232.66	-
Fair Value on loans	(53.89)	0.87	-	(53.02)
<b>Gross carrying amount at the end of the year</b>	<b>7,242.58</b>	<b>66.94</b>	<b>156.68</b>	<b>7,466.20</b>

^ Gross carrying amount includes total accrued interest. Accordingly, assets written off during the year includes total accrued interest reversal against loan written off, while this interest reversal is net of impairment allowance in the statement of profit and loss under the head "interest income".

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 6: Loans (Contd.)

### Movement of impairment allowance (ECL) during the year ended March 31, 2024

Particulars	Stage I	Stage II	Stage III	Total
Balances as at the beginning of the year	78.48	27.36	109.68	215.52
Provision made/ (reversed) during the year #	(6.49)	64.03	119.11	176.65
Inter-stage movements				
Stage I	9.19	(0.09)	(9.10)	-
Stage II	(1.76)	2.17	(0.41)	(0.00)
Stage III	(1.27)	(9.41)	10.68	-
Write off	-	-	(95.50)	(95.50)
<b>Balances as at the end of the year</b>	<b>78.15</b>	<b>84.06</b>	<b>134.46</b>	<b>296.67</b>

### 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	33.41	105.69	492.82	631.92
Provision made/ (reversed) during the year #	37.64	(57.91)	503.36	483.09
Inter-stage movements				
Stage I	8.96	(1.17)	(7.79)	-
Stage II	(0.50)	0.97	(0.47)	-
Stage III	(1.04)	(20.20)	21.24	-
Write off	-	-	(899.49)	(899.49)
<b>Balances as at the end of the year</b>	<b>78.47</b>	<b>27.38</b>	<b>109.67</b>	<b>215.52</b>

# Represents balancing figure

Details of amount overdue	As at March 31, 2024		As at March 31, 2023	
	No. of loans	Amount	No. of loans	Amount
SMA 0 (1 - 30 days)	48,565	9.82	17,858	3.34
SMA 1 (31 - 60 days)	32,443	13.56	21,247	7.87
SMA 2 (61 - 90 days)	22,441	15.19	16,962	9.38
GNPA	62,824	95.87	1,03,958	70.84

**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 at respective period end and 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, 2024 and March 31, 2023.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 7: Investments

	As at March 31, 2024	As at March 31, 2023
<i>Measured at cost</i>		
<b>Investment in subsidiaries</b>		
20,00,000 (March 31, 2023: 20,00,000) equity shares of ₹10 each fully paid up in Caspian Financial Services Limited, representing 100% stake in the entity	2.00	2.00
1,16,59,389 (March 31, 2023: 76,59,392) equity shares of ₹10 each fully paid up in Criss Financial Limited, representing 99.90% stake in the entity	215.00	115.00
	<b>217.00</b>	<b>117.00</b>
<i>Measured at fair value through profit &amp; loss</i>		
<b>Investment in Security Receipts</b>		
Less: Impairment loss allowance - Security Receipts	(34.02)	-
	<b>111.68</b>	<b>189.25</b>
<b>Others</b>		
1,00,000 (March 31, 2023: 1,00,000) equity shares of ₹10 each fully paid up in Alpha Micro Finance Consultants Private Limited	0.10	0.10
	<b>328.78</b>	<b>306.35</b>

**Note:** All investments are held within India.

## 8: Other financial assets

	As at March 31, 2024	As at March 31, 2023
<b>Unsecured, considered good</b>		
Security deposits	6.23	5.24
Retained interest on direct assignment	50.32	43.78
Receivable from advertisement income	19.71	18.74
Receivable from assignment of portfolio	-	52.28
Receivable from insurance company	6.15	11.15
Other assets	0.26	1.21
	<b>82.67</b>	<b>132.40</b>
<b>Unsecured, considered doubtful</b>		
Receivable from insurance company	-	1.53
Provision for doubtful debts - claims	-	(1.53)
	<b>82.67</b>	<b>132.40</b>

## 9: Current Tax Assets (net)

	As at March 31, 2024	As at March 31, 2023
Advance income tax (net of provision)	47.64	38.24
	<b>47.64</b>	<b>38.24</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 10.1: Deferred tax assets (net)

	As at March 31, 2024	As at March 31, 2023
<b>Effects of deferred tax assets / (liabilities):</b>		
Impairment loss allowance and other provision	94.16	69.28
Accumulated tax losses	-	94.46
Property, plant and equipment	5.94	4.17
Share options outstanding account (ESOP)	15.64	11.25
Financial assets at fair value through OCI	14.96	17.58
Net gain on derecognition of financial assets	(12.66)	(11.02)
Others	4.14	3.21
<b>Net deferred tax assets</b>	<b>122.18</b>	<b>188.93</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, 2024

Particulars	Net Balance April 1, 2023	(Charge) / credit in profit & loss	Recognised in OCI	Net Balance March 31, 2024
<b>Deferred tax assets / (liabilities)</b>				
Impairment loss allowance and other provision	69.28	24.88	-	94.16
Accumulated tax losses	94.46	(94.46)	-	-
Property, plant and equipment	4.17	1.77	-	5.94
Share options outstanding account (ESOP)	11.25	4.39	-	15.64
Financial assets at fair value through OCI	17.58	-	(2.62)	14.96
Net gain on derecognition of financial assets	(11.02)	(1.64)	-	(12.66)
Others	3.21	(0.20)	1.13	4.14
<b>Net Deferred tax assets / (liabilities)</b>	<b>188.93</b>	<b>(65.26)</b>	<b>(1.49)</b>	<b>122.18</b>

### 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	171.22	(101.94)	-	69.28
Accumulated tax losses	-	94.46	-	94.46
Property, plant and equipment	3.61	0.56	-	4.17
Share options outstanding account (ESOP)	5.05	6.20	-	11.25
Financial assets at fair value through OCI	4.23	-	13.35	17.58
Net gain on derecognition of financial assets	(7.56)	(3.46)	-	(11.02)
Others	4.67	(1.73)	0.27	3.21
<b>Net Deferred tax assets / (liabilities)</b>	<b>181.22</b>	<b>(5.91)</b>	<b>13.62</b>	<b>188.93</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 11: Property, plant and equipment

Particulars	Land and Building	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Vehicles	Computers	Right of use asset	Total
<b>Gross block</b>								
At April 1, 2022	0.20	9.54	9.81	5.26	4.37	17.52	-	46.70
Addition	-	7.77	0.41	1.51	-	2.53	13.84	26.06
Disposals	-	(9.55)	-	-	-	-	-	(9.55)
At March 31, 2023	0.20	7.76	10.22	6.77	4.37	20.05	13.84	63.21
Addition	-	0.44	4.42	4.60	1.79	9.29	-	20.54
Disposals	-	-	(0.17)	(0.03)	(0.70)	(1.61)	-	(2.51)
At March 31, 2024	0.20	8.20	14.47	11.34	5.46	27.73	13.84	81.24
<b>Depreciation</b>								
At April 1, 2022	0.04	9.52	8.38	3.91	2.13	16.30	-	40.28
Charge for the year	0.01	2.29	0.41	1.14	0.70	1.46	1.80	7.81
Disposals	-	(9.52)	-	-	-	-	-	(9.52)
At March 31, 2023	0.05	2.29	8.79	5.05	2.83	17.76	1.80	38.57
Charge for the year	0.01	3.71	3.39	2.27	0.78	4.22	2.77	17.15
Disposals	-	-	(0.07)	(0.23)	(0.50)	(1.51)	-	(2.31)
At March 31, 2024	0.06	6.00	12.11	7.09	3.11	20.47	4.57	53.41
<b>Net carrying amount</b>								
At March 31, 2023	0.15	5.47	1.43	1.72	1.54	2.29	12.04	24.64
At March 31, 2024	0.14	2.20	2.36	4.25	2.35	7.26	9.27	27.83

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, 2022	17.48	17.48
Addition	0.45	0.45
At March 31, 2023	17.93	17.93
Addition	2.25	2.25
Disposal	(9.97)	(9.97)
At March 31, 2024	10.21	10.21
<b>Amortization</b>		
At April 1, 2022	10.38	10.38
Charge for the year	2.87	2.87
At March 31, 2023	13.25	13.25
Charge for the year	2.58	2.58
Disposal	(9.97)	(9.97)
At March 31, 2024	5.86	5.86
<b>Net carrying amount</b>		
At March 31, 2023	4.68	4.68
At March 31, 2024	4.35	4.35

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 12: Other non-financial assets

	As at March 31, 2024	As at March 31, 2023
<b>Unsecured, considered good</b>		
Prepaid expenses	33.81	2.53
Capital advances	0.07	1.33
Other advances	8.41	4.73
	<b>42.29</b>	<b>8.59</b>
<b>Unsecured, considered doubtful</b>		
Amounts deposited with courts	0.62	0.62
Less: Provision for doubtful debts	(0.62)	(0.62)
	-	-
	<b>42.29</b>	<b>8.59</b>

## 13: (a) Debt Securities (at amortised cost)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
<b>(i) Debentures (Secured)</b>					
11.10% 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. March 17, 2023 in 8 quarterly installments.	10,000	-	0.01	62.23	-
12.00% 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. October 20, 2022 in 8 quarterly installments	600	600	0.10	22.39	51.79
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 in 6 Quarterly installments.	494	500	0.10	8.28	41.41
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 in 1 Bullet installment.	2,000	2,000	0.10	229.97	201.91
11.15% 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 in 1 Bullet repayment	2,000	2,000	0.10	230.19	201.79
11.35% Secured, Redeemable, rated, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Fourteen months from the date of allotment i.e. March 01, 2024 in 5 quarterly installments	1,000	-	0.01	98.24	-



## Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

### 13: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
11.35% Secured, Redeemable, rated, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Fourteen months from the date of allotment i.e. March 01, 2024 in 5 quarterly installments			0.10	1.00	1.00
11.35% 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. December 8, 2022 in 7 quarterly installments	968	1,000	0.10	27.71	85.54
10.00% Secured, senior, redeemable, transferable, listed, rated, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 09, 2023 in 8 quarterly installments	7,500	-	0.01	46.36	-
10.50% 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. March 17, 2023 in 8 quarterly installments.	12,500	12,500	0.10	62.04	122.82
10.10% Secured, rated, Listed, redeemable, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 19, 2023 in 8 quarterly installments.	12,500	-	0.01	77.38	-
11.50% 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 22, 2022 in last 4 quarterly installments.	650	650	0.10	48.66	64.29
14.80% Secured, Rated, Listed, 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 in 1 Bullet repayment	2,000	2,000	0.01	32.13	28.51
12.29% 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. August 01, 2022 in 8 quarterly installments	400	400	0.10	5.16	25.79
11.35% 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 30, 2022 in 5 half yearly installments.	978	1,000	0.10	77.31	98.40
10.60% Secured, listed, rated, senior, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. August 24, 2023 in 3 half yearly installments	8,000	-	0.01	33.39	-

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 13: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
10.60% Secured, listed, rated, senior, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. August 24, 2023 in 3 half yearly installments		-	0.01	20.22	-
12.50% Rated, unlisted, senior, secured, redeemable, taxable, non convertible Debentures of face value ₹0.01 Crores each in 3 annual installments for Series A and 1 bullet installment for Series B.	2,500	4,500	0.01	28.32	36.60
10.75% Secured, Redeemable, rated, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty five from the date of allotment i.e. March 06, 2024 in 4 half yearly installments.	7,000	-	0.01	69.71	-
10.75% Secured, redeemable transferable, rated, Principal Protected Market Linked Non convertible debentures at par at the end of Eighteen months from the date of allotment i.e. February 13, 2024 in last 4 quarterly installments.	10,000	-	0.01	100.21	-
10.43% Secured, senior, Redeemable, transferable, listed, rated, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. September 06, 2023.	10,000	-	0.01	99.32	0.00
10.75% Secured, Redeemable, listed, rated, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. October 05, 2023 in last 4 quarterly installments.	5,000	-	0.01	49.72	-
10.75% Secured, Redeemable, listed, rated, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. Apr 05, 2023 in 1 bullet installment.	7,500	-	0.01	74.73	-
10.11% Secured, senior, Redeemable, transferable, listed, rated, 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 15, 2023 in 1 Bullet repayment		-	0.01	97.72	-
10.11% Secured, senior, Redeemable, transferable, listed, rated, 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 15, 2023 in 1 Bullet repayment	20,000	-	0.01	97.71	-
9.81% 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. March 27, 2024 in 1 bullet repayment	5,000	-	0.01	48.52	-
11.10% Secured, senior, redeemable, listed, rated, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirty Six months from the date of allotment i.e. April 14, 2023 in 1 bullet repayment.	10,000	-	0.01	4.96	-

## Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

### 13: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
10.50% Secured, Redeemable, rated, listed, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirty eight months from the date of allotment i.e. April 10, 2023 in 1 bullet repayment.	2,500	-	0.01	25.24	-
10.75% Secured, Listed, Rated, Senior, transferable, 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. September 27, 2023 in 1 Bullet repayment		-	0.01	30.69	-
10.75% Secured, Listed, Rated, Senior, transferable, 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. September 27, 2023 in 1 Bullet repayment	10,000	-	0.01	30.87	-
10.75% Secured, Listed, Rated, Senior, transferable, 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. September 27, 2023 in 1 Bullet repayment		-	0.01	41.62	-
10.75% Secured, redeemable, transferable, Principal Protected Market Linked Non convertible debentures at par at the end of Thirty Three months from the date of allotment i.e. March 20,2024 in 1 bullet repayment	5,000	-	0.01	49.01	-
11.85% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Seventy Two months from the date of allotment i.e. March 24, 2022 in 1 Bullet repayment	350	350	0.10	35.06	35.08
12.29% 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. June 16, 2022 in 1 Bullet repayment	230	230	0.10	23.46	23.45
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. Redemmable on maturity if option not exercised by investor	-	215	0.10	-	16.61
11.50% 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	0.01	-	34.80
12.75% Secured, Redeemable, Non-convertible Debentures redeemable in 8 half-yearly intervals.	-	1,000	0.10	-	16.67

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 13: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
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	0.01	-	62.12
13.15% Secured, Redeemable, Non-convertible Debentures of face value of ₹0.1 crore 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	0.10	-	17.14
11.34% (net of with-holding tax), Secured, Redeemable, Non-convertible Debentures, 50% of which is redeemable at par at the end of sixth month from September 18, 2017 i.e. the date of allotment and balance 50% to be redeemable on maturity i.e. June 30, 2023 (subject to exercise of put option by the lender at March 18, 2022 i.e. at the end of fifty four months from date of allotment).	-	850	0.10	-	42.70
12.50% 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	0.10	-	100.37
12.50% Secured, Redeemable, Non-convertible Debentures redeemable in 2 quarterly installments.	-	12,000	0.01	-	39.96
12.00% Secured, Rated, Listed, Redeemable, Transferable, Non Convertible Debentures of face value of ₹0.1 crore each redeemable as per repayment schedule in 2 installments.	-	350	0.10	-	26.41
11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of twenty four months from the date of allotment i.e. April 29, 2021.	-	11,000	0.01	-	135.46
11.00% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of thirty months from the date of allotment i.e. June 16, 2021.	-	33,750	0.01	-	403.86
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 in 8 quarterly installments.	-	3,000	0.01	-	35.79

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 13: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirty months from the date of allotment i.e. July 22, 2021.	-	12,500	0.01	-	148.56
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	0.10	-	61.75
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	0.10	-	41.32
11.95% 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. September 30, 2022. Redeemable as per repayment schedule in 2 installments.	-	2,500	0.10	-	24.81
11.50% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twelve months from the date of allotment i.e. December 15, 2022. Redeemable as per repayment schedule in 5 installments.	-	500	0.10	-	39.86
11.35% Secured, Redeemable, Principal Protected Market Linked 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 Aug 30, 2024 i.e. at the end of twenty months from date of allotment) December 30, 2022. Redeemable in 5 half yearly installments.	-	1,000	0.10	-	84.60
<b>Sub - Total</b>				<b>1,989.52</b>	<b>2,351.14</b>
<b>(ii) Borrowing under securitisation arrangement (secured)</b>					
From Banks				1,083.38	830.47
From non-banking financial companies				794.76	172.30
<b>Sub - Total</b>				<b>1,878.14</b>	<b>1,002.77</b>
<b>Total Debt Securities</b>				<b>3,867.66</b>	<b>3,353.91</b>

### Nature of security

The above debt securities are secured by the way of first and exclusive charge over eligible specified book debts and margin money deposits

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 13: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
<b>Out of the above debt securities</b>					
Debt securities in India				3,867.66	3,353.91
Debt securities outside India				-	-
<b>Total</b>				<b>3,867.66</b>	<b>3,353.91</b>
<b>(b) Borrowings (Other than Debt Securities)</b>					
<b>(i) Secured, measured at amortised cost</b>					
Term loan from banks				4,121.73	1,606.80
Term loan from non-banking financial companies				827.40	788.74
External Commercial Borrowings				175.37	164.77
<b>Total</b>				<b>5,124.50</b>	<b>2,560.31</b>
<b>Out of the above</b>					
Borrowings in India				4,949.13	2,395.54
Borrowings outside India				175.37	164.77
<b>Total</b>				<b>5,124.50</b>	<b>2,560.31</b>

### Nature of security

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).

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
<b>(c) Subordinated Liabilities (at amortised cost)</b>					
<b>Unsecured term loan</b>					
Term loan from banks				20.00	19.98
<b>Total Subordinated Liabilities</b>				<b>20.00</b>	<b>19.98</b>
<b>Secured borrowings</b>					
Unsecured borrowings				20.00	19.98
<b>Net amount</b>				<b>20.00</b>	<b>19.98</b>
<b>Out of the above</b>					
Borrowings in India				20.00	19.98
Borrowings outside India				-	-
<b>Total</b>				<b>20.00</b>	<b>19.98</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 Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 13A. Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than Debentures, secured)

### (i) As at March 31, 2024

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	6.50%-10.00%	205	932.39	117	352.82	-	-	1,285.22
		10.01%-12.00%	890	3,018.89	303	1,079.99	26	143.53	4,242.40
		12.01%-13.50%	116	256.32	33	94.97	11	50.00	401.29
	Quarterly	10.00%-12.00%	43	440.89	32	321.36	2	36.00	798.25
		12.01%-13.00%	5	15.63	-	-	-	-	15.63
	Half Yearly	10.50%-13.30%	10	39.26	10	39.26	2	23.33	101.85
Bullet payment	13.30%	-	-	1	164.60	-	-	164.60	
<b>Total</b>				<b>4,703.38</b>		<b>2,053.00</b>		<b>252.86</b>	<b>7,009.24</b>
Impact of EIR									(38.13)
Interest accrued on borrowings									31.53
<b>Total</b>									<b>7,002.64</b>

### (ii) As at March 31, 2023

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%	343	1,379.18	129	378.69	-	-	1,757.87
		11.01%-12.00%	289	821.81	187	342.16	12	7.77	1,171.74
		12.01%-13.50%	89	148.52	12	25.19	-	-	173.71
	Quarterly	10.75%-12.00%	25	186.92	3	9.38	-	-	196.30
		12.01%-13.25%	9	101.78	2	6.25	-	-	108.03
	Bullet payment	12.53%	-	-	-	-	1	164.60	164.60
<b>Total</b>				<b>2,638.21</b>		<b>761.67</b>		<b>172.37</b>	<b>3,572.25</b>
Impact of EIR									(18.08)
Interest accrued on borrowings									8.91
<b>Total</b>									<b>3,563.08</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 13 (B) Instances of breach of covenant of loan availed or debt securities issued during year ended March 31, 2024:

- (i) During the year ended March 31, 2024, the Company was in non-confirmation of certain specific covenants associated with a few of its borrowings. However, following discussions with the lenders, the Company is confident that no adverse measures, such as increase in interest rates or demand for immediate repayment of the borrowed funds, will be taken by the lenders due to non-compliance with the covenants. The instances of non-confirmation of specific covenants relates to three months liquidity in case of two ISINs, two months liquidity in case of another two ISINs (upto September 30, 2023) and maintenance of tangible net worth in case of two ISINs (upto September 30, 2023). Pursuant to the non-confirmation, few debenture holders holding NCDs aggregating to ₹6.54 crs (out of ₹325 crs issue pertaining to these ISINs), have exercised their right of accelerated redemption and the Company has already honoured such request including payment / accrual of additional interest during the year. The Company has made necessary disclosures to stock exchanges in this regard.

The Company is holding cash and cash equivalents of ₹1,385.55 crs as on March 31, 2024 and did not have any cumulative mismatch across all ALM buckets.

The two ISINs (having three months liquidity covenant) which continue to be non-compliant due to the reasons as explained below.

- a) Significant increase in borrowings from ₹5,934.20 crs as of March 31, 2023 to ₹9,012.16 crs as of March 31, 2024; and
- b) An increase in liabilities leads to a higher amount of cash and bank balance to be maintained in accordance with the covenant related to three months liquidity. As of March 31, 2024, the Company is holding cash and cash equivalents aggregating ₹1,385.55 crs, against the required liquidity amount of ₹2,415.10 crs as per the term of the debenture trust deed and does not have any cumulative mismatch across all the ALM buckets. The maintenance of such higher level of cash and bank balances adversely impact the qualifying assets criteria as applicable to NBFC-MFIs pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions 2023' ("SBR Master Direction").

Till date, none of the lenders have indicated any intention to initiate remedial actions, and the Company has consistently met its debt servicing obligations. Accordingly, no adjustment are made in the financial statements..

- (ii) During the year ended and as at March 31, 2023, the Company has been regular in serving all its borrowings though there has been breach of some of the covenants relating to 30+PAR, GNPA, NNPA, annualized return on assets, tangible net worth and two / three months Liquidity as per the formula defined in the respective Debenture Trust Deeds. All these covenants have been complied with since the quarter ended June 20, 2023 except as explained above during the year ended March 31, 2024.

## 13C. Changes in liabilities arising from financing activities

Particulars	As at March 31, 2023	Cash flows	Others	As at March 31, 2024
Debt securities	3,353.91	583.42	(69.67)	3,867.66
Borrowings (other than debt securities)	2,560.31	2,564.92	(0.73)	5,124.50
Subordinated liabilities	19.98	-	0.02	20.00
	<b>5,934.20</b>	<b>3,148.34</b>	<b>(70.38)</b>	<b>9,012.16</b>

Particulars	As at March 31, 2022	Cash flows	Others	As at March 31, 2023
Debt securities	1,758.44	1,556.01	39.46	3,353.91
Borrowings (other than debt securities)	1,852.83	694.23	13.25	2,560.31
Subordinated liabilities	20.19	-	(0.21)	19.98
	<b>3,631.46</b>	<b>2,250.24</b>	<b>52.50</b>	<b>5,934.20</b>



# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 14: Other Financial liabilities

	As at March 31, 2024	As at March 31, 2023
Employee benefits payable	41.66	24.46
Expenses payable	7.64	3.36
Lease liability	10.54	12.67
Provision towards refund of excess interest collected (Refer note 47)	23.36	38.87
Assignment and other payables	160.68	82.31
	<b>243.88</b>	<b>161.67</b>

## 15: Current Tax Liabilities (net)

	As at March 31, 2024	As at March 31, 2023
Provision for tax (net of advance tax)	5.59	4.02
	<b>5.59</b>	<b>4.02</b>

## 16: Provisions

	As at March 31, 2024	As at March 31, 2023
Gratuity, net of contribution (Refer note 37)	10.11	5.52
Leave encashment	6.49	0.69
	<b>16.60</b>	<b>6.21</b>

## 17: Other Non-Financial liabilities

	As at March 31, 2024	As at March 31, 2023
Unfructified service tax liability [net of amount paid under protest ₹0.99 crore]	18.26	17.55
Statutory dues payable	16.90	12.84
Other payables	0.20	5.98
	<b>35.36</b>	<b>36.37</b>

## 18: Share capital

	As at March 31, 2024	As at March 31, 2023
<b>Authorized</b>		
90,00,00,000 (March 31, 2023: 90,00,00,000) equity shares of ₹10 each	900.00	900.00
1,25,00,00,000 (March 31, 2023: 1,25,00,00,000) preference shares of ₹10 each	1,250.00	1,250.00
	<b>2,150.00</b>	<b>2,150.00</b>
<b>Issued, subscribed and paid-up</b>		
7,12,97,444 (March 31, 2023: 7,09,83,269) equity shares of ₹10 each fully paid up	71.30	70.98
	<b>71.30</b>	<b>70.98</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 18: Share capital (Contd.)

### (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:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	7,09,83,269	70.98	6,90,94,530	69.09
Issued during the year - Preferential Allotment	-	-	18,52,739	1.85
Issued during the year - ESOP	3,14,175	0.32	36,000	0.04
<b>Outstanding at the end of the year</b>	<b>7,12,97,444</b>	<b>71.30</b>	<b>7,09,83,269</b>	<b>70.98</b>

#### Note:

- During the year, the Company has allotted 3,14,175 equity shares (FY22-23: 36,000 equity shares) to eligible employees under Employee stock Option Plan.
- During the year ended March 31, 2023, the Company had 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.

### (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, 2024		As at March 31, 2023	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity shares of ₹10 each</b>				
Kangchenjunga Limited	2,93,03,172	41.10%	2,93,03,172	41.28%
Padmaja Gangireddy	81,73,938	11.46%	1,02,89,392	14.50%
Valiant Mauritius Partners FDI Limited	NA	NA	38,48,823	5.42%
Kedaara Capital Fund III LLP	50,13,295	7.03%	50,13,295	7.06%

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 18: Share capital (Contd.)

(d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:

Promoter name	As at March 31, 2024		As at March 31, 2023		% Change during the year
	No. of Shares	%	No. of Shares	%	
Padmaja Gangireddy	81,73,938	11.46%	1,02,89,392	14.50%	-3.03%
Vijaya Sivarami Reddy Vendidand	1,09,151	0.15%	1,16,933	0.16%	-0.01%
Kangchenjunga Limited	2,93,03,172	41.10%	2,93,03,172	41.28%	-0.18%
Kedaara Capital Fund III LLP	50,13,295	7.03%	50,13,295	7.06%	-0.03%

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%

(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

## 19: Other Equity

	As at March 31, 2024	As at March 31, 2023
Securities premium	2,240.43	2,218.51
General reserve	11.87	11.03
Capital redemption reserve	152.69	152.69
Share options outstanding account	62.16	44.72
Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934]	455.13	361.55
Retained earnings	613.64	242.70
Fair valuation on loans through other comprehensive income	(51.23)	(59.01)
<b>Total other equity</b>	<b>3,484.69</b>	<b>2,972.19</b>

For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2024.

### 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.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 19: Other Equity (Contd.)

### 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 ₹75 crore, 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.

## 20: Interest Income

	For year ended March 31, 2024	For year ended March 31, 2023
<b>Measured at fair value through OCI</b>		
Interest on loans	2,071.74	1,167.79
<b>Measured at amortised cost</b>		
Interest on inter corporate advances	23.29	28.33
Interest on deposits with banks and financial institutions	22.02	9.45
	<b>2,117.05</b>	<b>1,205.57</b>

## 21: Net gain on fair value changes

	For year ended March 31, 2024	For year ended March 31, 2023
(A) Net gain / (loss) on fair value instruments at fair value through profit or loss		
(i) On trading portfolio – Investments	68.52	26.77
(ii) On market linked debentures	-	4.90
(B) Others		
(i) Gain on derecognition of loans designated at FVTOCI	93.95	52.74
	<b>162.47</b>	<b>84.41</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 22: Recovery against Loan written - off

	For year ended March 31, 2024	For year ended March 31, 2023
Recovery against loans written-off	20.24	38.68
	<b>20.24</b>	<b>38.68</b>

## 23: Other income

	For year ended March 31, 2024	For year ended March 31, 2023
Advertisement income	103.70	63.94
Profit on sale of property, plant and equipment	0.15	-
Miscellaneous income	3.30	1.85
	<b>107.15</b>	<b>65.79</b>

## 24: Finance cost

	For year ended March 31, 2024	For year ended March 31, 2023
<b>On financial liabilities measured at amortised cost</b>		
Interest on debt securities	479.71	230.94
Interest on borrowings (other than debt securities)	402.55	195.82
Interest on subordinated liabilities	3.03	3.00
Interest on commercial paper	2.89	-
Interest on lease liabilities	1.26	0.96
Interest on income tax	-	0.02
Other finance cost	7.94	14.32
	<b>897.38</b>	<b>445.06</b>

## 25: Impairment on financial instruments

	For year ended March 31, 2024	For year ended March 31, 2023
<b>a) Measured at fair value through OCI</b>		
Impairment allowance	73.17	(386.32)
Loans written-off	86.21	826.08
<b>b) Measured at fair value through P&amp;L</b>		
Impairment allowance	34.02	-
Loans written-off	-	-
<b>c) Measured at amortized cost</b>		
Amount receivable from assignment of portfolio charged off	69.86	40.43
Retained asset written-off	-	19.57
	<b>263.26</b>	<b>499.76</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 26: Employee benefits expense

	For year ended March 31, 2024	For year ended March 31, 2023
Salaries, wages and bonus	379.31	246.70
Contribution to provident and other funds	27.95	11.78
Gratuity benefits (refer note 37)	3.10	1.33
Leave benefits	6.30	2.27
Share based payments to employees (refer note 42)	26.09	28.86
Staff welfare expenses	8.19	2.90
	<b>450.94</b>	<b>293.84</b>

## 27: Depreciation and amortization expense

	For year ended March 31, 2024	For year ended March 31, 2023
On property, plant and equipment	14.38	6.01
On right of use assets	2.77	1.80
On intangible assets	2.58	2.87
	<b>19.73</b>	<b>10.68</b>

## 28: Other expenses

	For year ended March 31, 2024	For year ended March 31, 2023
Rent	25.39	18.79
Rates and taxes	2.76	3.28
Bank charges	2.57	1.47
Insurance	6.15	1.66
Office maintenance	8.83	5.55
Computers and network maintenance	18.07	13.50
Electricity charges	2.25	1.34
Travelling Expenses	50.31	37.13
Communication expenses	2.09	0.82
Printing and stationery	4.35	2.27
Legal and professional charges	11.64	21.47
Directors Remuneration fees	2.29	1.38
Auditors' remuneration (refer note 28.1 below)	1.22	1.45
Recruitment and training	0.13	0.08
Other provisions and write off	7.65	7.95
Loss on sale of property, plant and equipment	-	0.03
Donations	0.05	-
CSR expenditure (refer note 28.2 below)	1.74	5.62
Miscellaneous Expenses	2.09	3.07
	<b>149.58</b>	<b>126.86</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 28.1 Details of payments to auditors:

	For year ended March 31, 2024	For year ended March 31, 2023
Audit fee	1.13	1.37
Certification fee	0.08	0.04
Out of pocket expenses	0.01	0.04
	<b>1.22</b>	<b>1.45</b>

## 28.2 Details of CSR expenditure:

	For year ended March 31, 2024	For year ended March 31, 2023
Gross amount required to be spent during the year	1.74	5.62
Amount approved by the Board to be spent during the year	2.10	5.62
Amount spent during the year		
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	2.10	5.62
Shortfall / (excess) at the end of the year	(0.36)	-
Total of previous years shortfall	-	11.83
Reason for shortfall	NA	NA
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	-	-

### Disclosure under section 135 (5) of the Companies Act, 2013

#### Particulars

Unspent balances as at the beginning of the year	-	11.83
Amount deposited in Specified Fund of Sch. VII within 6 months	-	11.83
Amount required to be spent during the year	1.74	5.62
Amount spent during the year	2.10	17.44
Unspent / (excess) balances as at the closing of the year	(0.36)	-

The Company has spent ₹0.36 cr amount in excess of requirement provided under sub-section (5) of section 135 and such excess amount is recognized as an asset to set off against the CSR obligation of the succeeding financial year.

## 29: Tax expense

	For year ended March 31, 2024	For year ended March 31, 2023
Current tax	92.88	-
Deferred tax	65.26	5.91
<b>Total tax charge</b>	<b>158.14</b>	<b>5.91</b>
<b>Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate</b>		
Accounting profit before tax	626.02	18.25
Expected tax expense at the Indian tax rate 25.168%	157.57	4.60

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 29: Tax expense (Contd.)

	For year ended March 31, 2024	For year ended March 31, 2023
<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	0.57	1.04
Others	-	0.27
<b>Income tax expense reported in the statement of profit and loss</b>	<b>158.14</b>	<b>5.91</b>

## 30: Earning per Share

	For year ended March 31, 2024	For year ended March 31, 2023
Net profit after tax as per statement of profit and loss	467.88	12.34
Net profit as above for calculation of basic EPS and diluted EPS	467.88	12.34
Weighted average number of equity shares in calculating basic EPS	7,10,91,838	7,07,13,014
Stock options granted under ESOP	10,65,730	2,14,619
Weighted average number of equity shares for diluted EPS	7,21,57,567	7,09,27,634
Basic earnings per share (₹)	65.81	1.74
Diluted earnings per share (₹)	64.84	1.74

## 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, 2024 or March 31, 2023.

## 32: Related party disclosures (As per Ind AS 24)

### (a) Name of related parties and nature of relationship

#### I. Subsidiary Company

- Caspian Financial Services Limited
- Criss Financial Limited

#### II. Entities in which Key Management Personnel and their relatives have significant influence

- Spandana Employee Welfare Trust
- Spandana Rural and Urban Development Organization (upto November 02, 2021)
- Abhiram Marketing Services Limited (upto November 02, 2021)

#### III. Key Management Personnel ("KMP")

- Mr. Shalabh Saxena - Managing Director & Chief Executive Officer
- Mr. Ashish Damani - President & Chief Financial Officer
- Mr. Ramesh Periasamy - Company Secretary & Chief Compliance Officer (KMP upto January 22, 2024)
- Mr. Vinay Prakash Tripathi - Company Secretary (w.e.f. January 23, 2024)



# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 32: Related party disclosures (As per Ind AS 24) (Contd.)

### IV. Directors

- a) Mrs. Abanti Mitra - Non-Executive Chairperson and Independent Director
- b) Mr. Deepak Vaidya - Independent Director
- c) Mr. Animesh Chauhan - Independent Director
- d) Mrs. Deepali Seth - Independent Director (w.e.f May 2, 2023)
- e) Mr. Vinayak Prasad - Independent Director (w.e.f May 2, 2023)
- f) Mr. Sunish Sharma - Nominee Director
- g) Mr. Kartikeya Dhruv Kaji - Nominee Director
- h) Mr. Ramachandra Kasargod Kamath - Nominee Director
- i) Mr. Neeraj Swaroop - Nominee Director
- j) Mr. Bharat Shah - Independent Director (upto April 16, 2023)
- k) Mr. Jagdish Capoor - Independent Director (upto June 05, 2023)
- l) Mrs. Padmaja Gangireddy - Non-Executive Director (upto May 27, 2023)

### V. Close member of family of director

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

Close members of the family of the person are those family members who may be expected to influence, or be influenced by, that person in their dealing with the entity including :-

- a) that person's children, spouse or domestic partner, brother, sister, father and mother;
- b) children of that person's spouse or domestic partner; and
- c) dependant of that person or that person's spouse or domestic partner.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 32 : Related party disclosures (cond.)

### (b) Transactions with related parties

	For year ended March 31, 2024	For year ended March 31, 2023
<b>(i) Criss Financial Limited</b>		
Interest income on Inter corporate advances	23.11	26.21
Rental income	0.11	0.08
Rental expense	0.26	0.03
Inter-corporate advances granted (gross)	417.01	368.28
Inter-corporate advances repaid	566.80	258.74
Equity infusion	100.00	-
Cashflow settlement with subsidiary (outflow)	3.15	6.04
Consideration pursuant to Corporate gurantee provided by Holding Co.	0.30	-
Expense reimbursement claimed by the Company	0.31	3.07
<b>(ii) Abhiram Marketing Services Limited</b>		
Interest income	-	0.19
Purchase of loan portfolio	-	10.53
<b>(iii) Caspian Financial Services Limited</b>		
Interest income on Inter corporate advances	0.18	1.93
Rental income	0.01	0.01
Inter-corporate advances granted (gross)	-	31.50
Inter-corporate advances repaid	5.39	26.11
Cashflow settlement with subsidiary (outflow)	0.28	0.19
Expense reimbursement claimed by the Company	0.00	-
Commission expense	0.14	2.85
Reimbursement of stock written off	0.82	-
CSR expenses	-	0.58
Staff welfare expenses	0.17	-
Disbursement proceeds transferred	0.16	7.49
<b>(iv) Spandana Rural and Urban Development Organization</b>		
Rent expenses	-	0.39
<b>(v) Remuneration paid to KMP's (short term employee benefits) * ^</b>		
Mr. Shalabh Saxena	12.65	15.65
Mr. Ashish Damani	8.06	9.51
Mr. Ramesh Periasamy	1.59	1.45
Mr. Vinay Prakash Tripathi	0.34	-
<b>(vi) Mr. Vijaya Sivarami Reddy Vendidandi</b>		
Rent expenses	-	0.30
<b>(vii) Transactions with Non-Executive Director</b>		
Annual fees	2.10	1.27

\* 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 ₹8.76 Crs (March 31, 2023: ₹15.08 Crs).

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 32 : Related party disclosures (cond.)

### (c) Balance receivable / (payable)

	As at March 31, 2024	As at March 31, 2023
<b>Loans</b>		
Criss Financial Limited #	73.60	224.07
Caspian Financial Services Limited \$	-	5.54
<b>Other financial liabilities</b>		
Criss Financial Limited	-	(0.06)
Caspian Financial Services Limited	-	(4.06)
Mr. Shalabh Saxena	(1.65)	(1.69)
Mr. Ashish Damani	(1.20)	(1.00)
Mr. Ramesh Periasamy	(0.25)	(0.26)
Mr. Vinay Prakash Tripathi	(0.05)	-
<b>Other financial assets</b>		
Criss Financial Limited	-	0.30
Caspian Financial Services Limited	-	0.02

# Maximum outstanding during the year was ₹229.95 crs (March 31, 2023: ₹289.83 crs)

\$ Maximum outstanding during the year was ₹5.54 crs (March 31, 2023: ₹15.94 crs)

#### 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.
- For investments in subsidiaries, the maximum outstanding during the year is same as closing balance at reporting date.

## 33: Contingent Liabilities

### a. Claims against the Company not acknowledged as debt:

Particulars	March 31, 2024	March 31, 2023
Service tax	0.56	4.87
Goods and service tax	18.68	-
Income tax	52.81	48.66
<b>Total</b>	<b>72.05</b>	<b>53.53</b>

- The Commissioner, Service Tax Commissionerate, Hyderabad ("CST"), through his order dated October 9, 2013, levied service tax, interest and penalty on pre-closure interest charged by the Company on loans pre-closed during 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 the order before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT) which is pending for hearing on March 31, 2024. 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 management's internal assessment, the penalty indicated in the order ₹0.56 crore is considered as a contingent liability as at March 31, 2024.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 33: Contingent Liabilities (Contd.)

- ii) The Commissioner, Service Tax Commissionerate, Hyderabad, through order dated August 7, 2012 levied service tax, interest and penalty on pre-closure interest charged by the Company on loans preclosed during FY 2006-07 to FY 2010-11. The Company filed an appeal against the order before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT), Hyderabad. During February 2024 CESTAT, Hyderabad bench has passed an Order in favour of the Company and held that "Foreclosure charges collected by the banks and non-banking financial companies on premature termination of loans are not leviable to service tax". Consequently, the Company has discontinued contingent liability provided for this case.
- iii) Additional Director, DGGI, Mumbai, has issued penalty show cause notice ("SCN") and alleged that Company has by willful acts of omission and commission have passed ineligible ITC under cover of invoices without underlying supply of goods or services have rendered themselves liable for penal action under the provision of Section 122 (I)(ii) of CGST Act, 2017 during the FY April 2018 to Aug 2022. Company is in process of preparing reply to SCN. However, given the facts of these cases and management's internal assessment, the penalty indicated in the SCN ₹13.41 crore is considered as a Contingent Liability as at March 31, 2024.
- iv) The Asst. Commissioner of Commercial Taxes (Audit -2), Karnataka, through his order dated December 22, 2023, levied GST, interest and penalty on multiple issues during FY 2017-18. The Company filed an appeal against the order before the, The Additional Commissioner of Commercial Taxes (Appeals-3), which is pending for hearing on March 31, 2024. However, given the facts of these cases and management's internal assessment, the demand indicated in the order ₹4.93 crore is considered as a contingent liability as at March 31, 2024.
- v) The Asst. Commissioner of State Tax, Odisha, through his order dated December 30, 2023, levied GST, interest and penalty on excess ITC claimed in comparison to GSTR 2A during FY 2017-18. The Company filed an appeal against the order before the, The Joint Commissioner (Appeals), which is pending for hearing on March 31, 2024. However, given the facts of these cases and management's internal assessment, the demand indicated in the order ₹0.34 crore is considered as a contingent liability as at March 31, 2024.
- vi) The Company received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of ₹51.92 crore (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, 2024. The Company has deposited ₹6.92 crore against such demand.
- vii) The Company received an income tax assessment-cum-demand order for FY 2017-18, disallowing deduction of ₹1.34 crore 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 ₹0.89 crore under section 270A of the IT Act. The Company 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 (vi) above, no further provision is required to be made as at March 31, 2024.

### b. Guarantee excluding financial guarantee

Particulars	March 31, 2024	March 31, 2023
Corporate Guarantee for the term loans availed by Criss Financial Limited	156.10	100.20
<b>Total</b>	<b>156.10</b>	<b>100.20</b>

Corporate Guarantee provided by the Company for the term loans availed by Criss Financial Limited ("CFL") will be used to assist CFL for its working capital requirement and day-to-day business activities.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 34: Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques. This note describes the fair value measurement.

### Valuation framework

The Company will assess the fair values for assets qualifying for fair valuation. The Company's valuation framework includes:"

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

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, 2024</b>			
Loans (measured at FVOCI)	-	10,270.24	-
Investments in Security Receipts	-	111.68	-
Investments in equity shares (measured at FVTPL)	-	-	0.10
	-	<b>10,381.92</b>	<b>0.10</b>
<b>Assets measured at fair value as at March 31, 2023</b>			
Loans (measured at FVOCI)	-	7,250.68	-
Investments in Security Receipts	-	189.25	-
Investments in equity shares (measured at FVTPL)	-	-	0.10
	-	<b>7,439.93</b>	<b>0.10</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 35: Fair Value Hierarchy of assets and liabilities (Contd.)

### 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, 2024</b>				
Loans	73.60	-	73.60	-
Investments in equity shares	217.00	-	-	293.03
	<b>290.60</b>	<b>-</b>	<b>73.60</b>	<b>293.03</b>
<b>Assets measured at fair value as at March 31, 2023</b>				
Loans	229.61	-	229.61	-
Investments in equity shares	117.00	-	-	179.38
	<b>346.61</b>	<b>-</b>	<b>229.61</b>	<b>179.38</b>

### 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, 2024</b>				
Debt securities	3,867.66	-	3,909.15	-
Borrowings (other than debt securities)	5,124.50	-	5,127.71	-
Subordinated liabilities	20.00	-	19.93	-
Lease Liabilities	10.54	-	10.54	-
	<b>9,022.70</b>	<b>-</b>	<b>9,067.33</b>	<b>-</b>
<b>Liabilities measured at fair value as at March 31, 2023</b>				
Debt securities	3,353.91	-	3,389.96	-
Borrowings (other than debt securities)	2,560.31	-	2,564.94	-
Subordinated liabilities	19.98	-	19.93	-
Lease liabilities	12.67	-	12.67	-
	<b>5,946.87</b>	<b>-</b>	<b>5,987.50</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 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, 2024 and March 31, 2023.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 36: Capital Management

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on its Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

### Regulatory Capital

Particulars	March 31, 2024	March 31, 2023
Tier I Capital	2,846.80	2,569.96
Tier II Capital	-	-
<b>Total Capital</b>	<b>2,846.80</b>	<b>2,569.96</b>
Risk weighted assets	8,909.23	6,971.09
Tier I CRAR	31.95%	36.87%
Tier II CRAR	0.00%	0.00%
<b>Total CRAR</b>	<b>31.95%</b>	<b>36.87%</b>

## 37: Defined Benefit Gratuity Plan

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 ₹0.2 crs per the Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

### Movement in defined benefit obligations

Particulars	March 31, 2024	March 31, 2023
Defined benefit obligation as at the beginning of the year	5.65	4.18
Current service cost	2.70	1.09
Interest on defined benefit obligation	0.41	0.26
Remeasurements- Actuarial (gain) / loss	4.57	1.09
Benefits paid	(1.52)	(0.97)
<b>Defined benefit obligation as at the end of the year</b>	<b>11.81</b>	<b>5.65</b>

### Movement in plan assets

Particulars	March 31, 2024	March 31, 2023
Fair value of plan assets as at the beginning of the year	0.13	0.24
Actual return on plan assets	0.09	0.02
Employer contributions	3.00	0.85
Benefits paid	(1.52)	(0.97)
<b>Fair value of plan assets as at the end of the year</b>	<b>1.70</b>	<b>0.13</b>

The Company expects to contribute ₹3.89 crs (March 31, 2023 ₹1.63 crs) to gratuity in the next financial year.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 37: Employee Benefit Plans (Contd.)

### Reconciliation of net liability/ asset

Particulars	March 31, 2024	March 31, 2023
Net defined benefit liability as at the beginning of the year	5.52	3.95
Expense charged to statement of profit & loss	3.10	1.33
Amount recognised in other comprehensive income	4.49	1.09
Employer contributions	(3.00)	(0.85)
<b>Net defined benefit liability as at the end of the year</b>	<b>10.11</b>	<b>5.52</b>

### Expenses charged to the statement of profit and loss

Particulars	March 31, 2024	March 31, 2023
Current service cost	2.70	1.09
Interest cost	0.40	0.25
<b>Total</b>	<b>3.10</b>	<b>1.34</b>

### Remeasurement gains/(losses) in the other comprehensive income

Particulars	March 31, 2024	March 31, 2023
Actuarial Gain / (Loss) on Liabilities		
-due to change in financial assumptions	(0.03)	(0.53)
-due to change in demographic assumptions	(0.92)	-
-due to experience variance	(3.62)	(0.56)
<b>Total -A</b>	<b>(4.57)</b>	<b>(1.09)</b>
Actuarial Gain / (Loss) on assets		
-Expected Interest Income	0.01	0.01
-Actual Income on Plan Asset	0.09	0.02
<b>Total -B</b>	<b>0.08</b>	<b>0.00</b>
<b>Amount recognised under OCI (A+B)</b>	<b>(4.49)</b>	<b>(1.09)</b>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2024	March 31, 2023
Fund managed by Insurer	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Summary of Actuarial Assumptions

Particulars	March 31, 2024	March 31, 2023
Discount rate	7.18%	7.30%
Expected return on plan assets	7.30%	6.19%
Rate of Increase in compensation levels	7.50%-12.50%	7.50%-12.50%
Retirement age (years)	58	58
Withdrawal rate / Attrition rate	25%	32%
Mortality rate	100% of IALM 2012-14	

**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 Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 37: Employee Benefit Plans (Contd.)

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	March 31, 2024	March 31, 2023
Discount rate (+0.5%)	(0.21)	(0.74)
Discount rate (-0.5%)	0.22	0.76
Salary Inflation (+1%)	0.42	1.49
Salary Inflation (-1%)	(0.40)	(1.42)
Withdrawal Rate (+5%)	(0.67)	(2.84)
Withdrawal Rate (-5%)	0.76	3.20

## Projected plan cash flow

Particulars	March 31, 2024	March 31, 2023
Year 1	1.80	1.17
Year 2	1.80	1.14
Year 3	1.91	1.02
Year 4	1.80	0.91
Year 5	1.72	0.76
After year 5	6.99	2.05

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 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:

Particulars	March 31, 2024	March 31, 2023
Depreciation expense of right-of-use assets	2.77	1.80
Interest expense on lease liabilities	1.26	0.96
Expense relating to short-term leases	25.39	18.80
<b>Total amount recognised in profit or loss</b>	<b>29.42</b>	<b>21.56</b>

Particulars	March 31, 2024	March 31, 2023
Total commitments for short term leases	13.15	4.87

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 38: Leases (Contd.)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	March 31, 2024	March 31, 2023
Balances as at the beginning of the year	12.04	-
Addition	-	13.84
Deletion	-	-
Depreciation	(2.77)	(1.80)
<b>Balances as at the end of the year</b>	<b>9.27</b>	<b>12.04</b>

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

Particulars	March 31, 2024	March 31, 2023
Balances as at the beginning of the year	12.67	-
Addition	-	13.84
Accretion of interest	1.26	0.96
Deletion	-	-
Payments	(3.39)	(2.13)
<b>Balances as at the end of the year</b>	<b>10.54</b>	<b>12.67</b>

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

Particulars	March 31, 2024	March 31, 2023
Less than one year	3.55	3.39
One to five years	9.04	12.61
More than five years	-	-
<b>Total</b>	<b>12.59</b>	<b>16.00</b>

The total cash outflow for leases is ₹28.78 crore (March 31, 2023: ₹20.92 crore), including cash outflow for short term leases

## 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.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 40: Risk Management and financial objectives (Contd.)

### 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, 2024 and March 31, 2023. 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 compute PD at enterprise level considering the borrower profile and loan product offered to them are homogeneous. The product features like loan tenure, interest rate, ticket size, customer selection are uniform across the branches and thus carry similar uncertainties. The geographical related political and natural calamity risk is more rationalised when looked at the enterprise level.

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 to 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.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 40: Risk Management and financial objectives (Contd.)

### 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. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. LGD is calculated as % of Exposure that the Company expects to lose at the time of default. LGD is computed as  $\{1 - \text{Recovery Rate (RR)}\}$  where RR indicates % of Recovery post default.

### Analysis of concentration risk:

The Company's loan book consists of a large number of customers spread over diverse geographical area. The following tables show the geographical concentrations of loans:

States	March 31, 2024	March 31, 2023
Odisha	14.08%	14.76%
Madhya Pradesh	13.38%	16.75%
Bihar	11.65%	8.39%
Karnataka	10.19%	10.57%
Andhra Pradesh	9.92%	11.12%
Maharashtra	8.85%	9.68%
Uttar Pradesh	6.28%	3.21%
Jharkhand	5.87%	6.64%
Chhattisgarh	5.09%	5.32%
Rajasthan	4.97%	4.75%
Gujarat	3.87%	5.17%
Telangana	1.55%	1.23%
Others	4.29%	2.40%
<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 an asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 40: Risk Management and financial objectives (Contd.)

### Maturity pattern of financial liabilities:

Particulars	Borrowings *		Other financial liabilities	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Upto 1 month	468.39	388.58	197.63	97.56
1 to 2 months	985.60	544.82	8.10	12.39
2 to 3 months	733.74	383.51	2.26	0.99
3 to 6 months	1,683.96	941.19	3.73	0.85
6 months to 1 year	2,775.88	2,263.37	1.81	40.60
1 to 3 years	3,170.78	1,923.22	31.02	10.88
3 to 5 years	45.66	78.59	1.39	1.73
Over 5 years	-	1.49	-	-
<b>Total</b>	<b>9,864.01</b>	<b>6,524.77</b>	<b>245.94</b>	<b>165.00</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.

	March 31, 2024			March 31, 2023		
	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	1,385.55	-	1,385.55	810.36	-	810.36
Bank balances other than cash and cash equivalents	250.84	233.61	484.45	85.26	105.91	191.16
Loans	7,251.64	3,092.20	10,343.84	4,591.27	2,889.03	7,480.29
Investments	61.50	267.28	328.78	76.73	229.62	306.35
Other Financial Assets	74.71	7.96	82.67	118.13	14.28	132.40
<b>Subtotal- Total Financial Assets</b>	<b>9,024.24</b>	<b>3,601.05</b>	<b>12,625.29</b>	<b>5,681.75</b>	<b>3,238.84</b>	<b>8,920.56</b>
<b>Non Financial Assets</b>						
Current tax asset(net)	22.53	25.11	47.64	14.38	23.86	38.24
Deferred tax asset (net)	-	122.18	122.18	-	188.93	188.93
Property, Plant and equipment	-	27.83	27.83	-	24.64	24.64
Intangible assets	-	4.35	4.35	-	4.68	4.68
Other Non financial assets	-	42.29	42.29	-	8.59	8.59
<b>Subtotal-Total Non Financial Assets</b>	<b>22.53</b>	<b>221.76</b>	<b>244.29</b>	<b>14.38</b>	<b>250.70</b>	<b>265.08</b>
<b>Total Assets</b>	<b>9,046.77</b>	<b>3,822.81</b>	<b>12,869.58</b>	<b>5,696.13</b>	<b>3,489.54</b>	<b>9,185.64</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Debt securities	3,011.75	855.91	3,867.66	2,356.05	997.86	3,353.91
Borrowings (other than debt securities)	3,010.42	2,114.08	5,124.50	1,780.67	779.64	2,560.31
Subordinated liabilities	20.00	-	20.00	0.00	19.98	19.98
Other financial liabilities	212.53	31.35	243.88	151.13	10.54	161.67
<b>Subtotal-Total financial Liabilities</b>	<b>6,254.70</b>	<b>3,001.34</b>	<b>9,256.04</b>	<b>4,287.85</b>	<b>1,808.02</b>	<b>6,095.87</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 40: Risk Management and financial objectives (Contd.)

	March 31, 2024			March 31, 2023		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>Non Financial liabilities</b>						
Current tax liabilities(net)	-	5.59	5.59	-	4.02	4.02
Provisions	3.42	13.18	16.60	1.38	4.83	6.21
Other non financial liabilities	16.90	18.46	35.36	18.82	17.55	36.37
<b>Subtotal - Total non-financial liabilities</b>	<b>20.32</b>	<b>37.23</b>	<b>57.55</b>	<b>20.20</b>	<b>26.40</b>	<b>46.60</b>
<b>Total Liabilities</b>	<b>6,275.02</b>	<b>3,038.57</b>	<b>9,313.59</b>	<b>4,308.05</b>	<b>1,834.42</b>	<b>6,142.47</b>
<b>Net</b>	<b>2,771.75</b>	<b>784.24</b>	<b>3,555.99</b>	<b>1,388.08</b>	<b>1,655.12</b>	<b>3,043.17</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 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:

Finance Cost	March 31, 2024	March 31, 2023
0.50 % Increase	(25.28)	(16.95)
0.50 % Decrease	25.28	16.95

#### 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.w

#### 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, 2024	March 31, 2023
	Full amount in USD	Full amount in USD
Liability External Commercial Borrowing	2,00,00,000	2,00,00,000
Assets – Cross Currency Interest rate Swap Contract	2,00,00,000	2,00,00,000

The carrying amount of the Company's foreign currency denominated monetary items in ₹ as at March 31, 2024 and March 31, 2023 is not significant and hence reasonably possible change in the exchange rates, with all other variables held constant, will not have a significant impact on the profit before tax and equity of the Company.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 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

The value of Financial assets and liabilities as on :-

Particulars	March 31, 2024	March 31, 2023
Carrying amount of assets	2,115.63	1,092.32
Carrying amount of associated liabilities	1,878.14	1,002.77
Fair value of assets	2,128.81	1,075.71
Fair value of associated liabilities	1,887.39	1,006.78

The shortfall of fair value of associated liabilities over fair value of assets is ₹ Nil (March 31, 2023: ₹ Nil)

### b. Assignment Transaction:

The Company has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets to the buyer being met, the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets measured at fair value and the gain/(loss) on derecognition :-

Particulars	March 31, 2024	March 31, 2023
Carrying amount in respect of financial assets derecognised since April 1, 2022	686.12	501.74
Carrying amount in respect of financial assets derecognised prior to March 31, 2022	318.08	330.62
Gain/(loss) from derecognition during the year	93.95	52.74

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

## 42: Employee Stock Option Plan (ESOP)

a) The Company has provided various equity settled share based payment schemes to its employees. The details are ESOP scheme are as follows. (₹ in crores unless otherwise stated)

Particulars	Grant I		Grant II		Grant IV		Grant V		Grant IX		Grant X		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 Board / Compensation/ Committee Approval	3,38,854	13-Aug-18 13-Aug-18	263.35 Equity	20% equally at the end of each year	28-Jan-20 28-Jan-20	90,500	1077.37 Equity	20% equally at the end of each year	31-Aug-20 31-Aug-20	28,000	1,35,000	14-Aug-21 14-Aug-21	12,28,000	1,23,000	16,60,000	2-Nov-21 2-Nov-21	521.66 Equity
Date of grant	13-Aug-18	13-Aug-18	263.35	Equity	28-Jan-20	90,500	1077.37	Equity	31-Aug-20	28,000	1,35,000	14-Aug-21	12,28,000	1,23,000	16,60,000	2-Nov-21	521.66	371.07
Date of Board / Compensation/ Committee Approval	13-Aug-18	13-Aug-18	263.35	Equity	28-Jan-20	90,500	1077.37	Equity	31-Aug-20	28,000	1,35,000	14-Aug-21	12,28,000	1,23,000	16,60,000	2-Nov-21	521.66	371.07
Number of options granted	3,38,854	3,38,854	263.35	Equity	28-Jan-20	90,500	1077.37	Equity	31-Aug-20	28,000	1,35,000	14-Aug-21	12,28,000	1,23,000	16,60,000	2-Nov-21	521.66	371.07
Exercise price	263.35	263.35	263.35	Equity	28-Jan-20	90,500	1077.37	Equity	31-Aug-20	28,000	1,35,000	14-Aug-21	12,28,000	1,23,000	16,60,000	2-Nov-21	521.66	371.07
Method of settlement	20% equally at the end of each year	20% equally at the end of each year	20% equally at the end of each year	Equity	28-Jan-20	90,500	1077.37	Equity	31-Aug-20	28,000	1,35,000	14-Aug-21	12,28,000	1,23,000	16,60,000	2-Nov-21	521.66	371.07
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	Equity	28-Jan-20	90,500	1077.37	Equity	31-Aug-20	28,000	1,35,000	14-Aug-21	12,28,000	1,23,000	16,60,000	2-Nov-21	521.66	371.07
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) one year from the date of separation after vesting, whichever is earlier.	9 years from the grant date (or) one year from the date of separation after vesting, whichever is earlier.	Equity	28-Jan-20	90,500	1077.37	Equity	31-Aug-20	28,000	1,35,000	14-Aug-21	12,28,000	1,23,000	16,60,000	2-Nov-21	521.66	371.07
Name of the plan	ESOP Plan 2018 and ESOP Scheme 2018	ESOP Plan 2018 and ESOP Scheme 2018	ESOP Plan 2018 and ESOP Scheme 2018	Equity	28-Jan-20	90,500	1077.37	Equity	31-Aug-20	28,000	1,35,000	14-Aug-21	12,28,000	1,23,000	16,60,000	2-Nov-21	521.66	371.07
Particulars	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	Grant XIII ESOP Plan 2018 and ESOP Scheme 2021	Grant XIV ESOP Plan 2018 and ESOP Scheme 2021	Grant XV ESOP Plan 2018 and ESOP Scheme 2021	Grant XVI ESOP Plan 2018 and ESOP Scheme 2021	Grant XVII ESOP Plan 2018 and ESOP Scheme 2021									
Date of grant	11-Jul-22	8-Sep-22	17-Oct-22	31-Jan-23	25-Apr-23	2-May-23	3-Nov-23	20-Jan-24	17-Feb-24									
Date of Board / Compensation/ Committee Approval	11-Jul-22	8-Sep-22	17-Oct-22	31-Jan-23	25-Apr-23	2-May-23	3-Nov-23	20-Jan-24	17-Feb-24									
Number of options granted	2,15,000	1,60,000	50,000	6,38,000	1,50,000	60,000	10,000	7,000	1,87,135									
Exercise price	415.59	554.88	553.1	569.18	567.02	582.96	849.38	1192.56	970.92									
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity									
Vesting period	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	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) before separation after vesting, whichever is earlier.	9 years from the grant date (or) before separation after vesting, whichever is earlier.	9 years from the grant date (or) before separation after vesting, whichever is earlier.	9 years from the grant date (or) before separation after vesting, whichever is earlier.	9 years from the grant date (or) before separation after vesting, whichever is earlier.	9 years from the grant date (or) before separation after vesting, whichever is earlier.	9 years from the grant date (or) before separation after vesting, whichever is earlier.	9 years from the grant date (or) before 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 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 2018 and ESOP Scheme 2021	ESOP Plan 2018 and ESOP Scheme 2021	ESOP Plan 2018 and ESOP Scheme 2021	ESOP Plan 2018 and ESOP Scheme 2021	ESOP Plan 2018 and ESOP Scheme 2021									



## Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

### 42: Employee Stock Option Plan (ESOP) (Contd.)

b) The details of all grants in operation during financial year 2023-24 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	12,000	-	9,400	-	2,600	3.36
Grant II	13-Aug-18	263.35	1,39,997	-	1,08,975	12,372	18,650	3.36
Grant IV	28-Jan-20	1,077.37	27,200	-	1,200	7,200	18,800	4.82
Grant V	28-Jan-20	1,077.37	1,67,100	-	-	18,400	1,48,700	4.82
Grant IX	31-Aug-20	608.74	23,200	-	15,200	-	8,000	5.42
Grant X	12-Nov-20	565.72	10,000	-	10,000	-	-	-
Grant XII Scheme 2021	14-Aug-21	636.46	8,14,300	-	56,750	1,02,200	6,55,350	6.37
Grant I Plan 2021 Series A	2-Nov-21	521.66	87,000	-	26,400	1,500	59,100	6.59
Grant II Plan 2021 Series A	30-Mar-22	371.07	15,00,000	-	-	-	15,00,000	6.99
Grant III Plan 2021 Series A	11-Jul-22	415.59	57,000	-	5,000	-	52,000	7.28
Grant IV Plan 2021 Series A	8-Sep-22	554.88	1,60,000	-	20,000	40,000	1,00,000	7.44
Grant V Plan 2021 Series A	17-Oct-22	553.10	50,000	-	2,500	-	47,500	7.55
Grant VI Plan 2021 Series A	31-Jan-23	569.18	6,38,000	-	58,750	-	5,79,250	7.84
Grant XIII Scheme 2021	25-Apr-23	567.02	-	1,50,000	-	10,000	1,40,000	8.07
Grant XIV Scheme 2021	2-May-23	582.96	-	60,000	-	-	60,000	8.08
Grant XV Scheme 2021	3-Nov-23	849.38	-	10,000	-	-	10,000	8.59
Grant XVI Scheme 2021	20-Jan-24	1,192.56	-	7,000	-	-	7,000	8.81
Grant XVII Scheme 2021	17-Feb-24	970.92	-	1,87,135	-	1,291	1,85,844	8.88
<b>Total</b>			<b>36,85,797</b>	<b>4,14,135</b>	<b>3,14,175</b>	<b>1,92,963</b>	<b>35,92,794</b>	

c) 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	-	-	45,000	10,000	6.62
Grant XI	21-May-21	584.56	20,000	-	-	20,000	-	-
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>6,41,258</b>	<b>36,85,797</b>	

The expense recognised for employee services received during the year is ₹26.09 crs. (March 31, 2023: ₹28.86 crs)

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 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, 2024

Plan	Grant XIII ESOP Plan 2018 and ESOP Scheme 2021	Grant XIV ESOP Plan 2018 and ESOP Scheme 2021	Grant XV ESOP Plan 2018 and ESOP Scheme 2021	Grant XVI ESOP Plan 2018 and ESOP Scheme 2021	Grant XVII ESOP Plan 2018 and ESOP Scheme 2021
Date of Grant	25-Apr-23	2-May-23	3-Nov-23	20-Jan-24	17-Feb-24
No of ESOPs	1,50,000	60,000	10,000	7,000	1,87,135
Stock Price on the date of grant (₹)	583.95	597.25	866.77	1156.30	970.92
Exercise Price (₹)	567.02	582.96	849.38	1192.56	970.92
Expected Volatility	53.27%	53.17%	51.88%	51.03%	51.02%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
Risk Free Interest Rate	6.84% - 6.92%	6.87% - 6.93%	7.18% - 7.24%	7% - 7.04%	6.96% - 7.01%
<b>Fair value of option</b>					
Vest-1	252.45	257.03	368.56	468.39	400.18
Vest-2	282.34	288.09	394.87	502.89	482.23
Vest-3	297.33	303.24	437.74	567.11	527.19
Vest-4	313.99	320.34	458.42	591.50	
<b>Weighted average fair value</b>	<b>286.53</b>	<b>292.18</b>	<b>414.90</b>	<b>532.47</b>	<b>469.87</b>

e) 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>

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 Series A and Spandana Employee Stock Option Scheme, 2021-Series A ('ESOP Plan 2021 and ESOP Scheme 2021 Series A')

**43. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:**

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

## Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

**44. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:**

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**45. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time:**

Particulars	March 31, 2024		March 31, 2023	
	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	1,989.52	-	2,351.14	-
: Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	5,144.50	-	2,580.29	-
(d) Inter-Corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans - Borrowing under securitisation arrangement (secured)	1,878.14	-	1,002.77	-

Particulars	March 31, 2024	March 31, 2023
	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	1.73	3.73
(b) Unsecured	10,342.11	7,476.56
<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	-	-

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

45. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time: (Contd.)

Particulars	March 31, 2024	March 31, 2023
	Amount outstanding	Amount outstanding
<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	217.10	117.10
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Security receipts	111.68	189.25

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

45 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time: (Contd.)

## 5) Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	March 31, 2024			March 31, 2023		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	73.60	73.60	-	229.61	229.61
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	1.73	10,268.51	10,270.24	3.73	7,246.95	7,250.68
<b>Total</b>	<b>1.73</b>	<b>10,342.11</b>	<b>10,343.84</b>	<b>3.73</b>	<b>7,476.56</b>	<b>7,480.29</b>

## 6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	March 31, 2024		March 31, 2023	
	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	293.03	217.00	179.38	117.00
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	111.78	111.78	189.35	189.35
<b>Total</b>	<b>404.81</b>	<b>328.78</b>	<b>368.73</b>	<b>306.35</b>

## 7) Other Information

Particulars	March 31, 2024	March 31, 2023
<b>(i) Gross Non-Performing Assets</b>		
(a) Related parties	-	-
(b) Other than related parties	168.07	156.68
<b>(ii) Net Non-Performing Assets</b>		
(a) Related parties	-	-
(b) Other than related parties	33.62	47.01
<b>(iii) Assets acquired in satisfaction of debt</b>		
	-	-

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

46: Additional information required by Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time.

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

Particulars	March 31, 2024	March 31, 2023
CRAR (%)	31.95%	36.87%
CRAR-Tier I Capital (%)	31.95%	36.87%
CRAR-Tier II Capital (%)	0.00%	0.00%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

## B. Investments:

Particulars	March 31, 2024	March 31, 2023
1. Value of investments		
(i) Gross value of investments		
(a) In India	362.80	306.35
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	34.02	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	328.78	306.35
(b) Outside India	-	-
2. Movement of provisions held towards depreciation		
Opening balance	-	-
Add: Provision made during the year	34.02	-
Less: Write off/ write back	-	-
Closing balance	34.02	-

## C. Derivatives:

### Forward Rate Agreement/Interest Rate Swap

Particulars	March 31, 2024	March 31, 2023
(i) The notional principal of swap agreements	164.60	164.60
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	1.37	2.11
(iii) Collateral required to be provided by the NBFC upon entering into swaps	110%	110%
(iv) Concentration of credit risk arising from the swaps	NA	NA
(v) The fair value of the swap book	Nil	Nil

The Company has no unhedged foreign currency exposure as on March 31, 2024 (March 31, 2023: Nil).

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## D. Asset liability management - Maturity Pattern of certain items of assets and liabilities:

Maturity pattern	March 31, 2024			March 31, 2023		
	Assets		Liabilities	Assets		Liabilities
	Advances	Investments	Borrowings	Advances	Investments	Borrowings
0-7 Days	472.85	-	62.92	289.32	-	41.38
8-14 Days	224.70	2.87	55.13	135.94	-	15.52
15-30/31 Days	57.92	-	315.78	4.21	6.23	311.17
Over 1 month to 2 months	614.54	3.32	912.14	362.35	6.23	496.00
Over 2 months upto 3 months	611.43	3.77	663.48	372.81	6.23	344.09
Over 3 months to 6 months	1,882.84	16.13	1,496.09	1,143.70	20.68	833.71
Over 6 months to 1 year	3,387.35	35.41	2,536.63	2,282.94	37.37	2,096.23
Over 1 year to 3 years	3,061.22	52.18	2,934.24	2,791.81	114.51	1,735.46
Over 3 years to 5 years	30.89	-	35.75	97.21	-	60.63
Over 5 years	0.10	215.10	-	-	115.10	-
<b>Total</b>	<b>10,343.84</b>	<b>328.78</b>	<b>9,012.16</b>	<b>7,480.29</b>	<b>306.35</b>	<b>5,934.20</b>

## E. Exposure to real estate sector

Category	March 31, 2024	March 31, 2023
<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.	2.21	4.53
<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>2.21</b>	<b>4.53</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.

## I. Unsecured Advances – Refer note 6

## Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

### 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:

For the year ended March 31, 2024: no penalty imposed by RBI and other Regulators

For the year ended March 31, 2023:

- (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 ₹2.33 Cr 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 ₹0.25 Cr 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

Particulars	March 31, 2024	March 31, 2023
1. No. of SPVs sponsored by the NBFC for securitisation transactions during the year	32	13
2. Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date	1,876.20	1,004.09
3. Total amount of exposures retained to comply with minimum retention requirement ('MRR')		
a) On balance sheet exposures		
- First loss (MRR)	459.74	170.81
- Others	-	-
4. Amount of exposures to securitization transactions other than MRR:		
a) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	263.55	107.27
- 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 Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

**M. Details of loans transferred / acquired 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.

Particulars	March 31, 2024	March 31, 2023
Number of Loans	2,50,362	1,42,832
Aggregate pool amount (In crs)	948.42	621.83
Sale consideration (In crs)	853.58	559.65
Number of transactions	7	3
Weighted average remaining maturity (in months)	16	20
Weighted average holding period after origination (in months)	8	4
Retention of beneficial economic interest (MRR) (in crs)	94.84	62.18
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

(a) The company has not transferred any non-performing assets (NPAs) except as disclosed above in note 46 M (ii) below.

(b) The Company has not acquired any loans through assignment.

(c) 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 as 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 crs) ^	695.39	-	-
iii) Weighted average residual tenor of the loans transferred (months)	4.30	-	-
iv) Net book value of loans transferred (at the time of transfer)	122.15	-	-
v) Aggregate consideration	228.00	-	-
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	94.87	-	-
viii) Investment in Security Receipts (SR)#	198.26	-	-

^ includes written-off loans aggregating to ₹437.51 crs for the year ended March 31, 2023

During the year ended March 31, 2024, the Company had not transferred any stressed loans to ARC's.

**Details of recovery rating assigned for security receipts as on March 31, 2024**

Recovery Rating Scale	Implied recovery	Book Value (₹ in Crs)
RR2	75% to 100%	50.06
RR3	50% to 75%	95.64
<b>Total</b>		<b>145.70</b>

As on March 31, 2023 SRs were not rated.

Total carrying amount of SRs held by the Company is ₹111.68 crs (Gross book value: ₹145.70 crs, impairment allowance: ₹34.02 crs) as on March 31, 2024

During the year ended March 31, 2024, 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 Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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

Sr. No.	Instrument	Rating agency	Date of Rating	Rating assigned	Valid up to	Borrowing limit
1	Long term Bank facilities	CARE Ratings Limited	21-Mar-24	CARE A+; Stable	Note 1	1,000.00
2		ICRA Limited	15-Jan-24	[ICRA]A (Positive)		2,105.00
3		CRISIL Ratings Limited	29-Dec-23	CRISIL A /Positive		3,500.00
4		India Rating	11-Sep-23	IND A Stable		2,000.00
5	Non convertible debentures	CARE Ratings Limited	21-Mar-24	CARE A+; Stable		500.00
6		ICRA Limited	15-Jan-24	[ICRA]A (Positive)		358.00
7		India Rating	11-Sep-23	IND A Stable		2,080.00
8	Market Linked Debentures	ICRA Limited	15-Jan-24	PP-MLD[ICRA]A (Positive);		20.00
9		India Rating	11-Sep-23	IND PP-MLD A /Stable		500.00
10	Commercial Paper	CARE Ratings Limited	21-Mar-24	CARE A1+		100.00
11	Securitisation	ICRA Limited	29-Apr-23	[ICRA]A-(SO)	23-Dec-24	48.52
12		CARE Ratings Limited	18-May-23	CARE A+(SO)	18-Dec-24	79.07
13		ICRA Limited	30-May-23	[ICRA]AA-(SO)	15-Feb-25	101.74
14		CARE Ratings Limited	31-May-23	CARE A+ (SO)	14-Feb-25	80.83
15		ICRA Limited	6-Jun-23	[ICRA]AA(SO) and [ICRA] A-(SO)	17-Jan-25	30.11
16		CARE Ratings Limited	14-Jun-23	CARE AA-(SO)	17-Feb-25	65.00
17		CARE Ratings Limited	30-Jun-23	CARE AA-(SO)	17-Mar-25	101.09
18		CARE Ratings Limited	30-Jun-23	CARE AA-(SO)	17-Feb-25	25.00
19		CRISIL Ratings Limited	30-Jun-23	CRISIL AA-(SO)	1-Feb-25	75.00
20		CRISIL Ratings Limited	17-Jul-23	CRISIL AA(SO)	1-Mar-25	130.36
21		CRISIL Ratings Limited	28-Jul-23	CRISIL AA(SO)	17-Apr-25	67.25
22		India Rating	31-Jul-23	India Rating AA(SO) and India Rating A-(SO)	10-Feb-25	40.38
23		CARE Ratings Limited	31-Jul-23	CARE AA-(SO)	15-Mar-25	50.85
24		CARE Ratings Limited	1-Aug-23	CARE AA-(SO)	15-Mar-25	100.00
25		CRISIL Ratings Limited	4-Aug-23	CRISIL AA(SO)	22-Feb-25	50.00
26		India Rating	22-Aug-23	India Rating A+(SO)	14-Apr-25	98.48
27		CARE Ratings Limited	30-Aug-23	CARE AA-(SO)	15-Apr-25	99.92
28		CARE Ratings Limited	31-Aug-23	CARE AA-(SO)	15-Apr-25	49.84
29		CRISIL Ratings Limited	31-Aug-23	CRISIL AA(SO)	12-Apr-25	149.97
30		India Rating	29-Sep-23	India Rating AA(SO)	19-May-25	152.89
31		India Rating	22-Nov-23	India Rating A+ and A-(SO)	17-Mar-25	53.44
32		India Rating	29-Nov-23	India Rating AA-(SO)	17-Jul-25	75.00
33		India Rating	22-Dec-23	India Rating AA(SO) and India Rating A-(SO)	10-Aug-25	49.94

## Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

Sr. No.	Instrument	Rating agency	Date of Rating	Rating assigned	Valid up to	Borrowing limit
34	Securitisation	India Rating	27-Dec-23	India Rating AA(SO) and India Rating A+(SO)	17-Aug-25	87.73
35		CARE Ratings Limited	29-Dec-23	CARE AA-(SO)	2-Jan-24	148.89
36		India Rating	6-Feb-24	India Rating AA-(SO)	17-Sep-25	76.66
37		India Rating	19-Feb-24	India Rating AA-(SO)	17-Sep-25	50.00
38		CRISIL Ratings Limited	29-Feb-24	Provisional CRISIL AA+ (SO)	12-Nov-25	100.00
39		CARE Ratings Limited	10-Mar-24	Provisional CARE AA (SO)	22-Oct-25	75.00
40		CRISIL Ratings Limited	26-Mar-24	CRISIL AA(SO)	17-Dec-25	209.64
41		CRISIL Ratings Limited	22-Mar-24	CRISIL AA-(SO)	17-Nov-25	75.00
42		CRISIL Ratings Limited	27-Mar-24	Provisional CRISIL AA (SO)	24-Nov-25	84.56

**Note 1:** The rating is subject to annual surveillance till final repayment / redemption of rated facilities.

**Note 2:** Commercial paper rating from India Rating has been withdrawn during the financial year

### Ratings assigned by credit rating agencies and migration of ratings during previous year:

Sr. No.	Instrument	Rating agency	Date of Rating	Rating assigned	Valid up to	Borrowing limit
1	Long term Bank facilities	ICRA Limited	27-Mar-23	ICRA A- Positive	Note 1	2,105
2		India Rating	15-Feb-23	IND A Stable		2,000
3		CRISIL Ratings Limited	30-Sep-22	CRISIL A Stable		3,500
4	Non convertible debentures	ICRA Limited	27-Mar-23	ICRA A- Positive		564
5		India Rating	15-Feb-23	IND A Stable		1,130
6	Market Linked Debentures	ICRA Limited	27-Mar-23	ICRA PP-MLD[ICRA]A- Positive		120
7		India Rating	15-Feb-23	IND PP MLD Aemr Stable		1,800
8	Commercial Paper	India Rating	15-Feb-23	IND A Stable		500
9	Securitisation	ICRA Limited	30-Aug-22	[ICRA]A+(SO)	21-May-24	97.06
10		CARE Ratings Limited	29-Sep-22	CARE AA-(SO)	1-Mar-24	96.88
11		ICRA Limited	28-Oct-22	[ICRA]AA(SO)	24-Jun-24	46.49
12		ICRA Limited	28-Oct-22	[ICRA]A+(SO)	14-Jul-24	199.34
13		ICRA Limited	30-Dec-22	[ICRA]A+(SO)	12-Sep-24	73.98
14		ICRA Limited	29-Dec-22	[ICRA]A-(SO)	17-Aug-24	52.68
15		CARE Ratings Limited	28-Dec-22	CARE AA-(SO)	17-Aug-24	98.84
16		ICRA Limited	17-Feb-23	[ICRA]A+(SO)	17-Aug-24	58.73
17		CARE Ratings Limited	8-Mar-23	CARE AA-(SO)	15-Nov-24	41.01
18		ICRA Limited	23-Mar-23	[ICRA]AA(SO) and [ICRA] A-(SO)	17-Nov-24	32.15
19		CARE Ratings Limited	24-Mar-23	CARE AA-(SO)	17-Nov-24	127.92
20	ICRA Limited	23-Mar-23	[ICRA]AA(SO)	19-Dec-24	227.09	
21	India Rating	30-Mar-23	India Rating A+(SO)	1-Dec-24	47.13	

**Note 1:** The rating is subject to annual surveillance till final repayment / redemption of rated facilities.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## P. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	March 31, 2024	March 31, 2023
Provision for income tax (net)	158.14	5.91
Provision for non-performing assets (impairment allowance on stage III loans)	16.80	(354.49)
Provision for standard assets (impairment allowance on stage I and stage II loans)	56.37	(31.83)
Provision for unfructified service tax liability	0.71	0.85
Provision for theft & fraud (net of recoveries)	8.02	3.52
Provision for gratuity	3.10	1.33
Provision for leave benefits	6.30	2.27
Provision for insurance claims (net of recoveries and write-off)	(1.53)	(0.74)

Q. There has been no drawdown from reserves during the current year and previous year.

## R. Concentration of Advances, Exposures and NPAs

Particulars	March 31, 2024	March 31, 2023
<b>Concentration of Advances</b>		
Total advances to twenty largest borrowers #	1.04	1.41
(%) of advances to twenty largest borrowers to total advances	0.01%	0.02%
<b>Concentration of Exposures</b>		
Total exposure to twenty largest borrowers #	1.12	1.50
(%) of exposure to twenty largest borrowers to total exposure	0.01%	0.02%
<b>Concentration of NPAs *</b>		
Total exposure to top four NPA accounts	0.37	0.41

# excludes inter-corporate deposits extended to related parties

\* Represents stage III loans including interest

## S. Sector wise NPAs\*

Sector	Percentage of NPAs to total advances in that sector *	
	As at March 31, 2024	As at March 31, 2023
Agriculture and allied activities	1.33%	1.90%
MSME	1.60%	1.99%
Corporate borrowers	0.00%	0.00%
Services	0.00%	0.00%
Unsecured personal loans	2.68%	9.53%
Auto Loans	0.00%	0.00%
Other personal loans	19.33%	17.73%

\* Percentage of NPAs to total advances in that sector is computed based on 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.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## T. Movement of NPAs\*

Particulars	March 31, 2024	March 31, 2023
<b>Net NPAs to net advances (%)</b>	0.32%	0.63%
<b>Movement of NPAs (gross)</b>		
1. Opening balance	156.68	1,113.91
2. Additions during the year	126.81	334.97
3. Reductions/ write off during the year	(115.42)	(1,292.20)
4. Closing balance	168.07	156.68
<b>Movement of Net NPAs</b>		
1. Opening balance	47.01	621.09
2. Additions during the year	6.53	(181.37)
3. Reductions/ write off during the year	(19.92)	(392.71)
4. Closing balance	33.61	47.01
<b>Movement of provision for NPAs</b>		
1. Opening balance	109.67	492.82
2. Additions during the year	120.28	516.34
3. Reductions/ write off during the year	(95.50)	(899.49)
4. Closing balance	134.46	109.67

\* 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 (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).

## W. Information on instances of fraud

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement - For the year ended March 31, 2024	1,654	10.79	2.77	8.02
Cash Embezzlement - For the year ended March 31, 2023	651	3.84	0.32	3.52

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

## X. Sectoral Exposure\*

### i) Sectoral Exposure

Sectors	Current Year (As at March 31, 2024)			Previous Year (As at March 31, 2023)		
	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	7,472.09	255.63	3.42%	4,423.07	246.31	5.57%
Industry (Micro and small)	4,026.43	217.36	5.40%	3,856.84	223.31	5.79%
Personal Loans	18.28	3.76	20.57%	30.30	6.08	20.06%
<b>Total</b>	<b>11,516.80</b>	<b>476.75</b>	<b>4.14%</b>	<b>8,310.21</b>	<b>475.70</b>	<b>5.72%</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

ii) Sectoral Exposure (excluding direct assignment transactions executed prior to June-21 and outstanding as on March 31, 2024):

Sectors	Current Year (As at March 31, 2024)			Previous Year (As at March 31, 2023)		
	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	7,311.41	94.95	1.30%	4,256.44	81.00	1.90%
Industry (Micro and small)	3,872.03	62.96	1.63%	3,696.01	63.75	1.72%
Personal Loans	15.28	0.76	4.97%	27.14	2.94	10.84%
<b>Total</b>	<b>11,198.72</b>	<b>158.67</b>	<b>1.42%</b>	<b>7,979.59</b>	<b>147.69</b>	<b>1.85%</b>

\* Represents amount of principal outstanding

## Y. Intra-group exposures

Particulars	March 31, 2024	March 31, 2023
(i) Total amount of intra-group exposures	73.60	229.61
(ii) Total amount of top 20 intra-group exposures	73.60	229.61
(iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.69%	2.98%

## Z. Related party transactions – Refer note 32.

### 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, 2024	March 31, 2023
<b>Complaints received by the Company from its customers</b>			
1.	No. of complaints pending at the beginning of the year	53	306
2.	No. of complaints received during the year	1,821	3,283
3.	No. of complaints disposed during the year	1,866	3,536
3.1	Of Which, no. of complaints rejected during the year	1	8
4.	No. of complaints pending at the end of the year	8	53
<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)		-

## Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

(ii) Top five grounds of complaints received by the Company from customers

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: Instalment and overdue related	29	1,110	50%	8	
Ground - 2: Insurance claim settlements	3	277	-83%	-	
Ground - 3: New loan request	9	199	-15%	-	
Ground - 4: Interest related enquiries	5	8	-79%	-	
Others	7	227	-66%	-	
<b>Total</b>	<b>53</b>	<b>1,821</b>		<b>8</b>	<b>-</b>
<b>Previous year</b>					
Ground - 1: Instalment and overdue related	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>

**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, 2024:**

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>						
Standard	Stage 1	10,227.81	78.15	10,149.66	40.80	37.35
	Stage 2	171.03	84.06	86.98	0.66	83.40
<b>Subtotal</b>		<b>10,398.84</b>	<b>162.21</b>	<b>10,236.64</b>	<b>41.46</b>	<b>120.75</b>
<b>Non Performing Assets (NPA)</b>						
Substandard	Stage 3	168.07	134.46	33.62	86.94	47.51
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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loss</b>	Stage 3	-	-	-	-	-

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowances (Provisions) as required as per Ind AS 109	Net Carrying Amount	Provisions as per IRACP norms #	Difference between Ind AS 109 Provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
<b>Subtotal for NPA</b>		<b>168.07</b>	<b>134.46</b>	<b>33.62</b>	<b>86.94</b>	<b>47.51</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>		-	-	-	-	-
<b>Total</b>	Stage 1	10,227.81	78.15	10,149.66	40.80	37.35
	Stage 2	171.03	84.06	86.98	0.66	83.40
	Stage 3	168.07	134.46	33.62	86.94	47.51
	<b>Total</b>	<b>10,566.91</b>	<b>296.66</b>	<b>10,270.25</b>	<b>128.39</b>	<b>168.27</b>

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:

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	7,242.58	78.48	7,164.10	29.23	49.25
	Stage 2	66.94	27.36	39.58	0.26	27.10
<b>Subtotal</b>		<b>7,309.52</b>	<b>105.84</b>	<b>7,203.68</b>	<b>29.49</b>	<b>76.35</b>
<b>Non Performing Assets (NPA)</b>	<b>Stage 3</b>	<b>156.68</b>	<b>109.68</b>	<b>47.00</b>	<b>61.54</b>	<b>48.14</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>156.68</b>	<b>109.68</b>	<b>47.00</b>	<b>61.54</b>	<b>48.14</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	-	-	-	-	-



# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowances (Provisions) as required as per Ind AS 109	Net Carrying Amount	Provisions as per IRACP norms #	Difference between Ind AS 109 Provisions and IRACP norms
<b>Subtotal</b>		-	-	-	-	-
<b>Total</b>	Stage 1	7,242.58	78.48	7,164.10	29.23	49.25
	Stage 2	66.94	27.36	39.58	0.26	27.10
	Stage 3	156.68	109.68	47.00	61.54	48.14
	<b>Total</b>	<b>7,466.20</b>	<b>215.52</b>	<b>7,250.68</b>	<b>91.03</b>	<b>124.49</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 RBI 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. The disclosure on Liquidity Coverage Ratio of the Company for the year ended March 31, 2024 is as under:

Sr. No.	Particulars	Q1FY23-24		Q2FY23-24		Q3FY23-24		Q4FY23-24	
		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	<b>Total High Quality Liquid Assets (HQLA)</b>	826.17	826.17	1,462.15	1,462.15	1,243.11	1,243.11	1,385.55	1,385.55
	<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	-	-	-	-	-	-	-	-

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

Sr. No.	Particulars	Q1FY23-24		Q2FY23-24		Q3FY23-24		Q4FY23-24	
		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) #
iii	Credit and liquidity facilities	343.32	394.82	174.13	200.25	379.18	436.06	468.39	538.65
6	Other contractual funding obligations	80.37	92.42	48.39	55.65	57.12	65.69	214.44	246.60
7	Other Contingent Funding Obligations	-	-	-	-	-	-	-	-
<b>8</b>	<b>Total cash outflows</b>	<b>423.69</b>	<b>487.24</b>	<b>222.52</b>	<b>255.90</b>	<b>436.30</b>	<b>501.75</b>	<b>682.83</b>	<b>785.25</b>
	<b>Cash inflows</b>								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	546.10	409.58	660.63	495.47	688.51	516.38	819.97	614.98
11	Other cash inflows	12.68	9.51	61.02	45.77	36.58	27.44	28.15	21.12
<b>12</b>	<b>Total cash inflows</b>	<b>558.78</b>	<b>419.09</b>	<b>721.65</b>	<b>541.24</b>	<b>725.09</b>	<b>543.82</b>	<b>848.12</b>	<b>636.10</b>
<b>13</b>	<b>Total HQLA</b>		<b>826.17</b>		<b>1,462.15</b>		<b>1,243.11</b>		<b>1,385.55</b>
<b>14</b>	<b>Total net cash outflow</b>		<b>121.81</b>		<b>63.97</b>		<b>125.44</b>		<b>196.31</b>
<b>15</b>	<b>Liquidity coverage ratio (%)</b>		<b>678%</b>		<b>2286%</b>		<b>991%</b>		<b>706%</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%).

The disclosure on Liquidity Coverage Ratio of the Company for the year ended March 31, 2023 is as under:

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>									
<b>1</b>	<b>Total High Quality Liquid Assets (HQLA)</b>	436.07	436.07	864.81	864.81	1,023.21	1,023.21	810.36	810.36
	<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	191.84	220.62	221.50	254.73	246.94	283.98	388.53	446.80
6	Other contractual funding obligations	21.25	24.44	2.97	3.41	71.90	82.69	116.26	133.70
7	Other Contingent Funding Obligations	-	-	-	-	-	-	-	-

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores 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)
8	<b>Total cash outflows</b>	213.09	245.06	224.47	258.14	318.84	366.67	504.79	580.50
	<b>Cash inflows</b>								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	485.00	363.75	490.00	367.50	387.19	290.39	450.00	337.50
11	Other cash inflows	49.47	37.10	112.08	84.06	11.65	8.74	13.24	9.93
12	<b>Total cash inflows</b>	534.47	400.85	602.08	451.56	398.84	299.13	463.24	347.43
13	<b>Total HQLA</b>		436.07		864.81		1,023.21		810.36
14	<b>Total net cash outflow</b>		61.26		64.54		91.67		233.07
15	<b>Liquidity coverage ratio (%)</b>		712%		1340%		1116%		348%

## AD. Loans to Directors, Senior Officers and Relatives of Directors

The Company has not granted any loans to directors or senior officers or relatives of directors or relatives of senior officers or to entities associated with directors or their relatives.

## AE. Public Disclosure on liquidity risk

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

Number of significant counterparties	March 31, 2024	March 31, 2023
30 (Thirty) / 28 (Twenty eight)	7,095.99	4,957.01
% of Total Liabilities	76.19%	80.70%

2. Top 20 Large Deposits : Not Applicable

3. Top 10 borrowings

Number of significant counterparties	March 31, 2024	March 31, 2023
Amount of top 10 borrowings Amount	3,898.78	3,073.58
% of Total Borrowings	43.26%	51.79%

4. Funding concentration based on significant instrument/product

Name of Instrument/product	March 31, 2024		March 31, 2023	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Term Loans	5,124.50	55.02%	2,560.31	41.68%
Borrowings under securitization arrangement	1,878.14	20.17%	1,002.77	16.33%
Non convertible Debentures	1,989.52	21.36%	2,351.14	38.28%
<b>Total Liabilities</b>	<b>9,313.59</b>		<b>6,142.47</b>	

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 5. Stock Ratios

Particulars	March 31, 2024	March 31, 2023
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	69.63%	72.60%
Other Short Term Liabilities to Total Liabilities	67.37%	70.14%
Other Short Term Liabilities to Total Assets	48.76%	46.90%

## 6. Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Committee (RC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

### Notes:

1. Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
2. Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
3. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
4. Short term liabilities includes all financial and non-financial liabilities expected to be paid within one year.
5. Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

**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, 2024, the Company had refunded ₹15.51 crores by way of credit into customers bank accounts / loan 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 ₹23.36 crores 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.

Particulars	March 31, 2024	March 31, 2023
Provision in the books	38.87	45.48
Less: Amount refunded / adjusted to credit of borrowers	15.51	6.61
Amount to be refunded to borrowers	23.36	38.87

## Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

**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, 2023 (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, 2024
Personal Loans					
Corporate persons					
Of which, MSMEs					
Others *	6.57	0.89	0.00	5.64	0.03

\* 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.

### 49: 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, 2024 and March 31, 2023.
- 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.
- 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
- 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.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 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.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

**50.** The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. The Company, in respect of financial year commencing on 1 April 2023 has used an accounting software Financial Information Monitoring Organizer (FIMO) for maintaining books of account which has a feature of recording audit trail (edit log). The users of the Company do not have any access to database IDs with Data Manipulation Language (DML) authority, which can make direct data changes (create, change, delete) at database level. Accordingly, the Company had not enabled the feature of recording audit trail (edit log) at the database level for the said accounting software to log any direct data changes as the same consume storage space on the disk and can impact database performance significantly. Audit trail (edit log) is enabled at the application level, and the Company's users have access to perform transactions only from the application level. Further, the Company, has used accounting software (Adrenalin Max) which is operated by a third-party software service provider. The 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization) is not available for the year ending March 2024.

**51:** Previous year figures have been regrouped/ reclassified wherever applicable. The impact of such restatements/ regroupings are not material to Financial Statements.

**52.** The Company has chosen to publish the financial statements in ₹ crores for the year ended 31 March 2024. Accordingly, the previous year figures have been rounded off.

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: Hyderabad  
Date: April 29, 2024

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: Hyderabad  
Date: April 29, 2024

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Vinay Prakash Tripathi**  
Company Secretary  
Membership No.: ACS-18976

# Independent Auditor's Report

To the Members of Spandana Sphoorty Financial Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

- We have audited the accompanying consolidated financial statements of Spandana Sphoorty Financial Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2024, 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 material accounting policy information and other explanatory information.
- 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 2024, 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

- 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 Matter section below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

- 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.
- 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 and write off on loan portfolio</b></p> <p>Refer note 3(d) for significant accounting policies, note 6 for impairment disclosures and note 41.1 for credit risk disclosures.</p> <p>The Holding Company has gross loan assets of ₹10,640.51 crores outstanding as at 31 March 2024, against which an impairment of ₹296.67 crores 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 ₹86.21 crores during the year ended 31 March 2024. 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 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>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 consolidated financial statements. 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. 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).</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>
<b>(b) Information Technology Systems and Controls for the financial reporting process</b>	
<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: <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> <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 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 ₹786.10 crores as at 31 March 2024, total revenues of ₹150.46 crores and net cash inflows amounting to ₹9.73 crores 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 have paid remuneration to their respective 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 subsidiaries 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 subsidiaries.
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 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, 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, except for the matters stated in paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended));
  - 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 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiaries, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act.
  - f) The qualification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 18(b) above on reporting under section 143(3)(b) of the Act and paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
  - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiaries covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure 2' wherein we have expressed an unmodified opinion; and
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 34 to the consolidated financial statements;
- ii. The Holding Company and its subsidiaries did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries covered under the Act, during the year ended 31 March 2024;
- iv.
  - a. The respective managements of the Holding Company and its subsidiaries, 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 44 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 subsidiaries 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 subsidiaries ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
  - b. The respective managements of the Holding Company and its subsidiaries 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 the note 45 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries 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 subsidiaries 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 subsidiaries have not declared or paid any dividend during the year ended 31 March 2024;
  - vi. As stated in note 50 to the consolidated financial statement and based on our examination which included test checks and that performed by the respective auditors of the subsidiaries of the Holding Company which are companies incorporated in India and audited under the Act, except for the matters mentioned below, the Holding Company and its subsidiaries, in respect of financial year commencing on 1 April 2023, have used an accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and respective auditors of the above referred subsidiaries did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below:

Particulars	Details of exception noted
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software.	The audit trail feature was not enabled at the database level for accounting software FIMO to log any direct data changes, used for maintenance of all relevant accounting records by the Holding Company and a subsidiary company.
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature	The accounting software Adrenalin Max and Synoriq used for maintenance of books of account of the Holding Company and a subsidiary company, respectively, is operated by third party software service provider. In the absence of the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization), we and respective auditor of above referred subsidiary, are unable to comment whether the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Manish Gujral**

Partner

Membership No.: 105117

UDIN: 24105117BKDANL5173

Place: Hyderabad

Date: April 29, 2024

## Annexure 2 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 2024

### 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 2024, 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 2024 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 ₹786.10 crores and net assets of ₹288.45 crores as at 31 March 2024, total revenues of ₹150.46 crores and net cash inflows amounting to ₹9.73 crores 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

Membership No.: 105117

UDIN: 24105117BKDANL5173

Place: Hyderabad

Date: April 29, 2024

# Consolidated Balance Sheet

as at March 31, 2024

(₹ in crores unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	1,398.29	813.38
Bank balances other than cash and cash equivalents	5	495.84	191.20
Loans	6	11,014.30	7,759.80
Investments	7	111.78	189.35
Other financial assets	8	84.14	134.15
<b>Subtotal - Financial assets</b>		<b>13,104.35</b>	<b>9,087.88</b>
<b>Non-financial assets</b>			
Inventories	9	-	1.27
Current tax assets (net)	10	49.27	39.82
Deferred tax assets (net)	11	132.72	196.91
Property, plant and equipment	12	29.99	24.90
Goodwill		17.39	17.39
Other Intangible assets	12A	5.00	4.68
Other non-financial assets	13	43.81	9.76
<b>Subtotal - Non-Financial assets</b>		<b>278.18</b>	<b>294.73</b>
<b>Total Assets</b>		<b>13,382.53</b>	<b>9,382.61</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Debt securities	14	4,064.21	3,368.79
Borrowings (other than debt securities)	14	5,340.40	2,685.50
Subordinated liabilities	14	20.00	19.98
Other financial liabilities	15	253.46	165.14
<b>Subtotal - Financial Liabilities</b>		<b>9,678.07</b>	<b>6,239.41</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	16	5.59	4.02
Provisions	17	17.23	6.28
Other non-financial liabilities	18	36.75	33.65
<b>Subtotal - Non-financial liabilities</b>		<b>59.57</b>	<b>43.95</b>
<b>EQUITY</b>			
Equity share capital	19	71.30	70.98
Other equity	20	3,573.30	3,028.04
Equity attributable to shareholders of the company		3,644.60	3,099.02
Non controlling interest		0.29	0.23
<b>Subtotal - Equity</b>		<b>3,644.89</b>	<b>3,099.25</b>
<b>Total liabilities and equity</b>		<b>13,382.53</b>	<b>9,382.61</b>

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date  
For **Walker Chandio & Co LLP**  
Chartered Accountants  
ICAI Firm registration number: 001076N/N500013

**Manish Gujral**  
Partner  
Membership No.: 105117

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

**Abanti Mitra**  
Chairperson  
DIN: 02305893

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Ashish Damani**  
President & Chief  
Financial Officer

**Vinay Prakash Tripathi**  
Company Secretary  
Membership No.: ACS-18976

Place: Hyderabad  
Date: April 29, 2024

Place: Hyderabad  
Date: April 29, 2024



# Consolidated Statement of Profit & Loss

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

	Notes	For year ended March 31, 2024	For year ended March 31, 2023
<b>Revenue from operations</b>			
Interest income	21	2,238.07	1,277.49
Net gain on fair value changes	22	162.47	84.51
Recovery against loans written-off	23	23.17	38.75
<b>Total revenue from operations</b>		<b>2,423.71</b>	<b>1,400.75</b>
Other income	24	110.24	76.28
<b>Total income</b>		<b>2,533.95</b>	<b>1,477.03</b>
<b>Expenses</b>			
Finance costs	25	926.78	457.88
Net loss on fair value changes		-	0.01
Impairment on financial instruments	26	282.58	544.31
Employee benefits expenses	27	473.23	304.12
Depreciation and amortization expenses	28	20.41	10.87
Other expenses	29	160.38	142.02
<b>Total expenses</b>		<b>1,863.38</b>	<b>1,459.21</b>
<b>Profit before tax</b>		<b>670.57</b>	<b>17.82</b>
<b>Tax expense:</b>	30		
Current tax expense		107.14	4.53
Taxes of prior period		-	0.11
Deferred tax expense/ (credit)		62.71	0.79
Income tax expense		<b>169.85</b>	<b>5.43</b>
<b>Profit for the year</b>		<b>500.72</b>	<b>12.39</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		(4.52)	(1.05)
Income tax effect		1.15	0.26
<b>Items that will be reclassified subsequently to profit or loss</b>			
Fair value loss on loans		10.40	(53.02)
Income tax effect		(2.62)	13.35
<b>Other comprehensive (loss)</b>		<b>4.41</b>	<b>(40.46)</b>
<b>Total comprehensive loss for the year</b>		<b>505.13</b>	<b>(28.07)</b>
<b>Profit/loss for the year attributable to:</b>			
Owners of the company		500.66	12.31
Non-controlling interests		0.06	0.08
		<b>500.72</b>	<b>12.39</b>
<b>Other comprehensive income for the year attributable to:</b>			
Owners of the company		4.41	(40.46)
Non-controlling interests		-	-
		<b>4.41</b>	<b>(40.46)</b>
<b>Total comprehensive income for the year attributable to :</b>			
Owners of the company		505.07	(28.15)
Non-controlling interests		0.06	0.08
		<b>505.13</b>	<b>(28.07)</b>
<b>Earnings per equity share</b>			
	31		
Basic (₹)		70.42	1.74
Diluted (₹)		69.38	1.74
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: Hyderabad  
Date: April 29, 2024

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: Hyderabad  
Date: April 29, 2024

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Vinay Prakash Tripathi**  
Company Secretary  
Membership No.: ACS-18976

# Consolidated Cash Flow Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
<b>Cash flow from operating activities</b>		
Profit before tax	670.57	17.82
<b>Adjustments for:</b>		
Depreciation and amortization	20.41	10.87
Interest on income tax	-	0.02
Share based payment to employees	26.09	28.86
Provision for employee benefits	6.43	2.02
Finance cost on lease liability	1.26	0.96
Impairment on financial instruments	274.14	513.03
Net gain on financial assets / (liabilities) designated at fair value through profit or loss	(68.52)	(31.76)
Other provisions and write offs	8.04	4.63
<b>Operating profit before working capital changes</b>	<b>938.42</b>	<b>546.45</b>
<b>Movements in working capital :</b>		
Changes in inventories	1.27	(1.27)
Changes in other financial liabilities	90.18	14.28
Changes in other non-financial liabilities	(0.94)	(6.18)
Changes in bank balances other than cash and cash equivalents	(304.64)	283.91
Changes in provisions	-	(0.80)
Changes in loans	(3,258.35)	(2,923.92)
Changes in other financial assets	(23.38)	(41.43)
Changes in other non financial assets	(34.39)	(0.77)
<b>Cash used in operations</b>	<b>(2,591.83)</b>	<b>(2,129.73)</b>
Income taxes paid	(115.03)	(41.32)
<b>Net cash used in operating activities (A)</b>	<b>(2,706.86)</b>	<b>(2,171.05)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(25.38)	(12.74)
Proceeds from derecognition of property, plant and equipment	(0.30)	-
Investment in security receipts	-	(198.26)
Proceeds from redemption of security receipts	43.55	9.01
Purchase of investments	(12,085.00)	(5,994.22)
Sale of investments	12,153.52	6,020.96
<b>Net cash used in investing activities (B)</b>	<b>86.39</b>	<b>(175.25)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (including securities premium)	14.43	10.95
Long-term borrowings availed	9,587.72	5,224.99
Long-term borrowings repaid	(6,393.38)	(2,801.30)
Interest payment of lease liabilities	(1.26)	(0.96)
Principal payment of lease liabilities	(2.13)	(1.17)
<b>Net generated from financing activities (C)</b>	<b>3,205.38</b>	<b>2,432.51</b>

# Consolidated Cash Flow Statement

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
<b>Net change in cash and cash equivalents (A + B + C)</b>	<b>584.91</b>	<b>86.21</b>
Cash and cash equivalents at the beginning of the year	813.38	727.17
<b>Cash and cash equivalents at the end of the year</b>	<b>1,398.29</b>	<b>813.38</b>
<b>Components of cash and cash equivalents as at the end of year</b>		
Cash on hand	7.47	0.48
Balance with banks - on current account	800.50	792.90
Deposits with original maturity of less than or equal to 3 months	590.32	20.00
<b>Total cash and cash equivalents</b>	<b>1,398.29</b>	<b>813.38</b>
<b>Cash flow from operating activities</b>	<b>For year ended March 31, 2024</b>	<b>For year ended March 31, 2023</b>
Interest received	2,151.09	1,304.52
Interest paid	(993.46)	(407.76)

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: Hyderabad  
Date: April 29, 2024

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: Hyderabad  
Date: April 29, 2024

**Shalabh Saxena**  
Managing Director & CEO  
DIN: 08908237

**Vinay Prakash Tripathi**  
Company Secretary  
Membership No.: ACS-18976

## Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

### A. Equity Shares

Equity Share of ₹10 each issued, subscribed and fully paid

Particulars	No. of Shares	Amount
<b>As at April 1, 2022</b>	<b>6,90,94,530</b>	<b>69.09</b>
Issue of equity share capital during the year (refer note 19)	18,88,739	1.89
<b>As at March 31, 2023</b>	<b>7,09,83,269</b>	<b>70.98</b>
Issue of equity share capital during the year (refer note 19)	3,14,175	0.32
<b>As at March 31, 2024</b>	<b>7,12,97,444</b>	<b>71.30</b>

### B. Other Equity (Note 20)

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 April 01, 2022</b>	<b>2,133.93</b>	<b>281.66</b>	<b>7.32</b>	<b>367.10</b>	<b>152.69</b>	<b>20.09</b>	<b>(19.32)</b>	<b>75.00</b>	<b>3,018.47</b>	<b>2.38</b>	<b>3,020.85</b>	
Profit for the year ended March 31, 2023	-	12.31	-	-	-	-	-	-	12.31	0.08	12.39	
Impairment allowance on loans reclassified to profit and loss	-	-	-	-	-	-	439.76	-	439.76	-	439.76	
Fair value change during the year	-	-	-	-	-	-	(479.44)	-	(479.44)	-	(479.44)	
Remeasurement gain or loss on actuarial valuation	-	(0.79)	-	-	-	-	-	-	(0.79)	-	(0.79)	
Transfer to Statutory Reserve	-	(2.75)	-	2.75	-	-	-	-	-	-	-	
Conversion of share warrants into equity shares	-	-	-	-	-	-	-	(75.00)	(75.00)	-	(75.00)	
Premium on issue of equity shares, net of issue expenses	84.58	-	-	-	-	-	-	-	84.58	-	84.58	
Purchase of NCI stake	-	(0.21)	-	-	-	-	-	-	(0.21)	(2.22)	(2.43)	
Add: Share based payment to employees	-	-	-	-	-	28.86	-	-	28.86	-	28.86	
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	3.71	-	-	(4.23)	-	-	(0.52)	-	(0.52)	
<b>Balance as at March 31, 2023</b>	<b>2,218.51</b>	<b>290.24</b>	<b>11.03</b>	<b>369.85</b>	<b>152.69</b>	<b>44.72</b>	<b>(59.00)</b>	<b>-</b>	<b>3,028.04</b>	<b>0.23</b>	<b>3,028.27</b>	

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

Particulars	Reserves & Surplus					Other items of comprehensive income (fair valuation on loans)	Money received against Share Warrants A/c	Other Equity	Non-Controlling Interest	Total
	Securities premium	Retained earnings	General reserve	Statutory reserve	Capital redemption reserve					
Profit for the year ended March 31, 2024	-	500.66	-	-	-	-	-	500.66	0.06	500.72
Impairment allowance on loans reclassified to profit and loss	-	-	-	-	-	159.38	-	159.38	-	159.38
Fair value change during the year	-	-	-	-	-	(151.60)	-	(151.60)	-	(151.60)
Remeasurement gain or loss on actuarial valuation	-	(3.37)	-	-	-	-	-	(3.37)	-	(3.37)
Transfer to Statutory Reserve	-	(100.28)	-	100.28	-	-	-	-	-	-
Premium on issue of equity shares, net of issue expenses	21.92	-	-	-	-	-	-	21.92	-	21.92
Add: Share based payment to employees	-	-	-	-	-	26.09	-	26.09	-	26.09
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	0.84	-	-	(8.65)	-	(7.81)	-	(7.81)
<b>Balance as at March 31, 2024</b>	<b>2,240.43</b>	<b>687.24</b>	<b>11.87</b>	<b>470.13</b>	<b>152.69</b>	<b>(51.22)</b>	<b>-</b>	<b>3,573.30</b>	<b>0.29</b>	<b>3,573.59</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

**Vinay Prakash Tripathi**  
Company Secretary  
Membership No.: ACS-18976

**Ashish Damani**  
President & Chief  
Financial Officer

Place: Hyderabad  
Date: April 29, 2024

Place: Hyderabad  
Date: April 29, 2024

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 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. As per the "Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023" ("the SBR Regulations") dated 19 October 2023 issued by the RBI the Company is classified as non-banking financial company – middle layer ('NBFC – ML'). 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), the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("the RBI guidelines") and other accounting principles generally accepted in India.

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 crores, 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 consolidated financial statements were authorised for issue by the Board of Directors on April 29, 2024.

### 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 has the ability to affect those returns through its

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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, 2024)	Proportion of ownership as at (March 31, 2023)	Consolidated as
Criss Financial Limited	India	99.90%	99.85%	Subsidiary
Caspian Financial Services Limited	India	100.00%	100.00%	Subsidiary

## Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Company (profits or losses resulting from intracompany transactions that are 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.

## d) Use of estimates, judgments, and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

### i) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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.

## 3. Material accounting policy information

This note provides a list of the material accounting policies adopted in the preparation of this consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

## a) 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) Other income and expense

All Other income and expense are recognized in the period they occur.

The Group recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## b) Property, plant and equipment (PPE)

### 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.

## c) 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 (amount in full) 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

## d) Impairment

### i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.

In accordance with Ind AS 109, the Group is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive

income. Accordingly, the Group is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Group is required to recognize credit losses over next 12-month period. The Group has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Group has a process to assess credit risk of all exposures at each year end as follows:

### Stage I

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Group has assessed that all standard exposures (i.e., exposures with no overdues) and exposure upto 30day overdues fall under this category. In accordance with Ind AS 109, the Group measures ECL on such assets over next 12 months.

### Stage II

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Group classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Group measures lifetime ECL on stage II loans.

### Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Group measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

### Methodology for calculating ECL

The Group determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows.

The Group does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Key factors applied to determine ECL are outlined as follows:

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) - It represents an estimate of the exposure of the 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.

### e) Business combination and Goodwill:

Goodwill is initially recognized at cost and is subsequently measured at cost plus any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that unit's value may be impaired. If the recoverable amount of the cash generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to carrying value of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent period. On disposal of the subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

### f) 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.

Revenue from advertisement activity is recognized upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers.

### g) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## h) Employee Stock Option Plan

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## i) Income taxes

### Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

### Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction,

affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Group also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Group's intention to settle on a net basis.

## j) 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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 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

## 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 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.

## 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, except trade receivables which is recorded at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

#### Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

#### Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

**Business model:** The business model reflects how the Group manages the assets in order to generate cash flows. That is, where the Group's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Group's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

**SPPI:** Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

**Effective interest method** - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Group revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL.

## Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

## Financial liabilities

### Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

### Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

### De-recognition

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

### 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.

### n) 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.

### o) 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,

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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.

**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 consolidated cash flow statement is prepared in accordance with the Indirect method. Consolidated cash flow statement presents the cash flows by operating, financing and investing activities of the Group. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

**r) 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.

**s) New and amended standards**

**i) Disclosure of Accounting Policies-Amendments to Ind AS 1, Presentation of financial statements**

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is material accounting policy information and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

The amendment have had an impact on the Company's disclosure of accounting policy, but not on the measurement, recognition or presentation of any item in the financial statements

**ii) Amendments to Ind AS 8, Accounting policies, changes in accounting estimates and errors**

The amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendment have no impact on the financial statements.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

**iii) Deferred tax related to assets and liabilities transaction - Amendments to Ind AS 12, Income taxes**

The amendment requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and liabilities at the beginning of the earliest comparative period for all deductible

and taxable temporary differences associated with right-of-use assets and lease liabilities, and decommissioning restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The amendment have no impact on the financial statements.

**t) Recent Accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 4: Cash and cash equivalents

	As at March 31, 2024	As at March 31, 2023
Cash on hand	7.47	0.48
Balances with banks in current accounts	800.50	792.90
Bank Deposit with original maturity of less than three months	590.32	20.00
	<b>1,398.29</b>	<b>813.38</b>

## 5: Bank balances other than cash and cash equivalents

	As at March 31, 2024	As at March 31, 2023
Fixed deposit with banks not considered as cash and cash equivalents	12.66	2.00
Restricted bank balance	0.03	-
Deposits held as margin money or security against the borrowings	483.15	189.20
	<b>495.84</b>	<b>191.20</b>

## 6: Loans

	As at March 31, 2024	As at March 31, 2023
(a) Term Loans (at fair value through OCI)	10,566.91	7,466.20
(a) Term Loans (at amortized cost)	784.80	538.41
<b>Total - Gross</b>	<b>11,351.71</b>	<b>8,004.61</b>
Less: Impairment loss allowance	(337.41)	(244.81)
<b>Total - Net</b>	<b>11,014.30</b>	<b>7,759.80</b>
<b>Break-up of loans</b>		
(a) Secured by tangible assets (Property including land and building)	73.35	60.38
(b) Unsecured	11,278.36	7,944.23
<b>Total - Gross</b>	<b>11,351.71</b>	<b>8,004.61</b>
Less: Impairment loss allowance	(337.41)	(244.81)
<b>Total - Net</b>	<b>11,014.30</b>	<b>7,759.80</b>
(a) Public sector	-	-
(b) Others	11,351.71	8,004.61
<b>Total - Gross</b>	<b>11,351.71</b>	<b>8,004.61</b>
Less: Impairment loss allowance	(337.41)	(244.81)
<b>Total - Net</b>	<b>11,014.30</b>	<b>7,759.80</b>
(a) Within India	11,351.71	8,004.61
(b) Outside India	-	-
<b>Total - Gross</b>	<b>11,351.71</b>	<b>8,004.61</b>
Less: Impairment loss allowance	(337.41)	(244.81)
<b>Total - Net</b>	<b>11,014.30</b>	<b>7,759.80</b>

**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.

**Note 2:** The table below discloses the credit quality of Group exposures on loan portfolio (excluding inter-corporate advances) as at the reporting date:



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 6: Loans (contd)

### Gross loan portfolio movement for the year ended March 31, 2024

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount at the beginning of the year ^	7,748.51	78.62	177.48	8,004.61
New assets originated or purchased	10,687.81	-	-	10,687.81
Asset derecognised or repaid (excluding write offs) #	(7,184.56)	(40.17)	(21.05)	(7,245.78)
Assets written off during the year ^	-	-	(105.33)	(105.33)
Inter-stage movements	-	-	-	-
Stage I	13.90	(0.75)	(13.15)	-
Stage II	(172.22)	172.80	(0.58)	(0.00)
Stage III	(126.51)	(26.58)	153.09	-
Fair Value on loans	10.72	(0.32)	-	10.40
<b>Gross carrying amount at the end of the year</b>	<b>10,977.65</b>	<b>183.60</b>	<b>190.46</b>	<b>11,351.71</b>

### Gross loan portfolio movement for the year ended March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount at the beginning of the year ^	4,439.19	571.73	1,148.93	6,159.85
New assets originated or purchased	8,125.19	-	-	8,125.19
Asset derecognised or repaid (excluding write offs) #	(4,572.10)	(443.24)	(276.73)	(5,292.07)
Assets written off during the year ^	-	-	(935.34)	(935.34)
Inter-stage movements	-	-	-	-
Stage I	23.99	(6.36)	(17.63)	-
Stage II	(71.26)	72.35	(1.09)	-
Stage III	(142.61)	(116.73)	259.34	-
Fair Value on loans	(53.89)	0.87	-	(53.02)
<b>Gross carrying amount at the end of the year</b>	<b>7,748.51</b>	<b>78.62</b>	<b>177.48</b>	<b>8,004.61</b>

^ Gross carrying amount includes total accrued interest. Accordingly, assets written off during the year includes total accrued interest reversal against loan written off, while this interest reversal is net of impairment allowance in the statement of profit and loss under the head "interest income".

### Movement of impairment allowance (ECL) during the year ended March 31, 2024

Particulars	Stage I	Stage II	Stage III	Total
Balances as at the beginning of the year	91.08	31.16	122.57	244.81
Provision made/ (reversed) during the year #	(0.39)	66.13	132.20	197.93
Inter-stage movements	-	-	-	-
Stage I	9.41	(0.27)	(9.14)	-
Stage II	(2.01)	2.42	(0.41)	-
Stage III	(1.50)	(10.56)	12.06	-
Write off	-	-	(105.33)	(105.33)
<b>Balances as at the end of the year</b>	<b>96.59</b>	<b>88.87</b>	<b>151.94</b>	<b>337.41</b>

### 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	34.36	108.91	504.66	647.93
Provision made/ (reversed) during the year #	49.32	(55.75)	538.65	532.22
Inter-stage movements	-	-	-	-
Stage I	9.01	(1.21)	(7.80)	-
Stage II	(0.52)	1.01	(0.48)	-
Stage III	(1.08)	(21.80)	22.88	-
Write off	-	-	(935.34)	(935.34)
<b>Balances as at the end of the year</b>	<b>91.08</b>	<b>31.16</b>	<b>122.57</b>	<b>244.81</b>

# Represents balancing figure

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 6: Loans (contd)

**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:

a) The loans which are disbursed to stage II borrowers are classified based on their latest repayment schedule as at respective period end and in the respective stage buckets.

b) 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.

## 7: Investments

	As at March 31, 2024	As at March 31, 2023
<b>Measured at fair value through profit &amp; loss</b>		
Investment in Security Receipts	145.70	189.25
Less: Impairment loss allowance - Security Receipts	(34.02)	
	<b>111.68</b>	<b>189.25</b>
<b>Others</b>		
1,00,000 (March 31, 2023: 1,00,000) equity shares of ₹10 each fully paid up in Alpha Micro Finance Consultants Private Limited	0.10	0.10
	<b>111.78</b>	<b>189.35</b>

**Note:** All investments are held within India.

## 8: Other financial assets

	As at March 31, 2024	As at March 31, 2023
<b>Unsecured, considered good</b>		
Security deposits	6.64	5.41
Retained interest on direct assignment	50.32	43.78
Receivable from advertisement income	19.79	18.74
Receivable from assignment of portfolio	-	52.28
Receivable from insurance company	7.04	12.46
Other assets	0.35	1.48
	<b>84.14</b>	<b>134.15</b>
<b>Unsecured, considered doubtful</b>		
Receivable from insurance company	-	1.76
Provision for doubtful debts - claims	-	(1.76)
	<b>84.14</b>	<b>134.15</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 9: Inventories

	As at March 31, 2024	As at March 31, 2023
Stock-in-trade	-	1.27
	-	1.27

## 10: Current Tax Assets (net)

	As at March 31, 2024	As at March 31, 2023
Advance income tax (net of provision)	49.27	39.82
	49.27	39.82

## 11: Deferred Tax Assets (net)

	As at March 31, 2024	As at March 31, 2023
<b>Effects of deferred tax assets / (liabilities):</b>		
Impairment loss allowance and other provision	104.41	76.66
Accumulated tax losses	-	94.91
Property, plant and equipment	6.06	4.24
Share options outstanding account (ESOP)	15.64	11.25
Financial assets at fair value through OCI	14.96	17.58
Net gain on derecognition of financial assets	(12.66)	(11.02)
Others	4.31	3.29
<b>Net deferred tax assets</b>	<b>132.72</b>	<b>196.91</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.

### 11.1: Deferred tax assets (net)

#### Movement in deferred tax balances for the year ended March 31, 2024

Particulars	Net Balance April 1, 2023	(Charge) / Credit in Profit & Loss	Recognised in OCI	Net Balance March 31, 2024
<b>Deferred tax assets / (liabilities)</b>				
Impairment loss allowance and other provision	76.66	27.76	-	104.41
Accumulated tax losses	94.91	(94.91)	-	-
Property, plant and equipment	4.24	1.82	-	6.06
Share options outstanding account (ESOP)	11.25	4.39	-	15.64
Financial assets at fair value through OCI	17.58	-	(2.62)	14.96
Net gain on derecognition of financial assets	(11.02)	(1.64)	-	(12.66)
Others	3.29	(0.13)	1.15	4.31
<b>Net Deferred tax assets / (liabilities)</b>	<b>196.91</b>	<b>(62.71)</b>	<b>(1.47)</b>	<b>132.72</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 11.1: Deferred tax assets (net) (contd)

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	175.26	(98.60)	-	76.66
Accumulated tax losses	-	94.91	-	94.91
Property, plant and equipment	3.72	0.52	-	4.24
Share options outstanding account (ESOP)	5.05	6.20	-	11.25
Financial assets at fair value through OCI	4.23	-	13.35	17.58
Net gain on derecognition of financial assets	(7.56)	(3.46)	-	(11.02)
Others	3.50	(0.47)	0.26	3.29
<b>Net Deferred tax assets / (liabilities)</b>	<b>184.20</b>	<b>(0.90)</b>	<b>13.61</b>	<b>196.91</b>

## 12: Property, plant and equipment

Particulars	Land and Building	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Vehicles	Computers	Right of use asset	Total
<b>Gross block</b>								
<b>At April 1, 2022</b>	<b>0.20</b>	<b>9.54</b>	<b>10.19</b>	<b>5.61</b>	<b>4.37</b>	<b>17.87</b>	<b>0.24</b>	<b>48.02</b>
Addition	-	7.77	0.45	1.59	-	2.55	13.84	26.20
Disposals	-	(9.55)	(0.03)	(0.04)	-	(0.02)	(0.24)	(9.88)
<b>At March 31, 2023</b>	<b>0.20</b>	<b>7.76</b>	<b>10.61</b>	<b>7.16</b>	<b>4.37</b>	<b>20.40</b>	<b>13.84</b>	<b>64.34</b>
Addition	-	0.44	5.07	4.75	1.79	10.54	0.52	23.11
Disposals	-	-	(0.17)	(0.03)	(0.70)	(1.61)	-	(2.51)
<b>At March 31, 2024</b>	<b>0.20</b>	<b>8.20</b>	<b>15.51</b>	<b>11.88</b>	<b>5.46</b>	<b>29.33</b>	<b>14.36</b>	<b>84.94</b>
<b>Depreciation</b>								
<b>At April 1, 2022</b>	<b>0.04</b>	<b>9.52</b>	<b>8.71</b>	<b>4.06</b>	<b>2.13</b>	<b>16.61</b>	<b>0.17</b>	<b>41.24</b>
Charge for the year	0.01	2.29	0.46	1.24	0.70	1.50	1.80	8.00
Disposals	-	(9.52)	(0.07)	(0.01)	-	(0.02)	(0.17)	(9.79)
<b>At March 31, 2023</b>	<b>0.05</b>	<b>2.29</b>	<b>9.10</b>	<b>5.29</b>	<b>2.83</b>	<b>18.09</b>	<b>1.80</b>	<b>39.45</b>
Charge for the year	0.01	3.71	3.63	2.37	0.78	4.45	2.86	17.81
Disposals	-	-	(0.07)	(0.23)	(0.50)	(1.51)	-	(2.31)
<b>At March 31, 2024</b>	<b>0.06</b>	<b>6.00</b>	<b>12.66</b>	<b>7.43</b>	<b>3.11</b>	<b>21.03</b>	<b>4.66</b>	<b>54.95</b>
<b>Net carrying amount</b>								
At March 31, 2023	0.15	5.47	1.51	1.87	1.54	2.32	12.04	24.90
<b>At March 31, 2024</b>	<b>0.14</b>	<b>2.20</b>	<b>2.84</b>	<b>4.45</b>	<b>2.35</b>	<b>8.30</b>	<b>9.71</b>	<b>29.99</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 Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 12A: Other Intangible assets

Particulars	Computer software	Total
<b>Gross block</b>		
At April 1, 2022	17.63	17.63
Addition	0.45	0.45
<b>At March 31, 2023</b>	<b>18.08</b>	<b>18.08</b>
Addition	2.92	2.92
Disposal	(9.97)	(9.97)
<b>At March 31, 2024</b>	<b>11.03</b>	<b>11.03</b>
<b>Amortization</b>		
At April 1, 2022	10.53	10.53
Charge for the year	2.87	2.87
<b>At March 31, 2023</b>	<b>13.40</b>	<b>13.40</b>
Charge for the year	2.60	2.60
Disposal	(9.97)	(9.97)
<b>At March 31, 2024</b>	<b>6.03</b>	<b>6.03</b>
<b>Net carrying amount</b>		
At March 31, 2023	4.68	4.68
<b>At March 31, 2024</b>	<b>5.00</b>	<b>5.00</b>

## 13: Other non-financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured, considered good</b>		
Prepaid expenses	34.38	2.56
Capital advances	0.07	1.33
Other advances	9.36	5.87
	<b>43.81</b>	<b>9.76</b>
<b>Unsecured, considered doubtful</b>		
Amounts deposited with courts	0.62	0.62
Less: Provision for doubtful debts	(0.62)	(0.62)
	-	-
	<b>43.81</b>	<b>9.76</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
<b>(i) Debentures (Secured)</b>					
11.10% 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. March 17, 2023 in 8 quarterly installments.	10,000	-	0.01	62.23	-
12.00% 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. October 20, 2022 in 8 quarterly installments	600	600	0.10	22.39	51.79
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 in 6 Quarterly installments.	494	500	0.10	8.28	41.41
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 in 1 Bullet installment.	2,000	2,000	0.10	229.97	201.91
11.15% 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 in 1 Bullet repayment	2,000	2,000	0.10	230.19	201.79
11.35% Secured, Redeemable, rated, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Fourteen months from the date of allotment i.e. March 01, 2024 in 5 quarterly installments			0.01	98.24	-
11.35% Secured, Redeemable, rated, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Fourteen months from the date of allotment i.e. March 01, 2024 in 5 quarterly installments	1,000	-	0.10	1.00	1.00
11.35% 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. December 8, 2022 in 7 quarterly installments	968	1,000	0.10	27.71	85.54
10.00% Secured, senior, redeemable, transferable, listed, rated, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 09, 2023 in 8 quarterly installments	7,500	-	0.01	46.36	-

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
10.50% 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. March 17, 2023 in 8 quarterly installments.	12,500	12,500	0.10	62.04	122.82
10.10% Secured, rated, Listed, redeemable, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 19, 2023 in 8 quarterly installments.	12,500	-	0.01	77.38	-
11.50% 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 22, 2022 in last 4 quarterly installments.	650	650	0.10	48.66	64.29
14.80% Secured, Rated, Listed, 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 in 1 Bullet repayment	2,000	2,000	0.01	32.13	28.51
12.29% 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. August 01, 2022 in 8 quarterly installments	400	400	0.10	5.16	25.79
11.35% 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 30, 2022 in 5 half yearly installments.	978	1,000	0.10	77.31	98.40
10.60% Secured, listed, rated, senior, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. August 24, 2023 in 3 half yearly installments	8,000	-	0.01	33.39	-
10.60% Secured, listed, rated, senior, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. August 24, 2023 in 3 half yearly installments			0.01	20.22	-
12.50% Rated, unlisted, senior, secured, redeemable, taxable, non convertible Debentures of face value ₹0.01 Crores each in 3 annual installments for Series A and 1 bullet installment for Series B.	2,500	4,500	0.01	28.32	36.60

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
10.75% Secured, Redeemable, rated, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty five from the date of allotment i.e. March 06, 2024 in 4 half yearly installments.	7,000	-	0.01	69.71	-
10.75% Secured, redeemable transferable, rated, Principal Protected Market Linked Non convertible debentures at par at the end of Eighteen months from the date of allotment i.e. February 13, 2024 in last 4 quarterly installments.	10,000	-	0.01	100.21	-
10.43% Secured, senior, Redeemable, transferable, listed, rated, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. September 06, 2023.	10,000	-	0.01	99.32	-
10.75% Secured, Redeemable, listed, rated, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. October 05, 2023 in last 4 quarterly installments.	5,000	-	0.01	49.72	-
10.75% Secured, Redeemable, listed, rated, transferable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. Apr 05, 2023 in 1 bullet installment.	7,500	-	0.01	74.73	-
10.11% Secured, senior, Redeemable, transferable, listed, rated, 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 15, 2023 in 1 Bullet repayment	20,000	-	0.01	97.72	-
10.11% Secured, senior, Redeemable, transferable, listed, rated, 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 15, 2023 in 1 Bullet repayment			0.01	97.71	-
9.81% 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. March 27, 2024 in 1 bullet repayment	5,000	-	0.01	48.52	-
11.10% Secured, senior, redeemable, listed, rated, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirty Six months from the date of allotment i.e. April 14, 2023 in 1 bullet repayment.	10,000	-	0.01	4.96	-
10.50% Secured, Redeemable, rated, listed, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirty eight months from the date of allotment i.e. April 10, 2023 in 1 bullet repayment.	2,500	-	0.01	25.24	-



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
10.75% Secured, Listed, Rated, Senior, transferable, 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. September 27, 2023 in 1 Bullet repayment			0.01	30.69	-
10.75% Secured, Listed, Rated, Senior, transferable, 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. September 27, 2023 in 1 Bullet repayment	10,000	-	0.01	30.87	-
10.75% Secured, Listed, Rated, Senior, transferable, 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. September 27, 2023 in 1 Bullet repayment			0.01	41.62	-
12.97% Secured rated unlisted Non-convertible Debentures each redeemable at par at the end of thirty Six months from the date of allotment i.e. September 26, 2023. Redeemable on maturity if option not exercised by the investor in 1 Bullet repayment	5,000	-	0.01	50.02	-
10.75% Secured, redeemable, transferable, Principal Protected Market Linked Non convertible debentures at par at the end of Thirty Three months from the date of allotment i.e. March 20, 2024 in 1 bullet repayment	5,000	-	0.01	49.01	-
11.85% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Seventy Two months from the date of allotment i.e. March 24, 2022 in 1 Bullet repayment	350	350	0.10	35.06	35.08
12.29% 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. June 16, 2022 in 1 Bullet repayment	230	230	0.10	23.46	23.45
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. Redemmmable on maturity if option not exercised by investor	-	215	0.10	-	16.61
11.50% 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	0.01	-	34.80
12.75% Secured, Redeemable, Non-convertible Debentures redeemable in 8 half-yearly intervals.	-	1,000	0.10	-	16.67

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
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	0.01	-	62.12
13.15% Secured, Redeemable, Non-convertible Debentures of face value of ₹0.1 crore 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	0.10	-	17.14
11.34% (net of with-holding tax), Secured, Redeemable, Non-convertible Debentures, 50% of which is redeemable at par at the end of sixth month from September 18, 2017 i.e. the date of allotment and balance 50% to be redeemable on maturity i.e. June 30, 2023 (subject to exercise of put option by the lender at March 18, 2022 i.e. at the end of fifty four months from date of allotment).	-	850	0.10	-	42.70
12.50% 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	0.10	-	100.37
12.50% Secured, Redeemable, Non-convertible Debentures redeemable in 2 quarterly installments.	-	12,000	0.01	-	39.96
12.00% Secured, Rated, Listed, Redeemable, Transferable, Non Convertible Debentures of face value of ₹0.1 crore each redeemable as per repayment schedule in 2 installments.	-	350	0.10	-	26.41
11.5% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of twenty four months from the date of allotment i.e. April 29, 2021.	-	11,000	0.01	-	135.46
11.00% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of thirty months from the date of allotment i.e. June 16, 2021.	-	33,750	0.01	-	403.86

## Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2024	As at March 31, 2023
	March 31, 2024	March 31, 2023			
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 in 8 quarterly installments.	-	3,000	0.01	-	35.79
10.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Thirty months from the date of allotment i.e. July 22, 2021.	-	12,500	0.01	-	148.56
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	0.10	-	61.75
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	0.10	-	41.32
11.95% 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. September 30, 2022. Redeemable as per repayment schedule in 2 installments.	-	2,500	0.10	-	24.81
11.50% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures, redeemable at par at the end of Twelve months from the date of allotment i.e. December 15, 2022. Redeemable as per repayment schedule in 5 installments.	-	500	0.10	-	39.86
11.35% Secured, Redeemable, Principal Protected Market Linked 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 Aug 30, 2024 i.e. at the end of twenty months from date of allotment)December 30, 2022. Redeemable in 5 half yearly installments.	-	1,000	0.10	-	84.60
12.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures each redeemable at par at the end of Twenty Five months from the date of allotment i.e. June 15, 2021.	-	1,200	0.01	-	14.88
Sub - Total				<b>2,039.54</b>	<b>2,366.02</b>
<b>(ii) Borrowing under securitisation arrangement (secured)</b>					
From Banks				1,083.38	830.47
From non-banking financial companies				941.29	172.30

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

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

	No. of debentures outstanding		Face Value (₹ in Crs)	As at	As at
	March 31, 2024	March 31, 2023		March 31, 2024	March 31, 2023
Sub - Total				2,024.67	1,002.77
<b>Total Debt Securities</b>				<b>4,064.21</b>	<b>3,368.79</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				4,064.21	3,368.79
Debt securities outside India				-	-
<b>Total</b>				<b>4,064.21</b>	<b>3,368.79</b>
<b>(b) Borrowings (Other than Debt Securities)</b>					
<b>(i) Secured, measured at amortised cost</b>					
Term loan from banks				4,166.11	1,608.25
Term loan from non-banking financial companies				998.92	912.48
External Commercial Borrowings				175.37	164.77
<b>Total</b>				<b>5,340.40</b>	<b>2,685.50</b>
<b>Out of the above</b>					
Borrowings in India				5,165.03	2,520.73
Borrowings outside India				175.37	164.77
<b>Total</b>				<b>5,340.40</b>	<b>2,685.50</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 14A 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				20.00	19.98
<b>Total Subordinated Liabilities</b>				<b>20.00</b>	<b>19.98</b>
<b>Out of the above</b>					
Borrowings in India				20.00	19.98
Borrowings outside India				-	-
<b>Total</b>				<b>20.00</b>	<b>19.98</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 Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 14A: Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than Debentures, secured)

### (i) As at March 31, 2024

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	6.50%-10.00%	205	932.39	117	352.82	-	-	1,285.21
		10.01%-12.00%	929	3,120.97	312	1,100.97	26	143.53	4,365.47
		12.01%-13.50%	128	276.86	35	98.17	11	50.00	425.03
		13.51% - 14.00%	56	19.71	34	11.87	-	-	31.58
		14.01% - 15.45%	180	109.94	54	34.57	-	-	144.51
	Quarterly	10.00%-12.00%	43	440.89	32	321.36	2	36.00	798.25
		12.01%-13.00%	5	15.63	-	-	-	-	15.63
		13.01% to 13.50%	3	15.00	4	20.00	1	5.00	40.00
	Half Yearly	10.50%-13.30%	10	39.26	10	39.26	2	23.33	101.85
	Bullet payment	13.30%	-	-	1	164.60	-	-	164.60
<b>Total</b>				<b>4,970.65</b>		<b>2,143.62</b>		<b>257.86</b>	<b>7,372.13</b>
Impact of EIR									(39.42)
Interest accrued on borrowings									32.36
<b>Total</b>									<b>7,365.07</b>

### (ii) As at March 31, 2023

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%	343	1,379.18	129	378.69	-	-	1,757.87
		11.01%-12.00%	289	821.81	187	342.16	12	7.76	1,171.73
		12.01%-13.50%	92	150.16	12	25.19	-	-	175.35
		13%-14%	68	49.10	48	52.76	5	5.16	107.02
		15.25%	3	1.43	-	-	-	-	1.43
	Quarterly	10.75%-12.00%	25	186.92	3	9.38	-	-	196.30
		12.01%-13.25%	9	101.79	2	6.25	-	-	108.04
		13%-14%	4	15.11	-	-	-	-	15.11
	Bullet payment	12.53%	-	-	-	-	1	164.60	164.60
	<b>Total</b>				<b>2,705.50</b>		<b>814.43</b>		<b>177.52</b>
Impact of EIR									(18.81)
Interest accrued on borrowings									9.63
<b>Total</b>									<b>3,688.27</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 14 (B) Instances of breach of covenant of loan availed or debt securities issued during year ended March 31, 2024:

- (i) During the year ended March 31, 2024, the Holding Company was in non-confirmation of certain specific covenants associated with a few of its borrowings. However, following discussions with the lenders, the Holding Company is confident that no adverse measures, such as increase in interest rates or demand for immediate repayment of the borrowed funds, will be taken by the lenders due to non-compliance with the covenants. The instances of non-confirmation of specific covenants relates to three months liquidity in case of two ISINs, two months liquidity in case of another two ISINs (upto September 30, 2023) and maintenance of tangible net worth in case of two ISINs (upto September 30, 2023). Pursuant to the non-confirmation, few debenture holders holding NCDs aggregating to ₹6.54 crs (out of ₹325 crs issue pertaining to these ISINs), have exercised their right of accelerated redemption and the Holding Company has already honoured such request including payment / accrual of additional interest during the year. The Holding Company has made necessary disclosures to stock exchanges in this regard.

The Holding Company is holding cash and cash equivalents of ₹1,385.55 crs as on March 31, 2024 and did not have any cumulative mismatch across all ALM buckets.

The two ISINs (having three months liquidity covenant) which continue to be non-compliant due to the reasons as explained below.

- Significant increase in borrowings from ₹5,934.20 crs as of March 31, 2023 to ₹9,012.16 crs as of March 31, 2024; and
- An increase in liabilities leads to a higher amount of cash and bank balance to be maintained in accordance with the covenant related to three months liquidity. As of March 31, 2024, the Company is holding cash and cash equivalents aggregating ₹1,385.55 crs, against the required liquidity amount of ₹2,415.10 crs as per the term of the debenture trust deed and does not have any cumulative mismatch across all the ALM buckets. The maintenance of such higher level of cash and bank balances adversely impact the qualifying assets criteria as applicable to NBFC-MFIs pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions 2023' ("SBR Master Direction").

Till date, none of the lenders have indicated any intention to initiate remedial actions, and the Holding Company has consistently met its debt servicing obligations. Accordingly, no adjustment are made in the financial statements.

- (ii) During the year ended and as at March 31, 2023, the Holding Company has been regular in serving all its borrowings though there has been breach of some of the covenants relating to 30+PAR, GNPA, NNPA, annualized return on assets, tangible net worth and two / three months Liquidity as per the formula defined in the respective Debenture Trust Deeds. All these covenants have been complied with since the quarter ended June 20, 2023 except as explained above during the year ended March 31, 2024.

## 14C. Changes in liabilities arising from financing activities

Particulars	As at March 31, 2023	Cash flows (net)	Others	As at March 31, 2024
Debt securities	3,368.79	824.88	(129.46)	4,064.21
Borrowings (other than debt securities)	2,685.50	2,746.92	(92.02)	5,340.40
Subordinated liabilities	19.98	-	0.02	20.00
	<b>6,074.27</b>	<b>3,571.80</b>	<b>(221.46)</b>	<b>9,424.61</b>

Particulars	As at March 31, 2022	Cash flows (net)	Others	As at March 31, 2023
Debt securities	1,778.24	1,550.01	40.55	3,368.79
Borrowings (other than debt securities)	1,973.68	698.89	12.92	2,685.50
Subordinated liabilities	20.19	-	(0.21)	19.98
	<b>3,772.11</b>	<b>2,248.90</b>	<b>53.26</b>	<b>6,074.27</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 15: Other Financial liabilities

	As at March 31, 2024	As at March 31, 2023
Employee benefits payable	43.44	25.12
Expenses payable	8.00	3.56
Lease liability	11.00	12.67
Provision towards refund of excess interest collected (Refer note 48)	23.36	38.87
Assignment and other payables	167.66	84.92
	<b>253.46</b>	<b>165.14</b>

## 16: Current Tax Liabilities (net)

	As at March 31, 2024	As at March 31, 2023
Provision for tax (net of advance tax)	5.59	4.02
	<b>5.59</b>	<b>4.02</b>

## 17: Provisions

	As at March 31, 2024	As at March 31, 2023
Gratuity, net of contribution (Refer note 38)	10.36	5.59
Leave encashment	6.87	0.69
	<b>17.23</b>	<b>6.28</b>

## 18: Other Non-Financial liabilities

	As at March 31, 2024	As at March 31, 2023
Unfructified service tax liability [net of amount paid under protest ₹0.99 crore]	18.26	17.55
Statutory dues payable	18.29	14.16
Other payables	0.20	1.94
	<b>36.75</b>	<b>33.65</b>

## 19: Equity share capital

	As at March 31, 2024	As at March 31, 2023
<b>Authorized</b>		
90,00,00,000 (March 31, 2023: 90,00,00,000) equity shares of ₹10 each	900.00	900.00
1,25,00,00,000 (March 31, 2023: 1,25,00,00,000) preference shares of ₹10 each	1,250.00	1,250.00
	<b>2,150.00</b>	<b>2,150.00</b>
<b>Issued, subscribed and paid-up</b>		
7,12,97,444 (March 31, 2023: 7,09,83,269) equity shares of ₹10 each fully paid up	71.30	70.98
	<b>71.30</b>	<b>70.98</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 19: Equity share capital (contd)

### (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:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	7,09,83,269	70.98	6,90,94,530	69.09
Issued during the year - Preferential Allotment	-	-	18,52,739	1.85
Issued during the year - ESOP	3,14,175	0.31	36,000	0.04
<b>Outstanding at the end of the year</b>	<b>7,12,97,444</b>	<b>71.29</b>	<b>7,09,83,269</b>	<b>70.98</b>

#### Note:

- (i) During the year, the Holding Company has allotted 3,14,175 equity shares (FY22-23: 36,000 equity shares) to eligible employees under Employee stock Option Plan.
- (ii) During the year ended March 31, 2023, 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.

### (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, 2024		As at March 31, 2023	
	Number of shares	% of holding	Number of shares	% of holding
<b>Equity shares of ₹10 each</b>				
Kangchenjunga Limited	2,93,03,172	41.10%	2,93,03,172	41.28%
Padmaja Gangireddy	81,73,938	11.46%	1,02,89,392	14.50%
Valiant Mauritius Partners FDI Limited	NA	NA	38,48,823	5.42%
Kedaara Capital Fund III LLP	50,13,295	7.03%	50,13,295	7.06%

### (d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:

Promoter name	As at March 31, 2024		As at March 31, 2023		% Change during the year
	No. of Shares	%	No. of Shares	%	
Padmaja Gangireddy	81,73,938	11.46%	1,02,89,392	14.50%	-3.03%
Vijaya Sivarami Reddy Vendidand	1,09,151	0.15%	1,16,933	0.16%	-0.01%
Kangchenjunga Limited	2,93,03,172	41.10%	2,93,03,172	41.28%	-0.18%
Kedaara Capital Fund III LLP	50,13,295	7.03%	50,13,295	7.06%	-0.03%



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 19: Equity share capital (contd)

(d) Shareholding of Promoters as defined in the Companies Act, 2013 as below: (contd)

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%

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 43.

(f) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date:

Nature of instrument / convertible security	Number of convertible securities	Number of equity shares issued upon conversion
Class B 0.001% Compulsory Convertible Preference Shares of ₹10 each	79,10,07,721	89,48,425

## 20: Other Equity

	As at March 31, 2024	As at March 31, 2023
Securities premium	2,240.43	2,218.51
General reserve	11.87	11.03
Capital redemption reserve	152.69	152.69
Share options outstanding account	62.16	44.72
Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934]	470.13	369.85
Retained earnings	687.24	290.24
Fair valuation on loans through other comprehensive income	(51.22)	(59.00)
<b>Total other equity</b>	<b>3,573.30</b>	<b>3,028.04</b>

For detailed movement of reserves, refer consolidated statement of changes in equity for the year ended March 31, 2024

### 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 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 20: Other Equity (contd)

### 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 ₹75 crore, in compliance with the SEBI Regulations and the Companies Act, 2013, to the extent applicable. Subsequently on May 21, 2022, these warrants have been exercised and are converted into 18,52,739 equity shares of ₹10 each at issue price of ₹458.78 per share including premium of ₹448.78 per share.

### Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve, general reserve or any other such other appropriations to specific reserves.

### Fair valuation on loans through other comprehensive income

The Holding Company has elected to recognize changes in the fair value of loans in other comprehensive income. These changes are accumulated as reserve within equity. The Holding Company transfers amount from this reserve to retained earnings when the relevant loans are derecognized.

## 21: Interest Income

	For year ended March 31, 2024	For year ended March 31, 2023
<b>Measured at fair value through OCI</b>		
Interest on loans	2,071.74	1,167.79
<b>Measured at amortised cost</b>		
Interest on loans	144.06	100.03
Interest on inter corporate advances	0.00	0.19
Interest on deposits with banks and financial institutions	22.27	9.48
	<b>2,238.07</b>	<b>1,277.49</b>

## 22: Net gain on fair value changes

	For year ended March 31, 2024	For year ended March 31, 2023
<b>(A) Net gain / (loss) on fair value instruments at fair value through profit or loss</b>		
(i) On trading portfolio – Investments	68.52	26.87
(ii) On market linked debentures	-	4.90
<b>(B) Others</b>		
(i) Gain on derecognition of loans designated at FVTOCI	93.95	52.74
	<b>162.47</b>	<b>84.51</b>

## 23: Recovery against loans written-off

	For year ended March 31, 2024	For year ended March 31, 2023
Recovery against loans written-off	23.17	38.75
	<b>23.17</b>	<b>38.75</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 24: Other income

	For year ended March 31, 2024	For year ended March 31, 2023
Advertisement income	104.32	65.11
Sale of traded goods	0.39	8.92
Profit on sale of property, plant and equipment	0.15	-
Miscellaneous income	5.38	2.25
	<b>110.24</b>	<b>76.28</b>

## 25: Finance cost

	For year ended March 31, 2024	For year ended March 31, 2023
<b>On financial liabilities measured at amortised cost</b>		
Interest on debt securities	489.09	233.26
Interest on borrowings (other than debt securities)	422.52	206.32
Interest on subordinated liabilities	3.03	3.00
Interest on commercial paper	2.89	-
Interest on lease liabilities	1.31	0.96
Interest on income tax	-	0.02
Other finance cost	7.95	14.32
	<b>926.78</b>	<b>457.88</b>

## 26: Impairment on financial instruments

	For year ended March 31, 2024	For year ended March 31, 2023
<b>a) Measured at fair value through OCI</b>		
Impairment allowance	73.17	(386.32)
Loans written-off	86.21	826.08
<b>b) Measured at fair value through P&amp;L</b>		
Impairment allowance	34.02	-
<b>c) Measured at amortized cost</b>		
Impairment allowance	10.88	13.27
Loans written-off	8.44	31.28
Amount receivable from assignment of portfolio charged off	69.86	40.43
Retained asset written-off	-	19.57
	<b>282.58</b>	<b>544.31</b>

## 27: Employee benefits expense

	For year ended March 31, 2024	For year ended March 31, 2023
Salaries, wages and bonus	399.39	256.25
Contribution to provident and other funds	29.45	12.32
Gratuity benefits (refer note 38)	3.25	1.37
Leave benefits	6.69	2.40
Share based payments to employees (refer note 43)	26.09	28.86
Staff welfare expenses	8.36	2.92
	<b>473.23</b>	<b>304.12</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 28: Depreciation and amortization expense

	For year ended March 31, 2024	For year ended March 31, 2023
On property, plant and equipment	14.95	6.20
On right of use assets	2.86	1.80
On intangible assets	2.60	2.87
	<b>20.41</b>	<b>10.87</b>

## 29: Other expenses

	For year ended March 31, 2024	For year ended March 31, 2023
Rent	27.06	19.89
Purchase of traded goods	0.57	11.82
Rates and taxes	3.00	3.32
Bank charges	2.87	1.73
Insurance	6.15	1.66
Office maintenance	9.34	5.90
Computers and network maintenance	18.48	13.76
Electricity charges	2.38	1.42
Travelling Expenses	52.45	38.66
Communication expenses	2.12	0.83
Printing and stationery	4.63	2.42
Legal and professional charges	13.49	22.15
Directors Remuneration fees	2.29	1.38
Auditors' remuneration (refer note 29.1 below)	1.31	1.54
Recruitment and training	0.13	0.08
Other provisions and write off	10.21	5.85
Loss on sale of property, plant and equipment	-	0.03
Donations	0.05	-
CSR expenditure (refer note 29.2 below)	1.74	6.12
Miscellaneous expenses	2.11	3.46
	<b>160.38</b>	<b>142.02</b>

### 29.1 Details of payments to auditors:

	For year ended March 31, 2024	For year ended March 31, 2023
Audit fee	1.21	1.45
Certification fee	0.08	0.04
Tax Audit Fee	0.01	0.01
Out of pocket expenses	0.01	0.04
	<b>1.31</b>	<b>1.54</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 29.2 Details of CSR expenditure:

	For year ended March 31, 2024	For year ended March 31, 2023
Gross amount required to be spent during the year	1.74	6.12
Amount approved by the Board to be spent during the year	2.48	6.12
Amount spent during the year	-	-
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	2.48	6.12
Shortfall / (excess) at the end of the year	(0.74)	-
Total of previous years shortfall	-	12.40
Reason for shortfall	NA	NA
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: 33	
Provision made during the year	-	-
<b>Disclosure under section 135 (5) of the Companies Act, 2013</b>		
<b>Particulars</b>		
Unspent balances as at the beginning of the year	-	12.40
Amount deposited in Specified Fund of Sch. VII within 6 months	-	12.40
Amount required to be spent during the year	1.74	6.12
Amount spent during the year	2.48	18.52
Unspent / (excess) balances as at the closing of the year	(0.74)	-

The Group has spent ₹0.74 cr amount in excess of requirement provided under sub-section (5) of section 135 and such excess amount is recognized as an asset to set off against the CSR obligation of the succeeding financial year.

## 30: Tax expense

	For year ended March 31, 2024	For year ended March 31, 2023
Current tax	107.14	4.53
Adjustment in respect of current income tax of prior years	-	0.11
Deferred tax	62.71	0.79
<b>Total tax Charge</b>	<b>169.85</b>	<b>5.43</b>
<b>Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate</b>		
Accounting profit before tax	670.57	17.82
Expected tax expense at the Indian tax rate 25.168%	168.84	4.49
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
Effect of expenses not deductible under the IT Act, 1961	1.01	1.17
Adjustment in respect of prior year tax expense	-	0.11
Others	-	(0.34)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>169.85</b>	<b>5.43</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 31: Earning per Share

	For year ended March 31, 2024	For year ended March 31, 2023
Net profit after tax as per Statement of Profit and Loss	500.66	12.31
Net profit as above for calculation of basic EPS and diluted EPS	500.66	12.31
Weighted average number of equity shares in calculating basic EPS	7,10,91,838	7,07,13,014
Stock options granted under ESOP	10,65,730	2,14,619
Weighted average number of equity shares for diluted EPS	7,21,57,567	7,09,27,634
Basic earnings per share (₹)	70.42	1.74
Diluted earnings per share (₹)	69.38	1.74

## 32: Segment Reporting

The Group operates in a single business segment i.e. financing, as the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment as per Ind AS 108 on 'Operating Segments'. The Group 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, 2024 or March 31, 2023.

## 33: Related party disclosures (As per Ind AS 24)

### (a) Name of related parties and nature of relationship

#### I. Entities in which Key Management Personnel and their relatives have significant influence

- Spandana Employee Welfare Trust
- Spandana Rural and Urban Development Organization (upto November 02, 2021)
- Abhiram Marketing Services Limited (upto November 02, 2021)

#### II. Key Management Personnel ("KMP")

- Mr. Shalabh Saxena - Managing Director & Chief Executive Officer
- Mr. Ashish Damani - President & Chief Financial Officer
- Mr. Ramesh Periasamy - Company Secretary & Chief Compliance Officer (KMP upto January 22, 2024)
- Mr. Vinay Prakash Tripathi - Company Secretary (w.e.f. January 23, 2024)

#### III. Directors

- Mrs. Abanti Mitra - Non-Executive Chairperson and Independent Director
- Mr. Deepak Vaidya - Independent Director
- Mr. Animesh Chauhan - Independent Director
- Mrs. Deepali Seth - Independent Director (w.e.f May 2, 2023)
- Mr. Vinayak Prasad - Independent Director (w.e.f May 2, 2023)
- Mr. Sunish Sharma - Nominee Director
- Mr. Kartikeya Dhruv Kaji - Nominee Director
- Mr. Ramachandra Kasargod Kamath - Nominee Director
- Mr. Neeraj Swaroop - Nominee Director
- Mr. Bharat Shah - Independent Director (upto April 16, 2023)
- Mr. Jagdish Capoor - Independent Director (upto June 05, 2023)
- Mrs. Padmaja Gangireddy - Non-Executive Director (upto May 27, 2023)

#### IV. Close member of family of director

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

Close members of the family of the person are those family members who may be expected to influence, or be influenced by, that person in their dealing with the entity including :-

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 33 : Related party disclosures (cond.)

- that person's children, spouse or domestic partner, brother, sister, father and mother;
- children of that person's spouse or domestic partner; and
- dependant of that person or that person's spouse or domestic partner."

### V. Related parties in accordance with RBI Master directions

- Spandana Mutual Benefit Trust (upto November 02, 2021)

### (b) Transactions with related parties

	For year ended March 31, 2024	For year ended March 31, 2023
<b>(i) Abhiram Marketing Services Limited</b>		
Interest income	-	0.19
Purchase of loan portfolio	-	10.53
<b>(ii) Spandana Mutual Benefit Trust</b>		
Gold Loan Portfolio amount	-	41.42
Transfer of rental deposits pertaining to gold loan branches	-	0.01
<b>(iii) Spandana Rural and Urban Development Organization</b>		
Rent expenses	-	0.39
<b>(iv) Remuneration paid to KMP's (short term employee benefits) * ^</b>		
Mr. Shalabh Saxena	12.65	15.65
Mr. Ashish Damani	8.06	9.51
Mr. Ramesh Periasamy	1.59	1.45
Mr. Vinay Prakash Tripathi	0.34	-
<b>(v) Mr. Vijaya Sivarami Reddy Vendidandi</b>		
Rent expenses	-	0.30
<b>(vi) Transactions with Non-Executive Director</b>		
Annual fees	2.10	1.27

\* 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 ₹8.76 Crs (March 31, 2023: ₹15.08 Crs).

### (c) Balance receivable / (payable)

	As at March 31, 2024	As at March 31, 2023
<b>Other financial liabilities</b>		
Mr. Shalabh Saxena	(1.65)	(1.69)
Mr. Ashish Damani	(1.20)	(1.00)
Mr. Ramesh Periasamy	(0.25)	(0.26)
Mr. Vinay Prakash Tripathi	(0.05)	-

#### Notes:

All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 34: Contingent Liabilities

Claims against the Company not acknowledged as debt:

Particulars	March 31, 2024	March 31, 2023
Service tax	0.56	4.87
Goods and service tax	20.70	-
Income tax	54.69	50.53
<b>Total</b>	<b>75.95</b>	<b>55.40</b>

- i) The Commissioner, Service Tax Commissionerate, Hyderabad ("CST"), through his order dated October 9, 2013, levied service tax, interest and penalty on pre-closure interest charged by the Holding Company on loans pre-closed during 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 the order before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT) which is pending for hearing on March 31, 2024. The service tax and interest thereon in respect of these matters have been provided for in earlier years based on Holding Company's assessment. However, given the facts of these cases, legal precedents, and management's internal assessment, the penalty indicated in the order ₹0.56 crore is considered as a contingent liability as at March 31, 2024.
- ii) The Commissioner, Service Tax Commissionerate, Hyderabad, through order dated August 7, 2012 levied service tax, interest and penalty on pre-closure interest charged by the Holding Company on loans preclosed during FY 2006-07 to FY 2010-11. The Holding Company filed an appeal against the order before the Custom, Excise and Service Tax Appellate Tribunal (CESTAT), Hyderabad. During February 2024 CESTAT, Hyderabad bench has passed an Order in favour of the Holding Company and held that "Foreclosure charges collected by the banks and non-banking financial companies on premature termination of loans are not leviable to service tax". Consequently, the Holding Company has discontinued contingent liability provided for this case.
- iii) Additional Director, DGGI, Mumbai, has issued penalty show cause notice ("SCN") and alleged that Holding Company has by willful acts of omission and commission have passed ineligible ITC under cover of invoices without underlying supply of goods or services have rendered themselves liable for penal action under the provision of Section 122 (I) (ii) of CGST Act, 2017 during the FY April 2018 to Aug 2022. Holding Company is in process of preparing reply to SCN. However, given the facts of these cases and management's internal assessment, the penalty indicated in the SCN ₹13.41 crore is considered as a Contingent Liability as at March 31, 2024.
- iv) Additional Director, DGGI, Mumbai, has issued penalty SCN and alleged that Criss Financial Limited ("CFL") has by willful acts of omission and commission have passed ineligible ITC under cover of invoices without underlying supply of goods or services have rendered themselves liable for penal action under the provision of Section 122 (I)(ii) of CGST Act, 2017 during the FY Nov 2017 to Oct 2020. CFL has filed response to SCN on 06<sup>th</sup> Feb 2024. However, given the facts of these cases and general opinion, the penalty indicated in the SCN Rs.2.03 Crs is considered as a Contingent Liability as at March 31, 2024.
- v) The Asst. Commissioner of Commercial Taxes (Audit -2), Karnataka, through his order dated December 22, 2023, levied GST, interest and penalty on multiple issues during FY 2017-18. The Holding Company filed an appeal against the order before the, The Additional Commissioner of Commercial Taxes (Appeals-3), which is pending for hearing on March 31, 2024. However, given the facts of these cases and management's internal assessment, the demand indicated in the order ₹4.93 crore is considered as a contingent liability as at March 31, 2024.
- vi) The Asst. Commissioner of State Tax, Odisha, through his order dated December 30, 2023, levied GST, interest and penalty on excess ITC claimed in comparison to GSTR 2A during FY 2017-18. The Holding Company filed an appeal against the order before the, The Joint Commissioner (Appeals), which is pending for hearing on March 31, 2024. However, given the facts of these cases and management's internal assessment, the demand indicated in the order ₹0.34 crore is considered as a contingent liability as at March 31, 2024.
- vii) The Holding Company received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of ₹51.92 crore (including accrued interest) under section 69A read with section 115BBE of the Income Tax Act, 1961 ("IT Act"). The Holding Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the Holding Company confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2024. The Holding Company has deposited ₹6.92 crore against such demand.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 34: Contingent Liabilities (cond.)

- viii) The Holding Company received an income tax assessment-cum-demand order for FY 2017-18, disallowing deduction of ₹1.34 crore claimed under section 80JJAA. While, the addition has not resulted in any additional tax demand (since during FY 2017-18), the Holding Company had paid income tax under section 115JB of the IT Act. However, the assessing officer has levied a penalty of ₹0.89 crore under section 270A of the IT Act. The Holding Company has filed an appeal before the CIT(A) against the levy of penalty.
- ix) Criss Financial Limited ("CFL") received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of Rs. 1.87 Crs (including interest) under section 69A read with section 115BBE of the Income Tax Act, 1961. The Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the Company confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2024. The Company has deposited Rs. 0.37 Crs 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 (ix) above, no further provision is required to be made as at March 31, 2024.

## 35: Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques. This note describes the fair value measurement.

### Valuation framework

The Group will assess the fair values for assets qualifying for fair valuation. The Group's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

1. Fair values of investments held under FVTPL have been determined under level 1 using quoted Net Asset Value of the underlying instruments;
2. Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and selling the loans are measured at FVOCI. The fair value of these loans has been determined under level 2.

## 36: Fair Value Hierarchy of assets and liabilities

### Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

Level 3 - If one or more of the significant inputs is not based on observable market data (unobservable), the instrument is included in level 3.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 36: Fair Value Hierarchy of assets and liabilities (Contd.)

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, 2024</b>			
Loans (measured at FVOCI)	-	10,270.24	-
Investments in Security Receipts	-	111.68	-
Investments in equity shares (measured at FVTPL)	-	-	0.10
	-	<b>10,381.92</b>	<b>0.10</b>
<b>Assets measured at fair value as at March 31, 2023</b>			
Loans (measured at FVOCI)	-	7,250.68	-
Investments in Security Receipts	-	189.25	-
Investments in equity shares (measured at FVTPL)	-	-	0.10
	-	<b>7,439.93</b>	<b>0.10</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, 2024</b>				
Loans	744.06	-	788.83	-
	<b>744.06</b>	-	<b>788.83</b>	-
<b>Assets measured at fair value as at March 31, 2023</b>				
Loans	509.12	-	538.74	-
	<b>509.12</b>	-	<b>538.74</b>	-

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, 2024</b>				
Debt securities	4,064.21	-	4,105.70	-
Borrowings (other than debt securities)	5,340.40	-	5,361.56	-
Subordinated liabilities	20.00	-	19.93	-
Lease Liabilities	11.00	-	11.00	-
	<b>9,435.61</b>	-	<b>9,498.19</b>	-
<b>Liabilities measured at fair value as at March 31, 2023</b>				
Debt securities	3,368.79	-	3,404.84	-
Borrowings (other than debt securities)	2,685.50	-	2,692.26	-
Subordinated liabilities	19.98	-	19.93	-
Lease Liabilities	12.67	-	12.67	-
	<b>6,086.94</b>	-	<b>6,129.70</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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 36: Fair Value Hierarchy of assets and liabilities (Contd.)

### 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, 2024 and March 31, 2023.

## 37: Capital Management

The Group's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Holding Company ensures to maintain a healthy CRAR at all the times.

The Group has a board approved policy on resource planning which states that the resource planning of the Group shall be based on its Asset Liability Management (ALM) requirement. The policy of the Group on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

### Regulatory Capital

#### Spandana Sphoorty Financial Limited. (Parent Company)

Particulars	March 31, 2024	March 31, 2023
Tier I Capital	2,846.80	2,569.96
Tier II Capital	-	-
<b>Total Capital</b>	<b>2,846.80</b>	<b>2,569.96</b>
Risk weighted assets	8,909.23	6,971.09
Tier I CRAR	31.95%	36.87%
Tier II CRAR	0.00%	0.00%
<b>Total CRAR</b>	<b>31.95%</b>	<b>36.87%</b>

#### Criss Financial Holdings Limited. (Subsidiary Company)

Particulars	March 31, 2024	March 31, 2023
Tier I Capital	244.43	147.18
Tier II Capital	-	6.56
<b>Total Capital</b>	<b>244.43</b>	<b>153.74</b>
Risk weighted assets	737.30	524.94
Tier I CRAR	33.15%	28.04%
Tier II CRAR	0.00%	1.25%
<b>Total CRAR</b>	<b>33.15%</b>	<b>29.29%</b>

## 38: Defined Benefit Gratuity Plan

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 ₹0.2 crs per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 38: Defined Benefit Gratuity Plan (Contd.)

### Movement in defined benefit obligations

Particulars	March 31, 2024	March 31, 2023
Defined benefit obligation as at the beginning of the year	5.72	4.25
Current service cost	2.85	1.13
Interest on defined benefit obligation	0.41	0.26
Remeasurements- Actuarial (gain) / loss	4.60	1.05
Benefits paid	(1.52)	(0.97)
<b>Defined benefit obligation as at the end of the year</b>	<b>12.06</b>	<b>5.72</b>

### Movement in plan assets

Particulars	March 31, 2024	March 31, 2023
Fair value of plan assets as at the beginning of the year	0.13	0.24
Actual return on plan assets	0.09	0.02
Employer contributions	3.00	0.84
Benefits paid	(1.52)	(0.97)
<b>Fair value of plan assets as at the end of the year</b>	<b>1.70</b>	<b>0.13</b>

The Holding Company expects to contribute ₹3.89 crs (March 31, 2023 ₹1.63 crs) to gratuity in the next financial year.

### Reconciliation of net liability/ asset

Particulars	March 31, 2024	March 31, 2023
Net defined benefit liability as at the beginning of the year	5.59	4.01
Expense charged to statement of profit & loss	3.25	1.37
Amount recognised in other comprehensive income	4.52	1.05
Employer contributions	(3.00)	(0.84)
<b>Net defined benefit liability as at the end of the year</b>	<b>10.36</b>	<b>5.59</b>

### Expenses charged to the statement of profit and loss

Particulars	March 31, 2024	March 31, 2023
Current service cost	2.85	1.12
Interest cost	0.40	0.25
<b>Total</b>	<b>3.25</b>	<b>1.37</b>

### Remeasurement gains/(losses) in the other comprehensive income

Particulars	March 31, 2024	March 31, 2023
Actuarial Gain / (Loss) on Liabilities		
- due to change in financial assumptions	(0.10)	(0.49)
- due to change in demographic assumptions	(0.92)	
- due to experience variance	(3.58)	(0.56)
<b>Total -A</b>	<b>(4.60)</b>	<b>(1.05)</b>
Actuarial Gain / (Loss) on assets		
- Expected Interest Income	0.01	0.02
- Actual Income on Plan Asset	0.09	0.02
<b>Total -B</b>	<b>0.08</b>	<b>-</b>
Amount recognised under OCI (A+B)	<b>(4.52)</b>	<b>(1.05)</b>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Category of Assets	March 31, 2024	March 31, 2023
Fund managed by Insurer	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 38: Defined Benefit Gratuity Plan (Contd.)

### Summary of Actuarial Assumptions

Particulars	March 31, 2024	March 31, 2023
Discount rate	7.18%	7.30%-7.47%
Expected return on plan assets	7.30%	6.19%
Rate of Increase in compensation levels	7.50%-12.50%	7.50%-12.50%
Retirement age (years)	58	58
Withdrawal rate / Attrition rate	25%	32%
Mortality rate	100% of IALM 2012-14	

**Discount rate:** The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

**Expected rate of return on plan assets:** This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	March 31, 2024	March 31, 2023
Discount rate (+0.5%)	(0.22)	(0.08)
Discount rate (-0.5%)	0.23	0.08
Salary Inflation (+1%)	0.44	0.15
Salary Inflation (-1%)	(0.42)	(0.15)
Withdrawal Rate (+5%)	(0.71)	(0.29)
Withdrawal Rate (-5%)	0.81	0.03

### Projected plan cash flow

Particulars	March 31, 2024	March 31, 2023
Year 1	1.81	1.17
Year 2	1.81	1.14
Year 3	1.92	1.03
Year 4	1.82	0.92
Year 5	1.75	0.77
After year 5	7.43	2.15

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.

## 39: Leases

### Group as a lessee

The Group's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch offices). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreements carries non-cancellable lease periods. The 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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 39: Leases (Contd.)

Amounts recognised in statement of profit or loss:

Particulars	March 31, 2024	March 31, 2023
Depreciation expense of right-of-use assets	2.86	1.80
Interest expense on lease liabilities	1.31	0.96
Expense relating to short-term leases	27.05	19.90
<b>Total amount recognised in profit or loss</b>	<b>31.22</b>	<b>22.66</b>

Particulars	March 31, 2024	March 31, 2023
Total commitments for short term leases	14.36	5.24

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	March 31, 2024	March 31, 2023
Balances as at the beginning of the year	12.04	0.07
Addition	0.52	13.84
Deletion	-	(0.07)
Depreciation	(2.86)	(1.80)
<b>Balances as at the end of the year</b>	<b>9.71</b>	<b>12.04</b>

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

Particulars	March 31, 2024	March 31, 2023
Balances as at the beginning of the year	12.67	0.15
Addition	0.52	13.84
Accretion of interest	1.31	0.96
Deletion	-	(0.15)
Payments/ Total cash outflow for leases	(3.50)	(2.13)
<b>Balances as at the end of the year</b>	<b>11.00</b>	<b>12.67</b>

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

Particulars	March 31, 2024	March 31, 2023
Less than one year	3.62	3.39
One to five years	9.43	12.61
More than five years	-	-
<b>Total</b>	<b>13.05</b>	<b>16.00</b>

The total cash outflow for leases is ₹30.55 crore (March 31, 2023: ₹22.03 crore), including cash outflow for short term leases

## 40: 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.

## 41: Risk Management and financial objectives

Risk is an integral part of the Group business and sound risk management is critical to the success. As a financial intermediary, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Group has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 41: Risk Management and financial objectives (Contd.)

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.

### 41.1 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, 2024 and March 31, 2023. 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.

### A) Probability of default (PD)

The group compute PD at enterprise level considering the borrower profile and loan product offered to them are homogeneous. The product features like loan tenure, interest rate, ticket size, customer selection are uniform across the branches and thus carry similar uncertainties. The geographical related political and natural calamity risk is more rationalised when looked at the enterprise level. 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 to 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.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 41: Risk Management and financial objectives (Contd.)

### 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:

States	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Odisha	14.08%	14.76%	0.00%	0.00%
Madhya Pradesh	13.38%	16.75%	0.57%	0.00%
Bihar	11.65%	8.39%	0.00%	0.00%
Karnataka	10.19%	10.57%	0.11%	0.00%
Andhra Pradesh	9.92%	11.12%	70.47%	74.28%
Maharashtra	8.85%	9.68%	0.00%	0.00%
Uttar Pradesh	6.28%	3.21%	0.00%	0.00%
Jharkhand	5.87%	6.64%	0.00%	0.00%
Chhattisgarh	5.09%	5.32%	0.00%	0.00%
Rajasthan	4.97%	4.75%	5.17%	0.00%
Gujarat	3.87%	5.17%	0.00%	0.00%
Telangana	1.55%	1.23%	23.53%	25.72%
Others	4.29%	2.40%	0.15%	0.00%
<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.

### 41.2 Liquidity Risk

Liquidity risk refers to the risk that the Group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Group has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Group has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 41: Risk Management and financial objectives (Contd.)

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:

Particulars	Borrowings *		Other financial liabilities	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Upto 1 month	501.60	416.79	206.49	101.11
1 to 2 months	1,010.21	569.46	8.12	12.39
2 to 3 months	769.15	407.48	2.27	0.99
3 to 6 months	1,782.93	1,022.11	3.76	0.85
6 months to 1 year	2,937.94	2,371.93	2.14	40.77
1 to 3 years	3,308.68	2,054.94	31.30	10.88
3 to 5 years	16.10	78.59	1.57	1.73
Over 5 years	-	1.49	-	-
<b>Total</b>	<b>10,326.61</b>	<b>6,922.79</b>	<b>255.65</b>	<b>168.72</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.

	March 31, 2024			March 31, 2023		
	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	1,398.29	-	1,398.29	813.38	-	813.38
Bank balances other than cash and cash equivalents	262.23	233.61	495.84	85.30	105.91	191.20
Loans	7,641.87	3,372.43	11,014.30	4,659.06	3,100.75	7,759.80
Investments	61.50	50.28	111.78	74.74	114.61	189.35
Other Financial Assets	76.18	7.96	84.14	119.87	14.28	134.15
<b>Subtotal- Total Financial Assets</b>	<b>9,440.07</b>	<b>3,664.28</b>	<b>13,104.35</b>	<b>5,752.34</b>	<b>3,335.54</b>	<b>9,087.88</b>
<b>Non Financial Assets</b>						
Inventories	-	-	-	1.27	-	1.27
current tax asset(net)	24.16	25.11	49.27	15.58	24.24	39.82
Deferred tax asset (net)	-	132.72	132.72	0.01	196.90	196.91
Property, Plant and equipment	-	29.99	29.99	0.01	24.89	24.90
Intangible assets	-	5.00	5.00	-	4.68	4.68
Goodwill	-	17.39	17.39	0.00	17.39	17.39
Other Non financial assets	-	43.81	43.81	1.17	8.59	9.76
<b>Subtotal-Total Non Financial Assets</b>	<b>24.16</b>	<b>254.02</b>	<b>278.18</b>	<b>18.04</b>	<b>276.69</b>	<b>294.73</b>
<b>Total Assets</b>	<b>9,464.23</b>	<b>3,918.30</b>	<b>13,382.53</b>	<b>5,770.38</b>	<b>3,612.23</b>	<b>9,382.61</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Debt securities	3,135.02	929.19	4,064.21	2,370.93	997.86	3,368.79
Borrowings (other than debt securities)	3,155.91	2,184.49	5,340.40	1,782.92	902.58	2,685.50

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 41: Risk Management and financial objectives (Contd.)

	March 31, 2024			March 31, 2023		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Subordinated liabilities	20.00	-	20.00	0.00	19.98	19.98
Other financial liabilities	221.73	31.73	253.46	154.59	10.55	165.14
<b>Subtotal-Total financial Liabilities</b>	<b>6,532.66</b>	<b>3,145.41</b>	<b>9,678.07</b>	<b>4,308.44</b>	<b>1,930.97</b>	<b>6,239.41</b>
<b>Non Financial liabilities</b>						
Current tax liabilities(net)	-	5.59	5.59	-	4.02	4.02
Provisions	3.80	13.43	17.23	1.39	4.89	6.28
Other non financial liabilities	18.25	18.50	36.75	16.10	17.55	33.65
<b>Subtotal - Total non-financial liabilities</b>	<b>22.05</b>	<b>37.52</b>	<b>59.57</b>	<b>17.49</b>	<b>26.46</b>	<b>43.95</b>
<b>Total Liabilities</b>	<b>6,554.71</b>	<b>3,182.93</b>	<b>9,737.64</b>	<b>4,325.93</b>	<b>1,957.43</b>	<b>6,283.36</b>
<b>Net</b>	<b>2,909.52</b>	<b>735.37</b>	<b>3,644.89</b>	<b>1,444.45</b>	<b>1,654.80</b>	<b>3,099.25</b>

### 41.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Group is exposed to three types of market risks as follows:

#### 41.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Group has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax / equity is affected through the impact on floating rate borrowings, as follows:

Finance Cost	March 31, 2024	March 31, 2023
0.50 % Increase	(27.70)	(17.57)
0.50 % Decrease	27.70	17.57

#### 41.3b Price Risk

The Group's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Group has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments."

#### 41.3c 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 Group manages its foreign currency risk by entering in to cross currency swaps and forward contract.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 41: Risk Management and financial objectives (Contd.)

Particulars	March 31, 2024	March 31, 2023
	Full amount in USD	Full amount in USD
Liability External Commercial Borrowing	2,00,00,000	2,00,00,000
Assets – Cross Currency Interest rate Swap Contract	2,00,00,000	2,00,00,000

The carrying amount of the Holding Company's foreign currency denominated monetary items in ₹ as at March 31, 2024 and March 31, 2023 is not significant and hence reasonably possible change in the exchange rates, with all other variables held constant, will not have a significant impact on the profit before tax and equity of the Holding Company.

## 42: Transfer of Financial assets

### a. Securitisation Transaction:

The Group has entered into securitisation arrangement with various parties. Under such arrangement, the Group has transferred a pool of loans, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Group has concluded that risk and rewards with respect to these assets are not substantially transferred. Following such transfer, the Group's involvement in these assets is as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties

The value of Financial assets and liabilities as on :-

Particulars	March 31, 2024	March 31, 2023
Carrying amount of assets	2,279.04	1,092.32
Carrying amount of associated liabilities	2,024.67	1,002.77
Fair value of assets	2,294.21	1,075.71
Fair value of associated liabilities	2,035.44	1,006.78

The shortfall of fair value of associated liabilities over fair value of assets is ₹ Nil (March 31, 2023: ₹ Nil)

### b. Assignment Transaction:

The Holding Company has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets to the buyer being met, the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets measured at fair value and the gain/(loss) on derecognition :-

Particulars	March 31, 2024	March 31, 2023
Carrying amount in respect of financial assets derecognised since April 1, 2022	686.12	501.74
Carrying amount in respect of financial assets derecognised prior to March 31, 2022	318.95	331.51
Gain/(loss) from derecognition during the year	93.95	52.74

Since the Holding Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

## 43: Employee Stock Option Plan (ESOP)

(₹ in crores unless otherwise stated)  
a) The Company has provided various equity settled share based payment schemes to its employees. The details are ESOP scheme are as follows.

Particulars	Grant I	Grant II	Grant IV	Grant V	Grant IX	Grant X	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	13-Aug-18	13-Aug-18	28-Jan-20	28-Jan-20	31-Aug-20	12-Nov-20	14-Aug-21	2-Nov-21	30-Mar-22
Date of Board / Compensation/ Committee Approval	13-Aug-18	13-Aug-18	28-Jan-20	28-Jan-20	31-Aug-20	12-Nov-20	14-Aug-21	2-Nov-21	30-Mar-22
Number of options granted	3,38,854	8,17,500	90,500	3,36,500	28,000	1,35,000	12,28,000	1,23,000	16,60,000
Exercise price	263.35	263.35	1,077.37	1,077.37	608.74	565.72	636.46	521.66	371.07
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period	20 % equally at the end of each year	End of year 1 – 30% End of year 2 – 30% End of year 3 – 20% End of year 4 – 20%	20 % equally at the end of each year	End of year 1 – 30% End of year 2 – 30% End of year 3 – 20% End of year 4 – 20%	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
Exercise period	9 years from the grant date (or) one year from the date of separation after vesting, whichever is earlier.								
Name of the plan	ESOP Plan 2018 and ESOP Scheme 2018								
Particulars	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	Grant XIII ESOP Plan 2018 and ESOP Scheme 2021	Grant XIV ESOP Plan 2018 and ESOP Scheme 2021	Grant XV ESOP Plan 2018 and ESOP Scheme 2021	Grant XVI ESOP Plan 2018 and ESOP Scheme 2021	Grant XVII ESOP Plan 2018 and ESOP Scheme 2021
Date of grant	11-Jul-22	8-Sep-22	17-Oct-22	31-Jan-23	25-Apr-23	2-May-23	3-Nov-23	20-Jan-24	17-Feb-24
Date of Board / Compensation/ Committee Approval	11-Jul-22	8-Sep-22	17-Oct-22	31-Jan-23	25-Apr-23	2-May-23	3-Nov-23	20-Jan-24	17-Feb-24
Number of options granted	2,15,000	1,60,000	50,000	6,38,000	1,50,000	60,000	10,000	7,000	1,87,135
Exercise price	415.59	554.88	553.1	569.18	567.02	582.96	849.38	1192.56	970.92
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period	25 % equally at the end of each year								
Exercise period	9 years from the grant date (or) before separation after vesting, whichever is earlier.								
Name of the plan	ESOP Plan 2021 and ESOP Scheme 2021-Series A								
	ESOP Plan 2018 and ESOP Scheme 2021								

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 43: Employee Stock Option Plan (ESOP) (Contd.)

b) The details of all grants in operation during financial year 2023-24 have been summarised below:

Particulars	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	12,000	-	9,400	-	2,600	3.36
Grant II	13-Aug-18	263.35	1,39,997	-	1,08,975	12,372	18,650	3.36
Grant IV	28-Jan-20	1,077.37	27,200	-	1,200	7,200	18,800	4.82
Grant V	28-Jan-20	1,077.37	1,67,100	-	-	18,400	1,48,700	4.82
Grant IX	31-Aug-20	608.74	23,200	-	15,200	-	8,000	5.42
Grant X	12-Nov-20	565.72	10,000	-	10,000	-	-	-
Grant XII Scheme 2021	14-Aug-21	636.46	8,14,300	-	56,750	1,02,200	6,55,350	6.37
Grant I Plan 2021 Series A	2-Nov-21	521.66	87,000	-	26,400	1,500	59,100	6.59
Grant II Plan 2021 Series A	30-Mar-22	371.07	15,00,000	-	-	-	15,00,000	6.99
Grant III Plan 2021 Series A	11-Jul-22	415.59	57,000	-	5,000	-	52,000	7.28
Grant IV Plan 2021 Series A	8-Sep-22	554.88	1,60,000	-	20,000	40,000	1,00,000	7.44
Grant V Plan 2021 Series A	17-Oct-22	553.10	50,000	-	2,500	-	47,500	7.55
Grant VI Plan 2021 Series A	31-Jan-23	569.18	6,38,000	-	58,750	-	5,79,250	7.84
Grant XIII Scheme 2021	25-Apr-23	567.02	-	1,50,000	-	10,000	1,40,000	8.07
Grant XIV Scheme 2021	2-May-23	582.96	-	60,000	-	-	60,000	8.08
Grant XV Scheme 2021	3-Nov-23	849.38	-	10,000	-	-	10,000	8.59
Grant XVI Scheme 2021	20-Jan-24	1,192.56	-	7,000	-	-	7,000	8.81
Grant XVII Scheme 2021	17-Feb-24	970.92	-	1,87,135	-	1,291	1,85,844	8.88
<b>Total</b>			<b>36,85,797</b>	<b>4,14,135</b>	<b>3,14,175</b>	<b>192,963</b>	<b>35,92,794</b>	

c) The details of all grants in operation during financial year 2022-23 have been summarised below:

Particulars	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	-	-	45,000	10,000	6.62
Grant XI	21-May-21	584.56	20,000	-	-	20,000	-	-
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>6,41,258</b>	<b>36,85,797</b>	

The expense recognised for employee services received during the year is ₹26.09 crs. (March 31, 2023: ₹28.86 crs)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 43: 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, 2024

Plan	Grant XIII ESOP Plan 2018 and ESOP Scheme 2021	Grant XIV ESOP Plan 2018 and ESOP Scheme 2021	Grant XV ESOP Plan 2018 and ESOP Scheme 2021	Grant XVI ESOP Plan 2018 and ESOP Scheme 2021	Grant XVII ESOP Plan 2018 and ESOP Scheme 2021
Date of Grant	25-Apr-23	2-May-23	3-Nov-23	20-Jan-24	17-Feb-24
No of ESOPs	1,50,000	60,000	10,000	7,000	1,87,135
Stock Price on the date of grant (₹)	583.95	597.25	866.77	1156.30	970.92
Exercise Price (₹)	567.02	582.96	849.38	1192.56	970.92
Expected Volatility	53.27%	53.17%	51.88%	51.03%	51.02%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
Risk Free Interest Rate	6.84% - 6.92%	6.87% - 6.93%	7.18% - 7.24%	7% - 7.04%	6.96% - 7.01%
<b>Fair value of option</b>					
Vest-1	252.45	257.03	368.56	468.39	400.18
Vest-2	282.34	288.09	394.87	502.89	482.23
Vest-3	297.33	303.24	437.74	567.11	527.19
Vest-4	313.99	320.34	458.42	591.50	
<b>Weighted average fair value</b>	<b>286.53</b>	<b>292.18</b>	<b>414.90</b>	<b>532.47</b>	<b>469.87</b>

e) 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>

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 Series A and Spandana Employee Stock Option Scheme, 2021-Series A ('ESOP Plan 2021 and ESOP Scheme 2021 Series A')

**44. 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 Company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

**45. 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 Company shall:**

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 46: 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.

Particulars	March 31, 2024	March 31, 2023
Gross carrying value as at beginning of the year	17.39	17.39
Addition relating to acquisition of subsidiary	-	-
Gross carrying value as at end of the year	17.39	17.39
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	17.39	17.39
Net carrying value as at end of the year	17.39	17.39

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.

**47: Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act**

As at and for the year ended 31 March 2024:

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 other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Parent Company</b>								
Spandana Sphoorty Financial Limited	97.56%	3,555.99	93.5%	467.88	100.3%	4.42	93.5%	472.30
<b>India Subsidiaries</b>								
Criss Financial Limited	7.91%	288.18	6.7%	33.49	-0.3%	(0.01)	6.6%	33.48
Caspian Financial Services Limited	0.01%	0.28	-0.1%	(0.65)	0.0%	-	-0.1%	(0.65)
Non-controlling interest	0.01%	0.29	0.0%	(0.06)	0.0%	-	0.0%	(0.06)
<b>Total</b>	<b>105.48%</b>	<b>3,844.74</b>	<b>100.0%</b>	<b>500.66</b>	<b>100.0%</b>	<b>4.41</b>	<b>100.0%</b>	<b>505.07</b>
Consolidation adjustments	-5.48%	(199.85)	0.0%	-	0.0%	-	0.0%	-
<b>Net amount</b>	<b>100.00%</b>	<b>3,644.89</b>	<b>100.0%</b>	<b>500.66</b>	<b>100.0%</b>	<b>4.41</b>	<b>100.0%</b>	<b>505.07</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

## 47: Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act (Contd.)

As at and for the year ended 31 March 2023:

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 other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Parent Company</b>								
Spandana Sphoorty Financial Limited	98.19%	3,043.17	100.2%	12.34	100.1%	(40.50)	100.0%	(28.16)
<b>India Subsidiaries</b>								
Criss Financial Limited	4.99%	154.70	11.5%	1.41	-0.1%	0.03	-5.1%	1.44
Caspian Financial Services Limited	0.03%	0.94	-11.0%	(1.36)	0.0%	-	4.8%	(1.36)
Non-controlling interest	0.01%	0.23	-0.6%	(0.08)	0.0%	-	0.3%	(0.08)
<b>Total</b>	<b>103.22%</b>	<b>3,199.04</b>	<b>100.0%</b>	<b>12.31</b>	<b>100.0%</b>	<b>(40.47)</b>	<b>100.0%</b>	<b>(28.15)</b>
Consolidation adjustments	-3.22%	(99.79)	0.0%	-	0.0%	0.01	0.0%	-
<b>Net amount</b>	<b>100.00%</b>	<b>3,099.25</b>	<b>100.0%</b>	<b>12.31</b>	<b>100.0%</b>	<b>(40.46)</b>	<b>100.0%</b>	<b>(28.15)</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.

**48:** The Holding Company in respect of the observation made by the RBI in its inspection report for the years ended March 31, 2018 and March 31, 2019 and subsequent correspondence with Reserve Bank of India ("RBI") with respect to the compliance with the pricing of credit guidelines prescribed under paragraph 56 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016, as amended had adequately recognised the impact of excess interest collected on loans disbursed during the period from Oct 2017 to Feb 2020, in the financial statements for the year ended March 31, 2021. During the year ended March 31, 2024, the Holding Company had refunded ₹15.51 crores by way of credit into customers bank accounts / loan accounts. Given the profile of the customers and accessibility issues, the Holding company is unable to trace borrower / bank account of borrower for remaining balances of ₹23.36 crores 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.

Particulars	March 31, 2024	March 31, 2023
Provision in the books	38.87	45.48
Less: Amount refunded / adjusted to credit of borrowers	15.51	6.61
Amount to be refunded to borrowers	23.36	38.87

## 49: Additional Regulatory Information

- There is no such immovable properties held whose title deeds are not held in the name of the Group.
- There are no investment property as on March 31, 2024 and March 31, 2023.
- 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.
- 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.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in crores unless otherwise stated)

- (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 companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (h) No charges or satisfaction yet to be registered with ROC beyond the statutory period.
- (i) The 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.

**50.** The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. The Group, in respect of financial year commencing on 1 April 2023 has used an accounting software Financial Information Monitoring Organizer (FIMO) for maintaining books of account which has a feature of recording audit trail (edit log). The users of the Group do not have any access to database IDs with Data Manipulation Language (DML) authority, which can make direct data changes (create, change, delete) at database level. Accordingly, the Group had not enabled the feature of recording audit trail (edit log) at the database level for the said accounting software to log any direct data changes as the same consume storage space on the disk and can impact database performance significantly. Audit trail (edit log) is enabled at the application level, and the Group's users have access to perform transactions only from the application level. Further, the Group, has used accounting software Adrenalin Max and Synoriq which is operated by a third-party software service provider. The 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization) is not available for the year ending March 2024."

**51:** Previous year figures have been regrouped/ reclassified wherever applicable. The impact of such restatements/ regroupings are not material to Financial Statements.

**52.** The Group has chosen to publish the financial statements in ₹ crores for the year ended 31 March 2024. Accordingly, the previous year figures have been rounded off.

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: Hyderabad

Date: April 29, 2024

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: Hyderabad

Date: April 29, 2024

**Shalabh Saxena**

Managing Director & CEO

DIN: 08908237

**Vinay Prakash Tripathi**

Company Secretary

Membership No.: ACS-18976







## **SPANDANA**

**SPANDANA SPOORTY FINANCIAL LIMITED**

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